

*The  
Wealth  
of Nations*

ADAM SMITH



AN INQUIRY INTO  
THE NATURE AND CAUSES OF  
THE WEALTH OF NATIONS



BY  
ADAM SMITH

EDITED, WITH AN INTRODUCTION, NOTES, MARGINAL  
SUMMARY AND AN ENLARGED INDEX BY  
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## INTRODUCTION

BY MAX LERNER

LIKE all great books, *The Wealth of Nations* is the outpouring not only of a great mind, but of a whole epoch. The man who wrote it had learning, wisdom, a talent for words; but equally important was the fact that he stood with these gifts at the dawn of a new science and the opening of a new era in Europe. What he wrote was the expression of forces which were working, at the very time he wrote it, to fashion that strange and terrible new species—*homo æconomicus*, or the economic man of the modern world. I use that term not in the sense of the lifeless abstraction which economic theorists have invented to slay any proposals for social change, and which has in turn slain them. I use it rather for the very living and human businessman, in defense of whom the economists have written and in whose interests they have invented their lifeless abstraction. All the forces which were at work in Europe creating the business man, and the society he was to dominate, were at work also creating the framework of ideas and institutions within which Adam Smith wrote his book. And that book, as though conscious that one good turn deserved another, became in its own way a powerful influence to further the work of those forces. Thus it is in history. A new society, emerging from the shell of the old, creates a framework within which a great thinker or artist is enabled to do his work; and that work, in turn, serves to smash finally the shell of the old society, and to complete and make firmer the outlines of the new. Thus it has been with Machiavelli's *Prince*, with Adam Smith's *The Wealth of Nations*, with Karl Marx's *Capital*.

That is why the arguments of all the scholars who have been thrashing about, seeking to determine how original Adam Smith was, are essentially futile. No first-rate mind whose ideas sum up an age and influence masses and movements to come is in any purist sense original. *The Wealth of Nations* is undoubtedly the foundation-work of modern economic thought. Yet you can pick it to pieces, and find that there is nothing in it that might not have been found somewhere in the literature before, and nothing that comes out of it that has not to a great degree been punctured by the literature that followed. What counts is, of course, not whether particular doctrines were once shiny new, or have since stood the ravages of time. What counts is the work as a whole—its scope, conception and execution, the spirit that animates it and the place it has had in history.

Here, then, is the thing itself: a strange mixture of a book—economics, philosophy, history, political theory, practical program; a book written by a man of vast learning and subtle insights—a man with a mind that was a powerful analytic machine for sifting out the stuff in his notebooks, and a powerful synthetic machine for putting it together again in new and arresting combinations. Smith was sensitive to the various elements on the intellectual horizon of his day. Like Marx after him, he was no closet scholar, shut off from the world; he was all antennae, reaching out for and absorbing everything within reach. He wrote at the end of the break-up of feudal Europe, at the beginning of a modern world in which the old feudal institutions were still holding on with the tenacity that the vested interests have always shown. It was against these vested interests that he wrote. And the result is that his book has not been merely for library shelves. It has gone through many editions, and has been translated into almost every language. Those who read it were chiefly those who stood to profit from its view of the world—the rising class of businessmen, their political executive committees in the parliaments of the world, and their intellectual executive committees in the academies. Through them it has had an enormous influence upon the underlying populations of the world, although generally all unknown to them. And through them also it has had an enormous influence upon economic opinion and national policy. It has done as much perhaps as any modern book thus far to shape the whole landscape of life as we live it today.

