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## THE DEVELOPMENT OF ADAM SMITH'S IDEAS ON THE DIVISION OF LABOUR

MOST of the accounts hitherto given of the development of Adam Smith's ideas on the division of labour prior to the appearance of the *Wealth of Nations* have been based on a number of crucial assumptions made by early Smith scholars concerning the dating of the relevant documents—notably the so-called *Early Draft of the "Wealth of Nations"* and the two fragments on the division of labour discovered by Scott. The recent discovery of a new set of student's notes of Smith's Glasgow lectures on Jurisprudence, relating to the 1762–3 session, has made it possible to reconsider these assumptions. It will be our contention in the present article that in the light of the new evidence the documents should probably be placed in a date order very different from that which has up to now been accepted, and that if this is done the traditional picture of the way in which Smith's ideas on the division of labour developed is radically altered. In the appendices to the article we reproduce some of the more important of the materials upon which the argument rests, including an extract from the new lecture-notes and what we believe to be the first printed text of the two fragments.

### I

Let us begin with a brief review of the main documents which Scott had before him when he wrote his monumental *Adam Smith as Student and Professor*,<sup>1</sup> and the main assumptions which he made concerning their dates.

First, there were "four documents, amounting to fifteen folio pages" which Scott discovered "amongst letters kept by Adam Smith."<sup>2</sup> One of these documents, as Scott himself indicated, is very probably not by Smith, but a copy of a paper on prices which he had received from Lord Hailes.<sup>3</sup> A second, on moral philosophy, has recently been edited by Professor Raphael, who has quite properly questioned Scott's judgment as to date of composition, while indicating that it was probably written before the first edition of the *Theory of Moral Sentiments* in 1759.<sup>4</sup> The two remaining documents—the really relevant ones so far as the present article is concerned—deal more or less exclusively with the division of labour, and were thought by

<sup>1</sup> W. R. Scott, *Adam Smith as Student and Professor* (Glasgow, 1937).

<sup>2</sup> *Ibid.*, p. 58.

<sup>3</sup> In a letter to Hailes dated 5 March 1769 Smith asked him for "the papers you mentioned upon the price of provisions in former times" (John Rae, *Life of Adam Smith* (London, 1895), p. 247). Smith returned the original manuscript to Hailes, after having "taken a copy" of it, on 23 May 1769 (Scott, *op. cit.*, p. 265).

<sup>4</sup> D. Raphael, "Adam Smith and the Infection of David Hume's Society" (*Journal of the History of Ideas*, Vol. XXX, no. 2, April–June 1969).

Scott to be of such interest as to deserve reproduction in facsimile.<sup>1</sup> The longer of these two pieces, which begins with a discussion of the interdependence of the philosopher and the porter as representatives of distinct trades, will henceforth be cited as "Fragment A" (FA). The second of the pieces (FB) is somewhat shorter, and opens with a discussion of the relative merits of land and water carriage. Upon examination, Scott concluded that these two fragments were "specimens of Adam Smith's earliest economic work,"<sup>2</sup> and the captions to the facsimiles describe them specifically as coming from "one of the Edinburgh lectures." This judgment of Scott's was based in part upon his interpretation of their content, but also, apparently, on the very curious ground that "the many avocations of Adam Smith during the first eight years he was at Glasgow make it highly improbable, if not impossible, that they [the four documents] could have been written then, and thus they may be assigned to the Edinburgh period."<sup>3</sup>

Second, there was the well-known set of student's notes of Smith's Glasgow lectures on Jurisprudence which Cannan had discovered and published in 1896.<sup>4</sup> On the basis of internal evidence, Cannan had opined that it was probable that "the actual lectures from which the notes were taken were delivered either in the portion of the academical session of 1763-4 which preceded Adam Smith's departure [from Glasgow], or in the session of 1762-3, almost certain that they were not delivered before 1761-2, and absolutely certain that they were not delivered before 1760-1."<sup>5</sup> On his title page, however, Cannan had described the lectures as having been "reported by a student in 1763." Scott concluded that the lecture course concerned "must have been given in the session 1762-3," apparently basing this judgment on "an experiment made by an expert note-taker" which allegedly proved that it was "not possible that the notes could have been taken in the part of the next session during which Adam Smith was at Glasgow."<sup>6</sup>

Third, there was the so-called *Early Draft of the "Wealth of Nations"* which Scott discovered among Charles Townshend's papers at Dalkeith House, and the text of which he published in an appendix to *Adam Smith as Student and Professor*.<sup>7</sup> This document begins with an extended and fully written-out section on the division of labour (under the heading "Chap. 2. Of the nature and Causes of public opulence") which occupies just over thirty pages of the manuscript; and the remaining eighteen pages are taken up with what appears to be a summary (under the heading "Contents of the following Chapters") of the major part of the remaining "economic" material in Smith's lecture course. Scott, asking himself the question "Is

<sup>1</sup> Scott, *op. cit.*, pp. 379-85. The manuscripts themselves are located in the Bannerman Papers, Glasgow University Library.

<sup>2</sup> *Ibid.*, p. 59.

<sup>3</sup> *Ibid.*, pp. 57-8.

<sup>4</sup> *Lectures on Justice, Police, Revenue and Arms*, ed. Edwin Cannan (Oxford, 1896).

<sup>5</sup> *Ibid.*, p. xx.

<sup>6</sup> Scott, *op. cit.*, p. 319.

<sup>7</sup> *Ibid.*, pp. 322-56.

this manuscript that of the *Glasgow Lectures* or an early revision of these?”, answered that “many reasons point to the latter”—among these reasons being, apparently, “the very much greater prominence which is given to questions of Distribution here as compared with the report of the *Glasgow Lectures*.” Since in Scott’s opinion, as we have just seen, the latter report must have related to lectures given in 1762–3, he concluded that “the probable date of the revision, represented by this manuscript, would be 1763, probably the summer or later.”<sup>1</sup>

Summing up, the view put forward by Scott, which has been accepted by the great majority of later Smith scholars, was that FA and FB dated from the very early Edinburgh period; that the Cannan notes related to lectures delivered in the 1762–3 session; and that the *Early Draft* was probably written in 1763, fairly soon after these lectures had been delivered.

Our review of these assumptions in the remaining part of the present article is organised as follows. In Section II, we begin by provisionally ascribing the Cannan notes to the 1763–4 session. We then summarise the treatment of the division of labour in the newly discovered 1762–3 notes, and compare it with the treatment of this subject in the Cannan notes. Finally, we put the two sets of notes side by side and compare them with the *Early Draft*, arriving at the tentative conclusion that the latter was probably written before April 1763. In Section III, we turn to the two fragments. We first describe their form and content in more detail, and then compare them with the *Early Draft* on the one hand and Chapter III of Book I of the *Wealth of Nations* on the other, arriving at the conclusion that the fragments probably date from the 1760s rather than from the Edinburgh period. Finally, in Section IV, we survey some of the important *differences* between the fragments and the *Wealth of Nations*, drawing from this comparison certain conclusions regarding the nature and development of Smith’s ideas on the division of labour.

## II

The first thing which emerges as a result of the discovery of the new set of notes mentioned above is that the lectures to which the Cannan notes related (assuming that they were all of a piece) could not possibly have been given in the 1762–3 session. This is a point which will be documented more fully when the new notes are published:<sup>2</sup> here we need only say that so far as they go<sup>3</sup> they are very much fuller than the Cannan notes; that most of the lec-

<sup>1</sup> Scott, *op. cit.*, p. 319.

