

AN INQUIRY INTO  
THE NATURE AND CAUSES OF  
THE WEALTH OF NATIONS

BY  
ADAM SMITH

EDITED, WITH AN INTRODUCTION, NOTES, MARGINAL  
SUMMARY AND AN ENLARGED INDEX

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VOLUME I



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## BOOK I

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

### CHAPTER I

#### OF THE DIVISION OF LABOUR<sup>1</sup>

THE greatest improvement<sup>2</sup> 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, seem to have been the effects of the division of labour.

The effects of the division of labour, in the general business of society, will be more easily understood, by considering 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

Division of labour is the great cause of its increased powers,

as may be better understood from a particular example,

<sup>1</sup>[This phrase, if used at all before this time, was not a familiar one. Its presence here is probably due to a passage in Mandeville, *Fable of the Bees*, pt. ii. (1729), dial. vi., p. 335: 'CLEO. . . . When once men come to be governed by written laws, all the rest comes on apace . . . No number of men, when once they enjoy quiet, and no man needs to fear his neighbour, will be long without learning to divide and subdivide their labour. HOR. I don't understand you. CLEO. Man, as I have hinted before, naturally loves to imitate what he sees others do, which is the reason that savage people all do the same thing: this hinders them from meliorating their condition, though they are always wishing for it: but if one will wholly apply himself to the making of bows and arrows, whilst another provides food, a third builds huts, a fourth makes garments, and a fifth utensils, they not only become useful to one another, but the callings and employments themselves will, in the same number of years, receive much greater improvements, than if all had been promiscuously followed by every one of the five. HOR. I believe you are perfectly right there; and the truth of what you say is in nothing so conspicuous as it is in watch-making, which is come to a higher degree of perfection than it would have been arrived at yet, if the whole had always remained the employment of one person; and I am persuaded that even the plenty we have of clocks and watches, as well as the exactness and beauty they may be made of, are chiefly owing to the division that has been made of that art into many branches.' The index contains, 'Labour, The usefulness of dividing and subdividing it'. Joseph Harris, *Essay upon Money and Coins*, 1757, pt. i., § 12, treats of the 'usefulness of distinct trades,' or 'the advantages accruing to mankind from their betaking themselves severally to different occupations,' but does not use the phrase 'division of labour'.]

<sup>2</sup>[Ed. 1 reads 'improvements'.]

really is carried further in them than in others of more importance : but in those trifling manufactures which are destined to supply the small wants 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 so great a number of workmen, that it is impossible to collect them all into the same workhouse. We can seldom see more, at one time, than those employed in one single branch. Though in such manufactures,<sup>1</sup> therefore, the work may really be divided into a much greater number of parts, than in those of a more trifling nature, the division is not near so obvious, and has accordingly been much less observed.

such as pin-making.

To take an example, therefore,<sup>2</sup> 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 distinct trade),<sup>3</sup> nor acquainted with the use of the machinery employed in it (to the invention of which the same division of labour has probably given occasion), could scarce, 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 likewise peculiar trades. One man draws out the wire, another straightens 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 distinct operations ; to put it on, is a peculiar business, to whiten the pins is another ; it is even a trade by itself to put them into the paper ; and the important business of making a pin is, in this manner, divided into about eighteen distinct operations, which, in some manufactories, are all performed by distinct hands, though in others the same man will sometimes perform two or three of them.<sup>4</sup> I have seen a small manufactory of this kind

<sup>1</sup> [Ed. 1 reads 'Though in them'.]

<sup>2</sup> [Another and perhaps more important reason for taking an example like that which follows is the possibility of exhibiting the advantages of division of labour in statistical form.]

<sup>3</sup> [This parenthesis would alone be sufficient to show that those are wrong who believe Smith did not include the separation of employments in 'division of labour'.]

<sup>4</sup> [In Adam Smith's *Lectures*, p. 164, the business is, as here, divided into eighteen operations. This number is doubtless taken from the *Encyclopédie*, tom. v. (published in 1755), s.v. Épingle. The article is ascribed to M. Delaire, 'qui décrivait la fabrication de l'épingle

where ten men only were employed, and where some of them consequently performed two or three distinct operations. But though they were very poor, and therefore but indifferently accommodated with the necessary machinery, they could, when they exerted themselves, make among them about twelve pounds of pins in a day. There are in a pound upwards of four thousand pins of a middling size. Those ten persons, therefore, could make among them upwards of forty-eight thousand pins in a day. Each person, therefore, making a tenth part of forty-eight thousand pins, might be considered as making four thousand eight hundred pins in a day. But if they had all wrought separately and independently, and without any of them having been educated to this peculiar business, 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 thousand eight hundredth part of what they are at present capable of performing, in consequence of a proper division and combination of their different operations.

