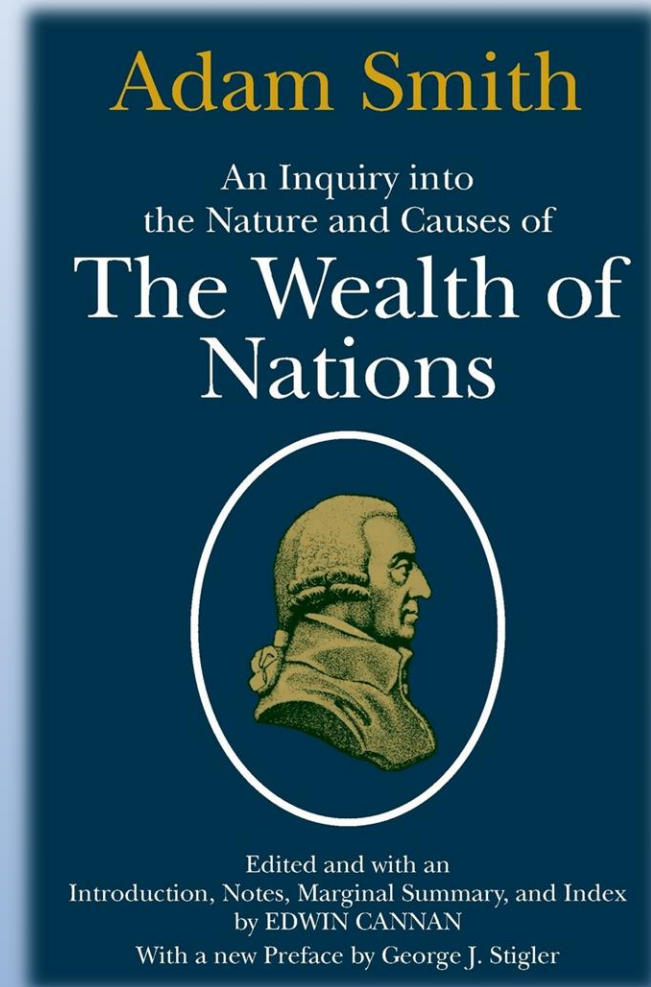


From the Enlightenment to Business Models Season II

Episode 4B

Adam Smith Importance

An inquiry into the Nature and Causes of the Wealth of Nations



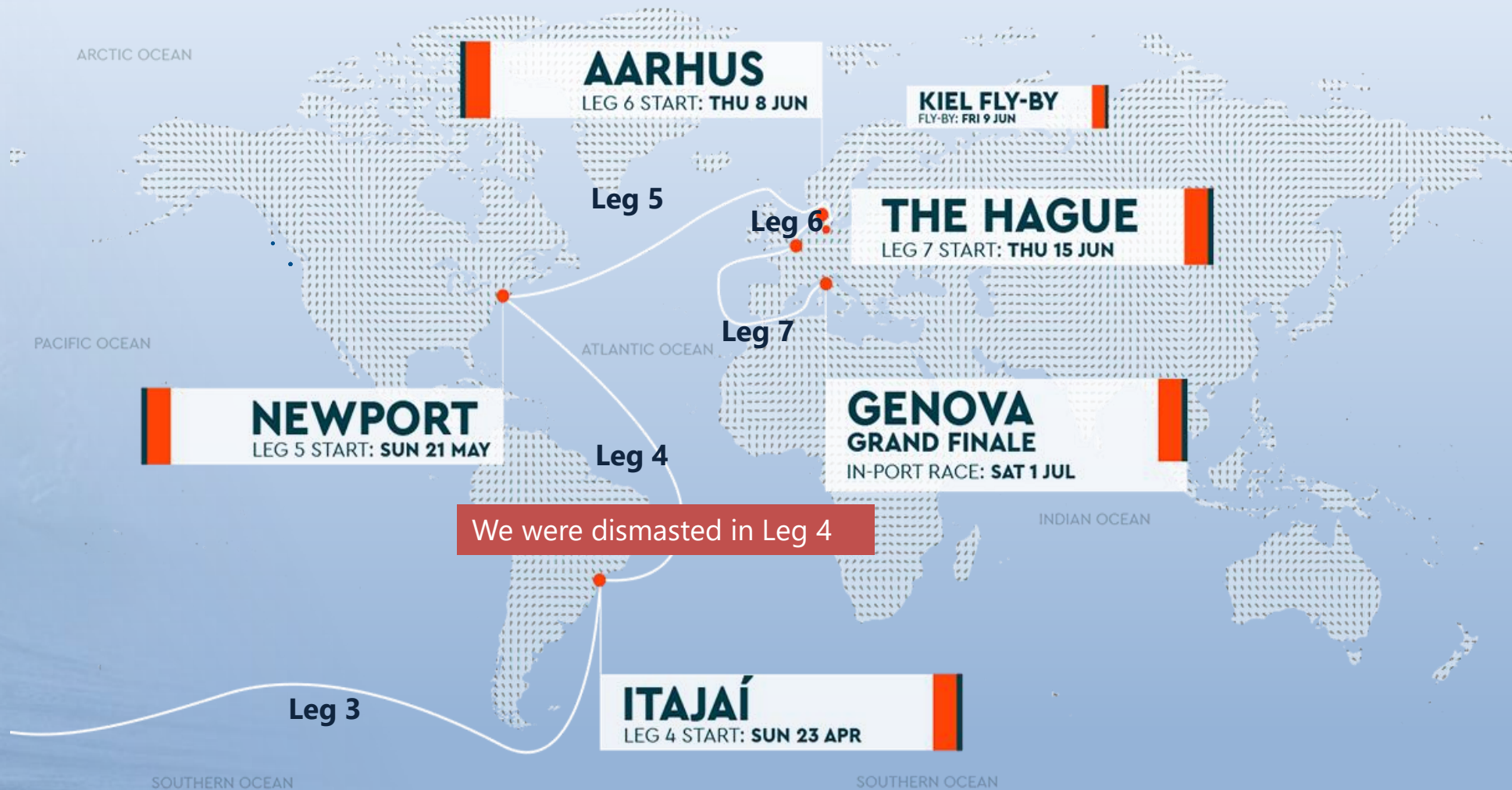


From the Enlightenment to Business Models

Going with the Ocean Race 2022-2023

Season 2
Spring/Summer Saga 2023

Our expected trajectory for the next 10 weeks





From the Enlightenment to Business Models

Going with the Ocean Race 2022-2023

Our studied Outline for Season II

Season 2
Spring/Summer Saga 2023

0. *Introduction* 
1. *Spinoza's truth, fallacies and wrongs* 
2. *Kant's Prussian Context* 
3. *Kant's Philosophical Prominence* 
4. *Adam Smith Importance* 
5. *Rousseau's Anti-Philosophes*
6. *Voltaire pro Royalism*
7. *Diderot's Encyclopedia*
8. *When does the Enlightenment take place?*
Reevaluation of the Entire Chronology Map