<sup>2</sup> The new notes are being edited by Professor R. L. Meek, Professor D. Raphael, and Professor P. Stein, for publication in Glasgow University’s forthcoming bicentennial edition of Smith’s *Works and Correspondence*.

<sup>3</sup> The notes stop short a little over half-way through the “economic” section of Smith’s lectures. More specifically, the material in them corresponds roughly to that in the Cannan notes up to but not beyond p. 208 of the published edition of the latter.

tures are separately reported *and dated*; that all the dates relate to the 1762–3 session; and that the whole order of treatment of the main subjects is radically different from that in the Cannan notes. The only question now really at issue, therefore, is whether the Cannan notes relate to 1761–2 or 1763–4. And on this point, fortunately, the reference to Florida on p. 70 of the published edition of the Cannan notes would seem to be fairly decisive. A comparison of the passage in which this reference occurs with the corresponding passage in the 1762–3 notes shows that it must relate to the cession of Florida at the end of the Seven Years War, which could obviously not have been referred to in the 1761–2 session. It seems very likely indeed, therefore, *pace* Scott, that the lectures to which the Cannan notes refer were in fact delivered in 1763–4—the session during which Smith left Glasgow, his course being continued and completed by Thomas Young.<sup>1</sup> If this is so, the intriguing question arises as to the extent, if any, to which Young's views as well as Smith's may be reported in the Cannan notes; but this is not a question which need concern us in the present article.

Let us turn, then, to the treatment of the division of labour in the new 1762–3 lecture notes, numbering the successive points made so as to facilitate later comparison with the other documents concerned.<sup>2</sup> After a discussion of the secular growth of wants, and a very interesting development of the idea that “all the arts, the sciences, law and government, wisdom and even virtue itself, tend all to . . . the providing meat, drink, raiment, and lodging for men,” Smith comes directly to the division of labour, dealing with it as follows:

1. The fact that the “ordinary day-labourer” in Britain has a higher standard of living than “an Indian prince at the head of 1000 naked savages” is due to the “joint assistance” of hundreds of different people who have in effect co-operated to produce his “blue woollen coat,” his tools, his furniture, etc.

2. It may not seem surprising that “the moneyed man and man of rank” should be so much better provided for than the most wealthy savage, since “the labour and time of the poor is in civilised countries sacrificed to the maintaining the rich in ease and luxury.” Among the savages, however, there are “no landlords, no usurers, no tax gatherers,” and we should therefore expect that “the savage should be much better provided than the dependent poor man who labours both for himself and for others.” But the case is in fact “far otherwise.”

<sup>1</sup> If Young was in fact furnished by Smith with the latter's lecture-notes, as A. F. Tytler asserts (*Memoirs of the Hon. Henry Home of Kames*, Vol. I (2nd edn., Edinburgh, 1814), p. 272), and as would indeed seem very probable, it follows that the experiment by Scott's “expert note-taker” (above, p. 1095) proves nothing at all.

<sup>2</sup> In the quotations from the 1762–3 notes which follow in the present article, and in Appendix A, a number of imperfections of grammar, punctuation, spelling, etc., in the student's report have been cleaned up in the interests of readability.

3. The difficulty in accounting for this is increased by the fact that labour is not “equally proportioned to each,” so that “of 10,000 families which are supported by each other, 100 perhaps labour not at all.” The “rich and opulent merchant” lives better than his clerks who “do all the business”; the latter better than the artisans; and the latter in turn better than the “poor labourer” who “supports the whole frame of society.” How then can we account for “the great share he and the lowest of the people have of the conveniences of life”?

4. The division of labour among different hands can alone account for this. Let us consider the effects the division of labour can have on “one particular branch of business”—pin-making—with a view to judging from this the effect it will have on the whole. If one man had to do all the work of making a pin from beginning to end, it would take him at least a whole year to make a pin, so that its price would be £6, the value of a man’s labour for a year. Even if he were given the wire ready made, he would not be able to make more than twenty pins a day, and the pins would sell at not less than one penny each. As things actually stand, however, the labour is normally divided among eighteen persons; 36,000 pins can be made in a day; and the pin-maker can as a result afford both to increase the workman’s wages and to sell his pins more cheaply.

5. Agriculture “does not admit of this separation of employment in the same degree as the manufactures of wool or lint or iron work.” Though an opulent state will no doubt far exceed a poorer one both in agriculture and in manufacture, “yet this will not be so remarkable in the produce of the soil as the handicraft trades.”

6. When these improvements have been made, “each branch of trade will afford enough both to support the opulence and give considerable profit of the great men, and sufficiently reward the industry of the labourer.” If, for example, the pin-maker can contrive that each man produces 2,000 pins per day, and if he sells these at one penny per hundred, he can pay the artisan fifteen pence and still have “5 for his share.”<sup>1</sup>

7. Thus “the price of labour comes to be dear while at the same time work is cheap”—two things which “in the eyes of the vulgar appear altogether incompatible”; and “that state is opulent where the necessaries and conveniences of life are easily come at.”

8. The extension of the division of labour cheapens commodities. Thus we see that the price of almost all commodities has fallen since the Revolution, “notwithstanding the supposed abundance of money.” “We are not to judge whether labour be cheap or dear by the moneyed price of it, but by the quantity of the necessaries of life which may be got by the fruits of it.”

<sup>1</sup> This is in fact the second of two numerical examples which are given in this section. In the first, it is assumed that each man produces 1,000 (instead of 2,000) pins per day, and that these are sold at the rate of three-halfpence per 100. In this case “the whole thousand will then be worth 15d., of which the artisan can afford 3 to his master and have 12 as the price of his labour.”

Gold and silver, however, "can not be so easily multiplied as other commodities."

9. The increase in "the stock of commodities" arising from the division of labour has three causes: "1st, the dexterity which it occasions in the workmen; 2dly, the saving of time lost in passing from one piece of work to another; and 3dly, the invention of machines which it occasions."<sup>1</sup>

10. In relation to the invention of machines, those "general observers whom we call philosophers" play an important role, as for example in the case of the fire engine and wind and water mills. And in time "philosophy itself becomes a separate trade . . . like all others subdivided into various provinces."

11. The division of labour is not "the effect of any human policy," but is rather "the necessary consequence of a natural disposition altogether peculiar to men, *viz.*, the disposition to truck, barter, and exchange." This disposition is never found in animals: the hounds which help each other when chasing a hare do not do so as the result of any contract between them. It is only men who enter into bargains, and who, when they want beer or beef, address themselves not to the humanity of the brewer or the butcher but to his self-love.

12. This "bartering and trucking spirit" is the cause of the separation of trades and the improvements in arts. A savage, for example, who finds that he can make arrows "better than ordinary," may become a full-time arrow-maker.

13. It is not the difference of "natural parts and genius" that occasions the separation of trades, but the separation of trades that occasions the diversity of genius, as is shown by the example of the philosopher and the porter.

