

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

OF THE CONTENTS OF THE FOREGOING WORK.

INTRODUCTION.

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THE science of political economy resembles more the sciences of morals and politics than the science of mathematics	1
This conclusion, founded on a view of the subjects about which political economy is conversant, is further strengthened by the differences of opinion which have prevailed among those who have directed a great portion of their attention to this study	2
The Economists and Adam Smith differed on some important questions in political economy, though they agreed on others still more important	ib.
Among the most distinguished modern writers, differences of opinion continue to prevail on questions of great importance	3
The correct determination of these questions is of great practical consequence	4
An agreement among the principal writers in Political Economy is very desirable with a view to the authority of the science in its practical application	ib.
In the present state of the science, an endeavour to settle some important yet controverted points may be more useful than an attempt to frame a new and complete treatise	5
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A comprehensive attention to facts is necessary, both to prevent the multiplication of theories, and to confirm those which are just	ib.
The science of political economy is essentially practical, and applicable to the common business of human life	12
Some eminent political economists think that, though exceptions may exist to the general rules of political economy, they need not be noticed	13
But the most perfect sincerity, together with the greatest degree of accuracy attainable, are necessary to give that credit and circulation to general principles, which is so desirable	14
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Further inquiries, however difficult, should be pursued, both with a view to the improvement and completion of the science, and the practical advantages likely to result from them	ib.
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2dly, By the prevalence, in almost every country, of bad regulations, which require to be amended or removed	19
3dly, By the necessity of taxation	ib.
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One of the specific objects of the present work is to fit the general rules of political economy for practice, by endeavouring to consider all the causes which concur in the production of particular phenomena	21
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CHAPTER I.

ON THE DEFINITIONS OF WEALTH AND PRODUCTIVE LABOUR.

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2dly, To explain the nature and operation of saving, as contradistinguished from spending	ib.
3dly, To explain the causes which render favourable the important balance of produce and consumption	33
And generally, to explain the causes why one nation is thriving, while another is declining	34
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All paid labour might be called productive of value; but productive in different degrees, according as the value of their results might exceed the value paid	38
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CHAP. II.

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- Adam Smith has taken corn as the best measure of labour, from century to century, which is the same as considering labour as the best measure of the necessaries of life, at distant times and in different countries ib.
- The conveniences of life depend more upon labour than corn; and, *all other things being equal*, the quantity of labour which a commodity will command will be in proportion to the quantity it has cost 124
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- Two objects might in some cases be a better measure of real value in exchange than one alone, and yet be sufficiently manageable for practical application 126
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- Labour, in the same manner, is found at different periods to command very different quantities of the first necessary of life, corn 128
- Though neither of these two objects, taken singly, can be considered as a satisfactory measure of value, by combining the two we may approach to greater accuracy . . . ib.
- When corn, compared with labour, is dear, labour, compared with corn, must be cheap; and if we take a mean between the two, we shall have a measure corrected by the contemporary variation of each in opposite directions . . . ib.
- For this purpose we must fix upon some specific quantity of corn, which, on a large average, is equivalent to a day's common labour, such as a peck of wheat, which would suit this country; and any commodities which, at different periods, will purchase the same number of days' labour, and of pecks of wheat, may be considered as of the same real value in exchange 129
- In comparing different countries, the average earnings of

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Mr. Ricardo asks, why should corn, or labour, or the mass of commodities, be preferred as a measure to coals or iron, all being liable to fluctuations? But some one or more commodities must be taken to express exchangeable value; because they include every thing that can be given in exchange	131
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CHAPTER III.

OF THE RENT OF LAND.

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Rent is that portion of the value of the whole produce of land which remains after all the expenses of cultivation have been paid, including the usual agricultural profits	134
The first object of inquiry is the cause or causes of this excess	ib.
Most writers have considered rent as too nearly resembling, in its nature and the laws by which it is governed, that excess of price above the cost of production, which is the characteristic of a common monopoly	135
Rent has some affinity to a natural monopoly; but it is still essentially different, and is governed by different laws	139

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Three causes combine to form rent:—1. The fertility of the soil;—2. The power of food to create its own demand;—and 3. The comparative scarcity of fertile land	139
The first of these causes is so necessary to rent that, without it, no excess of price above the expenses of cultivation could possibly exist	140
The <i>power</i> of land to yield rent is exactly proportioned to its fertility, though the actual rent may be very different	ib.
Still the surplus, which is the result of this power, might remain of little use without the tendency of food to create its own demand	141
The machine which produces the necessaries of life is different from every other machine known to man, and the use of it is attended with peculiar effects	142
A family which has land that will produce necessaries for five other families, may be sure to have effective demanders for them; but if the same family had a machine which would make fifty hats or coats, no efforts could secure their being all wanted	ib.
These peculiar qualities of the soil, and of its products, have been strongly noticed by the Economists, and often by Adam Smith, as a source of rent; but modern writers have been apt to consider it as regulated upon the principles of a common monopoly, though the distinction is important and striking	144
If the fertility of the mines were to be diminished one half, they might still yield the same rents, wages, and profits; but if the fertility of the soil in this country were to be diminished one half, tillage would be nearly destroyed, and rents, profits, wages, and population, would be reduced in proportion	ib.
The produce of certain vineyards in France might rise to almost any value from external demand; but no external demand can ever make a bushel of corn permanently worth more than the quantity of labour which it will support	146
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Corn, therefore, in reference to the whole quantity raised, is sold at its natural and necessary price, as well as all other unmonopolized commodities	ib.
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The two main causes of these differences are, a difference in the value of the precious metals, and a difference in the cost of producing corn 193

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If the value of money were the same in all countries, then the differences of price would arise exclusively from the different costs of production, under all the actual circumstances of each country 194

Nations richer than others must, under similar circumstances, either have their corn at a higher price, or be dependant upon their neighbours for their support 195

High price, or the importation of necessaries, are the natural alternatives belonging to a great increase of wealth, though liable to various modifications from circumstances 196

Corn has a natural tendency to rise in the progress of society, from the increasing cost of production, and manufactures have a constant tendency to fall from an opposite cause 197

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The landlord, under all the circumstances of his situation, may naturally expect to raise his rents on the renewal of leases, but in doing this he may fall into errors prejudicial to himself and the country 199

By letting his lands to the best bidder, without any further attention; or by mistaking a temporary for a permanent rise of price, he may prevent the improvement of his farms 200

In the progress of prices, even when likely to be permanent, rents ought always to be a little behind 201

If the landlords were to give the whole of their rents to their tenants, there is no reason to think that corn would be more plentiful or cheaper ib.

But when a proper spirit of industry and enterprize prevails among a tenantry, it is of importance that they should have the means of accumulation and improvement 202

Irregularities in the currency are another source of error to the landlord. When they continue long he must raise his rents accordingly, and lower them again when the value of money is restored 203

With these cautions, the landlord may fairly look to a permanent increase of rents, and if in a country, the cultivation of which is extending, they do not rise more than in proportion to the price of corn, it can only be owing to taxation ib.

