

tribution and consumption of the increased supply of commodities takes place as constantly to increase their exchangeable value.

In general, an increase of produce and an increase of value go on together; and this is that natural and healthy state of things, which is most favourable to the progress of wealth. An increase in the quantity of produce depends chiefly upon the power of production, and an increase in the value of produce upon its distribution. Production and distribution are the two grand elements of wealth, which, combined in their due proportions, are capable of carrying the riches and population of the earth in no great length of time to the utmost limits of its possible resources; but which taken separately, or combined in undue proportions, produce only, after the lapse of many thousand years, the scanty riches and scanty population, which are at present scattered over the face of the globe.

siderable portion of it must become redundant and useless. I quite agree with Mr. Ricardo, however, in approving all saving of labour and inventions in machinery; but it is because I think that their tendency is to increase the gross produce and to make room for a larger population and a larger capital. If the saving of labour were to be accompanied by the effects stated in Mr. Ricardo's instance, I should agree with M. Sismondi and Mr. Owen in deprecating it as a great misfortune.

SECTION VII.

Of the Distribution occasioned by the Division of landed Property considered as the Means of increasing the exchangeable Value of the whole Produce.

The causes most favourable to that increase of value which depends upon distribution are, 1st, the division of landed property; 2dly, internal and external commerce; 3dly, the maintenance of unproductive consumers.

In the first settlement and colonization of new countries, an easy division and subdivision of the land is a point of the very highest importance. Without a facility of obtaining land in small portions by those who have accumulated small capitals, and of settling new proprietors upon the soil, as new families branch off from the parent stocks, no adequate effect can be given to the principle of population. This facility of settling the rising population upon the soil is still more imperiously necessary in inland countries, which are not favourably situated for external and internal commerce. Countries of this description, if, from the laws and customs relating to landed property, great difficulties are thrown in the way of its distribution, may remain for ages very scantily peopled, in spite of the principle of population; while the easy division and subdivision of the land as

new families arise to be provided for, might, with comparatively little commerce, furnish an effective demand for population, and create a produce which would have no inconsiderable value in exchange. Such a country would probably have a small neat produce compared with its gross produce; it would also be greatly deficient in the amount of its manufactures and mercantile products; yet still its actual produce and population might be respectable; and for the increase of exchangeable value which had produced these effects, it would be mainly indebted to that distribution of the produce which had arisen from the easy division of land.

The rapid increase of the United States of America, taken as a whole, has undoubtedly been aided very greatly by foreign commerce, and particularly by the power of selling raw produce, obtained with little labour, for European commodities which have cost much labour. But the cultivation of a great part of the interior territory has depended in a considerable degree upon the cause above stated; and the facility with which even common workmen, if they were industrious and economical for some years, could become new settlers and small proprietors of land, has given prodigious effect to that high money price of labour, which could not have taken place without foreign commerce; and together they occasioned yearly that extraordinary increase of exchangeable value, which so distinguished the progress of the establishments in North

America, compared with any others with which we are acquainted.

Over almost all Europe a most unequal and vicious division of landed property was established during the feudal times. In some states the laws, which protected and perpetuated this division, have been greatly weakened, and by the aids of commerce and manufactures have been rendered comparatively inefficient. But in others these laws still remain in great force, and throw very great obstacles in the way of increasing wealth and population. A very large proprietor, surrounded by very poor peasants, presents a distribution of property most unfavourable to effective demand.

Adam Smith has well described the slack kind of cultivation which was likely to take place, and did in fact take place, among the great proprietors of the middle ages. But not only were they bad cultivators and improvers; and for a time perhaps deficient in a proper taste for manufactured products; yet, even if they had possessed these tastes in the degree found to prevail at present, their inconsiderable numbers would have prevented their demand from producing any important mass of such wealth. We hear of great splendour among princes and nobles in every period of history. The difficulty was not so much to inspire the rich with a love of finery, as to break down their immense properties, and to create a greater number of demanders who were able and willing to purchase the results of productive labour. This, it is obvious, could only be effected very gradually.

That the increasing love of finery might have assisted considerably in accomplishing this object is highly probable; but these tastes alone, unaccompanied by a better distribution of property, would have been quite inefficient. The possessor of numerous estates, after he had furnished his mansion or castle splendidly, and provided himself with handsome clothes and handsome carriages, would not change them all every two months, merely because he had the power of doing it. Instead of indulging in such useless and troublesome changes, he would be more likely to keep a number of servants and idle dependants, to take lower rents with a view of having a greater command over his tenants, and perhaps to sacrifice the produce of a considerable portion of his land in order to encourage more game, and to indulge, with more effect and less interruption, in the pleasures of the chase. Thirty or forty proprietors, with incomes answering to between one thousand and five thousand a year, would create a much more effective demand for wheaten bread, good meat, and manufactured products, than a single proprietor possessing a hundred thousand a year.

It is physically possible indeed for a nation, with a comparatively small body of very rich proprietors, and a large body of very poor workmen, to push both the produce of the land and manufactures to the greatest extent, that the resources and ingenuity of the country would admit. Perhaps under such a division of property the powers of production might be rendered the greatest possible;

but, in order to call them forth, we must suppose a passion among the rich for the consumption of manufactures, and the results of productive labour, much more excessive than has ever been witnessed in human society. And the consequence is, that no instance has ever been known of a country which has pushed its natural resources to a great extent, with a small proportionate body of persons of property, however rich and luxurious they might be. Practically it has always been found that the excessive wealth of the few is in no respect equivalent, with regard to effective demand, to the more moderate wealth of the many. A large body of manufacturers and merchants can only find a market for their commodities among a numerous class of consumers above the rank of mere workmen and labourers. And experience shews us that manufacturing wealth is at once the consequence of a better distribution of property, and the cause of further improvements in such distribution, by the increase in the proportion of the middle classes of society, which the growth of manufacturing and mercantile capital cannot fail to create.

But though it be true that the division of landed property, and the diffusion of manufacturing and mercantile capital to a certain extent, are of the utmost importance to the increase of wealth; yet it is equally true that, beyond a certain extent, they would impede the progress of wealth as much as they had before accelerated it. There is a certain elevation at which the projectile will go the

farthest; but if it be directed either higher or lower, it will fall short. With a comparatively small proportion of rich proprietors, who would prefer menial service and territorial influence to an excessive quantity of manufactured and mercantile products, the power of supplying the results of productive labour would be much greater than the will to consume them, and the progress of wealth would be checked by the want of effective demand.* With an excessive proportion of small proprietors both of land and capital, all great improvements on the land, all great enterprizes in commerce and manufactures, and all the wonders described by Adam Smith, as resulting from the division of labour, would be at an end; and the progress of wealth would be checked by a failure in the powers of supply.

It will be found, I believe, true that all the great results in political economy, respecting wealth, depend upon *proportions*; and it is from overlooking this most important truth, that so many errors have prevailed in the prediction of consequences; that nations have sometimes been enriched when it was expected that they would be impoverished, and impoverished when it was ex-

* It is perhaps just possible to conceive a passion for menial service, which would stimulate landlords to cultivate lands in the best way, in order to support the greatest quantity of such attendants. This would be the same thing as the passion for population adverted to in a former section. Such a passion, to the extent here supposed, may be *possible*; but scarcely any supposition can be less probable.

pected that they would be enriched; and that such contradictory opinions have occasionally prevailed respecting the most effective encouragements to the increase of wealth. But there is no part of the whole subject, where the efficacy of proportions in the production of wealth is so strikingly exemplified, as in the division of landed and other property; and where it is so very obvious that a division to a certain extent must be beneficial, and beyond a certain extent prejudicial to the increase of wealth.

On the effects of a great sub-division of property, a fearful experiment is now making in France. The law of succession in that country divides property of all kinds among all the children equally, without right of primogeniture or distinction of sex, and allows but a small portion of it to be disposed of by will.

This law has not yet prevailed long enough to shew what its effects are likely to be on the national wealth and prosperity. If the state of property in France appears at present to be favourable to industry and demand, no inference can thence be drawn that it will be favourable in future. It is universally allowed that a division of property to a certain extent is extremely desirable; and so many traces yet remain almost all over Europe of the vast landed possessions which have descended from the feudal times, that there are not many states in which such a law as that of France might not be of use, with a view to wealth, for a certain number of years. But if such a law were to continue per-

manently to regulate the descent of property in France; if no modes of evading it should be invented, and if its effects should not be weakened by the operation of an extraordinary degree of prudence in marriage, which prudence such a law would certainly tend to discourage, there is every reason to believe that the country, at the end of a century, will be quite as remarkable for its extraordinary poverty and distress, as for its unusual equality of property. The owners of the minute divisions of landed property will be, as they always are, peculiarly without resource, and must perish in great numbers in every scarcity. Scarcely any will be rich but those who receive salaries from the government.

In this state of things, with little or none of the natural influence of property to check at once the power of the crown and the violence of the people, it is not possible to conceive that such a mixed government as France has now established can be maintained. Nor can I think that a state of things, in which there would be so much poverty, could be favourable to the existence and duration of a republic. And when, in addition to this, we consider how extremely difficult it is, under any circumstances, to establish a well-constituted republic, and how dreadfully the chances are against its continuance, as the experience of all history shews; it is not too much to say, that no well-grounded hope could be entertained of the permanent prevalence of such a form of government.

But the state of property above described would be the very soil for a military despotism. If the

government did not adopt the Eastern mode of considering itself as sole territorial proprietor, it might at least take a hint from the Economists, and declare itself co-proprietor with the landlords, and from this source, (which might still be a fertile one, though the landlords, on account of their numbers, might be poor,) together with a few other taxes, the army might easily be made the richest part of the society; and it would then possess an overwhelming influence, which, in such a state of things, nothing could oppose. The despot might now and then be changed, as under the Roman emperors, by the Prætorian guards; but the despotism would certainly rest upon very solid foundations.

It is hardly necessary to enter into the question, whether the wealth of the British empire would be essentially increased by that division of landed property which would be occasioned by the abolition of the right of primogeniture, and the law of entails, without any interference with testamentary dispositions. It is generally acknowledged that the country, in its actual state and under its actual laws, presents a picture of greater wealth, especially when compared with its natural resources, than any large territorial state of modern times. By the natural extinction of some great families, and the natural imprudence of some others, but, above all, by the extraordinary growth of manufactures and commerce, the immense landed properties which formerly prevailed all over the country have been in a great degree broken down, notwithstanding the right of primogeniture. And the few

which remain may perhaps be of use in furnishing motives to the merchant and master-manufacturer, to continue the exercise of their skill and powers till they have acquired large capitals, and are able to contend in wealth with the great landlords. If, from the abolition of the right of primogeniture, the landed fortunes were all very inconsiderable, it is not probable that there would be many large capitals among merchants; and in this case, much productive power would unquestionably be lost.

But however this may be, it is certain that a very large body of what may be called the middle classes of society has been established in this country; while the right of primogeniture, by forcing the younger sons of the nobility and great landed proprietors into the higher divisions of these classes, has, for all practical purposes, annihilated the distinctions founded on rank and birth, and opened the fairest *arena* for the contests of personal merit in all the avenues to wealth and honours. It is probable that the obligation generally imposed upon younger sons to be the founders of their own fortunes, has infused a greater degree of energy and activity into professional and commercial exertions than would have taken place if property in land had been more equally divided. Altogether, the country possesses a very large class of effective demanders, who derive their power of purchasing from the various professions, from commerce, from manufactures, from wholesale and retail trade, from salaries of different kinds, and from the interest of public and private debts; and

these demanders are likely, perhaps, to acquire tastes more favourable to the encouragement of wealth than the owners of small properties on the land.

Under these circumstances, which, to the extent in which they prevail, it must be allowed are almost peculiar to this country, it might be rash to conclude that the nation would be richer if the right of primogeniture were abolished. But even if we were able to determine the question in the affirmative, it would by no means determine the policy of such a change. In all cases of this kind there are higher considerations to be attended to than those which relate to mere wealth.

It is an historical truth which cannot for a moment be disputed, that the first formation, and subsequent preservation and improvement, of our present constitution, and of the liberties and privileges which have so long distinguished Englishmen, are mainly due to a landed aristocracy. And we are certainly not yet warranted by any experience to conclude that without an aristocracy, which cannot certainly be supported in an effective state but by the law of primogeniture, the constitution and liberties so established can be in future maintained. If then we set a value upon the British Constitution; if we think that, whatever may be its theoretical imperfections, it has practically given a better government, and more liberty to a greater mass of people for a longer time than any which history records, it would be most unwise to venture upon any such change as would risk the whole structure, and throw us upon a wide sea of experi-

ment, where the chances are so dreadfully against our attaining the object of our search.

