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Introduction: the problem – the liberal capitalist perspective

In the two hundred years that have passed since the publication of the Inquiry into the Nature and Causes of the Wealth of Nations, Adam Smith’s reputation as a pioneering exponent of, and leading spokesman for, the principles of liberal capitalist society has become firmly established. It is a role which qualifies him to be the founding father of classical political economy, and hence one of the chief forerunners of Marx’s analysis of nineteenth-century capitalism as well as of orthodox economics. It was largely in this role that economists and others throughout the world celebrated the bicentenary of the Wealth of Nations in 1976, thereby upholding a tradition established in the centennial and sesquicentennial years.¹

While I shall be concerned here with the liberal capitalist perspective on Smith, I have little to say directly about the economists’ Smith – the figure cultivated by generations of historians of economic thought. Nor do I deal with Smith’s œuvre taken as a whole. For while I shall refer to most of his writings, I am chiefly interested in an aspect of them that can be described as ‘political’ in the broadest sense of the term. Moreover, I shall be concerned throughout with what Smith can legitimately be said to have intended, rather than with what he might be said to have anticipated or foreshadowed. Indeed, as my sub-title suggests, this essay can be seen as a contribution to a more general argument in favour of a historical interpretation of Smith’s intentions and achievements.

Much of the reading presented here takes the form of an

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attempt to recover a political dimension that either seems to have been obscured or distorted by the emphasis normally given to Smith’s reputation as a key figure in the tradition of economic liberalism, or to have been lost somewhere between the poles of *Das Adam Smith Problem* marked out by the *Theory of Moral Sentiments* on the one side, and the *Wealth of Nations* on the other. In choosing to speak simply about Smith’s ‘politics’ rather than under some grander, yet apparently more specific title, such as ‘Adam Smith’s political philosophy’ or even ‘Adam Smith’s political principles’, I am aware that I may not, initially at least, be conveying a clear idea of my subject, or even of the range of evidence that might be relevant to the historiographic issues which I wish to pursue. Nevertheless, the choice of the least specific term is deliberate, since in the course of presenting my case it will be necessary to show just how much our view of Smith has come to depend on certain perspectives of a general nineteenth-century provenance, and to question a powerful stereotype that has grown up around the subject. For such purposes it seems best not to accept too many commitments in advance. Similarly, while I wish to present an alternative reading of some of the political themes contained in Smith’s writings – one which I believe is more faithful to the eighteenth-century context within which they were conceived – my interest will chiefly be concentrated on Smith rather than on any particular tradition of discourse or school of thought to which he might be said to belong. This provides another reason for not applying a label in advance of presenting the evidence.

At the lowest level of generality, of course, the term ‘politics’ chiefly connotes a party affiliation or a set of political allegiances. Smith’s sweeping dismissal of ‘that insidious and crafty animal, vulgarly called a statesman or politician, whose councils are directed by the momentary fluctuations of affairs’ is a familiar one.¹ But it would be flying in the face of what we know of Smith’s career, and of the realities of social and academic life in Scotland during the eighteenth century, to use such statements as a licence for disregarding the biographical evidence relating to Smith’s political sympathies and contacts.

¹ *WN* iv.ii.39.
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Yet one authority has said that ‘Smith is one of the most elusive modern authors of distinction that ever a biographer and historian of ideas set himself to cope with’.¹ He ordered most of his unpublished papers to be destroyed; he seems to have disliked letter-writing; and generally covered his tracks so well that many episodes of his life and facets of his personality remain a mystery. Since a new biography is being prepared for the bicentennial edition, it is to be hoped that, among other things, it will furnish us with a non-hagiological view of Smith’s everyday political contacts and sympathies, undertaken in the light of more recent understanding of the complexities of eighteenth-century party labels and groupings.² At present, therefore, it is an open question whether biographical evidence can add significantly to our knowledge of the public stance adopted by Smith in his published writings. It may only confirm certain well-known features of political life in the eighteenth century. While I shall, of course, refer to such evidence where it seems relevant, it is by no means central to my purpose. At the risk of premature dogmatism I venture to suggest that it tells us that Smith’s taste in ‘public’ friends was both realistic and eclectic; and that in the case of leading public men it largely arose out of his need for patronage and information, and their need to call upon his economic expertise in matters which were assuming greater political importance during the latter half of the eighteenth century.

A more common type of political label applied to Smith concerns what might be vaguely called his political stance or attitude, where such words as ‘sceptical’, ‘quietist’, and ‘Burkean’ are the ones most frequently employed. To the question – sceptical as to what? – the answer will invariably be: sceptical as to the motives and readiness of politicians to seek a genuine public interest when faced with the clamour of private and other special interests. Alternatively, the scepti-

¹ See Ernest C. Mossner, Adam Smith: The Biographical Approach, David Murray Lecture, University of Glasgow, 1969, p. 5. The main biographical authority is still John Rae’s Life of Adam Smith (1895), as supplemented by Jacob Viner’s Guide appended to the 1965 Kelley reprint.