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But Mr. Ricardo considers these interests as directly opposed to each other. To this opinion he has been led by the peculiar and confined view which he has taken of rent as arising exclusively from high price and difficulty of production 205

If this view were correct, the opinions above stated might be well-founded; but if the landlord's income is practically found to depend chiefly upon facility of production, the opinion cannot be maintained ib

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No improvements in agriculture which we have ever seen or heard of equal in any degree the power of population to increase up to the additional means of subsistence	ib.
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Although rents rise when cultivation is pushed to poorer lands, the connection between rent and fertility is still shewn by its being the rich lands which yield the rents, not the poor ones	ib.
The difficulty of production on the best land used has little connection with rent, except as it is a consequence of an increase of capital and population, and of a fall of profits and wages	208
The increase of rent, which takes place from the increased price, occasioned by difficulty of production, is much more limited than has been supposed ; and very much inferior to the increase from improvements in agriculture	ib.
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The cultivation of the country is chiefly carried on by tenants, and a large part of the permanent improvements in agriculture, of late years, has been effected by the capitals of the same class of people	219
If this be true, the advantage derived by the country from the employment of such capitals must have been much greater than the advantage derived by the individuals employing them	ib.
To put a tenant for a term of years on a footing with merchants and manufacturers, he must make greater yearly profits to compensate for that portion of his capital which he cannot withdraw at the end of his lease, and which is left as a benefit to the state unshared by him	220
The profits to the state of a capital employed in agriculture might be 14 or 15 per cent., in commerce 12; while in both cases the individuals received only 12	221
The rent and profits together, derived from a capital employed on land, are the true measure of the wealth which goes to the country, though the rent so created cannot have operated as a motive to the tenant	ib.
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The taxable income derived from the capitals laid out upon land in this country was above three times as great as that derived from commerce and manufactures	ib.
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It is not the least advantage of the surplus produce from the land that, under a system of private property, it affords a security against the whole of the society being employed in procuring necessaries	237
Profits and wages may so diminish as to afford comparatively few means of enjoyment; but rents will always increase, and furnish funds for arts, sciences, and leisure, so as to leaven the whole mass	ib.
Rents are attached to the soil, not to particular proprietors; they are the reward of present, as well as of past exertions, and as they increase will be divided among greater numbers	238
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CHAPTER IV.

OF THE WAGES OF LABOUR.

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Wages are determined by the demand and supply of labour, compared with the demand and supply of what is paid for labour	ib.
The principle of demand and supply determines the wages of labour, not only temporarily but permanently	241
The prices of the necessaries of life only affect wages as they affect the supply of labour, by affecting the cost of producing it	ib.
In all cases, where the cost of production does not affect the supply of labour, wages are not affected	ib.
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In all the cases of different prices of labour in different employments, which Adam Smith has illustrated, the effect obviously depends upon causes which affect the supply of labour	ib.
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The condition of the labouring classes depends partly upon the rate at which the resources of the country are increasing, and partly upon the habits of the people	248
Both these causes are subject to change, and often change together	ib.
Still, however, habits are different with the same increase of resources; and an inferior mode of living is a cause as well as a consequence of poverty	249
It would be desirable, though difficult, to ascertain the principal causes of the different modes of subsistence which prevail among the poor of different countries	ib.
From high wages two results may arise—either a rapid increase of population, or a decided improvement in the mode of living	250
Whatever tends to depress the character of the poor, contributes to the first of these results; whatever tends to elevate them, to the second	ib.
The most efficient causes of depression are, despotism, oppression and ignorance; the most efficient causes of elevation are, civil and political liberty and education	251
Of the causes which tend to generate prudential habits, the most essential is civil liberty; and to the maintenance of civil liberty, political liberty is generally necessary	ib.
Education may prevail under a despotism, and be deficient under a free constitution; but it can do little under a bad government, though much under a good one	ib.
Ireland is an instance where increasing produce has occasioned a rapid increase of population, without improving the condition of the people	252
England, in the first half of the last century, is an instance of high wages leading to an improved mode of living, without a rapid increase of population	253
The change from bread of an inferior quality to the best wheaten bread was probably aided by a change in the relative values of wheat, oats and barley, occasioned by adventitious circumstances	254
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The actual application of a greater quantity of food of some kind or other, to the maintenance of labouring families, is necessary to an increase of population; and may generally be traced	259
The increase of population in America, Ireland, England and Scotland, of late years, may be traced to this cause	260
What is mainly necessary to a rapid increase of population is, a great demand for labour, which demand is proportioned, not to an increase of capital alone, but of capital and revenue together	261
It has been thought that it is circulating capital alone which influences the demand for labour, not fixed; but this distinction, though just in individual instances, is not necessary in reference to the value of the whole produce	ib.
In general, the use of fixed capital is extremely favourable to the abundance of circulating capital. This is shewn in almost all our manufactures	262
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The fall in the real wages of labour, from the end of the 15th to the end of the 16th century, contemporary with the fall in the value of money, is proved from authentic documents	ib.
But the question is, which wages were the most extraordinary, the high or the low	269
During the reign of Edward III. the real wages of labour seem to have been as low as in the reign of Elizabeth	270
In the intermediate period, they varied considerably with the varying prices of corn and labour; but from 1444 they were uniformly very high to the end of the century	272
The very slight rise in the nominal price of grain, from the middle of the 14th to the end of the 15th century, in no respect made up for the diminished quantity of silver in the coin, so that the bullion price of corn fell considerably	274
But the bullion price of labour rose considerably during the time that the bullion price of corn fell; and if Adam Smith had taken either labour or a mean between corn and labour as his measure, instead of corn, his conclusions respecting the value of silver would have been very different	ib.
But to shew that the wages of labour were peculiar during the last sixty years of the 15th century, it is necessary further to compare them with periods after the depreciation of money had ceased	275
The earnings of the labourer, during the last sixty years of the 17th century, after the depreciation of money had ceased, were lower than in the reigns of Elizabeth and Edward III.	276
From 1720 to 1750 the price of corn fell and the wages of labour rose, but still they could command but little more than the half of what was earned in the 15th century	279

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Such high wages, whatever might have been their causes, must have fallen during the next century, if the American mines had not been discovered	282
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The periods of the lowest wages have generally occurred when a rise in the price of corn has taken place under circumstances not favourable to a rise in the price of labour; it was the rapid increase of population during the reigns of Henry VIII. and Elizabeth, which prevented wages from rising with the price of corn	286
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Wheat has been taken, as the usual grain consumed in this country, but wherever or whenever that is not the case, wheat wages are not the proper criterion of the encouragement given to population	290
The quantity of the customary food which a labouring family can actually earn throughout the year, is at once the measure of the encouragement to population, and of the condition of the labourer	ib.
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CHAPTER V.

OF THE PROFITS OF CAPITAL.

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Each of these causes is alone sufficient to occasion all the variations of which profits are susceptible	295
If the first cause operated alone, and the wages of labour were always the same, profits would regularly fall as poorer land was taken into cultivation	ib.
In this case, profits would be nearly in proportion to the fertility of the last land taken into cultivation	296
But uniform corn wages during the regular progress of cultivation and population involve a contradiction	297
We may suppose, however, an uninterrupted progress of capital and population; and then, as poorer land was cultivated, less and less must be divided between labour and profits	ib.
If the labourer could diminish his physical wants in proportion to the difficulty of production, the rate of profits might remain the same; but as he cannot, labour will absorb a larger proportion of the produce, and profits must fall	298
Profits and real wages would be highest at first, and would gradually diminish together, till they both came to a stand at the same time	299
Profits in manufactures and commerce would also fall, owing to the high value of corn and labour compared with other commodities, and the consequent increased expense of producing these commodities, compared with their value when produced	300
In this progress, the rate of profits is <i>limited</i> by the powers of the last land taken into cultivation; but limitation is essentially different from regulation	ib.

