

Adam Smith

An Inquiry into the Nature And Causes of the Wealth of Nations

1776

Book Four

Of Systems of Political Economy.

CHAPTER IX

Of the Agricultural Systems,

or

of those Systems of Political Economy which represent the Produce of Land as either the sole or the principal Source of the Revenue and Wealth every Country

THE agricultural systems of political economy will not require so long an explanation as that which I have thought it necessary to bestow upon the mercantile or commercial system.

That system which represents the produce of land as the sole source of the revenue and wealth of every country has, so far as I know, never been adopted by any nation, and it at present exists only in the speculations of a few men of great learning and ingenuity in France. It would not, surely, be worth while to examine at great length the errors of a system which never has done, and probably never will do, any harm in any part of the world. I shall endeavour to explain, however, as distinctly as I can, the great outlines of this very ingenious system.

Mr. Colbert, the famous minister of Louis XIV, was a man of probity, of great industry and knowledge of detail, of great experience and acuteness in the examination of public accounts, and of abilities, in short, every way fitted for introducing method and good order into the collection and expenditure of the public revenue. That minister had unfortunately embraced all the prejudices of the mercantile system, in its nature and essence a system of restraint and regulation, and such as could scarce fail to be agreeable to a laborious and plodding man of business, who had been accustomed to regulate the different departments of public offices, and to establish the necessary checks and controls for confining each to its proper sphere. The industry and commerce of a great country he endeavoured to regulate upon the same model as the departments of a public office; and instead of allowing every man to pursue his own interest in his own way, upon the liberal plan of equality, liberty, and justice, he bestowed upon certain branches of industry extraordinary privileges, while he laid others under as extraordinary restraints. He was not only disposed, like other European ministers, to encourage more the industry of the towns than that of the country; but, in order to support the industry of the towns, he was willing even to depress and keep down that of the country. In order to render provisions cheap to the inhabitants of the towns, and thereby to

encourage manufactures and foreign commerce, he prohibited altogether the exportation of corn, and thus excluded the inhabitants of the country from every foreign market for by far the most important part of the produce of their industry. This prohibition, joined to the restraints imposed by the ancient provincial laws of France upon the transportation of corn from one province to another, and to the arbitrary and degrading taxes which are levied upon the cultivators in almost all the provinces, discouraged and kept down the agriculture of that country very much below the state to which it would naturally have risen in so very fertile a soil and so very happy a climate. This state of discouragement and depression was felt more or less in every different part of the country, and many different inquiries were set on foot concerning the causes of it. One of those causes appeared to be the preference given, by the institutions of Mr. Colbert, to the industry of the towns above that of the country.

If the rod be bent too much one way, says the proverb, in order to make it straight you must bend it as much the other. The French philosophers, who have proposed the system which represents agriculture as the sole source of the revenue and wealth of every country, seem to have adopted this proverbial maxim; and as in the plan of Mr. Colbert the industry of the towns was certainly overvalued in comparison with that of the country; so in their system it seems to be as certainly undervalued.

The different orders of people who have ever been supposed to contribute in any respect towards the annual produce of the land and labour of the country, they divide into three classes. The first is the class of the proprietors of land. The second is the class of the cultivators, of farmers and country labourers, whom they honour with the peculiar appellation of the productive class. The third is the class of artificers, manufacturers, and merchants, whom they endeavour to degrade by the humiliating appellation of the barren or unproductive class.

The class of proprietors contributes to the annual produce by the expense which they may occasionally lay out upon the improvement of the land, upon the buildings, drains, enclosures, and other ameliorations, which they may either make or maintain upon it, and by means of which the cultivators are enabled, with the same capital, to raise a greater produce, and consequently to pay a greater rent. This advanced rent may be considered as the interest or profit due to the proprietor upon the expense or capital which he thus employs in the improvement of his land. Such expenses are in this system called ground expenses (*depenses foncieres.*)

The cultivators or farmers contribute to the annual produce by what are in this system called the original and annual expenses (*depenses primitives et depenses annuelles*) which they lay out upon the cultivation of the land. The original expenses consist in the instruments of husbandry, in the stock of cattle, in the seed, and in the maintenance of the farmer's family, servants, and cattle during at least a great part of the first year of his occupancy, or till he can receive some return from the land. The annual expenses consist in the seed, in the wear and tear of the instruments of husbandry, and in the annual maintenance of the farmer's servants and cattle, and of his family too, so far as any part of them can be considered as servants employed in cultivation. That part of the produce of the land which remains to him after paying the rent ought to

be sufficient, first, to replace to him within a reasonable time, at least during the term of his occupancy, the whole of his original expenses, together with the ordinary profits of stock; and, secondly, to replace to him annually the whole of his annual expenses, together likewise with the ordinary profits of stock. Those two sorts of expenses are two capitals which the farmer employs in cultivation; and unless they are regularly restored to him, together with a reasonable profit, he cannot carry on his employment upon a level with other employments; but, from a regard to his own interest, must desert it as soon as possible and seek some other. That part of the produce of the land which is thus necessary for enabling the farmer to continue his business ought to be considered as a fund sacred to cultivation, which, if the landlord violates, he necessarily reduces the produce of his own land, and in a few years not only disables the farmer from paying this racked rent, but from paying the reasonable rent which he might otherwise have got for his land. The rent which properly belongs to the landlord is no more than the net produce which remains after paying in the completest manner all the necessary expenses which must be previously laid out in order to raise the gross or the whole produce. It is because the labour of the cultivators, over and above paying completely all those necessary expenses, affords a net produce of this kind that this class of people are in this system peculiarly distinguished by the honourable appellation of the productive class. Their original and annual expenses are for the same reason called, in this system, productive expenses, because, over and above replacing their own value, they occasion the annual reproduction of this net produce.