Season 3
Fall-Winter 2023

9. *The French Revolution*
10. *Different Canons of the Enlightenment Part A*
11. *Different Canons of the Enlightenment Part B*
12. *The Enlightenment and freedom of thought & speech*

Season 3
Fall-Winter 2023

13. *The Enlightenment and Science*
14. *The Enlightenment and Ethics*
15. *The Enlightenment and Toleration*
16. *The Enlightenment and Racial Differences/Slavery*
17. *The Enlightenment and woman*
18. *Why is the enlightenment so important in our days.*
19. *Comparative Analysis Radical-Moderate-Counter Enlightenment*
20. *Research agenda for the next Generation ahead*
21. *Summary and Conclusions.*



From the Enlightenment to Business Models

at the Ocean Strategy Race 2022-2023

Season 2
Spring/Summer Saga 2023

JUNE 2023

Outline per month

SUN	MON	TUES	WED	THURS	FRI	SAT
				1	2	3
				Episode 4A Adam Smith Importance Part A		
4	5	6	7	8	9	10
	Episode 4B Adam Smith Importance Part B			Leg 6 starts	Rousseau Anti-Philosophes Moved to Sunday 11th	Episode 5
11	12	13	14	15	16	17
Episode 5 Rousseau Anti-Philosophes				Leg 7 Starts	Episode 6 Voltaire Pro-Royalism	
18	19	20	21	22	23	24
				Episode 7 Diderot's Encyclopedia		
25	26	27	28	29	30	
				Episode 8 When does the Enlightenment take Place. Re-evaluation of the Entire Chronology Map		GRAND FINALE GENOVA Episode 9 Summary Season II



From the Enlightenment to Business Models

Going with the Ocean Strategy Race 2022-2023

1

Let's begin with Adam Smith Biography

Adam Smith
1723-1790



Photo source and Further readings:

- <https://plato.stanford.edu/entries/smith-moral-political/>
- <https://www.britannica.com/biography/Adam-Smith>
- <https://iep.utm.edu/smith/>
- <https://www.econlib.org/library/Enc/bios/Smith.html>
- Chapter 9. Democratic Enlightenment. J. Israel
- <https://press.princeton.edu/books/paperback/9780691180960/a-culture-of-growth>

1723

Smith was born in Kirkcaldy, on the eastern shore of Scotland

1727

Smith was kidnapped at the age of 4 years by a group of gypsies.

1737

Sent to Glasgow University where he studied logic, metaphysics, math and later Newtonian physics and moral philosophy

1723

In 1740 Smith was awarded a Snell Scholarship (which is still in existence today) to study at Balliol College, Oxford.



1751

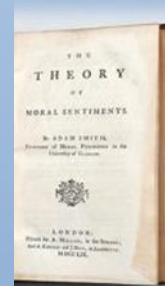
Appointed as Professor of Logic at Glasgow



University of Glasgow

1752

He was transferred to a position of Professor of Moral Philosophy at Glasgow



1759

Smith published the first of his two great books, The Theory of Moral Sentiments

1764-1766

Smith accepted a job as a tutor of the young 3rd Duke of Buccleuch. He traveled mainly in France and Switzerland



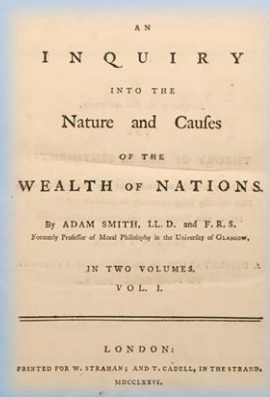
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2

Let's begin with Adam Smith Biography

Adam Smith
1723-1790



1764-66

Smith got to know all the luminaires of France. Paris where he met economists and philosophers including Quesnay, Voltaire, Turgot, Helvétius and D'Holbach

1767

Smith worked in London. Elected as a fellow of the Royal society. Broadened his network of intellectuals.

1767

Smith returned back to Kirkcaldy. Continued preparing his book The Wealth of Nations

1773-76

In Kirkcaldy he worked writing his book the Wealth of Nations.

1776

Smith finally published his book "The wealth of Nations".

1777

He moved to Edinburgh. Appointed as Customs Commissioner. He established himself in a new house in Canongate, Panmure House .



Panmure House

1787-89

Smith was also a founder-member of the Royal Society of Edinburgh, and from 1787 to 1789 Rector of Glasgow University

1790

Smith died in July 1790. Before his decease, he was well-known for his weekly debate club with his friends.



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Season 2
Spring/Summer Saga 2023

Main historic events that marked the life of the British Enlightenment thinkers

1642-1651



The English Civil Wars (three conflicts), which were fought between Charles I and Parliament, involving Wales, Scotland and Ireland.