SECT. II.—Of Profits as affected by the Proportion which Capital bears to Labour.

The second main cause which, by increasing the amount of

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the advances, influences profits in the proportion which capital bears to labour	301
When capital is really abundant compared with labour, profits must be low, and no facility of production can occasion high profits, unless capital is scarce	ib.
If, while the capital of a country continued increasing, its population were checked by some miraculous influence, every sort of gradation might take place in the rate of profits, from this cause alone	302
Profits would be high at first, and would be gradually diminished, as capital continued to increase faster than labour, till the motive to accumulation ceased	ib.
Profits, in the case supposed, would be affected in the same way as at present, but rents and wages very differently	303
Rents and profits would be low, because the supply both of land and of capital would be abundant, and the wages of labour would be high because labour would be scarce; and thus the value of each would be determined by the principle of supply and demand	ib.
If the land of a country were supposed to be all of the same quality, and all fertile, but limited in quantity, profits and corn wages would finally be low, and rents very high	304
The effects which would result from these suppositions shew that the successive cultivation of poorer land is not necessary either to low profits or high rent	305
The effects of the former of the two suppositions on wages, shew the prodigious power which the labouring classes possess, if they chuse to exercise it, of securing to themselves a large share of what they produce	ib.
In the progress of wealth, capital and population do not keep pace with each other, and their different rates of increase at different times occasion great temporary variations in the rate of profits	306
Though the government long annuities are tending constantly to a diminution of value, yet, from an abundance of capital, they may be higher instead of lower, after the lapse of above twenty years	307
Upon the same principle; we should fall into great practical errors, if we were to estimate the rate of profits with re-	

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ference only to the difficulty of procuring the food of the labourer	308
Yet it is on this cause alone that Mr. Ricardo dwells in his Chapter on Profits	ib.
If the premises were such as Mr. Ricardo supposes, his conclusions would be just; but as other powerful causes are in operation besides those which he has contemplated, his conclusions must contradict experience	308
Profits do not depend, as stated by Mr. Ricardo, on the quantity of labour required to provide the necessaries of the labourer	309
If by the necessaries of the labourer be meant what Mr. Ricardo calls the natural wages of labour, the proposition is untrue; because profits must obviously be affected by the varying <i>quantity</i> as well as <i>value</i> of necessaries paid to the labourer	ib.
If by necessaries be meant the actual earnings of the labourer, the proposition is essentially incomplete, as it quite omits the causes of high or low corn wages	310
In determining the quantity of food awarded to the labourer, the principle of demand and supply and competition brought forward by Adam Smith, and rejected by Mr. Ricardo, must be referred to	ib.
There is no other cause of <i>permanently</i> high profits than a deficiency in the supply of capital	311
The differences in the rate of profits, occasioned by the different proportions of capital to labour, in such countries as Poland and America, hardly form any part of Mr. Ricardo's theory of profits	ib.
It is not meant to underrate the importance of that cause of the fall of profits, which has been almost exclusively considered by Mr. Ricardo. It is of such a nature as finally to overwhelm every other	312
But though its final power be so great, its progress is very slow, and other causes are producing effects which entirely overcome it for a considerable length of time	ib.

SECT. III.—*Of Profits as affected by the Causes practically in operation.* PAGE

In the actual state of things, the two causes already noticed will act in conjunction, and will be further modified by others	313
If, at the same time that poorer land is successively cultivated, agricultural improvements are taking place, the influence of the latter cause in raising profits may more than counterbalance that of the former in lowering them	ib.
The same effect in checking the natural tendency to a fall of profits will be produced by an increase of personal exertions among the labouring classes	314
The two circumstances just noticed tend to diminish the expense of production; but profits vary also with prices, as well as costs	315
A considerable effect on profits therefore may be occasioned by a rise in the price of corn, without a proportionate rise in the costs of production	ib.
These three circumstances have all a tendency to counteract the effects of cultivating poorer land; and it is not easy to say to what extent they may balance or overcome them	316
The reason why agricultural profits are chiefly dwelt upon is, that the whole stress of the question depends upon them	ib.
But fully allowing the final operation of that cause of the fall of profits, which depends upon the state of the land, yet from its slow progress, and the counteraction of other causes, ample play is left for the principle of competition	317
This may be illustrated by facts which have occurred in our own country	ib.
In the early part of the last century, the interest of money, and the profits of stock, were much lower than at the beginning of the present, notwithstanding great quantities of fresh land had been taken into cultivation in the interval	318
The different rates of interest and profits at these two periods are diametrically opposed to the theory of profits founded on the natural quality of the last land taken into cultivation	320

The circumstances under which these facts took place shew that they were connected with redundancy or deficiency of capital; and the question is, whether this principle could operate so freely as to overcome the effect of taking poorer land into cultivation	320
In the first period, apparently a period of redundant capital, corn fell, and wages rather rose, which would account at once for low profits of stock	321
In the second period, a period when capital was in great demand, all those causes seemed to be in operation which tend to counteract the effects of taking poorer land into cultivation	322
The increased rate of agricultural profits from 1793 to 1813 arose more from the increased amount of agricultural produce, obtained by the same number of families, than from a diminution of corn wages	323
Though some of the causes noticed were in part accidental, yet in contemplating a future period, we may lay our account to their operation, in a considerable degree, when the occasion calls for them	324
The profits of stock will probably be higher at the beginning of the 20th century than during the next twenty years, if the more distant æra should be a period of war with a great demand for capital, and the nearer one a period of peace with a redundant capital	325
In dwelling exclusively upon the relative abundance and competition of capital, as the cause of falling profits, Adam Smith is practically nearer the truth, than those who dwell almost exclusively on the quality of the last land taken into cultivation	ib.

SECT. IV.—*Remarks on Mr. Ricardo's Theory of Profits.*
 Mr. Ricardo's Theory of Profits depends upon the position, that wages and profits always form together the same value, under any variations of money wages; but this position being unfounded, the money wages of labour cannot regulate the rate of profits 326
 This conclusion will appear still more strikingly true, if we suppose the precious metals to be obtained by a uniform

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quantity of labour unassisted by capital, in which case they would retain more constantly the same value than in any other	327
On this supposition, all the same effects on profits which Mr. Ricardo ascribes to the rise of money wages would take place from a fall in the money prices of commodities and a small rise in the price of corn	328
The principle of demand and supply would determine the degree in which prices would fall; and these prices, compared with the uniform price of labour, would regulate the rate of profits	ib.
Mr. Ricardo never contemplates the fall of prices as occasioning the fall of profits, although in many cases it will be the main cause of such fall, and will obviously be occasioned by competition	328
Upon the principle of competition, there is reason to think that the profits of stock in this country would not be higher if the price of corn were greatly reduced by importation	330
Permanent improvements in agriculture afford the largest <i>avenue</i> for the employment of capital without a diminution of profits	331
A very extensive territory with the soil of a poor quality, yet nearly all capable of cultivation, might, by continued improvements in agriculture, employ a vast mass of capital for hundreds of years with little fall of profits	332
A small fertile territory, though it should freely import corn, might have its profits greatly reduced before it had employed one third of the capital which had been laid out in the former case	ib.
The fall of profits in a country which imported a considerable part of its corn would probably be occasioned, not by a rise in the bullion price of corn, but by a fall in the bullion price of the goods with which it was purchased	ib.
In the largest article of our exports—cottons, the fall in the wages of labour, which ought to have been accompanied by high profits, according to this theory of profits, has, in fact, been attended with falling profits	333
If it be said that the cotton trade is confessedly glutted, it may be asked whether any considerable trade can be	

