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The Adam Smith thesis

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FLORIDA INTERNATIONAL UNIVERSITY

Miami, Florida

THE ADAM SMITH THESIS

A thesis submitted in partial fulfillment of the
requirements for the degree of

MASTER OF ARTS

in

HISTORY

by

Christopher W. Calvo

2002

To: Dean Arthur W. Herriott
College of Arts and Sciences

This thesis, written by Christopher W. Calvo, and entitled The Adam Smith Thesis, having been approved in respect to style and intellectual content, is referred to you for judgment.

We have read this thesis and recommend that it be approved.

Lara Kriegel

Brian Peterson

Kenneth Lipartito, Major Professor

Date of Defense: July 22, 2002

The thesis of Christopher W. Calvo is approved.

Dean Arthur W. Herriott
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Florida International University, 2002

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ABSTRACT OF THE THESIS

THE ADAM SMITH THESIS

by

Christopher W. Calvo

Florida International University, 2002

Miami, Florida

Professor Kenneth Lipartito, Major Professor

The object of this thesis is to present a reinterpretation of Adam Smith's philosophy. It works to show the pessimistic character of his thought that is so often overlooked by conventional analyses. The skepticism Smith holds for man can be seen in his theories on the accumulation of knowledge, morality, economics, and human progress. By emphasizing Smith's theory of man's subjugation to the natural order, an alternative interpretation is given of liberal economics. The role of God in Smith's philosophy will be shown to serve two purposes. God serves as Smith's final line of explanation, and it also provides humanity beneficial results through unintended outcomes.

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Preface

Exercises in intellectual history often find their genesis in contemplation over one of history's remarkable thinkers. In this case that thinker was Marx. Learning about Marx can be an overwhelming experience; it was for me at least. Regardless of my unfamiliarity with the philosophy, I noticed the unmistakable contempt he held for Adam Smith. My immediate interest was sparked. Minimally educated in the school of political economy, and even less in the history of the Enlightenment, I assumed Smith was a statesman, maybe an American President, perhaps a founding father. The publication date of *The Wealth of Nations* confirmed my ignorance. A few years later I was directed to his treatise on morality. This did not help to clarify Smith's relationship with communism. Finally I decided to confront his work on economics. One thousand pages and 500,000 words later the dissimilarities between Marx and Smith were clear. Like many students of Western thought, I found it difficult to examine Smith free from any presumptions. Well before I had any understanding of Marx or Smith, I had developed my own juvenile theories of the world Smith supposedly represented, some favorable, others not. This world, of course, is that of economic liberalism. To this day my biases persist. My reasoning of Smith is informed by experiences that have helped to shape my personal "economic man." My family, my schooling, my checking account- all have helped determine my interpretation of Smith. But in accordance to my discipline, objectively I set out to offer an explanation void of any liberal sentiments.

That said, the correspondences, lectures and published materials of Smith represent a gem of enlightened thought. Like many of his contemporaries, Smith was a

worldly scholar. He was a philosopher during the great age of disenchantment. It was a time when intellectuals endeavored to sharpen their knowledge of all fields. Before Smith became *the economist*, he studied moral philosophy, psychology, sociology, anthropology, rhetoric, language, astrology, offering, in varying degrees, unique contributions to each one of those fields. Western learning had not yet become specialized, so intellectuals followed programs of diverse study. As we know, modern academics are quite different. Exploring the literature written on Smith elucidates this point nicely. These analyses are voluminous, almost intimidating, and definitely problematic for the individual who wishes to contribute an original argument. Thankfully, the history of ideas develops in such a way as to suit the needs of new students. Thus making this task at the least attemptable, and what follows below is if anything, evidence of that.

Introduction

“Call me simply Adam Smith without any addition either before or after.”¹

History has not at all been accommodating to this request. On the contrary, scholars have been quite insistent in labeling Smith. We can be assured that Smith would have been more modest than the average commentator; he probably would have preferred to be remembered as a moral philosopher. The Adam Smith that most of the world knows is the man who was the first to present the techniques of modern economic analysis. He is equally considered the first advocate for economic liberalism. Just a couple examples bear this out: “Adam Smith will always be quoted as the great authority of Anti-Protectionism.”² “The birth of economics as a science is usually placed at 1776 the year Adam Smith wrote *The Wealth of Nations*.”³ We can generalize with some accuracy that for over 150 years, much of the work dedicated to Smith followed in a single pattern: that which presented him as the champion of economic liberalism. This allowed for a number of things. First, scholars could focus on the economic tract and escape having to deal with *Das Adam Smith Problem*, “a pretty term” used to describe the divide between *The Theory of Moral Sentiments* and *The Wealth of Nations*.⁴ Many of the economists who studied Smith avoided anything other than analytical examinations of his work, thus evading troubles that could arise from philosophical considerations. Smith’s philosophy, in light of such

¹ *The Correspondences of Adam Smith*, ed. Ernest Campbell Mossner and Ian Ross (Oxford, 1977), p. 122. Written to Smith’s publisher William Strahan during the winter of 1766-67 concerning the title pages of the 3rd edition of *The Theory of Moral Sentiments*. From here abbreviated *Correspondences*.

² E.G. West, *Adam Smith* (New Rochelle, N.Y., 1969), p. 204.

³ Salim Rashid, *The Myth of Adam Smith* (Cheltenham, U.K., 1998), p. 13.

⁴ Jacob Viner, “Adam Smith and laissez-faire” in *The Long View and the Short* (Glencoe, Ill., 1958), p. 216.

superficial readings, even today, is still characterized with simple terms such as free-market, division of labor, and self-interest. Other disciplines share some of the blame too, and by just barely scratching the surface, shallow interpretations left Smith's work rigidly divided.

This problem persisted roughly from the time of Smith's death in 1790, to the depression years of the early twentieth century. The scholarship on Smith remained devoted to interpretations that presented Smith as the *avant-garde* of liberal economics. In 1927, however, Jacob Viner published his famous essay "Adam Smith and laissez-faire." By arguing the incompatibility of Smith's principal works, Viner made little progress at solving *Das Adam Smith Problem*. Still, his study laid the foundations for the revisionist school of Smithian scholarship. No longer could Smith legitimately be labeled simply as a "liberal economist." True, the argument could still be made that Smith advocated what we call a free-market economy, but Viner, by illuminating points that contradict that claim, introduced a new line of discussion on Smith's economic work.

Viner not only popularized the idea that there exists elasticity in Smith's thought; he also pointed to the need for scholars to recognize that what they saw in Smith was in fact "economic liberalism", despite the efforts of contemporary scholars who might want to alter the term. More importantly, Viner, referred to by one Smithian scholar as "the finest economist to do history," advocated the need to broaden the questioning of Smith's works.⁵

⁵ Salim Rashid, *The Myth of Adam Smith*, p. 5. Rashid and many revisionists base much of their argument on Viner's essay. Schumpeter has also been a leading figure in influencing the revisionists. Viner probably offers the most entertaining comments on Smith, some of which I agree with, others not so much. The bigger point Viner makes in an essay delivered at the first assembly of the Economic Institute of the Chamber of Commerce in January 1947, see Viner's "The Role of Costs in a System of Economic Liberalism" in *The Long View and the Short*.

To expand the analyses and include not only Smith's more popular treatise on wealth, but also those that deal with his broader social philosophy. My work will build upon Viner's insight. It presents Smith as not only a philosopher of economics, but also of human and social affairs in general. It recognizes that economic liberalism, or at least what this notion typically represents, can be found in the totality of Smith's works, not only his work on economics. This thesis breaks from Viner's article in that it recognizes the continuum of thinking throughout Smith's philosophy. More specifically, it argues that the constancy of Smith's thought was cemented in pessimism.

In the years leading to the bicentenary anniversary of *The Wealth of Nations*, Viner's became the conventional interpretation. Building on Viner's work, Joseph Cropsey's *Polity and Economy* motivated a new debate concerning Smith's philosophy. Cropsey was able to incorporate Smith's broader philosophical principles into an analysis of all Smithian materials. He concluded that Smith advocated liberal economics because it *made* freedom possible, not because it *is* freedom. Cropsey was one of the first to acknowledge the gloomy, almost cynical view Smith held of humanity. Cropsey also tells his readers that Smith's concept of natural progress is one that does not assure an advantageous outcome for humanity.

J. Ralph Lindgren followed suit by broadening the spectrum of topics related to Smith. He observed Smith to be "a philosopher in the most comprehensive sense."⁶ Emphasizing the themes found in *The Theory of Moral Sentiments* and *Essays on Philosophical Subjects*, Lindgren elaborates on the psychological aspects of Smith's

⁶ J. Ralph Lindgren, *The Social Philosophy of Adam Smith* (The Hague, 1973), p. 18.

philosophy. From Lindgren this study borrows the idea that Smith believed individuals follow, in whatever fashion, the methods that are most conducive to their ability at understanding the material world. This thesis also takes Lindgren's suggestion that Smith's theory of historical materialism comes from his analysis of the way humanity perceives the world around it, and it also emphasizes Smith's belief that man's perceptions are entirely arbitrary.

Building on the works of Cropsey and Lindgren, Donald Winch offered *Adam Smith's Politics: An Essay in Historiographic Revision* in 1978. Winch was concerned chiefly with Smith's political ideas. Winch disputed the idealized notions of mankind so often attributed to Smith's philosophy. He identified skepticism as a key element in Smith's theory of natural progress. Winch also identified the cynicism that surrounds Smith's description of commercial society. Wealth, specialization, and improvement, Smith believed, were not the true sources of happiness.

Like the man I plan to interpret, this work starts and finishes from observation alone, and is decidedly eclectic, building upon many of the ideas already mentioned and adding to the wider body of scholarship dedicated to Smith. It differs from its predecessors in a number of ways. My interpretation stresses the role pessimism plays in Smith's thought. The patronizing reflections Smith reserves for humanity can be seen beginning with his theory of knowledge accumulation. Smith emphasizes our inability to accurately assess "natural appearances." He recognizes the improbability that humanity will ever understand "real knowledge." In doing so, Smith admits to his readers that his confidence in mankind is lacking even in this most rudimentary of human activities. Though the traditional interpretations of Adam Smith consistently overlook this matter, the fatalistic

tone characteristic of Smith's analysis permeates throughout the entire corpus of his literature.

Further verification of Smith's cynical approach is found in the belief that an individual's efforts are most beneficial to his cause when he is oblivious to nature's intent. This idea is an extension of Smith's theory that humanity lacks the proper faculties to accurately observe nature. It is this precept that guides much of Smith's philosophy; thus his contempt for all man-made systems of thought. What rescues humanity from a wasteful, ignorant life, and what overshadows Smith's cynical, remorseless outlook, is the role of God in his philosophy. It is a belief in God, the benevolent Author of Nature, that Smith's entire philosophical, sociological, economical, and if one is a disciple, mankind in its entirety, rests upon.

Before we go any further, a definition of what Smith considers 'humanity', 'man', and 'mankind' is needed. For Smith, like many of contemporaries, mankind represented a broad demographic. Carl Becker offers a description: "Man in general, like the economic man, was a being that did not exist in the world of time and place, but in the conceptual world, and he could therefore be found only by abstracting from all men in all times and all places those qualities which all men shared."⁷ Man existed for Smith in the commercial centers of Western Europe just as he did in the jungles of South America. Man was Socrates, Charlemagne, and Machiavelli. He existed as an American slave, as a European pauper, and as an African Prince. Smith was writing for the species as it had existed in the

⁷ Carl Becker, *The Heavenly City of the Philosophes* (London, 1932), p. 99.

past, as it did exist in the present, and as it would exist in the future. Like his concept of Nature, Smith hardly placed a limit on his definition of man.

I will begin this thesis by exploring Smith's theories on the accumulation of knowledge. Here, wonder, surprise and imagination are some of the key principles; and according to Smith, these phenomena provoke individuals to make inquiries into what is offered by nature to their senses. Smith writes that we attain equilibrium in our mind only when we have a sound understanding of the material world. With comprehension, an individual is able to "restore the imagination to tranquility," and help "render nature a magnificent spectacle."⁸ An irony stemming from this belief is Smith's suspicious opinions about philosophy. For instance, in his *History of Astronomy* Smith writes that complicated associations of ideas are effectual only by "representing the invisible chains which bind together all these disjointed objects, endeavors to introduce order into this chaos of jarring and discordant appearances, to all this tumult of the imagination, and to restore it, when it surveys the great revolutions of the universe, to that tone of tranquility and composure..."⁹ It is only reasonable to conclude that moments of tranquility arrived at through philosophical inquiry are but mere deceptions subject ultimately to revision. Here we see that Smith's skepticism begins with his belief that our talents do not lie in assessing or systematizing the natural world. Furthermore, our relationship with the natural world is not one of reciprocity, but of ignorance.

Therefore, humanity must not waste time in philosophical contemplation. Instead, its passions are to be followed, more specifically, those instincts that satisfy its immediate

⁸ Adam Smith, *Essays on Philosophical Subjects*, ed. W.P.D. Wightman, Ian Ross, D.D. Raphael and Andrew Skinner (Indianapolis, 1982), pp. 45-46. From here abbreviated *EPS*.

⁹ *EPS*, pp. 45-46.

and most imperative needs- hunger, thirst and reproduction. As a result of its incompetence, humanity is allotted, according to Smith, a more humble concern, a role more suitable to its natural shortcomings. Humanity will, in most cases, construct systems with the hopes of achieving temporary tranquility. The arrangements of systems, however futile, are instinctual measures taken by humanity to ease its anxieties over self-preservation.

“System” is another of those terms Smith employs to describe a number of things. In *The Wealth of Nations* it defines whatever construct of the human imagination bent on regularizing the economy. For instance, the mercantilist system seeks to control the economy by artificial obstructions on production and trade. The same for the Physiocratic system; it seeks to advance agriculture over commerce in hopes of directing the natural flow of the economy. In *The Theory of Moral Sentiments*, a system includes any philosophy that aims at establishing a pattern of moral behavior. In this case Smith criticizes Mandeville for his generalization that ‘private vices equal public benefices.’ He disputes as well Cudworth’s claims that our zeal for approval stems from our ability to rationally assess and advance our position in society.

Wisely, Smith presents his own philosophy in such a fashion as to minimize its appearance as a system. This has provoked some scholars to accuse his philosophy of consisting simply of elaborations on mere observations and rarely, if ever, a “system.” His organization of ideas, if we may, is developed in Chapters 2 and 3. My interpretation will

follow the more recent scholarship that depicts Smith's economics not as an apologist for businessmen, but instead, and I believe more accurately, as their opponent.¹⁰

By far the most intriguing element in Smith's philosophy is the principle of Nature. What is nature and what is natural for humanity according to Smith, will also be elaborated in Chapters 2 and 3. 'Nature' is another of those terms Smith uses to describe a number of things. For the writers of the Enlightenment, the scientific revolution of the seventeenth century proved that the natural world no longer followed in logical patterns. Human reason had proven futile in explaining natural phenomena. What was shown to be factual in nature at times did not correspond with what was rational to the human mind. What was perceived to be natural, therefore, underwent substantial revision in the human psyche. For Smith, everything is nature. Because Smith was himself dealing with the revelation that much of what is nature can not be understood, the concept was not limited in the least bit. For humanity, Smith understood it to be natural for the species to exist as savages just as it would as aristocrats. The natural order could be found among hunters and gatherers as it could with merchants and manufacturers. Nature was earthquakes in Lisbon or calm seas across the Atlantic. It was both good and evil, real and imaginary, all according to one's perception and the intellectual climate of the age.

We will find that Smith considers nature an unalterable, unstoppable force, one that humanity has no authority to control. Smith also believes that natural to human development is the unmistakable appearance of decay in each stage of progress.¹¹ This

¹⁰ The list of revisionist literature dedicated to pointing out Smith's 'anti-capitalist' notions are manipulated to argue for both the left and the right.

¹¹ Robert Heilbroner. "The Paradox of Progress: Decline and Decay in *The Wealth of Nations*" in *Essays on Adam Smith* ed. Andrew Skinner (London, 1975).

paradox left Smith somewhat detached, even complacent over the future of mankind. More important to his principle of nature is that humanity finds itself subjugated to her order. Nowhere does Smith pretend that humanity will ever have the capacity to control or understand the natural forces that surround it, including those of the economy. Instead Smith confirms to humanity that it must retreat in the face of nature and comply with her will. Neither strength nor reason enables us to escape nature's command. In fact, by promoting natural liberty, Smith requires that its order be followed. Thus, humanity is separated from pure submission to nature only by its natural instincts. It would follow, then, that what many today call "economic liberalism" is not the will of man, but instead, primarily a reaction to nature's command, and furthermore, only liberating in the sense that man must conform to his natural passions and the natural forces that surround him. Even if an individual professes compliance, the natural order is constructed in such a manner that it does not guarantee immediate beneficence.

Reading Smith can be quite the humbling experience. Those scholars who portray him as an optimist could not be farther from the truth.¹² Still, Smith does offer his readers hope by resting his entire philosophy ultimately upon the hinges of a benevolent deity, and it is this topic that will be addressed in Chapter 4. A "complacent providentialist," Smith eases man's anxieties over his relationship with nature by writing that God will guarantee humanity freedom from long-term danger.¹³ For whatever natural reason injustices reign on earth, the after life will sufficiently recompense man for his

¹² See, for example, John Bender's analysis on the English penitentiary; *Imagining the Penitentiary* (Chicago, 1987), and Karen Hultannen who attacks the supposed idealized world of Smith in her criminal history *Murder Most Foul* (Cambridge, MA., 1998).

¹³ Donald Winch, *Adam Smith's Politics: An Essay in Historiographic Revision* (Cambridge, 1978), p. 92. It is in Winch that the term is found.

losses. These points lead us to Smith's "Invisible Hand" and "Principle of Design," which describe events that man's perceptions are unable to assess accurately. By attributing natural phenomena to a higher authority, Smith eases man's imagination, but at the same time, recognizes man's ignorance. By employing the term Invisible Hand Smith avoids explicit mention of a deity. However, for the eighteenth-century reader, it was considered a mechanism of a higher being.¹⁴

For clarification it is important that Smith's understanding of God be mentioned. For Smith, God, though the concept lies well beyond the understanding of any earth-bound individual, is an ideal that could be found in nature. Along with the other attributes already mentioned, nature takes on supernatural characteristics. In fact, when and if Smith ever sought a deistic representation on earth, he probably looked toward the natural order. This does not, however, answer questions like why does nature at times create harmful circumstances. Still, Smith retained a role for a deity in his philosophy to explain occurrences that could not be logically understood with human reason. In other words, what Smith was admitting that he did not understand, he recognized to have been influenced by a deity.

This was in fact the opinion of many of Smith's contemporaries, especially for atheists who looked towards a natural order that countered or even replaced the claims of religious institutions.¹⁵ Unfortunately, religion no longer asserts the influence in academia

¹⁴ Ian Ross, *The Life of Adam Smith* (Oxford, 1995), p. 167. Rashid Salim, *The Myth of Adam Smith*, p. 218-219.

¹⁵ For a more thorough account of the religious beliefs of enlightened philosophers see Carl Becker's *The Heavenly City of the Philosophes*.

as it once did, even during the Enlightenment.¹⁶ For many modern day scholars, particularly economists, a deistic conclusion is indefensible.¹⁷ But the more important debate is found in the hypothesis that Smith's pragmatic providentialism represents an admitted defeat, in essence, a forfeiting of the opportunity to present a philosophy that explains accurately those natural forces by which man's perceptions are too frequently deceived. We are reminded immediately of Hume, Smith's closest friend and the man that Smith considered the most esteemed historian of the age. Both Hume and Smith concerned themselves with finding the "economy of nature."¹⁸ In his *Dialogue Concerning Natural Religion* Hume writes, "You ask me, what is the cause of this cause? I know not; I care not; that concerns me not. I have found a deity; and here I stop my inquiry."¹⁹ Smith might have added that humanity should instead of questioning the design of God, continue elaborating the division of labor, accept its subordination to nature, and understand that an existence on earth does not assure happiness. Ironically, despite a deathbed wish from Hume, Smith refused to participate in the posthumous publication of the *Dialogues*.

These topics and further considerations relevant to Smith's principles will be elaborated in detail below. What proceeded, and any consequential reinterpretation of Smith that must follow, will further elucidate the importance of Smith's thought. The evolution of ideas will soon however demand and make further investigations, and in all likelihood, a different set of evaluations. Still, it is this specialization that Smith considers

¹⁶ The first to imply the "invisible hand" idea was Fontenelle, 1728; and Glamil, 1636-80.

¹⁷ See Jan Peil's *Adam Smith and Economic Science* (Cheltenham, U.K., 1999), pp. 122-26.

¹⁸ Adam Smith, *The Theory of Moral Sentiments* (New York, 1966), p. 109. From here abbreviated TMS.

¹⁹ David Hume, *Dialogues Concerning Natural Religion* (London, 1990), p. 76.

the dominant feature of all human progress. And it is this division of labor that adds value to all historical scholarship.