The argument which we have just summarised takes us up to the end of the lecture which Smith gave on Tuesday, 29 March 1763. As we shall see directly, the argument was subsequently continued and developed—although in a very peculiar and significant manner—in the two following lectures on Wednesday, 30 March, and Tuesday, 5 April. Let us pause here, however, to draw a mental line under the thirteenth point, for, as will be emphasised later, the section of the *Early Draft* dealing with the division of labour more or less exactly mirrors the argument of the 1762–3 lectures *up to but not beyond* this point, whereas the Cannan notes in effect incorporate the subsequent material.

Under his date-heading for the lecture of Wednesday, 30 March, the student has—quite unusually—written a note which reads "continues to illustrate former, etc." The notes of the lecture proper begin with Smith's customary summary of some of the main points in his previous lecture, which is fairly straightforward until he starts recapitulating point 11 above. Here he introduces some new material, of which there is no trace at all in the

<sup>1</sup> This point and its illustrations occupy five pages of the manuscript.

student's notes of the previous lecture, concerning a law made by Sesostris to the effect that "everyone should for ever adhere to his father's profession." The student's report of this new material takes up 172 words. Smith then goes straight on to summarise point 12; and from there directly proceeds to make another new point, also not made in the previous lecture, to the effect that the "disposition of trucking" is founded on "the natural inclination everyone has to persuade." Men, the argument runs, "always endeavour to persuade others to be of their opinion," and thus acquire "a certain dexterity and address . . . in managing of men." The activity of bartering, in which they "address themselves to the self-interest of the person," is the result of their endeavours to do this "managing of men" in the simplest and most effective manner.

Smith now leaves the subject of the division of labour, and announces the five main topics with which he is going to concern himself in the remaining part of the "economic" section of the course. The first of these is "the rule of exchange, or what it is which regulates the price of commodities"; and he embarks immediately upon his discussion of this topic, continuing with it until the end of the lecture.

At the beginning of the *next* lecture, however, on Tuesday, 5 April, one is surprised to find Smith returning yet again, this time quite out of context, to the question of the division of labour, and developing for the first time (at any rate in the 1762-3 lectures) the crucial principle that the division of labour is limited by the extent of the market. This passage, which takes up nearly four pages of the student's manuscript, is clearly important, and is therefore reproduced in full in Appendix A at the end of the present article. After it is finished, Smith proceeds calmly on his way, picking up the threads of his previous discussion of "the rule of exchange" and carrying on with his exposition of it.

Let us now make a comparison between the treatment of the division of labour in the 1762-3 notes, as outlined above, and the treatment of it in the Cannan notes (which, as we have seen, very probably relate to the lectures delivered in 1763-4), the purpose of this comparison being to detect the differences, if any, between what was actually said about the division of labour in the lectures in 1762-3 and what was said about it in 1763-4.

One important point which must be stressed here is the enormous difference in the standard of note-taking as between the two sets of notes. The 1762-3 notes as a whole are extremely full, and so far as one can judge extremely accurate: in all probability they were a student's transcription of *shorthand* notes taken down by him in class, and the student evidently took great pains to make this transcription as correct as possible a rendering of the words actually used by Smith. The Cannan notes, by way of contrast, are in many places extremely sketchy, and in some places—as it now turns out—not at all reliable: they bear all the marks of being a copyist's later transcription of a set of rather abbreviated notes originally taken down by a student in



*longhand*. Thus one frequently finds that a point which occupies a whole page of the 1762–3 notes is represented in the Cannan notes by no more than a single sentence—and sometimes a rather incomprehensible one at that. Thus whereas the absence of a particular point from the 1762–3 notes can normally be assumed to indicate that this point was not in fact dealt with in that session's lectures, the same assumption can *not* safely be made in relation to the Cannan notes.

Bearing this in mind, and putting the two sets of notes side by side,<sup>1</sup> there is no evidence to suggest that what was actually said about the division of labour in the 1763–4 lectures was *substantially* different from what had been said in 1762–3, *at any rate up to (and including) point 10 above*. Some of the points concerned are very baldly summarised in the Cannan notes, but most of them (with the possible exception of 6)<sup>2</sup> do in fact appear to be there, and they are presented in what seems to be the same order. The first difference which may be of importance occurs when we come to the counterpart in the Cannan notes of point 11.<sup>3</sup> Here the exposition begins with a discussion of that “law made by Sesostriis” of which we have already heard (above, p. 1100), and only *after* this discussion does it proceed to the illustration of the hounds chasing a hare. In the 1762–3 lectures, by way of contrast, Smith when dealing with point 11 went straight to the hounds illustration, and as we have seen made no mention of the “law made by Sesostriis” until the recapitulation of the argument at the beginning of his next lecture on Wednesday, 30 March.

In the Cannan notes, the summary of point 11, expanded in this way, is followed immediately by a summary of points 12 and 13, and the notes then proceed directly to a discussion of the notion that the real foundation of the disposition to truck or barter is the “principle to persuade.” This point was also made in the 1762–3 lectures, but only, as we have already seen, at the end of the recapitulation of the argument near the beginning of the lecture on Wednesday, 30 March. Immediately after this discussion, the Cannan notes proceed with a consideration of the crucial point that “the division of labour must always be proportioned to the extent of commerce.” This point too, it will be remembered, was also made by Smith in the 1762–3

<sup>1</sup> The relevant passages in the Cannan notes will be found on pp. 161–72 of the published edition.

<sup>2</sup> The only counterpart of point 6 in the Cannan notes would seem to be a single sentence on p. 164 reading “When labour is thus divided, and so much done by one man in proportion, the surplus above their maintenance is considerable, which each man can exchange for a fourth of what he could have done if he had finished it alone.” There is no trace of the two numerical illustrations from pin-making which Smith used in 1762–3 to illustrate the point. There are a number of possible explanations of this omission, but they need not concern us here. What is more interesting is the fact that these illustrations clearly display the division of the product between wages and profits, and that they were carried over (in amended form—see footnote 1, p. 1102) into the *Early Draft*. If Scott had been able to compare the *Early Draft* with the 1762–3 notes as well as the Cannan notes, he would have found it much less easy, we think, to argue that the *Early Draft* “contains much more on Distribution” than the lectures. Cf. Scott, *op. cit.*, pp. 319–20.

<sup>3</sup> See the published edition of the Cannan notes, pp. 168–9.

lectures, *but not at this place*: it was squeezed in, in a way which makes it look very like an afterthought, half-way through his exposition of the theory of price, at the beginning of his lecture on Tuesday, 5 April.

To sum up, then, the three additional points made by Smith in 1762–3 in his lectures on Wednesday, 30 March, and Tuesday, 5 April—the “law made by Sesostris” point, the “principle to persuade” point, and, most important of all, the point that the division of labour depends on the extent of the market—were all incorporated *in their proper places* in the 1763–4 lectures.

How can we account for this difference? It *could* be argued, of course, that in his lecture on Tuesday, 29 March 1763, Smith did not have time, or perhaps forgot, to deal with the three points concerned; that he remembered to deal with the first two at the beginning of his next lecture; but that he forgot about the third until the beginning of the next lecture after that. This would have been very uncharacteristic, but it is at least possible. More likely, however, we believe, is the suggestion that at any rate the third of the three points concerned—the idea that the division of labour depends on the extent of the market—really was a genuine afterthought, appearing for the first time in the 1762–3 course and assuming its proper place only in 1763–4.

