## CHAPTER VII

OF THE NATURAL AND MARKET PRICE OF COMMODITIES

THERE IS IN EVERY SOCIETY or neighbourhood an ordinary or average rate, both of wages and profit, in every different employment of labour and stock. This rate is naturally regulated, as I shall shew hereafter, partly by the general circumstances of the society, their riches or poverty, their ad- vancing, stationary, or declining condition, and partly by the particular nature of each employment.

There is likewise in everysociety or neighbourhood an ordinary or aver- age rate of rent, which is regulated, too, as I shall shew hereafter, partly by the general circumstances of the society or neighbourhood in which the land is situated, and partly by the natural or improved fertility of the land. These ordinary or average rates may be called the natural rates of wages,

profit and rent, at the time and place in which they commonly prevail.

When the price of any commodity is neither more nor less than what is sufficient to pay the rent of the land, the wages of the labour, and the profits of the stock employed in raising, preparing, and bringing it to market, according to their natural rates, the commodity is then sold for what may be called its natural price.

The commodity is then sold precisely for what it is worth, or for what it really costs the person who brings it to market; for though, in common language, what is called the prime cost of any commodity does not compre- hend the profit of the person who is to sell it again, yet, if he sells it at a price which does not allow him the ordinary rate of profit in his neighbourhood, he is evidently a loser by the trade; since, by employing his stock in some other way, he might have made that profit. His profit, besides, is his rev- enue, the proper fund of hissubsistence. As, while he is preparing and bring- ing the goods to market, he advances to his workmen their wages, or their subsistence; so he advances to himself, in the same manner, his own subsis- tence, which is generally suitable to the profit which he may reasonably expect from the sale of his goods. Unless they yield him this profit, there-

fore, they do not repay him what they may very properly be said to have really cost him.

Though the price, therefore, which leaves him this profit, is not always the lowest at which a dealer may sometimes sell his goods, it is the lowest at which he is likely to sell them for any considerable time; at least where there is perfect liberty, or where he may change his trade as often as he pleases.

The actual price at which any commodity is commonly sold, is called its market price. It may either be above, or below, or exactly the same with its natural price.

The market price of every particular commodity is regulated by the proportion between the quantity which is actually brought to market, and the demand of those who are willing to pay the natural price of the commodity, or the whole value of the rent, labour, and profit, which must be paid in order to bring it thither. Such people may be called the effectual demanders, and their demand the effectual demand; since it maybe suffi- cient to effectuate the bringing of the commodity to market. It is different from the absolute demand. A very poor man may be said, in some sense, to have a demand for a coach and six; he might like to have it; but his demand is not an effectual demand, as thecommodity can never be brought to market in order to satisfy it.

When the quantity of any commodity which is brought to market falls short of the effectual demand, all those who are willing to pay the whole value of the rent, wages, and profit, which must be paid in order to bring it thither, cannot be supplied with the quantity which they want. Rather than want it altogether, some of them will be willing to give more. A competition will immediately begin among them, and the market price will rise more or less above the natural price, according as either the great- ness of the deficiency, or the wealth and wanton luxury of the competi- tors, happen to animate more or less the eagerness of the competition. Among competitors of equal wealth and luxury, the same deficiency will generally occasion a more or less eager competition, according as the acqui- sition of the commodity happens to be of more or less importance to them. Hence the exorbitant price of the necessaries of life during the blockade of a town, or in a famine.

When the quantity brought to market exceeds the effectual demand, it cannot be all sold to those who are willing to pay the whole value of the rent, wages, and profit, which must be paid in order to bring it thither. Some part must be sold to those who are willing to pay less, and the low price which they give for it must reduce the price of the whole. The mar-

ket price will sink more or less below the natural price, according as the greatness of the excess increases more or less the competition of the sellers, or according as it happens to be more or less important to them to get immediately rid of the commodity. The same excess in the importation of perishable, will occasion a much greater competition than in that of du- rable commodities; in the importation of oranges, for example, than in that of old iron.

When the quantity brought to market is just sufficient to supply the effectual demand, and no more, the market price naturally comes to be either exactly, or as nearly as can be judged of, the same with the natural price. The whole quantity upon hand can be disposed of for this price, and can not be disposed of for more. The competition of the different dealers obliges them all to accept of this price, but does not oblige them to accept of less.

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

If at any time it exceeds the effectual demand, some of the component parts of its price must be paid below their natural rate. If it is rent, the interest of the landlords will immediately prompt them to withdraw a part of their land; and if it is wages or profit, the interest of the labourers in the one case, and of their employers in the other, will prompt them to withdraw a part of their labour or stock, from this employment. The quan- tity brought to market will soon be no more than sufficient to supply the effectual demand. All the different parts of its price will rise to their natu- ral rate, and the whole price to its natural price.

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

The natural price, therefore, is, as it were, the central price, to which the prices of all commodities are continually gravitating. Different accidents

may sometimes keep them suspended a good deal above it, and some- times force them down even somewhat below it. But whatever may be the obstacles which hinder them from settling in this centre of repose and continuance, they are constantly tending towards it.

The whole quantity of industry annually employed in order to bring any commodity to market, naturally suits itself in this manner to the ef- fectual demand. It naturally aims at bringing always that precise quantity thither which may be sufficient to supply, and no more than supply, that demand.

But, in some employments, the same quantity of industry will, in dif- ferent years, produce very different quantities of commodities; while, in others, it will produce always the same, or very nearly the same. The same number of labourers in husbandry will, in different years, produce very different quantities of corn, wine, oil, hops, etc. But the same number of spinners or weavers will every year produce the same, or very nearly the same, quantity of linen and woollen cloth. It is only the average produce of the one species of industry which can be suited, in any respect, to the effectual demand; and as its actual produce is frequently much greater, and frequently much less, than its average produce, the quantity of the commodities brought to market will sometimes exceed a good deal, and sometimes fall short a good deal, of the effectual demand. Even though that demand, therefore, should continue always the same, their market price will be liable to great fluctuations, will sometimes fall a good deal below, and sometimes rise a good deal above, their natural price. In the other species of industry, the produce of equal quantities of labour being always the same, or very nearly the same, it can be more exactly suited to the effectual demand. While that demand continues the same, therefore, the market price of the commodities is likely to do so too, and to be either altogether, or as nearly as can be judged of, the same with the natural price. That the price of linen and woollen cloth is liable neither to such frequent, nor to such great variations, as the price of corn, every man’s experience will inform him. The price of the one species of commodities varies only with the variations in the demand; that of the other varies not only with the variations in the demand, but with the much greater, and more frequent, variations in the quantity of what is brought to market, in order to supply that demand.

The occasional and temporary fluctuations in the market price of any commodity fall chiefly upon those parts of its price which resolve them- selves into wages and profit. That part which resolves itself into rent is less affected by them. A rent certain in money is not in the least affected by

them, either in its rate or in its value. A rent which consists either in a certain proportion, or in a certain quantity, of the rude produce, is no doubt affected in its yearly value by all the occasional and temporary fluc- tuations in the market price of that rude produce; but it is seldom affected by them in its yearly rate. In settling the terms of the lease, the landlord and farmer endeavour, according to their best judgment, to adjust that rate, not to the temporary and occasional, but to the average and ordinary price of the produce.

Such fluctuations affect both the value and the rate, either of wages or of profit, according as the market happens to be either overstocked or understocked with commodities or with labour, with work done, or with work to be done. A public mourning raises the price of black cloth ( with which the market is almost always understocked upon such occasions), and augments the profits of the merchants who possess any considerable quantity of it. It has no effect upon the wages of the weavers. The market is understocked with commodities, not with labour, with work done, not with work to be done. It raises the wages of journeymen tailors. The market is here understocked with labour. There is an effectual demand for more labour, for more work to be done, than can be had. It sinks the price of coloured silks and cloths, and thereby reduces the profits of the merchants who have any considerable quantity of them upon hand. It sinks, too, the wages of theworkmen employed in preparing such commodities, for which all demand is stopped for six months, perhaps for a twelvemonth. The mar- ket is here overstocked both with commodities and with labour.

But though the market price of every particular commodity is in this manner continually gravitating, if one may say so, towards the natural price; yet sometimes particular accidents, sometimes natural causes, and sometimes particular regulations of policy, may, in many commodities, keep up the market price, for a long time together, a good deal above the natural price.

When, by an increase in the effectual demand, the market price of some particular commodity happens to rise a good deal above the natural price, those who employ their stocks in supplying that market, are generally careful to conceal this change. If it was commonly known, their great profit would tempt so many new rivals to employ their stocks in the same way, that, the effectual demand being fully supplied, the market price would soon be reduced to the natural price, and, perhaps, for some time even below it. If the market is at a great distance from the residence of those who supply it, they may sometimes be able to keep the secret for several years together, and may so long enjoy their extraordinary profits

without any new rivals. Secrets of this kind, however, it must be acknowl- edged, can seldom be long kept; and the extraordinary profit can last very little longer than they are kept.