Perception, Misperception and Deception

Five years after Smith's death, his literary executors published some of his more philosophically oriented treatises. In them Smith addresses the subject of how human beings acquire knowledge. He discovers that individuals make inquiries into the natural world generally to calm any confusion they might experience when encountered with some new or complicated object. Smith finds that on most occasions the conclusions reached by individuals can easily be proven wrong. He maintains that the idea of perception being reality rarely holds true. In his probing of the psychological tendencies of individuals, Smith concludes that perceptions are often made up of delusions, developed in one way or another by customs, deceptions, or the simple insufficiencies of an individual's attentive faculties.

Here lies Smith's chief criticism of humanity. If what individuals perceive is in fact illusory, or at least to some degree not an accurate account of reality, then any thought that arises from this flawed perception must be in error. It would then follow, according to Smith, that an individual's passions should play a more dominant role if a society is to progress; since 'real knowledge' is subject to controversy, it is only sensible that humanity should consider its own reasoning problematic. Smith arrives at this conclusion relatively early in his career, and this doubt continues throughout his work. Though not completely hopeless, Smith's rather low opinion of humanity will be shown in not only his earliest philosophical tracts, but also in his works on morality and economics. Let us first, however, review a brief account of Smith's earliest years on the firth of forth of Scotland's eastern coast.

To this day we are uncertain of Smith's birth date. Being a private man, he left his admirers more theory than biography. We know that he was baptized on 5 June 1723, likely two days after his birth; that he struggled with early sickness; and that he lived from his first day fatherless, the elder Adam Smith having passed in January of his birth year. His mother Margaret Douglass, a "strict and austere" woman, would send her only child to Glasgow and then to Oxford to study.¹ Because Smith destroyed sixteen volumes of personal and scholarly manuscript right before his death, and also because his life story and works have been so dissected, a biography of Smith always runs the risk of sounding like a cliché. But one story does bear repeating. At the age of three while visiting family friends, young Smith was taken, kidnapped by a band of gypsies. Hours later he would be recovered; thankfully, because as one of his biographers remarks, "he would have made, I fear, a poor gypsie."² Some have flirted with the idea that this temporary abduction predisposed Smith to advocate natural liberty. For the purposes of this thesis, we might also conclude that this episode inclined Smith to show disfavor for humanity. Nevertheless, at Glasgow he listened to Hutcheson's lectures, and at Balliol College in Oxford where he arrived on horseback in June of 1740, he took advantage of the city's numerous libraries, doing little else for six years but reading.³ Returning to Scotland just a year after the Jacobite uprising in 1745, he would begin a long life as a professional academic in a time when Scottish philosophers dominated English thought and exercised enormous influence over European intellectuals.

¹ Ian Ross, *The Life of Adam Smith* (Oxford, 1995), p. 304.

² John Rae, *Life of Adam Smith* (New York, 1965), p. 5.

³ Ian Ross, *The Life of Adam Smith*, p. 80.

Before attaining the chair of Moral Philosopher at the University of Glasgow, he lectured in Edinburgh on rhetoric and belles-lettres. By then the foundations for what Smith considered a “juvenile work” had surely already been thought through.⁴ Admitting late in life that he would revise “everything at least half a dozen times,” his literature should be studied as a representation of his entire life’s thought, almost like a work in progress.⁵ In other words, Smith’s philosophy was evolutionary; he was always polishing his works, reconsidering their implications, and rethinking those areas of his theory he might have felt needed strengthening. *The History of Astronomy* should serve for any student of Smith a fine introduction to the literature. The argument Smith presents in this essay informs his later works. As the title in full suggests, the essay elaborates on “*The Principles Which Lead and Direct Philosophical Enquiries.*”⁶

From the outset Smith studied more than economics. Smith construed this philosophical history of the cosmos to uncover the nature and causes of the surprise, wonder, and admiration that sprout from within the human mind. In the process of explaining those three principles, Smith elaborates on how human beings accumulate knowledge. He notices that when an object of the material world comes into our perspective, if it is one that was anticipated, or somehow predetermined to appear, it passes gently into the mind creating little stir or disturbance. Connections, or associations of ideas, are then allowed to flow “gradually and easily into the heart, without violence, pain or difficulty.”⁷ These events give an individual not only tranquility, but also a piece of

⁴ *Correspondences*, p. 168. Smith was referring to the *History of Astronomy*.

⁵ *Ibid.*, p. 311.

⁶ *EPS*, p. 31. Title page.

⁷ *Ibid.*, p. 34.

knowledge. Regardless of whether the idea is a dependable fact or not, the achievement grants a temporary peace of mind to the observer. Features of the natural world can at times, however, come unexpectedly, bringing with them unfamiliarities that might upset an individual's understanding of his perceptions. But at observing resemblances in the material world, the mind takes immense pleasure. The brief states of mental balance allow for the organization of ideas, which then provide for specialization and further knowledge accumulation.

At other times nature might appear confusedly, forcing man to hesitate in his reaction, injuring his sense of ease and security, and maybe even his confidence. Then wonder, "this fluctuation and vain recollection" excites one, "and which occasion that starring and sometimes that rolling of the eyes, the suspension of breath, and the swelling of the heart, which we may all observe, both in ourselves and others, when wondering at some new object, and which the natural symptoms of uncertain and undetermined thought."⁸ An individual might maintain this confusion for any period of time. Some perceptions may last for only a few moments, while others are ascribed to for an entire lifetime. In the struggle to find an idea one can understand, the sentiment of surprise might cloud one's interpretation of reality, especially if one is uncomfortable with what he/she perceives. "The eclipses of the sun and the moon", Smith writes, "which once, more than all other appearances in the heavens, excited the terror and amazement of mankind, seem now no longer to be wonderful..."⁹ Responsible for this change, according to Smith, are particular abstractions such as recognition, specialization, and the evolution of ideas that

⁸ *Ibid.*, p. 34.

⁹ *Ibid.*, p. 43.

have allowed humanity over time the proper “connecting chain” that removes obstructions from the imagination of man.¹⁰

Still, for some, deceptions can cloud the recognition of reality for much longer than the spontaneous moments of surprise. A specific deception that Smith advances in his later works is that of the illusions perpetuated by society concerning the realities of wealth. This deception, Smith writes, is a misleading that, as far as he can tell, has been a common characteristic of every civilization. This most important feature can find its origins here in Smith’s earlier works and will find its place again later in this thesis.

Smith finishes his examination of the processes of knowledge accumulation by way of conjecture. The method of history by conjecture reappears throughout the entirety of Smith’s literature. No matter that the Enlightenment followed in the wake of the scientific revolution, the Newtonian method does little for this particular type of science of the human mind. Despite the supposed ‘scientific’ nature of the Enlightenment, at least in this instance, Smith was forced to rely on what amounts to educated guesswork.

Nicholas Phillipson has recently identified some aspects of Smith’s historical method, shedding light on what is lately becoming a popular theme in Smithian studies.¹¹ Of Smith’s stadial theories of social progress, Phillipson remarks, “From its barbarous to its polished states in terms of changes in the means of subsistence...were strikingly cautious of exploiting the resources of the new approach to history, using it as a conceptual resource to refresh traditional agendas rather than as a foundation stone of a new, general history of

¹⁰ *Ibid.*, p. 43.

¹¹ “Language, Sociability, and History: Some Reflections on the Foundations of Adam Smith’s Science of Man” in *Economy, Polity, and Society*. ed. Collini, Whatmore and Young (Cambridge, 2000), pp. 70-84. See also Vivienne Brown, 1994, and Andrew Skinner, 1996.

civilization.”¹² Phillipson recognizes, I believe accurately, that Smith’s conjectural theories of human nature, which stress the role of language, rhetoric, morals and justice, contain philosophical underpinnings.¹³

While sociological evolutionism can also be noted, still, Smith favors history by conjecture because it complements the principles of his philosophy. In his *Account*, Dugald Stewart explains: “On most of these subjects very little information is to be expected from history...In this want of direct evidence, we are under a necessity of supplying the place of fact by conjecture.”¹⁴ By retelling history in this fashion Smith follows his own philosophical tenet that all ‘real knowledge’ is unattainable, or, in some respect, superficial. As Stewart points out, this allows room for ambiguity when describing either the phenomenology of knowledge accumulation or the history of Western civilization.

History, like anything observed by humanity in its daily existence, is for Smith subject to the individual and collective perspective. “When I look at the window, for example, the visible species, which strikes my eyes this moment, though resembling, is different from that which struck my eyes the immediate preceding moment...in the same matter, no man ever saw, or heard, or touched the same sensible object twice.”¹⁵ The former statement can be found in Smith’s essay *The Ancient Logics and Metaphysics*. Like all of Smith’s works, we can be assured that it saw revision till the final decision was made

¹² *Ibid.*, pp. 70-71.

¹³ *Ibid.*, p. 72. Conjecture and its relationship to the Scottish Enlightenment and Smith’s overall skepticism, including even his belief in a deity, will be elaborated below.

¹⁴ Dugald Stewart, *Account of the Life and Writings of Adam Smith in The Theory of Moral Sentiments*, p. xxxv.

¹⁵ *EPS*, p. 120. The link with the Classical Greek philosophers can be seen only supporting the argument that Smith was the great eclectic of the Scottish enlightenment.

towards the end of his life to leave it with his literary executors. His use of conjecture, and the continual revisions he made on his own works, mirrors his broader philosophy in that he urges humanity to rewrite its contract with reality. Smith wants his readers to acknowledge that “perspective necessarily varies according to all, even in the smallest of variations; and consequently the appearances of the objects which that perspective presents...”¹⁶ The ambiguous nature that surrounds all observations, according to Smith, consequently diminishes the truth of all knowledge in general, and furthermore, ‘real’ history in particular.

Had nature not granted humanity its faculties of perception, Smith writes, it would enjoy little tranquility, much less advance any further past stupidity than the other animal species. We find Smith’s belief in humanity’s contingency upon nature advanced in his short essay *Of the External Senses*, where he writes, “The benevolent purpose of nature in bestowing upon us the sense of seeing, is evidently to inform us concerning the situation and distance of the tangible objects that surround us.”¹⁷ Later, our natural capacity to truck and barter will be explored, but for now let us look at the role of the communication of ideas, particularly the place language has in the development of human society and the association of ideas.

Common to all of Smith’s writings is the emphasis given to the advantages of the liberal exchange of ideas. For Smith communication is key, it is one of the first steps towards specialization, and it is essential in making humanity’s perceptions more accurate. Evolution pushes man first through those awkward moments of surprise, then wonder; if

¹⁶ *Ibid.*, p. 155.

¹⁷ *Ibid.*, p. 156.

tranquility follows, hopefully it designates time for understanding and eventually specialization. Lines of communication would then be developed, allowing for occasions like, “Two savages who meet together and took up their dwelling in the same place would soon endeavor to get signs to denote those objects which most frequently occurred and with which they were most concerned.” Smith, again by way of conjecture, tells us that, “As our savages made advances they would have occasion not only for names to the several substances near them, but also to express the relations betwixt those several objects.”¹⁹ Despite their arbitrary nature, the spread of ideas is thus made possible, and from this event tranquility is made at least attainable because we are able to better understand the world around us. And so we have Smith’s philosophical history on the accumulation of knowledge.

Up to this point we find that nature does not pretend to ever promise beneficence. Even if one accepts that nature provides humanity with the requisite senses, Smith tells us of their many imperfections, particularly those responsible for the assessment of reality. From the early savages Smith traces the development of man’s cognition up to the commercial society. Through each stage the only consistency is that which composes true happiness: tranquility.²⁰ By no means does nature promise humanity bliss. Nor by any means does the development of our psychology, the individual or the aggregate, from barbarity to modernity, from the cradle to the grave, guarantee equilibrium of the senses.

At birth man’s quest for tranquility commences. Through conquering the ‘languages’ of vision, scent, hearing and speaking, we handle representations more

¹⁹ Adam Smith, *Lectures on Rhetoric and Belles-Lettres*, ed. John Lothian (Carbondale, IL, 1963), p.

7. From here abbreviated LRBJ.

²⁰ *TMS*, pp. 209-210.

efficiently, and our cognitive faculties are able to assess situations more accurately. The small child, Smith relays, not unlike other animal species, is “endowed with some instinctive perception.”²¹ Despite its dependency as an infant on its mother, the individual’s perceptions are able to develop at a relatively young age. Eventually, “observation and experience may, by the known principle of the association of ideas, have sufficiently connected in their young minds each visible object with the corresponding tangible of which it is fitted to represent.”²² Smith continues by describing how a human baby, scarcely a month old, can easily be deceived by its sight since it has yet to develop in full the usefulness of its perceptive senses, and thus perceive nature in an utterly confused fashion. As the individual matures, so do its faculties of perception; therefore, at each stage of development, the individual is able to better understand the natural world. It is this kind of human development that lays the foundation for Smith’s broader theory of the development of social superstructures; for instance, man’s political, social and economic institutions. Just as man develops from an infant to an adult, acquiring tools that allow for a better understanding and a more advantageous relationship with nature, so too do human civilizations progress. Through means of conjecture, Smith details the specialization and development of ideas in human society that lead first to division of labor, and ultimately to the progress of the species. This could be considered the philosophical antecedent to what would be elaborated in his *Lectures on Jurisprudence*, the now famous four stages of social and economic development.

²¹ *EPS, Of the External Senses*, p. 163.

²² *Ibid.*, p. 163.

A leader in Smithian scholarship, Andrew Skinner, has described Smith's contribution to both Marxist and non-Marxist theories of historical materialism. Particularly important are the features of the four stages argument as an outline for the historiography of civil societies.²³ Skinner notes that Smith presents a new description of the rise of civil society, one that emphasizes the accordance between human progress and the modes of production. What Skinner fails to identify, however, is that Smith considers specialization and the division of labor, though they are far from offering humanity complete tranquility, an advantage for in humanity's grapple with the natural world.

Doubts Smith had in human capabilities to perceive the natural world do not end with the final stage of development, commercial society. Humanity still wrestles with what Smith calls "deceptions," even after the senses of perception have been polished with specialization. Appearances continue to mislead, and this is further complicated when the individual determines that to earn his neighbor's approbation he may employ a cunning duplicity. Found throughout much of Smith's work is a revealing list of deceptions. Individuals apply these deceptions to better their lot in the natural world, as well as their rank in society; and these deceptions offer Smith another reason to be weary of our perceptions. The role of these deceptions is central to Smith's principal works. We will also find how they especially tie into his work on commerce. For now though, let us investigate the roles perception, misperception, and deception play in his tract on morality.

A professor of Moral Philosophy, Smith naturally concerned himself with ethics. His pursuit of this subject culminated in what he considered his more important work, *The*

²³ *A System of Social Science* (Oxford, 1996), See especially pp. 77-79.

Theory of Moral Sentiments. Published in 1759, for years after 1776 it served principally as an ornament piece to his more celebrated treatise on economics. But before the publication of the latter, *The Theory of Moral Sentiments* made Smith an immediate European celebrity. Smith saw the book through six editions, to many of which he gave considerable revision, as well as a number of European translations. The work would prompt Kant to inquire, “Where in Germany is the man who can write so well about the moral character?”²⁴ Similarly, it motivated Voltaire to note, that in France, “We have nothing to compare with him, and I am embarrassed for my dear compatriots.”²⁵

The Theory of Moral Sentiments is in part an extension of the works found in the *Essays on Philosophical Subjects*. Much of the discussion on perception continues along the same lines, as do the patronizing accounts Smith gives of humanity. Since we are generally unable to assess nature accurately, even with experience and specialization, our ability to discern the realities of our neighbor is equally as poor. This is further complicated by the fact that man is out to deceive his spectators, in essence, to mislead what is already a misperception.

According to Smith, the world is a stage and man is its actor. Because nature has implanted in humanity a desire for approval, humanity is constant in its attempt to impress its neighbor. In his recent publication *Adam Smith and the Virtues of Enlightenment* Charles Griswold elaborates on the concept of *theatrum mundi*, an idea popular with English writers of the early 1700’s. Smith draws from examples of, and treats man in his social scenarios as if part of a play. This allows Smith, and humanity in general, occasion

²⁴ Ian Ross, *The Life of Adam Smith*, pg. 194.

²⁵ *Ibid.*, p. 194.

to act as moral critic. As Griswold notes, Smith describes social situations in the context of a performance, drawing examples from the theatrical world and comparing them to real life human experiences.²⁶ With humanity as its audience, the individual is encouraged to put on a show.²⁷ And the goal of all performances is to attract the observer's compassion, to invoke their sympathy. While at the same time, our assessments of nature have been confirmed by another individual. Sympathy allows for those moments when one realizes that their perception has been agreed with.

Sympathy, the all-inclusive term Smith employs to describe any correspondence or agreement of sentiments. It is provoked when one imagines himself in the position of another, and how one might react in that same circumstance. If there is any correlation, if a fellow-feeling is aroused, one has experienced sympathy. According to Smith, humanity, by use of its imagination, desires the exchange of this fellow-feeling. For sympathetic transferences to occur "every passion of which the mind of man is susceptible, the emotions of the bystander always correspond to what, by bringing the cause home to himself, he imagines should be the sentiments of the sufferer."²⁸ But pain and sorrow are not the only occasions that attract sympathy; instead, a fellow-feeling can occur with any passion whatsoever; because humanity feels a comfort, a sense of tranquility, when it realizes that its independent assessments of reality has met general approval. Any agent would like it most if its spectators were to feel equally its sentiments, in a sense, to approve of his perception.

²⁶ *Adam Smith and the Virtues of Enlightenment* (Cambridge, 1999), p. 67.

²⁷ The parallels Smith makes to the theatre are quite numerous, the most blatant probably in *TMS*, p.

164

²⁸ *TMS*, p. 5.

When imagining the transference into the fellow-feeling scenario, one pictures oneself in the shoes of another. If the sentiments are the cause of discord to the observer “they necessarily appear to him unjust and improper, and unsuitable to the causes which excite them.”²⁹ In other words, to ease the imagination, emotions must find a match. If sentiments are not approved of by an observer, discord arises, and the agent feels unsettled. Imperative, therefore, for sympathetic delight, is a well informed society, corresponding in both custom and habit, which enables us to exploit the compassion or pity of our neighbor, bringing us tranquility because others agree with our sentiments, or assessments of nature. Society must develop what Smith calls the general rules. Moral and ethical standards known to attract the approval of society, and therefore, conduct which individuals eagerly comply to. Over time this helps individuals understand what generally provokes approbation.

Through experience and observation we develop within an agent by which we are able to judge ourselves: a conscience. This, only after first acknowledging, that no matter how strong or accurate one’s fellow-feeling might be, the corresponding emotions of sympathy can never be equally reciprocated. “Though they will never be unisons,” Smith writes, “they may be concords, and this is all that is wanted or required.”³⁰ Secondly, and of consequence to the first principle, since the degree of passions can never be exactly equitable, man, anxiously, though vainly awaiting tranquility, makes attempts at prolonging whatever sympathy he might invoke. Nature has decided for man, according to Smith, that he must act while under the supervision of others, in a fashion that draws the approbation

²⁹ *Ibid.*, p. 14.

³⁰ *Ibid.*, p. 23.

of his neighbors, and therefore requires the moderation of his own sentiment. “Society and conversation,” according to Smith, “are the most powerful remedies for restoring the mind to its tranquility.”³¹ Socialization teaches individuals how to act accordingly to coincide in their opinions about nature, thus evoking sympathy and the chance for a moment of tranquility.

For the agent that man eventually develops within, Smith designates a catchy term, the “Impartial Spectator.”³² As we have already seen, nature has provided humanity certain faculties by which he is able to judge, however much inaccurately, the material world and those who exist within it. For Smith the misperception that deserves the most consideration is that regarding how one imagines oneself. V.M. Hope offers a simplified and precise explanation of this apparent egocentricity. “The most important discovery one can make, he (Smith) thinks, and one which fascinates him, is of one’s insignificance in the eyes of others. On growing up one comes to the realization that one is not, as one had assumed, the center of the universe.”³³ To remove oneself from, to see the reality that exists without, of which others are more likely to observe, gives birth to the equitable judge called a conscience. Smith elaborates, “This is the only looking-glass by which we can, in some measure, with the eyes of the other people, scrutinize the propriety of our own conduct.”³⁴ The question becomes not how the agent perceives the emotions of his neighbors and himself, but how the disinterested observer might supposedly view the agent through the eyes of the impartial spectator.

³¹ *Ibid.*, p. 25.

³² *Ibid.*, p. 120.

³³ *Virtue By Consensus* (Oxford, 1989), p. 85.

³⁴ *TMS*, p. 164.

When cured of his egotistical deception, the individual becomes his own spectator; he becomes his own audience. Never mind that one may now be ripe for alienation, anxiety, and if ever, the guilt that an individual suffers from when made judge of its own conduct is hardly elaborated on by Smith.³⁵ What he does not say specifically, but from his principles we can infer, is that humanity formulates vicegerents within because the weakness of its own perceptions force it to rely upon a broader consensus, that of normative humanity.