1649



King Charles I was beheaded in 1649

1653-1658



Oliver Cromwell ruled from 1653-1658

1655-1660



Anglo Spanish War with Spain

1660



Restoration of Charles II

1665-66



Major final outbreak of Plague and Great Fire of London

1688-1689



Glorious Revolution. William III and Mary II into power

1652-54



First Anglo-Dutch War

1665-67



Second Anglo-Dutch War

1672-74



Third Anglo-Dutch War

The Century of Adam Smith

1707



Union of England and Scotland

1714



George I Of Hanover accession

1721



George II of Hanover accession

1756



Seven Years War

1760



George III of Hanover accession

1776



Declaration of American Independence

1789



French Revolution

1780-84



Fourth Anglo Dutch War

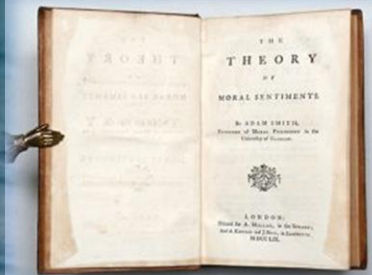
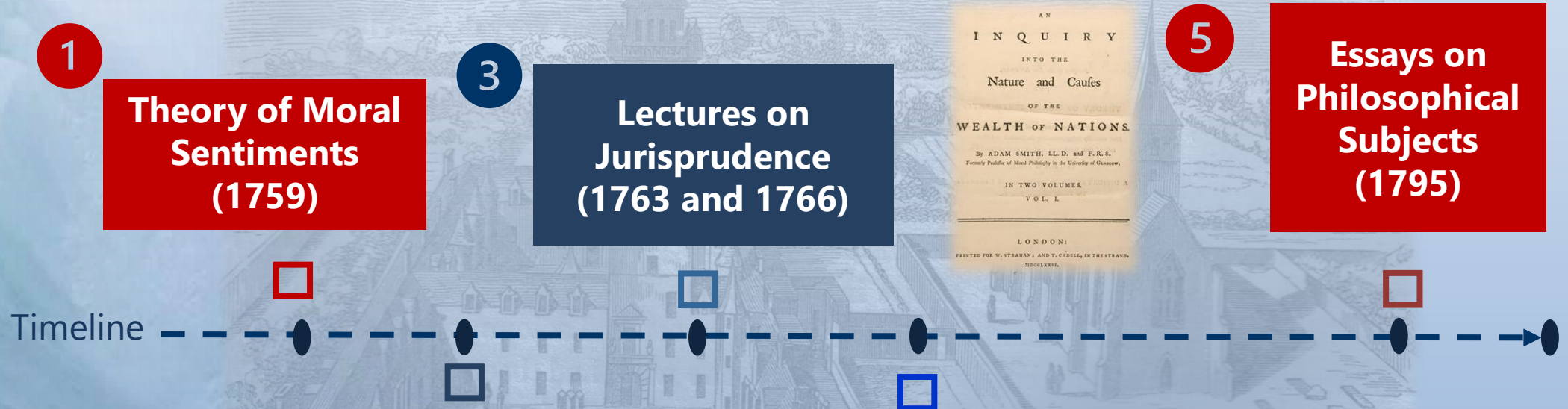


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Season 2
Spring/Summer Saga 2023

The most relevant works of Smith are:



- Smith only produced two main books: "The wealth of Nations" and "The theory of Moral Sentiments". The rest of his Works are compilations of his courses. He destroyed his last two manuscripts that no one knows of its content to this day.

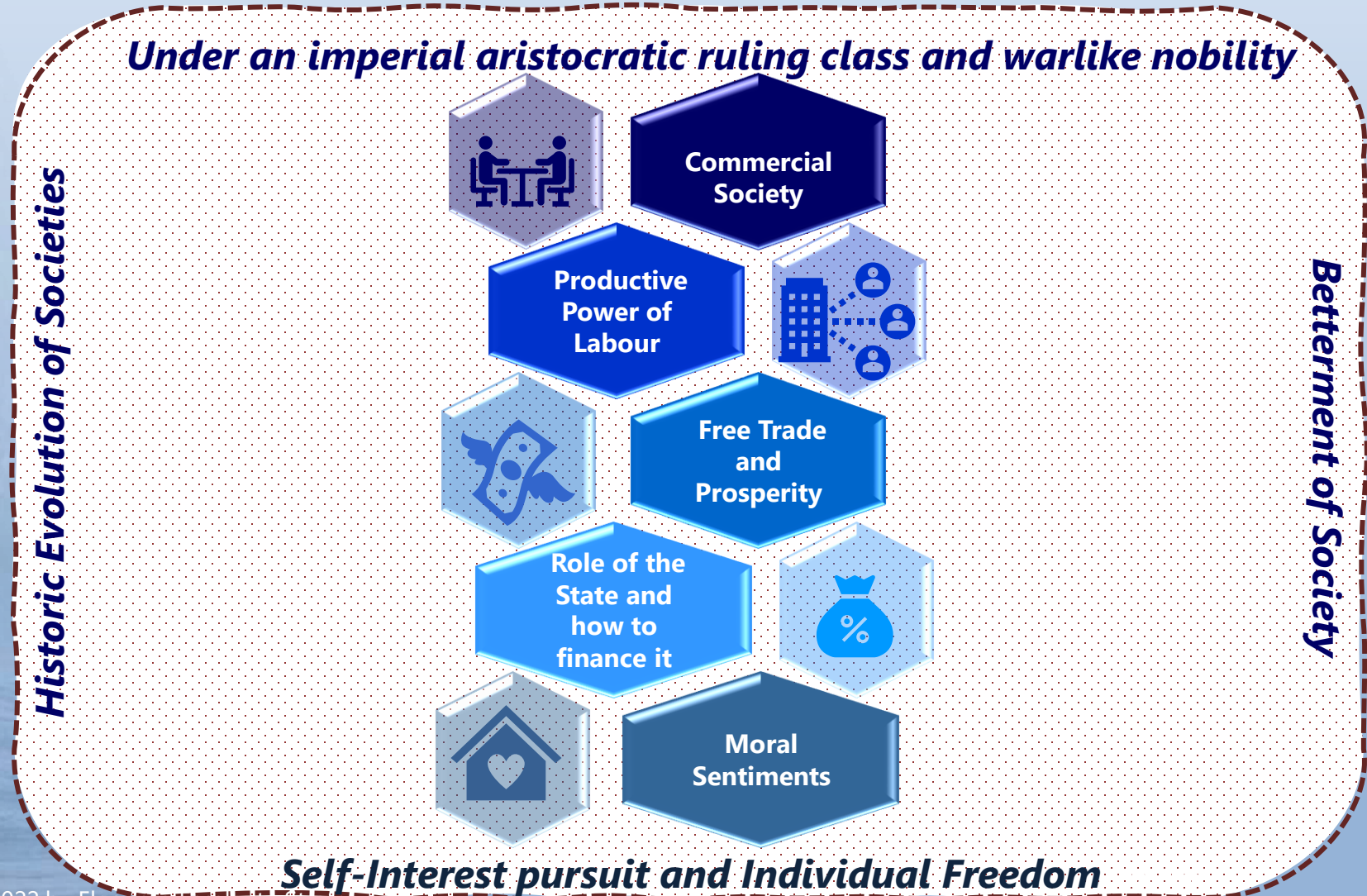


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Season 2
Spring/Summer Saga 2023

What is the essence of Adam Smith: He was an observer of details.