Secrets in manufactures are capable of being longer kept than secrets in trade. A dyer who has found the means of producing a particular colour with materials which cost only half the price of those commonly made use of, may, with good management, enjoy the advantage of his discovery as long as he lives, and even leave it as a legacy to his posterity. His extraordi- nary gains arise from the high price which is paid for his private labour. They properly consist in the high wages of that labour. But as they are repeated upon every part of his stock, and as their whole amount bears, upon that account, a regular proportion to it, they are commonly consid- ered as extraordinary profits of stock.

Such enhancements of the market price are evidently the effects of par- ticular accidents, of which, however, the operation maysometimes last for many years together.

Some natural productions require such a singularity of soil and situa- tion, that all the land in a great country, which is fit for producing them, may not be sufficient to supply the effectual demand. The whole quantity brought to market, therefore, may be disposed of to those who are willing to give more than what is sufficient to pay the rent of the land which produced them, together with the wages of the labour and the profits of the stock which were employed in preparing and bringing them to mar- ket, according to their natural rates. Such commodities may continue for whole centuries together to be sold at this high price; and that part of it which resolves itself into the rent of land, is in this case the part which is generally paid above its natural rate. The rent of the land which affords such singular and esteemed productions, like the rent of some vineyards in France of a peculiarly happysoil and situation, bears no regular propor- tion to the rent of other equally fertile and equally well cultivated land in its neighbourhood. The wages of the labour, and the profits of the stock employed in bringing such commodities to market, on the contrary, are seldom out of their natural proportion to those of the other employments of labour and stock in their neighbourhood.

Such enhancements of the market price are evidently the effect of natu- ral causes, which may hinder the effectual demand from ever being fully supplied, and which may continue, therefore, to operate for ever.

A monopoly granted either to an individual or to a trading company, has the same effect as a secret in trade or manufactures. The monopolists, by keeping the market constantly understocked by never fully supplying

the effectual demand, sell their commodities much above the natural price, and raise their emoluments, whether they consist in wages or profit, greatly above their natural rate.

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

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

Such enhancements of the market price may last as long as the regula- tions of policy which give occasion to them.

The market price of any particular commodity, though it may continue long above, can seldom continue long below, its natural price. Whatever part of it was paid below the natural rate, the persons whose interest it affected would immediately feel the loss, and would immediately with- draw either so much land or no much labour, or so much stock, from being employed about it, that the quantity brought to market would soon be no more than sufficient to supply the effectual demand. Its market price, therefore, would soon rise to the natural price; this at least would be the case where there was perfect liberty.

The same statutes of apprenticeship and other corporation laws, in- deed, which, when a manufacture is in prosperity, enable the workman to raise his wages a good deal above their natural rate, sometimes oblige him, when it decays, to let them down a good deal below it. As in the one case they exclude many people from his employment, so in the other they exclude him from many employments. The effect of such regulations, however, is not near so durable in sinking the workman’s wages below, as in raising them above their natural rate. Their operation in the one way may endure for many centuries, but in the other it can last no longer than the lives of some of the workmen who were bred to the business in the time of its prosperity. When they are gone, the number of those who are

afterwards educated to the trade will naturally suit itself to the effectual demand. The policy must be as violent as that of Indostan or ancient Egypt (where every man was bound by a principle of religion to follow the occupation of his father, and was supposed to commit the most horrid sacrilege if he changed it for another), which can in any particular em- ployment, and for several generations together, sink either the wages of labour or the profits of stock below their natural rate.

This is all that I think necessary to be observed at present concerning the deviations, whether occasional or permanent, of the market price of commodities from the natural price.

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

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

Secondly, I shall endeavour to shew what are the circumstances which naturally determine the rate of profit; and in what manner, too, those circumstances are affected by the like variations in the state of the society. Though pecuniary wages and profit are very different in the different employments of labour and stock; yet a certain proportion seems com- monly to take place between both the pecuniary wages in all the different employments of labour, and the pecuniary profits in all the different em- ployments ofstock. This proportion, it will appear hereafter, depends partly upon the nature of the different employments, and partly upon the differ- ent laws and policy of the society in which they are carried on. But though in many respects dependent upon the laws and policy, this proportion seems to be little affected by the riches or poverty of that society, by its advancing, stationary, or declining condition, but to remain the same, or very nearly the same, in all those different states. I shall, in the third place, endeavour to explain all the different circumstances which regulate this

proportion.

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

## CHAPTER VIII

OF THE WAGES OF LABOUR

THE PRODUCE OF LABOUR constitutes the natural recompence or wages of labour

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

Had this state continued, the wages of labour would have augmented with all those improvements in its productive powers, to which the divi- sion of labour gives occasion. All things would gradually have become cheaper. They would have been produced by a smaller quantity of labour; and as the commodities produced by equal quantities of labour would naturally in this state of things be exchanged for one another, they would have been purchased likewise with the produce of a smaller quantity.

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

But this original state of things, in which the labourer enjoyed the whole produce of his own labour, could not last beyond the first introduction of

the appropriation of land and the accumulation of stock. It was at an end, therefore, long before the most considerable improvements were made in the productive powers of labour; and it would be to no purpose to trace further what might have been its effects upon the recompence or wages of labour.

As soon as land becomes private property, the landlord demands a share of almost all the produce which the labourer can either raise or collect from it. His rent makes the first deduction from the produce of the labour which is employed upon land.

It seldom happens that the person who tills the ground has wherewithal to maintain himself till he reaps the harvest. His maintenance is generally advanced to him from the stock of a master, the farmer who employs him, and who would have no interest to employ him, unless he was to share in the produce of his labour, or unless his stock was to be replaced to him with a profit. This profit makes a second deduction from the produce of the labour which is employed upon land.

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

It sometimes happens, indeed, that a single independent workman has stock sufficient both to purchase the materials of his work, and to main- tain himself till it be completed. He is both master and workman, and enjoys the whole produce of his own labour, or the whole value which it adds to the materials upon which it is bestowed. It includes what are usu- ally two distinct revenues, belonging to two distinct persons, the profits of stock, and the wages of labour.

Such cases, however, are not very frequent; and in every part of Europe twenty workmen serve under a master for one that is independent, and the wages of labour are everywhere understood to be, what they usually are, when the labourer is one person, and the owner of the stock which employs him another.

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

It is not, however, difficult to foresee which of the two parties must,

upon all ordinary occasions, have the advantage in the dispute, and force the other into a compliance with their terms. The masters, being fewer in number, can combine much more easily: and the law, besides, authorises, or at least does not prohibit, their combinations, while it prohibits those of the workmen. We have no acts of parliament against combining to lower the price of work, but many against combining to raise it. In all such disputes, the masters can hold out much longer. A landlord, a farmer, a master manufacturer, or merchant, though they did not employ a single workman, could generally live a year or two upon the stocks, which they have already acquired. Manyworkmen could not subsist a week, few could subsist a month, and scarce any a year, without employment. In the long run, the workman may be as necessary to his master as his master is to him; but the necessity is not so immediate.

We rarely hear, it has been said, of the combinations of masters, though frequently of those of workmen. But whoever imagines, upon this ac- count, that masters rarely combine, is as ignorant of the world as of the subject. Masters are always and everywhere in a sort of tacit, but constant and uniform, combination, not to raise the wages of labour above their actual rate. To violate this combination is everywhere a most unpopular action, and asort of reproach to a master among his neighbours and equals. We seldom, indeed, hear of this combination, because it is the usual, and, one may say, the natural state of things, which nobody ever hears of. Mas- ters, too, sometimes enter into particular combinations to sink the wages of labour even below this rate. These are always conducted with the ut- most silence and secrecy till the moment of execution; and when thework- men yield, as they sometimes do without resistance, though severely felt by them, they are never heard of by other people. Such combinations, however, are frequently resisted by a contrary defensive combination of the workmen, who sometimes, too, without any provocation of this kind, combine, of their own accord, to raise tile price of their labour. Their usual pretences are, sometimes the high price of provisions, sometimes the great profit which their masters make by their work. But whether their combinations be offensive or defensive, they are always abundantly heard of. In order to bring the point to a speedy decision, they have always recourse to the loudest clamour, and sometimes to the most shocking violence and outrage. They are desperate, and act with the folly and ex- travagance of desperate men, who must either starve, or frighten their masters into an immediate compliance with their demands. The masters, upon these occasions, are just as clamorous upon the other side, and never cease to call aloud for the assistance of the civil magistrate, and the rigor-

ous execution of those laws which have been enacted with so much sever- ity against the combination of servants, labourers, and journeymen. The workmen, accordingly, very seldom derive any advantage from the vio- lence of those tumultuous combinations, which, partly from the interpo- sition of the civil magistrate, partly from the superior steadiness of the masters, partly from the necessity which the greater part of the workmen are under of submitting for the sake of present subsistence, generally end in nothing but the punishment or ruin of the ringleaders.

