**The English Parliament Pursues Mercantilistic Trading Policies**

Parliament (1700)

Whereas it is most evident, that the continuance of the trade to the East Indies, in the same manner and proportions as it hath been for two years last past, must inevitably be to the great detriment of this kingdom, by exhausting the treasure thereof, and melting down the coin, and taking away the labor of the people, whereby very many of the manufacturers of this nation are become excessively burdensome and chargeable to their respective parishes, and others are thereby compelled to seek for employment in foreign parts: for remedy whereof be it enacted … That from and after [September 29, 1701] all wrought silk, bengalls,[1] and stuffs mixed with silk or herba, of the manufacture of Persia, China, or East India, and all calicoes, painted, dyed, printed, or stained there, which are or shall be imported into this kingdom, shall not be worn, or otherwise used within this kingdom of England, dominion of Wales, or town of Berwick upon Tweed, but under such limitations as are herein after mentioned and expressed.

**II.** And for the better effecting the same, be it enacted … that all such … [goods] which are or shall be imported into this kingdom[2] shall, after entry thereof, be forthwith carried and put into such warehouse or warehouses, as shall be for that purpose approved of by the commissioners of his Majesty’s customs for the time being. …

**III.** And for preventing all clandestine importing or bringing into this kingdom … any of the aforesaid goods hereby prohibited, or intended to be prohibited, from being worn or used in England; be it further enacted by the authority aforesaid, That if any person or persons, or bodies corporate, from and after [September 29, 1701], shall import or bring into any port of or in this kingdom … other than the port of London, any of the aforesaid prohibited goods, or into the port of London, and shall not make due entries of such goods so imported, or brought in, the same shall be, and is hereby adjudged, deemed, accounted, and taken to be clandestine running thereof, and such person or persons, or bodies corporate so offending therein, and their abettors, shall not only forfeit and lose the said goods so clandestinely run, as aforesaid, but also the sum of fine hundred pounds. …

**IV.**And be it further enacted, That if any question or doubt shall arise where the said goods were manufactured, the proof shall lie upon the owner or owners thereof, and not upon the prosecutor; any law, usage, or custom to the contrary notwithstanding.

**V.**And be it further enacted by the authority aforesaid, That if any action, bill, plaint, suit, or information, shall be commenced, or prosecuted against any person or persons, for any seizure, or other thing to be made or done, in pursuance or in execution of any thing before in this act contained, such person or persons, so sued in any court whatsoever, may plead the general issue, and give this act and the special matter in evidence, for their excuse or justification. …

**VI.** And for preventing clandestinely carrying out of the said warehouses any of the said goods hereby prohibited, and by this act intended for exportation, as aforesaid; be it further enacted by the authority aforesaid, That the warehouse-keeper or warehouse-keepers shall keep one or more book or books, wherein he or they shall fairly enter or write down an exact, particular, and true account of all and every chest, bale, and number of pieces therein contained, of such of the aforesaid goods only, which shall be brought into, and carried out of, his or their said warehouse or warehouses, and the days and times when the same shall be so brought in and carried out; and shall every six months in the year transmit in writing an exact account thereof, upon oath, to the said commissioners, together with an exact account how much shall be remaining in his or their said warehouse or warehouses respectively; and the said commissioners are hereby impowered and injoined, within one month after the same shall be transmitted to them, as aforesaid, to appoint one or more person or persons to inspect the said book or books, warehouse or warehouses, and examine the said accounts, and to lay a true account of the same before the Parliament. …

**VIII**. Provided always, and be it further enacted, That it shall and may be lawful to and for the proprietor or proprietors of the said goods so lodged in any warehouse or warehouses, as aforesaid, to affix one lock to every such warehouse or warehouses, the key of which shall remain in the custody of the said proprietor or proprietors; and that he or they may view, sort, or deliver the said goods, in order for exportation, as aforesaid, in the presence of the said warehouse-keeper or warehouse-keepers, who is and are hereby obliged, at seasonable times, to give attendance for that purpose. …

**The Wealth of Nations: A Natural Law of Economy**

Adam Smith

(1776)

