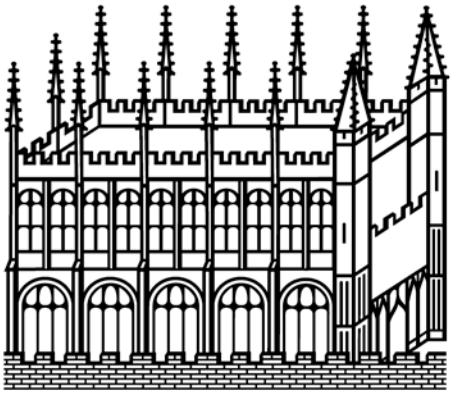

THE NATIONAL GAIN

THE NATIONAL GAIN

by

ANDERS CHYDENIUS

Translated from the Swedish original published in 1765

with an introduction

by

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LONDON
ERNEST BENN LIMITED

First Published in
1931

Printed
in
Great Britain

EDITOR'S PREFACE

THE author, who is here introduced in English, has, ever since I became acquainted with his life and work, seemed to me to merit the attention of wider circles than those which understand Swedish.

It is possible, however, that I, at any rate, might never have carried out this idea, if the bi-centenary of the author's birth had not occurred last year. On this anniversary several economic and historical societies in his native Finland, together with Helsingfors University, arranged a celebration in his memory in the aula of the university, when addresses were delivered by the venerated Nestor of Finnish historiography, Professor J. R. Danielson-Kalmari, and by the present editor. One of these societies, which devotes itself to the special task of maintaining and strengthening the connection between past and present in Finland, *Historian Ystäväin Liitto* (Friends of Finnish History), urged me after the celebration to make its object known in a suitable manner beyond the confines of Finland and Scandinavia. I undertook the task gratefully, and the result is presented in this little volume.

The translation of the author's original work was made in Stockholm; the translation of the editor's introduction, in Helsingfors; in both cases by Englishmen. The translation of the original, by no

means easy, has been read by Dr. P. Jacobsson and Professor E. F. Heckscher, to whom my sincere thanks are due. Professor Heckscher has also done me the favour of reading the translation of my introduction and suggesting valuable amendments.

I am also indebted to Dr. J. K. Paasikivi, Managing Director of the National Joint Stock Bank, Limited (*Kansallis-Osake-Pankki*), in Helsingfors, and President of the Friends of Finnish History, for the interest and sympathy he has shown in the work.

G. S.

HELSINGFORS, *February* 1930.

INTRODUCTION

I

THE long wars of Charles XII resulted for Sweden in the loss of her dominion in the Baltic, with a great reduction in territory and population, the utter destruction of her finances, and the displacement of absolutism by a constitutional monarchy in which the power was actually in the hands of the Diet, divided into four Estates: Nobility, Clergy, Burgesses, and Peasants. Everyone's thoughts and efforts were directed, after the conclusion of peace at Nystad in 1721, towards improving the economic position and regaining national prosperity. The principles adopted in legislation and policy during the new constitutional era (called the "Era of Liberty") in order to attain this object were the same as were adopted generally in Europe, and are commonly known as the Mercantile System. In applying this system, Sweden proceeded with a consistency that was unsurpassed in most other countries. There is no need to enter into details: it is only interesting to note that the Navigation Act was also imitated by a statute in 1724 (the so-called *Product-Placat*), by which foreign vessels were prohibited from carrying other products to

Sweden than those of their own country – a prohibition that was extended in 1726 by taking away from them coasting trade also.

In the intellectual sphere, too, the economic efforts played a predominating part. Linnæus, who soon founded a school, combined the study of natural history with the practical economic benefits to be derived from it, and, when the Royal Swedish Academy of Science was established in 1739 by Linnæus and others, it was founded with the object of providing a centre for pursuing "science and art which promote the common good," which "encourage industry and diligence in a country, and which ensure its wealth and security both internally and externally." At Uppsala University a chair *jurisprudentiæ, œconomiæ, et commerciorum* was established in 1740 – only three such chairs had been founded previously in Europe – and the study of political economy became fairly general.

Before this time, in the first decades of the new era, Swedish economic literature was meagre. In the 1720's the renowned Swedenborg and Christopher Polhem – the latter celebrated in his own country as "the father of Swedish mechanics" – published several treatises that are interesting, especially from the point of view of the theory of value. A large work with the Latin title *Arcana Œconomiæ et Commercii* (though written in Swedish) was brought out in 1730 by the former Swedish consul in Lisbon, Anders Bachmanson, subsequently ennobled under the name of Nordencrantz,

and better known by this name in Swedish history. Nordencrantz, who lived in England in 1722–1724, is strongly influenced by Davenant, Temple, and Child, particularly by the first, but he also refers, when touching upon ethical subjects, to Mandeville's *Fable of the Bees*. Without being an extreme mercantilist, like the less important authors who appeared in the 1730's, Nordencrantz is ruled nevertheless by the merchant spirit, by the interests of the town population.

English influence on Swedish economics made itself felt in other ways, too, during the period up to 1740. Following the English example, though mostly on the basis of French translations, moralising periodicals were issued, in which economic subjects were also discussed, and in 1734 the first entirely economic Swedish journal was published. Translations of English writers on political economy were also published; for instance, two separate translations appeared of Mun's *England's Treasure by Foreign Trade*, and Bacon's *Essays* and Locke's *Treatises on Civil Government* were likewise translated, both these works being of importance from the point of view of political economy. – Besides the English influence, a certain influence was exerted by the German Cameralists.[1]

About the middle of the century a richer economic literature grew up in Sweden. The first professor in political economy at Uppsala, Anders

[1] See G. Schauman, *Studier i Frihetstidens nationalekonomiska Litteratur: Ideer och Strömningar*, 1718–1740 (Studies in the Economic Literature of the Era of Liberty: Ideas and Tendencies, 1718–1740), Helsingfors, 1910.

Berch, issued a systematic exposition of his science in 1747, *Inledning til Almänna Hushålningen* (Introduction to Political Economy), which was translated into German and was used as a text-book even in foreign universities, besides which it obtained for its author the membership of the Economic Societies in London and Berne. Berch expounded, *ex officio*, so to speak, the pure and unadulterated doctrines of mercantilism, though not in an exaggerated form. – Principally, however, special questions of economic policy and legislation were dealt with in the literature of the day.

Such writings assumed considerable proportions during the 1750's and 1760's, and afford evidence of a very lively public interest in the subject. Opinions were divided: on the one hand, vehement attacks were directed against special points in the firmly constructed edifice of the Mercantile System; on the other hand, the system was defended energetically. It would be tempting to draw the conclusion that the liveliness in economic literature was connected with Sweden's free form of government. But the phenomenon was not unique; in absolutist France the position was the same. In 1759, Grimm says, in his *Correspondance littéraire* (ii. p. 310): "Autrefois nos mauvais auteurs faisaient des romans et des vers détestables; aujourd'hui tout le monde veut écrire sur l'agriculture, sur le commerce, sur la population." The taste for "useful" subjects had become general in Europe.

Instead of England, it is now France that exerts the greatest influence on Swedish economic literature, as on Swedish literature in general. It is also the French economists who are translated: Melon, Herbert, Dangeul, Gournay,[1] and Mirabeau (extracts from *Ami des Hommes*). English economists are published from French translations, – Child and Culpeper from Gournay's translation, and J. Tucker from Turgot's. Davenant's *Essay on the Balance of Trade* alone is translated directly from the English.

Most of the Swedish economic writers who appeared during this time are either not readable or else uninteresting – not readable because they cannot write, uninteresting because they have usually very little that is new or original to say. However, there are some who still deserve to be remembered for one reason or another. High above all the rest towers ANDERS CHYDENIUS by reason of the matter and form of his writings.

This remarkable author has hitherto found no place in the numerous text-books of the history of political economy or in the dictionaries of political economy published in the languages of the great civilised nations; he is only mentioned in Cossa's *Histoire des doctrines économiques* (p. 450) as "auteur d'excellentes monographies qui défendent les théories libérales développées plus tard

[1] It is curious that one of Gournay's two memoranda, on the silk industry in Lyons, which was not found by G. Schelle, Gournay's biographer, in the archives of his own country, became known first through a Swedish translation published in 1765 (see *Journal des Economistes*, 1901, i., p. 86).

par Smith." The reason why Chydenius has remained an unknown quantity outside Sweden and his native Finland is, of course, that he wrote in a language comparatively so little known as Swedish, and that, so far, no reference to Chydenius has appeared in any of the great languages of the world.

II

ANDERS CHYDENIUS was born on February 26th, 1729, in the parish of Sotkamo in the interior of northern Finland (on the sixty-fourth degree of latitude, the same latitude as the south of Iceland). His father, Jacob Chydenius, was curate there, and a few years later became the rector of Kuusamo parish on the border of Lapland, whence he was transferred in 1746 to Gamla Carleby[1] on the Gulf of Bothnia, not much further south than Sotkamo. His mother was the daughter of a clergyman, and so was his grandmother. His grandfather was a pure Finnish peasant boy from south-western Finland, who had studied at Åbo University and had taken holy orders; the Latin name of Chydenius, which he was the first to adopt, was based on the name of his village, Kytämäki, in accordance with the custom of that time. The inhabitants of the Gamla Carleby town

[1] Gamla Carleby=Old Charlestown.

and parish were chiefly Swedish, as is still the case among a large part of the population of Finland along the coasts of the Gulf of Bothnia and the Gulf of Finland. Anders Chydenius' parents were well-to-do, and their home contained a fairly good library, though, according to an inventory made at the time of his father's death in 1766, it did not number any economic or political works worth mentioning. The father instructed his sons in the rudiments of learning, and taught them, as Anders Chydenius states in his autobiography, "to think and to let the light of intellect warm their hearts," but did not trouble to burden their memories.

Entering the University of Åbo in 1745, Chydenius studied science principally, first there and later at Uppsala University. He sustained in Åbo, for his master's degree, a dissertation under the direction of Professor Kalm, the celebrated pupil of Linnæus (Kalm's *Travels into North America* were also translated into English, German, French, and Dutch, and are still of great historical interest); the dissertation dealt with American birchbark boats. Chydenius was ordained in 1753, and was appointed curate in a small annexe belonging to his father's parish, with only 200 inhabitants. The youthful clergyman proved himself a zealous pastor, and did not confine his work to caring for the souls of his flock. At that time there was in the whole province of Ostrobothnia – an area almost as large

as England – only one doctor, and the Government appealed to the clergy of such districts to undertake the care of the health of the population, and sent instructions for the cure of the commonest ailments. On this basis, Chydenius started to practise medicine – he even ventured to perform ophthalmic operations – and was so successful that patients even visited him from other districts. The young pastor was also the first in Finland to succeed in persuading the peasants, who were very prejudiced in this respect, to allow their children to be inoculated for smallpox – vaccination was not yet known in those days. Chydenius was, furthermore, much interested in farming, and set the peasants an example in adopting new methods.

Chydenius began his literary work in the sphere of agriculture and rural economy. For a prize competition announced by the Royal Academy of Science in Stockholm in 1761, on the cause of the origin of moss on meadows and the cultivation of moss-grown meadows, Chydenius sent in a paper for which he was awarded one of the lower prizes: his paper was printed with several others by the academy. The same distinction was conferred on Chydenius for a reply contributed by him in 1763 to the academy's prize competition regarding the improvement of farm-carts.