From the Enlightenment to Business Models

Going with the Ocean Strategy Race 2022-2023

Season 2
Spring/Summer Saga 2023

***The Wealth of Nations synthesis.
Let's cognize!***

**Causes of
Improvement of
Labor and other
elements of the
commercial society**

Book 1



**Nature,
Accumulation and
Utilization of
Capital**

Book 2



**The progress of
Economic growth**

Book 3



**Systems of Political
Economy**

Book 4



**Sources of Funds
and Expenses of
the State**

Book 5



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3. <https://www.adamsmith.org/store/the-condensed-wealth-of-nations-by-eamonn-butler>
4. <https://academic.oup.com/book/407> by Christopher Berry
5. *Democratic enlightenment*-Jonathan Israel. Chapters: 9,16,19,20,21
<https://global.oup.com/academic/product/democratic-enlightenment-9780199668090?cc=us&lang=en&>
6. <https://press.princeton.edu/books/paperback/9780691152608/a-revolution-of-the-mind>
7. *Enlightenment that failed*-Jonathan Israel. Chapters 12,15 <https://global.oup.com/academic/product/the-enlightenment-that-failed-9780198738404?cc=us&lang=en&>
8. <https://plato.stanford.edu/entries/scottish-18th/>



From the Enlightenment to Business Models

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***The Wealth of Nations context.
Let's cognize!***

1707



Union of
England and
Scotland

<https://www.parliament.uk/about/living-heritage/evolutionofparliament/legislativecrutiny/act-of-union-1707/>
Chapter 9. Democratic Enlightenment. J. Israel

The Acts of Union, passed by the English and Scottish Parliaments in 1707, led to the creation of a United Kingdom to be called "Great Britain" on 1 May of that year. The UK Parliament met for the first time in October 1707...

The Union of Great Britain affected the cosmivision of Scottish Intellectuals

- The Scot's society was opening up to the idea of being part and sharing Britain economic interests and expansion culture, post 1688.
- The Scottish had to shift their mindset to share England's imperial expansion and trading system
- The Scottish wanted social amelioration beyond what was gained in 1688-91, keeping their own religious traditions.
- Scots' nobility was barred from the direct autonomous control of local politics, law and taxes.
- The mentality of the Scottish society was focused to find benefits, a betterment of their society from the Union.
- The intellectual Scots were preoccupied by: The strains of Scotland's transition to its new status in the Union; and how to establish institutions, moral structures, law reforms, and other themes from the Enlightenment
- The influence of the French Lumieres in Scotland was vast, but they rifled for moderation.



From the Enlightenment to Business Models

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***The Wealth of Nations context.
Let's cognize!***

The legacy of the Stuart's family over Scotland changed Great Britain History

1707



Union of
England and
Scotland

Main Scot Thinkers of the 18th century

- *Hume*
- *Kames*
- *Ferguson*
- *Robertson*
- *Hutcheson*
- *Smith*
- *Millar*
- *Reid*
- *Campbell*

The Stuart dynasty reigned in England and Scotland from 1603 to 1714, a period which saw a flourishing Court culture but also much upheaval and instability, of plague, fire and war.

They were interested in:

Comprehend society's evolution

Human Development

Self-Interests motivations for trade

Open free markets for Scotland's benefits

The Rise of Commerce as counterbalance to an ancient noble society

Economic Progress

<https://www.english-heritage.org.uk/learn/story-of-england/stuarts/>

Chapter 9. Democratic Enlightenment. J. Israel



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***The Wealth of Nations context.
Let's cognize!***

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Union of
England and
Scotland

Chapter 9. Democratic Enlightenment. J. Israel

<https://press.princeton.edu/books/paperback/9780691152608/a-revolution-of-the-mind>

**Adam Smith
oeuvres were
work in progress**



THE EDUCATION OF THE COMMON PEOPLE REQUIRES, PERHAPS, IN A CIVILIZED AND COMMERCIAL SOCIETY, THE ATTENTION OF THE PUBLIC MORE THAN THAT OF PEOPLE OF SOME RANK AND FORTUNE.
- ADAM SMITH -

- The Scottish enlightenment school of thought was a block of consistent authors who were trying to search for answers on how to prosper economically, with a moral structure of values that could enhance the elevation of the mind and spirit of the society.
- They faced a transition of feudalism-mercantilism. Smith observed the pros-cons of the commercially oriented society, in different European contexts.
- Smith was deeply influenced by Hutcheson, Kames, Hume and Turgot.
- Many elements of the Wealth of Nations were a re-work from the French Anne-Robert Jacques Turgot (1727-1781)
- In Smith mind, the word "capitalism" didn't exist. He simply compared different past political economies models against economic stagnation and chose the less bad, according to the standards of his times: the commercial society.



From the Enlightenment to Business Models

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***The Wealth of Nations context.
Let's cognize!***

1707



Union of
England and
Scotland

Chapter 9. Democratic Enlightenment. J. Israel
<https://press.princeton.edu/books/paperback/9780691152608/a-revolution-of-the-mind>

The legacy of the Stuart's family over Scotland changed Great Britain History

Perhaps, Adam Smith was simply the missing piece of the puzzle used academically, to fix the hazards of a mistaken warfare mercantilism that linked trade and empires, without an economic theory in place

**Adam Smith
Economic Collective
Scottish Perspective**

The intellectual elite of Scotland in the 18th century was called the literati. It was involved in the establishment of its society. Debating societies and clubs offered a point of convergence between universities, the nobles in public positions, the church, the professionals and the cultivated merchants.