The ground expenses, as they are called, or what the landlord lays out upon the improvement of his land, are in this system, too, honoured with the appellation of productive expenses. Till the whole of those expenses, together with the ordinary profits of stock, have been completely repaid to him by the advanced rent which he gets from his land, that advanced rent ought to be regarded as sacred and inviolable, both by the church and by the king; ought to be subject neither to tithe nor to taxation. If it is otherwise, by discouraging the improvement of land the church discourages the future increase of her own tithes, and the king the future increase of his own taxes. As in a well-ordered state of things, therefore, those ground expenses, over and above reproducing in the completest manner their own value, occasion likewise after a certain time a reproduction of a net produce, they are in this system considered as productive expenses.

The ground expenses of the landlord, however, together with the original and the annual expenses of the farmer, are the only three sorts of expenses which in this system are considered as productive. All other expenses and all other orders of people, even those who in the common apprehensions of men are regarded as the most productive, are in this account of things represented as altogether barren and unproductive.

Artificers and manufacturers in particular, whose industry, in the common apprehensions of men, increases so much the value of the rude produce of land, are in this system represented as a class of people altogether barren and unproductive. Their labour, it is said, replaces only the stock which employs them, together with its ordinary profits. That stock consists in the materials, tools, and wages advanced to them by their employer; and is the fund destined for their employment and

maintenance. Its profits are the fund destined for the maintenance of their employer. Their employer, as he advances to them the stock of materials, tools, and wages necessary for their employment, so he advances to himself what is necessary for his own maintenance, and this maintenance he generally proportions to the profit which he expects to make by the price of their work. Unless its price repays to him the maintenance which he advances to himself, as well as the materials, tools, and wages which he advances to his workmen, it evidently does not repay to him the whole expense which he lays out upon it. The profits of manufacturing stock therefore are not, like the rent of land, a net produce which remains after completely repaying the whole expense which must be laid out in order to obtain them. The stock of the farmer yields him a profit as well as that of the master manufacturer; and it yields a rent likewise to another person, which that of the master manufacturer does not. The expense, therefore, laid out in employing and maintaining artificers and manufacturers does no more than continue, if one may say so, the existence of its own value, and does not produce any new value. It is therefore altogether a barren and unproductive expense. The expense, on the contrary, laid out in employing farmers and country labourers, over and above continuing the existence of its own value, produces a new value, the rent of the landlord. It is therefore a productive expense.

Mercantile stock is equally barren and unproductive with manufacturing stock. It only continues the existence of its own value, without producing any new value. Its profits are only the repayment of the maintenance which its employer advances to himself during the time that he employs it, or till he receives the returns of it. They are only the repayment of a part of the expense which must be laid out in employing it.

The labour of artificers and manufacturers never adds anything to the value of the whole annual amount of the rude produce of the land. It adds, indeed, greatly to the value of some particular parts of it. But the consumption which in the meantime it occasions of other parts is precisely equal to the value which it adds to those parts; so that the value of the whole amount is not, at any one moment of time, in the least augmented by it. The person who works the lace of a pair of fine ruffles, for example, will sometimes raise the value of perhaps a pennyworth of flax to thirty pounds sterling. But though at first sight he appears thereby to multiply the value of a part of the rude produce about seven thousand and two hundred times, he in reality adds nothing to the value of the whole annual amount of the rude produce. The working of that lace costs him perhaps two years' labour. The thirty pounds which he gets for it when it is finished is no more than the repayment of the subsistence which he advances to himself during the two years that he is employed about it. The value which, by every day's, month's, or year's labour, he adds to the flax does no more than replace the value of his own consumption during that day, month, or year. At no moment of time, therefore, does he add anything to the value of the whole annual amount of the rude produce of the land: the portion of that produce which he is continually consuming being always equal to the value which he is continually producing. The extreme poverty of the greater part of the persons employed in this expensive though trifling manufacture may satisfy us that the price of their work does not in ordinary cases exceed the value of their subsistence. It is otherwise with the work of farmers

and country labourers. The rent of the landlord is a value which, in ordinary cases, it is continually producing, over and above replacing, in the most complete manner, the whole consumption, the whole expense laid out upon the employment and maintenance both of the workmen and of their employer.

Artificers, manufacturers, and merchants can augment the revenue and wealth of their society by parsimony only; or, as it in this system, by privation, that is, by depriving themselves a part of the funds destined for their own subsistence. They annually reproduce nothing but those funds. Unless, therefore, they annually save some part of them, unless they annually deprive themselves of the enjoyment of some part of them, the revenue and wealth of their society can never be in the smallest degree augmented by means of their industry. Farmers and country labourers, on the contrary, may enjoy completely the whole funds destined for their own subsistence, and yet augment at the same time the revenue and wealth of their society. Over and above what is destined for their own subsistence, their industry annually affords a net produce, of which the augmentation necessarily augments the revenue and wealth of their society. Nations therefore which, like France or England, consist in a great measure of proprietors and cultivators can be enriched by industry and enjoyment. Nations, on the contrary, which, like Holland and Hamburg, are composed chiefly of merchants, artificers, and manufacturers can grow rich only through parsimony and privation. As the interest of nations so differently circumstanced is very different, so is likewise the common character of the people: in those of the former kind, liberality, frankness and good fellowship naturally make a part of that common character: in the latter, narrowness, meanness, and a selfish disposition, averse to all social pleasure and enjoyment.

The unproductive class, that of merchants, artificers, and manufacturers, is maintained and employed altogether at the expense of the two other classes, of that of proprietors, and of that of cultivators. They furnish it both with the materials of its work and with the fund of its subsistence, with the corn and cattle which it consumes while it is employed about that work. The proprietors and cultivators finally pay both the wages of all the workmen of the unproductive class, and of the profits of all their employers. Those workmen and their employers are properly the servants of the proprietors and cultivators. They are only servants who work without doors, as menial servants work within. Both the one and the other, however, are equally maintained at the expense of the same masters. The labour of both is equally unproductive. It adds nothing to the value of the sum total of the rude produce of the land. Instead of increasing the value of that sum total, it is a charge and expense which must be paid out of it.