Early in the 1760's, Chydenius' attention was directed to more purely economic problems. A manuscript of 1761 bears witness to this, and

also shows that he had already at that time come to those conclusions on various questions which he subsequently championed in his published works. Further evidence pointing in the same direction is found in an answer given in 1763 to the prize subject set by the Royal Academy of Science in Stockholm, on the causes of emigration from Sweden and Finland – which was directed at that time to countries south of the Baltic, but has since been shown to be much more insignificant than was believed at the time – and in an address delivered at a provincial meeting in Gamla Carleby in the same year, on the injustice and disadvantages of the existing system of trade, which excluded the small towns on the Gulf of Bothnia from foreign trade and shipping to the advantage, chiefly, of Stockholm.

It seems probable that Chydenius' attitude towards this latter question contributed essentially to his election, in the following year, by the lower Ostrobothnian clergy, who formed a separate electoral group, as a representative in the Diet that assembled in the beginning of 1765 and remained in session all that year and throughout 1766. His activities in and during that very important Diet made the young pastor from Finland known throughout the whole kingdom of Sweden.

These activities were both intensive and manifold; in the debates of the Clergy, Chydenius was among the most frequent speakers; many

important motions, although made in the name of others, flowed from his pen; he took part eagerly in the labours of four committees, often leaving his mark on their result – among these may be mentioned Sweden's first law on the liberty of the Press and her new legislation on fishery, which was considered the best of its time in the whole of Europe. Simultaneously, Chydenius published several writings that aroused the greatest attention, some of which are even at the present day looked upon as among the best to be found in Swedish political economy.

During the Diet of 1765–1766, Chydenius also proved an independent political character. He belonged to the die-hards of the victorious "Cap" party in its reckonings with the hitherto governing "Hat" party, but he did not hesitate to oppose his own party, when it displayed a tendency to abuse its power or was in his eyes guilty of political errors. His fearlessness finally cost him his seat in the Diet, the Estate of the Clergy excluding him on the ground of his having, in one of his writings, dared to show up the error in the steps taken by the omnipotent Estates in attempting to lower the discount on Swedish money, i.e. raise the value of the bank-notes in relation to silver coin, by fixing annually an ever lower and lower discount on the silver *daler*.

The immediate future proved Chydenius to be right in his criticism of this fateful decision: the public understood, when the discount for 1767

was fixed, in what proportion it was proposed to raise the value of the bank-notes, and kept them out of circulation, as a result of which there was a shortage in the medium of circulation, a severe fall in the exchange, and a great financial crisis. The Estates had to be convened earlier than was the rule. Chydenius was re-elected to the Diet (1769) by a large majority, but the Clergy invalidated his election on formal grounds.

The *coup d'état* of Gustavus III, in 1772, put an end to the rule of the Estates and, with it, to the political activity which was one of the many bright features of the "Era of Liberty," in Swedish history condemned so severely for its equally numerous dark sides. It also turned Chydenius' life and work partly into new channels, for, after he had become the rector of Gamla Carleby in 1770, he devoted himself entirely for some years to his ecclesiastical duties, to farming, and to medical practice. It was only towards the end of the 1770's that Chydenius again came into public view. He published several writings at that time which attracted much attention. In one of them he urged the complete freedom of peddling or country trading, in another the introduction of freedom of contract between masters and men.

At this time Chydenius also had an opportunity of making his mark in public life in another way. The form of Government that Gustavus III had introduced was neither legally nor formally that of an absolute monarchy; the Estates' right of

taxation and their legislative rights remained in force, but their convening to the Diet depended entirely on the king. Forced mainly by the necessity of obtaining funds, Gustavus III convened the Estates for the first time after his *coup d'état*, in 1778. Chydenius was elected by the clergy of Ostrobothnia to represent them in the Diet. He made his presence felt in the Diet chiefly in two ways: by working on behalf of the Government's Bill on contracts between masters and men, based on the principle of freedom, and by bringing forward a motion of his own for abolishing the existing religious restrictions, so that persons not belonging to the Lutheran Church should be entitled to settle in the country and exercise their religion freely. In both cases, Chydenius was opposed by the Estate of the Clergy. The Bill on free contracts between masters and men met with opposition in the other Estates, too, and was defeated. But, in the question of religious liberty or toleration, Chydenius found a powerful ally in Gustavus III, to whose influence it must be ascribed that the three other Estates supported the motion. The Clergy, on the other hand, were furious; and probably Chydenius would have met the same fate as in 1766, if the king had not promised him his protection. Gustavus III admired Chydenius' courage. "I, too, am rather bold," he is reported to have said, "but I should never have dared what Chydenius dared." The conferring of the degree of D.D. on Chydenius

at the close of the Diet was an expression of his sovereign's favour, as that honour was in the king's gift.

After the Diet of 1778–1779, Chydenius devoted himself with characteristic energy to such work as was connected with his post. As rector, and (since 1781) rural dean, Chydenius was uncompromising, especially in the maintenance of discipline and order. By his great authority he achieved – though not without trouble with the peasants, who objected to the expense – a complete reconstruction and enlargement of the parish church. – In his sermons, Chydenius strove chiefly after simplicity and lucidity in exposition and after the practical application of Christianity. In the 1780's he published several volumes of sermons, for which he received the highest award of the Theological Society at Uppsala. These collections of sermons testify to Chydenius having been orthodox regarding dogma, and give proof that he had not allowed himself to be influenced by the rationalism of the time.

It may be possible that Chydenius' assiduity in the spiritual and ecclesiastical sphere helped to re-establish the political confidence that he had lost among his brother clergy through his attitude on the question of religious liberty; for, in the Diet of 1792, Chydenius appeared again as a representative of the Clergy. He had formerly been a whole-hearted admirer of Gustavus III, but the king's tendencies towards absolutism,

which grew more and more pronounced during the 1780's, aroused his opposition. Shortly after this comparatively unimportant Diet came the murder of Gustavus III (1792).

During the last years of his life, Chydenius wrote in his leisure hours several essays on rural and political economy, thereby returning to his first love. The majority of them, and the most interesting, he submitted to the Royal Finnish Economic Society, which had been founded in 1797 in Åbo, the foremost town in Finland at that time. They have only been published, however, in our own day.

On February 1st, 1803, Chydenius died in his home at the rectory in Gamla Carleby. He left a widow, but no children. His fortune was very small, for he had used a large part of his income during his lifetime in helping the needy, particularly poor relations.

. . . . . .

Chydenius' life was written shortly after his death by his nephew, Bishop Jacob Tengström of Åbo, in a periodical published in Åbo. But his name was almost forgotten when, in 1857, F. J. Rabbe drew the attention of a later generation to its remarkable bearer, in a biography in *Finlands Minnesvärde Män* (Finland's Men of Note). Thanks are due alone to the Swedish scholar J. W. Arnberg's *Anteckningar om Frihetstidens politiska ekonomi* (Notes on the Political

Economy of the Era of Liberty) (i., 1868), that the significance of Chydenius' writings on political economy was appreciated. Lesser contributions to the knowledge of Chydenius' political activity saw the light in Sweden during the following decades.

However, quite a new basis for the biography of Chydenius was obtained through the editing by Baron E. G. Palmén, Professor of History at Helsingfors University, of Chydenius' *Politiska Skrifter* (Political Writings) (1877–1880), which also contain an autobiography of Chydenius written in 1780, and a large biographical introduction dealing principally with Chydenius' activity during the Diet of 1765–1766. This work was subsequently greatly supplemented by the present editor's *Biografiska Undersökningar om Anders Chydenius: Jämte otryckta skrifter av Chydenius* (Biographical Researches about Anders Chydenius: With Unpublished Papers of Chydenius) (1908). These two works, published in Finland, are the chief sources for a knowledge of the life and work of Chydenius.

An attempt to establish the place of Chydenius' views in the history of political economy was made in a dissertation, by A. Lille, entitled *Anders Chydenius i förhållande till samtida nationalekonomer* (Anders Chydenius in Relation to Contemporary Economists) (Helsingfors, 1882). Later the Swedish scholar K. Petander treated the subject more successfully in his dissertation, *De*

nationalekonomiska åskådningarna i Sverige: I. 1718–1765 (Political Economy in Sweden: I. 1718–1765) (Stockholm, 1912). Recently (in 1929) Professor E. F. Heckscher pronounced upon Chydenius' economic writings in the great *Swedish Biographical Dictionary,* calling him "the brightest representative of economic liberalism and social feeling in Sweden and Finland."

III

Chydenius' output on political economy is not extensive. Omitting a couple of writings that are unimportant, it embraces the following works:

1. *Three Questions in Political Economy.* 1761. (Manuscript printed by the present editor, 1908.) The first question deals with the benefit to a community of the prohibition of exporting metal coin, and is answered in the negative. The second treats of whether the public distrust of the Swedish paper currency of that time was justified or not. Chydenius does not answer it directly, but expresses serious doubts of a system of currency which is based on a value of the note currency fixed by compulsion. He points out clearly and sharply the nature of the notes as bonds of the State Bank for loans from the public, and the right of the latter to have them redeemed at par. The third question is about legislation on hired

labour. Chydenius establishes the point that both the proposals to distribute hired labourers by lot and the existing system of scales of wages fixed according to provinces are contrary to the Constitution, indefensible from a moral point of view, and detrimental to the national economy. Instead, he advocates free contracts between masters and men in the interests of the working class and of the whole community. The arguments are also of great interest from a theoretical point of view.

2. *A Refutation of the Reasons by which it is endeavoured to oppose Free Shipping for the Towns on the Gulf of Bothnia.* 1765. This pamphlet, printed on behalf of the town of Gamla Carleby, contains Chydenius' address at the provincial meeting in that town in 1763 (see p. 15 above), and contributed towards the decision of the Diet in 1765 to grant five towns on the Gulf of Bothnia (including Gamla Carleby) the liberty of trading with foreign countries (full freedom of shipping). It is directed against a special feature in the commercial system of that day, but is not of general interest from the point of view of political economy.

3. *A Reply to the Question put by the Royal Academy of Science: "What is the cause of such a multitude of Swedish people emigrating from the country annually? And by what means can it best be prevented?"* 1765. This paper, the manuscript of which was submitted to the Academy

of Science in Stockholm in 1763, is one of the most important for a knowledge of Chydenius' political and economic views. Chydenius sees in the system of tutelage and compulsion the sole cause of emigration, and in the freedom to pursue personal welfare – the "natural" freedom – "the right antidote to compulsion." He criticises the form of government and the social conditions in Sweden and, in detail, the economic legislation. This work is, stylistically, a brilliant piece of writing, but because of its radical tendency, as an expression of "political freethinking," it was not awarded a prize by the Academy of Science.

4. *Källan till Rikets Vanmagt* (The Source of the Weakness of the Realm). 1765. In this pamphlet, insignificant in size, published anonymously and intended originally to form a motion in the Diet, Chydenius sets himself against the *Product-Placat* (see p. 7 above) and urges that foreign trade should be made free. The argument goes much deeper, however, and reaches the very foundations of economic activity, thus affording much that is interesting from a theoretical point of view. The pamphlet caused a great sensation; several editions were published, as well as a translation in German, and elicited a swarm of replies. Some of these Chydenius answered by publishing:

5. *A Circumstantial Reply to the published Refutation of the Paper entitled "The Source of the Weakness of the Realm," with Notes on the Water Tests carried out at that Source.* 1765. Although

extensive, this work is not as interesting as the two previous ones or the next one, owing to its detailed polemics.

