

trade replaces two foreign capitals. porting the productive labour of that particular country, to support that of some foreign countries. Though it may replace by every operation two distinct capitals, yet neither of them belongs⁹ to that particular country. The capital of the Dutch merchant, which carries the corn of Poland to Portugal, and brings back the fruits and wines of Portugal to Poland, replaces by every such operation two capitals, neither of which had been employed in supporting the productive labour of Holland; but one of them in supporting that of Poland, and the other that of Portugal. The profits only return regularly to Holland, and constitute the whole addition which this trade necessarily makes to the annual produce of the land and labour of that country. When, indeed, the carrying trade of any particular country is carried on with the ships and sailors of that country, that part of the capital employed in it which pays the freight, is distributed among, and puts into motion, a certain number of productive labourers of that country.

Almost all nations that have had any considerable share of the carrying trade have, in fact, carried it on in this manner. The trade itself has probably derived its name from it, the people of such countries being the carriers to other countries. It does not, however, seem essential to the nature of the trade that it should be so. A Dutch merchant may, for example, employ his capital in transacting the commerce of Poland and Portugal, by carrying part of the surplus produce of the one to the other, not in Dutch, but in British bottoms. It may be presumed, that he actually does so upon some particular occasions. It is upon this account, however, that the carrying trade has been supposed peculiarly advantageous to such a country as Great Britain, of which the defence and security depend upon the number of its sailors and shipping. But the same capital may employ as many sailors and shipping, either in the foreign trade of consumption, or even in the home-trade, when carried on by coasting vessels, as it could in the carrying trade. The number of sailors and shipping which any particular capital can employ, does not depend upon the nature of the trade, but partly upon the bulk of the goods in proportion to their value, and partly upon the distance of the ports between which they are to be carried; chiefly upon the former of those

⁹ [Ed. 1 reads "belong."]

two circumstances. The coal-trade from Newcastle to London, for example, employs more shipping than all the carrying trade of England, though the ports are at no great distance. To force, therefore, by extraordinary encouragements, a larger share of the capital of any country into the carrying trade, than what would naturally go to it, will not always necessarily increase the shipping of that country.

Capital in home trade therefore supports more productive labour than capital employed in foreign trade, which, however, supports more than capital in the carrying trade. The capital, therefore, employed in the home-trade of any country will generally give encouragement and support to a greater quantity of productive labour in that country, and increase the value of its annual produce more than an equal capital employed in the foreign trade of consumption: and the capital employed in this latter trade has in both these respects a still greater advantage over an equal capital employed in the carrying trade. The riches, and so far as power depends upon riches, the power of every country, must always be in proportion to the value of its annual produce, the fund from which all taxes must ultimately be paid. But the great object of the political economy of every country, is to increase the riches and power of that country. It ought, therefore, to give no preference

Political economy ought consequently not to allure capital into the foreign or the carrying trade nor superior encouragement to the foreign trade of consumption above the home trade, nor to the carrying trade above either of the other two. It ought neither to force nor to allure into either of those two channels, a greater share of the capital of the country than what would naturally flow into them of its own accord.

though each is advantageous when naturally introduced. Each of those different branches of trade, however, is not only advantageous, but necessary and unavoidable, when the course of things, without any constraint or violence, naturally introduces it.

The surplus of the produce of particular branches of industry must be sent abroad. When the produce of any particular branch of industry exceeds what the demand of the country requires, the surplus must be sent abroad, and exchanged for something for which there is a demand at home. Without such exportation, a part of the productive labour of the country must cease,¹⁰ and the value of its annual produce diminish. The land

¹⁰ [But why may not the labour be diverted to the production of "something for which there is a demand at home"? The "corn, woollens and hardware" immediately below perhaps suggest that it is supposed the country has certain physical characteristics which compel its inhabitants to produce particular commodities.]