



THE BEST ARGUMENT FOR LETTING AMERICA GO? A POLYMATH NAILED IT.

By Nick Bunker

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If the crisis in America could have been resolved by words alone, Britain might have won an easy victory. In March 1776, while the redcoats remained under siege in Boston, a torrent of copy about the colonies continued to flow from the printing press in London.

Every notable British writer felt obliged to take a stand for or against the American cause and on the rights and wrongs of war. On March 9, there appeared the weightiest contribution of all, and the only one still widely read today.

The work of a shy, studious bachelor in his early 50s, the book ran to almost 1,100 pages. It was "An Inquiry into the Nature and Causes of the Wealth of Nations,"

by Scottish polymath Adam Smith. Some 12 years in the writing, it became the founding text of modern economics.

In search of the sources of prosperity, the book traced them back to free trade, free markets, and what Smith called “a certain propensity in human nature ... to truck, barter, and exchange one thing for another.” “The Wealth of Nations” also contained, in a chapter titled “Of Colonies,” the era’s most profound critique of Britain’s imperial delusions.

Europe’s empires in America had their origins, Smith wrote, in “folly and injustice,” the thirst for gold that led the conquistadors to Mexico and Peru. Smith thought British colonies to be the best of a bad lot, “only somewhat less illiberal and oppressive than that of any of the rest.” Elsewhere he called the imperial system “invidious and malignant,” a waste of money. “Great Britain,” he added, “derives nothing but loss from the dominion which she assumes over her colonies.”

The fiscal arithmetic was simple. Even in peacetime, most of the cost of Britain’s administration in America, civil and military, had to be paid for with money sent from London. Less than one-fifth of it was financed with customs duties that Americans paid — and even if the war were won, Smith reckoned, little more could be extracted from “turbulent and factious subjects” embittered by defeat. The war’s political opponents in London had already said much the same, but Smith’s analysis was by far the deepest.

Even if a shot had never been fired at Lexington, the colonies would have been central to “The Wealth of Nations.” Smith saw America as a vast experiment in the making of affluence. In some of the colonies the population was doubling every 25 years, making America the world’s fastest-growing economy. Immigration was part of the explanation, but for Smith it was less a cause than a consequence of America’s dynamism.

The food supply was the principal ingredient for success. In America, where wages were high, taxes low and the land cheap, Smith beheld a nation of enterprising farmers producing far more than they consumed. All they needed was free trade and an open market for their grain, meat and rice in Europe, and the Americans could sustain their prosperity indefinitely.

But Britain deprived them of it. Two institutions stood in the way of progress. One was slavery, which Smith abhorred on moral grounds but which he also saw as an enemy of growth, since slaves had no incentive to maximize their output. The other was Britain's colonial order.

The empire was a monopolistic system of the sort Smith detested, forcing America's trade to flow through British seaports and making the colonies a captive market for British factory goods. Worst of all, the colonial system corrupted the mother country by diverting British capital into rigged markets. Smith argued that, freed from protectionism, investment would have flowed into innovation at home and peaceful trade with Britain's European neighbors. Instead, the system led to inefficiency and war.

Ironically, the book's fiercest critics were pro-American radicals in London. They believed Smith reduced the American question merely to pounds and shillings. Others found the book too dense, with one reviewer calling it a "multitude of promiscuous facts." Even Smith's admirers thought it was too demanding for a wide readership.

And yet "The Wealth of Nations" is the British book from the American crisis that has endured. Much later, in the early 1900s, the 1930s and again after World War II, British opponents of imperialism would revive Smith's arguments. They retained their relevance even in the Brexit era.

In the book's final sentence Smith warned that if Britain could not achieve a just and lasting peace, the nation ought to withdraw from America forever and "endeavour to accommodate her future views and designs to the real mediocrity of her circumstances." Britons in the 2020s might read those words with a pang of recognition.