6. *Den Nationnale Vinsten* (The National Gain). 1765. This little work, also published anonymously, is perhaps the most important for a knowledge of Chydenius' views on political economy. It contains "an almost classically clear and simple exposition of the fundamentals of economic liberalism" (Heckscher).

7. *Rikets hielp genom en naturlig Finance-System* (The Succour of the Realm by a natural Financial System). 1766. Chydenius urges a reform of the currency on the basis of the actual relation between the metal coinage and the note currency. In 1777, Gustavus III's Minister of Finance, Liljencrants, carried out this idea, in which Chydenius was far from original, even in Sweden, however. See also p. 16 above.

8. *A Reply to the Question put by the Society of Science and Belles Lettres in Gothenburg: "Whether peddling is beneficial or detrimental to a State in general, and to what extent it contributes to promote or depress industry?"* 1777. Chydenius answers the first alternative in the affirmative, and urges the abolition of all legislative prohibitions and restraints on peddling or country trading. "Oh, thou persecuted peddling trade," says Chydenius in one place, "I gladly speak in thy favour, though I shall be called a heretic, and will gladly suffer to be trampled upon by our own times, if only I

could resurrect thee for posterity." In point of fact the treatise was not to the taste of the authorities: it was not awarded a prize, although Chydenius had a faint hope that it might, by the influence of the patron of the society, Count C. F. Scheffer, whose liberal opinions, partially influenced by the Physiocrats, were known to Chydenius. By such radical expressions as that "the true liberty, that of the common people," was being downtrodden, the treatise also contributed to Chydenius' decisive rejection in 1778, when put up for election as a member of the Academy of Science in Stockholm – he had been previously proposed unsuccessfully in 1776. The treatise is not devoid of interest as regards a knowledge of Chydenius' ideas on political economy, but it is not one of the most significant.

9. *Tankar om husbönders och tjenstehjons naturliga rätt* (Thoughts on the Natural Rights of Masters and Men). 1778. In this treatise, Chydenius deals in detail with the same subject that he had treated in his first essay (see p. 23 above). It is dedicated to Gustavus III, and Chydenius appeals to the king – whose humane and liberal opinions, as well as his relations to the Physiocrats, were known to him – to "return, into the hands of the workers, Nature's charter of liberty, of which they had hitherto been deprived by the laws regulating the relation between masters and men," to grant them unrestricted liberty to provide for themselves and their families by

whatever kind of labour they desired. Chydenius does not only appeal to the king's humaneness, but also to his antagonistic feelings towards the nobility at this moment: "as victor of the aristocracy in the government of the State," he should now "make victory complete" by preventing the "same noxious animals" from oppressing the lowest subjects of the State by their selfishness. The treatise is one of Chydenius' most brilliant writings: "it is filled with stronger ethical feeling than any of his other works, and is distinguished, at the same time, by a quietly convincing style and an excellent effect of contrasts – for instance, when he describes the different treatment meted out to different classes of society for the same kind of offence" (Heckscher). It called forth the publication of replies, and a dispute in the Press which lasted throughout the whole of 1779, Chydenius eagerly taking part in the fray.

10. *A Reply to the Question of the Royal Finnish Economic Society as to the Obstacles in the Way of the Finnish Peasant's Diligence and the Means of arousing him to greater Diligence and Caution in Husbandry*. 1799. (Manuscript printed by the present editor in 1908.) Chydenius finds the obstacles in the existing economic legislation, which he consequently wishes to change in a liberal direction. He criticises thoroughly and severely the conditions of land tenure and land ownership in Sweden and Finland, and urges the

complete abolition of the Crown's right of land ownership, the unlimited right of freehold purchase, unrestricted allotment of land for private individuals, as also for exempted peasants and crofters, and the unlimited division of land to the heirs in case of inheritance. The paper is interesting from the point of view of Chydenius' opinions on agrarian policy, but is the weakest of his writings from a literary point of view. It was not awarded a prize by the Finnish Economic Society, chiefly, however, owing to its radical views.

IV

We have seen that Chydenius' economic writings refer to three periods. The first period embraces the years 1761–1766, the second 1777–1778, and the third 1799. Between these short productive periods there is stagnation. Of any dissimilarity between the different periods, or of any gradual evolution of ideas, there can be no question. Chydenius' ideas were clearly formed in all essential points as early as 1765. The writings of the 1770's merely deal more profoundly with special questions, and envisage these problems more from the point of view of natural law. The manuscript of 1799 constitutes an addition to the output of the 1760's in relation to the land problem alone.

The review of Chydenius' work proves that, like most writers on politics and economics of his time, he develops his ideas in treatises or pamphlets that were evoked by extraneous circumstances and deal with special problems of economic policy and legislation. For composing his "small and brief treatises," as he himself says, he usually had no other time than "the silent midnight hours." Bishop Tengström points out in his biography that Chydenius was "not what is really called learned"; he was therefore also no theoriser or systematiser. "He sought," as Professor Heckscher justly remarks, "simple explanations of all phenomena, chiefly for the reason that he aimed at practical, rather than theoretical, results, but obviously also because his intellect was suited to simplicity." Chydenius was a writer who relied on his observations and his judgment, and aimed, above all, at order and clearness in exposition.

This does not prevent him, as we have seen in the above review of Chydenius' writings, from entering also into theoretical questions and formulating his opinions in general statements or propositions. It may rather be said that in some of his writings there is an inclination towards defining terms and discussing principles. This is already noticeable in his first essay in political economy. Labour, he says, for instance, is a commodity that the seller-labourer should have full liberty to offer, because its value or price,

i.e. wages, like the prices of other commodities, is regulated by supply and demand. "The scarcer a commodity is, and the smaller its supply, the higher its price, but, the dearer a commodity is in one place, the greater the flow of such a commodity to that place from others, where it can be dispensed with." In *The Source of the Weakness of the Realm* he seizes the opportunity to put the same "fundamental truths" in the following way: "The more buyers appear in a market, the better the payment the seller receives for his goods, and vice versa; goods never cost as much, when I am forced to offer them, as when the buyer must seek for them." Chydenius goes furthest in this respect in *The National Gain*: he proceeds here from one "proposition" – his own expression – to another, and constructs, almost without the reader being aware of it, a complete little theoretical edifice.

What are these propositions, what is this theoretical edifice? The reader of the small work that is reproduced in this volume, from the original, can obtain, of course, a conception of this for himself, but I will nevertheless permit myself to indicate some of its leading ideas.

Chydenius' starting-point is the fact that neither the individual nor the nation can satisfy their wants without the help of others. "Should this mutual aid be checked within or without the nation, it is contrary to Nature." The exchange of commodities, or commerce, leads to a gain for

the nation, "through working in those trades that pay best – that is, in which the least number of people can produce commodities to the highest value." In the multitude of products, or, rather, in their value, lies the wealth of a nation. But the quantity of production or its value is again dependent on the multitude and diligence of the workers. "Nature will produce both, when she is left untrammelled." For it is so, says Chydenius, that "every individual spontaneously tries to find the place and the trade in which he can best increase national gain, if laws do not prevent him from doing so."[1] The inference is the removal of all those unnecessary and injurious restraints and obstacles that characterised the legislation and policy of this time in almost the whole of Europe.[2] The real regulator of economic life is not laws, ordinances, and regulations, with which "harmful selfishness always tries to cloak itself," but "mutual competition," free competition between individuals and between nations. "One single statute, i.e. the one to reduce the number of our statutes, has been a pleasant subject of work to me."

It will be seen that it is the quintessence of economic liberalism that Chydenius puts forth publicly as early as 1765. When, towards the end

[1] In his treatise on peddling, Chydenius says: "His own happiness and his own benefit is the proper stimulating motive force of every free man's actions." And in his last paper he speaks of "a man's own benefit" as the mainspring of his economic activity.

[2] It should be specially noted that Chydenius includes the bounties on exportation among such obstacles, and therefore condemns them.

of *The National Gain*, our author declares that, under the system of natural liberty, "private and national gain merge into one interest," one cannot avoid noticing the concordance of thought with the famous passage in Adam Smith's *Wealth of Nations* about "the invisible hand."

It was by an empiric method that Chydenius arrived at his general proposition. His intellectual schooling, as we have seen, was scientific, and his interests were practical. All his economic writings are crowded with examples drawn from experience. In his position of rector of a parish he was well acquainted with rural conditions, but his proximity to the town of Gamla Carleby kept him in constant touch with the town population. Gamla Carleby was, of course, not the same for Chydenius as Glasgow and Edinburgh for Adam Smith, but he learnt a lot from the merchants in the little Ostrobothnian town. And in his eighteen months' sojourn in Stockholm during the Diet of 1765–1766 he enlarged his outlook by his own observations and by his intercourse with, among others, his publisher, Lars Salvius, a man interested in mining and the iron trade, who had formerly also appeared as a writer on political economy. – The strong individualistic trait in Chydenius is certainly due, in a great measure, to the character of the people from whom he sprang and among whom he worked. The Ostrobothnians, like the Scotsmen, are well known for their practical and independent

business sense, coupled with warm religious feeling. It was said that Adam Smith imagined every individual to have a Scotsman inside him, and it might be said with equal justice that Anders Chydenius thought he saw an Ostrobothnian in every man.

Chydenius also appealed, as we have seen, to Nature. This he did partly with reference to experience. For instance, in *The Source of the Weakness of the Realm* he quotes China, Holland, and England on the one hand, and Sweden on the other, as proofs of the correctness of the following statement: "The more simply a nation has followed Nature, the better off and more numerous it has become, the more evenly wealth is distributed, and the happier is its government; but, on the contrary, the more it has relied on artifice in trade and industry, the worse and unhappier is the State."

But Chydenius also refers to "the natural law," a "right in Nature," to use his own expression at the end of *The National Gain*. The mode of thinking according to natural law, in which he found a theoretical or philosophic basis for his ideas on political economy, was deeply rooted in Sweden. Swedish political thought had, during the seventeenth century and the first half of the eighteenth, been under the influence of Althusius, Grotius, Pufendorf, and Locke, to mention only the most prominent names. Natural liberty was an idea freely made use of. In the sphere of

economics, too, various points of the Mercantile System, and the opinions connected with it, had also been attacked in Sweden, as elsewhere in Europe, with reference to natural law. However, no advance had been made beyond a claim for a half or partial freedom – freedom for some special branch of trade, and freedom, though not without "order."

Chydenius is the first to go the whole way and demand the application of natural liberty to economics. "The more closely the laws of a community are in accord with natural liberty," he says in his last economic paper, "the happier must the common people be who obey them, and inversely just the same." And in *The Source of the Weakness of the Realm* he addresses the reader as follows:

"Set aside all prejudice; do not imagine to thyself liberty only in one trade, for then thou shalt not get far before thou meetest with resistance and disorder. Free the State in thy thoughts at once from the fetters and ordinances which hold it captive; let the example of others convince thee of the possibility and take time to consider the matter thoroughly, and thou shalt soon see how freedom of action abroad and at home enlivens the smallest trade, prevents the foreigner from skinning the State, and one citizen from enriching himself at the expense of another; how security for the countryman to own his land, and the liberty to work and provide for himself as well

as he is able, lead him imperceptibly and without laws to the trade that repays him and the State best; how handicraft and manufacturing in their freedom encourage the worker in diligence and moderation, when he cannot rely on the bad work of a few ill-paid apprentices and is occupied in gaining commendation above others by diligence and good quality; how all trades taken together in their freedom adjust the people to their right places, where they are most useful to themselves and to the whole State; and finally how no political laws in the world have been able to regulate this rightly, which Nature performs so easily and without effort."