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pointed out where high profits call for additional capital?	333
It must be allowed then, that, in looking to the causes of the fall of profits, we take a view of but one half of the question if we consider only the rise of wages and not the fall of commodities	334
On every supposition, however, the great limiting principle, which depends upon the increasing difficulty of procuring subsistence, is always ready to act, and must finally lower profits; but even this principle acts according to the laws of supply and demand	ib.
The reason why profits must fall as the land becomes more exhausted is, that the effective demand for necessaries cannot possibly increase in proportion to the increased expense of producing them	335
The further demand for corn must cease when the last land taken into cultivation will but just replace the capital and support the population engaged in cultivating it	ib.
But what would be the effect on profits of any particular amount of accumulation could not be predicted beforehand, as it must always depend upon the principles of demand and supply	336

CHAPTER VI.

OF THE DISTINCTION BETWEEN WEALTH AND VALUE.

A country possessing the greatest abundance of commodities without labour might be rich without exchangeable value	337
But in the real state in which man is placed on earth, wealth and exchangeable value are more nearly connected than they have sometimes been supposed to be	ib.
When more commodities of the same quality are obtained by improved machinery at the same cost, the distinction between wealth and value is obvious; yet even here the possessor of the increased quantity is only richer with a view to consumption, not to exchange	338
In comparing objects of different kinds, there is no other way of estimating the degree of wealth which they confer, than	

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by the relative estimation in which they are held, evinced by their relative exchangeable values	338
Wealth, however, does not always increase in proportion to increase of value; but neither does it increase in proportion to the mere quantity of commodities, if they are not suited to the wants of the society	339
Wealth depends partly upon the quantity of produce, and partly upon such adaptation of it to the wants and powers of the society as to give it the greatest value	340
But where wealth and value are the most nearly connected, is, in the necessity of the latter to the production of the former	ib.
It is the value of commodities, or the sacrifice which people are willing to make in order to obtain them, that, in the actual state of things, may be said to be the sole cause of the existence of wealth in any quantity	341
The market prices of commodities are the immediate causes of all the great movements of society in the production of wealth, and these market prices express their exchangeable values	342
The term value, or value in exchange, is always understood here in the enlarged sense explained in Chap. II., and never in the more confined sense used by Mr. Ricardo.	343

CHAPTER VII.

ON THE IMMEDIATE CAUSES OF THE PROGRESS OF WEALTH.

<i>SECT. I.—Statement of the particular Object of Inquiry.</i>	
The particular object of inquiry is to trace the causes which are most effective in calling forth the powers of production in different countries	345
Moral and political causes are, in this respect, of primary importance; but it is intended chiefly to consider those which are more directly within the province of political economy	ib.
Many countries, with great powers of production, are poor, and many, with scanty powers of production, are comparatively rich, without any very essential difference in the security of property	346
If the actual wealth of a country be not, after a certain pe-	

riod, in some degree proportioned to its powers of production, there must have been a want of stimulus to produce; and the practical question for consideration is, what is the most immediate and effective stimulus to the progress of wealth	347
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SECT. II.—Of an Increase of Population considered as a Stimulus to the continued Increase of Wealth.

If want alone, or the desire of the necessaries of life among the labouring classes, were a sufficient stimulus to production, the earth would have been comparatively full of inhabitants	347
A man whose only possession is his labour can make no effectual demand for produce if his labour be not wanted	348
To justify the employment of capital, there must be a demand for the produce of it, beyond that which may be created by the demand of the workmen employed	349
The effect of the increase of population to raise profits by lowering wages must be very limited, and must soon be checked by want of demand	ib.
By a reference to experience, it will be found that those states often make the slowest progress in wealth where the stimulus arising from population alone is the greatest	350
The practical question is, whether the pressure of the population hard against the limits of subsistence is an adequate stimulus to the increase of wealth? And the state of most countries of the world determines the question in the negative	351

SECT. III.—Of Accumulation, or the Saving from Revenue to add to Capital, considered as a Stimulus to the Increase of Wealth.

Those who reject mere population as an adequate stimulus to the increase of wealth make every thing depend upon accumulation; and there is certainly no other mode of increasing capital than the saving from revenue to add to it	351
But we have to inquire what it is that disposes nations to accumulate, and renders accumulation effective to the continued increase of wealth	352

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The saving from revenue to add to capital may increase produce faster than the demand for it	352
It has been thought by some able writers that a glut of commodities cannot be general; but this doctrine seems to be unfounded	353
As a matter of fact, it is not true that commodities are always exchanged for commodities. The great mass of commodities is exchanged for labour, and may fall in value compared with such labour	ib.
A general fall in the value of commodities compared with labour, so as to lower profits almost to nothing, is precisely what is meant by a general glut	354
M. Say, Mr. Mill, and Mr. Ricardo appear to have fallen into some fundamental errors in the view they have taken of this subject	ib.
1st. They have considered commodities in relation only to each other, and not in relation to the wants of the consumers	355
If commodities were only to be compared with commodities, their doctrine would be true; but compared with the wants of the consumers, they may fall so as to check both the power and will to accumulate	ib.
Effectual demand is not merely the offering of one commodity for another: they may both command no more labour than they have cost, in which case there would be no effectual demand for either of them	ib.
A new commodity thrown into the market, which yields high profits, is very different from a mere increase of quantity, and will certainly increase demand; because it implies a better adaptation of the produce to the wants of the society	356
Mr. Ricardo acknowledges that there may be a temporary glut of commodities when capital increases faster than labour; but this is allowing that capital may be often redundant	ib.
Another error on this subject is, the not considering the influence of so important a principle in human nature as indolence, or the love of ease	358
It has been supposed that if a body of farmers and a body of	

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manufacturers produced each luxuries as well as necessaries, there never could be any difficulty as to a market for them	358
But this is taking for granted that luxuries are preferred to indolence, and that the profits of each party are consumed as revenue—the very points in dispute	ib.
A preference of indolence to luxuries, in either of the parties, would immediately occasion a want of demand; and history informs us, that such a taste for luxuries as will properly stimulate industry is a plant of slow growth	359
The third, and most important error, consists in supposing that accumulation ensures effectual demand	ib.
Mr. Ricardo considers 10,000 <i>l.</i> spent or saved, as equally <i>demand</i> , though for different objects	ib.
On this principle it is thought that a general saving in conveniences and luxuries would only lead to the production of a greater quantity of necessaries; but this could not happen without a total change in the motives to accumulation	360
The definition of fertile land is land which will support a much greater number of persons than are necessary to cultivate it; and if the landlord were to save this surplus, that is, employ it in setting more labourers to work on the land, he would impoverish instead of enrich himself	361
When the cultivators found that they could not realize their surplus, they would cease to employ the same quantity of labour on the land; and such parsimonious habits, by destroying the motive to cultivate well, would render a country, which had been rich and populous, comparatively poor and unpeopled	ib.
In the case of the body of farmers and manufacturers before supposed, all would go on well while they mutually consumed each other's products and luxuries; but if they began to save for the future, a want of demand would be immediately felt	363
If the cultivator were a tenant, the additional care and labour bestowed upon the land would be entirely thrown away; if he were a landlord, he could not cultivate his land to the greatest advantage with regard to the future, without altering his habits or throwing away the surplus	364