Who was the man who could do all this? At first glance Adam Smith appears only as a mild, Scottish professor of moral philosophy, retiring and absent-minded, a gentle sage with dynamite flowing from his pen. His career had nothing extraordinary in it, except that at three he was carried off by a band of gypsies, and only with difficulty restored to his family. But whatever other adventure the rest of his life held for him was to lie in the dangerous voyage of the mind rather than in the glories or disasters of an adventurous outward career. He had the traditional Scottish boyhood in a frugal family; spent the traditional years at Oxford—years which served as the basis for the caustic attack on universities which is to be found in these pages; cooled his heels for the traditional period while he waited for a suitable university appointment; was made professor of logic and then professor of moral philosophy at Glasgow, giving lectures on theology, ethics, jurisprudence and political economy to students who probably cared more about their careers in the rising merchant class than they did about moral philosophy; wrote a book called *The Theory of Moral Sentiments*, which made something of a splash at the time, and since it ex-

plained the social psychology of human behavior in terms of the sentiment of sympathy, got itself much talked about and read in polite circles throughout the British Isles; gave up his university post to go as traveling tutor to the stepson of the famous colonial-baiter, Charles Townshend—the young Duke of Buccleugh, and spent a year and a half at Toulouse and a year at Paris with him; began, while on the trip, a treatise on economics, completing it ten years after his return to Scotland; finally published his treatise in 1776 under the title of *The Wealth of Nations*; and spent the rest of his life as commissioner of customs at Edinburgh, living quietly with his mother and a maiden cousin.

That is one version of Adam Smith, and it is true enough—for a half-truth. But there is another half-truth needed to complete the picture. Adam Smith was always alive to what was going on in the world. He was heterodox enough to remember with passion the futility of the ordinary university teaching, as he had experienced it at Oxford. In his own teaching, while he had no eloquence, he could communicate to his students his own fervor for ideas. Of his lectures on jurisprudence, John Rae, his biographer, tells us that the course “taught the young people to think. His opinions became the subjects of general discussion, the branches he lectured upon became fashionable in the town . . . stucco busts of him appeared in the booksellers’ windows, and the very peculiarities of his voice and pronunciation received the homage of imitation.” The doctrine that he was teaching was, it must be remembered, new doctrine—that of economic liberalism and freedom from governmental interference. To it were attached therefore at once the obstacles and advantages of new doctrine; it met with the hostility of the entrenched and the salvos of those who stood to gain by innovation. Smith himself was by no means a recluse. The tutorship that was offered him was lucrative, and yet there was a gamble in leaving his university chair. That he did so is evidence of his restless desire to explore the bounds of the new European society. He was a friend of Hume, and in France he found in addition Quesnay, Turgot, D’Alembert, Helvetius—the physiocrats who were fashioning a new and exciting economic science, and the *philosophes* who were constructing out of the materials of the rational life instruments for shattering encumbering and irrational institutions. Smith kept his eyes and ears open; he kept his notebooks ready; he kept his wits with him. He started to write up his lectures on political economy, as he had formerly written up his lectures on moral philosophy. But this was a different matter. It wasn’t merely the business of going back to first principles, and then spinning the rest out of one’s philosophic entrails. Here was something that gave order and meaning to the

newly emerged world of commerce and the newly emerging world of industry. Here was something that could be used in fighting the clumsy and obstructive vestiges of a society governed by a feudal aristocracy. Smith trembled with anticipation, and could not help communicating his excitement to his friends. They too trembled—and waited. Smith took ten more years. He could not be hurried in this task. He had to read and observe further. He poked his nose into old books and new factories. He got led off on long excursions into the history of silver coinage, the economics of ecclesiastical institutions, the whole cultural history of Europe. He had to polish his style, but, more important, he had to fashion and carry through consistently a new way of looking at things—the hard-bitten economic viewpoint. He had, above all else, to avoid making his book merely a *theoretical construction*; it must deal with the burning issues of national and international economic policy of his day. When the book was finished, therefore, it was more than a book; it was the summary of a new European consciousness.

You will find the basic principles that Smith embodied in his book explained in all the histories of economic thought. What you will not find is the skill, the charm, the greatness with which he wove them into the fabric of his chapters. The principles are simple. First, Smith assumes that the prime psychological drive in man as an economic being is the drive of self-interest. Secondly, he assumes the existence of a natural order in the universe which makes all the individual strivings for self-interest add up to the social good. Finally, from these postulates, he concludes that the best program is to leave the economic process severely alone—what has come to be known as *laissez-faire*, economic liberalism, or non-interventionism.