(In every other art and manufacture, the effects of the division of labour are similar to what they are in this very trifling one; though, in many of them, the labour can neither be so much subdivided, nor reduced to so great a simplicity 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 labour. The separation of different trades and employments from one another, seems to have taken place, in consequence of this advantage. This separation too is generally carried furthest in those countries which enjoy the highest degree of industry and improvement; what is the work of one man in a rude state of society, being generally that of several in an improved one. In every improved society, the farmer is generally nothing but a farmer; the manufacturer, nothing but a manufacturer. The labour too which is necessary 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 and smoothers of the linen, or to the dyers and dressers of the cloth! The nature of agriculture, indeed, does not admit of so many subdivisions of labour, nor of so complete a separation of one business from another, as manufactures.

The effect is similar in all trades and also in the division of employments.

dans les ateliers même des ouvriers,' p. 807. In some factories the division was carried further. E. Chambers, *Cyclopædia*, vol. ii., 2nd ed., 1738, and 4th ed., 1741, s.v. Pin, makes the number of separate operations twenty-five.]

It is impossible to separate so 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 smith. The spinner is almost always a distinct person from the weaver ; but the ploughman, the harrower, the sower of the seed, and the reaper of the corn, are often the same. The occasions for those different sorts of labour returning with the different seasons of the year, it is impossible that one man should be constantly employed in any one of them. This impossibility of making so complete and entire a separation 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 distinguished by their superiority in the latter than in the former. Their lands are in general better cultivated, and having more labour and expence bestowed upon them, produce more in proportion to the extent and natural fertility of the ground. But this<sup>1</sup> superiority of produce is seldom much more than in proportion to the superiority 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 least, it is never so much more productive, as it commonly is in manufactures. The corn of the rich country, therefore, will not always, in the same degree of goodness, come cheaper to market than that of the poor. The corn of Poland, in the same degree of goodness, is as cheap as that of France, notwithstanding the superior opulence and improvement of the latter country. The corn of France is, in the corn provinces, fully as good, and in most years nearly about the same price with the corn of England, though, in opulence and improvement, France is perhaps inferior to England. The corn-lands of England, however, are better cultivated than those of France, and the corn-lands<sup>2</sup> of France are said to be much better cultivated than those of Poland. But though the poor country, notwithstanding the inferiority of its cultivation, can, in some measure, rival the rich in the cheapness and goodness of its corn, it can pretend to no such competition in its manufactures ; at least if those manufactures suit the soil, climate, and situation of the rich country. The silks of France are better and cheaper than those of England, because the silk manufacture, at least under the present high duties upon the importation of raw silk,

<sup>1</sup>[Ed. 1 reads 'the'.]

<sup>2</sup>[Ed. 1 reads 'the lands' here and two lines higher up.]

does not so well suit the climate of England as that of France.<sup>1</sup> But the hard-ware and the coarse woollens of England are beyond all comparison superior to those of France, and much cheaper too in the same degree of goodness.<sup>2</sup> In Poland there are said to be scarce any manufactures of any kind, a few of those coarser household manufactures excepted, without which no country can well subsist.

(This great increase of the quantity of work, which, in consequence of the division of labour, the same number of people are capable of performing,<sup>3</sup> is owing to three different circumstances; first, to the increase of dexterity in every particular workman; secondly, to the saving 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.<sup>4</sup>)

The advantage is due to three circumstances.

First, the improvement of the dexterity of the workman necessarily increases the quantity of the work he can perform; and the division of labour, by reducing every man's business to some one simple operation, and by making this operation the sole employment of his life, necessarily increases very much the dexterity of the workman. A common smith, who, though accustomed to handle the hammer, has never been used to make nails, if upon some particular occasion he is obliged to attempt it, will scarce, I am assured, be able to make above two or three hundred nails in a day, and those too very bad ones.<sup>5</sup> A smith who has been accustomed to make nails, but whose sole or principal business has not been that of a nailer, can seldom with his utmost diligence make more than eight hundred or a thousand nails in a day. I have seen several boys under twenty years of age who had never exercised any other trade but that of making nails,

(1) improved dexterity.

<sup>1</sup> [Ed. 1 reads 'because the silk manufacture does not suit the climate of England'.]

<sup>2</sup> [In *Lectures*, p. 164, the comparison is between English and French 'toys,' *i.e.*, small metal articles.]

<sup>3</sup> [Ed. 1 places 'in consequence of the division of labour' here instead of in the line above.]

