

REVIEW: ON THE WEALTH OF NATIONS

John Glassford

Ian S. Ross, **On the Wealth of Nations: Contemporary Responses to Adam Smith**, The Thoemmes Press, Bristol, England, 1998, ISBN 185506 5675, £14.95, pp.248.

This volume of contemporary responses to Adam Smith's **An Inquiry into the Nature And Causes Of The Wealth Of Nations** of 1776 (henceforth the **Wealth of Nations**, 'Glasgow Edition', Oxford University Press, 1976) is part of the Key Issues titles. This series of documents, letters and reviews of some of the historic texts of political, economic and social thought has already covered such luminaries as Hobbes, Locke and Mill, and an earlier volume also covered Adam Smith's classic study **The Theory of Moral Sentiments**. The present volume contains twenty-six responses to Smith's 'commercial code of nations' (see the letter from Hugh Blair, p.5), which range from personal letters to the author, through published reviews and, most interesting of all, to the early adoption of some of Smith's ideas in Britain, continental Europe and in America. Though there is a great deal of material in this volume which might interest the less committed, unfortunately the pieces by German, French and Italian writers are in their natural languages, suggesting that this text is principally aimed towards scholars of the subject.

The most striking feature which emerges from this collection of contemporary responses to the **Wealth of Nations** is the extent to which so few of his early readers, admirers and detractors alike, really understood the philosophical assumptions which underpinned the work. Of course, Smith's **Wealth of Nations** had nothing to do with laissez-faire doctrine, a phrase which, as the editor points out in his excellent introduction, Smith never used, and which, I might add, nor had Smith much sympathy with (Intro, p.xiii). Famously, Smith sought to promote the 'obvious and simple system of natural liberty' (WN IV.ix.51) and yet few, even within Smith's own circle of friends, stopped to inquire what this phrase might mean.

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Today it is understood that Smith painted a much bleaker picture of commercial society; rather, he was a penetrating critic of these new economic relations and he pointed to their capacity to produce vanity, alienation and social inequity in almost equal measure (WN V.i.f.49-54 & I.viii.36). The nature of Smith's 'system of natural liberty' was deeply embedded within the structure of his system of neo-classical philosophy more generally, and in his appreciation of Roman Stoicism in particular. (I shall return to this theme shortly.) The most telling fact which emerges from this collection of early responses to Smith is that his commitment to these Stoics, flagged openly in his earlier **The Theory of Moral Sentiments**, appears to have been entirely missed by most of the contemporary readers of his masterpiece on the subject of 'economics'.

In the closing paragraph of his **The Theory of Moral Sentiments** (Oxford, 1976) Smith indicated that he would follow that work with a treatise on 'police, revenue and arms' indicating that he certainly envisaged the **Wealth of Nations** as but a part of a complete system of social theory. Smith, like his German counterparts of the period, used the term 'police' (*polizei*) to refer to all the regulative functions of government that may be required to support the cause of the individual.

Smith certainly thought that political involvement in the lives of ordinary people should be minimised. However, he also held that the regulatory functions of government were indispensable; thus justice, defence and the public works that could not be undertaken by individuals inevitably and rightly fell to the responsibility of the state (WN IV.ix.51). In the **Wealth of Nations** Smith the social theorist took the church, the universities, the government, especially with regard to policy on trade and duties, colonial policy and much else besides, to task for being historically anachronistic. Of the many institutions of his own day that he criticises, Smith invariably criticises them for their lack of equity and efficiency. So it is interesting that of all the responses collected in this volume so few British readers tackled the general assumptions of Smith's system, preferring instead to take issue with him on matters which are generally considered the province of microeconomics today.