The unproductive class, however, is not only useful, but greatly useful to the other two classes. By means of the industry of merchants, artificers, and manufacturers, the proprietors and cultivators can purchase both the foreign goods and the manufactured produce of their own country which they have occasion for with the produce of a much smaller quantity of their own labour than what they would be obliged to employ if they were to attempt, in an awkward and unskilful manner, either to import the one or to make the other for their own use. By means of the unproductive class, the cultivators are delivered from many

cares which would otherwise distract their attention from the cultivation of land. The superiority of produce, which, in consequence of this undivided attention, they are enabled to raise, is fully sufficient to pay the whole expense which the maintenance and employment of the unproductive class costs either the proprietors or themselves. The industry of merchants, artificers, and manufacturers, though in its own nature altogether unproductive, yet contributes in this manner indirectly to increase the produce of the land. It increases the productive powers of productive labour by leaving it at liberty to confine itself to its proper employment, the cultivation of land; and the plough goes frequently the easier and the better by means of the labour of the man whose business is most remote from the plough.

It can never be the interest of the proprietors and cultivators to restrain or to discourage in any respect the industry of merchants, artificers, and manufacturers. The greater the liberty which this unproductive class enjoys, the greater will be the competition in all the different trades which compose it, and the cheaper will the other two classes be supplied, both with foreign goods and with the manufactured produce of their own country.

It can never be the interest of the unproductive class to oppress the other two classes. It is the surplus produce of the land, or what remains after deducting the maintenance, first, of the cultivators, and afterwards of the proprietors, that maintains and employs the unproductive class. The greater this surplus the greater must likewise be the maintenance and employment of that class. The establishment of perfect justice, of perfect liberty, and of perfect equality is the very simple secret which most effectually secures the highest degree of prosperity to all the three classes.

The merchants, artificers, and manufacturers of those mercantile states which, like Holland and Hamburg, consist chiefly of this unproductive class, are in the same manner maintained and employed altogether at the expense of the proprietors and cultivators of land. The only difference is, that those proprietors and cultivators are, the greater part of them, placed at a most inconvenient distance from the merchants, artificers, and manufacturers whom they supply with the materials of their work and the fund of their subsistences- the inhabitants of other countries and the subjects of other governments.

Such mercantile states, however, are not only useful, but greatly useful to the inhabitants of those other countries. They fill up, in some measure, a very important void, and supply the place of the merchants, artificers, and manufacturers whom the inhabitants of those countries ought to find at home, but whom, from some defect in their policy, they do not find at home.

It can never be the interest of those landed nations, if I may call them so, to discourage or distress the industry of such mercantile states by imposing high duties upon their trade or upon the commodities which they furnish. Such duties, by rendering those commodities dearer, could serve only to sink the real value of the surplus produce of their own land, with which, or, what comes to the same thing, with the price of which those commodities are purchased. Such duties could serve only to discourage the increase of that surplus produce, and consequently the

improvement and cultivation of their own land. The most effectual expedient, on the contrary, for raising the value of that surplus produce, for encouraging its increase, and consequently the improvement and cultivation of their own land would be to allow the most perfect freedom to the trade of all such mercantile nations.

This perfect freedom of trade would even be the most effectual expedient for supplying them, in due time, with all the artificers, manufacturers, and merchants whom they wanted at home, and for filling up in the properest and most advantageous manner that very important void which they felt there.

The continual increase of the surplus produce of their land would, in due time, create a greater capital than what could be employed with the ordinary rate of profit in the improvement and cultivation of land; and the surplus part of it would naturally turn itself to the employment of artificers and manufacturers at home. But those artificers and manufacturers, finding at home both the materials of their work and the fund of their subsistence, might immediately even with much less art and skill be able to work as cheap as the like artificers and manufacturers of such mercantile states who had both to bring from a great distance. Even though, from want of art and skill, they might not for some time be able to work as cheap, yet, finding a market at home, they might be able to sell their work there as cheap as that of the artificers and manufacturers of such mercantile states, which could not be brought to that market but from so great a distance; and as their art and skill improved, they would soon be able to sell it cheaper. The artificers and manufacturers of such mercantile states, therefore, would immediately be rivalled in the market of those landed nations, and soon after undersold and jostled out of it altogether. The cheapness of the manufactures of those landed nations, in consequence of the gradual improvements of art and skill, would, in due time, extend their sale beyond the home market, and carry them to many foreign markets, from which they would in the same manner gradually jostle out many of the manufacturers of such mercantile nations.

This continual increase both of the rude and manufactured produce of those landed nations would in due time create a greater capital than could, with the ordinary rate of profit, be employed either in agriculture or in manufactures. The surplus of this capital would naturally turn itself to foreign trade, and be employed in exporting to foreign countries such parts of the rude and manufactured produce of its own country as exceeded the demand of the home market. In the exportation of the produce of their own country, the merchants of a landed nation would have an advantage of the same kind over those of mercantile nations which its artificers and manufacturers had over the artificers and manufacturers of such nations; the advantage of finding at home that cargo and those stores and provisions which the others were obliged to seek for at a distance. With inferior art and skill in navigation, therefore, they would be able to sell that cargo as cheap in foreign markets as the merchants of such mercantile nations; and with equal art and skill they would be able to sell it cheaper. They would soon, therefore, rival those mercantile nations in this branch of foreign trade, and in due time would jostle them out of it altogether.