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The body of manufacturers would be still less able to improve their condition by saving; and it appears quite certain that a passion for accumulation must lead to a supply of commodities beyond the demand for them	365
It is a most important error therefore to couple the passion for expenditure and the passion for accumulation together, as if they were equally calculated to ensure demand	ib.
In the division of the produce, labour might absorb the value of a large proportion of manufactured commodities, owing to their cheapness, although it might be ill paid in necessities	366
In agriculture, all the parts of the same produce might not be of the same value. The wages of the labourer cannot sink below a certain point, but a part of the supply of corn might lose the character of wealth	367
If the cultivator could only employ a diminished capital on his land at a tolerable rate of profits, and could find no use for the remainder, it would be the same to him as if profits were generally lowered	368
If all that was lost by the capitalist were gained by the labourer, the evil would be temporary, as stated by Mr. Ricardo; but saving, pushed beyond a certain point, will destroy profits, and throw labourers out of employment at the same time	369
Parsimony and even a temporary diminution of consumption are often useful and necessary; but no nation can <i>possibly</i> grow rich by an accumulation of capital arising from a permanent diminution of consumption	ib.
The limits to such an accumulation of capital as shall not be attended with a rapid diminution of the motive to accumulate may very easily be passed	370
The laws which regulate the rate of profits and the progress of capital bear a striking resemblance to the laws which regulate the wages of labour and the progress of population	ib.
Mr. Ricardo has not been satisfied with shewing that the difficulty of procuring the food of the labourer is the only <i>absolutely necessary</i> cause of the fall of profits; but he has gone on to say that there is no other cause that has any degree of permanence	371

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Population may be redundant compared with the demand for it and the actual means of supporting it, although it may be greatly deficient compared with the extent and capabilities of the territory	371
In the same manner, capital may be greatly deficient compared with the territory and population, though redundant compared with the effectual demand for commodities and the capital that is to produce them	372
The first thing wanted in both these cases is a demand for commodities by those who are able and willing to pay an adequate price for them	ib.
The recovery of capital during a war is rapid, for the same reason that the recovery of population is rapid after it has been suddenly diminished	373
In neither case would the same rate of increase have taken place without the previous diminution	374
It is equally vain, with a view to a permanent increase of wealth, to push saving to excess, as to push population to excess	375
 <i>SECT. IV.—Of the Fertility of the Soil considered as a Stimulus to the continued Increase of Wealth.</i> 	
A fertile soil gives at once the greatest natural capability of wealth that a country can possess; and in speaking of the deficient wealth of a fertile country, it is meant to speak comparatively rather than positively	375
The settlers upon a very rich soil, with a vicious division of property at first, and unfavourably situated with regard to markets, might increase very slowly in wealth and population, and would be very likely to acquire indolent habits	376
It is found by experience that those who have the command of labour do not always employ it so as adequately to administer to their wants and wishes. The establishment of the finer manufactures has always been found to be a work of time and difficulty	377
An individual workman has the power of devoting more time to luxuries, the less time he is obliged to employ in procuring food; a whole nation possesses a similar power, but it is practically very seldom exerted	378
The conveniences and luxuries of life would be scanty, if the	

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actual producers-of them had no other motives than the desire of enjoying them: it is the want of necessities which mainly stimulates the labouring classes to produce luxuries	379
At an early period of cultivation, when only the richest soils are worked, it is generally found that the greatest proportion of the people is employed upon the land, which is just contrary to what would happen if it were true that, the more easily food is procured, the more time will be spent in the production of luxuries	ib.
In England, which has pushed its cultivation farther than most countries, a smaller proportion of the people is employed on the land than in any large nation of Europe, or of the world	380
If facility of production prevents the growth of national industry, the most fertile land may become practically unproductive	381
In the same manner, if the facility of procuring food creates habits of indolence in the individual, he may prefer the luxury of working little to the luxury of possessing conveniences and comforts	ib.
The state of the Spanish dominions in America, as described by Humboldt, strongly illustrates these positions	382
The produce of the banana, compared with the labour employed upon it, is so prodigious, that the inhabitants of the districts where it prevails will never, it is said, be roused from their excessive indolence till the cultivation of it has been prohibited	383
Though the labouring classes have such ample time to work for conveniences and comforts, they are almost destitute of them; and from improvident habits, suffer at times even for want of food	384
This poverty is not confined to the lower regions of New Spain. In ascending the Cordilleras to the finest climates in the world, the state of things is not very different	385
Maize, which is the chief food of the people on the Cordilleras, very greatly exceeds in productiveness the grains of Europe	ib.
Even in Mexico subsistence may be obtained by one or two	

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days' labour in the week, yet the people are wretchedly poor	386
The same poverty prevails in the country districts; and famines, from the failure of the crops of maize, combined with the indolence and improvidence of the people, are frequent, and are mentioned by Humboldt as the most destructive check to population	387
Such habits of indolence and improvidence necessarily act as formidable obstacles in the way of a rapid increase of wealth and population	388
The indolence of the natives is aggravated by their political situation; but still it yields to excitement and demand, as is proved by the rapid cultivation which takes place in the neighbourhood of new mines	ib.
Except in the neighbourhood of the mines, and near great towns, the effective demand for produce is not such as to induce the great proprietors to bring their immense tracts of land under cultivation	389
An Indian tenant, cultivating grain, would seldom be able to pay a rent equal to what the land would yield in pasture	ib.
Though the landlords have ample power to support a large population on their estates, they have not the will, and under a deficiency of commerce and manufactures, Spanish America might remain for ages poor and thinly peopled, compared with her natural resources	390
The actual poverty of New Spain, compared with its powers, is justly attributed by Humboldt to a want of consumers, that is, a want of effective demand	392
That it is the want of demand rather than the want of capital which retards the progress of wealth in New Spain, may be inferred from the abundance of capital noticed by Humboldt	ib.
Altogether, the state of New Spain strongly illustrates the position, that fertility of soil alone is not an adequate stimulus to the increase of wealth	393
A similar conclusion may be drawn from the state of Ireland, where the introduction of the potatoe as the general food of the working classes renders the labour necessary to maintain a family unusually small	ib.