What must follow, therefore, is a society bent on self-appraisal and self-critique. Smith, the moral critic, would only approve of these attributes. Through specialization, evolution and the development of knowledge, humanity's grasp on nature, and its subsequent ability to handle observable matter are fine-tuned to provide for the progress of civilization. Specific to Smith's theory on moral judgments is man's reliance on the impartial spectator to assess situations in the manner that most likely provokes accord. By no means can the ideal spectator attain for its agent 'real knowledge'. What it does instead procure is tranquility through the sympathetic feeling of its observers. What it may also do is put an end to all moral accountability by imposing this qualification, depending not on genuine intuition, but instead on the perspective of the onlooker, and thus relative to any given number of spectators.³⁶

Unable to assert a decided confidence in man's faculties of judgment, Smith relays his pessimism by commenting on the relativism of all moral reflection. "Every

³⁵ *Ibid.*, see p. 163 for anxiety and p. 173 for guilt.

³⁶ It is not my object to critique Smith's moral or economic philosophies. Many scholars have lamented over Smith ushering in the obsolescence of moral consideration, I do not intend to contest this, but I doubt seriously Smith ever entertained this possibility.

faculty in one man is the measure by which he judges of the like faculty in another. I judge of your sight by my sight, of your ear by my ear, of your reason by my reason...I neither have, nor can have, any other way of judging about them.”³⁷ These scenarios only lessen the chance that what is being perceived is indeed reality. Deceptions employed by any individual to better his position lead Smith to advance the idea that what society observes is in some way astray from the true nature of individuals and all things in general. An individual is thus dependent on his neighbor, waits for timely occasions to deceive and provoke sympathy. This reliance only points towards Smith’s broader principle, that since all moral qualifications are in essence subject to custom, perceptions are left further up to arbitrary consideration.

Like many of the philosophers of the age, Smith understood that the intelligence of man, in the case regarding moral considerations, failed to understand what was the proper course to follow to be in accordance with the natural order. To help us with this lacking, we have tools like the fellow-feeling, the impartial spectator, and even the general rules that develop through custom and habit. Still, we find that humanity is becoming increasingly dependable upon his neighbor to function in nature. The detached qualities of the self-critic in *The Theory of Moral Sentiments* also runs parallel with Smith’s analysis of historical materialism; as they do with his skepticism over the possibilities of ever attaining ‘real knowledge’. We may not have to look any further than the Scottish Enlightenment to discover the origin of Smith’s critical skepticism. Uncovering the Scotland of the Enlightenment is a delight students often stumble upon in their research of Smith. Well

³⁷ *TMS*, p. 18.

before Smith would return to Glasgow to teach in 1751, Hutcheson had already transformed the world of academia. Repudiating longstanding traditions, Hutcheson taught his students that moral goodness was not based on religious doctrines. Instead, it lay in the promotion of the happiness of others, and furthermore, could be perpetuated without an understanding of God.³⁸ It was Hutcheson, not Bentham, who first spoke the motto of utilitarian thought, the greatest good for the greatest number.³⁹ In what might have been his most radical step, he taught his students in English, abandoning the traditional Latin at Glasgow, where he spoke lively in his lectures strolling up and down the aisles reciting his lessons from memory alone.⁴⁰ Smith was no doubt highly influenced by the “never to be forgotten” Hutcheson.⁴¹

Still, as a member of the ‘Scottish Historical School’, Smith was impressed by a number of other Scotchmen. He was a member of a number of clubs: The Literary Society of Glasgow, and The Political Economy Club, said to be the first of its kind, also meeting in Glasgow. He would frequent Edinburgh to attend meetings of The Philosophical Society and the highly renowned Select Society. Members of the Edinburgh Select Society included Lord Kames, Robertson, Ferguson, Carlyle, Wallace, Lauderdale, Townshend, several local merchants and academics, and David Hume. As one of its leading members, Hume would write of the society, “In short, the House of Commons is less the object of general curiosity to London than the Select Society is to Edinburgh.”⁴² Paper presentations,

³⁸ E.G. West, *Adam Smith* (New Rochelle, N.Y., 1969), p. 37.

³⁹ *Ibid.*, p. 37.

⁴⁰ This account can be read in, among other works, E.G. West’s *Adam Smith*, p. 38.

⁴¹ *Correspondences*, p. 309.

⁴² Found in E.G. West, *Adam Smith*, p. 38.

essay contests, and economic inquiries enabled the growing popularity of the club, as it helped to solidify the ties between business and academia.

C.R. Fay notes these philosophers were “Devotees of history, the Scots had an eye for antiquities.”⁴³ Indeed, the Scots were “citizens of the world.”⁴⁴ Much has been said about Smith’s European tour as tutor to Townshend’s stepson. In France Smith frequented Quesnay’s apartment at Versailles, attended dinners with Condillac, Turgot and D’Alembert in Paris, and even visited Voltaire at his country villa. Later he would dispute interest rates with Bentham, exchange correspondences with Burke, become a Fellow of the Royal Society in London, allegedly present drafts of *The Wealth of Nations* to Benjamin Franklin, have Pitt champion his cause in Parliament, even have secretary Eden seek out his advice before drafting the free-trade agreement with France, and through it all remain best of friends with David Hume. It was a time when intellectuals, and philosophers especially, held important roles in governments.

Smith’s introduction to the profession was, however, remarkably uneventful. Lord Kames secured him his lecturing position at Edinburgh in 1748 where he taught Rhetoric, which at the time was popular among Scots eager to impress the English elite with proper pronunciation. After what would be the last of the Jacobite uprisings in 1745, the citizens of Scotland likely felt a need to acculturate, maybe to impress their English contemporaries. This feeling could very well have been one of the unique causes of the Scottish Enlightenment, particularly with the Scottish need for self-improvement. These Scottish philosophers felt that the intellectual culture of England was stagnant and failing to

⁴³ Adam Smith and the Scotland of his Day (Cambridge, 1956), p. 10.

⁴⁴ Alan Macfise, *The Individual in Society* (London, 1967), p. 26.

have the same impact as the French *philosophes*. Perhaps the Scots felt it their duty to rescue the English-speaking world from the obscure position that would have surely been their fate in later-day histories had it not been for the Scottish philosophers. Nevertheless, literary societies became fashionable with the Scottish elite, scholars exchanged essays, and criticisms frequently found their way into published materials. Dugald Stewart offers readers his account of the intellectual climate of the time; “The meeting of the Society (Select Society) were held weekly; and afforded the members...opportunity of submitting their intended publications to the test of friendly criticism...in awakening and directing that spirit of philosophical research which has since reflected so much luster on the North of Scotland.”⁴⁵ We may conclude that the Scots pushed forward towards self-improvement. “A true knowledge of criticism” was cultivated, and as one contemporary commented, Smith was “the worst critic, David Hume excepted, that Scotland, a soil to which this sort of weed seems natural, has produced.”⁴⁶

The point of all this is of course Smith’s relationship to Scotland’s culture of criticism and how it might have influenced his work. We already have seen how this climate permeated Smith’s idea of the Impartial Spectator; and the critical skepticism that Smith witnessed as a member of the academic network might have influenced his relativist position on moral qualifications. Still, we can see Smith’s staunch materialism, questioning the existence of nearly everything below the stars, in his intellectual companionship with Hume, who in fact, questioned almost everything. We even find traces of the intellectual climate in Smith’s presentations on conjectural history, with its

⁴⁵ Introduction found in *LRBL*, p. xxiv.

⁴⁶ E.G. West, *Adam Smith*, p. 2.

benign leanings towards detachment and historical pessimism. Even the benign treatment and positioning of a deity in his philosophy might have been influenced by his contemporaries. Perhaps the wanting for a positive reception led him to recast his opinions on atheism. Or maybe his relationship with Hume convinced him of nature's supernatural qualities. Whatever the case, the Enlightenment helped shape, and in part determined Smith's moral and economic philosophies. Still to be seen however, though we can find traces in Smith's criticism of man's ability to perceive reality, is how these suspicions came to shape his contempt for the statesman, governments, and all systems of thought in general. We find this particularly noticeable in his treatment of economics.

Skepticism about perception and morality led Smith to doubt the practical application of all man-made systems of thought. His critique of system stems from a number of principles, of which a few should here be considered. He saw nature as one in which humanity finds itself subjugated to her will. Nature is an unalterable presence that no system of thought could ever contend to control. Secondly, humanity's position in nature prevents it from observing the material world with any degree of accuracy, much less the ability to systematize its causes and affections.

In Smith's contempt for systematized arrangements we see the roots of his anti-mercantilist ideas. "Amidst the turbulence and disorder of faction, a certain spirit of system is apt to mix itself with that public spirit...The great body of the party are commonly intoxicated with the imaginary beauty of this ideal system, of which they have no experience, but which has been represented to them in all the most dazzling colors in

which the eloquence of their leaders could paint it.”⁴⁷ Particularly of the statesman, Smith writes, “he seems to imagine that he can arrange the different members of a great society with as much ease as the hand arranges the different pieces upon a chess-board.”⁴⁸ Every system, according to Smith, is but imaginary, driven by an arrogant will that despite humanity’s known disabilities, is content with a regularized explanation for the intricacies of human society and its dealings with an uncontrollable natural order. Yet it is through the calming of its reasoned ambitions that humanity is best prepared to relate to and exploit the material world, and it is the legislator, the individual who in most cases seeks the promotion of his personal rank, who is likely to propose ridiculous theories systematized to soothe the observer’s imagination.

We are reminded that no individual is able to fully understand the natural order because at times nature acts in ways illogical to the human mind. The arrogance of statesmen thus raised Smith’s suspicions. “Those leaders themselves,” he writes, “become, many of them, in time the dupes of their own sophistry.”⁴⁹ Precisely because Smith is skeptical in the attainment of any ‘real knowledge’, no individual, not even the educated politician, could comprise satisfactory orders to govern the natural world. “When such imperial and royal reformers, therefore, condescend to contemplate the constitution of the country which is committed to their government, they seldom see any thing so wrong in it as the obstructions which it may sometimes oppose to the execution of their own will.”⁵⁰ Instead, Smith writes, allow humanity to chase after its own misperception; to create his

⁴⁷ *TMS*, p. 341.

⁴⁸ *Ibid.*, p. 343.

⁴⁹ *Ibid.*, p. 341.

⁵⁰ *Ibid.*, pp. 343-44.

own philosophy for his own local situation; to pursue, in total, his own self-interest.⁵¹ “The unavoidable ignorance of administration,” Smith writes, “the undiscerning eye of giddy ambition,” will only lead to fallacy and the disruption of the natural order. According to Smith, deceptions, delusions and misleading are what systems are made of.⁵² They are perpetuated by the arrogant individual who has yet to realize the humble station nature has allotted him.

Smith’s cynical take on man’s disabilities in perceiving reality might overwhelm any admirer. It is because Smith and his contemporaries were realizing that nature proved to be a highly intricate, often unrational force, that they lost faith in our ability to reason systems that could fit an unreasonable order. If our deceptions consistently cloud our understanding of reality, what purpose does contemplation have for humanity? A paradox of the Scottish Enlightenment may temporarily confound the modern day student of Smith. That arguably Scotland’s most prestigious thinker, in what has been called the age of reason, diminishes the role of reason in favor of instinctual passions seems ironic. John Dwyer in a recent publication does much to expose this peculiarity.⁵³ He argues that the role of passions in the philosophical propositions of many of the Scottish thinkers had a much more influential place than the traditional interpretation has given them.

⁵¹ It is obvious from this where we can attribute Smith’s position on *laissez-faire* economics and many of his conceptions of the state. The comparison to Hobbes’ ideal has been commented on a number of scholars, see for example, Joseph Spengler’s “Smith Versus Hobbes: Economy Versus Polity” in *Adam Smith and the Wealth of Nations*, ed. Fred Glahe (Boulder, 1978). I like to contrast Hobbes the ‘mercantilist’ with Smith the ‘libertarian’. But later this comparison might be questioned after Smith’s economic and social philosophies are further explained.

⁵² Adam Smith, *The Wealth of Nations*, ed. Edwin Cannan (New York, 1937), p. 213, p. 223. From here abbreviated WN.

⁵³ *The Age of Passions*, (Lothian, U.K., 1998). See in particular the opening chapters.

What Dwyer fails to point out is the role that the more rudimentary of passions, those of hunger, thirst and sex, have in Smith's historical and philosophical principles. Self-preservation, though it has been expressed differently in each age, has been the driving force behind all social organization. In his studies, Smith identified the obstruction of these natural passions as the leading causes of most delays in human progress. Still, we find again that the chief premise behind Smith's cynical views held on man's abilities at reasoning, and consequently his advocacy for allowing individuals to pursue their passions, are the unfavorable conclusions he draws concerning the inaccuracy of man's perceptions. It is because Smith doubts the validity of all logical thought that he advocates those passions that flow not from contemplation, but instead from instinct. On philosophers whose attempts at moral reasoning produce tracts of sophistry, Smith writes, "Books of casuistry, are generally as useless as they are commonly tiresome...because, notwithstanding the multitude of cases collected in them...it is a chance if, among all those cases, there be found one exactly paralleled to that under consideration."⁵⁴ "Abounding in abstruse and metaphysical distinction," reason-wielding sophists offer humanity little for practical application.⁵⁵ Instead, they drive man further into a delusional abyss combated only by the emancipation of the instinctual passions, however much they are absent of any 'real knowledge'.

Now this study must turn to what is perhaps the grandest of all deceptions- the accident responsible for the progress of all human societies. The same phenomenon responsible for the development of the division of labor, the accumulation of wealth, and

⁵⁴ *TMS.*, p. 500.

⁵⁵ *Ibid.*, p. 500.

essentially the cause for all social organization, is the deception men behold over what is, that the true nature of wealth. It fits nicely with Smith's argument that humanity lacks the ability to understand reality, and it also advances the idea that humanity is subjugated to the will of nature.

The young man of most human societies, through his daily observations and experiences, will soon distinguish that which most qualifies man for praise is wealth. Generally speaking, humanity does not particularly enjoy, it does not bring it tranquility to observe another in poverty. Whether it is out of disgust, pity or guilt, he shies away, turns his head from having to acknowledge the poor man's miserable situation. Emulation, one quickly discovers, is least likely to occasion if one is underprivileged. On the contrary, wealth is that which brings forth the sympathy and admiration, and furthermore, approval from any man's neighbor. Thus, "The poor man...is ashamed of his poverty."⁵⁶ The poverty stricken is ashamed that his neighbor feels little account to consider his own self in the poor man's position; thus making for the correspondences of sentiments exceedingly difficult. Living in poverty, the individual feels that "it either places him out of the sight of mankind, or, that if they take any notice of him, they have, however, scarce any fellow-feeling with the misery and distress which he suffers."⁵⁷

The lowest orders of society, discouraged, shameful, and weary for their own circumstance, conceal their poverty and hide their misery. Though at times he may try to deceive his observers, the poor man generally passes through society unnoticed: "When in

⁵⁶ *Ibid.*, p. 71.

⁵⁷ *Ibid.*, p. 71.

the midst of the crowd he is in the same obscurity as if shut up in his own hovel.”⁵⁸

Rejected by society, the poor man’s desolation alienates even the strongest of characters not only from the cruel glares of his spectators, but also from within, his dissatisfaction brews. Spectators “turn away their eyes from him, or if the extremity of his distress forces them to look at him, it is only to spurn so disagreeable of human wretchedness, that it should dare to present itself before them, and with the loathsome aspect of its misery presume to disturb the serenity of their happiness.”⁵⁹

On the contrary, the rich, and the material pleasures they must assuredly enjoy, attract admirers to emulate them wishing that someday their lot in life could measure up to those who most easily are bestowed their approbation. The joys of the pleasurable situations of the rich bring to their admirers, after little reflection, an immediate transference into the fellow-feeling. Approbation seems naturally to follow; for society has a way, according to Smith, of favoring their cause. On the contrary, the poor and middle classes, though they may try hard to mislead society, their humbler positions rarely attract the emulation of their spectators. This is not the case for the man of rank and distinction. Smith writes that this individual “is observed by all the world. Everybody is eager to look at him, and to conceive, at least by sympathy, that joy and exultation with which his circumstances naturally inspire him.”⁶⁰ The lower orders attend to their every need, study to emulate their fashion, idealize what they imagine their situation is like, and automatically start their observations off with clouded perceptions. “When we consider the condition of the great,” Smith observes, “in those delusive colors in which the imagination

⁵⁸ *Ibid.*, p. 71.

⁵⁹ *Ibid.*, p. 71.

⁶⁰ *Ibid.*, p. 72.

is apt to paint it, it seems to be almost the abstract idea of a perfect and happy state.”⁶¹

Smith compares how in times of civil war the death of a thousand fellow countrymen, whose rank as soldier positions them likely near the bottom, is cause for less grief than the execution of a single King.⁶²

The disposition to submit to and respect the wealthy and powerful is done not from an awareness that these manifestations might lead to the framing of class, order and rank. Admiration does not even come from the pleasure and security that we imagine derives from an abundance of material goods. On the contrary, according to Smith, it is the vain interest, the need man feels to attract his neighbor’s attention that inclines humanity to pursue riches. From where, Smith questions, “arises that emulation which runs through all the different ranks of men, and what are the advantages which we propose by that great purpose of human life which we call bettering our condition?”⁶³ Smith answers that it is from that need “to be attended to, to be taken notice of with sympathy, complacency and approbation,” these are the superficial pleasures we imagine the rich to incur.⁶⁴

J. Ralph Lindgren believes that Smith held these views chiefly because he observed them in his own society. Lindgren writes, “Smith was convinced that men in his day were interested in acquiring commodities principally as symbols of status.”⁶⁵ That wealth was sought after for the approbation it attracted, not for its practical utility. It must be this, according to Smith, because, as he observes, the poorest of laborers are allotted through their meager wages, subsistence, or, all that

⁶¹ *Ibid.*, p. 72.

⁶² *Ibid.*, p. 72.

⁶³ *Ibid.*, p. 70-71.

⁶⁴ *Ibid.*, p. 71.

⁶⁵ *The Social Philosophy of Adam Smith* (The Hague, 1973), p. 103.

nature requires to fulfill their natural passions. Aware that wealth does little to comfort the mind and even less for attaining happiness, he questions the motives for “avarice and ambition of the pursuit of wealth, of power, and pre-eminence.”⁶⁶ It is not because, Smith writes, “their stomach is better, or their sleep sounder in a palace than in a cottage,” because as Smith observes, the African prince lives no better materially than the meanest European laborer; nor is the beggar who rests on the side of a road any more anxious in his thoughts than the King of England. It is only from that need for attention from the vain satisfaction man gains from having his spectators observe him, for the craving to be recognized by our peers, that all work aimed at acquiring wealth takes place. This, according to Smith, is the cause of all the labor, industry and commerce that perpetuates not only the ensuing modes of productions and class divisions, but also the material progression of civilizations in general.⁶⁷

The ‘deception of riches’ will be built upon later in this work and its importance is only compounded when one figures that commercial society, as described in *The Wealth of Nations*, sprouts from, and survives only if the illusion is perpetuated. The single most important fact we can take from the foundations of Smith’s philosophy remains the skepticism he holds for humanity’s ability to decipher reality. We find this in any number of the delusions he observes; the doubt he holds for the possibilities of humanity ever recognizing ‘real knowledge’, his ridicule of systems and reasoned thought, his preference for passions, the relativism of moral qualifications, his utilization of conjectural history, and

⁶⁶ *TMS*, p. 70.

⁶⁷ *Ibid.*, p. 70.

even with the detached qualities of the impartial spectator. Hard to overlook, though many scholars avoid the fatalistic description of Smith, the pessimism that permeates his earliest works and can be seen clearly in his treatise on wealth, leaves humanity humbled in its state, almost discouraged as to the fate of its future. In 1967 A.L. Macfice wrote that, “Consistency was not Smith’s shining virtue.”⁶⁸ He might have said that irony was. Despite the superficial qualities of commercial society, specifically that one in which humanity chases wealth for vain satisfaction; and despite his attack on individuals of systems, Smith can not restrain himself from elaborating on the causes of wealth; nor does he fall short of developing his own system, that of natural liberty, in what one historian has called, the most celebrated treatise, the “Bible of Economic Science,” Smith’s *The Wealth of Nations*.

What has been reviewed up to this point will be reemphasized in the remaining chapters. Smith’s skepticism that systems could control the economy will be seen in his distrust of Physiocracy. The economic dependency humanity must endure in the advanced stages of the economy reflects the dependency of humanity in Smith’s considerations on morality and the impartial spectator. The skepticism of the Scottish Enlightenment runs parallel with Smith’s assertion that free trade is a utopia. We find the premise that pervades throughout his treatment of economics is that humanity must acknowledge its inability to perceive what is reality, and more specifically, what is the natural order. Therefore, when Smith construes his system of natural liberty, it is a philosophy that seeks to persuade humanity to comply with what Smith believes is a pattern closest to the natural economic order.

⁶⁸ *The Individual in Society*, p. 68. Macfice does not mean this at all as an insult, instead he is describing Smith’s tendencies of observation, realism, and eclecticism.