But though, in disputes with their workmen, masters must generally have the advantage, there is, however, a certain rate, below which it seems impossible to reduce, for any considerable time, the ordinary wages even of the lowest species of labour.

A man must always live by his work, and his wages must at least be sufficient to maintain him. They must even upon most occasions besome- what more, otherwise it would be impossible for him to bring up a family, and the race of such workmen could not last beyond the first generation. Mr Cantillon seems, upon this account, to suppose that the lowest species of common labourers must everywhere earn at least double their own maintenance, in order that, one with another, they may be enabled to bring up two children; the labour of the wife, on account of her necessary attendance on the children, being supposed no more than sufficient to provide for herself: But one half the children born, it is computed, die before the age of manhood. The poorest labourers, therefore, according to this account, must, one with another, attempt to rear at least four chil- dren, in order that two may have an equal chance of living to that age. But the necessary maintenance of four children, it is supposed, may be nearly equal to that of one man. The labour of an able-bodied slave, the same author adds, is computed to be worth double his maintenance; and that of the meanest labourer, he thinks, cannot be worth less than that of an able-bodied slave. Thus far at least seems certain, that, in order to bring up a family, the labour of the husband and wife together must, even in the lowest species of common labour, be able to earn something more than what is precisely necessary for their own maintenance; but in what pro- portion, whether in that above-mentioned, or many other, I shall not take upon me to determine.

There are certain circumstances, however, which sometimes give the labourers an advantage, and enable them to raise their wages considerably above this rate, evidently the lowest which is consistent with common humanity.

When in anycountry the demand for those who live bywages, labourers,

journeymen, servants of every kind, is continually increasing; when every year furnishes employment for a greater number than had been employed the year before, the workmen have no occasion to combine in order to raise their wages. The scarcity of hands occasions a competition among masters, who bid against one another in order to get workmen, and thus voluntarily break through the natural combination of masters not to raise wages. The demand for those who live by wages, it is evident, cannot increase but in proportion to the increase of the funds which are destined to the payment of wages. These funds are of two kinds, first, the revenue which is over and above what is necessary for the maintenance; and, sec- ondly, the stock which is over and above what is necessary for the employ- ment of their masters.

When the landlord, annuitant, or monied man, has a greater revenue than what he judges sufficient to maintain his own family, he employs either the whole or a part of the surplus in maintaining one or more me- nial servants. Increase this surplus, and he will naturally increase the num- ber of those servants.

When an independent workman, such as a weaver or shoemaker, has got more stock than what is sufficient to purchase the materials of his own work, and to maintain himself till he can dispose of it, he naturally em- ploys one or more journeymen with the surplus, in order to make a profit by their work. Increase this surplus, and he will naturally increase the number of his journeymen.

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

It is not the actual greatness of national wealth, but its continual in- crease, which occasions a rise in the wages of labour. It is not, accordingly, in the richest countries, but in the most thriving, or in those which are growing rich the fastest, that the wages of labour are highest. England is certainly, in the present times, a much richer country than any part of North America. The wages of labour, however, are much higher in North America than in any part of England. In the province of New York, com- mon labourers earned in 1773, before the commencement of the late dis- turbances, three shillings and sixpence currency, equal to two shillings sterling, a-day; ship-carpenters, ten shillings and sixpence currency, with a pint of rum, worth sixpence sterling, equal in all to six shillings and six-

pence sterling; house-carpenters and bricklayers, eight shillings currency, equal to four shillings and sixpence sterling; journeymen tailors, five shil- lings currency, equal to about two shillings and tenpence sterling. These prices are all above the London price; and wages are said to be as high in the other colonies as in New York. The price of provisions is everywhere in North America much lower than in England. A dearth has never been known there. In the worst seasons they have always had a sufficiency for themselves, though less for exportation. If the money price of labour, there- fore, be higher than it is anywhere in the mother-country, its real price, the real command of the necessaries and conveniencies of life which it conveys to the labourer, must be higher in a still greater proportion.

But though North America is not yet so rich as England, it is much more thriving, and advancing with much greater rapidity to the further acquisition of riches. The most decisive mark of the prosperity of any country is the increase of the number of its inhabitants. In Great Britain, and most other European countries, they are not supposed to double in less than five hundred years. In the British colonies in North America, it has been found that they double in twenty or five-and-twenty years. Nor in the present times is this increase principally owing to the continual importation of new inhabitants, but to the great multiplication of the species. Those who live to old age, it is said, frequently see there from fifty to a hundred, and sometimes many more, descendants from their own body. Labour is there so well rewarded, that a numerous family of chil- dren, instead of being a burden, is a source of opulence and prosperity to the parents. The labour of each child, before it can leave their house, is computed to be worth a hundred pounds clear gain to them. A young widow with four or five young children, who, among the middling or inferior ranks of people in Europe, would have so little chance for a sec- ond husband, is there frequently courted as a sort of fortune. The value of children is the greatest of all encouragements to marriage. We cannot, therefore, wonder that the people in North America should generally marry very young. Notwithstanding the great increase occasioned by such early marriages, there is a continual complaint of the scarcity of hands in North America. The demand for labourers, the funds destined for maintaining them increase, it seems, still faster than they can find labourers to employ. Though the wealth of a country should be very great, yet if it has been long stationary, we must not expect to find the wages of labour very high in it. The funds destined for the payment of wages, the revenue and stock of its inhabitants, may be of the greatest extent; but if they have continued for several centuries of the same, or very nearly of the same extent, the

number of labourers employed every year could easily supply, and even more than supply, the number wanted the following year. There could seldom be any scarcity of hands, nor could the masters be obliged to bid against one another in order to get them. The hands, on the contrary, would, in this case, naturally multiply beyond their employment. There would be a constant scarcity of employment, and the labourers would be obliged to bid against one another in order to get it. If in such a country the wages off labour had ever been more than sufficient to maintain the labourer, and to enable him to bring up a family, the competition of the labourers and the interest of the masters would soon reduce them to the lowest rate which is consistent with common humanity. China has been long one of the richest, that is, one of the most fertile, best cultivated, most industrious, and most populous, countries in the world. It seems, however, to have been long stationary. Marco Polo, who visited it more than five hundred years ago, describes its cultivation, industry, and popu- lousness, almost in the same terms in which they are described by travel- lers in the present times. It had, perhaps, even long before his time, ac- quired that full complement of riches which the nature of its laws and institutions permits it to acquire. The accounts of all travellers, inconsis- tent in many other respects, agree in the low wages of labour, and in the difficulty which a labourer finds in bringing up a family in China. If by digging the ground a whole day he can get what will purchase a small quantity of rice in the evening, he is contented. The condition of artificers is, if possible, still worse. Instead ofwaiting indolently in their work-houses for the calls of their customers, as in Europe, they are continually running about the streets with the tools of their respective trades, offering their services, and, as it were, begging employment. The poverty of the lower ranks of people in China far surpasses that of the most beggarly nations in Europe. In the neighbourhood of Canton, many hundred, it is commonly said, many thousand families have no habitation on the land, but live constantly in little fishing-boats upon the rivers and canals. The subsis- tence which they find there is so scanty, that they are eager to fish up the nastiest garbage thrown overboard from any European ship. Any carrion, the carcase of a dead dog or cat, for example, though half putrid and stinking, is as welcome to them as the most wholesome food to the people of other countries. Marriage is encouraged in China, not by the profit- ableness of children, but by the liberty of destroying them. In all great towns, several are every night exposed in the street, or drowned like pup- pies in the water. The performance of this horrid office is even said to be the avowed business by which some people earn their subsistence.

China, however, though it may, perhaps, stand still, does not seem to go backwards. Its towns are nowhere deserted by their inhabitants. The lands which had once been cultivated, are nowhere neglected. The same, or very nearly thesame, annual labour, must, therefore, continue to be performed, and the funds destined for maintaining it must not, consequently, be sen- sibly diminished. The lowest class of labourers, therefore, notwithstand- ing their scanty subsistence, must some way or another make shift to con- tinue their race so far as to keep up their usual numbers.