- Adam Smith Works are a result of a collective Scottish School of thought
- A building block of intellectuals who were formed as all of us must be educated: with an integral edification in several academic fields, but with philosophy (logic and moral) at the core.
- The Scottish Enlightenment of the 18th century is the crib of the commercial society, then evolved to capitalism.
- The educated professional Scots around Smith were Hanoverians. All of them professors of prestigious universities.
- It was the transition from the Stuart-Orange to the Hanover family that shaped the Scottish Enlightenment.



From the Enlightenment to Business Models

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The Wealth of Nations context is the 18th century. Remember that. Let's cognize!



Applicable only in the 18th century?

Note 1. The prevailing view at that time was the idea that a nation's wealth was the amount of gold and silver that it possessed.

In the 18th century: import tariffs, export subsidies, taxes and preferential for domestic industries were designed to limit imports and promote exports

Note 2. Reinvestments in better productive processes, create more wealth in the future, with the certainty of a secure setting that protects the capital from theft, warfare, corruption, etc.

Regulations on commerce are ill-founded and counterproductive (see note 1)*

<p>The real measure of a nation's wealth is the stream of goods and services that it creates (the GDP)</p>	<p>The productive capacity rests on the division of labour and the accumulation of capital</p>	<p>A future income depends upon the capital accumulation (Note 2)</p>	<p>The commercial society system s automatic (under scarcity or glut)</p>	<p>The system is automatic only when there is free trade and competition</p>	<p>Different stages of economic progress produce different government institutions</p>	<p>Competition and free exchange are under threat from monopolies, tax preferences, controls and other privileges from government corrupt authorities</p>
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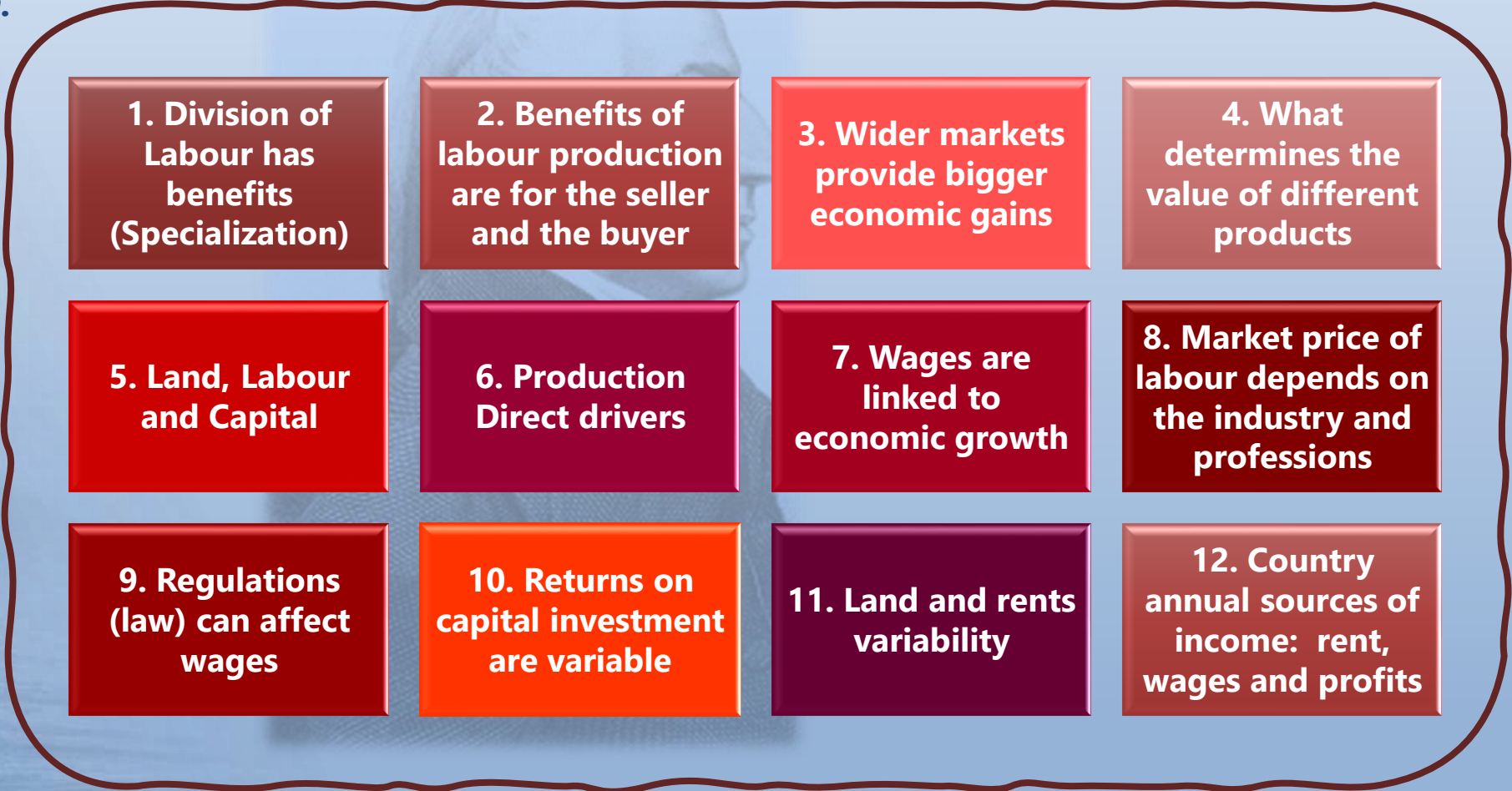
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The Wealth of Nations Book 1.

Adam Smith built a pool of observations of the commercial society of the 18th century in Europe. He separated at least 12 main ideas. These elements helped him to build the concept of GDP or how to measure the national income of a nation.

Causes of Improvement of Labor and other elements of the commercial society

Book I 





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The Wealth of Nations Book 1.

Smith recognizes three distinct categories or classes according to their sources of funds in the 18th century.

Causes of Improvement of Labor and other elements of the commercial society

Book I



Those who live from rents or the Landowners.

Land proprietors (usually nobles)

Those who live from wages or employees

Wage Earners

Those who live from their returns on capital investments

Investors or Bankers





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The Wealth of Nations Book 1.

Smith conceived that the division of labor increases the productive powers of labor, and it is the engine of economic growth.