Natural Economics

The point of this chapter is to convey that what Smith presents in his treatise on wealth is what he believes is the system that is most in compliance with the natural order. It will be shown that Smith's economics are not as industrial, or commercial as is conventionally believed. Instead, Smith, in his system of natural liberty, sought the mode of production that as conservatively closest to nature, that is agriculture. However, unlike the Physiocrats and mercantilists, Smith held to the belief that systems constructed to control the economy inevitably fail. Smith is suspicious of every artificial mechanism that endeavors to determine how an economy will function. He is consistent in that he believes the economy, like all of nature's wonders, to be well beyond the understanding of man-made institutions. It is a phenomenon like any other, that our own logic and reason can do little to understand its causes and effects. Therefore, Smith's prescription is that of liberty. To allow humanity to follow its passions towards what might either be a beneficial or disadvantageous outcome. In essence, allowing nature the authority to decide for humanity its future.

"I have begun to write a book in order to pass away the time."¹ So reported Smith from Toulouse to his friend David Hume in 1764. Longing to return to Glasgow, where Smith spent the "happiest and most honorable period" of his life, he would stay in France for two more years tutoring the stepson of Charles Townshend.² Hume, who was living in Paris and acting as secretary to the British Ambassador, introduced Smith to many of the

¹ *Correspondences*, p. 102.

² *Ibid.*, p. 125.

French intellectuals. But before Smith returned to Paris, he investigated the French tax system, and attended the Estates of Languedoc in Montpellier where he observed French officials review finance, public works and economic policy.³ Smith then traveled to Ferney and Geneva where he met with Voltaire, and stayed with the close friend of Turgot, the mother of the duc de la Rochefoucauld, the duchess d'Enville. One of Smith's biographers, Ian Ross, believes it was the duchess who kindled Smith's special interest for Physiocracy.⁴

The visit to Geneva familiarized Smith with what to expect during his return stay in Paris.⁵ In the French capital Smith held his legendary meetings with the Physiocrats and *Philosophes*. Hume left Paris just days after Smith's arrival, having to return to London with the exiled Rousseau. Hume did make sure, however, that Smith received a warm welcome. On his own accord, Smith was already a bit of a celebrity from the popularity of his tract on morality; talk had even begun about a translation into the French. Around this time the Physiocrats were themselves extremely popular. They had just convinced the King to liberalize the grain trade; Le Mercier de la Riviera and Quesnay were both working on books; and the group was preparing the monthly publication of their *Journal de l'Agriculture*. Needless to say, the Enlightenment brought to France and Paris in particular, several revolutionary thinkers, as it had to Scotland. We know that Smith admired the Physiocrats; Dugald Stewart assures us that if Quesnay would have lived to see *The Wealth of Nations* the text would have been dedicated to him.⁶ In Smith's library there were ten

³ *Ibid.*, p. 205.

⁴ *Ibid.*, p. 208.

⁵ Smith's entourage would make a brief stop in Paris on their way to Toulouse; the limited time left Smith no opportunities to occasion any salons.

⁶ Dugald Stewart, *Account of the Life and Writings of Adam Smith* in *TMS*, p. xlv. As it turned out, *The Wealth of Nations* was not dedicated to anyone.

volumes of the Physiocrat's journal, all gifts from Quesnay, along with several of the group's most celebrated works.

While commentators have been quick to measure the affinities between Smith and the Physiocrats, few have noted their disagreements. We know one particular case that was cause for strife was their difference over taxes. Quesnay advocated a single tax on the net product, while Smith would write that luxuries, labor, commodities and manufacturers should all be taxed. Du Pont tells us that in Quesnay's apartment at Versailles, Smith admitted his errors. In *The Wealth of Nations*, however, he reversed his position, so engendering a rather distasteful response from the Physiocrats, particularly from Du Pont. The youngest of the group, later biographer of Turgot and editor of a collection of Quesnay's works, *Le Physiocrate*, Du Pont would write to J.B. Say regarding the tax disagreement, "Smith at liberty, Smith in his own room or in that of a friend, as I have seen him when we were fellow disciples of M. Quesnay, would not have said that."⁷ Du Pont, who held the grudge years later, thought that in the presence of the Physiocrats Smith was "regarded as judicious and simple, but one that had not yet proven his worth."⁸

Neither party was completely innocent in this rather embarrassing exchange of criticisms. Smith would spend a lengthy chapter dissecting Quesnay, whom he called a "speculative physician", and Smith made sure to label the "sect's" "Agricultural System", a system like any other.⁹ The same patronizing tone Smith reserved for mankind in general he also expressed in his treatment of the Physiocrats. Less than ten years later the

⁷ John Rae, *Life of Adam Smith* (New York, 1965), p. 215.

⁸ Ian Ross, "The Physiocrats and Adam Smith" in *Francois Quesnay, 1694-1774*. ed. Mark Blaug, Vol. II (Hants England, 1991), p. 214.

⁹ *WN*. Vol. II, pp. 291-363.

Physiocrats would see their leading roles as economic thinkers usurped by the Scot they had once invited to their meetings.

To a large extent the Physiocrats have suffered the same fate as Smith. Misunderstood and rarely placed out of the context of Thermidor, Quesnay has been simplified and misplaced in a much larger discipline of economic thought than that which they entered into. More recently the works of Gianni Vaggi and Elizabeth Fox-Genovese have helped to rescue Physiocratic theory, though the works of Warren J. Samuels deserve the most credit.¹⁰ Challenging the conventional interpretation of Quesnay's economic theory, Samuels argues that "Laissez-faire was a leaf out of their book, but not enough to be the title of what they had to say."¹¹

This chapter does not have the space for a full analysis of the relationship between Smith and the Physiocrats, nor does it allow for the positioning of the two in the broader composite of economic thought. It will be shown below that Smith's economic tract is less 'industrial' than conventionally understood. Like the Physiocrats, Smith favored agriculture, though unlike Quesnay, he opposes the artificial support of that industry. Smith however believed agriculture the surest way to accumulate capital, as well as the principal channel that economic production must first pass before it enters the commercial age. Furthermore, like Quesnay, he held the merchant in utter contempt; Smith favored the agricultural entrepreneur above all else.

¹⁰ Elizabeth Fox-Genovese, *The Origins of Physiocracy* (London, 1976); Gianni Vaggi, *The Economics of Francois Quesnay* (Durham, N.C., 1987); W.J. Samuels, "The Physiocratic Theory of Property and State" (1961), "The Physiocratic Theory of Economic Policy" (1962). Both essays have been republished in *Francois Quesnay, 1694-1774*. Ed. Mark Blaug, 1991.

¹¹ The passage was taken from an essay by Henry Carter Adams, it can be found in Warren J. Samuels, "The Physiocratic Theory of Economic Policy."

The division between the two comes with their interpretations of nature and systems. Quesnay sought to control economic forces, laying out a plan that prescribed a specific treatment for the handling of the French economy. Smith in no way thought an artificial system of commerce favoring agriculture or not, could direct the natural flow of the economy. Smith's thought can be traced to the pessimism he held of humanity's ability to perceive the intricacies of the natural world. Quesnay, on the other hand, treated the economy as if it were a human body amendable to 'economic medicine'. The Physiocrats offered a plan that relied heavily on the state, and, as we shall see, Smith's plan functioned on the opposite premise.

The Physiocrats, particularly Mirabeau, were quite arrogant in their assertions that they understood economic forces. For instance, Mirabeau considered Quesnay's *Economic Tableau* the third greatest human invention, behind only money and the written languages. The *Tableau* summarizes the circular flow of the French economy into an unchanging, regularized pattern of commercial quantifications where investment predetermine what the production of an economy would be. The Physiocratic system was based on the rational constructs of a human mind; and as Smith notes, it has never, nor will it ever be based on factual occurrences. Furthermore, the confidence expressed by the followers of Quesnay elucidates the point that the group was convinced of their legitimacy, and in fact believed that they understood all that there was to the economy. On the other hand, Smith admitted that not only was there plenty that he did not understand, but that there were some things, such as the operations of the invisible hand, that did not need to be understood for the economy to function properly.

Before we follow Smith back to Scotland in 1766, one last particular remains of his visit with the French intellectuals, the meetings between Smith and Turgot relate specifically to Smith's work on commerce. Never admittedly a Physiocrat, Turgot pushed for the removal of all restraints of trade, both inside and outside of France. Much more than Quesnay, Turgot approached economics with laissez-faire in mind.¹² Unlike the pragmatic Quesnay and Mirabeau, Turgot believed manufacturing part of the productive sector, like Smith, offered a much broader social philosophy than any of the Physiocrats. Little remains of evidence of the encounters between Turgot and Smith. We are, however, aware that one of the salons Smith frequented along the Seine was that of Helvetius.¹³

Despite his poor command of the French language, Smith met and exchanged ideas on economic theory with Turgot at Helvetius' home. Turgot was *Intendant* of the *generalite* of Limoges, and had just recently published his *Reflexions sur la Formation et la Distributions des Riches*. He would go on to serve as Comptroller-General under Louis XVI in 1774. His 'six-edicts' would prove a liability to his career as they caused a violent reaction from *Parlement*. The King's own inclinations for reform succumbed to *Parlement's* demands, and Turgot was dismissed in May of 1776, two months after the publication of *The Wealth of Nations*. Stewart writes of their relationship: "The satisfaction he (Smith) enjoyed in the conversation with Turgot may easily be imagined.

¹² Turgot belongs more so to the Gournay school of laissez-faire than any of the Physiocrats. Even though Quesnay used the term only once in a little known *Lettre de M. Alpha*, and with hardly any elaboration, he is still championed as the 'founder' of the term. We will see later that Quesnay's contempt for merchants and manufactures is even stronger than Smith's. See Gianni Vaggi, *The Economics of Francois Quesnay*, p. 214, footnote 21.

¹³ Ian Ross, *The Life of Adam Smith* (Oxford, 1995), p. 210.

Their opinions on the most essential points of political economy were the same; and they were both animated by the same zeal for the interest of mankind.”¹⁴

Most scholars believe Smith’s affinities with Turgot are closer than to any other economist of the age. Stewart continues, “The favorite studies, too, of both, had directed their inquiries to subjects on which the understanding of the ablest and the best informed are liable to be warped, to a great degree, by prejudice and passion; and on which, of consequence, a coincidence of judgment is peculiarly gratifying.”¹⁵ An idea that Stewart alludes to is that Smith’s economic thought was in fact original. Throughout his life, and even in some of his published literature, Smith wrote that his work was genuinely his own, and that it was not taken from any of his contemporaries, especially the economists in France.

Having done much to fine tune his economic thought, Smith returned to London in 1766. Townshend, acting as Chancellor of Exchange, and providing Smith with a considerable allowance, requested that Smith make some inquiries into English finances. Smith also studied ancient Rome’s relationship with her colonies, and later offered his conclusions to the British government as suggestions of how to handle the American disturbance.¹⁶ Preparing Smith to write further on commerce, he received in March of

¹⁴ Dugald Stewart. *Account of the Life and Writings of Adam Smith*. Found in *TMS*, p. xlv.

¹⁵ *Ibid.*, found in *TMS*, p. xlv.

¹⁶ Much has been written on Smith’s advocacy first for political union, then economic union, and finally liberalization of the American colonies. See, among others, D. Stevens’ “Adam Smith and the Colonial Disturbances”, found in *Essays on Adam Smith*, ed. Andrew Skinner (London, 1975); and Bernard Semmel, *The Liberal Ideal and the Demons of Empire* (Baltimore, 1993).

1767 a number of books concerned chiefly with economics, of which, surely the Physiocrats were among them.¹⁷

At the time of his return to Kirkcaldy later that same year, Smith was deep in his research of economic materials. Immensely preoccupied with the subject, he would write to Hume, “My business here is to study.”¹⁸ Finding tranquility in his books, Smith contently admitted, “I feel my self, however, extremely happy, comfortable and content. I never was perhaps, more so in all my life.”¹⁹ Writing to M.P. William Pulteney five years later, he complained that his “book would have been already for the Press by the beginning of the winter; but the interruptions occasioned partly by bad health arising from want of amusement and from thinking too much upon one thing...”²⁰ He would later write of having suffered from fits of abstraction as his health continued to decline, this only added to the slow progress of the book.²¹ Worried for his friend, Hume wrote to Smith urging him to leave Kirkcaldy and make a visit to Edinburgh, warning Smith “soon you will cut yourself off from human society.”²² He left Kirkcaldy in the spring of 1773 to carry out its publication, but he would work on it diligently for yet another three years before the manuscript would see the presses.

The care and attention Smith showed for his works is something that persisted throughout his professional career, and should only be expected in his efforts in *The Wealth of Nations*. And though the qualities of his two most popular works may differ on the

¹⁷ Ian Ross, *The Life of Adam Smith*, p. 227. To name a couple, Adam Anderson’s *Historical and Chronological Deduction of the Origin of Commerce*; and an English translation of Jacques Savary des Brulons’ *Dictionnaire universel de commerce*.

¹⁸ *Correspondences*, p. 125.

¹⁹ *Ibid.*, p. 125.

²⁰ *Ibid.*, p. 164.

²¹ Ian Ross, *The Life of Adam Smith*, p. 241.

²² *Correspondences*, p. 160.

surface, only those who give superficial readings propose a significant divide. The most striking similarity between the two remains man's subjugation to the natural order, due, in part, to his inability to perceive its design accurately. In *The Wealth of Nations*, however, Smith identifies mechanisms humanity might employ to better its standing in their relationship with nature. I will elaborate on these mechanisms, particularly the division of labor, towards the end of this chapter, and in doing so, argue that Smith encourages what can be considered an agriculturist plan to improve man's conditions, and that more generally, *The Wealth of Nations* is a liberalizing treatise only if one determines that freedom is the compulsory adherence to the natural order.

In the final sentences of *The Theory of Moral Sentiments*, Smith tells his readers that he "shall in another discourse, endeavor to give an account of the general principles of law and government, and of the different revolutions they have undergone in the different ages and periods of society, not only in what concerns justice, but in what concerns police, revenue, and arms, and whatever else is the object of the law."²³ Twelve years after he had begun the project, Smith published *The Wealth of Nations* on March 9, 1776. The first edition of 500 copies sold out in six weeks, and the book was reviewed, though sparingly, somewhat favorably by the local press inciting Smith to remark humbly, "I have however, upon the whole been much less abused than I had reason to expect; so that in this respect I think myself rather lucky than otherwise."²⁴ Hume wrote to Smith that he doubted the work would ever become very popular. Citing its meticulous analyses, Hume thought it far beyond the average reader's capacity.²⁵ He was right in at least in one respect. Robert

²³ *TMS*, p. 503.

²⁴ *Correspondences*, p. 251.

²⁵ *Ibid.*, p. 186.

Heilbroner offers us a brief description: “What an exasperating book! Again and again it refuses to wrap up in a concise sentence a conclusion it has laboriously arrived at over fifty pages.”²⁶ The first edition was over 1,000 pages serving just as well as an encyclopedia for economics as a revolutionary text on commercial policy.

In the examination that follows, it will be shown that Smith’s treatise was written first and foremost as an observation of humanity’s reactions against natural forces, specifically economic forces. We remember that Smith considered humanity unprepared to sufficiently observe, systematize, and much less control the natural order. Part of the natural order is humanity’s system of economy. Just as it is natural for us to exist as hunters and gatherers, it is natural to exist as merchants and manufacturers. Commercial society, according to Smith, is an aspect of nature, like many others, that humanity has trouble understanding. At times, the most advanced stage of the economy operates in a fashion illogical or unreasonable to the human mind. There are forces found within its order that man can not control, much less observe with accuracy. Still, it is nature, and like all nature it maintains a supernatural presence. Its director is the Great Superintendent of the natural world, functioning through the invisible hand and a host of other economic forces that over time become the commercial laws of the natural order.

Nature subjugates humans to her will. Neither reason nor force is effective in reorganizing her order. This being that way, it must follow that humanity’s movements in nature, in this case commercial society, are in passive compliance, or in aggressive reaction, to her influence. In other words, Smith believes that individuals can never control the economy. He maintains that economic forces, like all natural forces, are well beyond

²⁶ *The Worldly Philosophers* (New York, 1980), p. 52.

the understanding of humanity, and thus should not be governed or directed. Easily we see the roots of this conclusion in Smith's contempt for systems, and more generally in his mistrust for man's perceptions. And since individuals find themselves subjugated to nature, rarely, if ever, are they at liberty to take the first step, because it is nature that determines that what will occasion first, not humanity.

Therefore, it could be said that an individual's actions in whatever field, for instance, commerce, are reactions. It would be a liberal reaction if Smith advocated a complete break with the natural order. However, because Smith's advice is to follow the natural order in a cautious, rather moderate fashion, we should consider it 'conservative.' Since the individual is not free to follow his own reasoned will, he is forced to comply with his natural inclinations, to let his passions act as a guide. The prescription Smith gives is less industrial by way of its leanings towards agriculture, labor, and his contempt for the advances made by merchants and manufacturers. Nowhere does it appear his goal to show favoritism towards the business classes. If anything, Smith holds dear the common laborer and yeoman. His relationship with Quesnay is remarkable for another reason. Both advanced decidedly agriculturist agendas. Even though Quesnay believed he could control the natural order where Smith thought it best to allow the natural order to control the economy.

Worth equal mention are Smith's principles of knowledge accumulation, specifically what he considers 'philosophy'. It will be shown below that Smith admitted to his own guilt of using philosophical inquiry first to make observations, and secondly to soothe his reader's imaginations. For he doubted the reliability of all assessments, and indeed, was hesitant to acknowledge the attainment of any true understanding. This belief

was not restricted to all other philosophies but his. It is true he even felt his own philosophy inaccurate and subject to, by way of the evolution of ideas, eventual revision.

For one to comprehend in full *The Wealth of Nations* comments must be made of Smith's writing style. Let us look briefly at Smith's methods of presentation, particularly in his work on economics. We have seen that Smith elaborated on the use of rhetoric, the communication of ideas, and the development of language; that analysis will bear further fruit when we look specifically at the styles employed in *The Wealth of Nations*. Historical writing, according to Smith, distinguishes occasions that lead to the nature and causes of the more determining events in the progress of civilizations. Furthermore, history is unique in that through observation it can assist man to better understand the causes responsible for the like effects.²⁷ It is the job of the historian, Smith writes, to expose "the causes only in proportion to the impression it makes," with the goal interwoven within a work, to provide moral instruction.²⁸ And it is only from observation that the historian is to write, because as Smith tells us, this allows an argument to build on facts alone. Before Smith was an economist he was a historian. For presentation, Smith writes that perspicuity should be the style of any author, for it is through this channel that an author's message can be relayed naturally, unobstructed by ambiguities or superfluous language, allowing the reader to easily find the argument, and increase the chances for sympathy, and perhaps even the readers approval.²⁹

Andrew Skinner names Smith's mode of presentation a "conceptual system". Echoing much of what Viner pointed out almost 70 years earlier, Skinner argues that

²⁷ *LRBL*, p. 85.

²⁸ *Ibid.*, p. 88.

²⁹ *Ibid.*, p. 4.

Smith's chief contribution to economics came in his ability at putting together an extensive observation of economic phenomena brilliantly arranged aimed at provoking his readers consideration.³⁰ An equally thorough analysis of Smith's technique is given by Vivienne Brown's in her recent book, *Adam Smith's Discourse*. In it, she argues that Smith is writing primarily against the philosophies of two contemporaries: Quesnay's Agriculturism and Steuart's Mercantilism. What Brown fails to point out, is that both agriculturism and mercantilism are different forms of reaction against the natural order. Quesnay is actually responding first to Louis' mercantilism; afterwards, by artificially supporting agriculture he offers his own reaction towards nature. Brown also argues that Smith's authorial intentions position him closest to conservative policies reflecting his anti-mercantilist bias. She also points out that *The Wealth of Nations* contrasts noticeably with *The Theory of Moral Sentiments*, most noticeably in their style of argument. On this last point, Brown believes that with the impartial spectator Smith is able to make open arguments where critical judgment is left to the reader. This leaves *The Theory of Moral Sentiments* without an authoritative voice that could otherwise control the discourse. Moreover, Brown argues that the empirical sense of *The Wealth of Nations* is overwhelming. What she calls the "strong voice" appears typically when Smith assesses scenarios using, to varying degrees, the scientific or Newtonian methods. When Smith passes judgment after observation, he either defends his argument with what Brown calls "the objective voice of science", or a "powerful tradition of ideas."³¹

³⁰ *A System of Social Science* (Oxford, 1996), pp. 176-77.

³¹ *Adam Smith's Discourse* (New York, 1994), p. 45.

To some degree, *The Wealth of Nations* is as much a literary masterpiece as it is an economic one. Indeed, scholars have commented extensively on this matter. Some, however, have implied negative connotations against this quality. Rashid Salim, in his chapter “Adam Smith and the Cycle of Ignorance,” argues that Smith’s only contributions to economics were in presentation and pedagogy. Smith provided nothing further than an elaboration of what his contemporaries had already noticed, and that even still, Smith forgot to cite his sources on a number of occasions.³² Advancing the idea that Smith plagiarized his work, Rashid traces Smith’s thought all the way back to Plato, though one might have expected Adam. Blindly following the lead of Viner, who in the *International Encyclopedia of the Social Sciences* describes *The Wealth of Nations* simply as “an impressive collection of economic data,” and regards Smith as the great eclectic, Rashid surpasses the criticism of Viner, and for that matter, even that of Marx.³³

For a more sober account of Smith’s method, we need not look any further than his own philosophy. Smith’s theory on philosophical inquiry can be traced to his principle on the accumulation of knowledge. The utterly incoherent appearance of nature, if we recall, stimulates within the individual first surprise, then wonder, ending finally with the soothing of the imagination by way of the “connecting chains” of philosophy.³⁴ The mind can then take immense pleasure at acknowledging the resemblances of the causes of nature. These resemblances of objects might have at first horrified spectators, but through observation, experience, specialization, and the association of ideas, humanity is able to better observe and understand the natural world, though never entirely accurately. It is the principal

³² Salim Rashid, *The Myth of Adam Smith* (Cheltenham, U.K., 1998), p. 3.

