**Primary Source- “Adam Smith on Mercantilism”**

*In 1776, the British philosopher, Adam Smith, wrote, “An Inquiry into the Nature and Causes of*

*the Wealth of Nations”. According to him, the government should stop interfering in business*

*matters and let the laws of supply and demand regulate the market.*

By restraining, either by high duties, or by absolute prohibitions, the importation of such goods

from foreign countries as can be produced at home, the monopoly of the home market is more or

less secured to the domestic industry employed in producing them. … In the system of laws

which has been established for the management of our American and West Indian colonies the

interest of the home-consumer has been sacrificed to that of the producer with a more

extravagant profusion than in all our other commercial regulations. A great empire has been

established for the sole purpose of raising up a nation of customers who should be obliged to buy

from the shops of our different producers, all the goods with which these could supply them. For

the sake of that little enhancement of price which this monopoly might afford our producers, the

home-consumers have been burdened with the whole expense of maintaining and defending that

empire. … It cannot be very difficult to determine who have been the contrivers of this whole

mercantile system; not the consumers, we may believe, whose interest has been entirely

neglected; but the producers, whose interest has been so carefully attended to; and among this

latter class our merchants and manufacturers have been by far the principal architects.



*Source: Adam Smith, The Wealth of Nations (London: Penguin Books, 1999), 6-7*.