Liberty in the economic sphere is for Chydenius, not only a means to increase production and attain national prosperity, but also a means to achieve "a relative economic equality," such a distribution of wealth "that none is rich, but all have their adequate subsistence." This is brought out also in *The National Gain*. The regime of economic liberty, he says, "snatches away the pillow of laziness from the arms of those who, thanks to their privileges, can now safely sleep away two-thirds of their time. All expedients to live without work[1] will be removed, and none but the diligent can become well-off." He urges the freedom of contract, because this is in the interests of the working class, and he finds that high wages

[1] "To live by the toil of others," he says in another place (§§ 4 and 21), "by labourless gain," in the treatise on peddling (1777).

are useful even from the point of view of the community.

In this, too, Chydenius reminds one of Adam Smith and his immediate successors. The liberalism of the eighteenth century was by no means the system of the Industrial Revolution, heartlessly sucking the life-blood of the workers, as Karl Marx and the German prophets of State socialism would have us believe. The water-frame (though not the power-loom) and the steam-engine had, indeed, been invented shortly before Adam Smith's *Wealth of Nations* appeared, but his ideas had not had time to be influenced at all thereby – they were formed before these revolutionary inventions. For Anders Chydenius, whose ideas were clear already in 1765, it was a sheer impossibility to receive any impressions from them. The *milieu* in which he observed social and economic conditions was the countryside, and the small town engaged in trade but not in industry, and it was behind the rural, or the small country town's, idyll that he discovered the frequently dark reality. Neither Adam Smith nor Anders Chydenius could have imagined that the natural liberty for which they worked zealously, in the interests of the working class, could become "the liberty to die by starvation," and thus lose its divine nature, as Carlyle remarked in *Past and Present* a couple of generations later. Chydenius spoke, as he himself beautifully and truthfully says, for "the one little, but *blessed*, word: Liberty."

It is difficult to say what was the primary factor which gave birth to Chydenius' views on political economy: the realisation of the actual interconnection of economic phenomena, of a certain natural coincidence of individual and public interests, fostered by liberty, or else a fellow-feeling for the weak and lowly in the community, a strongly humane and democratic feeling.

In *The Source of the Weakness of the Realm*, Chydenius says: "Nature shows that nothing save liberty and humanity are the proper building materials for giving the community strength and respect." The very first of Chydenius' efforts in the sphere of political economy is permeated with the spirit of "humanity." Free contracts between masters and men are not sufficient to improve the conditions of the labourers. The conception of their economic and social significance must be altered: "as working members in a community they must not be regarded with contempt, but should be cared for most tenderly as the most valuable treasure of the State." Nor should it be forgotten that, in a political sense, "they are Swedish subjects just as much as we, their masters." Their personal treatment must also be changed. "As most people say '*Patria est ubi bene est*,' let us encourage their welfare, pleasure, and rightful freedom. . . . When they serve us, let us employ love, patience, and mercy, and not act as tyrants."

The same spirit of sympathy for the working

class subsequently runs through the whole of Chydenius' literary output. In his treatise on the causes of emigration it finds expression in a tone of accusation against the upper class of that time which might have proved subversive under conditions other than those existing, and which finds a counterpart in our own times in socialistic literature only. Chydenius says, for instance:

"To slave in the employ of others as long as they have strength, to be cast aside in penury in their old age, and to die in misery, these are the laurels that shall foster among the working classes a love of their native country. . . . One reads in all their actions this motto: *A Native country without freedom or benefit is a large word of little meaning.* – Thus our noble multitude of workers goes from us. Does this mean nothing? It is that multitude which puts the bread into our mouths; from their store and by their work we dress and adorn those bodies of ours which cannot otherwise be distinguished from the labourers', either by the glory of ancestors or noble descent. Greatness melts into air, when no one serves us; and authority is at an end, when the ruled are absent."

And further:

"Splendid and respected men who have various great subjects to think of look upon food and dress as things too paltry for their trouble, and endeavour to mount in their thoughts to higher and nobler themes. That is possible for those who

receive their requirements from the Treasury, bake their bread by the sweat of others, and clothe themselves by others' looms; but the wish to implant as high a taste in every citizen evinces lack of intelligence. Life is dearest of all, but it is lost in a few days, when food fails; without fuel and clothes, one is frozen to death in a few hours. The labourer has no one else upon whom to rely, and a slight delay in these needs soon puts him beyond all requirements of time. To be careless of this is, therefore, for him to be a fool, and to set store of all earthly things, next to life, on the means by which it is sustained, is the most reasonable thing that can be wished of people."

Chydenius' writings of the 1770's and later do not fall short of his earlier writings in strong social feeling. Thus Chydenius says in his treatise on peddling:

"Petty princes allow themselves to meddle in all that they do not understand, solely according to their own or others' prejudices, or on the advice of corrupt ministers. They collect a great part of their subjects into certain groups and grant them advantages at the expense of the others, fortifying these advantages with privileges, whereby some are enabled in ease and idleness to achieve a superfluity, while the others end their days prematurely for want of work, and from starvation, or try to save their lives from destruction by emigrating."

In spite of such radicalism, however, Chydenius

does not agree "first to turn everything topsy-turvy." He finds this "a violent cure" that should be avoided. "It is also uncertain," he says in his treatise on the causes of emigration, "how well-disposed and honest builders we are likely to hit upon, and, furthermore, in such cases much building material is usually wasted. Nevertheless, it is by no means sufficient to put some small patches of plaster here and there on the aching wounds of the State, with the idea of curing its whole disease. A consuming fever in the blood demands strong internal medicines, if all is not soon to be devoured." Economic legislation must henceforth rest on the foundation of freedom, and the social conditions on that of equality: "No one must be the master of another, none another's slave; all possess the same right, all the same privilege."

V

Chydenius occupies a place of his own, in the history of political economy, with respect to his predecessors and successors. His position, one might say, is that of the solitary man. Both the influence he experienced from others and the influence he exerted on contemporary economists and those of the succeeding generation must be considered very slight. He is independent to an extraordinary degree in regard to earlier authors, and, on the

other hand, he founds no school – rather is his work at first forgotten.

It is hard to say what economists Chydenius had read or was acquainted with. No inventory of his library has, unfortunately, been preserved for posterity. It is certain that he did not know English or French, and was consequently not in in a position directly to acquaint himself with authors in those languages. This is evident, too, from the fact that, when he happens to quote English and French authors, the quotations are taken from such of their works as had been translated into Swedish (Montesquieu, *Grandeur et décadence des Romains*; Mirabeau, *Ami des Hommes*; Tucker, *Questions importantes sur le commerce*), or else they are taken from some Swedish author's work, as a rule Nordencrantz's (e.g. a quotation from "Auctor *De L'Esprit,*" i.e. Helvetius).

Swedish economic literature and foreign, in so far as it had been translated into Swedish, Chydenius could, of course, acquire and was partly acquainted with. But one has got the impression that his reading, even within these limits, was restricted. The author who, according to his own statement, exerted the greatest influence on him, Nordencrantz, he actually exploited extensively, but almost entirely on the political parts of his works. It would be interesting to examine this hitherto unknown circumstance in detail, but the subject is for the greater part outside my task, which has been to describe Chydenius' economic

views and to indicate his place in the history of political economy.

Chydenius did not fail to influence his contemporaries; indeed, the contrary is true. But his success as an author was purely of a literary nature. He says in his autobiography: "Although I often seemed paradoxical in my statements, my own style of writing has nevertheless won approval far beyond what I might have hoped or expected." A Swedish contemporary author on political economy and history who did not at all approve or appreciate Chydenius' ideas, Anders Schönberg, said of Chydenius: "He is a Swedish Thomas or, rather, Rousseau. None of our authors of prose equals him in the fire and power of genius." Chydenius' style is, indeed, very impressive through its simplicity, its pithiness, and its picturesque liveliness. Sharp and merciless in criticism, warm and charming in appeal – thus does Chydenius appear even to-day in his best works. But the thoughts to which Chydenius gave such a clear, often brilliant, form were not generally understood by his contemporaries; the common people – "the great body of the people," as Adam Smith says – for whose liberty and rights they both fought, did not count in those days. On the progress neither of economic ideas nor of economic legislation was Chydenius able to exert more than a comparatively slight influence. The positive, legislative results of his activity are apparent chiefly in the purely political sphere: the

introduction of the liberty of the Press and of religious liberty in Sweden and Finland must be ascribed in a great measure to Chydenius.

Chydenius did not, moreover, influence the generations that succeeded him. He was far ahead of his time, and it was a long time before the liberal views which he championed won through in Sweden and Finland. Chydenius himself was aware of the slender prospects his opinions had of being carried out in the near future. His activity was conceived as a long-term investment, and he appealed to a posterity which was to appreciate the truth of his ideas. "That which our time tramples on," he said in one of his writings, "posterity will pick up, and that which is now called boldness will be honoured then by the name of truth."

THE NATIONAL GAIN[1]

§ 1

It is not to be gainsaid that every Nation has gain as the chief object of its Economic and Political statutes, but if we consider the expedients each one has resorted to in order to secure gain, we shall notice incredible discrepancies.

Each vies with the other to arrive first; but they steer different courses and carry quite different sails, though almost the same wind fills them all.

They try to get to windward of one another and use special sailors' tricks to run into one another, though there is space and depth enough for them to sail abreast. It seems as if now one of the ships, now the other, was without a Pilot and a Helmsman.

Nobody can deny that in this way the work follows different rules. Either the Compass is unreliable or the Chart must be wrong.

A new guide is now put before the eyes of the Reader. It is quite a small one, so that everyone may be able to carry it in his pocket. It is new as well, I said, for it hardly conforms to any other in

[1] In using capitals the author's own method in the original has been followed, though, according to the custom of the time, this was not consistent. – Ed.

Europe. And I think it is reliable, too, for I have attempted to found it upon reason and experience. Let us first agree as to the words.

§ 2

A Nation is a multitude of people who have joined in order to secure their own prosperity and that of their descendants under the protection of the Government and through its Public Servants.

Man thrives when he enjoys his needs and comforts, which, according to our ordinary way of speaking, are called goods. Nature produces them, but they can never be of use to us without labour.

Our wants are various, and nobody has been found able to acquire even the necessaries without the aid of other people, and there is scarcely any Nation that has not stood in need of others. The Almighty himself has made our race such that we should help one another. Should this mutual aid be checked within or without the Nation, it is contrary to Nature.

When we exchange these commodities, it is called commerce, and the commodities that are commonly desired and accepted are gold and silver, larger or smaller coined parts of which are called money, which has become the measure of the value of other commodities.

No commodity exists, but that it cannot be

changed into these Metals by commerce, nor can any commodity be obtained in the absence of other commodities desirable to the seller; and the quantity of money that must be paid for the commodity is called its value.