³³ Found in *Ibid.*, p. 5.

³⁴ *EPS*, p. 43.

object of all philosophies to introduce satisfaction to the mind by illustrating nature as a “magnificent spectacle.”³⁵ And as long as the spectacle brings with it familiar principles that are neatly organized, the observation can then be placed tightly into specific categories bringing with them tranquility to the once rattled mind of the spectator.

These systems of thought, according to Smith, closely resemble the workings of machines. When observed properly, it is noted that they are specifically “designed to connect the performances which are already in reality.”³⁶ For all an individual can do is observe, because the ‘performances’ exist no matter of his abilities at understanding the causes behind them. On the development of the history of astronomical studies, and a parallel can be drawn here to include all philosophies in general, Smith writes, “this hypothesis, by classing them in the same species of things, with an object that is of all others the most familiar to us took of that wonder and uncertainty when the strangeness and singularity of their appearances had existed; and thus far, too, better answered the great end of Philosophy.”³⁷

When the imagination of man has grown familiar with an explanation of a particular natural occurrence, only then can an association of ideas form, ending ultimately in the cognitive acquisition of an understanding of that observation, or natural phenomenon. Smith writes that on most occasions, the beauty and simplicity of an argument allows it to flow naturally into the mind, destroying any preconceived notions that might have existed. Perhaps this explains the simplicity of Smith’s system of natural liberty. However, on some occasions, “the novelty and unexpectedness of that view of nature” is enough to

³⁵ *Ibid.*, p. 48.

³⁶ *Ibid.*, p. 66.

³⁷ *Ibid.*, p. 75.

provoke the wonder, inquiry, tranquility, and consequential popularity of that nuance, eventually leading for cause of the disapprobation of any former philosophy that might have endeavored to explain the identical effect, this no matter the validity of either philosophy.³⁸ It follows that systems of philosophy, at different stages of human development, dependent on what level man's intelligence has reached, are judged not on their "absurdity, probability or truth," but instead on their effectiveness at bringing an equilibrium to man's mind, or put simply, to satisfy man's feeble intellect.³⁹

Joseph Cropsey writes that *The Wealth of Nations* is a "book that delivers the truth about nature."⁴⁰ Smith would surely have welcomed the comment, but there still lies ambiguities within *The Wealth of Nations* that need to be addressed. If Smith, as we have just seen, hesitates to admit the truth of any system of thought, what about his own philosophy? He took great pains in perfecting his writing, and he had great awareness of how to soothe the imagination of his readers with methods of clear and simple presentation; he even employed rhetoric specifically with the intent of providing instruction. What remains is his admission. Smith writes, "And even we, while we have been endeavoring to represent all philosophical systems as mere inventions of the imagination, to connect together the otherwise disjointed and discordant phenomena of nature, have insensibly been drawn in, to make use of language expressing the connecting principles, of this one, as if they were real chains which Nature makes use of it to bind together her several operations."⁴¹

³⁸ *Ibid.*, p. 75.

³⁹ *Ibid.*, p. 34.

⁴⁰ *Polity and Economy* (South Bend, IN., 2001), pg. 73.

⁴¹ *EPS*, p. 105.

What must then follow after every stage of equilibrium brought to the mind by way of philosophy is the eventual modification and revision of the theory, especially after man has become increasingly familiar with the idea. Smith implies that philosophical inquiries, and therefore, man's general understandings of natural phenomena, are evolutionary, subject to the intellectual climate of the age, and relative to how well the imagination can reach an equilibrium.⁴² It would be unwise, therefore, to think that Smith would apply this charge to all other philosophies except his own. Smith no doubt expected his philosophy to be revised to suit the intellectual standards of future societies. Even if Smith's philosophy is accurate, little does it matter, because we would scarcely be able to recognize its perfection; our perception would be flawed even in this ideal scenario.

Andrew Skinner has most effectively argued this point about Smith. It was the evolutionist theory on the accumulation of ideas and the changing face of all philosophies, according to Skinner, "that led Smith to utter the warning...that led him to take the bold and novel step, in an age dominated by Newton, of reminding his readers that the content of that system was not necessarily true," since it rested, like all philosophies, on the arbitrary abilities at soothing contemporary imaginations.⁴³ Smith uses Descartes as another example. He reminds his readers how Descartes created a system once "regarded by a very ingenious nation, for near a century together, as a most satisfactory account...Yet it has since been demonstrated that, to the conviction of all mankind, that these pretended causes of those wonderful effects, not only do not actually exist, but are utterly impossible, and, if they did exist, could produce no such effects as are ascribed to them."⁴⁴ Simply put, Smith

⁴² Andrew Skinner in his *A System of Social Science* presents this analysis of Smith. See pp. 37-41.

⁴³ *Ibid.*, p. 41.

⁴⁴ *TMS*, p. 459. Andrew Skinner provides wonderful insight on this point.

was relaying that all philosophical systems, including his own, will ultimately be revised allowing for the popularity of another to arise, according to, and so that man's imagination might be calmed. We find that Smith was only complying with his broader principle on the accumulation of knowledge, admitting that his own assessments are in some ways flawed, and that in the future, it will be shown that his understanding was not complete.

Therefore, Smith contends that *The Wealth of Nations*, when it does offer a theory, it does so by way of his own individual perceptions knowing that through the processes of specialization, experience, and further inquiry, future philosophers will demand that it be revised. This, Smith believed, is inevitable to the development of human knowledge. The wise interpreter of Smith's economic philosophies then must sensibly conclude that a review of the literature should begin with the understanding that by no means did Smith intend his tract to sustain the test of time. In other words, Smith understood, and even admitted to his readers, that the observations he made on commercial society derived from his own flawed perceptions. With that clarified, let us now examine what Smith set out to observe, that is, nature.

The concept that Smith entertains in *The Wealth of Nations*, by now is quite familiar, that humanity has no control over the effects or causes of nature. Nature is an uncontrollable process that inevitably will take place whatever our disposition happens to be. Rarely are there events that humanity is not impotent in its command; instead, it is allotted a rank in the natural order that simplifies its role as mere observer, more specifically, passive in its admiration, sedated by its submission to nature's grand design, of which, it is but a spec of, a small part of the larger whole. Humanity detained under

nature's control, refrained by natural forces from being able to leave her grasp, in essence, nature is its cage.⁴⁵

This appears to be the general consensus among scholars of Smith, though many have difficulty elaborating on this concept, so saving themselves from having to refer to man's relationship with nature as 'pessimistic'. T.D. Campbell is one who has little trouble in identifying these fatalistic qualities. Nature and natural law, Campbell writes, are such that humanity, "Nevertheless the modifications which they can bring about in their behavior and in the development of society are neither far-reaching nor prolonged."⁴⁶ We see this same attitude found in *The Theory of Moral Sentiments*, where Smith writes, "The natural causes of things can not be entirely controlled by the impotent endeavors of man: the current is too rapid and too strong to stop it; and though the rules which direct it appear to have been established for the wisest and best purposes, they sometimes produce effects which shock all his natural sentiments."⁴⁷ The realism of Smith philosophy carries over into *The Wealth of Nations*, where Smith writes, though "undoubtedly" man's natural inclinations to imagine systems "have retarded the natural progress...it has not been able to stop it."⁴⁸

That Smith's concept of nature should present man in such a discriminatory fashion, by now, should be of no surprise. Smith's diagnosis of humanity in *The Wealth of Nations*, in correlation with his broader philosophy, is quiet unfavorable. Humanity's chance at beneficial progression lies in its ability to comply with what is instinctual. In short, the natural world and its many intricacies should be left alone. Lacking the needed cognitive

⁴⁵ Joseph Cropsey, *Polity and Economy*, p. 47.

⁴⁶ *Adam Smith's Science of Morals* (London, 1971), pg. 53.

⁴⁷ *TMS.*, p. 239.

⁴⁸ *WN*, Vol. I, p. 370.

development has disabled man disallowing him to understand what reality factually consists of. “To man”, Smith writes, “is allotted a much humbler department...one much more suitable to the weakness of his powers, and to the narrowness of his comprehension- the care of his own happiness, of that of his family, his friends, his country.”⁴⁹ Rather than attempt to comprehend the natural laws around him, man should direct his attentions to his most immediate necessities- hunger, thirst and sex.⁵⁰ These are the three points at which Smith’s theory of the natural progression of mankind finds its origin. Every motive that we can cite as ‘natural’ for man begins at one of these three points. They are the acts that cause every important event taken by man at securing his existence.

Though the simplicity is remarkable, the expressions aimed at procuring these needs, differing at each stage of human development, become specialized, evolving into complicated modes of production, eventually manifesting into a fully functioning commercial economy. In the progression of human society, these expressions have taken on a number of different connotations, some of which have delayed, by prejudice and obstruction of the natural order, its inevitable evolution. At times merchants have been favored, at others, condemned; bankers are called usurpers by one culture, legitimate lenders by another.⁵¹ Whatever the explanation for the negative or positive attributes, the effects matter little insofar as they alter the course of nature. It must follow that rather than attempting even to understand the natural laws that surround him, man should instead

⁴⁹ *TMS*, p. 239.

⁵⁰ Adam Smith, *Lectures on Jurisprudence (a)* (Oxford, 1978), ed. Ronald Meek, D. D. Raphael and P.G. Stein, p. 527. From here abbreviated *LJ (a)* or *LJ (B)*.

⁵¹ Smith provides an intriguing example for this. He writes how typically throughout history the Jewish people have been cast unfavorably upon orders of business. Commerce was perceived by Christians as religious taboo. Smith regretfully gives the account leaving open the possibility that the malicious opinions of zealots might have obstructed, at least delayed the natural progress towards opulence and natural liberty. *Ibid.*, p. 527.

blindly comply with their passions, in whatever fashion they may be expressed, barbaric or civilized. Even a misguided individual, Smith writes, however much he admires the beauty of the natural world, if innocent and unknowing, still, there can “never be an excuse for his neglecting the more humbler department.”⁵² If positioned along a hierarchy of animal species, humanity would find a place, certainly not amongst the most degenerated of beasts, but not significantly above those of a brutish character. Even the learned classes, although Smith was a member, he writes, “The most sublime speculation of the contemplative philosopher can scarce compensate the neglect of the smallest active duty.”⁵³

“So imperfect a creature as man,” from Smith’s writing we find that he held the species with little regard.⁵⁴ That our knowledge is used not to discern the truth, but to ease the imagination has already been elaborated in Chapter 1. We have also seen how Smith believed that a deception concerning the realities of wealth has pushed man through its stages of progress. And that it is nature, not our ability to reason, that has determined for humanity its state, for better or worse, and our position within it. Smith’s tract on economics speaks directly to mankind’s relationship with nature, how it reacts to her laws, and how past policies have been ineffective in controlling her will. What we gather from his plea is that humanity not disturb the natural order, but instead work in such a fashion as to expedite the process. To make humanity’s reaction to natural forces, those that secure its three principal motivations, coincide with the movements of nature. To in effect, by acting instinctually, comply with her will.

⁵² *TMS*, p. 348.

⁵³ *Ibid.*, p. 348.

⁵⁴ *Ibid.*, p. 447.

Nature has left Smith in a rather awkward position. He admits that man's submission is not, nor has it ever been, optional. The only course left to follow is compliance. Interference by an external force, or succumbing to a system that might allow man's reason to divert him from his instinctual passions, usually sets him on a course at odds with nature. The value in Smith's presentation lies in its ability to convince his readers, to ease their imaginations, by making them believe that enslavement to nature is more beneficial to their cause than anything done by artificial means. Rather than bend to the rational thought of others, humanity should allow its self-interest, whose ultimate end lies in the perpetuation of its existence, to be its guide.

What does Smith believe is natural for man? First and foremost, it is to comply with the natural order. No matter the fetter or delay, this order, which Smith calls 'natural liberty', will inevitably establish itself. Humanity has little option but to succumb to this order. And with it will come the natural course of development. Through stages the progression of humanity then follows. It enters first the age of hunters, where "The only thing amongst them which deserved the appellation of business would be the chase."⁵⁵ The development of an individual would lead him to manage his beasts more effectively, and the rise of a civilization of shepherds would commence the second stage of economic development. Naturally, the division of labor would establish itself, evolve into forms of specialization, and eventually create a revolution in the exploitation of the land. Nearing closer to the end of the age of shepherds, humanity's numbers multiply, forcing the species to progress further, advancing the modes of production into the age of agriculture. In this third stage the fruits of their labor amount to a surplus that finds its way to the market for

⁵⁵ *LJ(a)*, p. 14.

exchange. Different peoples, different nations, different civilizations, all confer to exchange one commodity for another to secure their own preservation, but only after each had stock sufficient for their own subsistence.

The individual's lot is to become dependent upon his neighbor more so than any other species. This because in the commercial age an individual's personal labor alone is not sufficient to procure that individual the necessities of life. This fact requires then, but only after society has outgrown the agrarian age, the evolution into the fourth and final stage, the age of commerce. It too is developed naturally so that individual's might maintain their subsistence in the present state of the production of commodities.

According to Smith's analysis of the different stages of human progress, government institutions develop according to the economy of a society. Doing things natural to its instincts, humanity develops certain "natural rights", whose origins are so plain that "they need not to be explained."⁵⁶ These include, but are certainly not limited to, property rights. They are laws that find their origins in humanity's right first to its own body, and then to whatever may be the product of its body, whether through the labor of its hands or the labor of its mind. To protect an individual and secure the rights to its labor, and what may come from that labor, societies have unified under governments, by way of their natural instincts but not by reason or utility. A staunch critic of all philosophies that depend too heavily on our capacity to reason, much less in our ability to form a consensus, Smith denies the existence of any 'social contract'. Instead, he cites natural progress. Governments are created unknowingly, but specifically so that those with property can find protection from those without. In a rather gloomy description of the natural order, Smith

⁵⁶ *Ibid.*, p. 13. Also an example of Smith's argument being based on adhered to principles of common sense.

tells us that, “Laws and government may be considered in this and indeed in every case as a combination of the rich to oppress the poor, and preserve to themselves the inequality of goods which would otherwise be soon destroyed by the attacks of the poor, who if not hindered by the government would soon reduce the others to equality with themselves by open violence.”⁵⁷

The division of labor progresses naturally through its own stages of development. It even reaches the stage of mercantilism. Despite attempts by society to stall, humanity soon outgrows its restraints and established a commercial system of natural liberty. Driven partly by the same deception of riches, individual’s exchange commodities not to address the needs of their neighbor, but to maintain the perpetuation of their own existence. Labor must then become mutually beneficial, and the individual’s subsistence dependent upon the macro-economy. The division of labor increases dexterity, allowing for the production of goods to intensify, augmenting their output, and so increasing a nation’s wealth. More time is saved, and production is increased further by the elimination of moments “commonly lost in passing from one species of work to another.”⁵⁸ Specialization, experience, the accumulation of knowledge, all help in the designing of machines, “which facilitates and abridge labor, and enables one man to do the work of many.”⁵⁹ All this, though the processes be slow and tedious, is the “consequence of a certain propensity in human nature which has in view no such extensive utility; the propensity to truck, barter, and exchange one thing for another... This, however is not the effect of any contract, but of the accidental

⁵⁷ *Ibid.*, p. 208.

⁵⁸ *WN*, Vol. I, p. 5.

⁵⁹ *Ibid.*, Vol. I, p. 6.

concurrence...”⁶⁰ As the division of labor becomes more specialized, in many aspects it helps mankind advance his position relative to nature. Specialization helps humanity exploit the land more efficiently, exploit their own labor to augment production, and to varying degrees, especially when machinery becomes a factor, the division of labor helps humanity to better understand what he might perceive in the natural world. In essence, the division of labor helps subsidize our faults.

The great multiplication of commodities attained by the division of labor and subsequent specialization that naturally follows is responsible for the opulence of every nation. Its wealth is found in the number of usable commodities, specifically those that procure subsistence, and in the personal opulence of each individual, not the aggregate.⁶¹ It is only when an individual addresses their own self-love, their own self-interest that the wealth of a nation increases. Smith tells his readers in the now famous, often quoted passage, “Give me that which I want, and you shall have that which you want.”⁶² Or in an equally popular passage here worth repeating, he writes, “It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our necessities but of their advantages.”⁶³

When the individual does endeavor to exchange, he is keen not only to the commodity that he wishes to procure, but also, and Smith employs a familiar term here, he endeavors to provoke his trader’s sympathy, to come to an agreement with him, to find out not only if their assessments are equal, but to engage with his neighbor as to make him

⁶⁰ *Ibid.*, Vol. I, p. 12.

⁶¹ *Ibid.*, Vol. I. p. liv.

⁶² *Ibid.*, Vol. I. p. 13.

⁶³ *Ibid.*, Vol. I. p. 13.

acknowledge the propriety of the terms he hopes to advance, or put simply, to coincide in sentiment.

Though well before the division of labor demands that the common laborer enter into the macro-economy, the accumulation of a certain quantity of stock must first exist. For this stock to be stored so that the individual with a surplus might invest his goods in the most beneficial fashion, the destruction of all restraints is needed to allow for the natural flow of commodities to commence. Because the owner of that surplus “will naturally be employed in the manner most advantageous to the whole society.”⁶⁴

And so goes Smith’s observation of the modern production process. Though the individual is unaware of the importance of these events, society has created what is now a large and complicated system of commerce. Where by following their natural instincts, and by “turning a penny wherever a penny was to be got,” the greater part of the civilized world is enabled to enjoy levels of wealth unbeknownst to the entire species thereto.⁶⁵

The Wealth of Nations remains a work that describes what nature has allotted humanity; and as Charles Griswold notes, Smith “seems to be one of the last major philosophers whose work is a defense of nature.”⁶⁶ Throughout his analysis, Smith uses observation and conjecture, criticizing humanity when he sees fit. And interwoven within is also his concept of nature, and how she might effect whatever occurrences deemed proper. Still, humanity should be thankful for her, since it has been our reason that has contributed to the delay of what is most advantageous to the species.

⁶⁴ *Ibid.*, Vol. I, p. 400.

⁶⁵ *Ibid.*, Vol. I, p. 441.

⁶⁶ *Adam Smith and the Virtues of Enlightenment* (Cambridge, 1999), p. 314.

To deny distinction between Smith's two principal works would be ridiculous. *The Theory of Moral Sentiments* is a work on morality, while *The Wealth of Nations* deals with modes of production, capital accumulation and the natural progress of opulence.⁶⁷ As difficult, then, that it might appear to reconcile these texts, Smith, skilled in styles of presentation and trained in the arts of soothing the reader's imagination, has given his students many themes to work with.

We have already become familiar with the deception responsible for powering the machines of production. In *The Theory of Moral Sentiments* Smith elaborates on how humanity seeks to acquire wealth only to fulfill a vain pleasure. The desire for approbation and the lust for sympathy provide humanity with the inner drive of industry. We labor not for the superficial pleasures materials goods might bring, but for the chance to attract society's attention. If tranquility is the ultimate goal, and for Smith equilibrium within is the true meaning of happiness, the commodities that cover the most fundamental needs of any person would be sufficient. He writes that the pretentious considerations of wealth in no way guarantee the easing of an imagination. Simple pleasures, without extravagance, are the means most favorable to any real tranquility, void of vain interests, and not dependent upon artificial wealth.

"We see accordingly that an ordinary day-laborer, whom he false account to live in a most simple manner, has more of the conveniences and luxuries of life than an Indian prince at the head of 1000 naked savages."⁶⁸ That the common laborer, in this instance, is more at ease than an Indian prince baffles Smith, though it supports a number of his claims.

⁶⁷ The last phrase is actually the title to the first chapter of the third book.

⁶⁸ *LJ (a)*, p. 333. Smith is referring to an American Indian.

No matter the abundance of wealth, tranquility rests alone with the necessities. Once subsistence is provided for, ease can scarcely vary in degree. The fact that an uncultivated savage whose subsistence is provided directly from the fruits of his own labor, which he acquired in full amount leaving none to be taxed or usurped, lived in lesser conditions than did the meanest European laborer perplexed Smith's thought. The industrial worker, though he receives only a small portion of the produce of his labor, lives a finer life materially, despite being the more exploited one.

Smith can hardly account for this scenario, yet it led him further to the understanding that, no matter the recompense for one's labor, whether in full or divided among several, it helps little to determine the tranquility of an individual, so long as the necessities are provided. He concludes that it is the consumption of the fundamental commodities of life that should be the end of all labor, and thus the principle factor in attaining tranquility. "To what purpose does industry serve but to produce the greatest quality of these necessities...The business of commerce and industry is to produce the greatest quantity of the necessities of life for the consumption of the nation..."⁶⁹

The "frivolous distinctions in otherwise equal objects," the obsessions over superficialities, the anxiety brought by an abundance of choice, all disturb the ease and tranquility attainable through the consumption of simple commodities.⁷⁰ In his lectures Smith tells his audience that "man alone of all animals on this globe is the only one who regards the differences of things which no way affect real subsistence or give them no superior advantage in supplying the wants of nature."⁷¹ Smith often makes the distinction

⁶⁹ *Ibid.*, p. 390.