It is not perhaps easy to say to what extent the abolition of the law of primogeniture and entails would divide the landed property of this country. If the power of testamentary bequest were left untouched, it is possible that past habits might still keep many estates together for a time; but the probabilities are, that by degrees a considerable subdivision of land would take place; and if there were few estates of above a thousand a year, the mercantile classes would either be induced to moderate their exertions in the acquisition of wealth, from the absence of the motive of competition with the landlords, as I stated above; or, if the merchants and manufacturers were still to acquire great wealth, excited either by a competition with each other or by political ambition, they would be the only persons who could possess great influence in the state; and the government of the country would fall almost wholly into their hands. In neither case, probably, could our present constitution be maintained. In the first, where the property of individuals would be so inconsiderable, and so equal, the tendencies would be either to democracy or military despotism, with the chances greatly in favour of the latter. And in the second case, whatever might be the form of government, the merchants and manufacturers would have the greatest influence in its councils; and it is justly observed by Adam Smith, that the interests of these

classes do not always prepare them to give the most salutary advice.

Although therefore it be true that a better distribution of landed property might exist than that which actually prevails in this country at present; and although it be also true, that to make it better, the distribution should be more equal; yet it may by no means be wise to abolish the law of primogeniture, which would be likely to lead to a subdivision of land greater probably than would be favourable even to the wealth of the country; and greater certainly than would be consistent with those higher interests, which relate to the protection of a people equally from the tyranny of despotic rulers, and the fury of a despotic mob.

But, whatever conduct the wisdom and policy of a legislature may dictate respecting the laws of succession, the principle will still be true, that the division of landed property is one of the great means of the distribution of wealth, which tends to keep up and increase its exchangeable value, and to encourage further production; and that the distribution so occasioned will, as it extends, continue to produce a more favourable effect on wealth, till it meets its antagonist principle, and begins to interfere with the power of production. This will take place sooner or later, according to circumstances, depending chiefly upon the activity of foreign and domestic commerce, and the mass of effective demanders besides the landlords. If the demand be great, independently of the land, a

slight diminution in the power of production may turn the scale; and any change which is unfavourable to accumulation, enterprize, and the division of labour, will be unfavourable to the progress of wealth. But if the country be ill situated for foreign commerce, and its tastes, habits, and internal communications be such as not to encourage an active home trade, nothing can occasion an adequate demand for produce, but an easy subdivision of landed property; and without such a subdivision, a country with great natural resources might slumber for ages with an uncultivated soil, and a scanty yet starving population.

SECTION VIII.

Of the Distribution occasioned by Commerce, internal and external, considered as the Means of increasing the exchangeable Value of Produce.

The second main cause favourable to that increase of exchangeable value, which depends upon distribution, is internal and external commerce.

Every exchange which takes place in a country, effects a distribution of its produce better adapted to the wants of the society. It is with regard to both parties concerned, an exchange of what is wanted less for what is wanted more, and must therefore raise the value of both the products. If two districts, one of which possessed a rich copper

mine, and the other a rich tin mine, had always been separated by an impassable river or mountain, there can be no doubt that on the opening of a communication, a greater demand would take place, and a greater price be given both for tin and copper; and this greater price of both metals, though it might only be temporary, would alone go a great way towards furnishing the additional capital wanted to supply the additional demand; and the capitals of both districts, and the products of both mines, would be increased both in quantity and value to a degree which could not have taken place without this new distribution of the produce, or some event equivalent to it.

The Economists, in their endeavours to prove the unproductive nature of trade, always insisted that the effect of it was merely to equalize prices, which were in some places too high and in others too low, but in their amount the same as they would be after the exchange had taken place. This position must be considered as unfounded, and capable of being contradicted by incontrovertible facts. The increase of price at first, from the extension of the market, is unquestionable. And when to this we add the effect occasioned by the demand for further produce, and the means thus afforded of rapid accumulation for the supply of this demand, it is impossible to doubt for a moment the direct tendency of all internal trade to increase the value of the national produce.

If indeed it did not tend to increase the value of the national produce, it would not be carried

on. It is out of this increase that the merchants concerned are paid; and if some London goods are not more valued in Glasgow than in London, and some Glasgow goods more valued in London than in Glasgow, the merchants who exchange the articles in which these towns trade, would neither be doing themselves any good, nor any one else. It is a mere futile process to exchange one set of commodities for another, if the parties, after this new distribution of goods has taken place, are not better off than they were before. The giving one article for another has nothing to do with effectual demand, unless the commodity received so far exceeds in value the labour employed on the commodity parted with, as to yield adequate profits to the capitalists concerned, and to give them both the power and the will to set fresh labour to work in the same trade.

It has been said that the industry of a country is measured by the extent of its capital, and that the manner in which this capital is employed, though it may make some difference to the enjoyment of the inhabitants, makes very little in the *value* of the national revenue. This would be true on one supposition, and on one supposition only; namely, that the inhabitants could be persuaded to estimate their confined productions just as highly, to be as eager to obtain and consume them, and as willing to work hard for them, and to make great sacrifices for them, as for the commodities which they obtain from a distance. But are we at liberty to make such a supposition? It is specifi-

cally to overcome the want of eagerness to purchase domestic commodities that the merchant exchanges them for others more in request. Could we but so alter the wants and tastes of the people of Glasgow as to make them estimate as highly the profusion of cotton goods which they produce, as any articles which they could receive in return for them under a prosperous trade, we should hear no more of their distresses. It may be allowed that the quantity of productive industry maintained in a country is nearly proportioned to the quantity of capital employed; but the value of the revenue will be greater or less, according to the market prices of the commodities produced. These market prices must obviously depend upon the interchange of goods; and consequently the value of the revenue, and the power and will to increase it, must depend upon that distribution of commodities which best adapts them to the wants and tastes of the society.

The whole produce of a nation may be said to have a market price in money and labour. When this market price is high, that is, when the prices of commodities rise so as to command a greater excess of labour above what they had cost in production than before, while the same capital and number of people had been employed upon them, it is evident that more fresh labour will be set in motion every year, and the increase of wealth will be certain and rapid. On the other hand, when the market prices of commodities are such as to be able to command very little more

labour than the production of them has cost, it is as evident that the national wealth will proceed very slowly, or perhaps be quite stationary.

In the distribution of commodities, the circulating medium of every country bears a most important part; and, as I intimated before in a note, we are much more likely to obscure our reasonings than to render them clearer, by throwing it out of our consideration. It is not easy indeed, without reference to a circulating medium, to ascertain whether the commodities of a country are so distributed as to give them their proper value.

It may be said, perhaps, that if the funds for the maintenance of labour are at any time in unusual abundance, it may fairly be presumed that they will be able to command a more than usual quantity of labour. But they certainly will not be able to command more labour, nor even so much, if the distribution of them be defective; and in a country which has a circulating medium, the specific proof of the distribution being defective is, that the whole produce does not exchange for so large an amount of circulating medium as before, and that consequently the producers have been obliged to sell at a great diminution of money profits, or a positive money loss.

From the harvest of 1815 to the harvest of 1816, there cannot be a doubt that the funds for the maintenance of labour in this country were unusually abundant. Corn was particularly plentiful, and no other necessities were deficient; yet it is an acknowledged fact, that great numbers were

thrown out of employment, partly from the want of power, and partly from the want of will to employ the same quantity of labour as before. How is this fact to be accounted for? As I have said before, it would not be easy to account for it without referring to a circulating medium; because, without such reference, the proof of a defective distribution would be extremely difficult. But the moment we refer to a circulating medium, the theory of the fact observed becomes perfectly clear. It is acknowledged that there was a fall in the money value of the raw produce, to the amount of nearly one third. But if the farmer sold his produce for only two thirds of the price at which he had before sold it, it is evident that he would be quite unable to command the same quantity of labour, and to employ the same quantity of capital on his farm as he did the year before. And when afterwards a great fall of money price took place in all manufactured products, occasioned in a considerable degree by this previous fall of raw produce, it is as evident that the manufacturers would be unable to command the labour of the same number of workmen as before. In the midst of the plenty of necessities, these two important classes of society would really have their power of employing labour diminished, while all those who possessed fixed incomes would have their power of employing labour increased, with very little chance of an increase of will to extend their demand in proportion; and the general result would resemble the effects of that partial distribution of products which

would arise from the interruption of accustomed communications. The same, or a greater quantity of commodities might be produced for a short time; but the distribution not being such as to proportion the supply in each quarter to the demand, the whole would fall in exchangeable value, and a very decided check to production would be experienced in reference to the whole country. It follows, that the labouring classes of society may be thrown out of work in the midst of an abundance of necessaries, if these necessaries are not in the hands of those who are at the same time both able and willing to employ an adequate quantity of labour.

It is of no use therefore to make suppositions about a great increase of produce, and, rejecting all reference to a circulating medium, to conclude that this great increase will be properly distributed and effectively consumed. It is a conclusion which we have no right whatever to make. We know, both from theory and experience, that if the whole produce falls in money value, the distribution must be such as to discourage production. As long as this fall in the money price of produce continues to diminish the power of commanding domestic and foreign labour, a great discouragement to production must obviously continue; and if, after labour has adjusted itself to the new level of prices, the permanent distribution of the produce and the permanent tastes and habits of the people should not be favourable to an adequate degree of consumption, the clearest principles of political eco-

nomy shew that the profits of stock might be lower for any length of time than the state of the land rendered necessary; and that the check to production might be as permanent as the faulty distribution of the produce and the unfavourable tastes and habits which had occasioned it.

It is scarcely possible for any essential change to take place in the value of the circulating medium of a country without occasioning an alteration in the distribution of its produce. The imprudent use of paper money must be allowed to be the principal cause of these changes. But even without a paper currency, or with one always maintaining the same value as bullion, every country is liable to changes in the value of its produce, compared with its money; and as such changes must have a great effect on the distribution of produce, partly temporary, and partly permanent, a determination to reason on these subjects, without taking into account the effects of so powerful an agent, would be purposely to shut our eyes to the truth. Referring therefore ultimately to the command over labour, domestic and foreign, as the best practical measure of the value of the whole produce, it will be useful to refer previously to its bullion value, in order to ascertain whether the distribution of the produce is such as to enable it to command labour in some proportion to the increase of its quantity. If the bullion value of a country's products so increases as to command yearly an increased quantity of domestic and foreign labour, we may feel pretty well assured that it is pro-

ceeding without check in wealth and prosperity. But, if there is merely an increase of commodities, it is impossible to say, without further inquiry, that they may not be so distributed as to retard, instead of promote, the progress of national wealth.

It has been fully stated and allowed, that a period of stagnation must finally arrive in every country from the difficulty of procuring subsistence. But an indisposition to consume in large quantities the goods produced at home, and a want of the means of advantageous barter may occasion, and has often occasioned, a similar stagnation at a very early period of a nation's progress. No country with a very confined market, internal as well as external, has ever been able to accumulate a large capital, because such a market prevents the formation of those wants and tastes, and that desire to consume, which are absolutely necessary to keep up the market prices of commodities, and to occasion an increasing demand for them, and for the capital which is to produce them. The distribution of commodities occasioned by internal trade is the first step towards any considerable increase of wealth and capital; and if no exchanges could have taken place in this country, at a greater distance than five miles, it is probable that not a fifth part of our present capital could have been employed before the effective encouragement to accumulation and the further progress of wealth had ceased.

The motives which urge individuals to engage

in foreign commerce are precisely the same as those which lead to the interchange of goods between the more distant parts of the same country, namely, an increase in the market price of the local products; and the increase of profits thus made by the individual, or the prevention of that fall of profits which would have taken place if the capital had been employed at home, must be considered as a proportionate increase in the value of the national produce.

Mr. Ricardo begins his Chapter on Foreign Trade by stating that "No extension of foreign trade will immediately increase the amount of value in a country although it will very powerfully contribute to increase the mass of commodities and therefore the sum of enjoyments." This statement is quite consistent with his peculiar view of value, as depending solely upon the labour which a commodity has cost. However abundant may be the returns of the merchant, or however greatly they may exceed his exports in value according to the common acceptation of the term, it is certain that the labour employed in procuring these exports will at first remain the same. But, as it is so glaring and undeniable a fact that the returns from an unusually favourable trade will exchange for an unusual quantity of money, labour and domestic commodities; as this increased power of commanding money, labour and commodities is in reality what is meant by the merchant when he talks of the extension of the foreign market and a favourable trade, it appears to me that such

a state of things which may, and often does last a sufficient time to produce the most important results, is alone, and at once, a decisive proof that the view of exchangeable value, which makes it depend exclusively upon the cost of production, is essentially incorrect, and utterly useless in solving the great phenomena which attend the progress of wealth.

Mr. Ricardo seems to think that value cannot increase in one department of produce without diminishing it in some other.* This again may be true according to his view of value, but is utterly unfounded according to that more enlarged view of exchangeable value which is established and confirmed by experience. If any foreign power were to send to a particular merchant commodities of a new description which would sell in the London market for fifty thousand pounds, the wealth of such merchant would be increased to that extent; and who, I would ask, would be the poorer for it? It is no doubt true that the purchasers of these commodities may be obliged to forego the use of some of the articles which they had before been in the habit of buying,† and so

* It appears to me that if the two first sentences in Mr. Ricardo's Chapter on Foreign Trade were well founded, there would be no such intercourse between nations.