Causes of Improvement of Labor and other elements of the commercial society

Book I

1. Division of Labour has benefits (Specialization)

2. Benefits of labour production are for the seller and the buyer

3. Wider markets provide bigger economic gains

Manufacturer

Seller

Buyer

Market Size
The greater the market, the more opulence



Productivity



Specialization of labour

- 1. Truck
- 2. Barter
- 3. Exchange

Opulence

Wealth

Purchasing Power



- Increases dexterity for the person who performs the specific task
- Reduces each individual task to one single operation. The concept of efficiency
- Time Saving
- Increases quality control
- Promotes concentration to invent better ways of doing those tasks
- Opens new motivations of manufacture to fulfill new needs and wants

- Opulence in the context of Smith means Profusion or great abundance
- There is a surplus to exchange for the surplus of another specialist.
- Opulence comes from interdependence.
- Every member of the society becomes a merchant

- The Purchasing Power is the amount of money that a person or group has available to spend
- Money is the method of trade, the instrument to purchase. A tool!



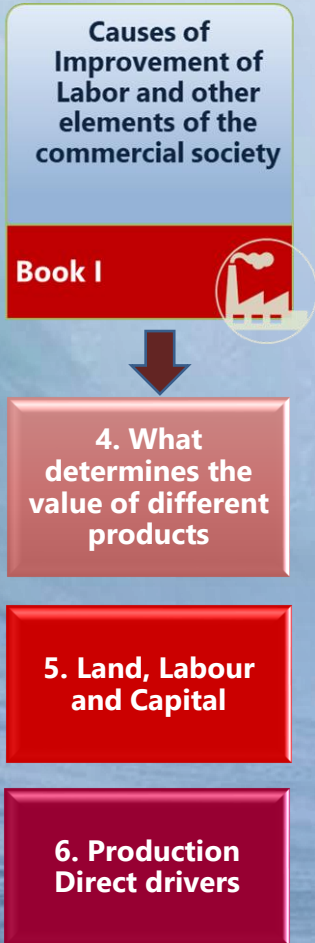
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Spring/Summer Saga 2023

The Wealth of Nations Book 1.

Smith perceived that there was a difference between the value of a product or service and the price paid by the customer. He asked himself why?



What determines the Price at which different products are exchanged?



Price low

- Value in use
- Commodity
- It has minimum exchangeable value
- Water is so plentiful

Price high

- Value in Exchange
- You can get a lot of money, a maximum exchangeable value
- Diamonds are rare

He attributed the answer to the amount of labor, the effort and the type of labor involved.
Indirectly: to the differences of cost of production



The market Price is always subject to fluctuations by the relation between supply and demand. The costs of production drives and directs production. Natural and market prices may diverge

- At the time of Smith, the theory of supply and demand equilibrium didn't exist yet.
- He observed the difference between luxury items (diamonds) and vital products (water).

Total costs of production are:
The Labor of the workers reflected in wages
 +
The Capital (investments of the employers) reflected in profits
 +
The use of the land: reflected in rents paid to landlords.



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The Wealth of Nations Book 1.

About Wages. Smith observed that salaries are connected to bullish growth markets...

1

Causes of Improvement of Labor and other elements of the commercial society

Book I



7. Wages are linked to economic growth

8. Market price of labour depends on the industry and professions

9. Regulations (law) can affect wages

Wages depend on economic growth

- Given that competition is imperfect due to regulations, monopolies, lack of transparency of information, etc.; the wages value may rise, and fluctuate depending on the growth of the national income and the abundance of private investments (Capital growth).
- The demand of workers rises when national wealth rises.
- It is a duty of masters to raise wages in bullish growing markets.

Wages depend on the industry and professions

- Why do wages differ?
- Some work tasks are hard or disagreeable
- Some businesses are seasonal
- Some professions (as doctors) command a premium because they require great public trust.
- Other vocations are costly to learn (many years of studies and travels).
- Some occupations depend solely on specific sponsors.
- Some specializations are unique
- All these factors affect the market price of labor in particular trades.

Wages are affected by regulations

- Governments can affect income and profits in particular professions.
- Entry barriers may be in the format of regulations
- Politicians can manipulate the law to enforce penalties, collusion or privileges.
- Licenses to practice can restrict professions.
- Taxes- compulsory trade welfare funds.
- To Smith the only real discipline over business should come from the customers. Nevertheless, after 250 years of Smith, is crucial some government intervention to protect the environment and penalize monopolies.



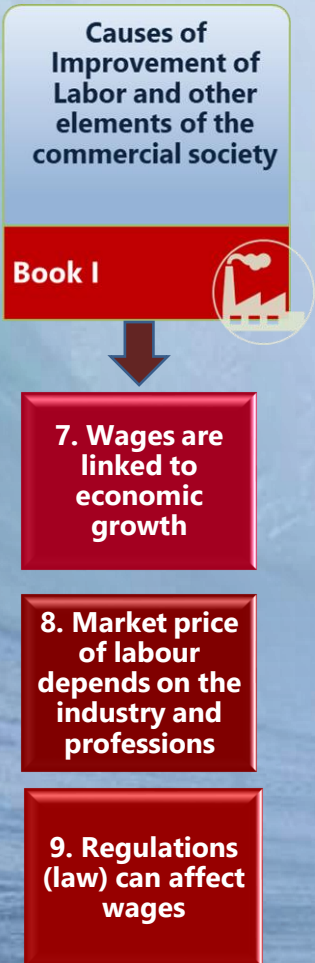
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The Wealth of Nations Book 1.

About Wages. Smith observed a rock-hard controversy of interests between the workers and the Business Owners.

2



Want to low wages



Want to raise wages

“Prosperity brings joy. More profits for the landlords, merchants and employers imply for them the duty to raise wages for the workers”. Adam Smith



Some thoughts of Smith:

- Masters and workers do not coincide in their own interests.
- Business Owners are always and everywhere in collusion (tacit or official) to not raise wages above.
- Minimum wage must at least enable the laborer to subsist and bring up a family
- Smith argued in favor of increasing wages, because these encourage in the worker the hope of bettering his condition: well-fed, well-clothed, well-lodged.
- Increase wages triggers greater productivity.
- Wages should be higher in times of economic growth.
- What matters is not the monetary level of wages but their purchasing power: what those wages can buy.