This suggestion is supported by a comparison between the two sets of lecture-notes and the *Early Draft*. The latter document evidently represented a preliminary and rather tentative attempt by Smith to translate the “economic” material in his Jurisprudence lectures into book form. It is very much the sort of document which any of us today might produce for a publisher whom we were wanting to interest in a projected book and who had asked us to submit a sample first chapter plus a summary of the remaining chapters. And there is of course no doubt that the document is directly based on the material in *some* set of lectures: the only question really at issue is *which* set. The main point here is that the chapter on the division of labour, which is fully written out and with which the *Early Draft* begins, corresponds very closely indeed—argument by argument, and often sentence by sentence and even word by word—with the treatment in the 1762–3 lecture notes, *up to but not beyond the end of the lecture on Tuesday, 29 March*.<sup>1</sup> In

<sup>1</sup> The main differences between the relevant sections of the *Early Draft* and the 1762–3 notes are as follows:

(a) *Point 6*. In the 1762–3 notes the two numerical illustrations are based respectively on the assumptions that 1,000 pins and 2,000 pins are produced per day. In the *Early Draft* the corresponding assumptions are that 2,000 and 4,000 pins are produced per day.

(b) *Point 8*. In the *Early Draft* the substance of point 8 seems to have been transferred from the division of labour section to the summary of “Chap. 4th. Of Money, its nature, origin and history” (*cf.* Scott, *op. cit.*, p. 347).

(c) At the end of the division of labour section of the *Early Draft*, after point 13, a new passage (not to be found, we believe, anywhere else in Smith’s writings) is added. In this rather curious passage Smith discusses certain implications of the fact that almost everything we know is acquired second-hand from books.

It would take us too far out of our way to analyse these differences here: suffice it to say that in our opinion they are perfectly consistent with the view about the probable dating of the *Early Draft* given above in the text.

other words, there is no mention whatever in it of the “law by Sesostris” point, the “principle to persuade” point, or, more importantly, the point that the division of labour depends on the extent of the market. So far as the summary of the remaining chapters is concerned, it seems to us that this might equally have been based on the lectures as reported in 1762–3 or in 1763–4. But the absence from the first part of the *Early Draft* of any mention of the point about the extent of the market (to say nothing of the two other points concerned) surely suggests that it could not have been based on the 1763–4 lectures—and, indeed, that it could not have been based on the 1762–3 lectures either, *unless it was written prior to April 1763*. It does not seem at all plausible that the *Early Draft* should have omitted all mention of the idea that the division of labour depends on the extent of the market if Smith had in fact arrived at this idea, and appreciated its full economic significance, at the time when the document was drawn up. What does seem plausible is that the *Early Draft* was a revised version of the “economic” part of Smith’s lecture-notes as they stood at some date shortly before April 1763; that while thinking about the division of labour and the way in which he would treat it in his projected book Smith arrived at certain new ideas, including that concerning the dependence of the division of labour on the extent of the market; and that he explained the latter idea to his students for the first time in his lecture on 5 April 1763.

### III

The reader who has already had a look at Appendix A, in which the 1762–3 report of Smith’s apparent afterthought on the dependence of the division of labour on the extent of the market is reproduced, will have noticed that it is divided roughly into two halves. In the first half Smith introduces and illustrates the general point that the division of labour is “greater or less according to the market”; in the second half he goes on to talk about the relative effects of sea and land carriage upon “the greatness of the market.” The curious thing is that these are precisely the two subjects dealt with respectively in the two fragments (FA and FB) mentioned on p. 1095 above. The fact that the only two unpublished economic documents of Smith’s (apart from the *Early Draft*) which have survived should deal with the same two subjects as the uncharacteristic “afterthought” which we have just been considering can hardly be due to a mere coincidence, and cries out for some kind of explanation.

The text of FA and FB is reproduced in Appendices B and C below. In physical appearance, FA consists of a single folio sheet of four pages with the text extending almost, but not quite, to the bottom of the last page. FB consists of a single folio sheet with the text covering rather more than two and one-half pages. Both fragments begin in the middle of a sentence. Each

page has a broad margin at the left-hand side, and in FA there is in one case a lengthy insertion written in this margin and preceded by a signal which also appears in the text. Similar insertions appear on the first and third pages of FB. In both cases there are a number of words struck out in the text with new ones substituted—occasionally, it would seem (as in the case of the *Early Draft*), by Smith himself. The bulk of the insertions, however, are in the hand of the amanuensis, and generally occur above the line. In addition, there are a number of cancelled words (and parts of words) without corresponding insertions, indicating in all probability that Smith often changed his choice of expression during dictation. It is evident, therefore, that the two fragments, unlike the *Early Draft*, are not in a finished form.

The two folios have the same watermark and were written in the same hand. The watermarks are quite clear, and would appear to be the same as those found in the *Early Draft*. On one sheet there is a circular emblem containing the motto *Pro Patria Eiusque Libertate*, surmounted by a crown, the whole containing a lion “rampant and regardant.” The lion seems to be grasping a weapon in one hand, and a sheaf of corn or arrows in the other. The animal stands on a pedestal whose base appears to bear the letters VRYHYT. On the facing page, the countermark consists of a single circle, enclosing the letters GR, which are flanked by laurel leaves and again surmounted by a crown.<sup>1</sup>

In other words, the paper on which the two fragments were written would appear to be the same as that used for the *Early Draft*, although the hand does differ.

Turning now from the physical appearance of the fragments to their actual content, we find that FA is mainly concerned with the relationship between the division of labour and the extent of the market. Smith here illustrates the point by reference to small communities such as those found in the “mountainous and desert” Highlands of Scotland, where individuals are forced to exercise a number of different trades. His basic argument is that the extent of the market must be affected by the size of the community, and he goes on to provide further illustrations drawn from the experience of North American Indians, Tartars, Arabs, and Hottentots. In FB the same theme is considered from a rather different point of view: here the extent of the market is analysed in relation to ease of communication, especially by sea. Smith indicates that economic development was historically dependent on foreign or inland navigation, citing the experience of Greece and ancient Egypt as instances. Economic development round the coasts of the colonies in America is also mentioned in support of the general thesis; the colonies being likened (in the manner of King James’s description of the county of Fife) to “a coarse woollen coat edged with gold lace.”

Are these fragments in fact the work of the Edinburgh period, as Scott

<sup>1</sup> Scott’s description of the *Early Draft* watermarks (which is rather inaccurate) will be found in *Adam Smith as Student and Professor*, p. 322.

believed? Three main considerations seem to us to tell against the ascription of them to such an early date.