† This, however, will not necessarily happen. The greater temptation offered to consumption may induce some persons to spend what they otherwise would have saved, and in many cases the wealth of the country, instead of suffering by this change, will gain by it. The increased consumption, as far as it goes, will occasion an increase of market prices and profits. The increase of

far in some quarters may diminish demand; but, to counterbalance this diminution, the enriched merchant will become a purchaser of additional goods to the amount perhaps of the whole fifty thousand pounds, and thus prevent any general fall in the value of the native produce consumed in the country, while the value of the foreign produce so consumed has increased to the amount of the whole of the new produce imported. I see no difference between a present from abroad, and the unusual profits of a new foreign trade, in their effects upon the wealth of a state. They are equally calculated to increase the wealth of the community, by an increase both of the quantity and *value* of the produce obtained.

It will be said perhaps that, neither the people nor the money of the country having been by supposition increased, the value of the whole produce estimated in labour or money cannot be increased.

With regard to labour I would observe that, when I speak of the value of the whole produce of a country being able to command more labour than before, I do not mean to refer specifically to a greater *number* of labourers, but to say that it could either purchase more at the old price, or pay the actual labourers higher; and such a state of things, with a population which cannot imme-

profits will soon restore the capital which for a short time had been diverted from its destined office; and the country will be left with habits of greater consumption, and at the same time with proportionate means of supplying them.

diately be increased, always occasions that demand for labour, which so powerfully encourages the exertions of those who were before perhaps only half paid and half employed; and is at once the surest sign and most effective stimulus of increasing wealth. It is the natural consequence of the value of the produce estimated in labour increasing faster than the population, and forms the true and healthy encouragement to the further increase of numbers.

With regard to money, this most useful measure of value would perform its functions very indifferently, if it could in no respect accommodate itself to cases of this kind; and if the importation of a valuable commodity always proportionably reduced the price of the other parts of the national produce. But this is far from being the case, even if we do not suppose any fresh importation of the precious metals. The occurrence of such an event is precisely the period, when a greater velocity is given to the circulation of the money actually in use, and when fresh paper may be issued without a fall in the rate of foreign exchanges, or a rise in the price of bullion and of goods. One or other, or both of these resources will be applied, except in the most barbarous countries; and though undoubtedly, in the case of the importation of foreign commodities which come directly into competition with domestic goods, such goods will fall in price, and the producers of them be for a time rendered poorer, yet it will very rarely indeed happen that

other goods not affected by such competition will fall in money value; and altogether no fall will take place in particular commodities sufficient to prevent a rise in the money price of the whole produce.

It may naturally be expected however that more money will be imported; and, in fact, a successful extension of foreign trade is exactly that state of things which most directly leads to the importation of bullion. For what is it that the merchant exporter specifically considers as a successful extension of foreign commerce in dealing with civilized nations? Undoubtedly the power of selling his exports abroad for a greater value than usual, estimated in bullion; and of course, if the goods which he would import in return will not sell at home so much higher as to warrant their importation, a part or the whole of the returns will be imported in money. But if only such an amount be imported as shall bear the same proportion to the returns in goods as the whole of the currency of the country does to the whole of its produce, it is obvious that no difficulty whatever can occur in the circulation of the commodities of the country, at their former prices, with the single exception of those articles with which the foreign goods might directly enter into competition, which in this case would never be sufficient to prevent a general increase of value in the whole produce.

I distinctly therefore differ from Mr. Ricardo in the conclusion implied in the following passage.
“In all cases the demand for foreign and home

commodities together, as far as regards value, is limited by the revenue and capital of the country. If one increases, the other must diminish."* It appears to me that in almost every case of successful foreign trade, it is a matter of unquestionable fact that the demand for foreign and home commodities taken together decidedly increases; and that the increase in the value of foreign produce does not occasion a proportionate diminution in the value of home produce.

I would still however allow that the demand for foreign and home commodities together, as far as regards value, is limited by the revenue and capital of the country; but, according to my view of the subject, the national revenue, which consists of the sum of rents, profits, and wages, is at once decidedly increased by the increased profits of the foreign merchant, without a proportionate diminution of revenue in any other quarter; whereas Mr. Ricardo is evidently of opinion that, though the abundance of commodities is increased, the revenue of the country, as far as regards value, remains the same; and it is because I object rather to the conclusion *intended* to be conveyed, than to the actual terms of the passage quoted, that I have used the word *implied* rather than *expressed*.

It will readily be allowed that an increase in the *quantity* of commodities is one of the most desirable effects of foreign commerce; but I wish particularly to press on the attention of the reader

* Princ. of Polit. Econ. c. vii. p. 138. 2d edit.

that in almost all cases, another most important effect accompanies it, expressly rejected by Mr. Ricardo, namely, an increase in the amount of exchangeable value. And that this latter effect is so necessary, in order to create a continued stimulus to productive industry, and keep up an abundant supply of commodities, that in the few cases in which it does not take place, a stagnation in the demand for labour is immediately perceptible, and the progress of wealth is checked. An extension of foreign commerce, according to the view which Mr. Ricardo takes of it, would, in my opinion, place us frequently in the situation in which this country was in the early part of 1816, when a sudden abundance and cheapness of corn and other commodities, from a great supply meeting a deficient demand, so diminished the value of the income of the country, that it could no longer command the same quantity of labour at the same price; the consequence of which was that, in the midst of plenty, thousands upon thousands were thrown out of employment—a most painful but almost unavoidable preliminary to a fall in the money wages of labour, which it is obvious could alone enable the general income of the country to employ the same number of labourers as before, and, after a period of severe check to the increase of wealth, to recommence a progressive movement.

Mr. Ricardo always seems to think that it is quite the same to the labourer, whether he is able to command more of the necessaries of life by a rise in the money price of labour, or by a fall in

the money price of provisions; but these two events, though apparently similar in their effects, may be, and in general are, most essentially different. An increase in the wages of labour, both nominal and real, invariably implies such a distribution of the actual wealth as to give it an increasing value, to ensure full employment to all the labouring classes, and to create a demand for further produce, and for the capital which is to obtain it. In short, it is the infallible sign of health and prosperity. Whereas a general fall in the money price of necessities often arises from so defective a distribution of the produce of the country, that the general amount of its value cannot be kept up; in which case, under the most favourable circumstances, a temporary period of want of employment and distress is unavoidable; and in many cases, as may be too frequently observed in surveying the different countries of the globe, this fall in the money price of necessities is the accompaniment of a permanent want of employment, and the most abject poverty, in consequence of retrograde and permanently diminished wealth.

The reader will be fully aware that a great fall in the price of particular commodities, either from improved machinery or foreign commerce, is perfectly compatible with a continued and great increase, not only in the exchangeable value of the whole produce of the country, but even in the exchangeable value of the whole produce of these particular articles themselves. It has been repeatedly stated that the whole value of the cottons

produced in this country has been prodigiously increased, notwithstanding the great fall in their price. The same may be said of the teas, although when they were first imported, the price per pound was greatly higher than at present; and there can be little doubt, that if we were to attempt to make our own wines by means of hot-houses, they would altogether be worth much less money, and would give encouragement to much less industry than at present.

Even when the commodity is of such a nature as not to admit of an extension of the market for it from reduced price, which very rarely happens, yet the capital and labour, which in this case will be thrown out of employment, will generally, in enterprising and commercial countries, find other channels into which they may be directed, with such profit as to keep up, and often more than keep up, the value of the national income. At the same time it should be observed, and it is a point of great importance, that it is precisely among cases of this description, where the few exceptions occur to the general and powerful tendency of foreign commerce, to raise the value of the national income; and whenever these exceptions do take place, that is, whenever the value of the national income is diminished, estimated even in money, a temporary distress from a defective distribution of the produce cannot fail to take place. If this diminished value be estimated in labour, the distress among the labouring classes, and check to the progress of wealth, will continue as long as the

diminished value so estimated lasts: and if it could be proved that, under particular circumstances, any species of foreign trade tended permanently to diminish the power of the national produce in the command of domestic and foreign labour, such trade would certainly have the effect of checking permanently the progress of wealth and population.

The causes of an increase in the effective demand for particular commodities are of very easy explanation; but it has been considered, and with reason, as not very easy to explain the cause of that general briskness of demand which is sometimes so very sensibly felt throughout a whole country, and is so strikingly contrasted with the feeling which gives rise to the expression of trade being universally very dead. As the specific and immediate cause of this general increase of effective demand, I should decidedly point to such a distribution of the produce, and such an adaptation of it to the wants and tastes of the society as will give the money price for which it sells an increased command of domestic and foreign labour; and I am inclined to think that, if this test be applied to all the striking cases that have occurred, it will rarely or never be found to fail.

It cannot for a moment be doubted, for instance, that the annual increase of the produce of the United States of America, estimated either in bullion or in domestic and foreign labour, has been greater than that of any country we are acquainted with, and that this has been greatly owing to their

foreign commerce, which, notwithstanding their facility of production, has given a value to their corn and raw produce equal to what they bear in many of the countries of Europe, and has consequently given to them a power in commanding the produce and labour of other countries quite extraordinary, when compared with the quantity of labour which they have employed. It can as little be doubted that in this country, from 1793 to 1814, the whole exchangeable value of the produce, estimated either in domestic and foreign labour, or in bullion, was greatly augmented every year. In this increase of value, as well as riches, the extension of our foreign commerce has been considered, almost without a dissentient opinion, as a most powerful agent; and certainly till 1815, no appearances seemed to indicate, that the increasing value of our imports had the slightest tendency to diminish the value of our domestic produce. They both increased, and increased greatly, together, estimated either in bullion or labour.

But while in every country to which it seems possible to refer, an increase of value will be found to accompany increasing prosperity and riches, I am inclined to think that no single instance can be produced of a country engaged in a successful commerce, and exhibiting an increasing plenty of commodities, where the value of the whole produce estimated in domestic and foreign labour was retrograde or even stationary. And of the two ways in which capital may be accumulated, as stated by Mr. Ricardo in his chapter on Fo-

reign Commerce, namely an increase of revenue from increased profits, or a diminished expenditure, arising from cheap commodities,* I believe the latter never has been, nor ever will be, experienced as an effective stimulus to the permanent and continued production of increasing wealth.

Mr. Ricardo will perhaps say, and say truly, that according to his own view of value, foreign commerce will increase it, as soon as more labour has been employed in the production of all the commodities taken together, which the country obtains; and that the plenty produced by foreign trade will naturally encourage this employment. But what I wish specifically to state is, that the natural tendency of foreign trade, as of all sorts of exchanges by which a distribution is effected better suited to the wants of society, is *immediately* to increase the value of that part of the national revenue which consists of profits, without any proportionate diminution elsewhere, and that it is precisely this *immediate* increase of national income arising from the exchange of what is of less value in the country, for what is of more value, that furnishes both the power and will to employ more labour, and occasions the animated demand for labour, produce and capital, which is a striking and almost universal accompaniment of successful foreign commerce; whereas, a mere abundance of commodities falling very greatly in value compared with labour,

* Princ. of Pol. Econ. ch. vii. p. 139. 2d edit.

would obviously at first diminish the power of employing the same number of workmen, and a temporary glut and general deficiency of demand could not fail to ensue in labour, in produce, and in capital, attended with the usual distress which a glut must occasion.

Mr. Ricardo always views foreign trade in the light of means of obtaining *cheaper* commodities. But this is only looking to one half of its advantages, and I am strongly disposed to think, not the larger half. In our own commerce at least, this part of the trade is comparatively inconsiderable. The great mass of our imports consists of articles as to which there can be no kind of question about their comparative cheapness, as raised abroad or at home. If we could not import from foreign countries our silk, cotton and indigo, our tea, sugar, coffee and tobacco, our port, sherry, claret and champagne, our almonds, raisins, oranges and lemons, our various spices and our various drugs, with many other articles peculiar to foreign climates, it is quite certain that we should not have them at all. To estimate the advantage derived from their importation by their cheapness, compared with the quantity of labour and capital which they would have cost, if we had attempted to raise them at home, would be perfectly preposterous. In reality, no such attempt would have been thought of. If we could by possibility have made fine claret at ten pounds a bottle, few or none would have drunk it; and the actual quantity of labour and capital employed in obtaining these

foreign commodities is at present beyond comparison greater than it would have been if we had not imported them.

We must evidently therefore estimate the advantage which we derive from such a trade upon a very different principle. This is the simple and obvious one often adverted to as the foundation of every act of barter, whether foreign or domestic, namely, the increased value which results from exchanging what is wanted less for what is wanted more. After we had, by our exports of home commodities, obtained in return all the foreign articles above-mentioned, we might be very much puzzled to say whether we had increased or decreased the *quantity* of our commodities, but we should feel quite certain that the new distribution of produce which had taken place, by giving us commodities much better suited to our wants and tastes than those which had been sent away, had decidedly increased the exchangeable value of our possessions, our means of enjoyment, and our wealth.