All this is now familiar enough. Largely through Smith's book it has made itself a part of the structure of our often unconscious beliefs, and is only now beginning to be dislodged. Of Smith's first postulate it must be said that while it is largely an abstraction from experience, as the institutional school of economists have delighted to point out, the experience from which it is abstracted does much to verify it. The view which makes of man an economic automaton is obviously oversimplified. But the view which makes out of him a hard-headed and predatory seeker of his own gain is, as we look back at the history of business enterprise, largely justified. What we have learned, of course, is that it is not an inherent or universal trait, but part of an historical method of organizing economic life. As for Smith's second postulate—that there is a "natural order," whereby the pursuit by each individual of his own self-interest contributes ultimately to the social welfare, that must lie outside the realm of science or of historical verification, and must be set down

as a cardinal principle of the faith of the age. As Carl Becker has pointed out, the "natural order" which the eighteenth-century philosophers postulated in order the better to fight the ecclesiastical institutions and the political obscurantism of their day became itself a source of a quasi-theological faith and of obscurantism.

The conclusion that Smith drew from these postulates was simple enough. Since a natural order exists whereby the enlightened selfishness of all men adds up to the maximum good of society, since there is a "divine hand" which guides each man in pursuing his own gain to contribute to the social welfare, it must follow that government is superfluous except to preserve order and perform routine functions. The best government is the government that governs least. The best economic policy is that which arises from the spontaneous and unhindered action of individuals. We recognize this, of course, as the unregulated and individualistic capitalist economy—what Carlyle has unforgettably termed "anarchy plus a constable."

One warning is necessary. We must not conclude, because Smith's intellectual system can be presented in an orderly sequence from postulates to conclusion, that he arrived at it by the same sequence. It is much more likely, as with almost all intellectual constructions, that instead of Smith's program flowing from his principles, it was his principles that flowed from his program. He did not start with truths about human behavior and the natural order, and arrive at economic liberalism. John Maurice Clark suggests that his system can be best understood in terms of what he was reacting against. And it is true that Smith's system of thought took its shape from his intense reaction against the elaborate apparatus of controls which the surviving feudal and mercantilist institutions were still imposing on the individual. The need for removing these controls was Smith's underlying theme. And it was the response which this theme met from the mercantile and industrial class of Europe that gave *The Wealth of Nations* its enormous impact upon Western thought and Western institutions. Harold Laski has demonstrated, in his *Rise of Liberalism*, how Smith's arguments fitted in with the prevailing middle-class temper in Europe. The businessmen were delighted. "To have their own longings elevated to the dignity of natural law was to provide them with a driving force that had never before been so powerful. . . . With Adam Smith the practical maxims of business enterprise achieved the status of a theology."

But there is another side of the shield. Smith was, to be sure, an unconscious mercenary in the service of a rising capitalist class in Europe. It is true that he gave a new dignity to greed and a new sanctification to the predatory impulses. It is true that he rationalized the economic interests of the class that was coming to power in



such a way that he fashioned for that class a panoply of ideas behind which they are still protecting themselves against the assaults of government regulation and the stirrings for socialization. It is true that Smith's economic individualism is now being used to oppress where once it was used to liberate, and that it now entrenches the old where once it blasted a path for the new. But it must be said for Smith that his doctrine has been twisted in ways he would not have approved, and used for purposes and causes at which he would have been horrified.

Adam Smith was, in his own day and his own way, something of a revolutionary. His doctrine revolutionized European society as surely as Marx's in a later epoch. He was, on the economic side, the philosopher of the capitalist revolution, as John Locke was its philosopher on the political side. His own personal sympathies were not entirely with the capitalist. Eli Ginzberg has pointed out, in his *House of Adam Smith*, how there runs through *The Wealth of Nations* a strain of partisanship for apprentices and laborers, for farmers, for the lowly and oppressed everywhere, and a hostility to the business corporations, the big-businessmen of the day, the ecclesiasts and the aristocrats. Read the book with an eye for these passages, and it becomes a revealing document showing Smith's concern for the common man. Far more important, of course, than any of these more or less sentimental expressions of sympathy, is the doctrine of labor value which is at the core of Smith's economics. In enunciating for the first time the doctrine that labor is the sole source of value in commodities, Smith became the forerunner of Bray and Hodgskin and eventually of Marx. As an originator, Smith developed this doctrine clumsily. It remained for Marx to refine it, convert it into an instrument of analysis, extract from it the revolutionary implications that were inherent in it from the start. This leads us, however, much too far afield. On Smith's relation to the labor theory of value there is a large and polemical literature. On the validity or confusion of the theory itself there is a literature even larger and more polemical.