But it would be otherwise in a country where the funds destined for the maintenance of labour were sensibly decaying. Every year the demand for servants and labourers would, in all the different classes of employments, be less than it had been the year before. Many who had been bred in the superior classes, not being able to find employment in their own business, would be glad to seek it in the lowest. The lowest class being not only overstocked with its own workmen, but with the overflowings of all the other classes, the competition for employment would be so great in it, as to reduce the wages of labour to the most miserable and scanty subsis- tence of the labourer. Many would not be able to find employment even upon these hard terms, but would either starve, or be driven to seek a subsistence, either by begging, or by the perpetration perhaps, of thegreatest enormities. Want, famine, and mortality, would immediately prevail in that class, and from thence extend themselves to all the superior classes, till the number of inhabitants in the country was reduced to what could easily be maintained by the revenue and stock which remained in it, and which had escaped either the tyranny or calamity which had destroyed the rest. This, perhaps, is nearly the present state of Bengal, and of some other of the English settlements in the East Indies. In a fertile country, which had before been much depopulated, where subsistence, consequently, should not be very difficult, and where, notwithstanding, three or four hundred thousand people die of hunger in one year, we maybe assured that the funds destined for the maintenance of the labouring poor are fast decaying. The difference between the genius of the British constitution, which protects and governs North America, and that of the mercantile company which oppresses and domineers in the East Indies, cannot, per- haps, be better illustrated than by the different state of those countries.

The liberal reward of labour, therefore, as it is the necessary effect, so it is the natural symptom of increasing national wealth. The scanty mainte- nance of the labouring poor, on the other hand, is the natural symptom that things are at a stand, and their starving condition, that they are going fast backwards.

In Great Britain, the wages of labour seem, in the present times, to be evidently more than what is precisely necessary to enable the labourer to bring up a family. In order to satisfy ourselves upon this point, it will not be necessary to enter into any tedious or doubtful calculation of what may be the lowest sum upon winch it is possible to do this. There are many plain symptoms, that the wages of labour are nowhere in this country regulated by this lowest rate, which is consistent with common humanity. First, in almost every part of Great Britain there is a distinction, even in the lowest species of labour, between summer and winter wages. Summer wages are always highest. But, on account of the extraordinary expense of fuel, the maintenance of a family is most expensive in winter. Wages, there- fore, being highest when this expense is lowest, it seems evident that they are not regulated by what is necessary for this expense, but by the quantity and supposed value of the work. A labourer, it may be said, indeed, ought to save part of his summer wages, in order to defray his winter expense; and that, through the whole year, they do not exceed what is necessary to maintain his family through the whole year. A slave, however, or one ab- solutely dependent on us for immediate subsistence, would not be treated

in this manner. His daily subsistence would be proportioned to his daily necessities.

Secondly, the wages of labour do not, in Great Britain, fluctuate with the price of provisions. These vary everywhere from year to year, frequently from month to month. But in many places, the money price of labour remains uniformly the same, sometimes for half a century together. If, in these places, therefore, the labouring poor can maintain their families in dear years, they must be at their ease in times of moderate plenty, and in affluence in those of extraordinary cheapness. The high price of provi- sions during these ten years past, has not, in many parts of the kingdom, been accompanied with any sensible rise in the money price of labour. It has, indeed, in some; owing, probably, more to the increase of the de- mand for labour, than to that of the price of provisions.

Thirdly, as the price of provisions varies more from year to year than the wages of labour, so, on the other hand, the wages of labour vary more from place to place than the price of provisions. The prices of bread and butchers’ meat are generally the same, or very nearly the same, through the greater part of the united kingdom. These, and most other things which are sold by retail, the way in which the labouring poor buy all things, are generally fully as cheap, or cheaper, in great towns than in the remoter parts of the country, for reasons which I shall have occasion to explain hereafter. But the wages of labour in a great town and its

neighbourhood, are frequently a fourth or a fifth part, twenty or five- and—twenty per cent. higher than at a few miles distance. Eighteen pence a day may be reckoned the common price of labour in London and its neighbourhood. At a few miles distance, it falls to fourteen and fifteen pence. Tenpence may be reckoned its price in Edinburgh and its neighbourhood. At a few miles distance, it falls to eightpence, the usual price of common labour through the greater part of the low country of Scotland, where it varies a good deal less than in England. Such a differ- ence of prices, which, it seems, is not always sufficient to transport a man from one parish to another, would necessarily occasion so great a trans- portation of the most bulky commodities, not only from one parish to another, but from one end of the kingdom, almost from one end of the world to the other, as would soon reduce them more nearly to a level. After all that has been said of the levity and inconstancy of human nature, it appears evidently from experience, that man is, of all sorts of luggage, the most difficult to be transported. If the labouring poor, therefore, can maintain their families in those parts of the kingdom where the price of labour is lowest, they must be in affluence where it is highest.

Fourthly, the variations in the price of labour not only do not corre- spond, either in place or time, with those in the price of provisions, but they are frequently quite opposite.

Grain, the food of the common people, is dearer in Scotland than in England, whence Scotland receives almost every year very large supplies. But English corn must be sold dearer in Scotland, the country to which it is brought, than in England, the country from which it comes; and in proportion to its quality it cannot be sold dearer in Scotland than the Scotch corn that comes to the same market in competition with it. The quality of grain depends chiefly upon the quantity of flour or meal which it yields at the mill; and, in this respect, English grain is so much superior to the Scotch, that though often dearer in appearance, or in proportion to the measure of its bulk, it is generally cheaper in reality, or in proportion to its quality, or even to the measure of its weight. The price of labour, on the contrary, is dearer in England than in Scotland. If the labouring poor, therefore, can maintain their families in the one part of the united king- dom, they must be in affluence in the other. Oatmeal, indeed, supplies the common people in Scotland with the greatest and the best part of their food, which is, in general, much inferior to that of their neighbours of the same rank in England. This difference, however, in the mode of their subsistence, is not the cause, but the effect, of the difference in their wages; though, by a strange misapprehension, I have frequently heard it

represented as the cause. It is not because one man keeps a coach, while his neighbour walks a-foot, that the one is rich, and the other poor; but because the one is rich, he keeps a coach, and because the other is poor, he walks a-foot.

During the course of the last century, taking one year with another, grain was dearer in both parts of the united kingdom than during that of the present. This is a matter of fact which cannot now admit of any rea- sonable doubt; and the proof of it is, if possible, still more decisive with regard to Scotland than with regard to England. It is in Scotland sup- ported by the evidence of the public fiars, annual valuations made upon oath, according to the actual state of the markets, of all the different sorts of grain in every different county of Scotland. If such direct proof could require any collateral evidence to confirm it, I would observe, that this has likewise been the case in France, and probably in most other parts of Europe. With regard to France, there is the clearest proof. But though it is certain, that in both parts of the united kingdom grain was somewhat dearer in the last century than in the present, it is equally certain that labour was much cheaper. If the labouring poor, therefore, could bring up their families then, they must be much more at their ease now. In the last century, the most usual day-wages of common labour through the greater part of Scotland were sixpence in summer, and fivepence in winter. Three shillings a-week, the same price, very nearly still continues to be paid in some parts of the Highlands and Western islands. Through the greater part of the Low country, the most usual wages of common labour are now eight pence a-day; tenpence, sometimes a shilling, about Edinburgh, in the counties which border upon England, probably on account of that neighbourhood, and in a few other places where there has lately been a considerable rise in the demand for labour, about Glasgow, Carron, Ayr- shire, etc. In England, the improvements of agriculture, manufactures, and commerce, began much earlier than in Scotland. The demand for labour, and consequently its price, must necessarily have increased with those improvements. In the last century, accordingly, as well as in the present, the wages of labour were higher in England than in Scotland. They have risen, too, considerably since that time, though, on account of the greater variety of wages paid there in different places, it is more diffi- cult to ascertain how much. In 1614, the pay of a foot soldier was the same as in the present times, eightpence a-day. When it was first estab- lished, it would naturally be regulated by the usual wages of common labourers, the rank of people from which foot soldiers arecommonly drawn. Lord-chief-justice Hales, who wrote in the time of Charles II. computes

the necessary expense of a labourer’s family, consisting of six persons, the father and mother, two children able to do something, and two not able, at ten shillings a-week, or twenty-six pounds a-year. If they cannot earn this by their labour, they must make it up, he supposes, either by begging or stealing. He appears to have enquired very carefully into this subject

{See his scheme for the maintenance of the poor, in Burn’s History of the Poor Laws.}. In 1688, Mr Gregory King, whose skill in political arith- metic is so much extolled by Dr Davenant, computed the ordinary in- come of labourers and out-servants to be fifteen pounds a-year to a family, which he supposed to consist, one with another, of three and a half per- sons. His calculation, therefore, though different in appearance, corre- sponds very nearly at bottom with that of Judge Hales. Both suppose the weekly expense of such families to be about twenty-pence a-head. Both the pecuniary income and expense of such families have increased consid- erably since that time through the greater part of the kingdom, in some places more, and in some less, though perhaps scarce anywhere so much as some exaggerated accounts of the present wages of labour have lately represented them to the public. The price of labour, it must be observed, cannot be ascertained very accurately anywhere, different prices being of- ten paid at the same place and for the same sort of labour, not only ac- cording to the different abilities of the workman, but according to the easiness or hardness of the masters. Where wages are not regulated by law, all that we can pretend to determine is, what are the most usual; and experience seems to shew that law can never regulate them properly, though it has often pretended to do so.