The first consideration is suggested by a comparison of the opening paragraph of FA with the concluding part of the section of the *Early Draft* dealing with the division of labour, which consists of a long analysis of the interdependence of, and mutual advantage to be derived from, the separate trades of the philosopher and the porter. The final portion of this concluding part of the section is reproduced in Appendix D; and a comparison with the opening paragraph of FA in Appendix B will show that the latter is virtually identical with a passage in the former. Starting with the words "who, for an equal quantity of work" in the first line of FA and in the third sentence of the extract from the *Early Draft*, the two texts continue in more or less exact parallel down to the sentence ending (in the *Early Draft*) "usefull knowledge to diminish," so that there are about 25 lines of the *Early Draft* which reappear at the beginning of FA with only four very minor substantive changes and one handwritten alteration. At this point, however, the two texts part company: FA continues directly with a discussion of the dependence of the division of labour on the extent of the market, whereas the division of labour section of the *Early Draft* carries on with the general theme of the philosopher and the porter for a further 35 lines and then finishes. This final 35 lines constitutes that curious passage, mentioned in our footnote 1, p. 1102, in which Smith discusses certain implications of the fact that almost everything we know is acquired second-hand from books. What may have happened is that Smith decided to rewrite the final part of the division of labour section of the *Early Draft*, and in the process of revision judged it proper to omit the passage just mentioned. In other words, it seems at least possible that the fragments represent an alternative conclusion to the division of labour section of the *Early Draft*.<sup>1</sup>

The second consideration relates more directly to the question of the content of the fragments. It will be remembered that in the *Early Draft* Smith did not formally consider the relationship between market size and the division of labour at all. The subject *was* considered in the 1762-3 lectures, but only, apparently, as an afterthought, and not at any great length.<sup>2</sup> In the 1763-4 lectures it was also considered, this time in its proper place, but

<sup>1</sup> The very fact that the fragments have survived, and that they were apparently found among letters kept by Smith, lends *some* support (although probably not very much) to the suggestion that they were linked in some way or other with the *Early Draft*. We are not prepared, however, to hazard any guess as to the exact reasons for their survival.

<sup>2</sup> In his lecture on 24 February 1763, however, Smith *did* discuss the importance of the "opportunity of commerce" in the developmental process, relating the relative lack of advance in "Tartary and Araby" to (*inter alia*) the fact that "they are deprived in most places of the benefit of water carriage, more than any other nation in the world; and in some places where they would have an opportunity of it, the land carriage which would be necessary before it, debars them no less than the other." And Smith went on from there to compare the situation of these countries with that of ancient Greece, which did not suffer from the same disadvantage. Cf. the published edition of the Cannan notes, p. 22.

there is no evidence to suggest that it was then considered either more extensively than in 1762–3 or in any substantially different way. Certainly there is nothing in either set of lecture-notes suggesting a treatment of the subject which remotely approaches, either in length or in sophistication, the treatment found in the fragments, extending as the latter do over six and one-half closely written folio pages. If, therefore, we adopt the plausible hypothesis that work which is analytically more developed is likely to come later in time, the possibility begins to emerge that the fragments were in fact written *after* that version of the lecture-notes which contains the most elaborate account of the subject—*i.e.*, the version of 1762–3.

The third consideration is suggested by a comparison of FA and FB with Chapter III of Book I of the *Wealth of Nations*, which brings to light a close parallel as regards the order and content of the argument. In both cases, for example, we find the point about the extent of the market illustrated in terms of community size before Smith goes on to examine the issue of transportation and its contribution to the development of commerce. Moreover, the form of words employed in certain passages is very similar—so similar, indeed, as to suggest that the fragments may have served at least as a preliminary basis for the chapter. In the *Wealth of Nations*, for example, paragraphs 1 and 2 of Chapter III appear to follow FA from the sentence in the latter beginning “As it is the power of exchanging” (with which the second paragraph commences) to the end of the second page of the manuscript; and paragraphs 3–7 show the same close connection with the whole of FB.

Although the apparent link between the fragments and the *Early Draft* tends to suggest that Smith, at the time he wrote these documents, had not yet decided to accord the point about the dependence of the division of labour on the extent of the market a separate chapter in his proposed book, the close parallel between the *Wealth of Nations* and the fragments may perhaps suggest that the latter represent not just an *alternative* conclusion to the division of labour section of the *Early Draft*, but rather a *substitute* for it. There is also of course the possibility—which we would however regard as much less likely—that the fragments could be discarded pages from the manuscript of the *Wealth of Nations* itself. But however this may be, it seems fair to conclude from all the evidence that the balance of probability lies in favour of a date in the 1760s for the fragments and rather against the Edinburgh period of 1748–51. In placing FA “almost midway between Hutcheson and the *Glasgow Lectures*,” Scott relied in part on the point that while this fragment considers “the nature” of the division of labour, “there has yet to be worked out ‘its causes.’”<sup>1</sup> He does not seem to have examined the documents in relation to Smith’s other work, or to have considered the possibility that “its causes” had been worked out already and elsewhere.

<sup>1</sup> Scott, *op. cit.*, p. 59.

## IV

Apart from the parallels which exist between the fragments and the *Wealth of Nations*, there are also some interesting differences: materials, for example, which are present in one version of the argument but not in the other.

(1) The opening passage of FA, illustrating the advantages of the division of labour in terms of the philosopher/porter example, was omitted from the analysis in the *Wealth of Nations*—most probably on the ground that it was redundant, *i.e.*, concerned with a point which was already adequately established. At the same time, Smith must have decided to expand the new material included in the fragments and to give it the dignity of a separate chapter, beginning with the second paragraph of FA, as noted above.

(2) As stated above, paragraphs 1 and 2 of Chapter III of the *Wealth of Nations* appear to follow FA from the sentence in the latter beginning “As it is the power of exchanging” to the end of the second page of the manuscript, which takes us to about the middle of paragraph 2 of Chapter III. There is no counterpart in Chapter III of the material in pp. 3–4 of FA;<sup>1</sup> and the counterpart in it of FB begins at the eleventh word of the third sentence in paragraph 3. There is therefore a long passage in Chapter III, beginning “Country workmen are almost everywhere” and ending “a ship navigated by six,” of which there is no counterpart in the fragments. This passage begins by elaborating on the theme of paragraph 1 in providing further illustrations of the point that rural communities are often too small to permit of a complete division of employments, and links the discussion of the relation between community size and the division of labour (the subject of FA, pp. 1–2) with that of the relative merits of land and sea carriage (the subject of FB). The passage amounts to approximately 300 words, which would make about one folio page in the hand of the amanuensis used. It is thus quite possible that Smith, having decided to omit the material in the two final pages of FA, later inserted a single page of material (now lost) linking the two fragments together.

(3) Another addition to the *Wealth of Nations* is represented by the last paragraph of Chapter III, which continues a theme introduced in the previous part of the chapter. In FB the discussion of the importance of water carriage had reached a natural period in citing the examples of China and Egypt, but in the *Wealth of Nations* additional examples are provided—Africa, Austria, Bavaria, etc. From the standpoint of the discussion of the division of labour the new material is of limited significance, in that the point at issue had already been adequately established. But from other points of view the same material is important, and this for two reasons. First, it is interesting to note the weight of emphasis which Smith gave to ease of

<sup>1</sup> We deal with the omission of this material under the last heading in this section.

navigation as contributing to economic development and even as a precondition of it. It was in this place that Smith commented:

“ All the inland parts of Africa, and all that part of Asia which lies any considerable way north of the Euxine and Caspian seas, the antient Scythia, the modern Tartary and Siberia, seem in all ages of the world to have been in the same barbarous and uncivilized state in which we find them at present.”

Second, the point is also significant in relation to Smith's general theory of historical change, which features the use of four socio-economic stages through which communities are “ naturally ” expected to pass in sequence over time. The emphasis on a *sequence* of stages tends to distract attention from the necessary preconditions of development (ease of defence, fertility, navigation) which Smith himself isolated, and thus from the point that socio-economic development may be *arrested* at a certain point—such as that reached by the Tartars.