This apparent lack of interest in his attachment to classical philosophy more generally may have been because it was deeply ingrained in the Enlightenment Zeitgeist. There are certainly intimations of this in Hume's letter (p.3). Thus we can conclude either that Smith's deeper philosophical commitments went without notice or careful assessment by those who were too close to him, and who shared his views, or that it may simply have been

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that these early commentators took his work to be an economic textbook with little to say about political or social issues more generally. The second of these de-politicising readings appears to have begun very early with Dugald Stewart's 'biography' of Smith (Ed, p.xx and p.105).

In any case, though the deeper political implications of Smith's philosophy appeared to go largely unnoticed for some time at home, acute observers abroad soon took it to be a radical text. Former Governor Parnell of the Massachusetts Bay Colony 1757-9, for example, realised from the beginning that Smith's call for global free trade was likely to result in the political dismantling of the British Empire (p.xvii). Perhaps this view was also shared by an optimistic Napoleon, who apparently took a copy of the **Wealth of Nations** into exile on St Helena (p.xxxiii).

Smith was deeply concerned with the political events of the period, and his writing in the **Wealth of Nations** is both sophisticated and moving. For example, Smith rules out force as a possible solution to the problems of governing the American colonies (**WN IV.vii.c75**). Smith suggests, rather, that political representation for the colonists might serve to bring them into a closer communion with the mother country in the manner of the Treaty of Union of 1707 between Scotland and England (**WN V.iii.89-92**). In a moving tribute to the backwoodsmen and farmers of America he said,

The persons who now govern the resolutions of that they call their continental congress, feel in themselves at this moment a degree of importance which, perhaps, the greatest subjects in Europe scarce feel. From shopkeepers, tradesmen, and attorneys, they are become statesmen and legislators, and are employed in contriving a new form of government for an extensive empire, which they flatter themselves, will become, and which, indeed, seems very likely to become, one of the greatest and most formidable that ever was in the world.
(**WN IV.vii.c.75**).

Was the British State really prepared to shed the blood of men and women who were in every sense the equals of all in the mother country, asked Smith? This advocacy of radical meritocracy between colonised and colonisers shocked the more politically conservative commentators of the period, such as Smith's friend the High Kirk Minister Hugh Blair, who complained at the time,

There are some pages about the middle of the second volume where you enter into a description about the measures we ought at present to take

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with respect to America, giving them representation etc. which I wish had been omitted.

(p.6)

Despite Blair's reservations, Smith's support for the American colonists' political independence was one of the first policies to be lifted from the **Wealth of Nations** and which was to find its way into British politics. Lord Shelbourne, 1st Marquis of Lansdowne, regarded Smith highly and had his younger brother taught by Smith from 1759-61. Shelbourne was instrumental during Rockingham's administration (1782) in seeking peace with the American colonies. When he himself formed a government in the same year his domestic political programme included a simplified tax system suited to a more even distribution, and trade was encouraged through a general revision of customs and other anti-protectionist measures (p.xxiii).

Typically debated in terms of 'Das Adam Smith problem', it has often been held that the early Smith of 'sympathy' in **The Theory of Moral Sentiments** is a natural law theorist while the second 'selfish' Smith is to be found in the **Wealth of Nations**. Thus it has been suggested that he eventually sides with some notion of political law based upon moral contrivance in the manner of Hobbes and Locke in the **Wealth of Nations**. However, these 'two Smith's' are hardly mutually exclusive. Smith's commutative justice links both conceptions, while justice is largely negative, injustice is a positive harm and must also be prevented. Smith's political concern with fairness, justice and equality with regards to the subjects of the colonies is wholly in keeping with his more general philosophical account of 'natural life'. Smith's account of social economy is entirely consistent with his Stoic ethics and cosmology (for an interesting comparison see Marcus Aurelius, **Meditations** Penguin, 1964, p.17).