The value of exported goods in excess of that of imported ones is rightly called the gain of the Nation, and the value of imported goods in excess of that of exported ones will always be its loss. But a loss that is less compared to another one is called relative gain; and in the same way a smaller gain, when a greater can be attained, is called a loss.

§ 3

If the statement were correct in every respect that last year, 1764, Sweden exported goods to the amount of about 72 Million *Daler* of copper currency,[1] but that the imports did not amount to more than 66 Millions, then our National gain for that year would have been 6 Million *Daler*.

The value of iron is about two-thirds of all our Exports, but let us assume that within a hundred years, on account of lack of forests or from other causes, the Export of Iron were reduced to one-half and were thus not to comprise more than one-third

[1] One *daler* copper currency was equal to one-third of a *daler* silver currency. Its value in present currency was 45 *öre* (=6*d*.). – Ed.

of our Exports, but that some others, e.g. corn, food, and timber, were exported instead of the third lost in the Iron trade. Then I ask, in case all the other exported and imported goods amounted to the same value as they have now, whether the National gain would not be just as great then? Or if the Export of Iron were at some time reduced by 6 Million *Daler*, but if the 10 Millions paid last year to foreigners for corn remained in the Country instead, would not the Nation then equally have gained 4 Millions by this change?

If we imagine that there were a State that had neither agriculture nor mining, neither cattle-breeding nor shipping, but only made an abundance of crockery from earth or clay, which was in great demand all over Europe, and hence obtained not only all its wants, but also received 2 Millions in gold and silver every year, would not these 2 Millions undeniably be the gain of that Nation?

But if one-third of the same Nation, after the example of others, were to abandon this trade of theirs and become farmers with the intention of thereby producing bread for themselves and their fellow-citizens, thinking that they would gain more in this way, but that the corn produced was 1 Million less in value than the former production of the same one-third, it is obvious that by this they would have caused the Nation 1 Million reduction in gain or, which is the same thing, an equally great loss.

From this it leaps to the eye that a Nation does

not gain through being occupied with many different trades, but through working in those that pay best, that is, in which the least number of people can produce commodities to the highest value.

§ 4

Thus the wealth of a Nation consists in the multitude of products or, rather, in their value; but the multitude of products depends on two chief causes, namely, the number of workmen and their diligence. Nature will produce both, when she is left untrammelled.

Would the Great Master, who adorns the valley with flowers and covers the cliff itself with grass and mosses, exhibit such a great mistake in man, his masterpiece, that man should not be able to enrich the globe with as many inhabitants as it can support? That would be a mean thought even in a Pagan, but blasphemy in a Christian, when reading the Almighty's precept: "Be fruitful, multiply and fill the earth."

It was punishment for fallen man to support himself in the sweat of his brow; but this punishment was such that Nature itself measured it out, when man was forced to work because of his wants, when he had nothing but his own hands to rely on for his needs; and toil was made lighter by

the desire for his own benefit, when he saw that he could thereby get what he needed.

If either is lacking, the fault should be sought in the laws of the Nation, hardly, however, in any want of laws, but in the impediments that are put in the way of Nature.

If by them citizens are rendered incapable of supporting themselves and their children, they must either die together with their offspring or forsake their native land. The more expedients are afforded by laws for some people to live by the toil of others, while others are prevented from supporting themselves by work, the more is diligence checked, and the Nation cannot but resemble the mould in which it is cast.

§ 5

Now, if this is incontrovertible, I intend to found thereon the following proposition, i.e. that every individual spontaneously tries to find the place and the trade in which he can best increase National gain, if laws do not prevent him from doing so.

Every man seeks his own gain. This inclination is so natural and necessary that all Communities in the world are founded upon it. Otherwise Laws, punishments and rewards would not exist and

mankind would soon perish altogether. The work that has the greatest value is always best paid, and what is best paid is most sought after.

As long as I can produce 6 *Daler* worth of goods a day in one trade, I do not willingly change to another that brings in 4. In the former case the Nation's gain and mine was one-third more than in the latter.

It is thus undoubtedly a loss to the Nation when somebody is forced or is encouraged by public rewards to work in a trade other than the one in which he earns the highest profit; for this does not happen without such inducements, just as a merchant does not sell his Wares for less than what is offered him.

If he whose work someone has been forced to do gains as much as the worker has lost, it is not National gain; but if he gains more, only the difference is the gain of the Nation, but obtained through the oppression of its citizens.

Thus it is obvious that, when somebody conducts an enterprise by the work of others, but neither pays nor is able to pay without loss as much as the workers can earn in some other trade, the deficiency in their wages must then be a National loss.

§ 6

For example, if an Ironworks producing 2,000 ship's pounds[1] a year had at its command one hundred Peasants, who had to work fifty days a year each for this Works, but at one *Daler* Copper currency less than they would have been able to earn either by their own work or otherwise – and this to the end that the Exported goods might be sold abroad at some profit – then it is obvious that each Peasant will in that way lose 50 *Daler* Copper currency a year or, which is the same thing, will produce goods to the value of 50 *Daler* less than in other work, so that the National loss will be 5,000 *Daler*.

If there were at the command of the same Ironworks several hundred Peasants, who had to provide it with the charcoal necessary for the work, for example 3,500 chaldrons either for a number of *Daler* agreed upon at an earlier date[2] or else for what the owner of the Works would give, for example 6 *Daler* Copper currency less for every chaldron than they would have been able to earn in another way during the same time (even if the Owner cannot pay a higher price for this commodity, if the iron is to be sold with any profit abroad; but if the same Peasants, during the time they worked on the coal, had been able

[1] One ship's pound is equal to 375 lbs. – Ed.

[2] In this century of recurring periods of inflation the prices in an "old" contract would, as a rule, no longer correspond to actual market quotations. – Ed.

in farming, handicrafts and weaving or other trades to earn the loss on every chaldron of coal, that is, had been able to produce goods to the value of 21,000 *Daler* Copper currency more, then it is obvious that the National loss is thereby increased by as large a sum. If we add to this the almost irreparable loss of the Country's best forests, which after some time would have afforded us various materials for handicraft and timber-trees, and reckon ten cartloads of long logs for every large chaldron of charcoal used for these 2,000 Ship's pounds of Bar-iron from the moment the ore was dug out of the mine till the time when the Iron is hammered out into bars, 35,000 cart-loads of wood, which, only reckoned at 16 *öre*[1] a cartload, will increase the loss by 17,500 *Daler*, which taken together means a loss of 43,500 *Daler* Copper currency.

Now, if these 2,000 ship's pounds were sold at an average price of 6 *Riksdaler Banco* a ship's pound, exclusive of the freight, and thus made a sum of 240,000 *Daler* Copper currency at the exchange rate of 80 *marks*,[2] it is obvious that rather more than one-fifth of this sum is a National loss, even though the whole quantity is sold abroad.

[1] The *daler* was divided into 32 *öre*.–Ed.

[2] One *riksdaler banco* was really equal to 3 *daler* silver, or 9 *daler* copper, currency; but in 1765 it was worth 20 *daler* copper currency (=80 *marks*) in notes. – Ed.

§ 7

Gold and silver are, indeed, the most precious Metals, but they do not therefore always increase the National gain when they must be extracted from the earth. All merchandise can be exchanged into so much of these Metals as corresponds to its value. Neither is the *Ducat* ever so red that it will be given for bread, as our ancestors used to say.

Would it not be useful to consider whether the 38 *marks* 4 *lods* (half-ounces) of gold and 5,464 *marks* ½ *lod* of silver that have been extracted, from the beginning of 1760 to the end of 1764, are equivalent to the cost and work spent on them and to the rent of land from several parishes which has been appropriated thereto and so on? Or whether for all this many times as much silver and gold could not have been imported at the highest rate of exchange? Or whether such patriotism or love of Swedish gold and silver has really increased the National gain? Or whether they had to be maintained only in the hope of greater gain in the future?

Finally, is there not an evidence of National loss in the complaints and poverty of the workmen and Peasantry at and around the Ironworks, from being under compulsion, and desirous of using their time and abilities on what would be more useful to them and the Realm at the present time?

Here I am by no means talking about such works as exist without any disadvantage to the Peasantry and workmen; they are just as precious jewels of the Nation as ever Farming, Trade and Manufacture.

§ 8

From this it follows of itself that it is quite unnecessary for the Government to draw workmen from one trade into another by means of laws.

Nevertheless, how many Statesmen are there that have busied themselves with this? Almost all Europe is making efforts to draw the people from their previous trades and put them into others either by force or by granting them privileges. They boast of a National gain as great as the value of the new production, and often forget that the workmen employed in this production might if free, have produced goods in their former trade, to an equal or higher value, and in the first case there was no gain, but in the second a real loss to the Nation.

If ten men produce goods to the value of 100 *Daler* a day in one trade, but in another to a value of not more than 80, it is obvious that in the latter eventuality the Nation will lose 20 *Daler* a day on those ten men's work. Whether these

ten workmen be at liberty to sell their produce or be free to negotiate for daily wages with those who conduct the trade in question, the difference in their wages will always be in the said proportion, and then it is certain that they will enter the former as being more profitable to the Nation and to themselves.

But if these workmen are forced to remain in the other trade at 20 per cent. less wages, this 20 per cent. is their loss and the Nation's. How unnecessary laws seem to be in such cases!

§ 9

Neither Bounties on Production nor on Exportation are of any good to increase or promote National gain.

They are resorted to almost all over Europe, but more especially in England, though they infallibly increase the real loss everywhere. The Bounties on Production do harm in a simple way, but those on Exportation in a twofold way.

If there are workmen enough in a trade and Bounties on Production are given notwithstanding, then too many people will be tempted to leave other trades, a superabundance of goods will make it less profitable and cause lack of workmen in other remunerative branches of trade, and the State will be burdened by enriching

certain citizens. If people do not enter a known trade without special rewards, then it is obvious that it is less profitable than other trades in which workmen are never lacking.

If, by means of rewards, the State makes up the loss suffered in this trade by the workmen and the Nation, there may be those who will take it up, but their work is lost to the more remunerative trade. Thus, as much as the values of the products differ, so great undeniably will be the loss of the Nation.

§ 10

But the Bounties on Exportation have not only the disadvantages mentioned above, but also much more important ones: citizens are here taxed doubly in relation to the amount of the Bounty and a great part of it is put into the hands of foreigners, a fact that cannot but pain everybody who has come to love his Native Country.

A seller always tries to get the highest price for his goods. The owner agrees with the foreigner upon, for instance, 6 *Riksdaler* for the article; but for this he gets a Bounty of 2 *Riksdaler*, and thus he will get 8 *Riksdaler* in all.

Now, if a Swede wants to buy this same commodity, it is undeniable that he must pay the seller as much as the latter will make by selling

it to the foreigner, namely, 8 *Riksdaler*, otherwise the seller thinks that he has lost money on this transaction.

A foreigner will thus buy 2 *Riksdaler* cheaper on account of the Bounty on Exportation, and because of that a Swede will be doubly taxed, namely, 2 *Riksdaler* to the fund for facilitating the purchases of the foreigner and 2 *Riksdaler* to indemnify the seller.