<sup>4</sup> ['Pour la célérité du travail et la perfection de l'ouvrage, elles dépendent entièrement de la multitude des ouvriers rassemblés. Lorsqu'une manufacture est nombreuse, chaque opération occupe un homme différent. Tel ouvrier ne fait et ne fera de sa vie qu'une seule et unique chose; tel autre une autre chose: d'où il arrive que chacune s'exécute bien et promptement, et que l'ouvrage le mieux fait est encore celui qu'on a à meilleur marché. D'ailleurs le goût et la façon se perfectionnent nécessairement entre un grand nombre d'ouvriers, parce qu'il est difficile qu'il ne s'en rencontre quelques-uns capables de réfléchir, de combiner, et de trouver enfin le seul moyen qui puisse les mettre au-dessus de leurs semblables; le moyen ou d'épargner la matière, ou d'allonger le temps, ou de surfaire l'industrie, soit par une manœuvre plus commode.'—*Encyclopédie*, tom i. (1751), p. 717, *s.v.* Art. All three advantages mentioned in the text above are included here.]

<sup>5</sup> [In *Lectures*, p. 166, 'a country smith not accustomed to make nails will work very hard for three or four hundred a day and those too very bad'.]

and who, when they exerted themselves, could make, each of them, upwards of two thousand three hundred nails in a day.<sup>1</sup> The making of a nail, however, is by no means one of the simplest operations. The same person blows the bellows, stirs 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,<sup>2</sup> is subdivided, are all of them much more simple, and the dexterity of the person, of whose life it has been the sole business to perform them, is usually much greater. The rapidity with which some of the operations of those manufactures are performed, exceeds what the human hand could, by those who had never seen them, be supposed capable of acquiring.

(2) saving of time,

Secondly, the advantage which is gained by saving the time commonly lost in passing from one sort of work to another, is much greater than we should at first view be apt to imagine it. It is impossible to pass 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,<sup>3</sup> who cultivates a small farm, must lose a good deal of time in passing from his loom to the field, and from the field to his loom. When the two trades can be carried on in the same workhouse, the loss of time is no doubt much less. It is even in this case, however, very considerable. A man commonly saunters a little in turning his hand from one sort of employment to another. When he first begins the new work he is seldom very keen and hearty ; his mind, as they say, does not go to it, and for some time he rather trifles than applies to good purpose. The habit of sauntering and of indolent careless application, which is naturally, or rather necessarily 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 slothful and lazy, and incapable of any vigorous application even on the most pressing occasions. Independent, therefore, of his deficiency in point of dexterity, this cause alone must always reduce considerably the quantity of work which he is capable of performing.

and (3) application of machinery,

Thirdly, and lastly, every body must be sensible how much labour is facilitated and abridged by the application of proper machinery.

<sup>1</sup> [In *Lectures*, p. 166, 'a boy used to it will easily make two thousand and those incomparably better'.]

<sup>2</sup> [In *Lectures*, p. 255, it is implied that the labour of making a button was divided among eighty persons.]

<sup>3</sup> [The same example occurs in *Lectures*, p. 166.]

It is unnecessary to give any example.<sup>1</sup> I shall only observe, therefore,<sup>2</sup> that the invention of all those machines by which labour is so much facilitated and abridged, seems to have been originally owing to the division of labour. Men are much more likely to discover easier and readier methods of attaining any object, when the whole attention of their minds is directed towards that single object, than when it is dissipated among a great variety of things. But in consequence of the division of labour, the whole of every man's attention comes naturally to be directed towards some one very simple 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 soon find out easier and readier methods of performing their own particular work, wherever the nature of it admits of such improvement. A great part of the machines made use of<sup>3</sup> in those manufactures in which labour is most subdivided, were originally the inventions of common workmen, who, being each of them employed in some very simple operation, naturally turned their thoughts towards finding out easier and readier methods of performing it. Whoever has been much accustomed to visit such manufactures, must frequently have been shewn very pretty machines, which were the inventions of such<sup>4</sup> workmen, in order to facilitate and quicken their own particular part of the work. In the first fire-engines,<sup>5</sup> a boy was constantly employed to open and shut alternately the communication between the boiler and the cylinder, according as the piston either ascended or descended. 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 shut without his assistance, and leave him at liberty to divert himself with his play-fellows. One of the greatest improvements that has been made upon this machine, since it was first invented, was in this manner the discovery of a boy who wanted to save his own labour.<sup>6</sup>

invented by  
workmen,

<sup>1</sup> [Examples are given in *Lectures*, p. 167 : 'Two men and three horses will do more in a day with the plough than twenty men without it. The miller and his servant will do more with the water mill than a dozen with the hand mill, though it too be a machine.']

<sup>2</sup> [Ed. 1 reads 'I shall, therefore, only observe'.]

<sup>3</sup> [Ed. 1 reads 'machines employed'.]

<sup>4</sup> [Ed. 1 reads 'of common'.]

<sup>5</sup> [*i.e.*, steam-engines.]