According to this liberal and generous system, therefore, the most

advantageous method in which a landed nation can raise up artificers, manufacturers, and merchants of its own is to grant the most perfect freedom of trade to the artificers, manufacturers, and merchants of all other nations. It thereby raises the value of the surplus produce of its own land, of which the continual increase gradually establishes a fund, which in due time necessarily raises up all the artificers, manufacturers, and merchants whom it has occasion for.

When a landed nation, on the contrary, oppresses either by high duties or by prohibitions the trade of foreign nations, it necessarily hurts its own interest in two different ways. First, by raising the price of all foreign goods and of all sorts of manufactures, it necessarily sinks the real value of the surplus produce of its own land, with which, or, what comes to the same thing, with the price of which it purchases those foreign goods and manufactures. Secondly, by giving a sort of monopoly of the home market to its own merchants, artificers, and manufacturers, it raises the rate of mercantile and manufacturing profit in proportion to that of agricultural profit, and consequently either draws from agriculture a part of the capital which had before been employed in it, or hinders from going to it a part of what would otherwise have gone to it. This policy, therefore, discourages agriculture in two different ways; first, by sinking the real value of its produce, and thereby lowering the rate of its profit; and, secondly, by raising the rate of profit in all other employments. Agriculture is rendered less advantageous, and trade and manufactures more advantageous than they otherwise would be; and every man is tempted by his own interest to turn, as much as he can, both his capital and his industry from the former to the latter employments.

Though, by this oppressive policy, a landed nation should be able to raise up artificers, manufacturers, and merchants of its own somewhat sooner than it could do by the freedom of trade a matter, however, which is not a little doubtful- yet it would raise them up, if one may say so, prematurely, and before it was perfectly ripe for them. By raising up too hastily one species of industry, it would depress another more valuable species of industry. By raising up too hastily a species of industry which only replaces the stock which employs it, together with the ordinary profit, it would depress a species of industry which, over and above replacing that stock with its profit, affords likewise a net produce, a free rent to the landlord. It would depress productive labour, by encouraging too hastily that labour which is altogether barren and unproductive.

In what manner, according to this system, the sum total of the annual produce of the land is distributed among the three classes above mentioned, and in what manner the labour of the unproductive class does no more than replace the value of its own consumption, without increasing in any respect the value of that sum total, is represented by Mr. Quesnai, the very ingenious and profound author of this system, in some arithmetical formularies. The first of these formularies, which by way of eminence he peculiarly distinguishes by the name of the Economical Table, represents the manner in which he supposes the distribution takes place in a state of the most perfect liberty and therefore of the highest prosperity- in a state where the annual produce is such as to afford the greatest possible net produce, and where each class enjoys its proper share of the whole annual produce. Some

subsequent formularies represent the manner in which he supposes this distribution is made in different states of restraint and regulation; in which either the class of proprietors or the barren and unproductive class is more favoured than the class of cultivators, and in which either the one or the other encroaches more or less upon the share which ought properly to belong to this productive class. Every such encroachment, every violation of that natural distribution, which the most perfect liberty would establish, must, according to this system, necessarily degrade more or less, from one year to another, the value and sum total of the annual produce, and must necessarily occasion a gradual declension in the real wealth and revenue of the society; a declension of which the progress must be quicker or slower, according to the degree of this encroachment, according as that natural distribution which the most perfect liberty would establish is more or less violated. Those subsequent formularies represent the different degrees of declension which, according to this system, correspond to the different degrees in which this natural distribution is violated.

Some speculative physicians seem to have imagined that the health of the human body could be preserved only by a certain precise regimen of diet and exercise, of which every, the smallest, violation necessarily occasioned some degree of disease or disorder proportioned to the degree of the violation. Experience, however, would seem to show that the human body frequently preserves, to all appearances at least, the most perfect state of health under a vast variety of different regimens; even under some which are generally believed to be very far from being perfectly wholesome. But the healthful state of the human body, it would seem, contains in itself some unknown principle of preservation, capable either of preventing or of correcting, in many respects, the bad effects even of a very faulty regimen. Mr. Quesnai, who was himself a physician, and a very speculative physician, seems to have entertained a notion of the same kind concerning the political body, and to have imagined that it would thrive and prosper only under a certain precise regimen, the exact regimen of perfect liberty and perfect justice. He seems not to have considered that, in the political body, the natural effort which every man is continually making to better his own condition is a principle of preservation capable of preventing and correcting, in many respects, the bad effects of a political economy, in some degree, both partial and oppressive. Such a political economy, though it no doubt retards more or less, is not always capable of stopping altogether the natural progress of a nation towards wealth and prosperity, and still less of making it go backwards. If a nation could not prosper without the enjoyment of perfect liberty and perfect justice, there is not in the world a nation which could ever have prospered. In the political body, however, the wisdom of nature has fortunately made ample provision for remedying many of the bad effects of the folly and injustice of man, in the same manner as it has done in the natural body for remedying those of his sloth and intemperance.

The capital error of this system, however, seems to lie in its representing the class of artificers, manufacturers, and merchants as altogether barren and unproductive. The following observations may serve to show the impropriety of this representation.

First, this class, it is acknowledged, reproduces annually the value of its own annual consumption, and continues, at least, the existence of the

stock or capital which maintains and employs it. But upon this account alone the denomination of barren or unproductive should seem to be very improperly applied to it. We should not call a marriage barren or unproductive though it produced only a son and a daughter, to replace the father and mother, and though it did not increase the number of the human species, but only continued it as it was before. Farmers and country labourers, indeed, over and above the stock which maintains and employs them, reproduce annually a net produce, a free rent to the landlord. As a marriage which affords three children is certainly more productive than one which affords only two; so the labour of farmers and country labourers is certainly more productive than that of merchants, artificers, and manufacturers. The superior produce of the one class, however, does not render the other barren or unproductive.