To take an example, therefore, from a very trifling manufacture; but one in which the division of labour has been very often taken notice of, the trade of the pin-maker; a workman not educated to this business (which the division of labour has rendered a distinct trade), nor acquainted with the use of the machinery employed in it (to the invention of which the same division of labour has probably given occasion), could scarce, perhaps, with his utmost industry, make one pin in a day, and certainly could not make twenty. But in the way in which this business is now carried on, not only the whole work is a peculiar trade, but it is divided into a number of branches, of which the greater part are likewise peculiar trades. One man draws out the wire, another straights it, a third cuts it, a fourth points it, a fifth grinds it at the top for receiving the head; to make the head requires two or three distinct operations; to put it on, is a peculiar business, to whiten the pins is another; it is even a trade by itself to put them into the paper; and the important business of making a pin is, in this manner, divided into about eighteen distinct operations, which, in some manufactories, are all performed by distinct hands, though in others the same man will sometimes perform two or three of them. I have seen a small manufactory of this kind where ten men only were employed, and where some of them consequently performed two or three distinct operations. But though they were very poor, and therefore but indifferently accommodated with the necessary machinery, they could, when they exerted themselves, make among them about twelve pounds of pins in a day. There are in a pound upwards of four thousand pins of a middling size. Those ten persons, therefore, could make among them upwards of forty-eight thousand pins in a day. Each person, therefore, making a tenth part of forty-eight thousand pins, might be considered as making four thousand eight hundred pins in a day. But if they had all wrought separately and independently, and without any of them having been educated to this peculiar business, they certainly could not each of them have made twenty, perhaps not one pin in a day; that is, certainly, not the two hundred and fortieth, perhaps not the four thousand eight hundredth part of what they are at present capable of performing, in consequence of a proper division and combination of their different operations.

In every other art and manufacture, the effects of the division of labour are similar to what they are in this very trifling one: though, in many of them, the labour can neither be so much subdivided, nor reduced to so great a simplicity of operation. The division of labour, however, so far as it can be introduced, occasions, in every art, a proportionable increase of the productive powers of labour. The separation of different trades and employments from one another, seems to have taken place, in consequence of this advantage. This separation too is generally carried furthest in those countries which enjoy the highest degree of industry and improvement; what is the work of one man in a rude state of society, being generally that of several in an improved one. …

… As every individual, therefore, endeavours as much as he can both to employ his capital in the support of domestic industry, and so to direct that industry that its produce may be of the greatest value; every individual necessarily labours to render the annual revenue of the society as great as he can. He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it. By preferring the support of domestic to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it. By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it. I have never known much good done by those who affected to trade for the public good. It is an affectation, indeed, not very common among merchants, and very few words need be employed in dissuading them from it. …

The natural advantages which one country has over another in producing particular commodities are sometimes so great, that it is acknowledged by all the world to be in vain to struggle with them. By means of glasses, hotbeds, and hotwalls, very good grapes can be raised in Scotland, and very good wine too can be made of them at about thirty times the expence for which at least equally good can be brought from foreign countries. Would it be a reasonable law to prohibit the importation of all foreign wines, merely to encourage the making of claret and burgundy in Scotland? But if there would be a manifest absurdity in turning towards any employment, thirty times more of the capital and industry of the country, than would be necessary to purchase from foreign countries an equal quantity of the commodities wanted, there must be an absurdity, though not altogether so glaring, yet exactly of the same kind, in turning towards any such employment a thirtieth, or even a three hundredth part more of either. Whether the advantages which one country has over another, be natural or acquired, is in this respect of no consequence. As long as the one country has those advantages, and the other wants them, it will always be more advantageous for the latter, rather to buy of the former than to make. It is an acquired advantage only, which one artificer has over his neighbour, who exercises another trade; and yet they both find it more advantageous to buy of one another, than to make what does not belong to their particular trades. …

**Mercantilist Ideas**
*Digital History ID 82*

Author:   Thomas Mun
Date:1664

**Annotation:**

In 1776 a Scottish professor named Adam Smith (1723-1790) published the most influential book on economics ever written. Entitled The Wealth of Nations, this book directed withering attack against earlier notions of how nations attain wealth and power. An advocate of free trade and laissez-faire, trusting in the "Invisible Hand" of unregulated market forces, Smith called this older viewpoint "mercantilism." Under mercantilism, every nation sought to sell more than it bought. To maximize the state's welfare, government tried to regulate and protect industry and commerce. Colonies existed to enhance national self-sufficiency, provide essential raw materials, and serve as a market for finished products.

In this selection, Thomas Mun (1571-1641), a seventeenth-century English economist, offers a succinct summary of the mercantilist ideas Smith later repudiated and explains how overseas colonies can contribute to the nation's wealth.

**Document:**

1. First, although this Realm be already exceedingly rich by nature, yet might it be much increased by laying the waste grounds (which are infinite) into such employments as should no way hinder the present revenues of other manured [cultivated] lands, but hereby to supply our selves and prevent the importations of Hemp, Flax, Cordage, Tobacco, and divers other things which now we fetch from strangers to our great impoverishing.

2. We may likewise diminish our importations, if we would soberly refrain from excessive consumption of forraign wares in our diet and rayment,...which vices at this present are more notorious amongst us than in former ages. Yet might they easily be amended by enforcing the observation of such good laws as are strictly practiced in other Countries against the said excesses; where likewise by commanding their own manufactures to be used, they prevent the coming in of others....

4. The value of our exportations likewise may be much advanced when we perform it ourselves in our own Ships, for then we get only not the price of our wares as they are worth here, but also the Merchants gains, the charges of insurance, and freight to carry them beyond the seas....