(4) Interestingly enough, our final point is also connected with Smith's use of economic stages. We have already noted that the two final pages of FA were omitted from the *Wealth of Nations*, and that in this passage Smith had provided a number of historical illustrations of the point that community size must affect the scope for the extension of the division of labour. Smith probably had two reasons for making this omission: first, he had already illustrated the point at issue in terms of a modern example, so that additional material could be regarded as redundant; and second, the examples drawn from the experience of North American Indians, Tartars, Arabs, and Hottentots, while important of themselves, were all to receive attention elsewhere in the *Wealth of Nations*, most notably in Book V.<sup>1</sup> Yet this particular decision

<sup>1</sup> There may of course have been another more general reason for this omission, related to what Scott called Smith's “ epoch-making decision ” to separate his economic material from “ the treatment of Jurisprudence in which it had been previously embedded ” (Scott, *op. cit.*, p. 319). After making this decision, and as his economic work proceeded, it would have been natural for Smith to purge the more “ analytical ” parts of his material of some of the “ sociological ” illustrations with which they had hitherto been associated.

There may be an interesting parallel here with Smith's decision to omit paragraphs 2 and 3 of the *Early Draft* (the counterpart of points 2 and 3 in the 1762–3 notes) from the *Wealth of Nations*. In the first paragraph of the *Early Draft* he had already noted that in a modern society the unassisted labour of the individual could not supply him with his simple needs, and that the poor man was in fact able to command enjoyments which placed him nearer to the modern *rich* than “ the chief of a savage nation in North America ” (Scott, *op. cit.*, p. 325). In the *Early Draft* this is presented as part of a problem to be explained, while in the *Wealth of Nations* the material is used to conclude the discussion of Chapter I. In the *Early Draft*, however, the second and third paragraphs continue with the theme that while it is an easy matter to explain why the rich of a modern state should be well provided as compared to the savage, it is not so easily understood why this should also apply to the modern poor. By way of illustration Smith proceeded to show that the peasants and labourers of the modern state were relatively badly off due to inequality in the distribution of wealth (and effort). Smith really warmed to his task in these two paragraphs: here we meet the “ slothful Landlord,” the “ indolent and frivolous retainers ” of the court, and the monied man indulging himself in “ every sort of ignoble and sordid sensuality ”—and we are told that “ those who labour most get least,” and of the “ oppressive inequality ” of the modern state. From the standpoint of



is less obviously an improvement, for a number of reasons. First, in the passage omitted Smith *explicitly* established a connection between mode of subsistence, size of community, and division of labour, illustrating the point in terms of three distinct economic types (hunting, pasturage, and agriculture). Second, Smith there provided hard evidence that the division of labour was practised in primitive communities such as the Hottentots, pointing out in the latter case that:

“ Even in each village of Hottentots . . . there are such trades as those of a smith, a taylor & even a phisician, & the persons who exercise them, tho’ they are not entirely, are principally supported by those respective employments . . . ”

Third, Smith’s discussion, when taken in conjunction with the previous chapters in the *Wealth of Nations*, helps to clarify just what he meant by the term “ division of labour.” The point made in the omitted passage of FA is really that even backward or barbarous communities will feature a division of labour but not necessarily specialisation in employments. The Hottentots, for example, are “ principally,” not “ entirely,” supported by their respective employments. But the division of labour properly so called only exists where there is *specialisation* both in terms of area of employment and process of manufacture. For Smith, such *specialisation* was the characteristic of the fourth socio-economic stage *alone*: a point which he makes plain in remarking that while the first three stages gave increasing scope to the division of labour, yet

“ The compleat division of labour . . . is posteriour to the invention even of agriculture.”

In the *Wealth of Nations* Smith was of course concerned with a form of economy characterised not merely by the division of labour, but by the “ compleat ” form of that institution.

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the analytical discussion of the division of labour the two paragraphs are probably redundant, thus explaining their omission; an omission which probably does improve the flow of the argument and which lends to it a modern air of technicality and detachment. Yet one wonders if the reaction of contemporary (and modern) readers might have differed, had they been introduced to an enquiry into the nature and causes of the *Wealth of Nations* by way of a by no means trivial polemic on the subject of inequality.

## APPENDIX A

## EXTRACT FROM THE 1762-3 LECTURE-NOTES

Tuesday, April 5th, 1763

Having given an account of the nature of opulence and the things in which the riches of a state might consist, I proceeded to show that this was greatly promoted by the division of labour, which took its rise from the disposition to truck, etc., as well as the means by which it produced that effect.—We may observe on this head that as the division of labour is occasioned immediately by the market one has for his commodities, by which he is enabled to exchange one thing for every thing, so is this division greater or less according to the market. If there was no market everyone would be obliged to exercise every trade in the proportion in which he stood in need of it. If the market be small he can't produce much of any commodity. If there are but ten persons who will purchase it he must produce as much as will supply 100, otherwise he would reap no benefit by it; far less will he be induced to bring about the great increase which follows on the farther improvement of this division. The being of a market first occasioned the division of labour, and the greatness of it is what puts it in one's power to divide it much. A wright in the country is a cart-wright, a house-carpenter, a square-wright or cabinet-maker, and a carver in wood, each of which in a town makes a separate business. A merchant in Glasgow or Aberdeen who deals in linen will have in his warehouse Irish, Scots, and Hamburg linens, but at London there are separate dealers in each of these. The greatness of the market enables one to lay out his whole stock not only on one commodity but on one species of a commodity and one assortment of it. This also lessens his correspondence and gives him less trouble; besides that as he deals in a large quantity he will get them cheaper and consequently can get the higher profit. Hence as commerce becomes more and more extensive the division of labour becomes more and more perfect. From this also we may see the necessity of a safe and easy conveyance betwixt the different places from whence the commodities are carried. If there is no conveyance of this sort the labour of the person will not be extended beyond the parish in which he lives. If the roads are infested by robbers the commodities will bear a higher price on account of the risk. If the roads are bad in winter the commerce is then greatly retarded, if not altogether stopped. A horse in a bad road in winter will take four times the time he took before to carry his loading of equal quantity, that is, will carry one-quarter of the goods he formerly did, whereas when they are good winter and summer makes no odds. And hence we see that the turnpikes of England have within these thirty or forty years increased the opulence of the inland parts. This may show us also the vast benefit of water carriage through the country. Four or five men will navigate a vessel betwixt Scotland and England, Norway, etc., which may contain perhaps 200 tons. The whole expense of the carriage is the tear and wear of the ship and the wages of these men backwards and forwards, that is, if we suppose she returns empty; but if she returns loaded this will be borne in half by the second cargo. If we should suppose that this should be carried by land the expense is far greater. If a wagon carries five tons, it will be requisite to have forty wagons for 200 tons. Each of these have six or eight horses with two men. The expense here will be much greater. The tear and wear is much the

same, but the wages is much higher, besides that the ship does it in a much shorter time. Land carriage therefore obstructs the supply of goods and the greatness of the market. Hence also we may see the great benefit of commerce, not as it brings in money into the country, which is but a fanciful advantage, but as it promotes industry, manufactures, and opulence and plenty made by it at home.

I had begun also to treat of the prices of commodities. There are in every species of goods two separate prices to be considered. . . .

## APPENDIX B

IN the texts in this appendix and the two which follow, square brackets enclose words that are struck out from the text and angled brackets enclose additions.