Secondly, it seems, upon this account, altogether improper to consider artificers, manufacturers, and merchants in the same light as menial servants. The labour of menial servants does not continue the existence of the fund which maintains and employs them. Their maintenance and employment is altogether at the expense of their masters, and the work which they perform is not of a nature to repay that expense. That work consists in services which perish generally in the very instant of their performance, and does not fix or realize itself in any vendible commodity which can replace the value of their wages and maintenance. The labour, on the contrary, of artificers, manufacturers, and merchants naturally does fix and realize itself in some such vendible commodity. It is upon this account that, in the chapter in which I treat of productive and unproductive labour, I have classed artificers, manufacturers, and merchants among the productive labourers, and menial servants among the barren or unproductive.

Thirdly, it seems upon every supposition improper to say that the labour of artificers, manufacturers, and merchants does not increase the real revenue of the society. Though we should suppose, for example, as it seems to be supposed in this system, that the value of the daily, monthly, and yearly consumption of this class was exactly equal to that of its daily, monthly, and yearly production, yet it would not from thence follow that its labour added nothing to the real revenue, to the real value of the annual produce of the land and labour of the society. An artificer, for example, who, in the first six months after harvest, executes ten pounds' worth of work, though he should in the same time consume ten pounds' worth of corn and other necessaries, yet really adds the value of ten pounds to the annual produce of the land and labour of the society. While he has been consuming a half-yearly revenue of ten pounds' worth of corn and other necessaries, he has produced an equal value of work capable of purchasing, either to himself or some other person, an equal half-yearly revenue. The value, therefore, of what has been consumed and produced during these six months is equal, not to ten, but to twenty pounds. It is possible, indeed, that no more than ten pounds' worth of this value may ever have existed at any one moment of time. But if the ten pounds' worth of corn and other necessaries, which were consumed by the artificer, had been consumed by a soldier or by a menial servant, the value of that part of the annual produce which existed at the end of the six months would have been ten pounds less than it actually is in consequence of the labour of the artificer. Though the value of what the artificer produces, therefore, should not at any one moment of time be supposed greater than the value he consumes, yet at

every moment of time the actually existing value of goods in the market is, in consequence of what he produces, greater than it otherwise would be.

When the patrons of this system assert that the consumption of artificers, manufacturers, and merchants is equal to the value of what they produce, they probably mean no more than that their revenue, or the fund destined for their consumption, is equal to it. But if they had expressed themselves more accurately, and only asserted that the revenue of this class was equal to the value of what they produced, it might readily have occurred to the reader that what would naturally be saved out of this revenue must necessarily increase more or less the real wealth of the society. In order, therefore, to make out something like an argument, it was necessary that they should express themselves as they have done; and this argument, even supposing things actually were as it seems to presume them to be, turns out to be a very inconclusive one.

Fourthly, farmers and country labourers can no more augment, without parsimony, the real revenue, the annual produce of the land and labour of their society, than artificers, manufacturers, and merchants. The annual produce of the land and labour of any society can be augmented only in two ways; either, first, by some improvement in the productive powers of the useful labour actually maintained within it; or, secondly, by some increase in the quantity of that labour.

The improvement in the productive powers of useful labour depend, first, upon the improvement in the ability of the workman; and, secondly, upon that of the machinery with which he works. But the labour of artificers and manufacturers, as it is capable of being more subdivided, and the labour of each workman reduced to a greater simplicity of operation than that of farmers and country labourers, so it is likewise capable of both these sorts of improvements in a much higher degree. In this respect, therefore, the class of cultivators can have no sort of advantage over that of artificers and manufacturers.

The increase in the quantity of useful labour actually employed within any society must depend altogether upon the increase of the capital which employs it; and the increase of that capital again must be exactly equal to the amount of the savings from the revenue, either of the particular persons who manage and direct the employment of that capital, or of some other persons who lend it to them. If merchants, artificers, and manufacturers are, as this system seems to suppose, naturally more inclined to parsimony and saving than proprietors and cultivators, they are, so far, more likely to augment the quantity of useful labour employed within their society, and consequently to increase its real revenue, the annual produce of its land and labour.

Fifthly and lastly, though the revenue of the inhabitants of every country was supposed to consist altogether, as this system seems to suppose, in the quantity of subsistence which their industry could procure to them; yet, even upon this supposition, the revenue of a trading and manufacturing country must, other things being equal, always be much greater than that of one without trade or manufactures. By means of trade and manufactures, a greater quantity of subsistence can be annually imported into a particular country than what its own lands, in the actual state of their cultivation, could afford. The

inhabitants of a town, though they frequently possess no lands of their own, yet draw to themselves by their industry such a quantity of the rude produce of the lands of other people as supplies them, not only with the materials of their work, but with the fund of their subsistence. What a town always is with regard to the country in its neighbourhood, one independent state or country may frequently be with regard to other independent states or countries. It is thus that Holland draws a great part of its subsistence from other countries; live cattle from Holstein and Jutland, and corn from almost all the different countries of Europe. A small quantity of manufactured produce purchases a great quantity of rude produce. A trading and manufacturing country, therefore, naturally purchases with a small part of its manufactured produce a great part of the rude produce of other countries; while, on the contrary, a country without trade and manufactures is generally obliged to purchase, at the expense of a great part of its rude produce, a very small part of the manufactured produce of other countries. The one exports what can subsist and accommodate but a very few, and imports the subsistence and accommodation of a great number. The other exports the accommodation and subsistence of a great number, and imports that of a very few only. The inhabitants of the one must always enjoy a much greater quantity of subsistence than what their own lands, in the actual state of their cultivation, could afford. The inhabitants of the other must always enjoy a much smaller quantity.