All that concerns us is to see the curious paradox of Smith's position in history; to have fashioned his system of thought in order to blast away the institutional obstructions from the past, and bring a greater degree of economic freedom and therefore a greater total wealth for all the people in a nation; and yet to have had his doctrine result in the glorification of economic irresponsibility and the entrenchment of the middle class in power. A reading of Adam Smith's work and a study of its place in the history of ideas should be one of the best solvents for smugness and intellectual absolutism.

## PREFACE

THE text of the present edition is copied from that of the fifth, the last published before Adam Smith's death. The fifth edition has been carefully collated with the first, and wherever the two were found to disagree the history of the alteration has been traced through the intermediate editions. With some half-dozen utterly insignificant exceptions such as a change of "these" to "those," "towards" to "toward," and several haphazard substitutions of "conveniences" for "conveniencies," the results of this collation are all recorded in the footnotes, unless the difference between the editions is quite obviously and undoubtedly the consequence of mere misprints, such as "is" for "it," "that" for "than," "becase" for "because." Even undoubted misprints are recorded if, as often happens, they make a plausible misreading which has been copied in modern texts, or if they present any other feature of interest.

As it does not seem desirable to dress up an eighteenth century classic entirely in twentieth century costume, I have retained the spelling of the fifth edition and steadily refused to attempt to make it consistent with itself. The danger which would be incurred by doing so may be shown by the example of "Cromwel." Few modern readers would hesitate to condemn this as a misprint, but it is, as a matter of fact, the spelling affected by Hume in his *History*, and was doubtless adopted from him by Adam Smith, though in the second of the two places where the name is mentioned inadvertence or the obstinacy of the printers allowed the usual "Cromwell" to appear till the fourth edition was reached. I have been equally rigid in following the original in the matter of the use of capitals and italics, except that in deference to modern fashion I have allowed the initial words of paragraphs to appear in small letters instead of capitals, the chapter headings to be printed in capitals instead of italics, and the abbreviation "Chap." to be replaced by "Chapter" in full. I have also allowed each chapter to begin on a fresh page, as the old practice of beginning a new chapter below the end of the preceding one is inconvenient to a student who desires to use the book for reference.

In writing a marginal summary for the text I have felt like an architect commissioned to place a new building alongside some ancient masterpiece: I have endeavoured to avoid on the one hand an impertinent adoption of Smith's words and style, and on the other an obtrusively modern phraseology which might contrast unpleasantly with the text.

The original index, with some slight unavoidable changes of typography, is reprinted as it appeared in the third, fourth and fifth editions. I have added to it a large number of new articles and references. I have endeavoured by these additions to make it absolutely complete in regard to names of places and persons, except that it seemed useless to include the names of kings and others when used merely to indicate dates, and altogether vain to hope to deal comprehensively with "Asia," "England," "Great Britain" and "Europe." I have inserted a few catchwords which may aid in the recovery of particularly striking passages, such as "Invisible hand," "Pots and pans," "Retaliation," "Shopkeepers, nation of." I have not thought it desirable to add to the more general of the headings in the original index, such as "Commerce" and "Labour," since these might easily be enlarged till they included nearly everything in the book. Authorities expressly referred to either in the text or the Author's notes are included, but as it would have been inconvenient and confusing to add references to the Editor's notes, I have appended a second index in which all the authorities referred to in the text, in the Author's notes, and in the Editor's notes are collected together. This will, I hope, be found useful by students of the history of economics.