Taking therefore a very different view of the effects of foreign commerce on exchangeable value from Mr. Ricardo, I should bring forwards the extension of markets as being, in its general tendency, pre-eminently favourable to that increase of value and wealth which arises from distribution.

SECTION IX.

Of the Distribution occasioned by unproductive Consumers, considered as the Means of increasing the exchangeable Value of the whole Produce.

The third main cause which tends to keep up and increase the value of produce by favouring its distribution is the employment of unproductive labour, or the maintenance of an adequate proportion of unproductive consumers.

It has been already shewn that, under a rapid accumulation of capital, or, more properly speaking, a rapid conversion of unproductive into productive labour, the demand, compared with the supply of material products, would prematurely fail, and the motive to further accumulation be checked, before it was checked by the exhaustion of the land. It follows that, without supposing the productive classes to consume much more than they are found to do by experience, particularly when they are rapidly saving from revenue to add to their capitals, it is absolutely necessary that a country with great powers of production should possess a body of unproductive consumers.

In the fertility of the soil, in the powers of man to apply machinery as a substitute for labour, and in the motives to exertion under a system of private property, the great laws of nature have provided for the leisure of a certain portion of society; and

if this beneficent offer be not accepted by an adequate number of individuals, not only will a positive good, which might have been so attained, be lost, but the rest of the society, so far from being benefited by such self-denial, will be decidedly injured by it.

What the proportion is between the productive and unproductive classes of a society, which affords the greatest encouragement to the continued increase of wealth, it has before been said that the resources of political economy are unequal to determine. It must depend upon a great variety of circumstances, particularly upon fertility of soil and the progress of invention in machinery. A fertile soil and an ingenious people can not only support a considerable proportion of unproductive consumers without injury, but may absolutely require such a body of demanders, in order to give effect to their powers of production. While, with a poor soil and a people of little ingenuity, an attempt to support such a body would throw land out of cultivation, and lead infallibly to impoverishment and ruin.

Another cause, which makes it impossible to say what proportion of the unproductive to the productive classes is most favourable to the increase of wealth, is the difference in the degrees of consumption which may prevail among the producers themselves.

Perhaps it will be said that there can be no occasion for unproductive consumers, if a consumption sufficient to keep up the value of the produce

takes place among those who are engaged in production.

With regard to the capitalists who are so engaged, they have certainly the power of consuming their profits, or the revenue which they make by the employment of their capitals; and if they were to consume it, with the exception of what could be beneficially added to their capitals, so as to provide in the best way both for an increased production and increased consumption, there might be little occasion for unproductive consumers. But such consumption is not consistent with the actual habits of the generality of capitalists. The great object of their lives is to save a fortune, both because it is their duty to make a provision for their families, and because they cannot spend an income with so much comfort to themselves, while they are obliged perhaps to attend a counting-house for seven or eight hours a day.

It has been laid down as a sort of axiom among some writers that the wants of mankind may be considered as at all times commensurate with their powers; but this position is not always true, even in those cases where a fortune comes without trouble; and in reference to the great mass of capitalists, it is completely contradicted by experience. Almost all merchants and manufacturers save, in prosperous times, much more rapidly than it would be possible for the national capital to increase, so as to keep up the value of the produce. But if this be true of them as a body, taken one with another, it is quite obvious that, with their actual

habits, they could not afford an adequate market to each other by exchanging their several products.

There must therefore be a considerable class of other consumers, or the mercantile classes could not continue extending their concerns, and realizing their profits. In this class the landlords no doubt stand pre-eminent; but if the powers of production among capitalists are considerable, the consumption of the landlords, in addition to that of the capitalists themselves and of their workmen, may still be insufficient to keep up and increase the exchangeable value of the whole produce, that is, to make the increase of quantity more than counterbalance the fall of price. And if this be so, the capitalists cannot continue the same habits of saving. They must either consume more, or produce less; and when the mere pleasure of present expenditure, without the accompaniments of an improved local situation and an advance in rank, is put in opposition to the continued labour of attending to business during the greatest part of the day, the probability is that a considerable body of them will be induced to prefer the latter alternative, and produce less. But if, in order to balance the demand and supply, a permanent diminution of production takes place, rather than an increase of consumption, the whole of the national wealth, which consists of what is produced and consumed, and not of the excess of produce above consumption, will be decidedly diminished.

Mr. Ricardo frequently speaks, as if saving were an end instead of a means. Yet even with

regard to individuals, where this view of the subject is nearest the truth, it must be allowed that the final object in saving is expenditure and enjoyment. But, in reference to national wealth, it can never be considered either immediately or permanently in any other light than as a means. It may be true that, by the cheapness of commodities, and the consequent saving of expenditure in consumption, the same surplus of produce above consumption may be obtained as by a great rise of profits with an undiminished consumption; and, if saving were an end, the same end would be accomplished. But saving is the means of furnishing an increasing supply for the increasing national wants. If however commodities are already so plentiful that an adequate portion of them is not consumed, the capital so saved, the office of which is still further to increase the plenty of commodities, and still further to lower already low profits, can be comparatively of little use. On the other hand, if profits are high, it is a sure sign that commodities are scarce, compared with the demand for them, that the wants of the society are clamorous for a supply, and that an increase in the means of production, by saving a considerable part of the new revenue created by the high profits, and adding it to capital, will be specifically and permanently beneficial.

National saving, therefore, considered as the means of increased production, is confined within much narrower limits than individual saving. While some individuals continue to spend, other

individuals may continue to save to a very great extent; but the national saving, or the balance of produce above consumption, in reference to the whole mass of producers and consumers, must necessarily be limited by the amount which can be advantageously employed in supplying the demand for produce; and to create this demand, there must be an adequate consumption either among the producers themselves, or other classes of consumers.

Adam Smith has observed "that the desire of food is limited in every man by the narrow capacity of the human stomach; but the desire of the conveniences and ornaments of building, dress, equipage, and household furniture, seems to have no limit or certain boundary." That it has no *certain* boundary is unquestionably true; that it has no limit must be allowed to be too strong an expression, when we consider how it will be practically limited by the countervailing luxury of indolence, or by the general desire of mankind to better their condition, and make a provision for a family; a principle which, as Adam Smith himself states, is on the whole stronger than the principle which prompts to expense.* But surely it is a glaring misapplication of this statement in any sense in which it can be reasonably understood, to say, that there is no limit to the saving and employment of capital except the difficulty of procuring food. It is to found a doctrine upon the unlimited desire of man-

* Wealth of Nations, Vol. ii. B. ii. ch. ii. p. 19. 6th edit.

kind to consume; then to suppose this desire limited in order to save capital, and thus completely alter the premises; and yet still to maintain that the doctrine is true. Let a sufficient consumption always take place, whether by the producers or others, to keep up and increase most effectually the exchangeable value of the whole produce; and I am perfectly ready to allow that, to the employment of a national capital, increasing only at such a rate, there is no other limit than that which bounds the power of maintaining population. But it appears to me perfectly clear in theory, and universally confirmed by experience, that the employment of a capital, too rapidly increased by parsimonious habits, may find a limit, and does, in fact, often find a limit, long before there is any real difficulty in procuring the means of subsistence; and that both capital and population may be at the same time, and for a period of great length, redundant, compared with the effective demand for produce.

Of the wants of mankind in general, it may be further observed, that it is a partial and narrow view of the subject, to consider only the propensity to spend what is actually possessed. It forms but a very small part of the question to determine that if a man has a hundred thousand a year, he will not decline the offer of ten thousand more; or to lay down generally that mankind are never disposed to refuse the means of increased power and enjoyment. The main part of the question respecting the wants of mankind, relates to their

power of calling forth the exertions necessary to acquire the means of expenditure. It is unquestionably true that wealth produces wants; but it is a still more important truth, that wants produce wealth. Each cause acts and re-acts upon the other, but the order, both of precedence and of importance, is with the wants which stimulate to industry; and with regard to these, it appears that, instead of being always ready to second the physical powers of man, they require for their development, "all appliances and means to boot." The greatest of all difficulties in converting uncivilized and thinly peopled countries into civilized and populous ones, is to inspire them with the wants best calculated to excite their exertions in the production of wealth. One of the greatest benefits which foreign commerce confers, and the reason why it has always appeared an almost necessary ingredient in the progress of wealth, is, its tendency to inspire new wants, to form new tastes, and to furnish fresh motives for industry. Even civilized and improved countries cannot afford to lose any of these motives. It is not the most pleasant employment to spend eight hours a day in a counting-house. Nor will it be submitted to after the common necessities and conveniences of life are attained, unless adequate motives are presented to the mind of the man of business. Among these motives is undoubtedly the desire of advancing his rank, and contending with the landlords in the enjoyment of leisure, as well as of foreign and domestic luxuries.

But the desire to realize a fortune as a permanent provision for a family is perhaps the most general motive for the continued exertions of those whose incomes depend upon their own personal skill and efforts. Whatever may be said of the virtue of parsimony or saving, as a *public* duty, there cannot be a doubt that it is, in numberless cases, a most sacred and binding *private* duty; and were this legitimate and praiseworthy motive to persevering industry in any degree weakened, it is impossible that the wealth and prosperity of the country should not most materially suffer. But if, from the want of other consumers, the capitalists were obliged to consume all that could not be advantageously added to the national capital, the motives which support them in their daily tasks must essentially be weakened, and the same powers of production would not be called forth.

It has appeared then that, in the ordinary state of society, the master producers and capitalists, though they may have the power, have not the will, to consume to the necessary extent. And with regard to their workmen, it must be allowed that, if they possessed the will, they have not the power. It is indeed most important to observe that no power of consumption on the part of the labouring classes can ever, according to the common motives which influence mankind, alone furnish an encouragement to the employment of capital. As I have before said, nobody will ever employ capital merely for the sake of the demand occasioned by those who work for him. Unless

they produce an excess of value above what they consume, which he either wants himself in kind, or which he can advantageously exchange for something which he desires, either for present or future use, it is quite obvious that his capital will not be employed in maintaining them. When indeed this further value is created and affords a sufficient excitement to the saving and employment of stock, then certainly the power of consumption possessed by the workmen will greatly add to the whole national demand, and make room for the employment of a much greater capital.

It is most desirable that the labouring classes should be well paid, for a much more important reason than any that can relate to wealth; namely, the happiness of the great mass of society. But to those who are inclined to say that unproductive consumers cannot be necessary as a stimulus to the increase of wealth, if the productive classes do but consume a fair proportion of what they produce, I would observe that as a great increase of consumption among the working classes must greatly increase the cost of production, it must lower profits, and diminish or destroy the motive to accumulate, before agriculture, manufactures, and commerce have reached any considerable degree of prosperity. If each labourer were actually to consume double the quantity of corn which he does at present, such a demand, instead of giving a stimulus to wealth, would probably throw a great quantity of land out of cultivation,

and greatly diminish both internal and external commerce.

There is certainly however very little danger of a diminution of wealth from this cause. Owing to the principle of population, all the tendencies are the other way; and there is much more reason to fear that the working classes will consume too little for their own happiness, than that they will consume too much to allow of an adequate increase of wealth. I only adverted to the circumstance to shew that, supposing so impossible a case as a very great consumption among the working producers, such consumption would not be of the kind to push the wealth of a country to its greatest extent.

It may be said, perhaps, that though, owing to the laws which regulate the increase of population, it is in no respect probable that the corn wages of labour should continue permanently very high, yet the same consumption would take place if the labouring classes did not work so many hours in the day, and it was necessary to employ a greater number in each occupation. I have always thought and felt that many among the labouring classes in this country work too hard for their health, happiness, and intellectual improvement; and, if a greater degree of relaxation from severe toil could be given to them with a tolerably fair prospect of its being employed in innocent amusements and useful instruction, I should consider it as very cheaply purchased, by the sacrifice of a portion of the national wealth

and populousness. But I see no probability, or even possibility, of accomplishing this object. To interfere generally with persons who are arrived at years of discretion in the command of the main property which they possess, namely their labour, would be an act of gross injustice; and the attempt to legislate directly in the teeth of one of the most general principles by which the business of society is carried on, namely, the principle of competition, must inevitably and necessarily fail. It is quite obvious that nothing could be done in this way, but by the labouring classes themselves; and even in this quarter we may perhaps much more reasonably expect that such a degree of prudence will prevail among them as to keep their wages permanently high, than that they should not enter into a competition with each other in working. A man who is prudent before marriage, and saves something for a family, reaps the benefit of his conduct, although others do not follow his example; but, without a simultaneous resolution on the part of all the labouring classes to work fewer hours in the day, the individual who should venture so to limit his exertions would necessarily reduce himself to comparative want and wretchedness. If the supposition here made were accomplished, not by a simultaneous resolution, which is scarcely possible, but by those general habits of indolence and ignorance, which so frequently prevail in the less improved stages of society, it is well known that such leisure would be of little value; and that while these habits would pre-

maturely check the rate of profits and the progress of population, they would bring with them nothing to compensate the loss.