This system, however, with all its imperfections is, perhaps, the nearest approximation to the truth that has yet been published upon the subject of political economy, and is upon that account well worth the consideration of every man who wishes to examine with attention the principles of that very important science. Though in representing the labour which is employed upon land as the only productive labour, the notions which it inculcates are perhaps too narrow and confined; yet in representing the wealth of nations as consisting, not in the unconsumable riches of money, but in the consumable goods annually reproduced by the labour of the society, and in representing perfect liberty as the only effectual expedient for rendering this annual reproduction the greatest possible, its doctrine seems to be in every respect as just as it is generous and liberal. Its followers are very numerous; and as men are fond of paradoxes, and of appearing to understand what surpasses the comprehension of ordinary people, the paradox which it maintains, concerning the unproductive nature of manufacturing labour, has not perhaps contributed a little to increase the number of its admirers. They have for some years past made a pretty considerable sect, distinguished in the French republic of letters by the name of The Economists. Their works have certainly been of some service to their country; not only by bringing into general discussion many subjects which had never been well examined before, but by influencing in some measure the public administration in favour of agriculture. It has been in consequence of their representations, accordingly, that the agriculture of France has been delivered from several of the oppressions which it before laboured under. The term during which such a lease can be granted, as will be valid against every future purchaser or proprietor of the land, has been prolonged from nine to twenty-seven years. The ancient provincial restraints upon the transportation of corn from one province of the kingdom to another have been entirely taken away, and the liberty of exporting it to all foreign countries has been established as the common law of the kingdom in all

ordinary cases. This sect, in their works, which are very numerous, and which treat not only of what is properly called Political Economy, or of the nature and causes of the wealth of nations, but of every other branch of the system of civil government, all follow implicitly and without any sensible variation, the doctrine of Mr. Quesnai. There is upon this account little variety in the greater part of their works. The most distinct and best connected account of this doctrine is to be found in a little book written by Mr. Mercier de la Riviere, some time intendant of Martinico, entitled, *The Natural and Essential Order of Political Societies*. The admiration of this whole sect for their master, who was himself a man of the greatest modesty and simplicity, is not inferior to that of any of the ancient philosophers for the founders of their respective systems. "There have been, since the world began," says a very diligent and respectable author, the Marquis de Mirabeau, "three great inventions which have principally given stability to political societies, independent of many other inventions which have enriched and adorned them. The first is the invention of writing, which alone gives human nature the power of transmitting, without alteration, its laws, its contracts, its annals, and its discoveries. The second is the invention of money, which binds together all the relations between civilised societies. The third is the Economical Table, the result of the other two, which completes them both by perfecting their object; the great discovery of our age, but of which our posterity will reap the benefit."

As the political economy of the nations of modern Europe has been more favourable to manufactures and foreign trade, the industry of the towns, than to agriculture, the industry of the country; so that of other nations has followed a different plan, and has been more favourable to agriculture than to manufactures and foreign trade.

The policy of China favours agriculture more than all other employments. In China the condition of a labourer is said to be as much superior to that of an artificer as in most parts of Europe that of an artificer is to that of a labourer. In China, the great ambition of every man is to get possession of some little bit of land, either in property or in lease; and leases are there said to be granted upon very moderate terms, and to be sufficiently secured to the lessees. The Chinese have little respect for foreign trade. Your beggarly commerce! was the language in which the Mandarins of Peking used to talk to Mr. de Lange, the Russian envoy, concerning it. Except with Japan, the Chinese carry on, themselves, and in their own bottoms, little or no foreign trade; and it is only into one or two ports of their kingdom that they even admit the ships of foreign nations. Foreign trade therefore is, in China, every way confined within a much narrower circle than that to which it would naturally extend itself, if more freedom was allowed to it, either in their own ships, or in those of foreign nations.

Manufactures, as in a small bulk they frequently contain a great value, and can upon that account be transported at less expense from one country to another than most parts of rude produce, are, in almost all countries, the principal support of foreign trade. In countries, besides, less extensive and less favourably circumstanced for inferior commerce than China, they generally require the support of foreign trade. Without an extensive foreign market they could not well flourish, either in countries so moderately extensive as to afford but a narrow home market or in countries where the communication between one province

and another was so difficult as to render it impossible for the goods of any particular place to enjoy the whole of that home market which the country could afford. The perfection of manufacturing industry, it must be remembered, depends altogether upon the division of labour; and the degree to which the division of labour can be introduced into any manufacture is necessarily regulated, it has already been shown, by the extent of the market. But the great extent of the empire of China, the vast multitude of its inhabitants, the variety of climate, and consequently of productions in its different provinces, and the easy communication by means of water carriage between the greater part of them, render the home market of that country of so great extent as to be alone sufficient to support very great manufactures, and to admit of very considerable subdivisions of labour. The home market of China is, perhaps, in extent, not much inferior to the market of all the different countries of Europe put together. A more extensive foreign trade, however, which to this great home market added the foreign market of all the rest of the world- especially if any considerable part of this trade was carried on in Chinese ships- could scarce fail to increase very much the manufactures of China, and to improve very much the productive powers of its manufacturing industry. By a more extensive navigation, the Chinese would naturally learn the art of using and constructing themselves all the different machines made use of in other countries, as well as the other improvements of art and industry which are practised in all the different parts of the world. Upon their present plan they have little opportunity except that of the Japanese.

The policy of ancient Egypt too, and that of the Gentoos government of Indostan, seem to have favoured agriculture more than all other employments.

Both in ancient Egypt and Indostan the whole body of the people was divided into different castes or tribes, each of which was confined, from father to son, to a particular employment or class of employments. The son of a priest was necessarily a priest; the son of a soldier, a soldier; the son of a labourer, a labourer; the son of a weaver, a weaver; the son of a tailor, a tailor, etc. In both countries, the caste of the priests held the highest rank, and that of the soldiers the next; and in both countries, the caste of the farmers and labourers was superior to the castes of merchants and manufacturers.