From the Enlightenment to Business Models

Going with the Ocean Strategy Race 2022-2023

Season 2
Spring/Summer Saga 2023

The Wealth of Nations Book 1.

Profit returns are variable. Rents of the land are also modifiable. And the country's annual production is the aggregated sum of rent, wages and profits of capital investments

Causes of Improvement of Labor and other elements of the commercial society

Book I



10. Returns on capital investment are variable

11. Land and rents variability

12. Country annual sources of income: rent, wages and profits

Returns on capital investment are variable

- Products can be categorized: Goods for immediate use (clothes, food). Fixed capital (machinery and equipment). Circulating capital (Work in progress goods and inventories)
- Profits on capital is variable, depending on the commodity prices, competition, contingencies, transportation costs, etc.
- High interest rates from borrowing, suggest certainty of elevated profits.

Land and rents variability

- The cost of the land to pay for purchase and/or the rent that the tenant can afford to pay to the property-owners is variable:
- Factors that affect the cost of rents:
 1. Location
 2. Improvement-quality
 3. Fertility of the land
 4. Proximity to market-towns
 5. Developed infrastructure of good roads and public services (water, etc).

Economic Sources of Income for a Nations

- A civilized society has three orders of people: (1) workers, (2) merchants or manufacturers and (3) land holders/landlords
- Each group has different economic-social-political interests.
- The workers are relatively uneducated, with deficiencies to oversee policy making.
- The Landholders or the "country gentlemen", live off from rent, so they prosper if the policy making is good for the nation, but are not polished intellectually either.
- The merchants/sellers/manufacturers are more educated, but their interests do not harmonize with the prosperity of the country.



Countries in the hands of merchants as policy makers "are fast going to ruin".



From the Enlightenment to Business Models


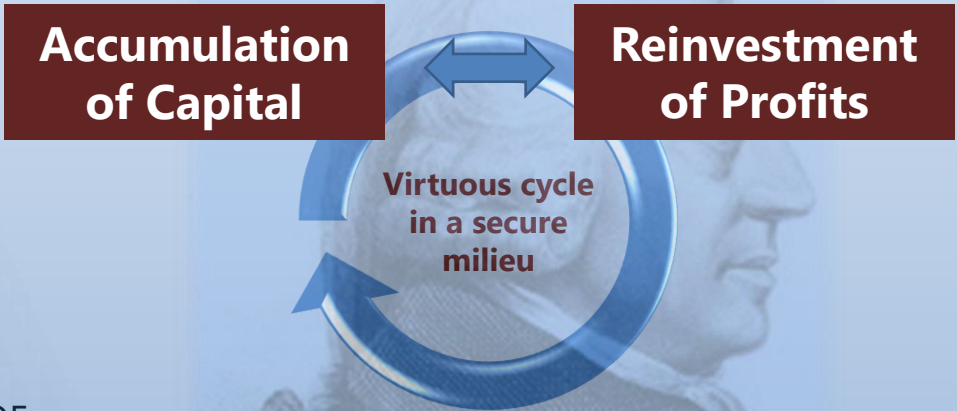
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The Wealth of Nations Book 2.

Capital investments are an essential condition for economic progress. To reinvest profits builds a virtuous circle of expansive prosperity for all.

Nature, Accumulation and Utilization of Capital

Book 2

GREATER REINVESTMENT OF PROFITS

- Ensures maximizing productivity of labor
- Only if there is tolerable security (wars, violence, etc)
- Security promotes reinvestments, and facilitates trading to more intensive markets
- Growth in productivity and overall prosperity makes possible to sustain unproductive wages.

GREATER ACCUMULATION OF CAPITAL TO THEN REINVEST IN:

- Circulating capital: for more manufacturing of goods
- Fixed capital: to improve land or buy machinery-equipment to increase the productivity of labor



• Smith divides labor in two: (1) **Productive Labor**: Works that exceeds costs and produces surplus, profits available for reinvestment. (2) **Unproductive labor**: Work that is consumed immediately, without profits that can be reinvested.

• Instead of consuming it all, by saving part of our profits, allows to accumulate and grow our productive capital. Through the accumulation of capital, more specialist and labor-saving processes can be developed.

• As capital expands, wages must rise: manual labor was then fundamental for the economy before the first Industrial revolution. The wealth of the nation, by increasing wages, raises the quality of life of the poorest workers.



From the Enlightenment to Business Models

Going with the Ocean Strategy Race 2022-2023

Season 2
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The Wealth of Nations Book 3.

Smith formulated a process of historical evolution in four phases...

The progress of Economic growth

Book 3



- Primitive societies in a savage state.
- Little attention to property.
- No subordination to government, but existing lines of authority

- Members of the society learned to possess herd, and provision of pasture makes the difference of what is to be poor or rich.
- Social stratification: Patron-customer; Master-Servant;
- Inequality increases

- Society of sedentary dwellers, focusing to cultivate crops in their own fields.
- Develop science, arts, crafts, artisans
- Women considered unsuited physically for warfare, relegated to inferior concerns of the household
- Nobility-leadership-knights-warriors
- Feudal order.

Commercial Societies

- The rise of trade and commerce eroded the landlord's power
- Tenants with money were the merchants and manufacturers. Called the Masters by Smith.
- The rise of commerce separated economic from political power.
- The new class of rich always think of their own interest. Not to trust or confuse with the public interest.
- Dealers, Merchants, or Manufacturers are mindful only of their own.



From the Enlightenment to Business Models

Going with the Ocean Strategy Race 2022-2023

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The Wealth of Nations Book 4.

Smith criticized the mercantilism, its wrongdoings, trade restrictions and protectionism using warfare. This in the context of Britain's competition against France, and its expansion to Asia, India and the Americas.