Accordingly it must happen that the foreigner can carry on the most profitable trade with our products in our own country. I stick to the little example I have mentioned: the Swedish Manufactured goods that were sold to the foreigner for 6 *Riksdaler* he can immediately on the spot sell for $7\frac{1}{2}$ *Riksdaler*, at a profit of 25 per cent., to a Swede, who thus makes a purchase for half a *Riksdaler* less, or gains $8\frac{1}{3}$ per cent., than if he bought them from a Swedish Factory-shop, and therefore there will never be any lack of buyers.

If we then add the $33\frac{1}{3}$ per cent. better bargain of the foreigner to the 25 per cent. gained on the sale, it will make a profit for him of $58\frac{1}{3}$ per cent., which has been gained only owing to the Bounties upon Exportation and which would otherwise never have been possible. And this is a truth that not only has been proved in theory, but has also many times been confirmed by actual experience.

I could reveal a little Commercial plan that would give Sweden several thousands from some foreign Bounties on Exportation, did I not fear to

wake others from their lethargy, when they might close some secret veins which, without being noticed in the Balance of Trade, now really counterbalance our deficit.

Therefore I sincerely wish that the English and other Nations may not only maintain their Bounties on Exportation, but also that these may be markedly increased on all the goods that can be placed to our debit; but, on the other hand, that my Native Country may get rid of these Bounties together with the obligations that prevent us from taxing our neighbours freely and frequently.

§ II

Now I venture to go further and assert that laws which force people to enter certain trades are harmful to the Nation and reduce its gain: I am moved to do so for four reasons which are very important in my opinion.

In all Europe there is no fixed principle yet governing this distribution of workmen; for such laws are sometimes made to improve a new kind of handicraft or manufacture; sometimes to procure a livelihood for more inhabitants, and sometimes to give the owner of a workshop a greater profit by reducing wages.

Sometimes this is done to make our manufactures exportable; sometimes to produce some

necessity or other within the Country. Now such an arrangement is made so that our own ship-owners may profit by the freights on our own goods and Swedish men by wages; now, again, to get gold and silver into the country. Sometimes the Statutes aim at preventing the people emigrating; sometimes they aim at checking luxury. Sometimes they are found necessary to maintain order in trade and industry, and sometimes they must exist to prevent people driving different trades at the same time, and innumerable other things.

Is not all this lacking in the right sort of System? And must not a house built after so many designs have a strange appearance and lack the necessary stability?

§ 12

The second reason is this: that no Statesman is yet found capable of stating positively which trade will give us the greatest National gain, and consequently the Legislator must remain irresolute as to what goal he should guide our workmen to by his laws.

Who could be so stupid, someone will probably think, as not to know this? I assure you that it is not so easy as people imagine. Many who have troubled to think about these matters may have laid down a System and put every trade in order of

precedence, but if we compare these Systems with those of others, we shall notice what differences there are between them.

I think that mine is certainly the best, but observing that everybody thinks the same of his, one must, like a sensible being, doubt everything until the matter is fully proved.

M. says that agriculture is the best; E. S. that this honour belongs to handicrafts; O. R. proves that it is commerce; A. G. that the Country must be helped by our ironworks, which are the source of its chief Exports, and so on.[1] Who of all these is right?

They are all of them enlightened and scrupulous men, and they also enjoy the confidence of their fellow-citizens, and still it will be a long time before this dispute is settled. What trade, however, should the Government consider the most useful, and to which should they lead the population to the gain of the Nation? Or can mistakes be avoided in such circumstances?

However, if this controversy were quite settled, and a Statute were issued that should guide the people to the most profitable trade, I wonder if the Legislator would be capable of saying how many thousands of people could, now, work in it to the gain of the Nation, and that the same Statute would have the desired effect during so and so

[1] Of the initials quoted, M. stands for Mirabeau, extracts from whose *Ami des Hommes*, as mentioned in my introduction, had been translated into Swedish; the others refer to Swedish economists, among whom E. S. (=Eric Salander) was in his day a very well-known partisan of the Mercantile System. – Ed.

many years. It might happen only too soon that people would be drawn from other trades, and produce in this one a superabundance of goods, which consequently might lose their value abroad and result in an appreciable loss to the Nation.

§ 13

But even if it were possible to have all the knowledge needed for this – a thing that would be absolutely impossible – might it not happen, notwithstanding, that goodwill might be lacking among those who arrange this matter, a fact which I give as the third reason.

It might easily happen that they themselves derived some advantage from the people being guided to that or another special trade, and would therefore advocate it. What else could happen then but that the most useful trade would be robbed of people to the irreparable loss of the Country?

§ 14

If we finally imagine that we have surmounted all these obstacles and got ideal laws on this subject, a few special incidents might change the whole of this excellent state of things and make the most useful laws quite harmful to the Nation,

in which fact the fourth reason against them is obviously to be found.

What changes in goods, what different values, are not to be seen daily? Quite unexpectedly Providence opens to a Nation a source of Wealth that will last for some time; but often it suddenly dries up, and a second or a third comes into existence on which the National gain will chiefly depend. Among the thousands of possibilities the law – even if it is the very best – is thus useful only in certain circumstances, namely, in those for which it was made, but harmful in all others.

And these are the real reasons why our well-intentioned Statutes must have had such an ill effect.

§ 15

Now I think it is about time to investigate more closely what kind of Statutes these are that draw people from one trade to another.

Such are all those that directly or indirectly grant privileges to one trade in preference to another. This is done directly, when the words of the Statute explicitly grant them; but indirectly, when the privileges are a necessary consequence of the observance of the Statute.

Thus, all privileges in trade belong here, not only the Exclusive ones, but also all those which give a

producer some special advantage; all classifications of trade made by Law; for Nature itself makes a classification, which is the safest; but as soon as the Laws add to or deduct something from it, disturbances will immediately be noticed, which favour some special persons, but prevent others from carrying on their trade. Further, all Bounties on Production and Exportation are classed among these, together with all restrictions of liberty of dwelling or carrying on trade in towns or in the country.

What else are these things but dams that collect people in certain places, remove them from one place to another without anyone being able to say in which place they will be of most use, or whether they will increase or reduce the National gain, as is proved above.

When a stream is allowed to flow smoothly, every drop of water is in motion. When there are no hindrances, every workman strives for his daily bread and thereby increases the gain of the Nation. But by Statutes the people are collected into certain groups, the possibilities of trade become limited, and in each group a small number keeps at the top above the great body of the people whose opulence is used as a reason for assuming the prosperity of the whole Nation.

§ 16

These dams are the same that impede the increase of the number of Swedish workmen, which, however, as shown in § 4, is the first foundation of National gain.

The weight of the water in a dam rests on the Water nearest to the bottom, so that the building must be much stronger and much more solid there; for we know from experience that the water at the bottom pours out through the smallest opening with greater rapidity than it does at the surface.

It is just the same thing with our population. We may turn to any trade and the number of people working in it.

If we look at the landowners, we shall scarcely find a single example of anybody who owns a large estate wanting to emigrate, though those who are waiting to get the same property after him are willing to give him money for the journey; but I wonder whether we can be just as sure about the Crofters of this Estate and their children?

I have often asked them where their children were, but from most of them I have got sad answers. "What should we do with them at home now? We have to toil hard to support ourselves in this place as long as God permits it. For some years our eldest son was a sailor on a boat running to Holland, but stayed out there and is said to be prospering now. The second is on a boat running to England, but the last time we saw him he said

good-bye for ever, intending to settle down there. The third went to Pomerania with the Army; he was taken prisoner by the King of Prussia, but when God gave us peace he did not want to return; he is now in the Prussian service and has married out there. The fourth is still a boy in petticoats, and God only knows what he will do or what will become of him."

Why does not a Yeoman remove? Because he is rooted there. But why should a farm-hand be more likely to do so? The answer is obvious: because the Statutes have not allowed him to settle down in any one place.

§ 17

If we look at our Guilds and the crowds within them, we shall notice a few well-off Masters, who need no longer sit in their workshops themselves, who live comfortably, dress themselves and their families after the latest fashion, keep a good table every day, pay and receive calls most of the time, and have ten or twelve workmen in their workshops, six of whom work for their food only, the others for a few *Dalers* a week. I ask, "Does such a man want to leave the country?" He will not do so as long as the Guild can provide him with workmen and takes care that the number of Masters does not become so great that he will of necessity

be short of work and thus unable to dictate the price.

But what happens to his Journeymen and Apprentices? That is a more delicate question. I have sometimes heard their swan song and a general complaint in the Country, because they leave for Prussia and Russia; for there those soon become Masters who like.

Fancy! How benevolent are our Guilds not to cast off a poor man's children, but allow them to fill a gap thus opened without any payment.

§ 18

If we turn to our Iron works, we shall soon notice that it is far from being the wish of the owners of most of those Works to leave Sweden; but several poor Owners, who lack capital for carrying on their business, complain about slow sales, compulsory prices and the poverty they are threatened with, and that is quite another matter.

What is it that Smiths and Workmen complain of? Why do not the imported foreign workmen stay long? Why do the natives seldom marry and mostly become miserable creatures in the end? And how is it that the Corn and Provision business is only a little less profitable to the Owner than the Forging of Iron itself?[1] And what is the cause of the

[1] In Sweden the running of the ironworks, as a rule, was combined with the management of large agricultural estates. – Ed.

peasants, who are under the command of the Works, getting breeze in their fields[1] and telling such stories about their children as did the Crofter mentioned above?

The manufacturer is really as well dressed in his own produce as anybody, but the workmen in the spinning-mill often sit half naked, and others walk the streets in rags, and beg, saying that they are foreigners who have been induced to come to the Country, but who now wish they were home again rather than in Sweden, where they have to stand at other people's doors and will finally have to die in poverty.

Among those who move from the towns, the mania for moving seldom affects those who are well-off or are Aldermen, but often does the poor and humble Burghers.

I think it is almost unheard of that Sea-Captains and Mates should desert their ships in a foreign harbour unless on account of crimes; but I dare not say the same about the ordinary Sailor or the Cook's boy.

Honoured Reader! Do you not now see the reason why our number of workmen does not increase and thereby our National gain? As far as I can see, it will for ever be impossible to stop this running away, if the dams are not opened.

The less the pressure is, the easier is the water

[1] A peasant under the command of the Works is said to get breeze in his fields, when he has so much to do for the Iron works that because of that he neglects his farming and thus suffers from failure of crops (Author's note).

retained; but the lower the water column is, the less is the pressure, and the column will always be lowest when the lock-gate is taken away.

§ 19

The other foundation of National gain is the workmen's diligence – that is, when the least number of people produce goods to the highest value possible.

Many a man who observes our Nation only, might easily imagine that there was no lack of diligence among them, but I must confess that it has hurt me to hear foreigners reproach us for being a lazy Nation compared to others.

A Dutch Merchant will be sitting in his office every morning at five or six o'clock seeing to all his Business; he dresses plainly and his table does not bend beneath sumptuous dishes; he is anxious to accomplish something every hour and makes a laughing-stock of Frenchified bucks and aristocratic airs.

An Englishman is hardy and indefatigable in his work. A Carpenter at the English dockyards caulks with such strength and rapidity that, when he works, one can scarcely see the club in his hand, and he gets a Man-of-War ready in as many days as weeks would be needed in the Swedish Royal dockyards.