### FRAGMENT "A"

who, for an equal quantity of work, would have taken more time & consequently [would] have required more wages, which must have been charged upon the goods. The philosopher, on the other hand, is of use to the porter; not only by being sometimes an occasional customer, like any other man who is not a porter, but in many other respects. If the speculations of the philosopher have been turned towards the improvement of the mechanic arts, the benefit of them may evidently descend to the meanest of the people. Whoever burns coals has them at a better bargain by means of the inventor of the fire-engine. Whoever eats bread receives a much greater advantage of the same kind from the inventors & improvers of wind & water mills. Even the speculations of those who neither invent nor improve any thing are not altogether useless. They serve, at least, to keep alive & deliver down to posterity the inventions & improvements which have been made before them. They explain the grounds & reasons upon which those discoveries were founded & do not suffer the quantity of useful science to diminish.

As it is the power of [bartering &] exchanging [which] [one thing for another] which [originally] gives occasion to the division of labour, so the extent of this division will always be in proportion to the extent of that power. [The lar greater the market, the larger the commerce] Every species of industry will be carried on in a more or less perfect manner, that is will be more or less accurately subdivided, [into according to] <into> the different branches [into] <according to> which it is capable of being split, in proportion<sup>1</sup> to the extent of the market, which is evidently the same thing with the power of exchanging. When the market is very small it is altogether impossible that there can be that separ<a>tion of one employment from another which naturally takes place when it is more extensive. In a country village, for example, it is altogether impossible that there should be such a trade as that of a porter. All the burdens which, in such a situation, there can be any occasion to carry from one house to another would not give full employment to a man for a week in the year. Such a [buss] business can scarce be [there] perfectly separated from all others in a pretty large market town. For the same reason, in all the <small> villages which are at a great distance from any market town, each family must bake their own bread & brew their own beer, to their own great expence & inconveniency, [being obliged upon this account not only frequently]

<sup>1</sup> End of p. 1 of MS.

by the interruption which is thereby given to their respective employments, and by being obliged, <on this account> to maintain [on this account] a greater number of servants than would <otherwise> be necessary. In mountainous and desert countries, [in the same manner] such as the greater part of the Highlands of Scotland, we cannot expect to find, [such as] <in the same manner,> even a smith, [or] a carpenter, <or a mason> within less than twenty or thirty miles of another smith [or another] carpenter <or mason>. The scattered families who live at ten or fifteen miles <distance> from the nearest of [either] <any> of those [two] <three> artisans, must learn to perform themselves a great number of little pieces of work for which, in more populous countries, they would readily have recourse to one or other of [those workmen] <them,> whom they now <can afford to> send for [at much trouble and expence] only upon very extraordinary occasions. [It is the same<sup>1</sup> thing with the mason. In a tribe of [savage] hunters who perhaps do not among them make above a hundred or a hundred & fifty persons & <who> have no <regular> commerce or intercourse of any kind with any other tribe, except such as <mutual> hostility & war may give occasion to, it is scarce possible that any one employment of any kind should be compleatly separated from every other.] <In a savage tribe of North Americans, who are generally hunters, the greatest number who can subsist easily together seldom exceeds one hundred, or [one hundred & fifty men two hundred] one hundred & fifty persons.<sup>2</sup> [They live] Each village is at so great a distance from every other, & it is so very difficult & dangerous to travel the country, that there is scarce any intercourse between [one] <the different> villages [& another] even of the same nation except what war & mutual defence give occasion to. In such a country it is impossible that any one employment should be entirely separated from every other. One man &c: > One man may excel all his companions, in some particular piece of dexterity, but it is impossible that he can be wholly employed in it, for want of a market to take off & exchange for other commodities the greater part of the goods which he would, in this case, necessarily produce. Hence the poverty which <must> necessarily take place in such a society. In a tribe of Tartars, or wild Arabs, who are generally shepherds, a greater number can live conveniently in one place. They do not depend upon the precarious accidents of the chace for subsistence, but upon the milk & flesh of their herds & flocks, who graze in the fields adjoining to the village.<sup>3</sup> The Hottentots near the Cape of Good-hope are the most barbarous nation of shepherds that is known in the world.<sup>4</sup> One of their villages or Kraals, however, is said generally to consist of upwards of five hundred persons. A Hord of Tartars frequently consists of five, six or even ten times that number. As among such nations, therefore, tho' they have scarce any foreign commerce, the home market is

<sup>1</sup> End of p. 2 of MS.

<sup>2</sup> In the *Wealth of Nations* (ed. Cannan, 5th edn., 1930), Vol. II, pp. 186-7, Smith refers to the hunting stage of the North American Indians as "the lowest and rudest state of society," and adds that "An army of hunters can seldom exceed two or three hundred men. The precarious subsistence which the chace affords could seldom allow a greater number . . ." Cf. *Glasgow Lectures*, p. 20.

<sup>3</sup> In the *Wealth of Nations*, Vol. II, p. 186, Smith describes "nations of shepherds" (typified by the Tartars and Arabs) as "a more advanced state of society." The main use of the division into socio-historical stages in the *Wealth of Nations* is in the discussion of the expense of defence and justice in Book V.

<sup>4</sup> A similar point is made in the *Wealth of Nations*, Vol. II, p. 133.

[a good deal] <somewhat> more extensive, we may expect to find something like the <beginning of the> division of labour. [We find] Even in each village of Hottentots, therefore, according to Mr. Kolben,<sup>1</sup> there [is] <are> such [a] trade<s> as <those of> a smith, a taylor & even a phisician, & the persons who exercise them, tho' they<sup>2</sup> are not entirely, are principally supported by those respective employments, by which too they are greatly distinguished from the rest of their fellow citizens. Among the Tartars & Arabs we find the faint commencements, [in the same manner,] of a [much] <still> greater variety of employments. The Hottentots, therefore, may be regarded as a richer nation than the north Americans, & the Tartars & Arabs [much] <as> richer than the Hottentots. The compleat division of labour, however, is posteriour to the invention even of agriculture. By means of agriculture the same quantity of ground [is made to support far] not only produces corn but is made capable of supporting a much greater number of cattle than before. A much greater number of people, therefore, may easily subsist in the same place. The home market, [therefore] <in consequence>, becomes much more extensive. The smith, <the mason,> the carpenter, the weaver & the taylor soon find it for their interest not to trouble themselves with cultivating the ground, but to exchange <with the farmer> the produces of their several employments [with] for the corn & cattle which they have occasion for. The farmer [too] <too very> soon comes to find it equally for his interest not to interrupt his own business, [in order to] <with> mak[e]<ing> cloaths for his family, with building or repairing his own house, with mending or making the different instruments of his trade, or the different parts of his houshold furniture, but to call in the assistance of other workmen [for each of these purposes] <for each of those purposes whom he rewards with corn & with cattle>.