The real recompence of labour, the real quantity of the necessaries and conveniencies of life which it can procure to the labourer, has, during the course of the present century, increased perhaps in a still greater propor- tion than its money price. Not only grain has become somewhat cheaper, but many other things, from which the industrious poor derive an agree- able and wholesome variety of food, have become a great deal cheaper. Potatoes, for example, do not at present, through the greater part of the kingdom, cost half the price which they used to do thirty or forty years ago. Thesame thing may besaid of turnips, carrots, cabbages; things which were formerly never raised but by the spade, but which are now com- monly raised by the plough. All sort of garden stuff, too, has become cheaper. The greater part of the apples, and even of the onions, consumed in Great Britain, were, in the last century, imported from Flanders. The great improvements in the coarser manufactories of both linen and woollen cloth furnish the labourers with cheaper and better clothing; and those in

the manufactories of the coarser metals, with cheaper and better instru- ments of trade, as well as with many agreeable and convenient pieces of household furniture. Soap, salt, candles, leather, and fermented liquors, have, indeed, become a good deal dearer, chiefly from the taxes which have been laid upon them. The quantity of these, however, which the labouring poor an under any necessity of consuming, is so very small, that the increase in their price does not compensate the diminution in that of so many other things. The common complaint, that luxury extends itself even to the lowest ranks of the people, and that the labouring poor will not now be contented with the same food, clothing, and lodging, which satisfied them in former times, may convince us that it is not the money price of labour only, but its real recompence, which has augmented.

Is this improvement in the circumstances of the lower ranks of the people to be regarded as an advantage, or as an inconveniency, to the society? The answer seems at first abundantly plain. Servants, labourers, and workmen of different kinds, make up the far greater part of every great political society. But what improves the circumstances of the greater part, can never be regarded as any inconveniency to the whole. No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable. It is but equity, besides, that they who feed, clothe, and lodge the whole body of the people, should have such a share of the produce of their own labour as to be themselves tolerably well fed, clothed, and lodged.

Poverty, though it no doubt discourages, does not always prevent, mar- riage. It seems even to be favourable to generation. A half-starved High- land woman frequently bears more than twenty children, while a pam- pered fine lady is often incapable of bearing any, and is generally exhausted by two or three. Barrenness, so frequent among women of fashion, is very rare among those of inferior station. Luxury, in the fair sex, while it in- flames, perhaps, the passion for enjoyment, seems always to weaken, and frequently to destroy altogether, the powers of generation.

But poverty, though it does not prevent the generation, is extremely unfavourable to the rearing of children. The tender plant is produced; but in so cold a soil, and so severe a climate, soon withers and dies. It is not uncommon, I have been frequently told, in the Highlands of Scotland, for a mother who has born twenty children not to have two alive. Several officers of great experience have assured me, that, so far from recruiting their regiment, they have never been able to supply it with drums and fifes, from all the soldiers’ children that were born in it. A greater number of fine children, however, is seldom seen anywhere than about a barrack

of soldiers. Very few of them, it seems, arrive at the age of thirteen or fourteen. In some places, one half the children die before they are four years of age, in many places before they are seven, and in almost all places before they are nine or ten. This great mortality, however will everywhere be found chiefly among the children of the common people, who cannot afford to tend them with the same care as those of better station. Though their marriages are generally more fruitful than those of people of fashion, a smaller proportion of their children arrive at maturity. In foundling hospitals, and among the children brought up by parish charities, the mortality is still greater than among those of the common people.

Everyspecies of animals naturally multiplies in proportion to the means of their subsistence, and no species can ever multiply be yond it. But in civilized society, it is only among the inferior ranks of people that the scantiness of subsistence can set limits to the further multiplication of the human species; and it can do so in no other way than by destroying a great part of the children which their fruitful marriages produce.

The liberal reward of labour, by enabling them to provide better for their children, and consequently to bring up a greater number, naturally tends to widen and extend those limits. It deserves to be remarked, too, that it necessarily does this as nearly as possible in the proportion which the demand for labour requires. If this demand is continually increasing, the reward of labour must necessarily encourage in such a manner the marriage and multiplication of labourers, as may enable them to supply that continually increasing demand by a continually increasing popula- tion. If the reward should at any time be less than what was requisite for this purpose, the deficiency of hands would soon raise it; and if it should at any time be more, their excessive multiplication would soon lower it to this necessary rate. The market would be so much understocked with labour in the one case, and so much overstocked in the other, as would soon force back its price to that proper rate which the circumstances of the society required. It is in this manner that the demand for men, like that for any other commodity, necessarily regulates the production of men, quickens it when it goes on too slowly, and stops it when it advances too fast. It is this demand which regulates and determines the state of propa- gation in all the different countries of the world; in North America, in Europe, and in China; which renders it rapidly progressive in the first, slow and gradual in the second, and altogether stationary in the last.

The wear and tear of a slave, it has been said, is at the expense of his master; but that of a free servant is at his own expense. The wear and tear of the latter, however, is, in reality, as much at the expense of his master as

that of the former. The wages paid to journeymen and servants of every kind must be such as may enable them, one with another to continue the race of journeymen and servants, according as the increasing, diminish- ing, or stationary demand of thesociety, may happen to require. But though the wear and tear of a free servant be equally at the expense of his master, it generally costs him much less than that of a slave. The fund destined for replacing or repairing, if I may say so, the wear and tear of the slave, is commonly managed by a negligent master or careless overseer. That des- tined for performing the same office with regard to the freeman is man- aged by the freeman himself. The disorders which generally prevail in the economy of the rich, naturally introduce themselves into the manage- ment of the former; the strict frugality and parsimonious attention of the poor as naturally establish themselves in that of the latter. Under such different management, the same purpose must require very different de- grees of expense to execute it. It appears, accordingly, from the experience of all ages and nations, I believe, that the work done by freemen comes cheaper in the end than that performed by slaves. It is found to do so even at Boston, New-York, and Philadelphia, where thewages ofcommon labour are so very high.

The liberal reward of labour, therefore, as it is the effect of increasing wealth, so it is the cause of increasing population. To complain of it, is to lament over the necessary cause and effect of the greatest public prosper- ity.

It deserves to be remarked, perhaps, that it is in the progressive state, while the society is advancing to the further acquisition, rather than when it has acquired its full complement of riches, that the condition of the labouring poor, of the great body of the people, seems to be the happiest and the most comfortable. It is hard in the stationary, and miserable in the declining state. The progressive state is, in reality, the cheerful and the hearty state to all the different orders of the society; the stationary is dull; the declining melancholy.

The liberal reward of labour, as it encourages the propagation, so it increases the industry of the common people. The wages of labour are the encouragement of industry, which, like every other human quality, im- proves in proportion to the encouragement it receives. A plentiful subsis- tence increases the bodily strength of the labourer, and the comfortable hope of bettering his condition, and of ending his days, perhaps, in ease and plenty, animates him to exert that strength to the utmost. Where wages are high, accordingly, we shall always find the workmen more ac- tive, diligent, and expeditious, than where they are low; in England, for

example, than in Scotland; in the neighbourhood of great towns, than in remote country places. Some workmen, indeed, when they can earn in four days what will maintain them through the week, will be idle the other three. This, however, is by no means the case with the greater part. Workmen, on the contrary, when they are liberally paid by the piece, are very apt to overwork themselves, and to ruin their health and constitution in a few years. A carpenter in London, and in some other places, is not supposed to last in his utmost vigour above eight years. Something of the same kind happens in many other trades, in which the workmen are paid by the piece; as they generally are in manufactures, and even in country labour, wherever wages are higher than ordinary. Almost every class of artificers is subject to some peculiar infirmity occasioned by excessive ap- plication to their peculiar species of work. Ramuzzini, an eminent Italian physician, has written a particular book concerning such diseases. We do not reckon our soldiers the most industrious set of people among us; yet when soldiers have been employed in some particular sorts of work, and liberally paid by the piece, their officers have frequently been obliged to stipulate with the undertaker, that they should not be allowed to earn above a certain sum every day, according to the rate at which they were paid. Till this stipulation was made, mutual emulation, and the desire of greater gain, frequently prompted them to overwork themselves, and to hurt their health by excessive labour. Excessive application, during four days of the week, is frequently the real cause of the idleness of the other three, so much and so loudly complained of. Great labour, either of mind or body, continued for several days together is, in most men, naturally followed by a great desire of relaxation, which, if not restrained by force, or by some strong necessity, is almost irresistible. It is the call of nature, which requires to be relieved by some indulgence, sometimes of ease only, but sometimes too of dissipation and diversion. If it is not complied with, the consequences are often dangerous and sometimes fatal, and such as almost always, sooner or later, bring on the peculiar infirmity of the trade. If masterswould always listen to the dictates of reason and humanity, they have frequently occasion rather to moderate, than to animate the applica- tion of many of their workmen. It will be found, I believe, in every sort of trade, that the man who works so moderately, as to be able to work con- stantly, not only preserves his health the longest, but, in the course of the year, executes the greatest quantity of work.

