



# Remarks from 1809 by Dupont de Nemours on Adam Smith

Pierre-Samuel Dupont de Nemours  
translated by Frederic Sautet

[LINK TO ABSTRACT](#)

## Preface

by Dan Klein and Frederic Sautet

Here we provide a translation of some remarks about Adam Smith by Dupont de Nemours from 1809. During Smith's time in France (1764-66) the two men met and interacted. Published 18 years after Smith's death, the remarks repeatedly suggest that Smith, in writing *The Wealth of Nations*, engaged in what might variously be called hedging, moderating, compromising, bargaining, strategizing, being tactful, or even fudging, dissembling, or dissimulating. Dupont made his remarks as commentary placed within the collection of Turgot's work that he edited. The remarks say little about Turgot, and come across as a rather gratuitous speculation on Smith's fudging. McLain (1977, 216n45), Ross (1995, 214), and Rothschild (2001, 66-67) have noted that Dupont here suggests that Smith moderated his support for liberalization, or at least wrote of certain taxes as less unfavorable than he really thought.

Dupont's remarks from 1809 make a good companion to his letter to Smith twenty years prior, 19 June 1788, a letter only recently translated. Prasch and Warin (2009) take as the title of their translation and discussion a line from the letter, "Il est encore plus important de bien faire que de bien dire," or: It is more important to do well than to say well. The piece by Prasch and Warin, containing the 1788 letter, is available [online](#) (and [here](#) is the letter in the original French), and we

recommend it to anyone interested in Smith or in the compromising nature of political and economic discourse.

Dupont's 1788 letter to Smith accompanied a copy of a pamphlet that Dupont had recently published. Dupont explains to Smith that the "bright light" of political economy must be dimmed when "we announce to our traders, to our producers and to the cream of our civil administrators that it is useless and dangerous to give specific encouragement to firms and the export of their products." "By assaulting their eyes with a bright light, we would reconstitute their blindness." Thus, Dupont asks, "I hope you will forgive the deficiencies of my work that are not unknown to me and some of which were voluntarily committed" (Prasch and Warin 2009, 69).

Prasch and Warin (2009) and Rothschild (2001, 55, 271n29) show quite convincingly that this letter influenced Smith's additions to *The Theory of Moral Sentiments* contrasting the man of public spirit and the man of system. In the material translated here, we see Dupont returning to the "bright light" metaphor, ascribing to Smith the same kind of fudging he had confessed to Smith in 1788.

The literature on Smith has ample discussion of whether he fudged his views in the matter of religion—for example, Bittermann (1940) suggesting "an element of deliberate deception in Smith's remarks about religion in the *Moral Sentiments*" (710). But discussions of Smith fudging his policy views, though hinted at by Dugald Stewart, have been less developed. A recent exploration is represented by the dissertation work of Clark (2010, 2011).

Prompted by the splendid contribution of Prasch and Warin, we offer an English version of Dupont's 1809 remarks with minimal commentary. Dupont's economic argumentation here is poorly expressed and often dubious at best. We are inclined to think that Dupont pronounces Smith's compromises somewhat too eagerly, and somewhat too extravagantly; Dupont's remarks might reveal as much about Dupont as about Smith. But readers might find Dupont's remarks useful in interpreting Smith's words.

**About Dupont de Nemours:** The following biographical information comes from Mossner and Ross (1977, 311n1): "Pierre-Samuel Dupont de Nemours (1739-1817), philanthropist, economist, Deputy to the National Assembly, and translator of Ariosto. He impressed the *économistes* by his *Réflexions sur l'écrit intitulé: Richesse de l'État* (1763), and publicized Quesnay's system in frequent articles for two journals he edited: *Journal de l'agriculture* (1765-6) and *Éphémérides du citoyen* (1768-72), also he published Quesnay's writings together with an



analysis in *Physiocratie* (1768). His treatise *De l'origine et du progrès d'une science nouvelle* (1767) and the *Tableau raisonné des principes de l'économie politique* (1775) are among his important contributions to the literature of economics. He became the friend and confidant of Turgot and served under him in the French Government, 1774-6; later he wrote memoirs of Turgot (1782), then enlarged these for an edition of Turgot's complete works (1808-11). As a practical politician he took part in the early stages of the French Revolution, but his views clashed with those of the Jacobins, and after running a clandestine press he was imprisoned, surviving this period solely as a result of the fall of Robespierre. In 1799 he emigrated to the United States and a year later, at Jefferson's request, he prepared a plan for national education. At this time his son, Eleuthère Irénée, set up a gunpowder mill in Delaware, thus founding the family chemical industry. The father returned to France in 1802 to assist in the negotiations for the Louisiana Purchase, and was active in bringing down Napoleon's regime in 1814, but a year later returned to America where he died."