The Author's references to his footnotes are placed exactly where he placed them, though their situation is often somewhat curiously selected, and the footnotes themselves are printed exactly as in the fifth edition. Critics will probably complain of the trivial character of many of the notes which record the result of the collation of the editions, but I would point out that if I had not recorded all the differences, readers would have had to rely entirely on my expression of opinion that the unrecorded differences were of no interest. The evidence having been once collected at the expense of very considerable labour, it was surely better to put it on record, especially as these trivial notes, though numerous, if collected together would not occupy more than three or four pages of the present work. Moreover, as is shown in the Editor's Introduction, the most trivial of the differences often throw interesting light upon Smith's way of regarding and treating his work.

The other notes consist chiefly of references to sources of Adam

Smith's information. Where he quotes his authority by name, no difficulty ordinarily arises. Elsewhere there is often little doubt about the matter. The search for authorities has been greatly facilitated by the publication of Dr. Bonar's *Catalogue of the Library of Adam Smith* in 1894, and of Adam Smith's *Lectures* in 1896. The *Catalogue* tells us what books Smith had in his possession at his death, fourteen years after the *Wealth of Nations* was published, while the *Lectures* often enable us to say that a particular piece of information must have been taken from a book published before 1763. As it is known that Smith used the Advocates' Library, the *Catalogue* of that library, of which Part II was printed in 1776, has also been of some use. Of course a careful comparison of words and phrases often makes it certain that a particular statement must have come from a particular source. Nevertheless many of the references given must be regarded as indicating merely a possible source of information or inspiration. I have refrained from quoting or referring to parallel passages in other authors when it is impossible or improbable that Smith ever saw them. That many more references might be given by an editor gifted with omniscience I know better than any one. To discover a reference has often taken hours of labour: to fail to discover one has often taken days.

When Adam Smith misquotes or clearly misinterprets his authority, I note the fact, but I do not ordinarily profess to decide whether his authority is right or wrong. It is neither possible nor desirable to rewrite the history of nearly all economic institutions and a great many other institutions in the form of footnotes to the *Wealth of Nations*.

Nor have I thought well to criticise Adam Smith's theories in the light of modern discussions. I would beseech any one who thinks that this ought to have been done to consider seriously what it would mean. Let him review the numerous portly volumes which modern inquiry has produced upon every one of the immense number of subjects treated by Adam Smith, and ask himself whether he really thinks the order of subjects in the *Wealth of Nations* a convenient one to adopt in an economic encyclopædia. The book is surely a classic of great historical interest which should not be overlaid by the opinions and criticisms of any subsequent moment—still less of any particular editor.

Much of the heavier work involved in preparing the present edition, especially the collation of the original editions, has been done by my friend Mrs. Norman Moor, without whose untiring assistance the book could not have been produced.

Numerous friends have given me the benefit of their knowledge of particular points, and my hearty thanks are due to them.

E. C.

LONDON SCHOOL OF ECONOMICS, 1904

## EDITOR'S INTRODUCTION

THE first edition of the *Wealth of Nations* was published on the 9th of March,<sup>1</sup> 1776, in two volumes quarto, of which the first, containing Books I., II. and III., has 510 pages of text, and the second, containing Books IV. and V., has 587. The title-page describes the author as "Adam Smith, LL.D. and F.R.S. Formerly Professor of Moral Philosophy in the University of Glasgow." There is no preface or index. The whole of the Contents are printed at the beginning of the first volume. The price was £1 16s.<sup>2</sup>

The second edition appeared early in 1778, priced at £2 2s.,<sup>3</sup> but differing little in appearance from its predecessor. Its pages very nearly correspond, and the only very obvious difference is that the Contents are now divided between the two volumes. There are, however, a vast number of small differences between the first and second editions. One of the least of these, the alteration of "late"<sup>4</sup> to "present,"<sup>4</sup> draws our attention to the curious fact that writing at some time before the spring of 1776 Adam Smith thought it safe to refer to the American troubles as "the late disturbances."<sup>5</sup> We cannot tell whether he thought the disturbances were actually over, or only that he might safely assume they would be over before the book was published. As "present disturbances" also occurs close to "late disturbances,"<sup>6</sup> we may perhaps conjecture that when correcting his proofs in the winter of 1775-6, he had altered his opinion and only allowed "late" to stand by an oversight. A very large proportion of the alterations are merely verbal, and made for the sake of greater elegance or propriety of diction, such as the frequent change from "tear and wear" (which occurs also in *Lectures*, p. 208) to the more ordinary "wear and tear." Most of the footnotes appear first in the second edition. A few corrections as to matters of fact are made, such as that in relation to the percentage of the tax on silver in Spanish America (p. 169). Figures are corrected on p. 328, and pp. 838, 842. New information is added here and there: an ad-