Like many Scots of the Enlightenment, Smith did not look to more recent 'philosophers' such as Locke for inspiration. Rather, Smith looked back to the classical world, and in particular, to the third phase of Roman Stoicism that he associated with Epictetus, Marcus Aurelius and Cicero. In **The Theory of Moral Sentiments** the first is mentioned seven times, Emperor Aurelius is mentioned three times and there are over sixteen discussions and footnotes on Cicero. In the **Wealth of Nations**, for example, Epictetus is mentioned once and Cicero is quoted no less than three times; thus the presence of the Stoics remains both implicit and explicit throughout. Some notion of what this kind of Stoicism meant to Smith is necessary if one is to understand his social, legal, economic and political theory.

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Returning for a moment to **The Theory of Moral Sentiments**, we find that here Smith holds that prudence, self-command and beneficence are the noblest virtues of mankind. The presence of beneficence here appears to separate Smith from the tradition of Scottish Presbyterianism, since generosity of spirit and the delayed gratification that comes with hard work is hardly in keeping with the endless self-denial and self-restraint of that particular creed (**TMS VI.i.II**). The conflation of the stoical and the Presbyterian is another element of Dugald Stewart's biography of Smith (p.107). While caution, self-regulation and public spiritedness are the hallmarks of Smith's ethical theory, interestingly such values are principally advocated because they dovetail neatly with his Stoic notion of cosmic harmony. Smith holds that though evil is to be prudentially avoided at all costs, metaphysically speaking, it is quite likely that some good could come of evil. Again, referring to the Stoics he said,

Man, according to the Stoics, ought to regard himself, not as something separated and detached, but as a citizen of the world, a member of the vast commonwealth of nature. To the interest of this great community, he ought at all times to be willing that his own little interest should be sacrificed. Whatever concerns himself, ought to affect him no more than whatever concerns any other equally important part of this immense system. We should view ourselves, not in the light in which our own selfish passions are apt to place us, but in the light in which any other citizen of the world would view us. What befalls ourselves we should regard as befalls our neighbour.

(**TMS III.3.10**)

In other words, what goes around comes around. In Smith's view each should have at least one eye on the 'other' if one is to act prudentially. Though it might be true that in **The Theory of Moral Sentiments** Smith maintains that it is right and proper that care of the self should remain foremost in one's thoughts, his more important point is that this should not be at the expense of 'others'. Thus he says 'though every man may, according to the proverb, be the whole world to himself, to the rest of mankind he is a most insignificant part of it' (**TMS II.ii.2.2**). Following Hutcheson, and against Hobbes, who held that even apparently altruistic actions can be cynically reinterpreted as motivated by self-interest, Smith appeals again and again to the court of judgement that is provided by the rational intercourse of the 'community' (the 'faculties of reason and speech' **WN I.ii.2**); thus he says:

Those actions which aimed at the happiness of a great community, as they demonstrated a more enlarged benevolence than those which aimed

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only at that of a smaller system, so were they, proportionally the more virtuous. The most virtuous of all affections, therefore, was that which embraced as its object the happiness of all intelligent beings. The least virtuous, on the contrary, of those to which the character of virtue could in any respect belong, was that which aimed no further than at the happiness of an individual, such as a son, a brother, a friend.
(TMS VII.ii.3.10)

Hobbes's account of 'the foole' in his **Leviathan** (Ch. XV) suggests that though we may want the laws of nature to govern people's behaviour we are not bound to act on them. Thus in Hobbes's account the artificial contract and the violent sanction of the state are ultimately the only guarantee of equality before the law. However, in Smith's account there is no contradiction between 'care for others' and care 'for the self' since society is a cosmic totality. According to Smith, care of the 'other' is encompassed within care of the 'whole' and thus to give sufficient care and 'attention to the objects of self-interest', is to take the collective care of subjects per se, and again is synonymous with the reciprocal care of self (TMS VII.ii.3.16). Again, this is something like the classical view of Marcus Aurelius that 'the whole divine economy is pervaded by Providence' (**The Meditations**, p.45) rather than anything like Hobbes' natural law social contract theory. If anything Smith might be thought to anticipate Hegel's notion of the liberal state. The basic idea here is that the rationalisation of social interaction begins with the philosophy of the Stoics and is transposed into a modern guise by Smith. Thus in Hobbes's account the 'bad faith' of 'the foole', which might always be discovered by persons, provides the rationalisation for prudential behaviour. This is a strikingly amoral account of why we should be moral. Smith takes the view that virtuous behaviour is a form of personal growth and social self-understandings - more akin to what Hegel would later call 'Der seiner selbst gewisse Geist' in his **Phenomenology of Spirit**.