Ireland maintains a larger population than is necessary for the quantity of work to be done, which naturally produces habits of indolence; and practically, those who have the command of necessaries and labour do not obtain what they want in return	394
The time which the Irish labourer has to spare does not, as appears from experience, put him in possession of an ample quantity of conveniences and luxuries	395
The Irish peasant has not been exposed to the usual excitements which create industry, owing to the abundance of people compared with the work to be done	396
If the labour of the Irish peasant, whether in the house or in the field, were always in demand, his habits might soon change	
Capital alone would not accomplish the object required, as in the actual state of the foreign and domestic markets, or in their probable state after the employment of such capital, there would not be an adequate demand for its products	398
In general, the checks which Irish manufactures and productions have received, have been more owing to want of demand than want of capital. Demand has generally produced capital, though capital has sometimes failed to produce demand	399
Ireland might be much richer than England if her redundant population were employed in commerce and manufactures; but to accomplish this object, a change of habits would be more effectual than a premature supply of capital	400
The state of Ireland leads to nearly the same conclusions respecting the causes which mainly influence the progress of wealth as the state of New Spain	401

SECT. V.—*Of Inventions to abridge Labour, considered as a Stimulus to the continued Increase of Wealth.*

Inventions to save manual labour are generally called forth by the wants of mankind in the progress of improvement; and therefore seldom much exceed those wants	401
But the same laws apply to machinery as to fertile land: a	

full use cannot be made of either without an adequate market	402
The natural tendency of machinery is, by cheapening the commodity produced, so to extend the market for it, as to increase its whole value. This has been strikingly the case in the cotton trade; and when machinery has this effect, its enriching power is prodigious	ib.
When capital and labour are thrown out of particular employments by machinery, the advantage derived from it may still be great, but it depends upon a contingency	403
If, to try the principle, we push it to a great extent, and suppose that, without any extension of the foreign market, we could obtain all the commodities at present in use with one third of the labour now applied, there is every reason to think that the exertions of industry would slacken	404
When the incomes of a country greatly depend upon industry and exertion, there must be something desirable in the object to be attained, or the industry and exertion will not be called forth	405
If, under a loss of foreign commerce, the efforts to supply tastes already formed could be supposed to maintain the wealth actually acquired, there is little chance of its increasing; and it certainly would not have reached the same amount, without the market of foreign commerce	406
Of this we shall be convinced, if we look at the quantity of our exports occasioned by machinery, and the returns we receive for them. We could not have found effective substitutes for such returns at home	407
If, from the time of Edward I. we had had no foreign commerce, our revenue from the land alone would not have approached to what it is at present, and still less our revenue from trade and manufactures	408
Most of the states of Europe, with their actual divisions of landed property, would have been comparatively unpeopled, without the excitements arising from manufactures and extended markets	ib.
The effects of our steam-engines, during the late war, would have been greatly diminished if we could not have exported their products	409

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By the application of machinery to the mines of America, the King of Spain might obtain great wealth; but the advantage would be comparatively nothing, if the products could not be exported for a market	410
If, in this country, the products of our machinery could not be exported, there are no plausible grounds for saying that the capitals thrown out of employment would as effectively increase the national revenue	ib.
A country has unquestionably the <i>power</i> of consuming all it produces, and it has also the power of applying much more labour than it actually applies to production; but it does not follow that these powers will be put into activity without the usual excitements	411
The presumption always is, that facility of production will open adequate markets; but it must be allowed that, if it does not, its advantages are in a great degree lost	412
Accumulation of capital, fertility of soil, and inventions to save labour, are the three causes most directly favourable to production; but as they all act in the same direction, and without reference to demand, they cannot afford an adequate stimulus to the continued increase of wealth . . .	413
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SECT. VI.— <i>Of the Necessity of a Union of the Powers of Production with the Means of Distribution, in order to ensure a continued Increase of Wealth.</i>	
To give effect to the powers of production, it is necessary that there should be such a distribution of the produce, and such an adaptation of it to the wants of those who are to consume it, as constantly to increase its exchangeable value	413
The stimulus to the increase of particular commodities is an increase in their market prices; and in the same way, the greatest stimulus to the increase of the whole produce of a country, is an increase of its value, from a better distribution of it, before more labour and capital have been employed	414
If the produce of a country were so distributed as not to be suited to the wants and tastes of the consumers, it would greatly fall in value; and if it were distributed so as to	

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be better suited to their wants and tastes, it would rise in value	414
Upon the improvement of the communications with the metropolis in this country, by turnpike roads and canals, the whole value of the produce rose considerably, and encouragement was given to the employment of a greater capital	ib.
The exchangeable value of the whole produce of a country may be measured for short periods by bullion	415
For longer periods it may be measured by the labour, domestic and foreign, which the bullion price of the produce will command	416
General wealth, like particular portions of it, will always follow effective demand. When the whole produce will command more labour, wealth will increase; when it will command less, the progress of wealth will be checked . . .	417
Mr. Ricardo states that a given quantity of necessaries will set in motion the same labour, whether they have been produced by the exertions of a hundred or two hundred men; but this cannot be true, unless we suppose that the real wages of labour are every where, and at all times, alike . .	ib.
In the case of a diminished demand for produce, the capitalist would soon lose both the will and the power to employ the same quantity of labour as before	418
An increase in the value of the produce estimated in labour seems to be absolutely necessary to an unchecked increase of wealth; and to support this value, it is necessary that there should be such a distribution of the produce as to effect a proper proportion between produce and consumption	419
If this value cannot be maintained under a rapid conversion of revenue into capital, how is that saving, which is acknowledged to be necessary, to take place without producing the diminution of value apprehended?	ib.
It may take place, and generally does take place, in consequence of a previous increase of revenue. It is this previous increase which gives the great stimulus to accumulation and makes it effective in the continued production of wealth . .	ib.
M. Sismondi limits the value of the produce of any year to	

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the value of the revenue of the preceding year; but this would preclude increase of value. A great increase of exchangeable value and demand may take place in any one year by a better distribution of produce, and a better adaptation of it to the wants of the society	420
The fortune of a country, like that of most merchants, is made by <i>savings</i> from increased gains, and not from a diminished expenditure	421
To estimate the increasing wealth of a country by the increasing value of its gross produce, is not to exalt the gross produce at the expense of the neat; because improvements which increase the neat produce, generally increase at the same time the gross produce	422
No definition of wealth can be just that does not embrace the gross produce. Those who live on wages are the most numerous and important part of the society	423
The interests of individual capitalists prompt them to save labour; and both theory and experience tend to show that these efforts tend on the whole greatly to increase the exchangeable value of the whole produce	425
Production and distribution are the two great elements of wealth, which, combined in due proportions, are able to carry it to its utmost possible limits	426

SECT. 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 three causes most favourable to distribution are, the division of landed property; internal and external commerce; and the maintenance of unproductive consumers	427
In the first settlement of new colonies, an easy subdivision of the land is necessary to give effect to the principle of population	ib.
The rapid increase of the establishments in North America depended greatly upon the facility of settling new families on the land as they branched off from their parent stocks	428
The vicious distribution of landed property almost all over Europe, derived from the feudal times, was the main cause	