§ 20

What is the cause of all this? Somebody might think it is the workmen's slackness, as there is no strict watch kept over them. "Vagabonds," they say, "are idling everywhere in the country; Journeymen and Apprentices are no longer what they were; Men and Maids won't move unless their Master is with them himself."

I do not know whether there are more Inspectors anywhere than with us. But who is to keep watch, when the Inspectors themselves sleep till ten o'clock in the morning? I have heard several proposals of this kind: that when a peasant will not work diligently on his farm he should be whipped at the whipping-post or at least be driven from his freehold. Indeed, it has already actually happened that some have been punished, because they have not been able at once to give up a very old source of livelihood without which they would, in the first place, have had to be at least half-starved.

Such people unfailingly understand our liberty. Flogging and liberty together, a strange idea!

Do not let us accuse the Nation and its genius of slackness; do not lay the blame on corrupted morals. True, we should most easily get away from the problem in that way, but the Country will gain little good thereby. The source of this evil is to be found elsewhere.

The more opportunities there are in a Society

for some persons to live upon the toil of others, and the less those others may enjoy the fruits of their work themselves, the more is diligence killed, the former become insolent, the latter despairing, and both negligent.

This foundation is so firm and so established by our knowledge of the human heart and our daily experience that I challenge anybody to overthrow it fairly.

Industry and diligence require a gay heart and constant competition, if they are not to slacken. They are never to be found under the yoke; but when they are encouraged by liberty, quick returns and individual gain, the natural torpor, which can never in the long run be driven away by blows, will be overcome.

§ 21

Commodities are never produced without being wanted and demanded. Wants show themselves; they are manifold, and thus they spontaneously call into existence trade and products, which latter will later be sold to those who need them. If anyone who needs a commodity is prevented from buying it, this commodity will remain on the producer's hands, will be a burden to him and get a black stamp on it, on which the words may be read: "Wasted expenditure of energy."

This is hitting assiduity below the belt. Here is the cord that binds the workman's hands behind his back, and the beverage that makes citizens bad and lethargic.

No Nation can be diligent as long as this stamp remains on its products, and the stamp can never be obliterated until the commodity can be produced by anyone who wants to make it and sold to him who needs it.

I shall not refer to the example of other States in evidence of this: my own Country is an incontrovertible witness, which I refer to with all the more boldness as its condition is best known, and nobody is likely to think of his country without anxiety for its adversities.

Swedish diligence is like a crop on a badly cultivated field. Here and there stand a few thriving tufts, but most of it is withered and will scarcely return the grain sown.

§ 22

In Westrogothia,[1] handicraft and weaving are carried on with diligence: there an old man is not ashamed of sitting at the spinning-wheel; there knives, bowls, plates, tapes, bells, scissors and other articles can be had for less than elsewhere. What is the reason? The dweller in that county

[1] A province in central Sweden. – Ed.

is entitled to go wherever he wants and sell his goods. The town of Borås has since times of old been allowed to carry on peddling all over the Country, i.e. enjoyed the liberty to go about the farms and buy goods and sell its own to others.

As no other Province in the Country but this one has had that liberty, I defy anyone to show in any other Province the industry that is to be found among its inhabitants. Thus it is obvious that here either diligence has produced liberty or liberty diligence.

Some years ago in Westrobothnia, Helsingland and West-Norrland[1] a great many chairs and spinning-wheels were made, and the former were sold at a price of 9 to 12 *Daler* a dozen, the latter at 6 to 9 *Daler* a piece. Owing to sales restrictions the production has now ceased to a large extent and it seems as if the inhabitants would soon have to buy these articles from others.

Along the coast of Ostrobothnia,[2] people are active both winter and summer, but 30 to 40 (Swedish) miles[3] inland, where there are no towns, most people's occupation during the winter is to sleep and make Torches, as many as they will burn. There are no buyers for goods, therefore there are none to sell.

About Björneborg, Raumo and Nystad[4] the

[1] All provinces in the north of Sweden. – ED.

[2] Province in the north of Finland, where Chydenius' home was (see Introduction). – ED.

[3] About 200–260 English miles. – ED.

[4] Towns in Finland, on the coast of the Gulf of Bothnia. – ED.

Peasants are almost indefatigable in making wooden articles. All through the winter the worker is hard at work making all kinds of wooden vessels as early as one or two o'clock in the morning, and thus he can sell his goods cheaper than anybody in all Finland, though many others along the coast have not only a better supply of forests, but also of workmen well versed in this trade. Let us look for the cause of this. It is quite impossible that such diligence could arise and be maintained without freedom of Export.

The towns mentioned above have of old had the liberty of sailing round the Baltic with poles, laths and wooden vessels. The Staple Towns[1] have often tried to deprive them of this privilege, but have up till now been unsuccessful. Now those towns supply not only several foreign places with such goods at reasonable prices, but even Stockholm itself to some degree, and at such prices that they undersell almost everybody else.

But had the prohibition been successful, the sales would of necessity have been limited, and consequently production to the same extent. Limited production makes idle hands and expensive goods, and if it should one day happen that other towns are allowed to stop these sales or prevent workmen from free occupation, then it is as certain as that two and two make four that Stockholm would have to buy more expensive

[1] The "staple towns" had the monopoly of foreign, and to some extent even domestic, trade. There were none on either side of the Gulf of Bothnia (see § 26). – Ed.

wooden vessels than before, these towns would have their trade reduced, the country would lose inhabitants and earnings and the State its gain.

§ 23

Behold! Here is the key to diligence and benefit. If the door is opened to gain by freedom of trade and sale, then everybody will be fully occupied within a few years; but if that is not done, the Nation will certainly remain yawning, as before, and sleepy in broad daylight, in spite of all other measures.

"Freedom," my Reader will think, "there certainly should be, but not without order. One must distinguish strictly between the trade of the Towns and of the Country and not allow Farmers to busy themselves with anything else, so that farming may not be neglected." Very well said, especially to the taste of the day! But there is one reservation I should like to make most respectfully, namely, that whoever undertakes this Despotic Protectorship over the farmer, and thus binds him to the soil exclusively, should, when farming can no longer support him and his children, like a real paterfamilias see to it that the farmer does not perish of starvation. If that cannot be done, I think it wiser to turn the beast of burden out to grass to seek its food by itself

rather than to tether it to a post and leave it there for some weeks without taking care of it; for it is too late to learn a handicraft when there is no food left.

To prevent trade in the countryside is to check the growth of the population and of all cultivation, and to prohibit handicrafts and trade is to reduce the business of old towns and the foundation of new ones.

An experienced Tanner settled in the country several miles from the town and served the Peasantry and Gentry by supplying them with well curried leather. He was forbidden by the nearest town to carry on this trade there and was ordered to move into the town. The order was good, but the man, who had thriven in the country, became a miserable creature in town, and more than one thousand hides were now spoilt every year owing to bad treatment. There you see how the National gain is increased.

§ 24

That section of our Statutes which concerns Peddling is particularly worth our attention. A trader is not allowed to go about the country selling his goods, nor is the Farmer allowed to buy anything from his neighbours and take it

to town, nor to bring them articles from town in return.

If the neighbour will not become his agent, the Farmer must make a two or three days' journey to the town himself, maybe in the busiest harvest time, and that often for a piece of flint or an ell of tobacco. Who, then, shall pay for his journey? Had his neighbour been allowed to trade in the most necessary goods, he would have been spared this waste of time, but as this is forbidden, I cannot but put his loss down to the Account of the Statute itself.

I must regret that this Statute has not been observed; but it is my firmest conviction that this breach of the law has saved at least one quarter of the Country from desolation.

To set out such a great matter as this cannot be done now. I only want to give the Reader occasion to think about it a little.

All Savolax, Tavastland and Carelia[1] are situated far from any towns. Corn and provisions are their goods, by means of which they provide themselves with salt and other necessaries from the towns. Now the wealthier people buy up goods from their neighbours who have no horses themselves or are not able to go to town with those goods, and in return they provide them with their needs.

Nobody undertakes to be an agent of the poor, and nobody is capable of keeping accounts with fifty or sixty persons. Thus, if this Peddling had

[1] Provinces in the centre and the east of Finland. – Ed.

not been done, the Nation would have lacked those commodities, and the poor would have perished in hunger and idleness. If the commodity is not desired, its production will cease, and where does the National gain come in then?

§ 25

I know a Peasant living five [Swedish] miles from the nearest town, who, amongst other peddling, buys cattle in the autumn for slaughter over a district of several miles around his farm, and every year he drives to town three or four droves of cattle of twenty or thirty head each.

The law permits no other Burghers than Butchers to go about the country to purchase cattle, but everyone is obliged to take his own cattle to town. Few of them have more than one or two animals to sell, which must be driven by two or three persons, as many as the Pedlar needs for the whole drove.

These two or three persons will lose four or five days' work each on this journey to town in a busy harvest time, so that the transport to town will cost eight or ten working days often for one small animal only, and that means a deduction of 4 or 5 *plåtar*[1] from the payment, and the necessary work on the farm is being neglected. Therefore nothing

[1] *Plåt* was a Swedish coin equal to one-third of a *riksdaler*. – Ed.

is more certain than that the farmer will eat his ox himself rather than consume half of its value in transport expenses.

Thus, if the Statutes about peddling were observed, the town would, through this pedlar alone, lose fifty or sixty head of slaughter cattle a year, and of his many droves scarcely ten oxen would reach the town, nor would his neighbours any longer feel inclined to increase their stock. Who knows whether the lack of corn and Victuals in the Land is not caused by these and other similar Statutes, which are regarded as trifling matters by most people?

I do not recommend that a farmer should allow peddling to interfere with his farming. I would rather that the Townspeople, who especially in winter have plenty of time for it, would undertake to serve the country about the towns and thus be well served at the same time themselves.

But as our towns will not do this, it seems to me as if they wanted to be regarded as the Fathers of the country, who order their children to assemble around their chairs, so that each of them can put food into the children's mouths. What a time, when the offspring have begun to order their mother about, and the child wants to make a show of the grey hairs of its father's head!

§ 26

A merchant who is entitled to trade freely enlarges his cares; he will be busy every moment turning over his goods with profit. If anyone tries to gain too much, he will get competitors, who will divide the gain and save citizens from barefaced robbery. Everyone must then be content with less profit on each commodity, but must instead turn it over much more frequently.

Then the interest of money will decline; then even the small trades will be sought after, which cannot be carried on, or even thought of, when the interest of money is high, as they are less profitable. In a word: Monopolies, Exchange manipulations and National loss will never occur if they are not protected by Law; but they may be maintained after having once got a footing.

Owing to a strange difference between Inland Towns and Staple Towns, the foreigner is prevented from looking for goods and paying for them in Cash in a great many harbours. Goods must be offered to the inhabitants of the Staple Town: if he does not want to pay for them, there is no way of getting them sold. Diligence will then lose a good deal of its incentive, the products will be reduced and money will begin to leave the Country. A fine gain for the Nation!

§ 27

The *Product-Placat*[1] prevented foreigners from visiting even the smaller Staple Towns with any advantage, as they could not sell whole cargoes of their own products there and they were not allowed to assort their goods with other goods. There were few among these towns that had whole Cargoes of their own Exports, so that these had to be sold in the bigger Staple Towns. Nor were the Dutch and the English allowed to supply them with salt, neither was it worth while to sail in ballast to Portugal for it, but that, too, had to be bought from the bigger towns.