The government of both countries was particularly attentive to the interest of agriculture. The works constructed by the ancient sovereigns of Egypt for the proper distribution of the waters of the Nile were famous in antiquity; and the ruined remains of some of them are still the admiration of travellers. Those of the same kind which were constructed by the ancient sovereigns of Indostan for the proper distribution of the waters of the Ganges as well as of many other rivers, though they have been less celebrated, seem to have been equally great. Both countries, accordingly, though subject occasionally to dearths, have been famous for their great fertility. Though both were extremely populous, yet, in years of moderate plenty, they were both able to export great quantities of grain to their neighbours.

The ancient Egyptians had a superstitious aversion to the sea; and as the Gentoos religion does not permit its followers to light a fire, nor consequently to dress any victuals upon the water, it in effect prohibits

them from all distant sea voyages. Both the Egyptians and Indians must have depended almost altogether upon the navigation of other nations for the exportation of their surplus produce; and this dependency, as it must have confined the market, so it must have discouraged the increase of this surplus produce. It must have discouraged, too, the increase of the manufactured produce more than that of the rude produce.

Manufactures require a much more extensive market than the most important parts of the rude produce of the land. A single shoemaker will make more than three hundred pairs of shoes in the year; and his own family will not, perhaps, wear out six pairs. Unless therefore he has the custom of at least fifty such families as his own, he cannot dispose of the whole produce of his own labour. The most numerous class of artificers will seldom, in a large country, make more than one in fifty or one in a hundred of the whole number of families contained in it. But in such large countries as France and England, the number of people employed in agriculture has by some authors been computed at a half, by others at a third, and by no author that I know of, at less than a fifth of the whole inhabitants of the country. But as the produce of the agriculture of both France and England is, the far greater part of it, consumed at home, each person employed in it must, according to these computations, require little more than the custom of one, two, or at most, of four such families as his own in order to dispose of the whole produce of his own labour. Agriculture, therefore, can support itself under the discouragement of a confined market much better than manufactures. In both ancient Egypt and Indostan, indeed, the confinement of the foreign market was in some measure compensated by the conveniency of many inland navigations, which opened, in the most advantageous manner, the whole extent of the home market to every part of the produce of every different district of those countries. The great extent of Indostan, too, rendered the home market of that country very great, and sufficient to support a great variety of manufactures. But the small extent of ancient Egypt, which was never equal to England, must at all times have rendered the home market of that country too narrow for supporting any great variety of manufactures. Bengal, accordingly, the province of Indostan, which commonly exports the greatest quantity of rice, has always been more remarkable for the exportation of a great variety of manufactures than for that of its grain. Ancient Egypt, on the contrary, though it exported some manufactures, fine linen in particular, as well as some other goods, was always most distinguished for its great exportation of grain. It was long the granary of the Roman empire.

The sovereigns of China, of ancient Egypt, and of the different kingdoms into which Indostan has at different times been divided, have always derived the whole, or by far the most considerable part, of their revenue from some sort of land tax or land rent. This land tax or land rent, like the tithe in Europe, consisted in a certain proportion, a fifth, it is said, of the produce of the land, which was either delivered in kind, or paid in money, according to a certain valuation, and which therefore varied from year to year according to all the variations of the produce. It was natural therefore that the sovereigns of those countries should be particularly attentive to the interests of agriculture, upon the prosperity or declension of which immediately depended the yearly increase or diminution of their own revenue.

The policy of the ancient republics of Greece, and that of Rome, though

it honoured agriculture more than manufactures or foreign trade, yet seems rather to have discouraged the latter employments than to have given any direct or intentional encouragement to the former. In several of the ancient states of Greece, foreign trade was prohibited altogether; and in several others the employments of artificers and manufacturers were considered as hurtful to the strength and agility of the human body, as rendering it incapable of those habits which their military and gymnastic exercises endeavoured to form in it, and as thereby disqualifying it more or less for undergoing the fatigues and encountering the dangers of war. Such occupations were considered as fit only for slaves, and the free citizens of the state were prohibited from exercising them. Even in those states where no such prohibition took place, as in Rome and Athens, the great body of the people were in effect excluded from all the trades which are, now commonly exercised by the lower sort of the inhabitants of towns. Such trades were, at Athens and Rome, all occupied by the slaves of the rich, who exercised them for the benefit of their masters, whose wealth, power, and protection made it almost impossible for a poor freeman to find a market for his work, when it came into competition with that of the slaves of the rich. Slaves, however, are very seldom inventive; and all the most important improvements, either in machinery, or in the arrangement and distribution of work which facilitate and abridge labour, have been the discoveries of freemen. Should a slave propose any improvement of this kind, his master would be very apt to consider the proposal as the suggestion of laziness, and a desire to save his own labour at the master's expense. The poor slave, instead of reward, would probably meet with much abuse, perhaps with some punishment. In the manufactures carried on by slaves, therefore, more labour must generally have been employed to execute the same quantity of work than in those carried on by freemen. The work of the former must, upon that account, generally have been dearer than that of the latter. The Hungarian mines, it is remarked by Mr. Montesquieu, though not richer, have always been wrought with less expense, and therefore with more profit, than the Turkish mines in their neighbourhood. The Turkish mines are wrought by slaves; and the arms of those slaves are the only machines which the Turks have ever thought of employing. The Hungarian mines are wrought by freemen, who employ a great deal of machinery, by which they facilitate and abridge their own labour. From the very little that is known about the price of manufactures in the times of the Greeks and Romans, it would appear that those of the finer sort were excessively dear. Silk sold for its weight in gold. It was not, indeed, in those times a European manufacture; and as it was all brought from the East Indies, the distance of the carriage may in some measure account for the greatness of price. The price, however, which a lady, it is said, would sometimes pay for a piece of very fine linen, seems to have been equally extravagant; and as linen was always either a European, or at farthest, an Egyptian manufacture, this high price can be accounted for only by the great expense of the labour which must have been employed about it, and the expense of this labour again could arise from nothing but the awkwardness of the machinery which it made use of. The price of fine woollens too, though not quite so extravagant, seems however to have been much above that of the present times. Some cloths, we are told by Pliny, dyed in a particular manner, cost a hundred denarii, or three pounds six shillings and eightpence the pound weight. Others dyed in another manner cost a thousand denarii the pound weight, or thirty-three pounds six shillings and eightpence. The Roman