It is clear therefore that, with the single exception of the increased degree of prudence to be expected among the labouring classes of society from the progress of education and general improvement, which may occasion a greater consumption among the working producers, all the other tendencies are precisely in an opposite direction; and that, generally, all such increased consumption, whether desirable or not on other grounds, must always have the specific effect of preventing the wealth and population of a country, under a system of private property, from being pushed so far, as it might have been, if the costs of production had not been so increased.

It may be thought perhaps that the landlords could not fail to supply any deficiency of demand and consumption among the producers, and that between them there would be little chance of any approach towards redundancy of capital. What might be the result of the most favourable distribution of landed property it is not easy to say from experience; but experience certainly tells us that, under the distribution of land which actually takes place in most of the countries in Europe, the demands of the landlords, added to those of the producers, have not always been found sufficient to prevent any difficulty in the employment of capital. In the instance alluded to in a former chapter, which occurred in this country in the middle of

last century, there must have been a considerable difficulty in finding employment for capital, or the national creditors would rather have been paid off than have submitted to a reduction of interest from 4 per cent. to $3\frac{1}{2}$, and afterwards to 3. And that this fall in the rate of interest and profits arose from a redundancy of capital and a want of demand for produce, rather than from the difficulty of production on the land, is fully evinced by the low price of corn at the time, and the very different state of interest and profits which has occurred since.

A similar instance took place in Italy in 1685, when, upon the Pope's reducing the interest of his debts from 4 to 3 per cent., the value of the principal rose afterwards to 112; and yet the Pope's territories have at no time been so cultivated as to occasion such a low rate of interest and profits from the difficulty of procuring the food of the labourer. Under a more favourable distribution of property, there cannot be a doubt that such a demand for produce, agricultural, manufacturing, and mercantile, might have been created, as to have prevented for many many years the interest of money from falling below 3 per cent. In both these cases, the demands of the landlords were added to those of the productive classes.

But if the master-producers, from the laudable desire they feel of bettering their condition, and providing for a family, do not consume sufficiently to give an adequate stimulus to the increase of wealth; if the working producers, by increasing their consumption, supposing them to have the

means of so doing, would impede the growth of wealth more by diminishing the power of production, than they could encourage it by increasing the demand for produce; and if the expenditure of the landlords, in addition to the expenditure of the two preceding classes, be found insufficient to keep up and increase the value of that which is produced, where are we to look for the consumption required but among the unproductive labourers of Adam Smith?

Every society must have a body of unproductive labourers; as every society, besides the menial servants that are required, must have statesmen to govern it, soldiers to defend it, judges and lawyers to administer justice and protect the rights of individuals, physicians and surgeons to cure diseases and heal wounds, and a body of clergy to instruct the ignorant, and administer the consolations of religion. No civilized state has ever been known to exist without a certain portion of all these classes of society in addition to those who are directly employed in production. To a certain extent therefore they appear to be absolutely necessary. But it is perhaps one of the most important practical questions that can possibly be brought under our view, whether, however necessary and desirable they may be, they must be considered as detracting so much from the material products of a country, and its power of supporting an extended population; or whether they furnish fresh motives to production, and tend to push the wealth of a country farther than it would go without them.

The solution of this question evidently depends, first, upon the solution of the main practical question, whether the capital of a country can or cannot be redundant; that is, whether the motive to accumulate may be checked or destroyed by the want of effective demand long before it is checked by the difficulty of procuring the subsistence of the labourer. And secondly, whether, allowing the *possibility* of such a redundance, there is sufficient reason to believe that, under the actual habits of mankind, it is a probable occurrence.

In the Chapter on Profits, but more particularly in the Third Section of the present Chapter, where I have considered the effect of accumulation as a stimulus to the increase of wealth, I trust that the first of these questions has been satisfactorily answered. And in the present Section it has been shewn that the actual habits and practice of the productive classes, in the most improved societies, do not lead them to consume so large a proportion of what they produce, even though assisted by the landlords, as to prevent their finding frequent difficulties in the employment of their capitals. We may conclude therefore, with little danger of error, that such a body of persons as I have described is not only necessary to the government, protection, health, and instruction of a country, but is also necessary to call forth those exertions which are required to give full play to its physical resources.

With respect to the persons constituting the unproductive classes, and the modes by which they

should be supported, it is probable that those which are paid voluntarily by individuals, will be allowed by all to be the most likely to be useful in exciting industry, and the least likely to be prejudicial by interfering with the costs of production. It may be presumed that a person will not take a menial servant, unless he can afford to pay him; and that he is as likely to be excited to industry by the prospect of this indulgence, as by the prospect of buying ribands and laces. Yet to shew how much the wealth of nations depends upon the proportion of parts, rather than on any positive rules respecting the advantages of productive or unproductive labour generally, it may be worth while to remind the reader that, though the employment of a certain number of persons in menial service is in every respect desirable, there could hardly be a taste more unfavourable to the progress of wealth than a strong preference of menial service to material products.* We may however, for the most part, trust to the inclinations of individuals in this respect; and it will be allowed generally, that there is little difficulty in reference to those classes which are supported voluntarily, though there may be much with regard to those which must be supported by taxation.

With regard to these latter classes, such as statesmen, soldiers, sailors, and those who live upon the interest of a national debt, it cannot be denied that they contribute powerfully to distribution and de-

* See Ch. i. p. 35.

mand; they frequently occasion a division of property more favourable to the progress of wealth than would otherwise have taken place; they ensure that consumption which is necessary to give the proper stimulus to production; and the desire to pay a tax, and yet enjoy the same means of gratification, must often operate to excite the exertions of industry quite as effectually as the desire to pay a lawyer or physician. Yet to counterbalance these advantages, which so far are unquestionable, it must be acknowledged that injudicious taxation might stop the increase of wealth at almost any period of its progress, early or late,* and that the most judicious taxation might ultimately be so heavy as to clog all the channels of foreign and domestic trade, and almost prevent the possibility of accumulation.

The effect therefore on national wealth of those classes of unproductive labourers which are supported by taxation, must be very various in different countries, and must depend entirely upon the powers of production, and upon the manner in

* The effect of obliging a cultivator of a certain portion of rich land to maintain two men and two horses for the state, might in some cases only induce him to cultivate more, and create more wealth than he otherwise would have done, while it might leave him personally as rich as before, and the nation richer; but if the same obligation were to be imposed on the cultivator of an equal quantity of poor land, the property might be rendered at once not worth working, and the desertion of it would be the natural consequence. An indiscriminate and heavy tax on gross produce might immediately scatter desolation over a country, capable, under a better system, of producing considerable wealth.

which the taxes are raised in each country. As great powers of production are neither likely to be called into action, or, when once in action, kept in activity without great consumption, I feel very little doubt that instances have practically occurred of national wealth being greatly stimulated by the consumption of those who have been supported by taxes. Yet taxation is a stimulus so liable in every way to abuse, and it is so absolutely necessary for the general interests of society to consider private property as sacred, that one should be extremely cautious of trusting to any government the means of making a different distribution of wealth, with a view to the general good. But when, either from necessity or error, a different distribution has taken place, and the evil, as far as it regards private property, has actually been committed, it would surely be most unwise to attempt, at the expense of a great temporary sacrifice, a return to the former distribution, without very fully considering whether, if it were effected, it would be really advantageous; that is, whether, in the actual circumstances of the country, with reference to its powers of production, more would not be lost by the want of consumption than gained by the diminution of taxation.

If there could be no sort of difficulty in finding employment for capital, provided the price of labour were sufficiently low, the way to national wealth, though it might not always be easy, would be quite straight, and our only object need be to save from revenue, and repress unproductive con-

sumers. But, if it has appeared that the greatest powers of production are rendered comparatively unless without adequate consumption, and that a proper distribution of the produce is as necessary to the continued increase of wealth as the means of producing it, it follows that, in cases of this kind, the question depends upon proportions; and it would be the height of rashness to determine, under all circumstances, that the diminution of a national debt and the removal of taxation must necessarily tend to increase the national wealth, and provide employment for the labouring classes.

If we were to suppose the powers of production in a rich and well peopled country to be so increased that the whole of what it produced could be obtained by one third of the labour before applied, can there be a reasonable doubt that the principal difficulty would be to effect such a distribution of the produce, as to call forth these great powers of production? To consider the gift of such powers as an evil would indeed be most strange; but they would be an evil, and practically a great and grievous one, if the effect were to be an increase of the neat produce at the expense of the gross produce, and of the population. But if, on the other hand, a more favourable distribution of the abundant produce were to take place; if the more intelligent among the working classes were raised into overseers of works, clerks of various kinds, and retail dealers, while many who had been in these situations before, together with numerous others who had received a tolerable

education, were entitled to an income from the general produce, and could live nearly at leisure upon their mortgages; what an improved structure of society would this state of things present; while the value of the gross produce, and the numbers of the people would be increasing with rapidity! As I have before said, it would not be possible, under the principle of competition, (which can never be got rid of,) to secure much more leisure to those actually engaged in manual labour; but the very great increase in the number of prizes which would then be attainable by industrious and intelligent exertion, would most essentially improve their condition; and, on the whole, the society would have gained a great accession of comfort and happiness. It is not meant to be stated that such a distribution of the produce could be easily effected; but merely that, *with* such a distribution, the powers supposed would confer a prodigious benefit on the society, and *without* such a distribution, or such a change of tastes as would secure an equivalent consumption, the powers supposed might be worse than thrown away.

Now the question is, whether this country, in its actual state, with the great powers of production which it unquestionably possesses, does not bear some slight resemblance to the case here imagined; and whether, without such a body of unproductive consumers as these who live upon the interest of the national debt, the same stimulus would have been given to production, and the same powers would have been called forth. Under the actual

division of landed property which now takes place in this country, I feel no sort of doubt that the incomes which are received and spent by the national creditors are more favourable to the demand for the great mass of manufactured products, and tend much more to increase the happiness and intelligence of the whole society, than if they were returned to the landlords.

I am far, however, from being insensible to the evils of a great national debt. Though, in many respects, it may be a useful instrument of distribution, it must be allowed to be a very cumbersome and very dangerous instrument. In the first place, the revenue necessary to pay the interest of such a debt can only be raised by taxation; and, as this taxation, if pushed to any considerable extent, can hardly fail of interfering with the powers of production, there is always danger of impairing one element of wealth, while we are improving another. A second important objection to a large national debt, is the feeling which prevails so very generally among all those not immediately concerned in it, and consequently among the great mass of the population, that they would be immediately and greatly relieved by its extinction; and, whether this impression be well founded or not, it cannot exist without rendering such revenue in some degree insecure, and exposing a country to the risk of a great convulsion of property. A third objection to such a debt is, that it greatly aggravates the evils arising from changes in the value of money. When the currency falls in value, the an-

nuitants, as owners of fixed incomes, are most unjustly deprived of their proper share of the national produce; when the currency rises in value, the pressure of the taxation necessary to pay the interest of the debt, may become suddenly so heavy as greatly to distress the productive classes;* and this kind of sudden pressure must very much enhance the insecurity of property vested in public funds.

On these and other accounts it might be desirable slowly to diminish the debt, and to discourage the growth of it in future, even though it were allowed that its past effects had been favourable to wealth, and that the advantageous distribution of produce which it had occasioned, had, under the actual circumstances, more than counterbalanced the obstructions which it might have given to commerce. Security with moderate wealth is a wiser choice, and better calculated for peace and happiness than insecurity with greater wealth. But,

* In a country with a large public debt, there is no duty which ought to be held more sacred on the part of the administrators of the government than to prevent any variations of the currency beyond those which necessarily belong to the varying value of the precious metals. I am fully aware of the temporary advantages which may be derived from a fall in the value of money; and perhaps it may be true that a part of the distress during the last year, though I believe but a small part, was occasioned by the measure lately adopted, for the restoration of the currency to its just value. But some such measure was indispensably necessary; and Mr. Ricardo deserves the thanks of his country for having suggested one which has rendered the transition more easy than could reasonably have been expected.

unfortunately, a country accustomed to a distribution of produce which has at once excited and given full play to great powers of production, cannot withdraw into a less ambitious path without passing through a period of very great distress.