⁷⁰ *Ibid.*, p. 336.

⁷¹ *Ibid.*, p. 335.

between diamonds and water to point out our pretentious and foolish character, highlighting our insensible want for frivolous goods. There seems no other explanation than the errors of our perceptions.

The condescending tone Smith reserves for humanity continues when he criticizes the systems its governments have contracted in reaction to economic forces. The policies Smith holds most in contempt are those of the mercantilists. He begins his critique with how government's mistakenly perceive wealth to be embodied in the precious metals. Of the theory that holds wealth in metals, he writes, that no matter the "vigilance of government," no external force can obstruct the natural species flow.⁷² And that "the attention of government never was so unnecessarily employed."⁷³ Attempts to control the distribution of gold and silver relate to Smith's other critique of mercantilism, that such policies unwisely measure the wealth of a nation by the quantity of bullion found within it. The blame lies not only in their misperception of what wealth consists of, this time in a different respect, but in the idea that man when given the proper instruments, in this case the precious metals, could accurately measure a nation's riches, then why could it not control the amounts that might be imported or exported.

Another tenet of mercantilism, the balance of trade, in its attempt at disturbing the natural flow of commodities, has, according to Smith, done more to impoverish the nation that adheres to this doctrine than it will have done to augment its wealth. "Nothing," Smith writes, "can be more absurd that this whole doctrine of balance of trade..."⁷⁴ Likely because the doctrine, instead of allowing trade to flow through its natural channels between

⁷² *WN*, Vol. II, p. 8.

⁷³ *Ibid.*, Vol. II, p. 9.

⁷⁴ *Ibid.*, Vol. II, p. 66.

two equal parties advancing their own interests, it seeks to interfere obstructing one from his instinctual passions. To fight these passions by way of privilege or monopoly only hinders all the parties involved, never mind that eventually all will succumb to the natural order.

Still another doctrine of the mercantilist system is centered upon the principle that the world's wealth is limited. What Smith endeavors to show is that by way of the division of labor, wealth knows no artificial boundaries. After Quesnay, Smith was one of the first economists to see that the origin of wealth is found in the production process, not at the point of exchange. And that the natural occurrence, or, the most efficient means of increasing wealth, is by way of the production of consumable goods, not the procurement of precious metals. Consequently, a balance of trade, restrictions of species flow, and the subsequent domestic effects that might incur, are wasteful and detrimental to the cause of any nation. The human drive to better one's condition through the possibilities offered by the division of labor is enough to augment and spread an amount of wealth that can only be limited by a lacking ambition. In several ways, the division of labor is humanity's chief guard against nature because it helps the individual advance their position against the natural order while at the same time is a natural phenomenon in itself.

The roots of Smith's reactions against mercantilism, and the governments that adhere to this policy, can be traced back to the contempt he holds for systems in general. That Smith was pessimistic in our ability to recognize the most advantageous order is an idea he advances throughout much of his career, and is perhaps most evident in his treatise on commerce. Through observation he finds those regulations imposed upon the self-interest of any man by another to be unwarranted violations of natural rights. Economic

policies perpetuated by that individual “vulgarly called a statesman or politician” should not belong to “the science of a legislator.”⁷⁵ Not only do the mercantilist policies restrain the natural flow, they also oppose the interests of the consumer. It is the interest of the consumers, who, according to Smith, is the sole end of all industry and whose goods are the measures of real wealth. “The sovereign is completely discharged from a duty, in attempting to perform which he must always be exposed to innumerable delusions, and for the proper performance of which his human wisdom or knowledge could never be sufficient...”⁷⁶

His pessimism follows in channels that lead directly towards government institutions. Smith believes that rather than allow an external observer, a spectator whose perceptions are surely inaccurate, to determine for another what best suits their interest, governments should instead allow the individual whose direct interests are at stake to determine their own local situation. “No two characters seem more inconsistent than those of trader and sovereign.”⁷⁷ The sovereign “have scarce ever succeeded” in commercial affairs.⁷⁸ Their perceptions are too weak, their position too detached to determine another’s immediate interest. “It is the highest impertinence and presumption, therefore, in kings and ministers, to pretend to watch over the economy of private people...Let them look well after their own expense, and they may safely trust private people with theirs.”⁷⁹ Not only does interference by government, by disallowing individuals to follow their own self-interest, prove detrimental to the wealth of a nation, but by doing so, our passions are

⁷⁵ *Ibid.*, Vol. II, p. 43.

⁷⁶ *Ibid.*, Vol. II, p. 290.

⁷⁷ *Ibid.*, Vol. II, p. 426.

⁷⁸ *Ibid.*, Vol. II, p. 426.

⁷⁹ *Ibid.*, Vol. I, p. 371.

interfered with, and this, according to Smith, particularly when the fetters aim at the employment of one's labor, "is the most sacred and inviolable" right of natural liberty.⁸⁰

In *The Wealth of Nations* Smith also makes it clear that it is not just the delusions of governments that upset the natural order, but the knavery of merchants and manufacturers also do much to violate its liberty. The misconception of Smith as a sympathizer of the business classes is one that has undergone considerable revision.⁸¹ If anything, we should perceive Smith's tract as a reaction against the advances of merchants and manufacturers. Even the statesman, whom Smith admits genuinely believes, however much he might be deceived, in the beneficial outcomes of his policies, is still liable to misjudgments of what best suits the interest of the individual. What follows in the ensuing pages argues that Smith's political economy, though certainly not as conservative as the Physiocrats, has traditional characteristics less 'industrial' than what the conventional interpretation has given it credit for. By no measure did Smith advocate the liberalization of commerce, especially if it meant that humanity and his reason would be left to control the economic realm.

Even Marx would agree that Smith is the "Luther of political economy," because Smith recognized that labor is "the first price...the real measure" of all goods.⁸² But that Smith had an utter dislike for the merchant class will now be shown. It is that buyer and seller "whose interest is never exactly the same with that of the public, who have generally an interest to deceive and even to oppress the public, and who accordingly have, upon

⁸⁰ *Ibid.*, Vol. I, p. 137.

⁸¹ Again Jacob Viner's essay "Adam Smith and Laissez-Faire" is usually given credit for the reinterpretation. The works that have since been written on this subject, particularly since the 1970's, are too numerous to be listed here.

⁸² Found in Leonard Billet's "Justice, Liberty and Economy." *Adam Smith and The Wealth of Nations* (Boulder, 1978), ed. Fred Glahe. Marx responding to Engels' interpretation of Smith. *WN*, Vol. I, p. 31.

many occasions, both deceived and oppressed it.”⁸³ Too frequently has this class sought to manipulate natural markets by way of privileges or restraints. In collaboration with mercantilist officials, in pursuit of their narrow interests, they have blocked the natural flow of goods. The merchant’s “exclusive companies...are nuisances in every respect; always more or less inconvenient to the countries in which they are established, and destructive to those which have the misfortune to fall under their government.”⁸⁴

The negative evaluation Smith gives the merchant and manufacturing classes leads to his endorsement of their adversary, the yeoman. “They have no secrets, such as those of the greater part of manufacturers, but are generally rather fond of communicating to their neighbors, and of extending as far as possible what they have found to be advantageous.”⁸⁵ The claim is but an extension of his preference for agriculture. Not only is agrarian labor closer to nature, but it is also that industry which follows closely the natural pattern towards opulence. David McNally’s 1988 publication *Political Economy and the Rise of Capitalism*, argues that it was not until Ricardo that economists became inclined to favor industrial over agricultural production in their analysis. Indeed, Smith is a shining example of McNally’s argument. McNally writes that economists before the 1800’s looked to agriculture to rescue the degeneration of morals of a society infected by the merchant and manufacturing interests. In McNally’s larger argument, he tells readers that modern modes of production and distribution find their origins in primitive accumulation and enclosures, where landowners and farmers sold their surplus quantities at the market, leading to the development of a new class of proprietors that bought enormous lots of land specifically

⁸³ *WN*, Vol. I, p. 283.

⁸⁴ *Ibid.*, Vol. II, p. 239.

⁸⁵ *Ibid.*, Vol. II, p. 36.

with the intent to make a profit. Ordinary laborers were then relocate from their traditional grounds, particularly after the expropriation of English common lands in the early 1700's, and were pushed into the labor market where they would work for a wage.

Smith bore out McNally's argument in *The Wealth of Nations*. In his survey of the various forms of employment of capital, Smith determines that expenditures in agrarian based sectors are "by far the most advantageous to society."⁸⁶ A motive behind Smith's irritation with mercantilists is the certain tendency of their policies to minimize the value of land by granting exceptions to urban industries adversely discouraging speculations in the country. Despite this favoritism, labor and capital invested in the agrarian sectors proved not only more profitable, but also afforded the individual intimate and more effective control of his purchase, "and his fortune is much less liable to accidents," or to the "uncertain elements of human folly and injustice."⁸⁷ Furthermore, "The beauty of the country besides," Smith writes, "the pleasures of a country life, the tranquility of mind which it promises...the independency which it really affords have charms that more or less attract every body."⁸⁸ For Smith, agrarian industry is the more liberalizing work. 'Economic liberalism' can be found, according to Smith, predominantly in the country, on the land of entrepreneuring farmers and country wage laborers. In this case, those who pursued an agrarian lifestyle are anything but wrong in their perception. But could we not just as easily attribute this, as Smith surely would, to humanity's inclination to follow the natural order?

⁸⁶ *Ibid.*, Vol. I., p. 388.

⁸⁷ *Ibid.*, Vol. I, p. 403.

⁸⁸ *Ibid.*, Vol. I, p. 403.

The cultivation of the land also carries with it added incentives for the development of the human species since it “was the original destination of man, so in every stage of his existence he seems to retain a predilection for this primitive employment.”⁸⁹ According to Smith, agriculture has simply proven to be the “much more durable” industry.⁹⁰ By diversifying the yeoman’s chores, unlike the tasks common to the urban industries, agrarian labor provides their workers, “much more skill and experience.”⁹¹ The toiler of the soil, Smith writes, is also “seldom defective in...judgment and discretion,” and unlike the traveling merchant or manufacturer financed by foreign capital, the laborer of the earth is attached to his plot of land, less likely to relocate his industry or wealth.⁹²

Through conjecture and observation, Smith retells the progress of several civilizations, noting that the cultivation of the land typically comes before industrial production. As it appears to be the natural course of progress, it surely must, therefore, be in unison with man’s natural inclinations. In contrast to the merchant and manufacturer, who is “the servant of his customers, from whom he derives his subsistence,” the planter of crops, “who cultivates his own land, and derives his necessary subsistence from the labor of his own family, is really master, and independent of the world.”⁹³ Though he also hints at a Republican ideology, all this points to Smith’s persistent understanding of nature and man’s relationship to her.

Another of Smith’s teachings that is native to his broader social philosophy related to nature is his proposition of parsimony. Deciding that prodigality is a “public-enemy,” he

⁸⁹ *Ibid.*, Vol. I, p. 403.

⁹⁰ *Ibid.*, Vol. I, p. 446.

⁹¹ *Ibid.*, Vol. I, p. 143.

⁹² *Ibid.*, Vol. I, p. 143.

⁹³ *Ibid.*, Vol. I, p. 404.

finds natural decency in saving.⁹⁴ “But the principle which prompts us to save,” he writes, “is the desire of bettering our condition, a desire which, though generally calm and dispassionate, comes with us from the womb, and never leaves us till we go to the grave.”⁹⁵ Admiration for those whose virtue is extreme frugality only serves to enhance the imperative for the accumulation of capital. Surpluses make for profit, which in turn allow for savings and reinvestments, consequently demanding a supply of labor, and the perpetuation of the modern production process. Smith determines that the individual who consume frivolously a particular threat, and warns that society contain those who might live in excess. “A man who consumes 10,000 pounds appears to destroy what ought to give maintenance to 1000 men. He therefore appears to be the most destructive member of society...a pest to society, as a monster, a great fish who devours up all the lesser ones.”⁹⁶

Of the many accounts Smith gives of human society, the one most lined with optimism is his description of the middle class. By ‘middle class’ we assume Smith was referring to the “agrarian capitalist” and those whose incomes were below this class.⁹⁷ During the second half of the eighteenth century the middle class did not represent a broad constituency. In London, for example, two-thirds of the population was so poor they were exempt from having to pay taxes.⁹⁸ According to one historian of eighteenth century England, the “‘middle-class’ or ‘middle-rank’ actually refers to the weakest part of the powerful minority of the proprietied.”⁹⁹ Or in a larger demography like France, the middle class amounted to no more than 500,000, while the peasants numbered over 22 million, or

⁹⁴ *Ibid.*, Vol. I, p. 365.

⁹⁵ *Ibid.*, Vol. I, p. 366.

⁹⁶ *LJ (a)*, p. 194.

⁹⁷ David McNally, *Political Economy and the Rise of Capitalism* (Berkeley, 1998), p. 12.

⁹⁸ Peter Linebaugh, *The London Hanged* (Cambridge, 1992), p. 78.

⁹⁹ *Ibid.*, p. 78.

about 85 percent of the population.¹⁰⁰ Therefore, though Smith did show some contempt for “the gross ignorance and stupidity” of the lower-orders, I would argue that by ‘middle class’ Smith was writing of agrarian entrepreneurs, artisans, those who sold their labor to the market, and even those laborers who lived at or a little below the poverty level.

Contrasting the humbler orders with the absurdly wealthy, in *The Theory of Moral Sentiments*, Smith writes “In the middling and inferior stations of life, the road to virtue and that to fortune...are, happily, in most cases the same.”¹⁰¹ Citing their dependency upon the good will of others, “In such situations, therefore, we may generally expect a considerable degree of virtue; and fortunately for the good morals of society, these are the situations of by far the greater part of mankind.”¹⁰² His appreciation for those of medium and lower rank serves to complement his biases for agrarian labor, as it equally reflects his recognition of the importance of parsimony, a virtue Smith believes is embodied by members of the middle and lower classes. It is the middle class, according to Smith, who are least likely to fall victim to the “vices of levity...the breach of chastity...luxury, wanton and even disorderly mirth.”¹⁰³ Already we have seen that those with prodigal tendencies frequently conspire to weigh heavily on the public’s interests, combine to discourage agriculture, and even mislead and cheat the consumer. Smith follows these accusations against the upper classes with denunciations of the propertied classes. His case against primogeniture hardens his defense for the yeoman. He observes that rarely do absentee landowners of large properties invest either significant capital or labor into the cultivation of their lands.

¹⁰⁰ Owen Connelly, *The French Revolution and Napoleonic Era* (New York, 2000), p. 38.

¹⁰¹ *TMS*, p. 86.

¹⁰² *Ibid.*, pp. 86-87.

¹⁰³ *WN*, Vol. II, p. 398.

It is those stationed in the middling orders whose lives tend to be simpler and more in accordance to nature, and assist, by progressing the division of labor, humanity's position in the natural order. They are the ones likely more familiar with the tranquility attainable through a life toiling the soil. Wealth and pleasure, according to Smith, seem only to bring with them undue anxiety settled not by way of material goods or the superficial rank they labor to attain. In an often quoted passage here worth repeating, Smith writes, "In ease of body and peace of mind, all the different ranks of life are nearly upon a level, and the beggar, who suns himself by the side of the highway, possesses that security which Kings are fighting for."¹⁰⁴

The glimmer of hope Smith offers is quickly overturned, and the troublesome tone of Smith's thought is likely restored when he surveys contemporary English society. Charles Fay calls 1776 "the darkest years in the annals of the British Empire."¹⁰⁵ And Peter Linebaugh raises the point that the middle 1700's was a time when modern day economists are still uncertain how the laboring poor survived off the miserable wage rates that existed.¹⁰⁶ Though England and Scotland alone held privileges of trade to the English colonies, their policies, even by 1776, still resembled those of the seventeenth century.¹⁰⁷ Smith likely witnessed what could easily have been called 'commercial warfare' for most of life, the only stint of economic peace, at least between England and France was the Eden treaty of 1786. The French revolution ended the cooperation, and commercial policies returned to their traditional functions of determining military maneuvering. The Royal fleets for Great Britain, merchant and warring, would be manned by force through press-

¹⁰⁴ *TMS*, p. 265.

¹⁰⁵ *Great Britain From Adam Smith to the Present Day* (London, 1950), p 3.

¹⁰⁶ *The London Hanged*, p. 8.

¹⁰⁷ Charles Fay, *Great Britain From Adam Smith to the Present Day*, pp 23-24.

gangs, subtracting from the domestic labor supply. And even after Smith's advocate William Pitt took office in 1783, his policies mirrored those of Colbert, except those regarding the national debt. "Repayable only at the option of the government," it would increase by over 600 million pounds by the time of his second departure from the office of the Prime Minister.¹⁰⁸

Though Scotland's economy had advanced significantly during Smith's age, it too had its own liabilities. Smith wrote what is often considered the first modern tract on economics. Yet had he visited the outskirts of Kirkcaldy, he would have observed nails being used for currency.¹⁰⁹ At Edinburgh the banking crisis of 1772-73 left the capital city with only four of sixteen recently established banks open for lending.¹¹⁰ Magistrates could still be seen setting wage rates, and the exclusive privileges of guilds had just begun to be challenged. Perhaps the most noticeable oversight of the Scottish Enlightenment was its failure to address the slavery in the coal and salt mines of the highlands.¹¹¹ Miners and salters, including children, were required by Scottish law, that if they mined a particular pit for at least a year, they were obliged to accept the year's pay in advance, and return to that same pit for the rest of their life.¹¹² The statute, dating back to 1606, was not repealed until 1799. The criticism Smith expressed in his prescription for society should therefore come as of little surprise. The senselessness of man, the knavery of statesmen and the dishonesty of merchants, all likely led Smith to his fatalist conclusion on the future of the economy: "To expect, indeed, that the freedom of trade should ever be entirely restored in Great

¹⁰⁸ *Ibid.*, p. 37-38. The efficiency of Colbert's policy has been commented on by Ames, Treasure and Sargent. See their listings in the Bibliography.

¹⁰⁹ William Scott, *Adam Smith as Student and Professor* (New York, 1965), pp. 26-27.

¹¹⁰ Charles Fay, *Adam Smith and the Scotland of His Day* (Cambridge, 1956), p. 69.

¹¹¹ Jacob Viner's "Guide to John Rae's Life," p. 111. Found in John Rae, *Life of Adam Smith*.

¹¹² *Ibid.*, p. 109.

Britain, is as absurd as to expect that an Oceana or Utopia should ever be established in it.”¹¹³

Smith is not entirely doubtful. If and when mercantilist policies do wither away and the system of natural liberty is allowed to establish itself, Smith recommends that the ministers of finance introduce that system conservatively, so as not to disturb society too much. He urges those with authority to make changes that comply with the natural order. The reforms, Smith writes, “should never be introduced suddenly, but slowly, gradually, and after a very long warning.”¹¹⁴ Any immediate steps might distress the tranquility of society. If the changes are made without wise discretion, nature’s repercussions after centuries of restraint would surely provoke the most violent of reactions from mankind.

It has been shown that Smith’s economic plan is not the *magnum opus* of modern industrialism as it is often touted. Earlier in this essay, it was mentioned that the interpretation of his literature underwent significant revision in the years leading up to, and since the bicentenary of *The Wealth of Nations*. Today, economists in particular, debate, among other things, whether Smith’s ‘natural price’ anticipated the Walsarian equilibrium theory, yet they continue with limited their interest in Smith’s ‘Invisible Hand’, claiming that its religious characteristics make it unfavorable for analytical study.¹¹⁵ Economist Jan Peil tells her readers that the once heated discourse over the validity of the free market fizzled out with the Soviet Union. That argument has been replaced with more practical

¹¹³ *WN*, Vol. II, p. 46.

¹¹⁴ *Ibid.*, Vol. II, p. 47.

¹¹⁵ Jan Peil, *Adam Smith and Economic Science* (Cheltenham, U.K., 1999), pp. 16-17, p. 122. Information concerning the economic interpretations of *The Wealth of Nations* can be found in Peil. Published in 1999, it has an updated account.

discussions that answer questions like “What do we mean by the free market?...Which type of economic thought best fits this idea?”¹¹⁶

Most contemporary economists recognize the benefits of the free market. The debate over Smithian economics is centered on the meanings behind his economic analysis. What Smith considered the individual’s role to be in a commercialized society, and how much we should consider Smith to be an ‘agrarian economist’.¹¹⁷ Other economists, following Schumpeter’s lead, are bent on proving Smith’s analytical analysis wrong. While others like Jeffrey Young want to show the Smith’s economics follow in the same vein as his moral philosophy.¹¹⁸

We can only be sure that what will persist are the changes in the interpretations of Smith, particularly those regarding *The Wealth of Nations*. The revisionist literature that has sprouted since the 1970’s will surely meet its own revision. It does seem nearly impossible, however, that the conventional legacy of Smith will ever undergo much modification. Ricardo set the tone for the orthodox interpretation. Too frequently in his arguments with Malthus would he employ Smith’s name for his defense.¹¹⁹ Ricardian economics would be eclipsed in the second half of the nineteenth century by the neoclassical approach, and “In the struggle to seize the high ground...economists of various schools quoted Smith indiscriminately in order to bolster their position...*The Wealth of Nations* became canonical...Smith was reinvented as a precursor to the neoclassical approach.”¹²⁰ The depression and war years witnessed the proliferation of the

¹¹⁶ *Ibid.*, p. 20.