Systems of Political
Economy

Book 4



Mercantilism wrongdoings

- For mercantilists, the wealth of a nation was conceived as the quantity of gold and silver in its vaults. Also, mercantilist believed that trade balance is achieved by a surplus of exports over imports.
- Mercantilism system conventions that force trade:
 1. A domestic economy is stronger if having protected monopolies
 2. Restriction on the hiring and mobility of labour
 3. Control local competition in the interest of the domestic producers and merchants.
 4. Corrupted politicians and legislators
 5. Regulations on commerce are ill founded: taxes, import tariffs, export subsidies, colonial trade restrictions and any measure of protectionism

The solution: Free-Trade

- A free-exchange economy both sellers and buyers become better off.
- We don't need to impoverish others to enrich ourselves
- A nation productive capacity rests on the division of labour and accumulation of capital makes it possible.
- The liberal alternative perfects freedom of trade as the best way to maximize production, division of labour, reinvestment of profits.
- According to Smith the joy of a free economic system is that it works automatically, but
- Smith also cautiously advised: All economic proposals from merchant and manufacturers need to be examined with the most scrupulous and most suspicious attention.



From the Enlightenment to Business Models

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The Wealth of Nations Book 5.

Finally, in his last book, Smith advises us about the role of the government, and how to finance its functions. Guess what? It is not with public debt the way to go.

Sources of Funds and Expenses of the State

Book 5

For Smith the appropriate roles of the government are defence, justice, public works and institutions that facilitate commerce, education, crisis of public health, the maintenance of the dignity of the sovereign nation and the financing of these expenditure through taxes (in preference to public debt).

Defense

- Protecting the society from internal violence and foreign invasions.

Justice

- Public services of justice must be performed by independent judges which are respected by the society.
- Personal qualities of judges: strength, wisdom, prudence, maturity comes with age.

Public Works

- Infrastructure projects that facilitate commerce and education: roads, bridges, canals, harbours, paving, streetlights, etc.

Education

- A core curriculum of science, philosophy, math, physics, mechanics, sports, the arts, to sharpen the mind of all.
- Religious education is important

Dignity of the nation

- The rulers of a country (in the case of Smith, were the monarchs) require to be paid by the government
- Public servants should be paid by results or good performance.



• Smith believes that the free-market economy is successful only if crucial rules are respected: only when property is secure, and contracts are honored.

• The maintenance of justice and the rule of law is therefore vital.



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The Wealth of Nations Book 5.

The financing of the state or its sources of funds should be taxes. Smith distinguishes two type of taxes: general (federal) or local (state). Each source of taxes must pay different expenses...

Sources of Funds and Expenses of the State

Book 5

General Taxes

- The administrative and supervisory personnel of the ruler
- Criminal Justice system
- Defence staff/army
- General public infrastructure, including public schools.

Local or City Taxes

- Local or provincial expenditures

Citizens

- Civil proceedings
- Teachers at public schools (at least partially)
- Cost of infrastructure as good roads should be paid by user fees (tolls or peages)

The principles of taxation

1 People should contribute in proportion to the income that they enjoy under the security of state protection

2 Taxes must be certain, not arbitrary.



3 Taxes should not be inconvenient to pay.

4 Taxes should not discourage industry, not destroy capital investments. They shouldn't be so onerous to encourage evasion. They should be easy to collect.

• Smith opposes taxes on consumption but supports taxes on luxuries- He advises to pay tax in proportion of income but wants the rich to pay more than that.



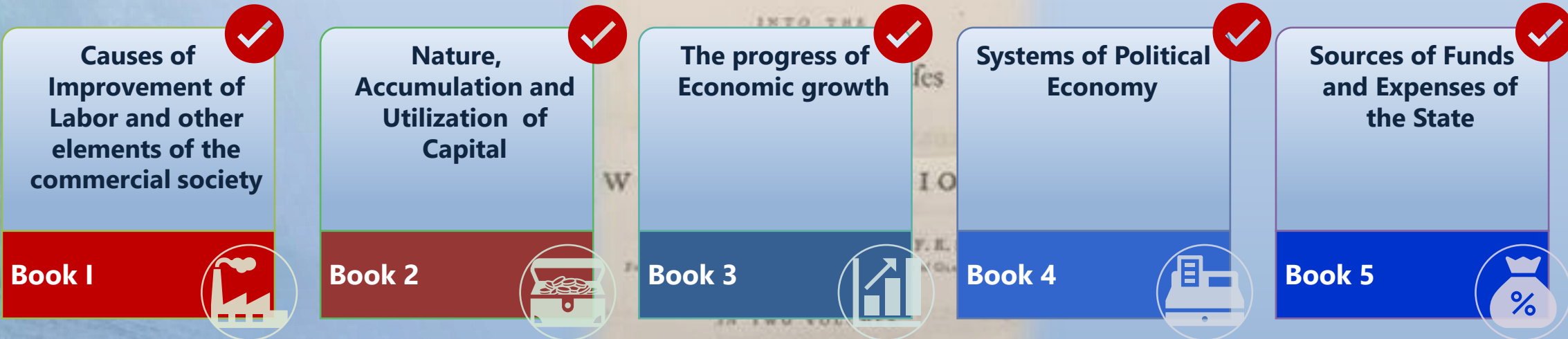
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Season 2
Spring/Summer Saga 2023

***The Wealth of Nations synthesis.
Let's cognize!***

We encourage you to read the original version of The Wealth of Nations, and compare it with a new one that has been translated from Ancient English of the 18th Century to our current English business terms. Relate both versions. It will take you at least an effort of a whole year (12 months).





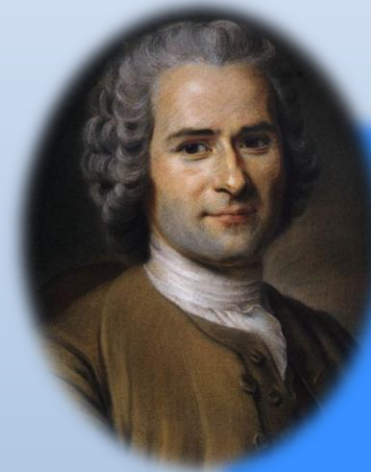
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Our next chapter will be Jean-Jacques Rousseau

- Leg 6 will start on Thursday June 8th. The route has been designed to go from Aarhus to Kiel Fly-By and then go back in direction to the Hague.
- Leg 6 will be of a duration of 3 days only, so the fleet will arrive on Sunday 11th, the latest.
- Take Notice: We are going to publish about Rousseau on Sunday 11th.
- Many blessings and thank you for reading to me.



<https://www.theoceanrace.com/en/route/leg-6>