It is, I know, generally thought that all would be well, if we could but be relieved from the heavy burden of our debt. And yet I feel perfectly convinced that, if a sponge could be applied to it to-morrow, and we could put out of our consideration the poverty and misery of the public creditors, by supposing them to be supported comfortably in some other country, the rest of the society, as a nation, instead of being enriched, would be impoverished. It is the greatest mistake to suppose that the landlords and capitalists would either at once, or in a short time, be prepared for so great an additional consumption as such a change would require; and if they adopted the alternative suggested by Mr. Ricardo in a former instance, of saving, and lending their increased incomes, the evil would be aggravated tenfold. The new distribution of produce would diminish the demand for the results of productive labour; and if, in addition to this, more revenue were converted into capital, profits would fall to nothing, and a much greater quantity of capital would emigrate, or be destroyed at home, and a much greater number of persons would be starving for want of employment, than before the extinction of the debt. It would signify little to be able to export cheap goods. If the distribution of property at home were

not such as to occasion an adequate power and will to purchase and consume the returns for these goods, the quantity of capital which could be employed in the foreign trade of consumption would be diminished instead of increased. Of this we may be convinced if we look to India, where low wages appear to be of little use in commerce, while there are no middle classes of society to afford a market for any considerable quantity of foreign goods.

The landlords, in the event supposed, not being inclined to an adequate consumption of the results of productive labour, would probably employ a greater number of menial servants; and perhaps, in the actual circumstances, this would be the best thing that could be done, and indeed the only way of preventing great numbers of the labouring classes from being starved for want of work. It is by no means likely, however, that it should soon take place to a sufficient extent; but if it were done completely, and the landlords paid as much in wages to menial servants as they had before paid to the national creditors, could we for a moment compare the state of society which would ensue to that which had been destroyed?

With regard to the capitalists, though they would be relieved from a great portion of their taxes, yet there is every probability that their habits of saving, combined with the diminution in the number of effective demanders, would occasion such a fall in the prices of commodities as greatly to diminish that part of the national income which depends

upon profits; and I feel very little doubt that, in five years from the date of such an event, not only would the exchangeable value of the whole produce, estimated in domestic and foreign labour, be decidedly diminished, but a smaller absolute quantity of corn would be grown, and fewer manufactured and foreign commodities would be brought to market than before.

It is not of course meant to be said that a country with a large quantity of land, labour, and capital, has not the means of gradually recovering itself from any shock; however great, which it may experience; and after such an event, it might certainly place itself in a situation in which its property would be more secure than with a large national debt. All that I mean to say is, that it would pass through a period, probably of considerable duration, in which the diminution of effective demand from an unfavourable distribution of the produce would more than counterbalance the increased power of production occasioned by the relief from taxation; and it may fairly be doubted whether finally it would attain a great degree of wealth, or call forth, as it ought, a great degree of skill in agriculture, manufactures, and commerce, without possessing, in some way or other, a large body of unproductive consumers, or supplying this deficiency by a much greater tendency to consume the results of productive labour than is generally observed to prevail in society.

It has been repeatedly conceded, that the pro-

ductive classes have the power of consuming all that they produce; and, if this power were adequately exercised, there might be no occasion, with a view to wealth, for unproductive consumers. But it is found by experience that, though there may be the power, there is not the will; and it is to supply this will that a body of unproductive consumers is necessary. Their specific use in encouraging wealth is, to maintain such a balance between produce and consumption as to give the greatest exchangeable value to the results of the national industry. If unproductive labour were to predominate, the comparatively small quantity of material products brought to market would keep down the value of the whole produce, from the deficiency of quantity. If the productive classes were in excess, the value of the whole produce would fall from excess of supply. It is obviously a certain proportion between the two which will yield the greatest value, and command the greatest quantity of domestic and foreign labour; and we may safely conclude that, among the causes necessary to that distribution, which will keep up and increase the exchangeable value of the whole produce, we must place the maintenance of a certain body of unproductive consumers. This body, to make it effectual as a stimulus to wealth, and to prevent it from being prejudicial, as a clog to it, should vary in different countries, and at different times, according to the powers of production; and the most favourable result evidently depends upon

the proportion between productive and unproductive consumers, being best suited to the natural resources of the soil, and the acquired tastes and habits of the people.

SECTION X.

Application of some of the preceding Principles to the Distresses of the Labouring Classes since 1815, with General Observations.

It has been said that the distresses of the labouring classes since 1815 are owing to a deficient capital, which is evidently unable to employ all that are in want of work. That the capital of the country does not bear an adequate proportion to the population; that the capital and revenue together do not bear so great a proportion as they did before 1815; and that such a disproportion will at once account for very great distress among the labouring classes, I am most ready to allow. But it is a very different thing to allow that the capital is deficient compared with the population; and to allow that it is deficient compared with the demand for it, and the demand for the commodities procured by it. The two cases are very frequently confounded, because they both produce distress among the labouring classes; but they are essentially distinct. They are attended with some very dif-

ferent symptoms, and require to be treated in a very different manner.

If one fourth of the capital of a country were suddenly destroyed, or entirely transferred to a different part of the world, without any other cause occurring of diminished demand, this scantiness of capital would certainly occasion great distress among the working classes; but it would be attended with great advantages to the remaining capitalists. Commodities, in general, would be scarce, and bear a high price on account of the deficiency in the means of producing them. Nothing would be so easy as to find a profitable employment for stock; but it would by no means be easy to find stock for the number of employments in which it was deficient; and consequently the rate of profits would be very high. In this state of things, there would be an immediate and pressing demand for capital, on account of there being an immediate and pressing demand for commodities; and the obvious remedy would be, the supply of the demand in the only way in which it could take place, namely, by saving from revenue to add to capital. This supply of capital would, as I stated in a former section, take place just upon the same principle as a supply of population would follow a great destruction of people on the supposition of there being an immediate and pressing want of labour evinced by the high real wages given to the labourer.

On the other hand, if the capital of the country were diminished by the failure of some branches

of trade, which had before been very prosperous, and absorbed a great quantity of stock; or even if capital were suddenly destroyed, and from peculiar circumstances a period were to succeed of diminished consumption and slack demand, the state of things, with the exception of the distresses of the poor, would be almost exactly reversed. The remaining capitalists would be in no respect benefited by events which had diminished demand in a still greater proportion than they had diminished capital. Commodities would be every where cheap. Capital would be seeking employment, but would not easily find it; and the profits of stock would be low. There would be no pressing and immediate demand for capital, because there would be no pressing and immediate demand for commodities; and, under these circumstances, the saving from revenue to add to capital, instead of affording the remedy required, would only aggravate the distresses of the capitalists, and fill the stream of capital which was flowing out of the country. The distresses of the capitalists would be aggravated, just upon the same principle as the distresses of the labouring classes would be aggravated, if they were encouraged to marry and increase, after a considerable destruction of people, although accompanied by a still greater destruction of capital which had kept the wages of labour very low. There might certainly be a great deficiency of population, compared with the territory and powers of the country, and it might be very desirable that it should be greater; but if the wages of labour

were still low, notwithstanding the diminution of people, to encourage the birth of more children would be to encourage misery and mortality rather than population.

Now I would ask, to which of these two suppositions does the present state of this country bear the nearest resemblance? Surely to the latter. That a great loss of capital has lately been sustained, is unquestionable. During nearly the whole of the war, owing to the union of great powers of production with great consumption and demand, the prodigious destruction of capital by the government was much more than recovered. To doubt this would be to shut our eyes to the comparative state of the country in 1792 and 1813. The two last years of the war were, however, years of extraordinary expense, and being followed immediately by a period marked by a very unusual stagnation of demand, the destruction of capital which took place in those years was not probably recovered. But this stagnation itself was much more disastrous in its effects upon the national capital, and still more upon the national revenue, than any previous destruction of stock. It commenced certainly with the extraordinary fall in the value of the raw produce of the land, to the amount, it is supposed, of nearly one third. When this fall had diminished the capitals of the farmers, and still more the revenues both of landlords and farmers, and of all those who were otherwise connected with the land, their power of purchasing manufactures and foreign products was of necessity greatly diminished. The

failure of home demand filled the warehouses of the manufacturers with unsold goods, which urged them to export more largely at all risks. But this excessive exportation glutted all the foreign markets; and prevented the merchants from receiving adequate returns; while, from the diminution of the home revenues, aggravated by a sudden and extraordinary contraction of the currency, even the comparatively scanty returns obtained from abroad found a very insufficient domestic demand, and the profits and consequent expenditure of merchants and manufacturers were proportionably lowered. While these unfavourable changes were taking place in rents and profits, the powerful stimulus which had been given to population during the war continued to pour in fresh supplies of labour, and, aided by the disbanded soldiers and sailors and the failure of demand arising from the losses of the farmers and merchants, reduced generally the wages of labour, and left the country with a generally diminished capital and revenue;—not merely in proportion to the alteration of the value of the currency, but in reference to the bullion value of its produce, and the command of this bullion value over domestic and foreign labour. For the four or five years since the war, on account of the change in the distribution of the national produce, and the want of consumption and demand occasioned by it, a decided check has been given to production, and the population, under its former impulse, has increased, not only faster than the demand for labour, but faster than the actual pro-

duce; yet this produce, though decidedly deficient, compared with the population, and compared with past times, is redundant, compared with the effectual demand for it and the revenue which is to purchase it. Though labour is cheap, there is neither the power nor the will to employ it all; because not only has the capital of the country diminished, compared with the number of labourers, but, owing to the diminished revenues of the country, the commodities which those labourers would produce are not in such request as ensure tolerable profits to the reduced capital.

But when profits are low and uncertain, when capitalists are quite at a loss where they can safely employ their capitals, and when on these accounts capital is flowing out of the country; in short, when all the evidence which the nature of the subject admits, distinctly proves that there is no effective demand for capital at home, is it not contrary to the general principles of political economy, is it not a vain and fruitless opposition to that first, greatest, and most universal of all its principles, the principle of supply and demand, to recommend saving, and the conversion of more revenue into capital? Is it not just the same sort of thing as to recommend marriage when people are starving and emigrating?

I am fully aware that the low profits of stock, and the difficulty of finding employment for it, which I consider as an unequivocal proof that the immediate want of the country is not capital, has been attributed to other causes; but to whatever

causes they may be attributed, an increase in the proportion of capital to revenue must aggravate them. With regard to these causes, such as the cultivation of our poor soils, our restrictions upon commerce, and our weight of taxation, I find it very difficult to admit a theory of our distresses so inconsistent with the theory of our prosperity. While the greatest quantity of our poor lands were in cultivation; while there were more than usual restrictions upon our commerce, and very little corn was imported; and while taxation was at its height, the country confessedly increased in wealth with a rapidity never known before. Since some of our poorest lands have been thrown out of cultivation; since the peace has removed many of the restrictions upon our commerce, and, notwithstanding our corn laws, we have imported a great quantity of corn; and since seventeen millions of taxes have been taken off from the people, we have experienced a degree of distress, the pressure of which has been almost intolerable.

I am very far from meaning to infer from these striking facts that restrictions upon commerce and heavy taxation are likely in general to be beneficial to a country. But the facts certainly shew that, whatever may be the future effect of the causes above alluded to in checking the progress of our wealth, we must look elsewhere for the immediate sources of our present distresses. How far our artificial system, and particularly the changes in the value of our currency operating upon a large national debt, may have aggravated

the evils we have experienced, it would be extremely difficult to say. But I feel perfectly convinced that a very considerable portion of these evils might be experienced by a nation without poor land in cultivation, without taxes, and without any fresh restrictions on trade.

If a large country, of considerable fertility, and sufficient inland communications, were surrounded by an impassable wall, we all agree that it might be tolerably rich, though not so rich as if it enjoyed the benefit of foreign commerce. Now, supposing such a country gradually to indulge in a considerable consumption, to call forth and employ a great quantity of ingenuity in production, and to save only yearly that portion of its revenue which it could most advantageously add to its capital, expending the rest in consumable commodities and unproductive labour, it might evidently, under such a balance of produce and consumption, be increasing in wealth and population with considerable rapidity. But if, upon the principle laid down by M. Say, that the consumption of a commodity is a diminution of demand, the society were greatly and generally to slacken their consumption, and add to their capitals, there cannot be the least doubt, on the great principles of demand and supply, that the profits of capitalists would soon be reduced to nothing, though there were no poor land in cultivation; and the population would be thrown out of work and would be starving, although without a single tax, or any restrictions on trade.

The state of Europe and America may perhaps be said, in some points, to resemble the case here supposed; and the stagnation which has been so generally felt and complained of since the war, appears to me inexplicable upon the principles of those who think that the power of production is the only element of wealth, and who consequently infer that if the powers of production be increased, wealth will certainly increase in proportion. Now it is unquestionable that the powers of production were increased by the cessation of war, and that more people and more capital were ready to be employed in productive labour; but notwithstanding this obvious increase in the powers of production, we hear every where of difficulties and distresses, instead of ease and plenty. In the United States of America in particular, a country of extraordinary physical resources, the difficulties which have been experienced are very striking, and such certainly as could hardly have been expected. These difficulties, at least, cannot be attributed to the cultivation of poor land, restrictions upon commerce, and excess of taxation. Altogether the state of the commercial world, since the war, clearly shews that something else is necessary to the continued increase of wealth besides an increase in the power of producing.