In cheap years it is pretended, workmen are generally more idle, and in dear times more industrious than ordinary. A plentiful subsistence, there- fore, it has been concluded, relaxes, and a scanty one quickens their indus-

try. That a little more plenty than ordinary may render some workmen idle, cannot be well doubted; but that it should have this effect upon the greater part, or that men in general should work better when they are ill fed, than when they are well fed, when they are disheartened than when they are in good spirits, when they are frequently sick than when they are generally in good health, seems not very probable. Years of dearth, it is to be observed, are generally among the common people years of sickness and mortality, which cannot fail to diminish the produce of their indus- try.

In years of plenty, servants frequently leave their masters, and trust their subsistence to what they can make by their own industry. But the same cheapness of provisions, by increasing the fund which is destined for the maintenance of servants, encourages masters, farmers especially, to em- ploy a greater number. Farmers, upon such occasions, expect more profit from their corn by maintaining a few more labouring servants, than by selling it at a low price in the market. The demand for servants increases, while the number of those who offer to supply that demand diminishes. The price of labour, therefore, frequently rises in cheap years.

In years of scarcity, the difficulty and uncertainty of subsistence make all such people eager to return to service. But the high price of provisions, by diminishing the funds destined for the maintenance of servants, dis- poses masters rather to diminish than to increase the number of those they have. In dear years, too, poor independent workmen frequently con- sume the little stock with which they had used to supply themselves with the materials of their work, and are obliged to become journeymen for subsistence. More people want employment than easily get it; many are willing to take it upon lower terms than ordinary; and the wages of both servants and journeymen frequently sink in dear years.

Masters of all sorts, therefore, frequently make better bargains with their servants in dear than in cheap years, and find them more humble and dependent in the former than in the latter. They naturally, therefore, com- mend the former as more favourable to industry. Landlords and farmers, besides, two of the largest classes of masters, have another reason for being pleased with dear years. The rents of the one, and the profits of the other, depend very much upon the price of provisions. Nothing can be more absurd, however, than to imagine that men in general should work less when they work for themselves, than when they work for other people. A poor independent workman will generally be more industrious than even a journeyman who works by the piece. The one enjoys the whole produce of his own industry, the other shares it with his master. The one, in his

separate independent state, is less liable to the temptations of bad com- pany, which, in large manufactories, so frequently ruin the morals of the other. The superiority of the independent workman over those servants who are hired by the month or by the year, and whose wages and mainte- nance are the same, whether they do much or do little, is likely to be still greater. Cheap years tend to increase the proportion of independent work- men to journeymen and servants of all kinds, and dear years to diminish it.

A French author of great knowledge and ingenuity, Mr Messance, re- ceiver of the taillies in the election of St Etienne, endeavours to shew that the poor do more work in cheap than in dear years, by comparing the quantity and value of the goods made upon those different occasions in three different manufactures; one of coarse woollens, carried on at Elbeuf; one of linen, and another of silk, both which extend through the whole generality of Rouen. It appears from his account, which is copied from the registers of the public offices, that the quantity and value of the goods made in all those three manufactories has generally been greater in cheap than in dear years, and that it has always been; greatest in the cheapest, and least in the dearest years. All the three seem to be stationary manufac- tures, or which, though their produce may vary somewhat from year to year, are, upon the whole, neither going backwards nor forwards.

The manufacture of linen in Scotland, and that of coarse woollens in the West Riding of Yorkshire, are growing manufactures, of which the produce is generally, though with somevariations, increasing both in quan- tity and value. Upon examining, however, the accounts which have been published of their annual produce, I have not been able to observe that its variations have had any sensible connection with the dearness or cheap- ness of the seasons. In 1740, a year of great scarcity, both manufactures, indeed, appear to have declined very considerably. But in 1756, another year or great scarcity, the Scotch manufactures made more than ordinary advances. The Yorkshire manufacture, indeed, declined, and its produce did not rise to what it had been in 1755, till 1766, after the repeal of the American stamp act. In that and the following year, it greatly exceeded what it had ever been before, and it has continued to advance ever since. The produce of all great manufactures for distant sale must necessarily depend, not so much upon the dearness or cheapness of the seasons in the countries where they are carried on, as upon the circumstances which affect the demand in the countries where they are consumed; upon peace or war, upon the prosperity or declension of other rival manufactures and

upon the good or bad humour of their principal customers. A great part

of the extraordinary work, besides, which is probably done in cheap years, never enters the public registers of manufactures. The men-servants, who leave their masters, become independent labourers. The women return to their parents, and commonly spin, in order to make clothes for them- selves and their families. Even the independent workmen do not always, work for public sale, but are employed by some of their neighbours in manufactures for family use. The produce of their labour, therefore, fre- quently makes no figure in those public registers, of which the records are sometimes published with so much parade, and from which our mer- chants and manufacturers would often vainly pretend to announce the prosperity or declension of the greatest empires.

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

It is because the demand for labour increases in years of sudden and extraordinary plenty, and diminishes in those of sudden and extraordi- nary scarcity, that the money price of labour sometimes rises in the one, and sinks in the other.

In a year of sudden and extraordinary plenty, there are funds in the hands of many of the employers of industry, sufficient to maintain and employ a greater number of industrious people than had been employed the year before; and this extraordinary number cannot always be had. Those masters, therefore, who want more workmen, bid against one an- other, in order to get them, which sometimes raises both the real and the money price of their labour.

The contrary of this happens in a year of sudden and extraordinary scarcity. The funds destined for employing industry are less than they had been the year before. A considerable number of people are thrown out of employment, who bid one against another, in order to get it, which some-

times lowers both the real and the money price of labour. In 1740, a year of extraordinary scarcity, many people were willing to work for bare sub- sistence. In the succeeding years of plenty, it was more difficult to get labourers and servants. The scarcity of a dear year, by diminishing the demand for labour, tends to lower its price, as the high price of provisions tends to raise it. The plenty of a cheap year, on the contrary, by increasing the demand, tends to raise the price of labour, as the cheapness of provi- sions tends to lower it. In the ordinary variations of the prices of provi- sions, those two opposite causes seem to counterbalance oneanother, which is probably, in part, the reason why the wages of labour are everywhere so much more steady and permanent than the price of provisions.

The increase in the wages of labour necessarily increases the price of many commodities, by increasing that part of it which resolves itself into wages, and so far tends to diminish their consumption, both at home and abroad. The same cause, however, which raises the wages of labour, the increase of stock, tends to increase its productive powers, and to make a smaller quantity of labour produce a greater quantity of work. The owner of the stock which employs a great number of labourers necessarily endeavours, for his own advantage, to make such a proper division and distribution of employment, that they may be enabled to produce the greatest quantity of work possible. For the same reason, he endeavours to supply them with the best machinery which either he or they can think of. What takes place among the labourers in a particular workhouse, takes place, for the same reason, among those of a great society. The greater their number, the more they naturally divide themselves into different classes and subdivisions of employments. More heads are occupied in in- venting the most proper machinery for executing the work of each, and it is, therefore, more likely to be invented. There me many commodities, therefore, which, in consequence of these improvements, come to be pro- duced by so much less labour than before, that the increase of its price is more than compensated by the diminution of its quantity.

## CHAPTER IX

OF THE PROFITS OF STOCK

THE RISE AND FALL in the profits of stock depend upon the same causes with the rise and fall in the wages of labour, the increasing or declining state of the wealth of the society; but those causes affect the one and the other very differently.