It is truly remarkable how trade was drawn to a few places from other parts of the Country. True, the name of Staple Towns remained, but the advantage had in reality disappeared from most of them.

It would, nevertheless, have been well enough with our trade, if at any rate the foreigner had been allowed to trade freely in the largest towns, and by means of competition had checked the domestic covetousness. But he finds no profit in that after having been expelled from the salt trade, which then fell into the hands of a few citizens, in whose discretion it was to supply the Country with this commodity or not and at whatever price they chose.

Thus the number of purchasers of our Exports

[1] See Introduction, p. 7. – Ed.

was reduced. The products remained in the hands of the manufacturer or were sold to the Exporters at a loss. The loss forced many owners to leave their works, which fell into the hands of the Exporters or made the former tributaries to the latter.

To correct this evil the Ironmasters' Association was founded, which was to make advances to poor Owners of works, when iron lost its value; but everybody knows whether these advances have fallen into the hands of the poor or the wealthy.

The coins disappeared from circulation on the issuing of irredeemable bank-notes. Imports could not then be paid for in cash or any coin be exported for their payment, but everything had to be paid by Bills from Exports, which had to be obtained from a few people for the business of the whole Country and the Crown, who could therefore deal absolutely autocratically with the Bills. Freedom of trade was thus suppressed, and I do not know if it is right to accuse certain persons only of this. The state of things was such that liberty had to be lost.

"If Cæsar and Pompey," says Montesquieu, "had thought as Cato did, others might have thought, on the contrary, as Cæsar and Pompey did." And in another place he says: "When one gives away a title, one knows precisely what one gives, but if one adds power to it as well, one never knows how far that power might be extended."

§ 28

Laws, Restraints, Regulations and Classifications had then to be secured to sanction this power. The care of other traders was confined to special goods, special places and special times, and, moreover, these traders would be made poor and idle, and they would make the country around them poor and idle as well.

It is strange to want to exonerate the *Product-Placat* from such necessary consequences. Were not shortage and resultant high prices predicted by the Estate of the Burgesses? The prediction came true, and in case of general distress an attempt was made to effect an alleviation by suspending it. Yet it is said: "The Nation profits by the *Product-Placat.*"

We want to run a water-mill: we have seen that it begins to move when the dam is opened, yet we say that it moves best when the dam is closed. Must it not be a fine National gain that is attained by killing trade and by the misery of the citizens?

§ 29

We complain of the consequences, but we do not want to go to the source from which they arise. As soon as I say anything about free trade I get the answer: "We must not mix up such private matters

with public affairs." I do not know what to say. Either we read nothing or we think little.

Is not the malady of Foreign Exchange the greatest restraint of trade in the world? Can we think of any other remedy than making trade free?

There are especially two chief remedies for this: the first is, without respect of persons, to break the power of those who have exercised the tyranny of Bills, so that they are rendered incapable of doing anything more. If this cannot be done now, it is obvious that the country has given up too much and is now obliged to dread those weapons which it has itself put into their hands. When power is gone, it is better to bow the head.

The second is to repeal such Statutes as in any way impede trade and kill industry. If every man had the right and the opportunity to trade with the foreigner himself, there would not be so many who were obliged to sacrifice at the altars of the Exporters in order to be allowed to buy Bills; and to bind them down by Laws and oaths to a reasonable price and in that way expect the recovery of the Realm is, as I see it, to build castles in the air.

Both these remedies are very necessary. The second is of no use if the first does not precede it, and the first can be of no help if the Statutes remain; for then some others must of necessity be put in their place, and it is of small benefit

to the Nation whether the autocrat is called Cæsar or Octavius. Bad enough, when liberty is gone!

Simple though these remedies may seem for a fluctuating rate of Exchange, yet they remain the only true ones, without which no help can be expected.

All agree that to increase the Exports of the Country and to get genuine coins into general circulation will reduce the premium on foreign Bills. The former can never be done without freedom of trade, and no other road to the acquisition of money than that of foreign trade is known to me. If this trade lies in the hands of a few people, similar Exchange Offices will of necessity be kept by them, though under other names than those spoken of before, and these offices must have the same effect upon the Rate of Exchange.

All domestic Operations and the most subtle Financial tricks which do not also open up foreign trade are in my opinion as useless as such a fine artifice as a *perpetuum mobile* or a water-mill that is to run by itself in a well.

The inventor of these artifices may go as far as he likes. In the end they must stop, nevertheless. And whoever has been most subtle in his calculations must at last see, when his proposal is being tried, that the whole operation has been nothing else than taking from one hand and putting into the other.

§ 30

As soon as a new trade has been discovered in which people can be occupied, their production is thought to be a National gain, though the trade in question does not pay its workmen satisfactorily.

We think that the people who are drawn to this trade did not earn anything before or had not been able to do so, though a man who, without begging or stealing, had unfailingly supported himself and his family in his former trade earned more than in his new one, in which his income is scarcely enough for himself alone, and his wife and children must trudge the streets and live on the earnings of others.

It is quite useful for a Nation to discover new trades; among them there might be one that was more profitable than any of the old ones and might thus increase the National gain. But in the long run to carry on an activity by bounties or by constraint on other citizens will always be an infallible loss to the Nation.

The answer that more people can live when trades are increased is of no avail here, for it is by no means their number that increases the gain of the Nation, but only the value of their products, if it were only in one trade. As long as the soil is not cultivated, the Factories lack workmen and our workshops are empty, anxiety to carry on even more trades is superfluous in my opinion.

Here I recall Æsop's Moral in the fable about the

Dog which, while swimming, saw the reflection of the piece of meat in the water and tried to get hold of it, but at the same time lost the piece it had got at the Butcher's. "He who gapes after much," he says, "will often lose the whole piece."

Neither do I consider the argument fully valid that work should be carried on by imported workmen. For if, at great expense to the State, they could be enticed to come to this country to work in a less profitable trade, then, without any expense at all to the State, thousands would have immigrated, had they only been free to support themselves as best they could, i.e. to carry on the trade in which they would have most increased the real gain of the Nation.

As soon as foreigners have immigrated, a sound Policy demands that the best should be got out of their work, and this is infallibly to be secured in the trade that pays its workmen the best wages, but never in those in which they must be a burden to the State and the Public. The first they will find for themselves; the second they will not remain in except by compulsion, and there poverty will at last be the reward of their removal.

§ 31

This conception of the National gain, however hard it may seem to be on our new enterprises, is nevertheless the simplest and easiest in itself.

It gives liberty to all lawful trades, though not at the expense of the others. It protects the poorest business and encourages diligence and free trade.

It weighs everybody in the same scales, and gain is the right measure that shows who should have the preference.

It relieves the Government from thousands of uneasy worries, Statutes and supervisions, when private and National gain merge into one interest, and the harmful selfishness, which always tries to cloak itself beneath the Statutes, can then most surely be controlled by mutual competition.

It allows a Swede to exercise the dearest and greatest right in Nature the Almighty has given him as man, i.e. to support himself in the sweat of his brow in whatever way he thinks best.

It snatches away the pillow of laziness from the arms of those who, thanks to their Privileges, can now safely sleep away two-thirds of their time. All expedients to live without work will be removed and none but the diligent can become well-off.

It makes a desirable reduction in our Lawsuits. The numerous Statutes, their explanations, exceptions and applications, which fetter trades in one way or another, will then be unnecessary and grow silent, and when the Law is annulled, its breach will amount to nothing.

§ 32

I know well enough that these novelties will not please many of my Readers. But they have amused me very much and I consider it my duty to tell them to the Public, among whom I never doubt that there are many who will honestly share my amusement.

Uncertainty as to the succour of my Native Country has made me think of this subject, and as a free Swedish Citizen it was my duty to know the Statutes of my Country. I compared them with each other, but I missed the consistency which is generally to be found in a careful master's orders, i.e. that they should all aim at one purpose.

I hear complaints of people leaving the country and at the same time I see many arrangements that drive them away. We want to encourage Trade, yet we prevent the diligent workman from supporting himself. We wish that the prosperity of the country should be promoted, and prohibit a whole Province from buying bread, only on the pretext of stopping Smuggling. Obedience is claimed for the orders of the Crown, but many of these orders are several Centuries old, so that the Lawyers themselves can recognise them only with difficulty, and sometimes they are such that they can hardly be obeyed, if people are not to perish in misery.

We complain of an unfavourable balance of trade, and we impede one another as much as

possible in selling our goods abroad. We want to enlarge trade, and we work for its limitation to fifteen or twenty persons. We grow emaciated through a high premium on foreign Bills, yet we try with all our might to restrict Remittances to as few Drawers as possible, who besides this already have quite an autocratic power over the Rate of Exchange.

We want to increase the National gain, and at the same time we occupy our people with work in which they can scarcely earn bread and water for the day. We think of Loyalty and of reducing the number of Lawsuits, and yet we add to our Laws daily, so that the Judge himself hardly recognises them in the Statute Book, and scarcely one-hundredth of the citizens know their duties. Just tell me, my benevolent Reader, what will finally result from all this?

I, for my part, cannot but sing with Lucidor, the Misanthrope[1]:

> I hear many words, my thoughts are far astray;
> I see so many lights that I mistake my way.
> Too much of arguing makes me confused, I fear,
> And though I Swedish know, I know not what I hear.

[1] Lucidor was the pseudonym of the Swedish poet Lars Johansson (1638–1674). – Ed.

§ 33

I have tried in every way to analyse one single little branch of trade and in my imagination to prescribe the Statutes that should be laid down for it, but as soon as I have not been led by self-conceit, I have everywhere met with insuperable obstacles and therefore I have made no progress, especially on account of the reasons mentioned in § 11 and the following sections.

When I consulted experience, I soon realised that the more liberty had been allowed to reign in a trade, the greater was always its increase, and vice versa, and the more evenly this liberty was distributed, the more naturally were the trades balanced against each other.

The way in which other States treated trades also taught me that the liberty granted was always the measure of their greatness. But wherever I turned I saw selfishness so well entrenched behind the Statutes that it was everywhere difficult to exterminate it, but in most places it was quite invincible.

The more I began to measure our trades by liberty, the more I seemed to see the possibility of encouraging them; I was spared my trouble about the preference of the trades and various Statutes about them. A subject which, I am convinced, is far above human understanding and which Nature carries out so easily itself.

One single Statute, i.e. the one to reduce the

number of our Statutes, has ever since been a pleasant subject of work to me, which I want to recommend highly as the very first and the most important before any new Statutes are invented.

The aim of this small treatise is to obtain some co-operation in this work. Opponents do not worry me at all. The truth I have been looking for is so pleasant that I am satisfied only with having told it to my Fellow-Citizens. It is immovable and not affrighted, though the waves splash their gall over it. It can stand burial by selfishness in the bottom gravel with which enraged waves cover it, yet in spite of all this it remains firm as a rock and irrevocable.

Truth, O truth, thy sparkling rays
Penetrate the hardest stone;
Virtue's clean in thee alone.
In vain the mask conceals the face;
Thou wilt show it all the days,
Thou rewardest everyone.[1]

[1] This verse was not written by Chydenius, as was supposed. Its author is the Swedish poet and writer Olof Dalin (1708–1763). – Ed.

Made *and* printed *in* Great Britain
By The Camelot Press Ltd
London *and* Southampton