**About the 1809 text:** Between 1808 and 1811 Dupont edited *Oeuvres de Turgot* and published them in nine volumes. The text translated is Dupont's commentary on Turgot's *Réflexions sur la Formation et la Distribution des Richesses*, and immediately follows that work. We have taken the text as found in a subsequent version of Turgot's collected works, edited by Eugène Daire and Hippolyte Dussard, a version that reproduces Dupont's commentaries, Paris, Guillaumin, 1844. The text is available online [here](#), at pp. 67-71.

**About the translation:** Frederic Sautet did the translation. Dupont's original text reads as though it were written hastily. The translation places faithfulness above enhancing clarity. Instead, we tried to enhance clarity by inserting clarifications in brackets [like this]. When we wish to put the clarification in our own voice we precede it with "K&S" for Klein and Sautet (as opposed to "Eds.", which a reader might read as Daire and Dussard).

**About the difficult discussion of taxation:** Where Dupont writes "The only criticism..." he embarks on matters that are difficult for us to make sense of, matters of what Smith said about taxation, of whether Smith makes sense, whether Dupont represents him fairly, and whether Dupont's analysis makes sense. We do not attempt to sort matters out, but the following notes may be useful:

1. Smith writes: "By necessaries I understand not only the commodities which are indispensably necessary for the support of life, but whatever the custom of the country renders it indecent for creditable people, even of the lowest order, to be without" (WN, 869.3—meaning page 869, paragraph 3). He then says: "All other things I call luxuries..." Thus, "luxuries" for Smith are simply non-necessaries.

2. It is important to recognize the population mechanism in Smith's theorizing of the taxation of necessities—presumably, Smith holds that the employer feels impelled to employ only “creditable” people. When Smith says that consumption taxes on necessities lead to corresponding increases in nominal wages (871.4), his period of analysis is at least the duration between human generations. Dupont, it seems at points, loses sight of that, and works from a shorter period of analysis.
3. In Smith's reasoning, the taxation of “luxuries” tends not to raise wages, because they do not figure into the population mechanism (871.6-9).
4. From our reading of Smith, we might say that Dupont's representation of Smith's Book V judgment on British taxation of “luxuries” is one-sided. Yes, Smith sometimes endorses or excuses the practice (871-873; see also 936.75), but Smith later devotes several pages (896-990) to how “[t]axes upon luxuries...offend in every respect the fourth” maxim of taxation, in that “[s]uch taxes, in proportion to what they bring into the publick treasury of the state, always take out or keep out of the pockets of the people more than almost any other taxes” (899.60-61).
5. Dupont argues that taxing “luxuries” leads to an increase in nominal wages via the following mechanism: Laborers find that their real wage is reduced, and hence less readily seek work, reducing the competition among workers, and leading to higher wages. The 1844 text includes a footnote, which we have translated and reproduced, by editor Hippolyte Dussard that criticizes Dupont's reasoning.

We see a certain irony in that Dupont, who was inclined to look between the lines, focused mainly on Smith's discussion of certain consumption taxes. The tax that Smith in fact seems most enthusiastic about is some kind of land-value or ground-rent/“geo-rent” tax (Foldvary 2005), but his arguments for it are oddly dispersed, occurring principally at 832-34, 840-44, 848-50, 934.70. Interestingly, when Smith first describes the tax that he feels should “be established as a perpetual and unalterable regulation, or as what is called a fundamental law of the commonwealth” (834), that is, the discussion on pages 832-34, he avoids altogether the word “ground-rent,” which then surfaces prominently from 840ff. In this fashion he never confronts the radical nature of the proposal, but, rather, remarks nonchalantly that “such a system of administration” does not appear likely to occasion any inconveniency to the landlord “except always the unavoidable one being obliged to pay the tax” (834). That Smith may have fudged on the matter is suggested by Henry George (1887, 8-9, 14, 292; 1898, 160-69, 182), although George seems to understate the degree to which Smith wrote favorably of ground-rent taxation.

Now we turn to Dupont's 1809 commentary.