<sup>6</sup> [This pretty story is largely, at any rate, mythical. It appears to have grown out of a misreading (not necessarily by Smith) of the following passage. 'They used before to work with a buoy in the cylinder enclosed in a pipe, which buoy rose when the steam was strong, and opened the injection, and made a stroke; thereby they were capable of only giving six, eight or ten strokes in a minute, till a boy, Humphry Potter, who attended the engine, added (what he called scoggan) a catch that the beam Q always opened; and then it would go fifteen or sixteen strokes in a minute. But this being perplexed with catches and strings, Mr. Henry



or by  
machine-  
makers and  
philoso-  
phers.

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.<sup>1</sup> In the progress of society, philosophy or speculation becomes, like every other employment, the principal or sole trade and occupation of a particular class of citizens. Like every other employment too, it is subdivided into a great number of different branches, each of which affords occupation to a peculiar tribe or class of philosophers; and this subdivision of employment in philosophy, as well as in every other business, improves dexterity, and saves time. Each individual becomes more expert in his own peculiar branch, more work is done upon the whole, and the quantity of science is considerably increased by it.<sup>2</sup>

Hence the  
universal  
opulence of  
a well-  
governed  
society,

(It is the great multiplication of the productions of all the different arts, in consequence 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 same situation, he is enabled to exchange a great quantity of his own goods for a great quantity, or, what comes to the same thing, for the price of a

Beighton, in an engine he had built at Newcastle-on-Tyne in 1718, took them all away, the beam itself simply supplying all much better.—J. T. Desaguliers, *Course of Experimental Philosophy*, vol. ii., 1744, p. 533. From pp. 469, 471, it appears that hand labour was originally used before the 'buoy' was devised.]

<sup>1</sup>[In *Lectures*, p. 167, the invention of the plough is conjecturally attributed to a farmer and that of the hand-mill to a slave, while the invention of the water-wheel and the steam engine is credited to philosophers. Mandeville is very much less favourable to the claims of the philosophers: 'They are very seldom the same sort of people, those that invent arts and improvements in them and those that inquire into the reason of things: this latter is most commonly practised by such as are idle and indolent, that are fond of retirement, hate business and take delight in speculation; whereas none succeed oftener in the first than active, stirring and laborious men, such as will put their hand to the plough, try experiments and give all their attention to what they are about.'—*Fable of the Bees*, pt. ii. (1729), dial. iii., p. 151. He goes on to give as examples the improvements in soap-boiling, grain-dyeing, etc.]

<sup>2</sup>[The advantage of producing particular commodities wholly or chiefly in the countries most naturally fitted for their production is recognised below, p. 423, but the fact that division of labour is necessary for its attainment is not noticed. The fact that division of labour allows different workers to be put exclusively to the kind of work for which they are best fitted by qualities not acquired by education and practice, such as age, sex, size and strength, is in part ignored and in part denied below, pp. 17, 18. The disadvantage of division of labour or specialisation is dealt with below, vol. ii., pp. 267-269.]

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 society.

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 whose industry a part, though but a small 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 sorter of the wool, the wool-comber or carder, the dyer, the scribbler, the spinner, the weaver, the fuller, the dresser, with many others, must all join their different arts in order to complete even this homely production. How many merchants and carriers, besides, must 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 ship-builders, sailors, sail-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 necessary in order to produce the tools of the meanest of those workmen! To say nothing of such complicated machines as the ship of the sailor, the mill of the fuller, or even the loom of the weaver, let us consider only what a variety of labour is requisite in order to form that very simple machine, the shears with which the shepherd clips the wool. The miner, the builder of the furnace for smelting the ore, the feller of the timber, the burner of the charcoal to be made use of in the smelting-house, the brick-maker, the brick-layer, the workmen who attend the furnace, the mill-wright, the forger, the smith, must all of them join their different arts in order to produce them. Were we to examine, in the same manner, all the different parts of his dress and household furniture, the coarse linen shirt which he wears next his skin, the shoes 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 sea and a long land carriage, all the other utensils of his kitchen, all the furniture of his table, the knives and forks, the earthen or pewter plates upon which he serves up and divides his victuals, the different hands employed in preparing his

even the day-labourer's coat being the produce of a vast number of workmen.

bread and his beer, the glass window which lets in the heat and the light, and keeps out the wind and the rain, with all the knowledge and art requisite 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 say, all these things, and consider what a variety of labour is employed about each of them, we shall be sensible that without the assistance and co-operation of many thousands, the very meanest person in a civilized country could not be provided, even according to, what we very falsely imagine, the easy and simple 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 so much exceed that of an industrious and frugal peasant, 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 savages.<sup>1</sup>

<sup>1</sup>[This paragraph was probably taken bodily from the MS. of the author's lectures. It appears to be founded on Locke, *Civil Government*, § 43 ; Mandeville, *Fable of the Bees*, pt. i., Remark P, 2nd ed., 1723, p. 182, and perhaps Harris, *Essay upon Money and Coins*, pt. i., § 12. See *Lectures*, pp. 161-162 and notes.]