Smith's disregard of the traditional epistemological concerns of modern liberal theory from Locke onwards might also be prefigured in the Stoic attitudes. For example, apparently Zeno used to demonstrate his system by counting the phases of logic on an out stretched hand. The first finger represented the impressions of sense, the second the assent of the mind, the third would be the scrutiny of reason, the fourth the conviction of the community and the general verdict of mankind. Conviction was then demonstrated by the clenched fist, and 'knowledge' when this fist was gripped tightly in the other hand (**Meditations**, p.12). In this account 'knowledge' is nothing like Locke's notion of a sliding scale of certainty from primary to secondary qualities. That which is basic and non-controversial to the Stoics,

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the sense impression, is almost everything according to Locke's epistemology.

In any case, when Jean-Antoine Roucher translated the **Wealth of Nations** into French the year before the French Revolution it was an immediate success and Smith's 'system of natural liberty' was seen to have anticipated the lack of real meritocracy and egalitarianism that was actually apparent in post-revolutionary France. It must come as no surprise that this system of natural harmony might be thought to have collapsed completely during the period of the Terror, and it was not long before the **Wealth of Nations** was to become something of a cudgel with which to bash the regime. Roucher himself said in his 'Advertisement' to the **Wealth of Nations** that it was needed 'more than ever today when the National Assembly concerns itself with the means of regenerating public wealth squandered by great waste and prodigality' (p.xxi). Roucher himself was guillotined in 1794.

According to Smith in **The Wealth of Nations**, then, the 'invisible hand' (WN IV.ii & TMS IV.1.10) was not some kind of mechanical justification for a behavioural ontology of rapacious greed, uncaring egoism and the refutation of natural social responsibility, as in the case of Hobbes. Rather, the 'invisible hand' was a cosmological device that sought to demonstrate that the particular interest was always deeply imbedded within the general interest. Thus Smith's limited objections to the political regulation of the economy were not based upon any objection to the political regulation of the economy per se, but only on an objection to those laws which protect private interests at the expense of the whole (WN IV.ii). Thus John Miller, in an early letter to Hume, April 1776, completely missed the point (p.14). Balance and harmony are the key philosophical determinants of Smith's social theory. **The Wealth Of Nations** is an attempt to find appropriate institutional mechanisms for balancing increases in material wealth with that of the moral growth of the nation. The role of statesman and legislator, said Smith, 'is to provide a plentiful revenue or subsistence for the people, or more properly to enable them to provide such a revenue or subsistence for themselves'. And furthermore, to 'supply the state or commonwealth with a revenue sufficient for the public services' (WN IV.i).

This collection of letters, reviews and criticisms of Smith, besides any intrinsic value that these may contain for historians of ideas more generally, also demonstrates the extent to which so few really understood Smith's larger project. Or if they did understand it, how little they were prepared to say about it at the time. As the Editor to this volume suggests, Adam Smith was one of the great polymaths of history; he wrote interestingly on astronomy,

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the philosophy of language, jurisprudence, social theory, economics and on moral and ethical theory. However, what this collection demonstrates, if only unintentionally, is that Smith did not approach these topics from a disinterested point of view. Nor did Smith think eclectically, like many of these early commentators on his **Wealth of Nations**; rather he was a rich systematic thinker in his own right who deserves much closer attention than he has received to date from contemporary social theorists.

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