The increase of stock, which raises wages, tends to lower profit. When the stocks of many rich merchants are turned into the same trade, their mutual competition naturally tends to lower its profit; and when there is a like increase of stock in all the different trades carried on in the same society, the same competition must produce the same effect in them all.

It is not easy, it has already been observed, to ascertain what are the average wages of labour, even in a particular place, and at a particular time. We can, even in this case, seldom determine more than what are the most usual wages. But even this can seldom be done with regard to the profits of stock. Profit is so very fluctuating, that the person who carries on a particular trade, cannot always tell you himself what is the average of his annual profit. It is affected, not only by every variation of price in the commodities which he deals in, but by the good or bad fortune both of his rivals and of his customers, and by a thousand other accidents, to which goods, when carried either by sea or by land, or even when stored in a warehouse, are liable. It varies, therefore, not only from year to year, but from day to day, and almost from hour to hour. To ascertain what is the average profit of all the different trades carried on in a great kingdom, must be much more difficult; and to judge of what it may have been formerly, or in remote periods of time, with any degree of precision, must be altogether impossible.

But though it may be impossible to determine, with any degree of preci- sion, what are or were the average profits of stock, either in the present or in ancient times, some notion may be formed of them from the interest of money. It may be laid down as a maxim, that wherever a great deal can be made by the use of money, a great deal will commonly be given for the use of it; and that, wherever little can be made by it, less will commonly hegiven

for it. Accordingly, therefore, as the usual market rate of interest varies in any country, we may be assured that the ordinary profits of stock must vary with it, must sink as it sinks, and rise as it rises. The progress of interest, therefore, may lead us to form some notion of the progress of profit.

By the 37th of Henry VIII. all interest above ten per cent. was declared unlawful. More, it seems, had sometimes been taken before that. In the reign of Edward VI. religious zeal prohibited all interest. This prohibi- tion, however, like all others of the same kind, is said to have produced no effect, and probably rather increased than diminished the evil of usury. The statute of Henry VIII. was revived by the 13th of Elizabeth, cap. 8. and ten per cent. continued to be the legal rate of interest till the 21st of James I. when it was restricted to eight per cent. It was reduced to six per cent. soon after the Restoration, and by the 12th of Queen Anne, to five per cent. All these different statutory regulations seem to have been made with great propriety. They seem to have followed, and not to have gone before, the market rate of interest, or the rate at which people of good credit usually borrowed. Since the time of Queen Anne, five per cent. seems to have been rather above than below the market rate. Before the late war, the government borrowed at three per cent.; and people of good credit in the capital, and in many other parts of the kingdom, at three and a-half, four, and four and a-half per cent.

Since the time of Henry VIII. the wealth and revenue of the country have been continually advancing, and in the course of their progress, their pace seems rather to have been gradually accelerated than retarded. They seem not only to have been going on, but to have been going on faster and faster. The wages of labour have been continually increasing during the same period, and, in the greater part of the different branches of trade and manufactures, the profits of stock have been diminishing.

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

In Scotland, though the legal rate of interest is the same as in England, the market rate is rather higher. People of the best credit there seldom borrow under five per cent. Even private bankers in Edinburgh give four per cent. upon their promissory-notes, of which payment, either in whole or in part may be demanded at pleasure. Private bankers in London give no interest for the money which is deposited with them. There are few trades which cannot be carried on with a smaller stock in Scotland than in England. The common rate of profit, therefore, must besomewhat greater. The wages of labour, it has already been observed, are lower in Scotland than in England. The country, too, is not only much poorer, but the steps by which it advances to a better condition, for it is evidently advancing, seem to be much slower and more tardy. The legal rate of interest in France has not during the course of the present century, been always regulated by the market rate{See Denisart, Article Taux des Interests, tom. iii, p.13}. In 1720, interest was reduced from the twentieth to the fiftieth penny, or from five to two per cent. In 1724, it was raised to the thirtieth penny, or to three and a third per cent. In 1725, it was again raised to the twentieth penny, or to five per cent. In 1766, during the administration of Mr Laverdy, it was reduced to the twenty-fifth penny, or to four per cent. The Abbé Terray raised it afterwards to the old rate of five per cent. The sup- posed purpose of many of those violent reductions of interest was to pre- pare the way for reducing that of the public debts; a purpose which has sometimes been executed. France is, perhaps, in the present times, not so rich a country as England; and though the legal rate of interest has in France frequently been lower than in England, the market rate has gener- ally been higher; for there, as in other countries, they have several very safe and easy methods of evading the law. The profits of trade, I have been assured by British merchantswho had traded in both countries, are higher in France than in England; and it is no doubt upon this account, that many British subjects chuse rather to employ their capitals in a country where trade is in disgrace, than in one where it is highly respected. The wages of labour are lower in France than in England. When you go from Scotland to England, the difference which you may remark between the dress and countenance of the common people in the one country and in the other, sufficiently indicates the difference in their condition. The con- trast is still greater when you return from France. France, though no doubt a richer country than Scotland, seems not to be going forward so fast. It is a common and even a popular opinion in the country, that it is going backwards; an opinion which I apprehend, is ill-founded, even with re- gard to France, but which nobody can possibly entertain with regard to

Scotland, who sees the country now, and who saw it twenty or thirty years ago.

The province of Holland, on the other hand, in proportion to the ex- tent of its territory and the number of its people, is a richer country than England. Thegovernment there borrow at two per cent. and private people of good credit at three. The wages of labour are said to be higher in Hol- land than in England, and the Dutch, it is well known, trade upon lower profits than any people in Europe. The trade of Holland, it has been pre- tended by some people, is decaying, and it may perhaps be true that some particular branches of it are so; but these symptoms seem to indicate suf- ficiently that there is no general decay. When profit diminishes, merchants are very apt to complain that trade decays, though the diminution of profit is the natural effect of its prosperity, or of a greater stock being employed in it than before. During the late war, the Dutch gained the whole carrying trade of France, of which they still retain a very large share. The great property which they possess both in French and English funds, about forty millions, it is said in the latter (in which, I suspect, however, there is a considerable exaggeration ), the great sums which they lend to private people, in countries where the rate of interest is higher than in their own, are circumstances which no doubt demonstrate the redundancy of their stock, or that it has increased beyond what they can employ with tolerable profit in the proper business of their own country; but they do not demonstrate that that business has decreased. As the capital of a pri- vate man, though acquired by a particular trade, may increase beyond what he can employ in it, and yet that trade continue to increase too, so may likewise the capital of a great nation.

In our North American and West Indian colonies, not only the wages of labour, but the interest of money, and consequently the profits of stock, are higher than in England. In the different colonies, both the legal and the market rate of interest run from six to eight percent. High wages of labour and high profits ofstock, however, are things, perhaps, which scarce ever go together, except in the peculiar circumstances of new colonies. A new colony must always, for some time, be more understocked in propor- tion to the extent of its territory, and more underpeopled in proportion to the extent of its stock, than the greater part of other countries. They have more land than they have stock to cultivate. What they have, therefore, is applied to the cultivation only of what is most fertile and most favourably situated, the land near the sea-shore, and along the banks of navigable rivers. Such land, too, is frequently purchased at a price below the value even of its natural produce. Stock employed in the purchase and improve-

ment of such lands, must yield a very large profit, and, consequently, afford to pay a very large interest. Its rapid accumulation in so profitable an employment enables the planter to increase the number of his hands faster than he can find them in a new settlement. Those whom he can find, therefore, are very liberally rewarded. As the colony increases, the profits of stock gradually diminish. When the most fertile and best situ- ated lands have been all occupied, less profit can be made by the cultiva- tion of what is inferior both in soil and situation, and less interest can be afforded for the stock which is so employed. In the greater part of our colonies, accordingly, both the legal and the market rate of interest have been considerably reduced during the course of the present century. As riches, improvement, and population, have increased, interest has declined. The wages of labour do not sink with the profits of stock. The demand for labour increases with the increase ofstock, whatever be its profits; and after these are diminished, stock may not only continue to increase, but to in- crease much faster than before. It is with industrious nations, who are ad- vancing in the acquisition of riches, as with industrious individuals. Agreat stock, though with small profits, generally increases faster than asmall stock with great profits. Money, says the proverb, makes money. When you have got a little, it is often easy to get more. Thegreat difficulty is to get that little. The connection between the increase ofstock and that of industry, or of the demand for useful labour, has partly been explained already, but will be explained more fully hereafter, in treating of the accumulation of stock.