## CHAPTER II

### OF THE PRINCIPLE WHICH GIVES OCCASION TO THE DIVISION OF LABOUR

THIS division of labour, from which so many advantages are derived, is not originally the effect of any human wisdom, which foresees and intends that general opulence to which it gives occasion.<sup>1</sup> It is the necessary, though very slow and gradual, consequence of a certain propensity in human nature which has in view no such extensive utility; the propensity to truck, barter, and exchange one thing for another.

Whether this propensity be one of those original principles in human nature, of which no further account can be given; or whether, as seems more probable, it be the necessary consequence of the faculties of reason and speech, it belongs not to our present subject to enquire. It is common to all men, and to be found in no other race of animals, which seem to know neither this nor any other species of contracts. Two greyhounds, in running down the same hare, have sometimes the appearance of acting in some sort of concert. Each turns her towards his companion, or endeavours to intercept her when his companion turns her towards himself. This, however, is not the effect of any contract, but of the accidental concurrence of their passions in the same object at that particular time. Nobody ever saw a dog make a fair and deliberate exchange of one bone for another with another dog.<sup>2</sup> Nobody ever saw one animal by its gestures and natural cries signify to another, this is mine, that yours; I am willing to give this for that. When an animal wants to obtain something either of a man or of another animal, it has no other means of persuasion but to gain the favour of those whose service it requires. A puppy fawns upon its

The division of labour arises from a propensity in human nature to exchange.

This propensity is found in man alone.

<sup>1</sup>[*I.e.*, it is not the effect of any conscious regulation by the state or society, like the 'law of Sesostris,' that every man should follow the employment of his father, referred to in the corresponding passage in *Lectures*, p. 168. The denial that it is the effect of individual wisdom recognising the advantage of exercising special natural talents comes lower down, p. 17.]

<sup>2</sup>[It is by no means clear what object there could be in exchanging one bone for another.]

dam, and a spaniel endeavours by a thousand attractions to engage the attention of its master who is at dinner, when it wants to be fed by him. Man sometimes uses the same arts with his brethren, and when he has no other means of engaging them to act according to his inclinations, endeavours by every servile and fawning attention to obtain their good will. He has not time, however, to do this upon every occasion. In civilized society he stands at all times in need of the co-operation and assistance of great multitudes, while his whole life is scarce sufficient 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 entirely<sup>1</sup> independent, and in its natural state has occasion for the assistance of no other living creature. But man has almost constant occasion for the help of his brethren, and it is in vain for him to expect it from their benevolence only. He will be more likely to prevail if he can interest their self-love in his favour, and shew them that it is for their own advantage to do for him what he requires of them. Whoever offers to another a bargain of any kind, proposes to do this: Give me that which I want, and you shall have this which you want, is the meaning of every such offer; and it is in this manner that we obtain from one another the far greater part of those good offices which we stand in need of. It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages. Nobody but a beggar chuses to depend chiefly upon the benevolence of his fellow-citizens. Even a beggar does not depend upon it entirely. The charity of well-disposed people, indeed, supplies him with the whole fund of his subsistence. 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 occasion for them. The greater part of his occasional wants are supplied in the same 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 suit 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.<sup>2</sup>

<sup>1</sup>[Misprinted 'intirely' in eds. 1-5. 'Entirely' occurs a little lower down in all eds.]

<sup>2</sup>[The paragraph is repeated from *Lectures*, p. 169. It is founded on Mandeville, *Fable of the Bees*, pt. ii. (1729), dial. vi., pp. 421, 422.]

As 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, so it is this same 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 venison with his companions; and he finds at last that he can in this manner get more cattle and venison, than if he himself 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 business, and he becomes a sort of armourer. Another excels in making the frames and covers of their little huts or moveable houses. He is accustomed to be of use in this way to his neighbours, who reward him in the same manner with cattle and with venison, till at last he finds it his interest to dedicate himself entirely to this employment, and to become a sort of house-carpenter. In the same manner a third becomes a smith or a brazier; a fourth a tanner or dresser of hides or skins, the principal part of the clothing of savages. And thus the certainty of being able to exchange all that surplus part of the produce of his own labour, which is over and above his own consumption, for such parts of the produce of other men's labour as he may have occasion for, encourages every man to apply himself to a particular occupation, and to cultivate and bring to perfection whatever talent or genius he may possess for that particular species of business.<sup>1</sup>

It is encouraged by self-interest and leads to division of labour,

The difference of natural talents in different men is, in reality, much less than we are aware of; and the very different genius which appears to distinguish men of different professions, when grown up to maturity, is not upon many occasions so much the cause, as the effect of the division of labour.<sup>2</sup> The difference between the most dissimilar characters, between a philosopher and a common street porter, for example, seems to arise not so much from nature, as from habit, custom, and education. When they came into the world, and for the first six or eight years of their existence, they were, perhaps,<sup>3</sup> very much alike, and neither their parents nor playfellows could perceive any remarkable difference. About that age, or soon after, they come to be employed in very different occupations. The difference of talents

thus giving rise to differences of talent more important than the natural differences,

<sup>1</sup>[*Lectures*, pp. 169-170.]