¹¹⁷ *Ibid.*, p. 16.

¹¹⁸ *Ibid.*, p. 17. Jeffrey T. Young, *Economics as a Moral Science* (Cheltenham, U.K., 1997).

¹¹⁹ *Ibid.*, p. 13.

¹²⁰ *Ibid.*, p. 13.

controlled economy; the advantages of the free market had never been put under such scrutiny, even in the English-speaking world. Then the Chicago School with Friedman and Hayek propelled the free market back onto the center stage. Again, the only thing it seems we can be assured of is that this cycle will continue, along with the legacy of Adam Smith.

Liberal Decline

Our inquiry has reached the point where to continue examining the commercial principles of *The Wealth of Nations* a review of what is natural to economic development is inescapable. In this chapter the inevitable paradox of the fourth and final stage of human development will be presented. The inclination of human societies to pass through an ordered four stages of social-economic development has already been revealed. Agrarian industries, if the natural order is adhered to, typically mature just before those of the urban sectors. During the course of its evolution, it is only fitting that humanity should be left free to pursue its natural predilections. And that nature, in consequence of her overwhelming presence, no matter the fetters imposed upon her by governments or private individuals, establishes a system of liberty that promotes the long-term interests of humanity. Should we then terminate our inquiry here at the suggestion that economic and social human progress secures humanity an advantageous outcome? Is the division of labor, according to Smith, a mechanism that brings humanity into a less vulnerable standing in its relationship to nature?

We find Smith's answer primarily in *The Wealth of Nations*. Charles Griswold wrote, a passage already quoted earlier, that Smith was one of the last philosophers whose work was a defense of nature. We should consider it a defense because Smith understood nature to be sometimes disadvantageous to the objects of humanity. Though we have seen that in most circumstances nature will bring what is beneficial to our state, still, throughout the course of her many manifestations, there is some indifference, indeed, some neglect for the species.

Economist Robert Heilbroner has gone to great lengths to expose this discouraging element in Smith's writings. His essay "The Paradox of Progress: Decline and Decay in *The Wealth of Nations*," serves as a benchmark in Smithian scholarship.¹ It is the pessimism that Heilbroner alludes to in his introductory remarks that the majority of my argument has been concerned with. But Heilbroner's efforts at illuminating the full implications of Smith's observations end with his introduction, and he fails to carry his discussion past an economic analysis. Heilbroner also neglects to recognize how this paradox might affect humanity's relationship to nature. On this paradox of progress E.G. West's essay "Adam Smith and Alienation: Wealth Increases, Men Decay?" argues that Smith recognized the unavoidable causes of alienation, but only to a limited degree.² What follows below will prove that Smith appreciated the fact that natural progress presented outcomes troublesome to humanity, particularly for commercial societies.

Specialization is a term that typically works wonders for Smith's division of labor, for the accumulation of knowledge, and even for morals. If one looks at Smith's writings in their entirety, observation and experience are often followed by some form of specialization that assists humanity improve its understanding of how to incite the sympathy of his observers, or even how to manipulate the natural order. However, in other sections of his literature, we have seen Smith flirt with the ideal of simplicity. An uncomplicated bareness grants man the tranquility he so desires, and those engaged in the art of sophisticated system building confine their contemplation to wasteful expenditures that amount to little more than flawed observations. Should we then elaborate on the

¹ Found in *Essays on Adam Smith* (Oxford, 1975), ed. Andrew Skinner, pps. 524-39.

² Found in *Ibid.*, pp. 540-52.

inconsistencies of Smith's philosophy? If so, the course my work has followed would be altered significantly, and the argument that must follow such an assertion could never fit in a thesis of this length.

Of Smith's altering treatment of specialization we find our first confirmation in an essay few outside the circle of Smithian scholars are aware of, his *Considerations Concerning the First Formation of Languages, and the Different Genius of Original and Compounded Languages*. First published in 1761 for the *Philological Miscellany*, the work examines, by way of conjectural history, the roots of languages of the Western world. Among his observations, Smith concludes that the simplification and specialization of languages, rather than making language more perfect, has made it increasingly susceptible to undesirable blemishes. Smith lists several reasons for the paradox: "First of all: Languages are by this simplification rendered more prolix, several words having become necessary to express what could have been expressed by a single word before."³ He retells the formation of languages much in the same way he describes the association of ideas or the division of labor. But specialization does not render those same results with which we have become acquainted. "Secondly, this simplification of the principles of languages renders them less agreeable to the ear."⁴ He tells his readers how English in particular, though more specialized than any of the romance languages, remains far more unpleasant for the listener. And finally, Smith notices that, "Simplification...also restrains us from disposing such sounds as we have, in the manner

³ *Essays Concerning the First Formation of Languages*, Found in *TMS*, pp. 535-536.

⁴ *Ibid.*, p. 536.

that might be most agreeable. It ties down many words to a particular situation, though they might often be placed in another with much more beauty.”⁵

Language is not the only area where Smith can observe this paradox of progress. We saw above that wealth and trivial possessions in no way assure tranquility. The reality of humanity’s natural passions is that its most prevalent ambitions are aimed at improving its condition. The fact that these inclinations might prove detrimental to man’s temporary condition concerns Smith a great deal. “Recollect what has happened with the circle of your own experience,” Smith writes, “consider with attention what has been the conduct of almost all the greatly unfortunate...and you will find that the misfortunes of by far the greater part of them have arisen from their not knowing when they were well, when it was proper for them to sit still and to be contented.”⁶ He goes on to recite a passage found on an aspiring man’s tombstone, “*I was well, I wished to be better; here I am.*”⁷ This points to Smith’s realization that man’s self-interest in bettering his position, whether through the division of labor by a single person, or the advances made by civilizations over centuries time, these aspirations might very well result in added difficulties.

Even for individuals whose time is spent at correcting their skills in whatever technique, Smith prepares them for the reality that specialization and serenity are at times incompatible. Thus for the man deceived by the appearances and utility of riches, Smith writes, “He studies to distinguish himself in some laborious profession. With the most unrelenting industry he labors night and day...for which he sacrifices a real tranquility

⁵ *Ibid.*, p. 536.

⁶ *TMS*, p. 211.

⁷ *Ibid.*, p. 211. Smith’s italics.

that is at all times in his powers, and which, if in the extremity of old age he should at last attain it he will find to be in no respect preferable to that humble security and contentment which he abandoned for it.”⁸

A great moral critic that Smith was, it only seems appropriate that he champion the cause of abolition, and in the process provide us with an example of how so-called natural progress creates an unfavorable condition for human society. Slavery, Smith writes, not only proves unproductive for the captive, but also for the owner. Pointing to the American colonies as an illustration, Smith lectured his young students that “The more society is improved the greater is the misery of a slavish condition; they are treated much better in the rude periods of mankind than in the more improved.”⁹ Smith then tells his audience that the owners of slaves are themselves in a ruined condition. This because no slave is interested in producing more than the quantity required for his subsistence. Therefore, surplus, the goal of any enterprise, is substantially limited, if not entirely diminished. Before leaving the subject, Smith reminds his students of his general pessimism when he lectures, “The love of domination and authority over others, which I am afraid is natural to mankind,” that it is natural to the character of man, he is certain it is harmful for any civilization.¹⁰

As we have seen, the evolution of human society advances through three stages before it reaches the age of commerce. When humanity arrives at this point, labor is

⁸ *Ibid.*, p. 260. This seems troublesome to the contingency of Smith’s larger philosophy, and indeed, the contradiction between the last passage and earlier ones where Smith writes that riches bring the approbation of society due to the deception of wealth. No scholar to my knowledge has touched upon this problem, the only one to recognize the paradox of progress, or something to that nature, have been Heilbroner and West. Rosenberg writes that the easy attainment of wealth is able to destroy a nation’s economy is quite clear in Smith’s analysis. See his “Adam Smith on Profits- Paradox Lost and Regained” in *Essays on Adam Smith*, pp. 377-89.

⁹ *LJ (a)*, p. 185.

¹⁰ *Ibid.*, p. 192.

forced to the market in search of a subsistence; like any commodity, it becomes dependent upon the internal exchanging of goods and labor for its rudiment provisions. The division of labor reaches its most advanced stage allowing for the simplification of tasks, creating for society, through specialization, unforeseen levels of wealth. The individuals might find themselves in compromised positions, for now they are dependent upon others to acquire their subsistence and they are unable to survive without the owners of capital who provide them employment. Already certain tradeoffs can be recognized in Smith's analysis of the modern modes of production. But Smith lists for his readers several more, some of which we will now review.

By no means does this thesis claim to be the first to comment on the defects of commercial society, especially those pointed to by Smith. But my purpose here is to assess their relationship with so-called natural progress. According to Smith, despite man's tendency to resist the natural order, improvements are still noticed, and some societies have even reached the commercial age. And that we should find many natural imperfections constant to commercial society is shown in Smith's writings, particularly *The Wealth of Nations*.

Smith's writing is often considered as a predecessor to Marxist theories of alienation, and several scholars have already examined Smith's original contributions on this topic.¹¹ For a clearer understanding, we might follow the method E.G. West uses. First, West reviews what sociologists define as alienation. The explanation West finds describes

¹¹ Jacob Viner in his *Guide to John Rae's Life* comments on this subject, p. 35. Others scholars who have contributed to this comparison include Nathan Rosenberg, Duncan Forbes, W.F. Campbell, and others. For a thorough elaboration on the secondary literature see E.G. West's footnote in his essay "Adam Smith and Alienation: Wealth Increases, Men Decay?" in *Essays on Adam Smith* as mentioned earlier in this chapter, p. 540.

alienation as any feeling that might stem from three particular affections; those being- (1) powerlessness, especially during the production process; (2) isolation, whether from the individual's own self or from those he associates with either at home or at work; and (3) self-estrangement, or the depersonalization, dehumanization of one's self.¹²

Although West argues that Smith acknowledges self-estrangement in industrial production, he limits his argument to this single aspect. West identifies what he terms the 'alienation passage' in *The Wealth of Nations* as his principal source of evidence. Here, Smith writes, "The man whose life is spent in performing simple operations...has no occasion to exert his understanding or to exercise his invention in finding out expedients...naturally loses, therefore, the habit of such exertion and generally becomes as stupid and ignorant as it is possible for a human creature to become."¹³ Surely we would find the laborer in this scenario unable to exert significant influence over the modes of production. What should we then make of the worker, who in this case, loses the ability to impress the owners of the means of production? Or furthermore, "The torpor of his mind renders him not only incapable of reasoning or hearing a part in any rational conversation, but of conceiving any generous, noble or tender sentiment, and consequently of forming any just judgment concerning many even of the ordinary duties of private life."¹⁴ In some fashion or another, the ordinary laborer could neither attract nor reciprocate the sympathy of another, and thus would experience isolation, perhaps even dehumanization. According to West's interpretation, Smith would argue that if the division of labor failed to progress past its earliest stages, the progression of industrial,

¹² West takes these categories from R. Blauner, *Alienation and Freedom* (19), Chap. 2. See West's article in *Essay on Adam Smith*, p. 541.

¹³ *WN*, Vol. II, p. 385.

¹⁴ *Ibid.*, Vol. II, p. 385.

social and even moral development would stall with it. I do not here contest that interpretation of Smith. However, what West fails to see is that even if the division of labor progresses into advanced stages, its effects might also include those feelings of alienation common to the industrial worker.

West claims that the ‘alienation passage’ is the only one of its kind found in the collection of Smith’s works. Passed over are Smith’s discouraging remarks of what might become of the common laborer, whom from the pressures of commercialization is driven into the urban market to seek out subsistence. The ordinary worker, though he might enjoy the tranquility of the country life, in a commercial age might find it necessary to seek employment in centers of industry and commerce. Before, when the laborer worked in the country, “his conduct may be attended to, and he may be obliged to attend to it himself. In this situation, and in this situation only, he may have what is called a character to loose. But as soon as he comes into a great city, he is sunk in obscurity and darkness. His conduct is observed and attended to by nobody, and he is therefore very likely to neglect it himself, and to abandon himself to a very sort of low profligacy and vice.”¹⁵ We can be perfectly assured that what might follow this situation is powerlessness, isolation and self-estrangement. When Smith lectured to his students about artisans, he noted, “Thus he who as it were supports the whole frame of society and furnishes the means and conveniences and ease of all the rest is himself possessed of a very small share is buried in obscurity.”¹⁶ Few scholars have taken note of Smith’s recognition of the negative aspects of exploitation. Smith continues in his lectures, “He

¹⁵ *Ibid.*, Vol. II, p. 400.

¹⁶ *LJ (a)*, p. 341.

bears on his shoulder the whole of mankind, and unable to sustain the load is buried by the weight of it and thrust down into the lowest part of the earth, from whence he supports all the rest.”¹⁷ However natural these occurrences might be does not take away from the fact that they are detrimental to society; it would be right to conclude therefore that exploitation is an imperative to the progression of Smith’s concept of natural economic progress. It should be mentioned that Smith admitted to the worsening conditions for those individuals most critical to his theory on natural development.

As a result of commercial society, Smith also writes that there is little effort at educating the masses. Due to the alterations in the modes of production, the laboring population reduces its time spent at acquiring an understanding of the arts and sciences. Though the entire division of labor is a natural occurrence, a consequence felt by a growing number of laborers in the commercial age is a lack of education.¹⁸ He attributes the cause mainly to the simplification of tasks, but he also suggests, if we remember, that rank is in large part determined not by the unseen qualities of wisdom, but instead by visible qualities like riches and the display of ornaments. Smith writes in his treaty on commerce, “the gross ignorance and stupidity that, in a civilized society, seems so frequently to benumb the understandings of all the inferior ranks of people, seems to reflect the industrial progress of a nation.”¹⁹

Yet another of his concerns regarding the paradox of progress is the decline of the martial spirit. He finds that frequently in commercial societies the noble art of military

¹⁷ *Ibid.*, p. 341.

¹⁸ This theory of Smith’s has obviously proven wrong, Though some argue whether in fact tasks have become more specialized, no one argues that the modern worker is less educated than the worker of the 1700’s, or any other age for that matter.

¹⁹ *WN*, Vol. II, p. 391.

defense decreases in its value as a virtue. First, the lower orders, those classes that typically supply a nation with their defense are generally disinterested and far too consumed in their industry for vigilant exercises in protection. Secondly, merchants and manufacturers would simply rather be engaged in commerce than war. In commercial societies, Smith notes, “military exercises come to be as much neglected by the inhabitants of the country as by those of the town, and the great body of the people becomes altogether unwarlike.”²⁰ This presents itself as a greater challenge for an advanced society where, by being untrained, and by possessing wealth, it “provokes the invasion of all their neighbors.”²¹

A final consequence of specialization and the natural order is the increase in the number of children employed in industrious labor. The problem with declining levels of education of the common laborer is not restricted to any age group. Smith writes of the laboring masses, “the common people. They have little time to spare for education. Their parents can scarce afford to maintain them even in infancy. As soon as they are able to work, they must apply to some trade by which they can earn their subsistence.”²² Furthermore, because industrial labor has progressed and become simplified, the child’s “labor is both so constant and so severe, that it leaves them little leisure and less inclination to apply to, or even to think of anything else.”²³

The solution to such problems, though Smith’s proposals fail to explain how they might counter the natural order, is government and public interference. To handle the problem of defense, Smith advocates a standing army. He also suggests, “by means of a

²⁰ *Ibid.*, Vol. II, p. 300.

²¹ *Ibid.*, Vol. II, p. 300.

²² *Ibid.*, Vol. II, p. 388.

²³ *Ibid.*, Vol. II, p. 388.

very rigorous police, and in spite of the whole bent of the interest, genius and inclinations of the people, enforce the principle of military exercises, and oblige either all of the citizens of the military age...to join in some measure the trade of a soldier..."²⁴ For the declining rates of education, Smith writes it "requires perhaps, in a civilized and commercial society, the attention of the public..."²⁵ For a minimum cost, the state "can facilitate, can encourage and can even impose upon the whole body to the people the necessity of acquiring those most essential parts of education."²⁶ To maintain business standards, Smith writes that before individuals should be allowed to engage in commercial affairs, "by obliging every man to undergo an examination or probation in them before he can obtain the freedom in any corporation, or be allowed to set up any trade either in a village or town corporate."²⁷ We see that Smith's ideal of the division of labor and how the process of specialization might in the long-term improve our position relative to nature; however, with its benefits come discouragements.

Among other troubles that might naturally manifest in an advanced stage of civilization, are the gross inequalities between the different orders of society. When the division of labor is advanced material wealth frequently coincides with the increased levels of output. A surplus is accrued, capital reinvested, and a nation's wealth augmented. If the cycle is allowed to repeat itself, it typically sustains considerable degrees of exploitation, perhaps alienation, and as we have just seen, diminishes the education of the laboring masses. Classes, too, probably already established from our natural tendency to perceive the rich in a favorable manner also develop to some degree.

²⁴ *Ibid.*, Vol. II, p. 300.

²⁵ *Ibid.*, Vol. II, p. 387.

²⁶ *Ibid.*, Vol. II, p. 388.

²⁷ *Ibid.*, Vol. II, p. 389.

Nevertheless, nature has directed matters so that the distribution of goods does not always find a balance. In addition, Smith tells his readers that wherever wealth and property exists, it is likely one will also find inequality.²⁸ Thus, class and subordination are, according to Smith, an element of the natural course of progress.²⁹

No matter if the causes are superior talents, humanity's natural disposition to respect the rich, or the ability to exploit another with the greater efficiency, the process of class division is natural to the development of man. But even these elements do not even begin to scratch the surface of the paradox. What should be considered Smith's most worrisome conclusion concerns the economy. Though there have been many authors to identify this paradox, Robert Heilbroner best describes the dilemma that growth for any civilization, according to Smith, must come with a certain degree of poverty.³⁰

With the process of the accumulation of capital, Heilbroner notes, there comes a demand for labor from whatever avenue capital is funneled. In turn comes a rise in wages, and of consequence, a decline in profits.³¹ Smith writes, "When profit diminishes merchants are very apt to complain that trade decays; though the diminution of trade is the natural effect of its prosperity, or of a greater stock being employed in it than before."³² Because a rise in wages coincides with an increase in the demand for labor, higher wages, of course, improve the living standards of the working population. Though in the ensuing struggle between capital and labor, accumulation and expenditure, natural

²⁸ On our natural disposition to view the rich in a favorable light see *TMS*, pp. 73-74. For the tendency of the earth not providing its inhabitants with equality of the distributions of goods see *WN*, Vol. II, p. 312. And to find that wealth breeds inequality, see *WN*, Vol. II, p. 313.

²⁹ See *WN*, Vol. II, p. 313.

³⁰ Robert Heilbroner, "The Paradox of Progress: Decline and Decay in *The Wealth of Nations*" in *Essays on Adam Smith*, p. 527.

³¹ *Ibid.*, p. 527.

³² *WN*, Vol. I, p. 162.

forces of supply and demand drive down those wages of labor, and allow for new accumulation, reinvestment, and a subsequent demand for workers, with the cycle continuing and at each stage increasing its production.³³

Nature has, however, provided Smith with a paradox. The law of diminishing returns is a permanent characteristic of commercial societies, and it is another example of our subjugation to natural forces. Thus every market will eventually reach equilibrium, but the profits accrued will be insufficient for any real rise in wages, and thus any substantial growth for the great majority. Smith writes, “Though the wealth of a county should be very great, yet if it has long been stationary, we must not expect to find the wages of labor very high in it...There could seldom be any scarcity of hands, nor could the masses be obliged to bid against one another in order to get them.”³⁴ Smith uses China as an example. Although the Chinese have generally enjoyed full employment and have cultivated their land to its full potential, a balance was eventually met, and the wages of the populace declined.³⁵ It is these long-term stationary periods of growth that leaves both Smith and Heilbroner troubled, and points to an occasion where long-term natural progress proves disadvantageous.

So we see that Smith had his doubts about the positive effects of growth and in the overall prosperity of commercial society. Though positive connotations frequently coincide with his elaborations of the division of labor, at times Smith pauses to reconsider the negative effects of specialization and natural progress. Despite it being quiet natural for humanity to want to improve its condition through the division of labor,

³³ Robert Heilbroner, “The Paradox of Progress: Decline and Decay in *The Wealth of Nations*” in *Essays on Adam Smith*, pp. 527-528.

³⁴ *WN*, Vol. II, p. 78.