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which impeded the progress of cultivators and wealth in the middle ages	429
The difficulty was not so much to inspire the rich with a love of finery as to divide their immense properties and create a greater number of demanders, which could only be effected very gradually	ib.
It is physically possible for a small number of very rich proprietors and capitalists to create a very large demand; but practically, it has always been found that the excessive wealth of the few is never equivalent, in effective demand, to the more moderate wealth of the many	430
But though it be true that the division of landed property to a certain extent is favourable to the increase of wealth, is equally true that beyond a certain extent it is unfavourable	431
It will be found that all the great results in political economy respecting wealth, depend upon proportions; and this important truth is particularly obvious in the division of landed property	432
On the effects of a great subdivision of property, an experiment is now making in France. The law of succession divides property equally among all the children, and allows but a small portion of it to be disposed of by will	433
Such a law would be of use in most countries of Europe for a time; but if it continue to be the law of France, it will lead to great poverty as well as equality	ib.
Such a state of property would neither be favourable to the maintenance of the present mixed government, nor to the continuance of a well constituted republic	434
But it would be a favourable soil for a military despotism. The army might easily be made the richest class in the country, and it would then possess an influence which, in such a state of things, nothing could resist	ib.
In the British empire, the immense landed possessions which formerly prevailed have been divided by the prosperity of commerce and manufactures	435
A large body of middle classes has been formed from commerce, manufactures, professions, &c. who are likely to be more effective demanders than small proprietors of land	436

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Under these circumstances, it might be rash to conclude that the abolition of the right of primogeniture would increase the wealth of the country; but if we could come to this conclusion, it would not determine the policy of a change	437
There is reason to think that the British constitution could not be maintained without an aristocracy; and an effective aristocracy could not be maintained without the right of primogeniture	ib.
It is not easy to say to what extent the abolition of the law of primogeniture would divide the landed property of the country; but the division would probably be unfavourable to good government	438
Although therefore a <i>more</i> equal distribution of landed property might be better than that which actually prevails, it might not be wise to abolish the law of primogeniture	439
But whatever laws may prevail, the principle will remain true, that the division of landed property is one of the great means of distribution which tends to keep up and increase the exchangeable value of the whole produce	ib.
 <i>SECT. VIII.—Of the Distribution occasioned by Commerce, internal and external, considered as the Means of increasing the exchangeable Value of Produce.</i>	
Every exchange which takes place in a country effects a distribution of its commodities better adapted to the wants of the society, and calculated to give a greater market value to the whole produce	440
The Economists insisted that commerce only equalized prices which were in some places too high, and in some too low; but the effect of an advantageous exchange is to increase the amount of the value of both products	441
If internal commerce did not tend to increase the value of the national produce, it would not be carried on; as it is out of this increase that the merchants concerned are paid	ib.
If it be allowed that the industry of a country is determined by the extent of its capital, still the value of the revenue so derived must depend upon the way in which this capital is employed	442
The whole produce of a nation may be said to have a market	

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price in money and labour. When this price rises, produce increases; when it falls, the increase of produce is checked	443
It is only by referring commodities to a circulating medium that we can ascertain whether they are so distributed as to command a greater quantity of domestic and foreign labour	444
From the harvest of 1815 to the harvest of 1816, the funds for the maintenance of labour were more plentiful than usual, yet, from defective distribution, they would not command so much labour as before	ib.
We have no right to assume that a great produce will always be effectively distributed and consumed. If the whole produce falls in money value, the distribution must be such as to lower profits and to discourage production	446
Referring to labour as the final measure of the value of the whole produce, its bullion value should be previously referred to, in order to ascertain whether its distribution be such as to enable it to command labour in some proportion to its quantity	447
The distribution of commodities, occasioned by internal trade, is the first step towards any considerable increase of wealth and capital	448
The motives which lead to foreign commerce are the same as those which lead to an extension of the home trade—namely, an increase of profits, or the prevention of that fall which would otherwise have taken place	ib.
Mr. Ricardo says, that no extension of foreign commerce can immediately increase the amount of value in a country; but this is quite contrary to facts, according to the common meaning of the term used	449
A present from a foreign country, or the unusual gains of a prosperous adventure, may enrich some merchants, without proportionately impoverishing others, and therefore may increase the value of the whole	450
The increased value so obtained will either command more labour, or pay the former quantity of labour better	451
Though the quantity of money be not immediately increased, yet the whole produce will be estimated at a higher value	452

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In general, however, a very favourable foreign trade leads to an importation of bullion from some quarter or other . . .	453
If the demand for foreign commodities increases, it does not follow that the demand for home commodities must proportionately diminish	ib.
The demand for foreign and home commodities, taken together, may be limited by the national revenue; but the national revenue is at once increased by the increased profits of the foreign merchant, without a proportionate diminution of revenue in any other quarter	454
When the increase of commodities derived from foreign commerce is not accompanied by an increase of value, a stagnation in the demand for labour is immediately perceptible, and the progress of wealth is checked	ib.
It is not the same to the labourer whether wages rise, or provisions fall. In the first place he is sure of full employment; in the other case, he may probably be thrown out of work	455
A great fall in the price of particular commodities is perfectly compatible with a continued and great increase in the whole value, both of the commodities themselves and of the general produce	456
Even in the cases where the whole value of the particular article diminishes, it does not follow that the value of the general produce will be diminished; but if it be, either temporary or permanent distress will be felt	457
The specific and immediate cause of a general briskness of demand is such a distribution of the produce, and such an adaptation of it to the tastes and wants of the society, as will give its money price an increased command of domestic and foreign labour	458
The progress of the United States of America, and of this country from 1793 to 1814, and all the striking instances of a rapid increase of demand and wealth, will answer to this test	ib.
But no instance can be produced of a country engaged in a successful foreign commerce, and exhibiting an increasing plenty of commodities, where the value of the whole pro-	

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duce estimated in domestic and foreign labour has been retrograde or stationary	459
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 <i>immediately</i> to increase the value of that part of the national revenue which consists of profits	460
Mr. Ricardo considers foreign trade chiefly as the means of obtaining <i>cheaper</i> commodities; but this is only looking to one half of its advantages, and probably not the larger half	461
We must estimate the advantages of the greatest part of our foreign commerce upon a different principle, namely, that of exchanging what is wanted less, for what is wanted more	462
Foreign commerce therefore, and all extension of markets, must be considered as pre-eminently favourable to that increase of value which arises from distribution	ib.
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If, under a rapid conversion of unproductive into productive labour, the demand, compared with the supply of material products, would prematurely fail, it follows that a country with great powers of production must possess a body of unproductive consumers	463
In the fertility of the soil, the powers of machinery, and the motives to exertion, under a system of private property, nature has made a provision for leisure; and if it be not accepted, the progress of wealth will be impeded rather than accelerated	ib.
The most advantageous proportion of the unproductive to the productive classes cannot be determined. It will vary with the fertility of the soil and the ingenuity of the people	464
It will vary also with the different degrees of consumption which may prevail among the producers themselves	ib.
Capitalists, though they have the power of consuming all their profits, have seldom the will, as it is generally the great object of their lives to save a fortune	465