<sup>2</sup>[This is apparently directed against Harris, *Money and Coins*, pt. i., § 11, and is in accordance with the view of Hume, who asks readers to 'consider how nearly equal all men are in their bodily force, and even in their mental powers and faculties, ere cultivated by education'. — 'Of the Original Contract,' in *Essays, Moral and Political*, 1748, p. 291.]

<sup>3</sup>['Perhaps' is omitted in eds. 2 and 3, and restored in the errata to ed. 4.]

comes then to be taken notice of, and widens by degrees, till at last the vanity of the philosopher is willing to acknowledge scarce any resemblance. But without the disposition to truck, barter, and exchange, every man must have procured to himself every necessary and conveniency of life which he wanted. All must have had the same duties to perform, and the same work to do, and there could have been no such difference of employment as could alone give occasion to any great difference of talents.<sup>1</sup>

and rendering  
those differ-  
ences useful.

As it is this disposition which forms that difference of talents, so remarkable among men of different professions, so it is this same disposition which renders that difference useful. Many tribes of animals acknowledged to be all of the same species, derive from nature a much more remarkable distinction of genius, than what, antecedent to custom and education, appears to take place among men. By nature a philosopher is not in genius and disposition half so different from a street porter, as a mastiff is from a greyhound, or a greyhound from a spaniel, or this last from a shepherd's dog. Those different tribes of animals, however, though all of the same species, are of scarce any use to one another. The strength of the mastiff is not in the least supported either by the swiftness of the greyhound, or by the sagacity 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 stock, and do not in the least contribute to the better accommodation and conveniency of the species. Each animal is still obliged to support and defend itself, separately and independently, and derives no sort of advantage from that variety of talents with which nature has distinguished its fellows. Among men, on the contrary, the most dissimilar geniuses are of use to one another; the different produces of their respective talents, by the general disposition to truck, barter, and exchange, being brought, as it were, into a common stock, where every man may purchase whatever part of the produce of other men's talents he has occasion for.

<sup>1</sup>[*Lectures*, pp. 170-171.]

## BOOK IV

### Of Systems of political Œconomy

#### INTRODUCTION

**P**OLITICAL œconomy, considered as a branch of the science of a statesman or legislator, proposes two distinct objects: first, to provide a plentiful revenue or subsistence for the people, or more properly to enable them to provide such a revenue or subsistence for themselves; and secondly, to supply the state or commonwealth with a revenue sufficient for the public services. It proposes to enrich both the people and the sovereign.<sup>1</sup>

The different progress of opulence in different ages and nations, has given occasion to two different systems of political œconomy, with regard to enriching the people. The one may be called the system of commerce, the other that of agriculture. I shall endeavour to explain both as fully and distinctly as I can, and shall begin with the system of commerce. It is the modern system, and is best understood in our own country and in our own times.

The first object of political œconomy is to provide subsistence for the people

Two different systems proposed for this end will be explained.

<sup>1</sup> [For other definitions of the purpose or nature of political economy see the index, *s.v.*]



## CHAPTER II

### OF RESTRAINTS UPON THE IMPORTATION FROM FOREIGN COUNTRIES OF SUCH GOODS AS CAN BE PRODUCED AT HOME

High duties and prohibitions giving a monopoly to a particular home industry are very common.

BY restraining, either by high duties, or by absolute prohibitions, the importation of such goods from foreign countries as can be produced at home, the monopoly of the home market is more or less secured to the domestic industry employed in producing them. Thus the prohibition of importing either live cattle<sup>1</sup> or salt provisions from foreign countries secures to the graziers of Great Britain the monopoly of the home market for butcher's meat. The high duties upon the importation of corn,<sup>2</sup> which in times of moderate plenty amount to a prohibition, give a like advantage to the growers of that commodity. The prohibition of the importation of foreign woollens is equally favourable to the woollen manufacturers.<sup>3</sup> The silk manufacture, though altogether employed upon foreign materials, has lately obtained the same advantage.<sup>4</sup> The linen manufacture has not yet obtained it, but is making great strides towards it.<sup>5</sup> Many other sorts of manufacturers<sup>6</sup> have, in the same manner, obtained in Great Britain, either altogether, or very nearly a monopoly against their countrymen. The variety of goods of which the importation into Great Britain is prohibited, either absolutely, or under certain circumstances, greatly exceeds what can easily be suspected by those who are not well acquainted with the laws of the customs.<sup>7</sup>

They encourage the particular industry, but neither increase general industry nor

That this monopoly of the home-market frequently gives great encouragement to that particular species of industry which enjoys it, and frequently turns towards that employment a greater share of both the labour and stock of the society than would otherwise have gone to it, cannot be doubted. But whether it tends either to increase the

<sup>1</sup>[See above, p. 392.]

