

to consume no more British goods may possibly, if persisted in, have a good effect another year. I apprehend the Parliamentary resolves and addresses will tend to widen the breach. Enclosed I send you Governor Pownall's speech against those resolves; his name is not to be mentioned. He appears to me a hearty friend of America, though I find he is suspected by some on account of his connexions.

CCCLVI

POSITIONS TO BE EXAMINED, CONCERNING NATIONAL
WEALTH

DATED APRIL 4, 1769

1. All food or subsistence for mankind arises from the earth or waters.
2. Necessaries of life, that are not food, and all other conveniences, have their values estimated by the proportion of food consumed while we are employed in procuring them.
3. A small people, with a large territory, may subsist on the productions of nature, with no other labor than that of gathering the vegetables and catching the animals.
4. A large people, with a small territory, find these insufficient, and, to subsist, must labor the earth, to make it produce greater quantities of vegetable food, suitable for the nourishment of men, and of the animals they intend to eat.
5. From this labor arises a *great increase* of

vegetable and animal food, and of materials for clothing, as flax, wool, silk, &c. The superfluity of these is wealth. With this wealth we paid for the labor employed in building our houses, cities, &c., which are therefore only subsistence metamorphosed.

6. *Manufactures* are only *another shape* into which so much provisions and subsistence are turned, as were equal in value to the manufactures produced. This appears from hence, that the manufacturer does not, in fact, obtain from the employer, for his labor, *more* than a mere subsistence, including raiment, fuel, and shelter; all which derive their value from the provisions consumed in procuring them.

7. The produce of the earth, thus converted into manufactures, may be more easily carried to distant markets than before such conversion.

8. *Fair commerce* is, where equal values are exchanged for equal, the expense of transport included. Thus, if it costs A in England as much labor and charge to raise a bushel of wheat, as it costs B in France to produce four gallons of wine, then are four gallons of wine the fair exchange for a bushel of wheat, A and B meeting at half distance with their commodities to make the exchange. The advantage of this fair commerce is, that each party increases the number of his enjoyments, having, instead of wheat alone, or wine alone, the use of both wheat and wine.

9. Where the labor and expense of producing both commodities are known to both parties, bargains will generally be fair and equal. Where they are known

to one party only, bargains will often be unequal, knowledge taking its advantage of ignorance.

10. Thus, he that carries one thousand bushels of wheat abroad to sell, may not probably obtain so great a profit thereon as if he had first turned the wheat into manufactures, by subsisting therewith the workmen while producing those manufactures; since there are many expediting and facilitating methods of working not generally known; and strangers to the manufactures, though they know pretty well the expense of raising wheat, are unacquainted with those short methods of working, and thence being apt to suppose more labor employed in the manufactures than there really is, are more easily imposed on in their value, and induced to allow more for them than they are honestly worth.¹

11. Thus the advantage of having manufactures in a country does not consist, as is commonly supposed, in their highly advancing the value of rough materials, of which they are formed; since, though six

¹ The reasons for paying a price are not founded merely upon a computation of the expense of production. A general knowledge of the expenses of producing a bushel of corn does not prevent the producer from demanding and the consumer from paying a higher price when the article is scarce; nor the consumer from offering and the producer from accepting a lower price when it is plenty. A proposition bearing a near affinity to that stated in the text seems to be true, namely, that those things which are of general production and habitual consumption, like the common agricultural products, are more likely to bear a market price near to the cost of production, than things of less common production and less regular use, as the article of lace, mentioned in the next section. It may also be generally the case, that the greater the distance of the place of consumption from that of production, the longer an article is likely to be sold at a great profit, since the operation of competition, in bringing down the price, is likely to be slower.—W. PHILLIPS.

pennyworth of flax may be worth twenty shillings when worked into lace, yet the very cause of its being worth twenty shillings is, that, besides the flax, it has cost nineteen shillings and sixpence in subsistence to the manufacturer. But the advantage of manufactures is, that under their shape provisions may be more easily carried to a foreign market; and, by their means, our traders may more easily cheat strangers.¹ Few, where it is not made, are judges of the value of lace. The importer may demand forty, and perhaps get thirty, shillings for that which cost him but twenty.

12. Finally, there seem to be but three ways for a nation to acquire wealth. The first is by *war*, as the Romans did, in plundering their conquered neighbours. This is *robbery*. The second by *commerce*, which is generally *cheating*. The third by *agriculture*, the only *honest way*, wherein man receives a real increase of the seed thrown into the ground, in a kind of continual miracle, wrought by the hand of God in his favor, as a reward for his innocent life and his virtuous industry.

¹ Franklin does not, probably, intend to be literally understood as recommending a system of defrauding foreigners; the benefit he proposes from manufactures does not, by any means, amount to this. Nobody considers it cheating to obtain from a domestic purchaser more for a thing than it costs the vender to make it. The most scrupulous mercantile morality does not proscribe profits. The author has elsewhere stated, that gain is the great motive of commerce. He can only mean what he has elsewhere stated, that the nation exporting manufactures has the means of carrying on a more profitable foreign trade, which it may do as long as there are few competitors in effecting sales. But the other reason mentioned immediately before, in favor of exporting manufactures, namely, that it gives an opportunity of exporting the products of more labor, is of much greater