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It is not true that the desire of consumption is commensurate with the power. Merchants and manufacturers, as a body, have such a tendency to save, that they could not, among themselves, find an adequate market for what they produce	465
Without a sufficient number of other consumers to enable the merchant to realize his profits, he must either consume more himself, or produce less; and if he adopt the latter course, the wealth of the country must necessarily suffer	466
Mr. Ricardo seems to consider saving as an end; but, in reference to national wealth, it can only be considered as a means; and a saving owing to cheap commodities has a totally different effect from a saving in consequence of high profits	ib.
National saving, considered as the means of increased production, must be limited by the amount which can be advantageously employed in supplying the actual demand for produce	467
The tendency to consume is powerfully counteracted by the love of indolence, and the desire to save in order to better our condition. Both capital and population may be redundant compared with the effective demand for produce	468
It is true that wealth produces wants; but it is a still more important truth that wants produce wealth. The greatest difficulty in civilizing and enriching countries is, to inspire them with wants	469
The desire to realize a fortune, in order to provide for a family, is a powerful motive to exertion; but the motive would not operate to the same extent, if, from the want of other consumers, the producers were obliged to consume nearly all that they produced themselves	471
If the master producers have not the will greatly to increase their consumption, the labouring producers have not the power; and further, no consumption, on the part of workmen alone, can give encouragement to the employment of capital	ib.
If each workman were to consume double, all poor land would be thrown out of cultivation, and the power and will to accumulate would soon come to a stop	472
There is little danger, however, of the labouring classes con-	

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suming too much. Owing to the principle of population the tendencies are all the other way	473
It might be desirable, on other accounts than with a view to wealth, that the labouring classes should not work so hard; but as this could only be accomplished by a simultaneous resolution among workmen, it cannot take place	ib.
With the single exception of the effects to be expected from prudential habits, there is no chance of an increased consumption among the working classes; and if there were, it is not the kind of consumption best calculated to encourage the employment of capital	475
When the demands of the landlords have been added to those of the productive classes, it appears from experience that profits have often prematurely fallen	ib.
But if the master producers have not the will to consume sufficiently, and the working producers have not the power, then, if the aid of the landlords be not found sufficient, the consumption required must take place among the unproductive labourers of Adam Smith	476
Every country must necessarily have a body of unproductive labourers; but it is a most important practical question to determine, whether they detract from the wealth of a country, or encourage it	477
The solution of this question depends upon the solution of the greater questions, 1st. whether the motive to accumulate may be checked from the want of demand, before it is checked by the difficulty of procuring food; and 2dly, whether such check is probable	478
An attempt has been made to determine these two questions in different parts of the present work, and if the determination be just, we may conclude that a body of unproductive labourers is necessary as a stimulus to wealth	ib.
Of the persons constituting the unproductive classes, those which are paid voluntarily will be considered in general as the most useful in exciting industry, and the least likely to be prejudicial by interfering with the costs of production	478
Those which are supported by taxes are equally useful with regard to distribution, but may be prejudicial by occasion-	

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ing an increased cost of production, and embarrassing commerce	479
Taxation, though it may sometimes stimulate to wealth, is so dangerous an instrument of distribution, that it can never be recommended with this view; yet, when a different distribution of property has actually been effected by it, the policy of a fresh change may be doubtful	480
If distribution be a necessary element of wealth, it would be rash to affirm, that the abolition of a national debt must certainly increase wealth and employ the people	481
If the powers of production in a well peopled country were tripled, the greatest difficulty would be the means of distribution; and it would depend upon the circumstance of proper means of distribution being found, whether the increased powers were a great good, or a great evil	482
It may be a question, whether, with the great powers of production possessed by this country, and with its actual division of property in land, the same stimulus could be given to the increase of wealth, without the distribution occasioned by a national debt	483
Still there are serious evils belonging to a national debt. It is both a cumbersome and a dangerous instrument of distribution	484
On these accounts it might be desirable to diminish the debt, and discourage its growth in future; but after being accustomed to a great consumption, we cannot recede without passing through a period of great distress	485
If a sponge were applied to the national debt, the rest of the society, instead of being richer, would be the poorer for it. More labourers would be thrown out of employment, and more capital would emigrate	486
The landlords would probably employ more menial servants, and this would be the best remedy that in the actual circumstances could be applied; but the structure of society would be greatly deteriorated by the change	487
The profits of capitalists, notwithstanding their relief from taxation, would fall from the want of distribution and demand, and in a few years the whole produce would be reduced	ib.

A country with land, labour, and capital, has certainly the power of recovering from this state of things; but it would have passed through a period of great stagnation; and finally a considerable body of unproductive labourers may be absolutely necessary to call forth its resources	488
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If one fourth of the capital of a country were suddenly destroyed, or transported to a different part of the world, profits would be high and saving would be the remedy required	491
If, on the other hand, capital were diminished by the failure of some branches of trade which had formerly been very prosperous, profits would be low, and saving would not be the remedy required	ib.
The state of England at present bears the nearest resemblance to the latter case. Its capital has been diminished, but its revenue and effective demand for produce have been diminished still more, and profits are low and uncertain	493
But when profits are low, and capital is on that account flowing out of the country; to encourage saving, is like the policy of encouraging marriage when the population is starving and emigrating	495
Our present low profits have been attributed to the cultivation of poor land, heavy taxation, and restrictions on commerce; but it is difficult to admit a theory of our distresses inconsistent with the theory of our prosperity	ib.
Whatever may be the final tendency of these causes; yet as the country was more than usually prosperous when they	

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prevailed in a greater degree than at present, we must look elsewhere for the immediate sources of the existing distress	496
A country surrounded by an impassable wall might experience similar distress from a sudden diminution of demand and consumption, although there were no poor land, no taxes, nor any restrictions on trade	497
The state of Europe and America since the war is inexplicable upon the principles of those who think that the power of production is the only element of wealth	498
The transition from war to peace, as usually explained, will not account for so long a period of stagnation as has taken place since the war: but it may be accounted for, by supposing that the whole consumption compared with the supply has diminished	ib.
This diminished consumption must have operated very differently in different countries. Some it must have relieved, others it has distressed. Those which suffered the least by the war have suffered the most by the peace	500
The distress which has attended the peace is an unfortunate association; but it should be recollected that it has arisen from peculiar circumstances, which in the same degree are not necessarily connected with the termination of a war	501
On account of the evils likely to be felt from a sudden diminution of consumption, the policy which has often been recommended of raising the supplies for a war within each year may fairly be doubted	502
Although it is necessary to save, in order to recover the capital which the country has lost; yet if profits are low and uncertain, saving is not the first step wanted	503
What the country wants is an increased national revenue, or an increase of the exchangeable value of the whole produce. When this has been attained we may save with effect	505
The question, how this increase of revenue is to be attained, has been attempted to be answered in the latter sections of this chapter	ib.
An increased revenue is not so easily attained as an increased proportion of capital to revenue	506

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A greater freedom might be given to commerce without diminishing the revenue of the customs. The permanent effects of opening the trade with France would certainly be beneficial	508
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Public works, the making and repairing of roads, and a tendency among persons of fortune to improve their grounds, and keep more servants, are the most direct means within our power of restoring the demand for labour	ib.
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It is thought by many that the revenue of the country would be most effectually increased, and the balance of consumption restored, by an abundant issue of paper; but this opinion is founded on a mistaken view of the effects of a depreciated currency	513
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The doctrine that the progress of wealth depends upon proportions may be objected to as rendering the science of Political Economy more uncertain; but if it be found true, it is a sufficient answer to the objection	515
Though no certain rule can be laid down for growing rich the fastest, yet if we attend to the great laws of demand	

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It is the duty of governments to avoid war if possible; but if it be unavoidable, so to regulate the expenditure as to produce the least fluctuation of demand	ib.
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