<sup>1</sup> John Rae, *Life of Adam Smith*, 1895, p. 284.

<sup>2</sup> *Ibid.*, p. 285.

<sup>3</sup> *Ibid.*, p. 324.

<sup>4</sup> Below, pp. 465, 890.

<sup>5</sup> See p. 544, as well as the passages referred to in the previous note.

<sup>6</sup> Pp. 541, 552, 581.

ditional way of raising money by fictitious bills is described in the long note on p. 295; the details from Sandi as to the introduction of the silk manufacture into Venice are added (p. 381); so also are the accounts of the tax on servants in Holland (p. 809), and the mention of an often forgotten but important quality of the land-tax, the possibility of reassessment within the parish (p. 796). There are some interesting alterations in the theory as to the emergence of profit and rent from primitive conditions, though Smith himself would probably be surprised at the importance which some modern inquirers attach to the points in question (pp. 47-50). On pp. 97, 98, the fallacious argument to prove that high profits raise prices more than high wages is entirely new, though the doctrine itself is asserted in another passage (p. 565). The insertion in the second edition of certain cross-references on pp. 193, 312, which do not occur in the first edition, perhaps indicates that the Digressions on the Corn Laws and the Bank of Amsterdam were somewhat late additions to the scheme of the work. Beer is a necessary of life in one place and a luxury in another in the first edition, but is nowhere a necessary in the second (pp. 432, 822). The epigrammatic condemnation of the East India Company on pp. 602-3, appears first in the second edition. On p. 751, we find "Christian" substituted for "Roman Catholic," and the English puritans, who were "persecuted" in the first edition, are only "restrained" in the second (p. 555)—defections from the ultra-protestant standpoint perhaps due to the posthumous working of the influence of Hume upon his friend.

Between the second edition and the third, published at the end of 1784,<sup>7</sup> there are considerable differences. The third edition is in three volumes, octavo, the first running to the end of Book II., chapter ii., and the second from that point to the end of the chapter on Colonies, Book IV., chapter viii. The author by this time had overcome the reluctance he felt in 1778 to have his office in the customs added to his other distinctions<sup>8</sup> and consequently appears on the title-page as "Adam Smith, LL.D. and F.R.S. of London and Edinburgh: one of the commissioners of his Majesty's Customs in Scotland; and formerly professor of Moral Philosophy in the University of Glasgow." The imprint is "London: printed for A. Strahan; and T. Cadell, in the Strand." This edition was sold at one guinea.<sup>9</sup> Prefixed to it is the following "Advertisement to the Third Edition":—

<sup>7</sup> Rae, *Life of Adam Smith*, p. 362.

<sup>8</sup> *Ibid.*, p. 323.

<sup>9</sup> *Ibid.*, p. 362.

“The first Edition of the following Work was printed in the end of the year 1775, and in the beginning of the year 1776. Through the greater part of the Book, therefore, whenever the present state of things is mentioned, it is to be understood of the state they were in either about that time, or at some earlier period, during the time I was employed in writing the Book. To this<sup>10</sup> third Edition, however, I have made several additions, particularly to the chapter upon Drawbacks, and to that upon Bounties; likewise a new chapter entitled, *The Conclusion of the Mercantile System*; and a new article to the chapter upon the expences of the sovereign. In all these additions, *the present state of things* means always the state in which they were during the year 1783 and the beginning of the present<sup>11</sup> year 1784.”