The acquisition of new territory, or of new branches of trade, maysome- times raise the profits of stock, and with them the interest of money, even in a country which is fast advancing in the acquisition of riches. The stock of the country, not being sufficient for the whole accession of business which such acquisitions present to the different people among whom it is divided, is applied to those particular branches onlywhich afford thegreat- est profit. Part of what had before been employed in other trades, is neces- sarily withdrawn from them, and turned into some of the new and more profitable ones. In all those old trades, therefore, the competition comes to be Jess than before. The market comes to be less fully supplied with many different sorts of goods. Their price necessarily rises more or less, and yields a greater profit to those who deal in them, who can, therefore, afford to borrow at a higher interest. For some time after the conclusion of the late war, not only private people of the best credit, but some of the greatest companies in London, commonly borrowed at five per cent. who, before that, had not been used to pay more than four, and four and a half per cent. The great accession both of territory and trade by our acquisi-

tions in North America and the West Indies, will sufficiently account for this, without supposing any diminution in the capital stock of the society. So great an accession of new business to be carried on by the old stock, must necessarily have diminished the quantity employed in a great num- ber of particular branches, in which the competition being less, the profits must have been greater. I shall hereafter have occasion to mention the reasons which dispose me to believe that the capital stock of Great Britain was not diminished, even by the enormous expense of the late war.

The diminution of the capital stock of the society, or of the funds des- tined for the maintenance of industry, however, as it lowers the wages of labour, so it raises the profits of stock, and consequently the interest of money. By the wages of labour being lowered, the owners of what stock remains in the society can bring their goods at less expense to market than before; and less stock being employed in supplying the market than be- fore, they can sell them dearer. Their goods cost them less, and they get more for them. Their profits, therefore, being augmented at both ends, can well afford a large interest. The great fortunes so suddenly and so easily acquired in Bengal and the other British settlements in the East Indies, may satisfy us, that as the wages of labour are very low, so the profits of stock are very high in those ruined countries. The interest of money is proportionably so. In Bengal, money is frequently lent to the farmers at forty, fifty, and sixty per cent. and the succeeding crop is mort- gaged for the payment. As the profits which can afford such an interest must eat up almost the whole rent of the landlord, so such enormous usury must in its turn eat up the greater part of those profits. Before the fall of the Roman republic, a usury of the same kind seems to have been common in the provinces, under the ruinous administration of their pro- consuls. The virtuous Brutus lent money in Cyprus at eight-and-forty per cent. as we learn from the letters of Cicero.

In a country which had acquired that full complement of riches which the nature of its soil and climate, and its situation with respect to other countries, allowed it to acquire, which could, therefore, advance no fur- ther, and which was not going backwards, both the wages of labour and the profits of stock would probably be very low. In a country fully peopled in proportion to what either its territory could maintain, or its stock em- ploy, the competition for employment would necessarily be so great as to reduce the wages of labour to what was barely sufficient to keep up the number of labourers, and the country being already fully peopled, that number could never be augmented. In a country fully stocked in propor- tion to all the business it had to transact, as great a quantity of stock

would be employed in every particular branch as the nature and extent of the trade would admit. The competition, therefore, would everywhere be as great, and, consequently, the ordinary profit as low as possible.

But, perhaps, no country has ever yet arrived at this degree of opulence. China seems to have been long stationary, and had, probably, long ago acquired that full complement of riches which is consistent with the na- ture of its laws and institutions. But this complement may be much infe- rior to what, with other laws and institutions, the nature of its soil, cli- mate, and situation, might admit of. Acountry which neglects or despises foreign commerce, and which admits the vessel of foreign nations into one or two of its ports only, cannot transact the same quantity of business which it might do with different laws and institutions. In a country, too, where, though the rich, or the owners of large capitals, enjoy a good deal of security, the poor, or the owners of small capitals, enjoy scarce any, but are liable, under the pretence of justice, to be pillaged and plundered at any time by the inferior mandarins, the quantity of stock employed in all the different branches of business transacted within it, can never be equal to what the nature and extent of that business might admit. In every dif- ferent branch, the oppression of the poor must establish the monopoly of the rich, who, by engrossing the whole trade to themselves, will be able to make very large profits. Twelve per cent. accordingly, is said to be the common interest of money in China, and the ordinary profits of stock must be sufficient to afford this large interest.

A defect in the law may sometimes raise the rate of interest considerably above what the condition of the country, as to wealth or poverty, would require. When the law does not enforce the performance of contracts, it puts all borrowers nearly upon the same footing with bankrupts, or people of doubtful credit, in better regulated countries. The uncertainty of recov- ering his money makes the lender exact the same usurious interest which is usually required from bankrupts. Among the barbarous nations who overran the western provinces of the Roman empire, the performance of contracts was left for many ages to the faith of the contracting parties. The courts of justice of their kings seldom intermeddled in it. The high rate of interest which took place in those ancient times, may, perhaps, be partly accounted for from this cause.

When the law prohibits interest altogether, it does not prevent it. Many people must borrow, and nobody will lend without such a consideration for the use of their money as is suitable, not only to what can be made by the use of it, but to the difficulty and danger of evading the law. The high rate of interest among all Mahometan nations is accounted for by M.

Montesquieu, not from their poverty, but partly from this, and partly from the difficulty of recovering the money.

The lowest ordinary rate of profit must always be something more than what is sufficient to compensate the occasional losses to which every em- ployment of stock is exposed. It is this surplus only which is neat or clear profit. What is called gross profit, comprehends frequently not only this surplus, but what is retained for compensating such extraordinary losses. The interest which the borrower can afford to pay is in proportion to the clear profit only. The lowest ordinary rate of interest must, in the same manner, be something more than sufficient to compensate the occasional losses to which lending, even with tolerable prudence, is exposed. Were it not, mere charity or friendship could be the only motives for lending.

In a country which had acquired its full complement of riches, where, in every particular branch of business, there was the greatest quantity of stock that could be employed in it, as the ordinary rate of clear profit would be very small, so the usual market rate of interest which could be afforded out of it would be so low as to render it impossible for any but the very wealthiest people to live upon the interest of their money. All people of small or middling fortunes would be obliged to superintend themselves the employment of their own stocks. It would be necessary that almost every man should be a man of business, or engage in some sort of trade. The province of Holland seems to be approaching near to this state. It is there unfashionable not to be a man of business. Necessity makes it usual for almost every man to be so, and custom everywhere regulates fashion. As it is ridiculous not to dress, so is it, in some measure, not to be employed like other people. As a man of a civil profession seems awkward in a camp or a garrison, and is even in some danger of being despised there, so does an idle man among men of business.

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

The proportion which the usual market rate of interest ought to bear to the ordinary rate of clear profit, necessarily varies as profit rises or falls. Double interest is in Great Britain reckoned what the merchants call a

good, moderate, reasonable profit; terms which, I apprehend, mean no more than a common and usual profit. In a country where the ordinary rate of clear profit is eight or ten per cent. it may be reasonable that one half of it should go to interest, wherever business is carried on with bor- rowed money. The stock is at the risk of the borrower, who, as it were, insures it to the lender; and four or five per cent. may, in the greater part of trades, be both a sufficient profit upon the risk of this insurance, and a sufficient recompence for the trouble of employing the stock. But the proportion between interest and clear profit might not be the same in countries where the ordinary rate of profit was either a good deal lower, or a good deal higher. If it were a good deal lower, one half of it, perhaps, could not be afforded for interest; and more might be afforded if it were a good deal higher.

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

In reality, high profits tend much more to raise the price of work than high wages. If, in the linen manufacture, for example, the wages of the different working people, the flax-dressers, the spinners, the weavers, etc. should all of them be advanced twopence a-day, it would be necessary to heighten the price of a piece of linen only by a number of twopences equal to the number of people that had been employed about it, multiplied by the number of days during which they had been so employed. That part of the price of the commodity which resolved itself into the wages, would, through all the different stages of the manufacture, rise only in arithmeti- cal proportion to this rise of wages. But if the profits of all the different employers of those working people should be raised five per cent. that part of the price of the commodity which resolved itself into profit would, through all the different stages of the manufacture, rise in geometrical proportion to this rise of profit. The employer of the flax dressers would, in selling his flax, require an additional five per cent. upon the whole value of the materials and wages which he advanced to his workmen. The employer of the spinners would require an additional five per cent. both upon the advanced price of the flax, and upon the wages of the spinners. And the employer of the weavers would require alike five per cent. both upon the advanced price of the linen-yarn, and upon the wages of the weavers. In raising the price of commodities, the rise of wages operates in the same manner as simple interest does in the accumulation of debt. The rise of profit operates like compound interest. Our merchants and master

manufacturers complain much of the bad effects of high wages in raising the price, and thereby lessening the sale of their goods, both at home and abroad. They say nothing concerning the bad effects of high profits; they are silent with regard to the pernicious effects of their own gains; they complain only of those of other people.