<sup>2</sup>[See below, vol ii., pp. 37, 38.]

<sup>3</sup>[11 and 12 Ed. III., c. 3; 4 Ed. IV., c. 7.]

<sup>4</sup>[6 Geo. III., c. 28.]

<sup>5</sup>[By the additional duties, 7 Geo. III., c. 28.]

<sup>6</sup>[Misprinted 'manufactures' in ed. 5.]

<sup>7</sup>[This sentence appears first in Additions and Corrections and ed. 3.]

general industry of the society, or to give it the most advantageous direction, is not, perhaps, altogether so evident.<sup>1</sup>

The general industry of the society never can exceed what the capital of the society can employ. As the number of workmen that can be kept in employment by any particular person must bear a certain proportion to his capital, so the number of those that can be continually employed by all the members of a great society, must bear a certain proportion to the whole capital of that society, and never can exceed that proportion. No regulation of commerce can increase the quantity of industry in any society beyond what its capital can maintain. It can only divert a part of it into a direction into which it might not otherwise have gone; and it is by no means certain that this artificial direction is likely to be more advantageous to the society than that into which it would have gone of its own accord.

Every individual is continually exerting himself to find out the most advantageous employment for whatever capital he can command. It is his own advantage, indeed, and not that of the society, which he has in view. But the study of his own advantage naturally, or rather necessarily leads him to prefer that employment which is most advantageous to the society.

First, every individual endeavours to employ his capital as near home as he can, and consequently as much as he can in the support of domestic industry; provided always that he can thereby obtain the ordinary, or not a great deal less than the ordinary profits of stock.

Thus, upon equal or nearly equal profits, every wholesale merchant naturally prefers the home-trade to the foreign trade of consumption, and the foreign trade of consumption to the carrying trade. In the home-trade his capital is never so long out of his sight as it frequently is in the foreign trade of consumption. He can know better the character and situation of the persons whom he trusts, and if he should happen to be deceived, he knows better the laws of the country from which he must seek redress. In the carrying trade, the capital of the merchant is, as it were, divided between two foreign countries, and no part of it is ever necessarily brought home, or placed under his own immediate view and command. The capital which an Amsterdam merchant employs in carrying corn from Konningsberg to Lisbon, and fruit and wine from Lisbon to Konningsberg, must generally be the one-half of it at Konningsberg and the other half at Lisbon. No part of it need ever come to Amsterdam. The natural residence of such a merchant should either be at Konningsberg or Lisbon, and it can only

give it the best direction.

The number of persons employed cannot exceed a certain proportion to the capital of the society,

and every man's interest leads him to seek that employment of capital which is most advantageous to the society.

(1) He tries to employ it as near home as possible

<sup>1</sup>[Ed. 1 reads 'certain'.]

be some very particular circumstances which can make him prefer the residence of Amsterdam. The uneasiness, however, which he feels at being separated so far from his capital, generally determines him to bring part both of the Konningsberg goods which he destines for the market of Lisbon, and of the Lisbon goods which he destines for that of Konningsberg, to Amsterdam: and though this necessarily subjects him to a double charge of loading and unloading, as well as to the payment of some duties and customs, yet for the sake of having some part of his capital always under his own view and command, he willingly submits to this extraordinary charge; and it is in this manner that every country which has any considerable share of the carrying trade, becomes always the emporium, or general market, for the goods of all the different countries whose trade it carries on. The merchant, in order to save a second loading and unloading, endeavours always to sell in the home-market as much of the goods of all those different countries as he can, and thus, so far as he can, to convert his carrying trade into a foreign trade of consumption. A merchant, in the same manner, who is engaged in the foreign trade of consumption, when he collects goods for foreign markets, will always be glad, upon equal or nearly equal profits, to sell as great a part of them at home as he can. He saves himself the risk and trouble of exportation, when, so far as he can, he thus converts his foreign trade of consumption into a home-trade. Home is in this manner the center, if I may say so, round which the capitals of the inhabitants of every country are continually circulating, and towards which they are always tending, though by particular causes they may sometimes be driven off and repelled from it towards more distant employments. But a capital employed in the home-trade, it has already been shown,<sup>1</sup> necessarily puts into motion a greater quantity of domestic industry, and gives revenue and employment to a greater number of the inhabitants of the country, than an equal capital employed in the foreign trade of consumption: and one employed in the foreign trade of consumption has the same advantage over an equal capital employed in the carrying trade. Upon equal, or only nearly equal profits, therefore, every individual naturally inclines to employ his capital in the manner in which it is likely to afford the greatest support to domestic industry, and to give revenue and employment to the greatest number of<sup>2</sup> people of his own country.