Comparing the second and the third editions we find that the additions to the third are considerable. As the Preface or “Advertisement” just quoted remarks, the chapter entitled “Conclusion of the Mercantile System” (pp. 607-26) is entirely new, and so is the section “Of the Public Works and Institutions which are necessary for facilitating particular Branches of Commerce” (pp. 690-716). Certain passages in Book IV., chapter iii., on the absurdity of the restrictions on trade with France (pp. 440-1 and 462-3), the three pages near the beginning of Book IV., chapter iv., upon the details of various drawbacks (pp. 466-70), the ten paragraphs on the herring fishery bounty (pp. 485-9) with the appendix on the same subject (pp. 901-3), and a portion of the discussion of the effects on the corn bounty (pp. 475-6) also appear first in the third edition. With several other additions and corrections of smaller size these passages were printed separately in quarto under the title of “Additions and Corrections to the First and Second Editions of Dr. Adam Smith’s Inquiry into the Nature and Causes of the Wealth of Nations.”<sup>12</sup> Writing to Cadell in December, 1782, Smith says:—

“I hope in two or three months to send you up the second edition corrected in many places, with three or four very considerable additions, chiefly to the second volume. Among the rest is a short but, I flatter myself, a complete history of all the trading companies in Great Britain. These additions I mean not only to be inserted at their proper places into the new edition, but to be printed separately and to be sold for a shilling or half a crown to the purchasers of the old edition.

<sup>10</sup> Edition 4 alters “this” to “the.”

<sup>11</sup> Edition 4 omits “present.”

<sup>12</sup> They are frequently found at the end of existing bound copies of the second edition. The statement in Rae, *Life of Adam Smith*, p. 362, that they were published in 1783 is a mistake; cp. the “Advertisement to the Third Edition” above.



The price must depend on the bulk of the additions when they are all written out."<sup>13</sup>

Besides the separately printed additions there are many minor alterations between the second and third editions, such as the complacent note on the adoption of the house tax (p. 795), the correction of the estimate of possible receipts from the turnpikes (p. 685, *note* 37), and the reference to the expense of the American war (p. 876), but none of these is of much consequence. More important is the addition of the lengthy index surmounted by the rather quaint superscription "N.B. The Roman numerals refer to the Volume, and the figures to the Page." We should not expect a man of Adam Smith's character to make his own index, and we may be quite certain that he did not do so when we find the misprint "tallie" on p. 787, reappearing in the index (*s.v.* Montauban) though "taille" has also a place there. But the index is far from suggesting the work of an unintelligent hack, and the fact that the "Ayr bank" is named in it (*s.v.* Banks), though nameless in the text, shows either that the index-maker had a certain knowledge of Scotch banking history or that Smith corrected his work in places. That Smith received a packet from Strahan "containing some part of the index" on 17th November, 1784, we know from his letter to Cadell, published in the *Economic Journal* for September, 1808. Strahan had inquired whether the index was to be printed in quarto along with the Additions and Corrections, and Smith reminded him that the numbers of the pages would all have to be altered "to accommodate them to either of the two former editions, of which the pages do not in many places correspond." There is therefore no reason for not treating the index as an integral part of the book.

The fourth edition, published in 1786, is printed in the same style and with exactly the same pagination as the third. It reprints the advertisement to the third edition, altering, however, the phrase "this third Edition," into "the third Edition," and "the present year 1784" into "the year 1784," and adds the following "Advertisement to the Fourth Edition":—

"In this fourth Edition I have made no alterations of any kind. I now, however, find myself at liberty to acknowledge my very great obligations to Mr. HENRY HOP<sup>14</sup> of Amsterdam. To that Gentleman I

<sup>13</sup> Rae, *Life of Adam Smith*, p. 362.

<sup>14</sup> Corrected to "Hope" in edition 5. The celebrated firm of Hope, merchant-bankers in Amsterdam, was founded by a Scotchman in the seventeenth century (see Sir Thomas Hope in the *Dictionary of National Biography*). Henry Hope was born in Boston, Mass., in 1736, and passed six years in a banking house in England before he joined his relatives in Amsterdam.