³⁵ *Ibid.*, Vol. II, p. 78.

what is instinctual may not always be immediately beneficial. Specifically pertaining to commerce, the unalterable form nature presents herself can, at times be unforgiving to the position of man. Exploitation, alienation and poverty: all are effects that no matter our reaction are part of the natural order. And just because man has advanced in his state, revolutionized technology and industry, his subordinate relationship to nature has altered little. Indeed Smith's observations of nature and the division of labor have left him in an uncompromising position, dependent, as we shall see, on a benevolent deity.

How God Saves Adam Smith

Seven years after Smith's death, the economist Reverend John Howlett described the limitations of political economy as follows: "The grand and leading error in our reasonings upon the subject seems to be, that we ascribe too much to human contrivance; too little to providential superintendence."¹ If we follow Howlett's line of reasoning, then Smith is an economist who succeeded in his economic study, for in the end, he returned to God. But Smith's belief in a deity is from default. To defend his philosophy, Smith was obligated to introduce a divine being. Smith's social and economic philosophy demands that its author trust in a benevolent deity. If God were absent from Smith's philosophy, humanity in its entirety would enjoy little tranquility. In fact, it might not exist at all. For the decision would then be left to a disinterested natural process, different from Smith's concept of the natural order, in that it would not have a benevolent creator as its designer.

Many of Smith's contemporaries began to find evidence of a deity not so much in religious texts, but in scientific explanations of the natural world that at the time went well beyond the understanding even of the most enlightened philosophers. This 'physico-theology', as one might suspect, was inspired by the scientific revolution of the earlier century.² More specifically, Smith believed in 'pantheism', or that God and the natural order are one and the same.³ It will be shown that Smith did not hold a traditional Christian belief in the deity. However, and perhaps because Smith was concerned with

¹ Found in Salim Rashid, *The Myth of Adam Smith* (Cheltenham, U.K, 1998), p. 171.

² Margaret Jacob, *The Enlightenment: A Brief History with Documents* (Boston, 2001), p. 16.

³ *Ibid.*, p. 16.

the reception of his literature, he did not move radically to take on the atheist position common among the French *Philosophes*. Instead he moderately employed terms that either implicitly or explicitly suggested the existence of a benevolent creator.

Furthermore, Smith depends on God to resolve the many natural phenomena were could not adequately explained by detailed observation.

That an economic superstructure does not collapse from the sheer number of opposing interests that exist within it is explained by the wonders of God. Smith's belief that an invisible hand rationally allocates the necessities of life rests upon the intervention of God. He maintains that man might find himself vulnerable to Nature, with not even the capacity to observe his own subjugation. The recognition that an Author of Nature guards the long-term interests of man also lies upon a belief in God. The fact that man is unable to explain the workings of nature can only be settled if a supreme being is its organizer. What gives Smith the right to condescend the experience of society and to be cynical of man's role, is a detached belief in God. More importantly, what makes man most impotent in his contention with the natural order is a belief that its designer was God.

This thesis concludes with an examination of the role of religion in Smith's philosophy. I would emphasize the point that Smith's personal beliefs do not interest me here. I am arguing that for Smith's philosophy to avoid its collapse a deistic representation is imperative. We will see how the invisible hand of the Author of Nature conspires to assert his dominion over nature and man; we will also see that Smith writes that the benevolent creator rescues humanity from long-term harm. We will also find that

his belief in a deity allows him to carry his pessimistic tone throughout the entirety of his works.

Like Voltaire, Smith held religious institutions in contempt. His life-long relationship with Hume, his being “very guarded in conservation” on religious matters, and his petitioning the University of Glasgow to be exempt from public prayer at the commencement of each class session have led scholars of the Enlightenment to include Smith in that group of philosophers that denounced superstitions and believed in the powers of reason here, in the material world.⁴ What should we make, then, of his refusal to publish Hume’s most skeptical tract? What about the passage in *The Theory of Moral Sentiments* that accredits the will of God for the beneficial, though unintended results of man? What does Smith mean when he writes, “The happiness of mankind, as well as of all other creatures, seems to have been the original purpose by the Author of Nature when he brought them into existence.”⁵

Smith’s words invite two conclusions. First, the obvious one is that Smith holds a personal belief in God. Second, despite what has been shown in this thesis, Smith’s belief in a benevolent deity allows for the disqualification of the troublesome realities Smith observed in nature. In his tract on morality Smith littered the pages with terms like “the great Director of Nature,” “the divine being,” or “the judge of all hearts.” What is the student of Smith to make of his religious beliefs? It will be argued here that Smith explained the unexplainable in his philosophy by looking to God. God provided the justification for an economic theory that left man free to pursue his own selfish interests.

⁴ See Ross for these biographical accounts. See for instance Charles Fay, *Adam Smith and the Scotland of His Day* (Cambridge, 1956) for the argument that Smith was in tune with the general enlightened consensus on matters pertaining to religious belief, p. 139.

⁵ *TMS*, p. 126.

It is only appropriate that we return to Jacob Viner's much discussed essay. Viner notes that the benign deity that underlies *The Theory of Moral Sentiments* is absent from Smith's later work on economics. In *The Wealth of Nations*, Smith observes visible qualities, or the real effects economic laws have on commerce. Even so, he relies on the invisible hand for validation. To explain the unforeseen effects and causes of morality, Smith is not in a position to make observations on the real effects of our psychological disposition; thus he is forced to explain it first by way of conjecture, and to find the ultimate defense for causes of morality in a belief of God.⁶ Do we owe this dilemma to Viner's explanation that Smith, late in life, "had lost his capacity to make drastic changes" to either *The Theory of Moral Sentiments* or *The Wealth of Nations*?⁷ I think not. The former was revised considerably in the last years of his life, and there remain fourteen years between *The Wealth of Nations* and his death. Besides, one of the principal arguments of this thesis has shown the totality of Smith's philosophy.

Viner is hardly the only scholar to comment on the role of Smith's pragmatic providentialism. T.D. Campbell writes that Smith's role for a deity led him to argue that all operations occurring in society were in some fashion planned by God. Campbell writes that God takes on for Smith an expository role to satisfy a "shaky" explanation of causes and effects in society.⁸ Campbell fails to see that the invisible hand, the supernatural entity that brings harmony to seeming chaos, makes its presence felt in every occasion, and according to Smith, interferes only when it is pragmatic. Still, Campbell concludes that the more intricate Smith perceived the workings of nature to be, the

⁶ See Viner, "Adam Smith and Laissez Faire" in *The Long View and the Short* (Glencoe, Ill., 1958), p. 217.

⁷ Viner's entire argument can found in *Ibid.*, p. 231.

⁸ *Adam Smith's Science of Morals* (London, 1971), pp. 60-61, 73.

further this validated his belief in God, and that “the mechanisms of nature produce the sort of results we should expect from a benevolent God.”⁹ Campbell admits that Smith is still forced to fall back upon “unverifiable theological suppositions” to explain final causations.¹⁰

Donald Winch uses the term “complacent providentialism” to describe the picture of nature and God as delineated by Smith in *The Theory of Moral Sentiments*.¹¹ Smith’s acknowledgment of the unintended, unforeseen, and seemingly unalterable benefits of pursuing vanity and riches allow him to write almost disinterestedly on the history of humanity as it exists in nature. Charles Lindgren tells his readers that Smith, a skeptic of all systems, thought that monotheisms were just as superstitious as rude polytheisms, although more elaborate, and somewhat more believable, or more apt at soothing an individual’s imagination.¹² Lindgren, however, concludes his argument by saying that Smith did believe in God leaving his readers almost as much ambiguity as Smith left his.

I doubt that Smith believed in a Christian God. The question remains regarding how much Smith resolved to work this belief into his philosophy. Smith argued in both of his major writings from the principle of design. He maintained that a supernatural designer construed a natural order that seeks happiness for the inhabitants of the world that it created.¹³ An omnipotent deity, the creator manufactured the system so that the natural order, for humans an unalterable process, could flow in harmony with the deistic composition. The natural order, for Smith, is the preservation of living beings. Nature

⁹ *Ibid.*, p. 231.

¹⁰ *Ibid.*, p. 73.

¹¹ *Adam Smith's Politics* (Cambridge, 1978) p. 92.

¹² *The Social Philosophy of Adam Smith* (The Hague, 1973), pp. 134-140.

¹³ Glenn Morrow, *The Ethical and Economic Principles of Adam Smith* (New York, 1973), pp. 14-17.

for Smith, as we have already noted, is the preservation of “motion.”¹⁴ Therefore, Cropsey identifies, in my opinion accurately, that Smith’s concept of human nature is a supernatural principle that secures mankind’s own “motion.”¹⁵ In other words, God created nature, so nature must work in accordance with God’s intent. As we have seen, the natural order, according to Smith, is so complex that it defies the observatory powers of man. In fact, even if the order of natural liberty were allowed to establish itself, the disabled faculties of man would be unable to recognize its perfection. Still, the natural order, as sketched out by God, is one that allows man to follow his own natural instincts. Smith maintains that man’s own natural passions, the inclinations he has to pursue his self-interest, are in harmony with the larger natural order as drafted by God.¹⁶

Mankind’s very own human nature secures its preservation and harmony with the grand design. Smith believes that society, therefore, was not contracted from reason, but was instead part of this larger order beyond the understanding of any worldly creature, but it just so happens that God promotes the liberty of all the rational beings on earth. Essentially, we are subjects of a “benevolent despot.”¹⁷ Thus, when man by chance, fortune or coincidence is allotted an advantage, deservedly or undeservedly, he should attribute that occasion not to his own skill, but to the natural order of the benevolent creator. Smith advances this argument in *The Theory of Moral Sentiments* when he writes, “In every part of the universe we observe means adjusted with the nicest artifice to the ends which they are intended to produce; and in the mechanisms of a plant, or animal body, admire how every thing is contrived for advancing the two great purposes

¹⁴ *Polity and Economy* (South Bend, IN., 2001), p. 4.

¹⁵ *Ibid.*, p. 5.

¹⁶ Glenn Morrow, *The Ethical and Economic Principals of Adam Smith*, p. 17.

¹⁷ Joseph Cropsey, *Polity and Economy*, p. 160.

of nature, the support of the individual, and the propagation of the species.”¹⁸ Smith argues that rather than trying to understand the workings and principles of such causes and effects, we should conclude, for lack of any better explanation, that a natural phenomenon “is the wisdom of God.”¹⁹

We learn in *The Theory of Moral Sentiments* that Smith’s concept of a benevolent creator permeates even the experiences of the ordinary laborer. Though his work be exploited, subordinated to the natural order, and under the watchful eye of the employer, however much this position appears disadvantageous from the worker’s perspective, the goods that he produces “are lead by an invisible hand to make nearly the same distribution of the necessities of life which would have been made had the earth been divided into equal portions among all its inhabitants; and thus, without intending it, without knowing it, advance the interest of society, and afford means to the multiplication of the species.”²⁰ Thus the need to destroy all obstructions placed on that order by any reasoned contrivance. As Smith writes, “The administration of the great system of the universe, however the care of the universal happiness of all rational and sensible beings, is the business of God, and not of man.”²¹ Already we have noted that man has been allotted a much humbler position. It only seems fitting that Smith’s use of the term “invisible hand” in *The Theory of Moral Sentiments* speaks to a sort of political

¹⁸ *TMS*, p. 126.

¹⁹ *Ibid.*, p. 127.

²⁰ *Ibid.*, p. 265.

²¹ *Ibid.*, p. 348.

economy, though certainly on other occasions where the mechanism is implied, it regards the distribution of justice and morals.²²

Humanity is able to perpetuate its existence by, as we have seen, “turning a penny wherever a penny was to be got,” or, in other words, pursuing its commercial self-interest. We find that the same applies for the individual in a commercial society. Smith writes in *The Wealth of Nations* that by pursuing his own passions and allowing his interests, in this case his capital, to flow into its natural channels, even though “He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it.”²³ But though that individual “intends only his gain, and he in this case, as in many other cases, is led by an invisible hand to promote an end which was no part of his intention.”²⁴ It is the invisible hand that is the key element for his policy of laissez-faire to work effectively. It is also the invisible hand that prompts some observers to describe Smith as a trusting optimist, because the invisible hand guarantees beneficial outcomes. And it is the invisible hand that takes on many of the same qualities as those expressed by Smith in *The Theory of Moral Sentiments* regarding the benevolent creator, the same Author of Nature that stands beyond man’s feeble understandings.

Smith’s concept of the invisible hand has been the subject of fierce debate. The discourse will likely forever be influenced by presumptions made early by the nineteenth century classical economists. In their attempt to win economics the status of a science, they correlated the invisible hand with the concept of the price mechanism.²⁵ This idea

²² See pp. 126, 130, 239, 348 in *TMS*. In *WN* we can see it implied every time Smith advocates for laissez-faire. In the *Early Draft of The Wealth of Nations*, see the “unintended outcomes” on p. 570, found in *LJ*.

²³ *WN*, Vol. I, p. 441.

²⁴ *Ibid.*, Vol. II, p. 29.

²⁵ Jan Peil, *Adam Smith and Economic Science* (Cheltenham, U.K., 1999), p. 109.

attests to the belief that the price mechanism creates general equilibrium by directing economic forces into their proper positions, signaling to both buyers and sellers the valid price of each commodity. The invisible hand acts with these price mechanisms towards providing society both the natural and market prices.²⁶

What this in turn allowed for was the reduction of classical economics to what were considered natural, scientific laws of economics.²⁷ These laws, and thus the concept of the invisible hand, explained every aspect of the economy, prices, labor, production, profit, and distribution. The concept, as one might imagine, lost all of its supernatural characteristics. Furthermore, the pursuit of one's self-interest was given legitimacy, this time by way of science. The invisible hand, in essence, was typically invoked as an apology or defense for the business classes. The nineteenth century economists created scientific explanations for what Smith once believed there was no rational explanation.

It is unmistakably the invisible hand that poses for Smith's final line of defense, allowing man to pursue the ends of his sometimes brutish self-interests. We have seen Smith's decision that man should follow his natural passions and ignore his reason. Now we have seen that Smith believed all explanations could be found in God. Smith is, in essence, admitting that human observation offers no explanation. He finds that he has no other justification than a religious one, and entertains the idea even still, that religious explanations are invisible, and that man must admit his ignorance in such matters. Could this be Smith's great contribution to modernity? Was he the first to forfeit the chance at

²⁶ *Ibid.*, p. 109.

²⁷ Milton Myers, *The Soul of Modern Economic Man* (Chicago, 1983), p. 21.

offering a viable explanation of the economic process, but by validating his withdraw, he suggests an end to all inquiries.

Still, the natural order as prescribed by God provokes man to follow his inclinations. Moral and economic forces “can thus be regarded as the laws of an all powerful being, who watches over our conduct, and who, in a life to come, will reward the observance and punish the breach – they necessarily acquire a new sacredness from this consideration.”²⁸ What better than to promise a just after life and incline men to follow their passions, and furthermore, to recommend, or at least to be interpreted as implying, an end to contemplation on matters such as these. “How vain, how absurd would it be for man, either to oppose or to neglect the commands that were laid upon him by the infinite wisdom of an infinite power!”²⁹ To disobey “precepts that were prescribed to him by the infinite goodness of his creator,” Smith writes, “The idea that, however we may escape the observation of man or be placed above the reach of human punish,” is fine for the man until he reaches the final judgment.³⁰ For according to Smith, we are always “under the eye and exposed to the punishment of God, the great avenger of injustice,” and those misdeeds on earth will meet their fate in another life.³¹

The reason why much of the evidence in this chapter has been drawn from *The Theory of Moral Sentiments* is actually quite simple. In *The Theory of Moral Sentiments* Smith is unable to observe the moral faculties of man. He does not have access to subjects for psychological evaluation to discern moral procedures. Thus, he is forced to rely on the Author of Nature more often for his explanation. For *The Wealth of Nations*,

²⁸ *TMS*, p. 241.

²⁹ *Ibid.*, p. 241.

³⁰ *Ibid.*, p. 241.

³¹ *Ibid.*, p. 241.

he is given economic data to observe. Economists are more familiar with economic laws than historians; even still, the hinge on which Smith's political economy turns remains the invisible hand. Though he only implicitly mentions the term once in *The Wealth of Nations*, it is implied throughout. This is perhaps the key distinction between *The Theory of Moral Sentiments* and *The Wealth of Nations*. The latter is composed of information Smith could easily observed in society, so the need to explicitly return to the idea of a deity is limited. The opposite can be said for the former. Just as wealth rather than virtue, because of its accessibility to the human eye, determines class more efficiently, it provides man with what we might consider factual evidence.

By 1784 Smith himself was preparing for an after life. "My friends grow very thin in this world, and I do not find that my new ones are likely to supply their place."³² In that same year, the death of his mother left him tremendously grieved. Though Smith had "two other works upon the anvil," he writes, "tho' I struggle violently against it, I feel it coming fast upon me and whether I shall ever be able to finish either is extremely uncertain."³³ He would leave both unfinished, but finish *The Theory of Moral Sentiments* in a sixth addition revised to "the most perfect state."³⁴ By February of 1790 his "stomach complaint" intensified, leaving him suffering from the same sicknesses that were a burdened him throughout the course of his life.³⁵ The last letter from Smith tells

³² *Corr.*, p. 275.

³³ *Ibid.*, pp. 286-287. Much has been said of this now famous letter to Le Duc De La Rouchefoucauld. Smith writes he is working on "a sort of Philosophical History of all the branches of Literature, of Philosophy, Poetry and Eloquence, the other is a sort of History of Law and Government." We assume these were destroyed.

³⁴ *Ibid.*, p. 311.

³⁵ *Ibid.*, p. 323.

his publisher Thomas Cadell that he has “grown almost perfectly indifferent both as to praise and as to abuse.”³⁶

By the middle of 1790 it was clear to Smith’s contemporaries that he was dying. “Poor Smith,” wrote a colleague in the publishing industry, “We must lose him soon; and the moment in which he departs will give a heart-felt pang to thousands.”³⁷ Problems with his bowels made Smith increasingly dependent upon his servant. After making sure his literary executors destroyed 16 volumes of manuscript Smith had in his possession, Smith felt great relief, giving him enough energy to invite friends over for an evening dinner. He left his company that July night departing them with, “I love your company, gentlemen, but I believe I must leave you to go to another world.”³⁸ Smith would die on 17 July 1790. Surprisingly, little attention was taken of his death; perhaps the revolution in France was enough to keep newsreaders engaged. Smith left his estate to his nephew, and to the surprise of many he left very little. His biographer Rae tells us that Smith had given most of his fortune in secret to charity.³⁹

The legacy of Smith however lives on. It has made it past Marx and Keynes, Viner and Schumpeter, and recently has received new life thanks to Hayek and Friedman. Few doubt Smith to be the champion of the free market, and fewer have doubted his unparalleled genius. The so called father of political economy, it could be argued, has done more to shape our understanding of the modern world than any other scholar since the Enlightenment. Smith’s works since his death have been imperative for economics.

³⁶ *Ibid.*, p. 324.

³⁷ Found in Ian Ross, *The Life of Adam Smith* (Oxford, 1995), p. 404. Letter dated 27th of June, 1790, written by William Smellie.

³⁸ *Ibid.*, p. 406.

³⁹ *Ibid.*, p. 437.

His legacy has been helped and perpetuated by the fact that Smith himself thought historically. His persistency in claiming his work authentic and his contempt for note takers in his lectures guaranteed that he would be duly appreciated, and the increasing importance of political economy for modern governments has only helped to solidify Smith's legacy. But what did the most to rescue Smith's thought was the shadow he cast over his philosophical pessimism with a belief in God. Philosophers generally receive little celebrity if their theory ends with a gloomy demise of man, Malthus is perhaps the exception. By arguing from the principle of design Smith presents a sort of Utopia, in both the general direction of human progress, and in the philosophy itself. The irony remains that Smith did so, I would argue, not because he genuinely believed in a deity, but because it served as a mechanism to explain the unexplainable. Like his history and many of his theories, Smith arrived at his belief in God by way of conjecture. No other reason could be given for the natural order, so conjecture had to be applied.

But to minimize Smith's work does not solve the controversy. What we should take from this interpretation of Smith is that economic liberalism, according to the man so often heralded as its champion, is slavery for the individual who trusts his reason, no matter one's belief in God. Furthermore, according to Smith, all movements made in the natural world, especially commercial movements, should be considered either in compliance to, or in reaction to the principle of design. Yes Smith's pessimism can be depressing, but at the same time, because perception is arbitrary, what may seem artificial to one is natural to another. But it did not take long for humanity to misperceive Smith's intentions. Though he considered himself first a moral philosopher, and even labored in the last years of his life to finish a revision of *The Theory of Moral Sentiments*, his

tombstone reads, “Adam Smith the author of *The Wealth of Nations* lies buried here.”⁴⁰ I would argue that if given the chance to answer all the moral and economical dilemmas that still exist today, Smith would admit to us his ignorance and pass at the opportunity believing that in some way his perception was flawed.

⁴⁰ John Rae, *Life of Adam Smith* (New York, 1965), p. 435.

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I hereby grant permission to Elena Maubrey to sign in my absence the "Committee Approval Sheet" for Chris Calvo's M.A. Thesis.

I can be reached at the email address above, should there be any questions.

Sincerely,

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Assistant Professor, History