That the transition from war to peace, of which so much has been said, is a main cause of the effects observed, will be readily allowed, but not as the operation is usually explained. It is generally said that there has not been time to transfer

capital from the employments where it is redundant to those where it is deficient, and thus to restore the proper equilibrium. But I cannot bring myself to believe that this transfer can require so much time as has now elapsed since the war; and I would again ask, where are the under-stocked employments, which, according to this theory, ought to be numerous, and fully capable of absorbing all the redundant capital, which is confessedly glutting the markets of Europe in so many different branches of trade? It is well known by the owners of floating capital, that none such are now to be found; and if the transition in question is to account for what has happened, it must have produced some other effects besides that which arises from the difficulty of moving capital. This I conceive to be a great diminution of the whole amount of consumption and demand. The necessary changes in the channels of trade would be effected in a year or two; but the general diminution of consumption and demand, occasioned by the transition from such a war to a peace, may last for a very considerable time. The returned taxes, and the excess of individual gains above expenditure, which were so largely used as revenue during the war, are now in part, and probably in no inconsiderable part, saved. I cannot doubt, for instance, that in our own country very many persons have taken the opportunity of saving a part of their returned property-tax, particularly those who have only life-incomes, and who, contrary to the principles of just taxation,

had been assessed at the same rate with those whose incomes were derived from realized property. This saving is quite natural and proper, and forms no just argument against the removal of the tax; but still it contributes to explain the cause of the diminished demand for commodities, compared with their supply since the war. If some of the principal governments concerned spent the taxes which they raised in a manner to create a greater and more certain demand for labour and commodities, particularly the former, than the present owners of them, and if this difference of expenditure be of a nature to last for some time, we cannot be surprised at the duration of the effects arising from the transition from war to peace.

The diminished consumption however, which has taken place so generally, must have operated very differently upon the different countries of the commercial world, according to the different circumstances in which they were placed; and it will be found generally, as the principles which have been laid down would lead us to expect, that those states which have suffered the most by the war have suffered the least by the peace. In the countries where a great pressure has fallen upon moderate or scanty powers of production, it is hardly possible to suppose that their wealth should not have been stopped in its progress during the war, or perhaps rendered positively retrograde. Such countries must have found relief from that diminution of consumption, which now allows them to

accumulate capital, without which no state can permanently increase in wealth. But in those countries, where the pressure of the war found great powers of production, and seemed to create much greater; where accumulation, instead of being checked, was accelerated, and where the vast consumption of commodities was followed by supplies which occasioned a more rapid increase of wealth than was ever known before, the effect of peace would be very different. In such countries it is natural to suppose that a great diminution of consumption and demand would decidedly check the progress of wealth, and occasion very general and severe distress, both to capitalists and the labouring classes. England and America come the nearest to the countries of this latter description. They suffered the least by the war, or rather were enriched by it, and they are now suffering the most by the peace.

I cannot but consider it as a very unfortunate circumstance that any period should ever have occurred in which peace should appear to have been, in so marked a manner, connected with distress; but it should always be recollected that it is owing to the very peculiar circumstances attending the late war that the contrast has been so striking. It was very different in the American and former wars; and, if the same exertions had been attempted, without the same powers of supporting them, that is, without the command of the greatest part of the commerce of the world, and a more rapid and successful progress in the use of machi-

nery than was ever before known, we might have been in a state to have felt the greatest relief at the cessation of hostilities. When Hume and Adam Smith prophesied that a little increase of national debt beyond the then amount of it, would probably occasion bankruptcy; the main cause of their error was the very natural one, of not being able to see the vast increase of productive power to which the nation would subsequently attain. An expenditure, which would have absolutely crushed the country in 1770, might be little more than what was necessary to call forth its prodigious powers of production in 1816. But just in proportion to this power of production, and to the facility with which a vast consumption could be supplied, consistently with a rapid accumulation of capital, would be the distress felt by capitalists and labourers upon any great and sudden diminution of expenditure.

On this account, there is reason to doubt the policy of raising the supplies of a long and expensive war within the year, a policy which has been recommended by very able writers. If the country were poor, such a system of taxation might completely keep down its efforts. It might every year positively diminish its capital, and render it every year more ruinous to furnish the same supplies; till the country would be obliged to submit to its enemies from the absolute inability of continuing to oppose them with effect. On the other hand, if the country were rich, and had great powers of production, which were likely

to be still further called forth by the stimulus of a great consumption, it might be able to pay the heavy taxes imposed upon it, out of its revenue, and yet find the means of adequate accumulation; but if this process were to last for any time, and the habits of the people were accommodated to this scale of public and private expenditure, it is scarcely possible to doubt that, at the end of the war, when so large a mass of taxes would at once be restored to the payers of them, the just balance of produce and consumption would be completely destroyed, and a period would ensue, longer or shorter, according to circumstances, in which a very great stagnation would be felt in every branch of productive industry, attended by its usual concomitant general distress. The evil occasioned by imposing a tax is very rarely compensated by the taking it off. We should constantly keep in mind that the tendency to expenditure in individuals has most formidable antagonists in the love of indolence, and in the desire of saving, in order to better their condition and provide for a family; and that all theories founded upon the assumption that mankind always produce and consume as much as they have the power to produce and consume, are founded upon a want of knowledge of the human character and of the motives by which it is usually influenced.

It will be said, perhaps, that as it is acknowledged that the capital of this country compared with the population has been diminished since the

war, partly by the unrecovered destruction which it sustained during the last two years of the contest, but still more by the sudden want of consumption and demand which occurred on its termination; how is the lost capital ever to be recovered, if we are not active in accumulation? I am very far indeed from saying that we must not accumulate. It is perfectly true that there is no other possible way of recovering our lost capital than by accumulation. All that I mean to say is, that, in looking to this most desirable object, the recovery and increase of our capital, we should listen to the dictates of those great general laws which do not often fail to direct us in the right course. If population were ever so deficient in a state compared with its territory, yet, if the wages of labour still continued very scanty, and the people were emigrating, the great general laws of demand and supply would instruct us that some previous change in the state of things was necessary, before we ought to wish for an increased proportion of marriages, which in fact, under the actual circumstances, would not accomplish the object aimed at. In the same manner, if a portion of our profits be destroyed, and yet the profits of the remainder are low, and its employment attended with such frequent losses as, joined to its tendency to emigrate, make it stationary or even retrograde; surely the great general laws of demand and supply cannot more clearly shew us that something else is wanted before we can accumulate with effect.

What is now wanted in this country is an increased national revenue,—an increase in the exchangeable value of the whole produce estimated in bullion,—and in the command of this bullion over domestic and foreign labour. When we have attained this, which can only be attained by increased and steady profits, we may then begin again to accumulate, and our accumulation will then be effectual. But if, instead of saving from increased profits, we save from diminished expenditure; if, at the very time that the supply of commodities compared with the demand for them, clearly admonishes us that the proportion of capital to revenue is already too great, we go on saving from our revenue to add still further to our capital, all general principles concur in shewing that we must of necessity be aggravating instead of alleviating our distresses.

But how, it will be asked, are we to obtain this increase of revenue? What steps are we to take in order to raise the exchangeable value of the whole produce, and prepare the way for the future saving which is acknowledged to be necessary? These questions I have endeavoured to answer in the latter Section of this very long Chapter *On the immediate Causes of the Progress of Wealth*; where it has appeared that a union of the means of distribution with the powers of production is absolutely necessary to create an adequate stimulus to the continued increase of wealth; and that the three causes, which, by favouring distribution, tend

most to keep up and increase the exchangeable value of the whole produce, are, the division of landed property, the extension of domestic and foreign trade, and the maintenance of unproductive labourers.

The mention of these causes is alone sufficient to shew that they are much less within our immediate controul than the common process of accumulation. If it were true that, in order to employ all that are out of work, and to create at the same time a sufficient market for what they produce, it is only necessary that a little more should be saved from the revenue and added to the capital of the country, I am fully persuaded that this species of charity would not want contributors, and that a change would soon be wrought in the condition of the labouring classes. But when we know, both from theory and experience, that this proceeding will not afford the relief sought for, and are referred to an increase in the exchangeable value of the whole produce as the only cause which can restore a healthy and effective demand for labour, it must be allowed that we may be at a loss with respect to the first steps which it would be advisable to take, in order to accomplish what we wish.

Still, however, it is of the utmost importance to know the immediate object which ought to be aimed at; that if we can do but little actually to forward it, we may not, from ignorance, do much to retard it. With regard to the first main cause

which I have mentioned, as tending to increase the exchangeable value of the national produce, namely the division of landed property, I have given my reasons for thinking that, in the actual and peculiar state of this country, the abolition of the law of primogeniture would produce more evil than good; and there is no other way in which a different division of land could be effected, consistently with an adequate respect for the great fundamental law of property, on which all progress in civilization, improvement, and wealth, must ever depend. But if the *distribution* of wealth to a certain extent be one of the main causes of its increase, while it is inadvisable directly to interfere with the present division of land in this country, it may justly become a question, whether the evils attendant on the national debt are not more than counterbalanced by the distribution of property and increase of the middle classes of society, which it must necessarily create; and whether by saving, in order to pay it off, we are not submitting to a painful sacrifice, which, if it attains its object, whatever other good it may effect, will leave us with a much less favourable distribution of wealth? By greatly reducing the national debt, if we are able to accomplish it, we may place ourselves perhaps in a more safe position, and this no doubt is an important consideration; but grievously will those be disappointed who think that, either by greatly reducing or at once destroying it, we can enrich ourselves, and employ all our labouring classes.

With regard to the second main cause of an increase in the exchangeable value of the whole produce—namely, the extension of domestic and foreign trade, it is well known that we can by no means command either of these at pleasure, but we may do much to impede both. We cannot indeed reasonably attribute any sudden deficiency of trade to causes which have been of long duration; yet there can be little doubt that our commerce has been much impaired by unnecessary restraints, and that much benefit might be derived from the removal of them. While it is necessary to raise a large sum by taxation for the expenses of the government and the payment of the interest of the national debt, it would by no means be advisable to neglect so fair and fruitful a resource as the customs. In regulating these taxes, it is also natural that those foreign commodities should be taxed the highest, which are either of the same kind as the native commodities which have been taxed, or such as, for special reasons of health, happiness, or safety, it is desirable to grow largely at home. But there seems to be no reason for the absolute prohibition of any commodities whatever; and there is little doubt that, upon this principle, a much greater freedom might be given to foreign commerce, at the same time that a greater revenue might be derived from the customs. I have already stated, in more places than one, why, under all the circumstances of the case, I think it desirable that we should permanently grow nearly our own consumption of corn. But I see no sufficient cause why we should permanently

prefer the wines of Portugal and the silks of London to the wines and silks of France. For the same reason that more British capital and labour is even now employed in purchasing claret than would be employed in attempting to make it at home, we might fairly expect that, in the case of an extended trade with France, more British capital would be employed in purchasing the wines and silks of France, than is now employed in purchasing the wines of Portugal and making the silks of Spitalfields and Derby.

At the same time it should be remarked that, in looking forward to changes of this kind, it is always incumbent upon us, particularly in the actual situation of our people, to attend to the wise caution suggested by Adam Smith. Fully convinced of the benefits of unrestrained trade, he observes, that "The case in which it may sometimes be a matter of deliberation how far, and in what manner, it is proper to restore the free importation of foreign goods, after it has been for some time interrupted, is, when particular manufactures, by means of high duties and prohibitions upon all foreign goods which can come into competition with them, have been so far extended as to employ a great multitude of hands. Humanity may in this case require that the freedom of trade should be restored only by slow gradations, and with a good deal of reserve and circumspection. Were these high duties and prohibitions taken away all at once, cheaper foreign goods of the same kind might be poured so fast into the home market as to de-

prive all at once many thousands of their ordinary employment and means of subsistence.”* The caution here given by Adam Smith certainly applies in a very marked manner to the silk trade; and, however desirable it may be (and it is so most unquestionably) to open the trade with France, a sudden and incautious admission of a large quantity of French silks would tend to aggravate, instead of to relieve the present distresses of our working classes.

In all cases where, under peculiar circumstances, the distress of the country would be aggravated by the opening of certain trades, which had before been subject to restrictions, the exchangeable value of the whole produce estimated in domestic and foreign labour would for a time be diminished. But, in general, as I have endeavoured to shew in the 8th Section of this Chapter, the natural and permanent tendency of all extension of trade both domestic and foreign, is to increase the exchangeable value of the whole produce. This is more especially the case when, instead of changing the channels of commerce, we are able to make large and distinct additions to them. The good is then unallayed by partial and temporary evil. This better distribution of the produce of the country, this better adaptation of it to the wants and tastes of the consumers, will at once give it a greater market value, and at once increase the national revenue, the rate of steady profits, and the wages of labour.