## Some comments on the points of agreement and disagreement between Smith and Turgot

by Samuel-Pierre Dupont de Nemours

This eternally classical work [Turgot's *Reflections*], which was written nine years before Adam Smith's famous magnum opus and published five years before the time when Smith set to work on his own, shows how the two authors [Turgot and Smith] are in complete agreement on the following points: the principles of agriculture and commerce; the progress of society due to the division of labor (including the advantages that resulted from that division and will result from it in the future); the composing elements of the prices of goods, including design and marketing; the introduction and the usefulness of money; the formation of capital; the distribution and use of capital; the effect of IOUs when they are of repute; the interest rate on monetary credit; the necessity to leave commerce and social norms absolute freedom.

They differ chiefly in the sense they give to the notion that some works are *wealth producing* when they are only *conservative* [of the wealth] and help in the accumulation of capital.

Indeed, *accumulation* should not be confused with *production* by such a mind as that of Smith.

He makes the not well-founded distinction between the type of works that produce goods for durable consumption, which he sees as being the only productive ones because they stabilize the value of the worker's total consumption, and those that produce goods for immediate consumption and which do not create much satisfaction in the long run.

If one admits that distinction, then one may be led to conclude that the work of a music composer whose work is printed and kept is always productive, whereas that of a gardener who produces fruits for immediate consumption is not.

It wouldn't have been necessary to insist on that point.

Philosophers and statesmen who are worthy of reading Smith's work and know how to admire it will understand.

This is especially true since his mistake is mostly in the expression and does not take away the general beauty of Smith's doctrine, as it does not affect Smith's fundamental principles of freedom in commerce and labor. The only criticism that can be leveled against his work is a weakness or perhaps some complacency, in the second section of the second chapter of his fifth book [K&S: Dupont presumably means especially V.ii.k, "Taxes upon consumable Commodities," 869-906], with

the vices of English public finance, and the inconveniencies, the dangers, and actual negative impacts of its taxes.

It appears that he may have been frightened that the severe judgment implied in his book would upset the numerous perceptions in England that contribute to reduce freedom in matters of labor, commerce, but also in more mundane and innocent actions that a citizen in the republic of Great Britain should enjoy in the privacy of his own home; as well as the abuses that these opinions create.

After having shown in his first four books how these opinions were contrary to wealth creation, he must have wanted to show that they were not so destructive after all.

He went as far as saying, in a surprising way for a genius like him, that [K&S: the following words attributed to Smith are not an actual quotation; Dupont has perhaps in mind 871-873, and possibly 936.75] “taxes on consumption, especially taxes on sugar, tea, beer, and tobacco, do not increase wage rates; they [those taxes] have the same effect as luxury laws [taxes on luxury goods]; and through forced frugality, they even turn out to be advantageous for the wage earner’s family.”

His skilled French translator, Senator Germain Garnier, has already refuted Smith’s mistakes, which were not and could not have been the result of his great mind, but rather a sacrifice to popular opinion, a sacrifice that he thought was useful in his homeland. — Under the circumstances in which he found himself at the time (and in which his government is still to be found), he thought that in order to maintain public peace, one should not assault infirm eyes with a bright light turned too directly towards them.

Smith’s tact did not fit the state of English public finance, and we do not believe that it was as useful as Smith thought it would be. — Errors are not only detrimental to those who commit them but also to their neighbors. We [the French] are the neighbors of the English, and we also have a fatherland. [K&S: that is, Smith’s errors produce mischief in France, where his writings are also influential]

Luxury laws prohibit freedom. No one has shown it as well as Smith did: such laws weaken social conventions and stop or slow down labor’s efforts and the incentives to work. — Is there any resemblance between scarcity caused by poverty and the injunctions caused by such laws, which affect consumption of product of low utility or for pure pleasure? To think of these two categories in the same way is to be rather inexact. And what should we think when this confusion happens to a writer like Smith who is normally extremely specific and exact?

Goods for mundane daily consumption cannot be thought of in the same way as luxury goods, which don’t fulfill real needs and over which luxury laws apply, but which must be discouraged through the example of statesmen, social norms, and not by legislation.

Consumption taxes are generally levied on goods that are necessary to everyone, and especially to the poor, because taxes that would be levied on luxury goods would not pay for their enforcement costs.

Forced frugality cannot be beneficial to the family that is reduced to it.

England's social mores and climate make beer and tea primary goods, including for those in great poverty. And in every country, people know that the habit of smoking tobacco can become an addiction.

Even if the laborer's consumption was less general and less necessary, isn't it a principle demonstrated by Smith that the laborer works only to obtain his wage, that is, the capacity to obtain what competition from other laborers enables him to get?

If some authority seizes temporarily a portion of that income, the entrepreneur may increase the laborer's income to compensate him for that lack; this increase, in addition to the reimbursement of the amount he [the laborer] was forced to pay in taxes, should also compensate him [the entrepreneur] for the trouble, the embarrassment, and the costs of being constrained to advance the money. The only condition that cannot be violated is the integrity of one's income or what competition enables one to get.

