

ON THE ECONOMY OF NATIONS

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On the Economy of Nations by Thomas Sharpe Smith

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THOMAS SHARPE SMITH

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OF NATIONS**

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BY

THOMAS SHARPE SMITH, Esq.



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**CHARLES WHITTINGHAM, TUGS COAST,
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PREFACE.

POPULAR DISTRESSES A DERANGEMENT OF THE DISTRIBUTION.

THE following sketch of the Economy of Nations, introductory to the subject of popular distresses, was printed anonymously several years ago, during a great political excitement.

As the public affairs, however, subsided into more tranquillity than might have been reasonably anticipated, I easily indulged an habitual diffidence, and forbore to take any steps for the dissemination of my work. The same disposition would probably still tempt me to the same inactivity, were it not for that recent renewal of the question of Corn Laws, which has served to recall my ancient speculations, and that aggravation of suffering among the industrious classes at the present moment, which, by awakening my former sympathy, and even uneasiness, disquiets my retirement.

On this ground, I feel once more induced to

risk an appeal to the public attention for the following pages.

The sad experience of many additional years has only rendered it the more evident that in the knowledge of our economy we make not the smallest step in advance. I still behold the so called science without a first movement pointed out; and observe each new essayist, sensible of the failure of his predecessors, set up, whether directly or by implication, a new definition of Wealth, to steer his doctrine foul of it himself almost ere the second page. For my part, I admit nowhere any of that excess of population so long and confidently insisted upon. I even deny all primary demand for labour, and, of course, the pretended fluctuations in such a demand. As the residuum of manifold study, I discern that the original search is for food; that this, as in all other animal economy, is the *primum mobile* of ours, and that whereas we ought to share the entire harvest among us, the integrity of the distribution has suffered violence, and the portions of the outcasts have been intercepted.

That such is the mischief with which we deal in the present day, may perhaps be sufficiently inferred from the theory laid down in the following work. In what specific mode

the disorder has been brought about, is that which I intended to show on the admission of my premises, and here I shall venture to add a word on the course of argument projected, had I been encouraged to proceed.

Having already laid down the axiom that our aliment forms one entire side of the economical account, and that all the surplus merchandize is to purchase all the surplus food, I purposed to explain how this natural order can come to be deranged by the intermeddling of Corn Laws, which, by presenting any where unusual profits, engender supplies of corn beyond what there is any population to consume, to be unavoidably followed by the phenomenon of a corresponding glut of goods which there are no purchasers to absorb. Whence stagnations in trade, the inferior orders thrown out of employment; a pressure and crowding in every class of society; and the Corn Law, for all these reasons, an insupportable nuisance.

On the other hand, it might be shown that under the burthen of excessive debt we cannot do without one.

That therefore the opponents and the supporters of restriction have been equally in the right, and we are in the dilemma to require, at

one and the same time, a Corn Law and a Free Trade.

That these two propositions are not so irreconcilable as they appear at the first view, the object of the law being (or it ought to be) not to interfere with the trade in corn, for this no circumstances can justify, but only to influence the monetary system, which the levy of an exaggerated revenue renders indispensable.

In this persuasion I feel compelled to recommend as a preliminary measure, the revival of the Corn Bill of 1689, whose equal duty and bounty will evidently admit the equal ingress and egress of a free trade; but I contend that it must be enacted with a precaution not hitherto adverted to, and the neglect of which rendered it formerly at once a capricious and a destructive measure; I mean to adjust the amounts to the necessities of the circulating medium; an operation nice and difficult it is true, but for which we are not entirely without data.

By this contrivance I argue that corn will reach some of that steadiness of price which I am persuaded, with our present commercial intercourse, would be nearly absolute under entire freedom; the hope of unwonted profit would be extinguished, and the trade being

allowed its natural ebb and flow, the exuberant supplies, as far as England occasions them, would gradually disappear throughout Europe, and leave the people, through the reinstatement of the distribution, and the permanent revival of commerce, to resume their natural employments.

In attaining this one obvious element of mischief, and for the moment disregarding others, it would be necessary to go over the whole subject of paper money, of which I could indicate two distinct kinds, hitherto confounded together. It might be shown that one of these, proceeding from mercantile discounts and the joint offspring of debt and corn laws, has a power, by operating a genuine enlargement of the circulating medium, to degrade the value of gold, and thus occasions the great price we see in England, being in this respect of a constitution contrary to the other kind, which (substitutive and not auxiliary) can become itself degraded.

That the augmentation of price therefore is merely an illusive convention among ourselves, and is so far from a real dearness in corn (which in fact could proceed only from scarcity), that were the trade thrown open, the prices would immediately revert to the common