### APPENDIX C

#### FRAGMENT " B "

or ten men, & sailing from the port of Leith, will frequently in three days, generally in six days, carry two hundred tuns of goods to the same market. Eight or ten men, therefore, by the help of water carriage, can transport, in a much shorter time, a greater quantity of goods from Edinburgh to London than sixty six narrow wheeled waggons drawn by three hundred & ninety six horses & attended by a hundred & thirty two men: or than forty broad wheeled waggons drawn by three hundred & twenty horses & attended by eighty men. Upon two hundred tuns of goods, therefore, which are carried by the cheapest land carriage from Edinburgh to London there must be charged the maintenance of eighty men for three weeks, both the maintenance &, what, tho' less than the maintenance, is however of very great value, the tear & wear of three hundred & twenty horses as well as of forty waggons. Whereas upon two hundred tuns of goods carried between the same markets, by water carriages, there is to be charged only the maintenance of eight or ten men for about a fortnight & the tear & wear of a ship of two hundred tuns burden. If there was no other communication, therefore, between Edinburgh & London but by land, <as no goods could be transported from the one

<sup>1</sup> Peter Kolben (or Kolb), *The Present State of the Cape of Good Hope, or a particular account of the severall nations of the Hottentots* (German edn., 1719; English edn., London, 1731).

<sup>2</sup> End of p. 3 of MS.

place to the other except such whose price was very high in proportion to their weight,) there could not be the hundredth part of the commerce which is at present carried on between them, nor, in consequence, the hundredth part of the encouragement which they at present mutually give to each other's industry. There could be [scarce any] <very little> commerce of any kind between the distant parts of the world. How few goods are so precious as to bear the expence of land carriage between London & Canton in China,<sup>1</sup> which at present carry on so extensive a commerce with one another & give consequently so much mutual encouragement to each other's industry? The first improvements, therefore, in arts & industry are always made in those places where the conveniency of water carriage affords the most extensive market to the produce of every sort of [industry] labour. In our north American colonies the plantations have constantly followed either the sea coast, or the banks of the navigable rivers & have scarce any where extended themselves to any considerable distance from both. What James the sixth of Scotland said of the county of Fife, of which the inland parts were at that time very ill while the sea coast was extremely well cultivated, that it was like a coarse woollen coat edged with gold lace, [is] <might> still [true] <be said> of the greater part of our north American colonies. [the most favoured by nature perhaps of any country in the world] [the countries in the world perhaps the most favoured by nature.] The countries in the world which appear to have been first civilised are those which ly round the coast of the Mediterranean sea. That sea, [the gre] by far the greatest inlet that is known in the world, having no tides nor consequently any waves except such as are caused by the wind only, <was> by the smoothness of its surface as well as by <the> multitude of its islands & the proximity of its opposite coasts [was] extremely favourable to the infant navigation of the world, when [men for] <from the> want of the compass, [were]<sup>2</sup> <men were> afraid to quit the coast & <from> the imperfection of the art of shipbuilding to abandon themselves to the boisterous waves of the ocean. Egypt, of all the countries upon the coast of the Mediterranean, seems to have been the first<sup>3</sup> in which either agriculture or manufactures [seem to have been] <were> cultivated or improved to any considerable degree. [In lower Egypt the Nile] <[In] Upper Egypt [the country] scarce extends itself any where above five or six miles from the Nile; & in lower Egypt that great river &c:> breaks itself into a great many different canals which with the assistance of a little art afforded, <as in Holland at present,> a communication by water carriage not only between all the great towns but between all the considerable villages & between almost all the farm houses in the country. The greatness & easiness of their inland navigation & commerce, therefore, seem to have been evidently the causes of the early improvement of Egypt. [They seem to have been the only people in the world who never ventured from ]<sup>4</sup> Agriculture and manufactures too seem to have been of very great antiquity in some of the maritime provinces of China & in the province of Bengal in the East

<sup>1</sup> End of p. 1 of MS.

<sup>2</sup> There is an additional word deleted above the line here which we have been unable to decipher.

<sup>3</sup> End of p. 2 of MS.

<sup>4</sup> The last eight or nine words of this deleted sentence are indecipherable, but perhaps they referred to the fact that the Egyptians did not venture beyond their own shores because of an alleged "superstitious antipathy to the sea" (*Wealth of Nations*, Vol. I, p. 347).

Indies. [Both] <All> these are countries very much of the same nature with Egypt, cut by innumerable canals which afford them an immense inland navigation.

#### APPENDIX D

##### EXTRACT FROM THE "EARLY DRAFT"<sup>1</sup>

A porter is of use to a Philosopher, not only by sometimes carrying a burden for him, but by facilitating almost every trade and manufacture whose productions the Philosopher can have occasion for. Whatever we buy from any shop or warehouse comes cheaper to us, by means of those poor despised labourers, who in all great towns have set themselves aside for the particular occupation of carrying goods from one place to another, of packing and unpacking them, and who, in consequence, have acquired extraordinary strength dexterity and readiness in this sort of business. Every thing would be dearer, if, before it was exposed to sale, it had been carried packt and un packt by hands less able and less dexterous,<sup>2</sup> who for an equal quantity of work, would have taken more time, and must,<sup>3</sup> consequently, have required more wages, which must have been charged upon the goods. The Philosopher on the other hand is of use to the porter not only by being sometimes an occasional Customer, as well as<sup>4</sup> any other man, who is not a porter, but in many other respects. If the Speculations of the Philosopher have been turned towards the improvement of the mechanic arts, the benefit of them <may> evidently descend to the meanest of the people. Whoever burns Coals, has them at a better bargain by means of the <inventor of the> fire engine. Whoever eats bread receives a much greater advantage of the same kind from the Inventors and improvers of wind and water mills. Even the speculations of those who neither invent nor improve any thing are not altogether useless. They serve at least to keep alive and deliver down to posterity the inventions and improvements which had been made before them. They explain the grounds and reasons upon which those discoveries were founded, and do not allow<sup>5</sup> the quantity of usefull knowledge<sup>6</sup> to diminish.<sup>7</sup> In opulent and commercial societies, besides, to think or<sup>8</sup> to reason comes to be, like every other employment, a particular business, which is carried on by a very few people, who furnish the public with all the thought and reason possessed by the vast multitudes that labour. Let any ordinary person make a fair review of all the knowledge which he possesses, concerning any subject that does not fall within the limits of his particular occupation, and he will find that almost every thing he knows, has been acquired at second hand, from books, from the literary instructions which he may have received in his youth, or from the occasional conversations which he may have had with men of Learning. A very

<sup>1</sup> The extract reproduced here begins on the first page of folio 8 of the MS., and finishes about one-quarter of the way down the third page, at the end of the section on the division of labour.

<sup>2</sup> The counterpart of the first paragraph of FA begins here. The only substantive differences between the two passages are indicated in notes 3-6 below.

<sup>3</sup> FA omits "must."

<sup>4</sup> FA has "like" instead of "as well as."

<sup>5</sup> FA has "suffer" instead of "allow."

<sup>6</sup> FA has "science" instead of "knowledge."

<sup>7</sup> The counterpart of the first paragraph of FA ends here.

"or" is written over an erasure.

small part of it only, he will find, has been the produce of his own observations or reflections. All the rest has been purchased, in the same manner as his shoes or his stockings, from those whose business it is to make up and prepare for the market that particular species of goods. It is in this manner that he has acquired all his general ideas concerning<sup>1</sup> the great subjects of religion, morals & government, concerning his own ha<p>piness or that of his country. His whole System concerning each of those important objects, will almost always be found to have been originally the produce of the industry of other people, from whom, either he himself, or those who have had the care of his education, have procured it, <in the same manner> as any other commodity, by barter & exchange for some part of the produce of their own labour.

<sup>1</sup> “ concerning ” is written over an erasure.