If we were to imagine circumstances that would make possible the taxation of a portion of the wage destined to the laborer's enjoyment, it would follow that competition to obtain that salary would decline, which would force again the entrepreneur to compensate the laborers.

And it remains obvious that the less the laborer gets taxed on his consumption, the fiercer the competition among laborers will be, and the more each of them, being assured to enjoy his present state, will be satisfied with what he can obtain without asking for a greater wage.

Smith gets by only by stating a fact that appears sensible only when it is poorly examined; and he was one of the most capable men to examine and discuss a fact: "wages, he said, have not been increased in England since taxes were introduced and increased, which confiscated part of the proceeds." [K&S: again, the words attributed to Smith are not an actual quotation and perhaps correspond to words at 871.6]

What does it prove? — This state of affairs has two causes.

On the one hand, the increase in the population, which has been important and certainly does not come from taxes on consumption, has, with the help of a strengthened competition, reduced the laborers' desire to demand higher salaries. On the other hand, improvements in arts and the division of labor have reduced the production costs of many of the goods that laborers use, and have helped them keep more or less the same real standards of living, in spite of a portion of their wages being diverted away.

But if wages were not taxed, it is clear that competition restraining the wage to the laborer's needs, that is to say what the laborer really obtains from his wage, this wage would reduce in an amount at least similar to the tax itself.

Taxation [K&S: of "luxuries"] thus increases the wage.

Smith seen in private, in his room or in that of a friend, as I saw him when we were co-disciples at Mr. Quesnay's, would not deny that view.

He who reasoned so well, didn't reason in favor of the kind of taxes that his country used exaggeratedly [K&S: that is, "luxury" consumption taxes]. He only states the following vague idea: *England prospered*. He knew better than anyone else that England prospered in spite of it [such taxation] and not because of it.

The last part of his fifth book, in great opposition to his own doctrine and to the rest of the book, could be summarized in those terms: "In spite of what I proved against the obstacles to development, industry, work, the free use of capital, and the ease of communication, the inadequate English tax system, which local circumstances render less confiscatory than similar systems in other countries (proposition that he has not proven), has not hampered the progress, even rapid, in the accumulation of riches witnessed in my nation." [K&S: again, not an actual quotation; the ideas perhaps correspond to material at 899.66-900.69, 929.58]

No one more than he would have calculated what general progress and wealth would have been without those obstacles.

As soon as a nation witnesses the formation of capital and land becoming arable, it is impossible not to witness wealth and progress. It's easy to understand.

No work can be done without the worker being paid enough to maintain a level of subsistence and to maintain his capital.

No capital can be used in production or to pay laborers without the capitalist being reimbursed for the principal plus interest; for no one would want to advance any capital without making a profit.

When land is arable, the one who has some capital that he can use to buy land will not allocate his means to another use if he cannot make a profit at least equal to that he could make in land.

No good can be produced, no merchandise can be made, and none of them can be sold without their price ensuring an interest for the capital advanced by the capitalist.

But all the laborers and the maintenance of all the capital goods and plants are necessarily paid from the proceeds of sales, payments made before the interest has been paid; thus there is always in every business venture that survives the profit of the capitalist, and in addition to his personal remuneration for his work, an interest paid on the capital that he advanced and which he could not renounce without renouncing to his venture. If the capital generates enough interest beyond what the



capitalist invested, the capitalist can enjoy his capital with the interest accumulating along with the principal and thus progressively growing.

This is what Mr. Turgot established with the greatest accuracy in his paragraphs 57-63, 67, 68, 71, 72, 87-90, and 92.

The power of compounded interest to increase capital, to reduce the interest on monetary credit, to offer new means to start useful businesses, and to ceaselessly perfect work, is such that the greatest errors of governments, or even the horrors of war, when they are not a devastation of barbarians, can only rarely hamper riches; and the use of science thanks to the accumulation of riches, and all the practical progress in daily life that results from it, increase from centuries to centuries the affluence and happiness of humankind.

From the wealth of a nation that increases, or at least does not diminish, one should not infer that its government is without fault. It can only be said is that it is not bad enough to bring about a retrograde trend to the all the ventures or at least to the most useful ones.

The laws of nature and the goodness of Providence fight, generally with success, against the follies and even the crimes of men; they mend their sad consequences. What will it be like when men become enlightened enough not to hamper, or only slightly, the laws of nature, and to enjoy peacefully and thankfully the blessings of heaven!