Secondly, every individual who employs his capital in the support of domestic industry, necessarily endeavours so to direct that industry, that its produce may be of the greatest possible value.

(2) He endeavours to produce the greatest possible value.

<sup>1</sup>[Above, pp. 348-352.]

<sup>2</sup>[Ed. 1 reads 'the' here.]

The produce of industry is what it adds to the subject or materials upon which it is employed. In proportion as the value of this produce is great or small, so will likewise be the profits of the employer. But it is only for the sake of profit that any man employs a capital in the support of industry ; and he will always, therefore, endeavour to employ it in the support of that industry of which the produce is likely to be of the greatest value, or to exchange for the greatest quantity either of money or of other goods.

But the annual revenue of every society is always precisely equal to the exchangeable value of the whole annual produce of its industry, or rather is precisely the same thing with that exchangeable value. As every individual, therefore, endeavours as much as he can both to employ his capital in the support of domestic industry, and so to direct that industry that its produce may be of the greatest value ; every individual necessarily labours to render the annual revenue of the society as great as he can. He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it. By preferring the support of domestic to that of foreign industry, he intends only his own security ; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it. By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it. I have never known much good done by those who affected to trade for the public good. It is an affectation, indeed, not very common among merchants, and very few words need be employed in dissuading them from it.

What is the species of domestic industry which his capital can employ, and of which the produce is likely to be of the greatest value, every individual, it is evident, can, in his local situation, judge much better than any statesman or lawgiver can do for him. The statesman, who should attempt to direct private people in what manner they ought to employ their capitals, would not only load himself with a most unnecessary attention, but assume an authority which could safely be trusted, not only to no single person, but to no council or senate whatever, and which would no-where be so dangerous as in the hands of a man who had folly and presumption enough to fancy himself fit to exercise it.

To give the monopoly of the home-market to the produce of domestic industry, in any particular art or manufacture, is in some measure to direct private people in what manner they ought to employ their

He can judge of this much better than the statesman.

High duties and prohibitions direct people to employ

capital in  
producing at  
home what  
they could  
buy cheaper  
from abroad

capitals, and must, in almost all cases, be either a useless or a hurtful regulation. If the produce of domestic can be brought there as cheap as that of foreign industry, the regulation is evidently useless. If it cannot, it must generally be hurtful. It is the maxim of every prudent master of a family, never to attempt to make at home what it will cost him more to make than to buy. The taylor does not attempt to make his own shoes, but buys them of the shoemaker. The shoemaker does not attempt to make his own clothes, but employs a taylor. The farmer attempts to make neither the one nor the other, but employs those different artificers. All of them find it for their interest to employ their whole industry in a way in which they have some advantage over their neighbours, and to purchase with a part of its produce, or what is the same thing, with the price of a part of it, whatever else they have occasion for.

It is as foolish for a nation as for an individual to make what can be bought cheaper.

What is prudence in the conduct of every private family, can scarce be folly in that of a great kingdom. If a foreign country can supply us with a commodity cheaper than we ourselves can make it, better buy it of them with some part of the produce of our own industry, employed in a way in which we have some advantage. The general industry of the country, being always in proportion to the capital which employs it, will not thereby be diminished, no more than that of the above-mentioned artificers; but only left to find out the way in which it can be employed with the greatest advantage. It is certainly not employed to the greatest advantage, when it is thus directed towards an object which it can buy cheaper than it can make. The value of its annual produce is certainly more or less diminished, when it is thus turned away from producing commodities evidently of more value than the commodity which it is directed to produce. According to the supposition, that commodity could be purchased from foreign countries cheaper than it can be made at home. It could, therefore, have been purchased with a part only of the commodities, or, what is the same thing, with a part only of the price of the commodities, which the industry employed by an equal capital would have produced at home, had it been left to follow its natural course. The industry of the country, therefore, is thus turned away from a more, to a less advantageous employment, and the exchangeable value of its annual produce, instead of being increased, according to the intention of the lawgiver, must necessarily be diminished by every such regulation.

Sometimes by such regulations

By means of such regulations, indeed, a particular manufacture may sometimes be acquired sooner than it could have been otherwise, and