

Adam Smith on Merchants

Adam Smith, Scottish economist and Member of Parliament, from his *Wealth of Nations*, 1776

The increase and riches of commercial and manufacturing towns contributed to the improvement and cultivation of the countries to which they belonged: First, by affording a great and ready market for the rude produce of the country, they gave encouragement to its cultivation and further improvement. This benefit was not even confined to the countries in which they were situated, but extended more or less to all those with which they had any dealings. To all of them they afforded a market for some part either of their rude or manufactured produce, and, consequently, gave some encouragement to the industry and improvement of all. Their own country, however, on account of its neighborhood, necessarily derived the greatest benefit from this market. Its rude produce being charged with less carriage, the traders could pay the growers a better price for it, and yet afford it as cheap to the consumers as that of more distant countries. Secondly, the wealth acquired by the inhabitants of cities was frequently employed in purchasing such lands as were to be sold, of which a great part would frequently be uncultivated. Merchants are commonly ambitious of becoming country gentlemen, and, when they do, they are generally the best of all improvers. A merchant is accustomed to employ his money chiefly in profitable projects; whereas a mere country gentleman is accustomed to employ it chiefly in expense. The one often sees his money go from him, and return to him again with a profit; the other, when once he parts with it, very seldom expects to see any more of it. Those different habits naturally affect their temper and disposition in every sort of business. The merchant is commonly a bold, a country gentleman a timid undertaker. The one is not afraid to lay out at once a large capital upon the improvement of his land, when he has a probable prospect of raising the value of it in proportion to the expense; the other, if he has any capital, which is not always the case, seldom ventures to employ it in this manner. Whoever has had the fortune to live in a mercantile town, situated in an unimproved country, must have frequently observed how much more spirited the operations of merchants were in this way, than those of mere country gentlemen. The habits, besides, of order, economy, and attention, to which mercantile business naturally forms a merchant, render him much fitter to execute, with profit and success, any project of improvement. Thirdly, and lastly, commerce and manufactures gradually introduced order and good government, and with them the liberty and security of individuals, among the inhabitants of the country, who had before lived almost in a continual state of war with their neighbors, and of servile dependency upon their superiors.

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