### **Footnote by the 1844 editor Hippolyte Dussard:**

This note by Dupont de Nemours presents a very interesting critique of Adam Smith's opinion on the effect of indirect taxation on wages [K&S: that is, taxes on consumption]. Turgot and Dupont de Nemours were strong supporters of direct taxation [K&S: that is, taxes on income and capital]. They correctly believed that consumption taxation is an impediment to wealth creation; and Dupont explains perfectly that this tax, to be productive, must be levied, not on luxury goods, but on bare necessities, or (and this is the same), on general goods.

We believe this antipathy [to indirect taxation] has gone too far. Some goods are taxable in essence, and among those are tobacco products. — Following Dupont's advice, we would obtain this result: tobacco products could be taxed as long as they are not widely consumed, but once they become part of general consumption, they couldn't be taxed anymore.

What Dupont de Nemours adds, when he explains that the entrepreneur must increase the laborer's wage when the latter is taxed, proves that he didn't have a very clear theory of wage determination; for this is not the way it is determined. The wage only depends on the portion of capital dedicated to labor. Wages are higher when laborers, compared to the amount of capital, are fewer; and it is lower

in the opposite situation. If taxation destroys part of that capital, wages will necessarily go down, not up.

This conclusion, that [consumption] taxation increases wages, is not founded, and it would be more exact to say that consumption taxation, by *increasing* prices of essential goods, limits the laborer's consumption potential, and thereby reduces production, and brings more labor force on the market. — This is not, however, a cause for wage increase.

As to the end of the note, regarding the use of capital and the increase in wealth, it is perfect. [K&S: thus ends Dussard's footnote on Dupont's comments]

## References

- Bittermann, Henry J.** 1940. Adam Smith's Empiricism and the Law of Nature: II. *Journal of Political Economy* 48(5): 703-734.
- Clark, Michael J.** 2010. Adam Smith's Approach to Public Policy: Astounding Deviation or Artful Moderation? Working paper. [Link](#)
- Clark, Michael J.** 2011. The Virtuous Discourse of Adam Smith: A Liberal Regard for Prevailing Prejudice. *Mercatus Center Working Paper* No. 11-16. George Mason University, Fairfax, VA. [Link](#)
- Foldvary, Fred E.** 2005. Geo-Rent: A Plea to Public Economists. *Econ Journal Watch* 2(1): 106-132. [Link](#)
- George, Henry.** 1887. *Protection or Free Trade*. New York: Henry George. [Link](#)
- George, Henry.** 1898. *The Science of Political Economy*. New York: Doubleday. [Link](#)
- McLain, James J.** 1977. *The Economic Writings of Du Pont de Nemours*. Newark: University of Delaware Press.
- Mossner, Ernest Campbell and Ian Simpson Ross.** 1977. *The Correspondence of Adam Smith*. Oxford: Oxford University Press.
- Prasch, Robert and Thierry Warin.** 2009. 'Il est encore plus important de bien faire que de bien dire': A Translation and Analysis of Dupont de Nemours' 1788 Letter to Adam Smith. *History of Economics Review* 49: 67-75. [Link](#)
- Ross, Ian Simpson.** 1995. *The Life of Adam Smith*. New York: Oxford University Press.
- Rothschild, Emma.** 2001. *Economic Sentiments: Adam Smith, Condorcet, and the Enlightenment*. Cambridge: Harvard University Press.
- Smith, Adam.** 1981 [1776]. *An Inquiry Into the Nature and Causes of the Wealth of Nations*. Ed. R. H. Campbell and A. S. Skinner. Indianapolis: Liberty Fund.

## About the Author

**Pierre-Samuel Dupont de Nemours:** Please see the bio and photo contained in the Preface to this piece.

## About the Translator and Preface Co-author



**Dr. Frederic Sautet** is an economist affiliated with the Mercatus Center at George Mason University. He has a wide professional experience that includes strategic management in Europe, public policy in New Zealand, and teaching economics at NYU and GMU. He has mostly published in the fields of entrepreneurship theory, cluster policy, competition law, and the theory of the firm. He is the co-editor with Peter Boettke of *The Collected Works of Israel Kirzner*, published by Liberty Fund.

He is currently doing research on the economics of self-enforcing contracts and is also studying theology. He is a contributor to French economic newspaper *La Tribune* and other media outlets in the U.S. and New Zealand.

[Go to Archive of Watchpad section](#)

**Jt** Discuss this article at Journaltalk: <http://journaltalk.net/articles/5727/remarks-from-1809-by-dupont-de-nemours-on-adam-smith>