* *Wealth of Nations*, Book iv. ch. vii. p. 202. 6th edit.

With regard to the third cause of an increase in the exchangeable value of the whole produce, the maintenance of unproductive consumers—though many have no power to be of use in this respect, others may do something; and it must certainly be advantageous that the truth, whatever it may be, relating to the effects of unproductive labour, should be fully known, that we may not aim at what will obstruct the progress of wealth, and clamour at what is calculated to advance it. Whatever it may be thought advisable to do respecting the diminution of unproductive consumers, with a view to the placing ourselves in a safer position, we shall be led to proceed with more deliberation, if we are not hurried on by the impression that, by this diminution, we are affording immediate relief to the labouring classes.

It is also of importance to know that, in our endeavours to assist the working classes in a period like the present, it is desirable to employ them in unproductive labour, or at least in labour, the results of which do not come for sale into the market, such as roads and public works. The objection to employing a large sum in this way, raised by taxes, would not be its tendency to diminish the capital employed in productive labour; because this, to a certain extent, is exactly what is wanted; but it might, perhaps, have the effect of concealing too much the failure of the national demand for labour, and prevent the population from gradually accommodating itself to a reduced demand. This however might be, in a considerable degree, cor-

rected by the wages given. And altogether I should say, that the employment of the poor in roads and public works, and a tendency among landlords and persons of property to build, to improve and beautify their grounds, and to employ workmen and menial servants, are the means most within our power and most directly calculated to remedy the evils arising from that disturbance in the balance of produce and consumption, which has been occasioned by the sudden conversion of soldiers, sailors, and various other classes which the war employed, into productive labourers.

If by the operation of these three causes, either separately or conjointly, we can make the supply and consumption bear a more advantageous proportion to each other, so as to increase the exchangeable value of the whole produce, the rate of profits may then permanently rise as high as the quality of the soil in cultivation combined with the actual skill of the cultivators will allow,* which is far from being the case at present. And as soon as the capitalist can begin to save from steady and improving profits, instead of from diminished expenditure, that is, as soon as the national revenue,

* The profits of stock cannot be higher than the state of the land will allow, but they may be lower in any degree. (see p. 300.) The great difference between Mr. Ricardo and me on this point is, that Mr. Ricardo thinks profits are *regulated* by the state of the land; I think they are only *limited* by it one way, and that if capital be abundant, compared with the demand for commodities, profits may be low in any degree, in spite of the fertility of the land.

estimated in bullion, and in the command of this bullion over domestic and foreign labour, begins yearly and steadily to increase, we may then begin safely and effectively to recover our lost capital by the usual process of saving a portion of our increased revenue to add to it.

It is, I believe, the opinion of many persons, particularly among the mercantile classes, that nothing would so soon and so effectively increase the revenue and consumption of the country as a free issue of paper. But in holding this opinion, they have mistaken the nature of the great advantage which the national wealth may sometimes unquestionably derive from a fall in the value of the currency. The specific effect of this fall is to take away property from those who have fixed incomes, and give a greater command over the produce of the country to those who buy and sell. When the state of the national expenditure is such that there is a difficulty of supplying it, then whatever tends to throw a greater proportion of the produce into the hands of capitalists, as it must increase the power of production, must be just calculated to supply what is wanted. And, though the continuation of the act of restriction beyond the immediate necessity of the case, can hardly be considered in any other light than as an act of positive injustice towards the possessors of fixed incomes; yet I can feel very little doubt that the fall in the value of money, and the facility of credit which it occasioned, acting in the way described, must have contributed greatly to that

rapid recovery of vast capital destroyed, which, in the same degree, never probably occurred in the history of any nation before.

But, if we were now to make similar issues of paper, the effect would be very different. Perhaps a sudden increase of currency and a new facility of borrowing might, under any circumstances, give a temporary stimulus to trade, but it would only be temporary. Without a large expenditure on the part of the government, and a frequent conversion of capital into revenue, the great powers of production acquired by the capitalists, operating upon the diminished power of purchasing possessed by the owners of fixed incomes, could not fail to occasion a still greater glut of commodities than is felt at present; and experience has sufficiently shewn us, that paper cannot support prices under such circumstances. In the history of our paper transactions, it will be found that the abundance or scantiness of currency has followed and aggravated high or low prices, but seldom or never led them; and it is of the utmost importance to recollect that, at the end of the war, the prices failed before the contraction of the currency began. It was, in fact, the failure of prices, which destroyed the country banks, and shewed us the frail foundations on which the excess of our paper-currency rested. This sudden contraction no doubt aggravated very greatly the distresses of the merchants and of the country; and for this very reason we should use our utmost endeavours to avoid such an event in future; not, how-

ever, by vain efforts to keep up prices by forcible issues of paper, in defiance at once of the laws of justice and the great principles of supply and demand, but by the only effectual way, that of steadily maintaining our paper of the same value with the coin which it professes to represent, and subjecting it to no other fluctuations than those which belong to the precious metals.

In reference to the main doctrine inculcated in the latter part of this work, namely, that the progress of wealth depends upon proportions; it will be objected, perhaps, that it necessarily opens the way to differences of opinion relating to these propositions; and thus throws a kind of uncertainty over the science of political economy which was not supposed to belong to it. If, however, the doctrine should be found, upon sufficient examination, to be true; if it adequately accounts for things as they are, and explains consistently why frequent mistakes have been made respecting the future, it will be allowed that such objectors are answered. We cannot make a science more certain by our wishes or opinions; but we may obviously make it much more uncertain in its application, by believing it to be what it is not.

Though we cannot, however, lay down a certain rule for growing rich, and say that a nation will increase in wealth just in the degree in which it saves from its revenue, and adds to its capital: yet even in the most uncertain parts of the science, even in those parts which relate to the proportions of production and consumption, we are not left

without guides; and if we attend to the great laws of demand and supply, they will generally direct us into the right course. It is justly observed by Mr. Ricardo that "the farmer and manufacturer can no more live without profit than the labourer without wages. Their motive for accumulation will diminish with every diminution of profit, and will cease altogether when their profits are so low as not to afford them an adequate compensation for their trouble, and the risk which they must necessarily encounter in employing their capital productively."* Mr. Ricardo applies this passage to the final and necessary fall of profits occasioned by the state of the land. I would apply it at all times, throughout all the variable periods which intervene between the first stage of cultivation and the last. Whenever capital increases too fast, the motive to accumulation diminishes, and there will be a natural tendency to spend more and save less. When profits rise, the motive to accumulation will increase, and there will be a tendency to spend a smaller proportion of the gains, and to save a greater. These tendencies, operating on individuals, direct them towards the just mean, which they would more frequently attain if they were not interrupted by bad laws or unwise exhortations. If every man who saves from his income is necessarily a friend to his country, it follows that all those who spend their incomes, though they may

* Princ. of Polit. Econ. ch. vi. p. 127.

not be absolute enemies, like the spendthrift, must be considered as failing in the duty of benefiting their country, and employing the labouring classes, when it is in their power; and this cannot be an agreeable reflection to those whose scale of expenditure in their houses, furniture, carriages and table, would certainly admit of great retrenchment, with but little sacrifice of real comfort. But if, in reality, saving is a national benefit, or a national disadvantage, according to the circumstances of the period; and, if these circumstances are best declared by the rate of profits, surely it is a case in which individual interest needs no extraneous assistance.

Saving, as I have before said, is, in numerous instances, a most sacred private duty. How far a just sense of this duty, together with the desire of bettering our condition so strongly implanted in the human breast, may sometimes, and in some states of society, occasion a greater tendency to parsimony than is consistent with the most effective encouragement to the growth of public wealth, it is difficult to say; but whether this tendency, if let alone, be ever too great or not, no one could think of interfering with it, even in its caprices. There is no reason, however, for giving an additional sanction to it, by calling it a public duty. The market for national capital will be supplied, like other markets, without the aid of patriotism. And in leaving the whole question of saving to the uninfluenced operation of individual interest and individual feelings, we shall best conform to

that great principle of political economy laid down by Adam Smith, which teaches us a general maxim, liable to very few exceptions, that the wealth of nations is best secured by allowing every person, as long as he adheres to the rules of justice, to pursue his own interest in his own way.

Still it must be allowed that this very doctrine, and the main doctrines of the foregoing work, all tend to shew, as was stated in the Introduction, that the science of political economy bears a nearer resemblance to the sciences of morals and politics, than to the science of mathematics. But this truth, though it detracts from its certainty, does not detract from its importance. While the science of political economy involves some of the questions which have the nearest connection with the well-being of society, it must always be a subject of the highest interest. The study of it is calculated to be of great practical use, and to prevent much positive evil. And if its principles be carefully founded on an experience sufficiently extended, we have good reason to believe, from what they have already done, that, when properly applied, they will rarely disappoint our just expectations.

There is another objection which will probably be made to the doctrines of the latter part of this work, which I am more anxious to guard against. If the principles which I have laid down be true, it will certainly follow that the sudden removal of taxes will often be attended with very different effects, particularly to the labouring classes of society, from those which have been generally ex-

pected. And an inference may perhaps be drawn from this conclusion in favour of taxation. But the just inference from it is, that taxes should never be imposed, nor to a greater amount, than the necessity of the case justifies, and particularly that every effort should be made, consistently with national honour and security, to prevent a scale of expenditure so great that it cannot proceed without ruin, and cannot be stopped without distress.

Even if it be allowed that the excitement of a prodigious public expenditure, and of the taxation necessary to support it, operating upon extraordinary powers of production, might, under peculiar circumstances, increase the wealth of a country in a greater degree than it otherwise would have increased; yet, as the greatest powers of production must finally be overcome by excessive borrowing, and as increased misery among the labouring classes must be the consequence, whether we go on or attempt to return, it would surely have been much better for the society if such wealth had never existed. It is like the unnatural strength occasioned by some violent stimulant, which, if not absolutely necessary, should be by all means avoided, on account of the exhaustion which is sure to follow it.

In the Essay on Population I have observed, that "In the whole compass of human events, I doubt if there be a more fruitful source of misery, or one more invariably productive of disastrous consequences, than a sudden start of population from two or three years of plenty, which must

necessarily be repressed by the first return of scarcity, or even by average crops."* The great demand for labour which took place during the war must have had an effect precisely of a similar kind, and only aggravated by duration; and as this is a state of things which cannot in its nature continue, it is obviously the duty of all governments, if they have any regard for the happiness of their subjects, to avoid all wars and excessive expenditure as far as it is possible; but if war be unavoidable, so to regulate the necessary expenditure as to occasion the least pressure upon the people during the contest, and the least convulsion in the state of the demand at the termination of it. We may have good reason to lament that such taxation and consumption should ever have taken place, and that so great an impetus, which could only be temporary, should have been given to the wealth and population of the country; but it is a very different question, what is the best remedy now that the evil is incurred? If the population had made a start during a few years of plenty, we should surely make great efforts to prevent, by importation, the misery which would be occasioned by the sudden return of average crops. If the human body had been subjected to a very powerful stimulus, we should surely be cautious not to remove it too suddenly. And, if the country had been unfortunately subjected to the excitement of a long continuance of excessive ex-

* Vol. ii. p. 170. 4th edit.

penditure, it surely must be against all analogy and all general principles, to look for the immediate remedy of it in a great and sudden contraction of consumption.

There is every reason to believe that the working classes of society would be severely injured by attaining the object which they seem so ardently to wish for. To those who live upon fixed incomes, the relief from taxation is a great and unmixed good; to the mercantile and trading classes it is sometimes a good and sometimes an evil, according to circumstances; but to the working classes, no taking off of taxes, nor any degree of cheapness of corn, can compensate a want of demand for labour. If the general demand for labour fail, particularly if the failure be sudden, the labouring classes will be wretched in the midst of cheapness; if the demand for labour be considerable, they will be comparatively rich in the midst of dearth.

To state these facts is not to favour taxes; but to give one of the strongest reasons against them; namely, that they are not only a great evil on their first imposition, but that the attempt to get rid of them afterwards, is often attended with fresh suffering. They are like those injudicious regulations of the mercantile system noticed by Adam Smith, which, though acknowledged to be pernicious, cannot be removed without producing a greater evil for an interval of considerable length.

Theoretical writers are too apt, in their calculations, to overlook these intervals; but eight or ten

years, recurring not unfrequently, are serious spaces in human life. They amount to a serious sum of happiness or misery, according as they are prosperous or adverse, and leave the country in a very different state at their termination. In prosperous times the mercantile classes often realize fortunes, which go far towards securing them against the future; but unfortunately the working classes, though they share in the general prosperity, do not share so largely as in the general adversity. They may suffer the greatest distress in a period of low wages, but cannot be adequately compensated by a period of high wages. To them fluctuations must always bring more evil than good; and, with a view to the happiness of the great mass of society, it should be our object, as far as possible, to maintain peace, and an equable expenditure.

SUMMARY

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