pound, it must be remembered, contained only twelve of our avoirdupois ounces. This high price, indeed, seems to have been principally owing to the dye. But had not the cloths themselves been much dearer than any which are made in the present times, so very expensive a dye would not probably have been bestowed upon them. The disproportion would have been too great between the value of the accessory and that of the principal. The price mentioned by the same author of some Triclinaria, a sort of woollen pillows or cushions made use of to lean upon as they reclined upon their couches at table, passes all credibility; some of them being said to have cost more than thirty thousand, others more than three hundred thousand pounds. This high price, too, is not said to have arisen from the dye. In the dress of the people of fashion of both sexes there seems to have been much less variety, it is observed by Doctor Arbuthnot, in ancient than in modern times; and the very little variety which we find in that of the ancient statues confirms his observation. He infers from this that their dress must upon the whole have been cheaper than ours; but the conclusion does not seem to follow. When the expense of fashionable dress is very great, the variety must be very small. But when, by the improvements in the productive powers of manufacturing art and industry, the expense of any one dress comes to be very moderate, the variety will naturally be very great. The rich, not being able to distinguish themselves by the expense of any one dress, will naturally endeavour to do so by the multitude and variety of their dresses.

The greatest and most important branch of the commerce of every nation, it has already been observed, is that which is carried on between the inhabitants of the town and those of the country. The inhabitants of the town draw from the country the rude produce which constitutes both the materials of their work and the fund of their subsistence; and they pay for this rude produce by sending back to the country a certain portion of it manufactured and prepared for immediate use. The trade which is carried on between these two different sets of people consists ultimately in a certain quantity of rude produce exchanged for a certain quantity of manufactured produce. The dearer the latter, therefore, the cheaper the former; and whatever tends in any country to raise the price of manufactured produce tends to lower that of the rude produce of the land, and thereby to discourage agriculture. The smaller the quantity of manufactured produce which in any given quantity of rude produce, or, what comes to the same thing, which the price of any given quantity of rude produce is capable of purchasing, the smaller the exchangeable value of that given quantity of rude produce, the smaller the encouragement which either the landlord has to increase its quantity by improving or the farmer by cultivating the land. Whatever, besides, tends to diminish in any country the number of artificers and manufacturers, tends to diminish the home market, the most important of all markets for the rude produce of the land, and thereby still further to discourage agriculture.

Those systems, therefore, which, preferring agriculture to all other employments, in order to promote it, impose restraints upon manufactures and foreign trade, act contrary to the very end which they propose, and indirectly discourage that very species of industry which they mean to promote. They are so far, perhaps, more inconsistent than even the mercantile system. That system, by encouraging manufactures and foreign trade more than agriculture, turns a certain portion of the

capital of the society from supporting a more advantageous, to support a less advantageous species of industry. But still it really and in the end encourages that species of industry which it means to promote. Those agricultural systems, on the contrary, really and in the end discourage their own favourite species of industry.

It is thus that every system which endeavours, either by extraordinary encouragements to draw towards a particular species of industry a greater share of the capital of the society than what would naturally go to it, or, by extraordinary restraints, force from a particular species of industry some share of the capital which would otherwise be employed in it, is in reality subversive of the great purpose which it means to promote. It retards, instead of accelerating, the progress of the society towards real wealth and greatness; and diminishes, instead of increasing, the real value of the annual produce of its land and labour.

All systems either of preference or of restraint, therefore, being thus completely taken away, the obvious and simple system of natural liberty establishes itself of its own accord. Every man, as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest his own way, and to bring both his industry and capital into competition with those of any other man, or order of men. The sovereign is completely discharged from a duty, in the attempting to perform which he must always be exposed to innumerable delusions, and for the proper performance of which no human wisdom or knowledge could ever be sufficient; the duty of superintending the industry of private people, and of directing it towards the employments most suitable to the interest of the society. According to the system of natural liberty, the sovereign has only three duties to attend to; three duties of great importance, indeed, but plain and intelligible to common understandings: first, the duty of protecting the society from violence and invasion of other independent societies; secondly, the duty of protecting, as far as possible, every member of the society from the injustice or oppression of every other member of it, or the duty of establishing an exact administration of justice; and, thirdly, the duty of erecting and maintaining certain public works and certain public institutions which it can never be for the interest of any individual, or small number of individuals, to erect and maintain; because the profit could never repay the expense to any individual or small number of individuals, though it may frequently do much more than repay it to a great society.

The proper performance of those several duties of the sovereign necessarily supposes a certain expense; and this expense again necessarily requires a certain revenue to support it. In the following book, therefore, I shall endeavour to explain, first, what are the necessary expenses of the sovereign or commonwealth; and which of those expenses ought to be defrayed by the general contribution of the whole society; and which of them by that of some particular part only, or of some particular members of the society; secondly, what are the different methods in which the whole society may be made to contribute towards defraying the expenses incumbent on the whole society, and what are the principal advantages and inconveniences of each of those methods; and thirdly, what are the reasons and causes which have induced almost all modern governments to mortgage some 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 society. The following book, therefore, will naturally be divided into three chapters.