² See, for example, Ian Ross, ‘Political Themes in the Correspondence of Adam Smith’, Scottish Tradition, No. 5 (1975).
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cism centres on the pronouncements of public men and their ability to implement grandiose (and hence misguided) nostrums for reordering society’s affairs. This surely is the Adam Smith we all know, the Adam Smith of the ‘invisible hand’, who condemned the conceited ‘man of system’ for his attachment to ‘the supposed beauty of his own ideal plan of government’ in the face of recalcitrant individual behaviour.¹ It is the Adam Smith who proclaimed in one of the earliest statements of his position that: ‘Little else is requisite to carry a state to the highest degree of opulence from the lowest barbarism, but peace, easy taxes, and a tolerable administration of justice; all the rest being brought about by the natural course of things.’²

Scepticism or quietism can be given more pointed political significance to later generations by taking a step beyond Smith’s ‘system of natural liberty’, and what he described as his ‘very violent attack’ on the mercantile system, towards the issues of economic liberalism contained in the nineteenth- and twentieth-century debate on the role of the modern state in economic affairs – epitomised, however crudely and unjustly, by such slogans as laissez-faire, free enterprise, and the night-watchman state. Once this step has been taken, it is possible to substitute for the admittedly defective eighteenth-century party labels the beginnings at least of a modern political spectrum. Armed with such a spectrum, it becomes possible to assimilate Smith more closely to modern concerns by locating him in terms of those ‘isms’ which have persisted into the twentieth century.

The substitution of the nineteenth for the eighteenth century as the relevant context within which Smith’s writings should be viewed is such a well-established strategy, usually requiring little more than gifts for extrapolation based on hindsight, and what appear to be minor translations of the key terms, that it may seem pointless to question it here. When we insist on believing that Smith must be addressing him-

¹ TMS vii.ii.2.17.
² As reported by Dugald Stewart from a document no longer in existence in his Account of the Life and Writings of Adam Smith in his Collected Works, ed. Sir William Hamilton, 1858, volume x, p. 68.
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self to our world rather than to his own, are we not simply paying homage of the kind required by all seminal figures? Surely it is idle to quarrel with what several generations have regarded as significant to their day in a protean work like the *Wealth of Nations*. By definition, and with a little ingenuity, it can be made to yield support for a variety of positions. Are these not minor issues of historiographic taste and intellectual focus, which cannot, in any event, be settled authoritatively?

I hope that my own position will become clear by the end of this essay. For the present I will simply record my belief that one of the primary responsibilities of the historian – as opposed to those who are in the business of constructing decorative or more immediately usable pasts – is to be concerned with what it would be conceivable for Smith, or someone fairly like him, to maintain, rather than with what later generations would like him to have maintained. Although I regard this as an essay in recovery rather than recruitment, I shall not have recourse to unfamiliar sources or esoteric interpretative doctrines – to claims of having decoded secret messages, uncovered darker meanings, and discovered novel ‘influences’. The standard problems of Smith interpretation are sufficiently difficult without having to invent others. In fact, I shall be claiming that to understand Smith’s politics it is necessary to bear in mind that he is frequently employing a well-established public language for discussing such matters – a language, the resonances of which were already well known to the educated members of his immediate audience.

This does not mean, of course, that Smith was simply responding passively to his surroundings, or that he was merely a language-user. In contrast to some of the more presageful interpretations of Smith’s achievements criticised here, which often treat his work as an embryonic and somewhat muddled enterprise that only achieved clarity and fruition in the hands of his nineteenth-century successors, the approach I have adopted requires me to argue that it should be regarded as an extraordinarily rounded enterprise, more the brilliant culmination of a programme than an overture. It should be seen as part of a system (or set of overlapping systems) which, though not completed according to Smith’s original plan, was
nevertheless the most ambitious of its kind to reach near-completion. It was, in short, the achievement of a leading figure in the Scottish Enlightenment, a moral philosopher-cum-scientific observer of the changing social scene, writing according to an agenda and canons of evidence and communication that Smith himself did much to define, but which were also widely endorsed and harmonious with the intellectual tastes and values of his contemporaries.

I mention this now in order to counter any suggestion that the attempt to place Smith in an eighteenth-century context must necessarily entail belittling him. Moreover, I acknowledge that any reading of Smith will have ramifications which go beyond the confines of his own period and context. The approximate reason for my own present interest in Smith arises out of a concern with the history of the social sciences. By almost any standard, whether as a leader of the movement to write a new ‘sociological’ kind of history of civil society, or as ‘founder’ of the discipline that later became economics, Smith would be acknowledged as a crucial figure in the process of transition towards what we now gather under the umbrella of ‘the social sciences’. And since his work also has a distinct bearing on the shifting relationship between economy, polity, and society, it could provide an insight into both the nature and development of these troublesome intellectual enterprises, especially their relationship to the older traditions of moral and political discourse. Much of what is said here deals with the relationship between these terms, especially polity and economy; but apart from some tentative concluding remarks, I leave for another occasion the more ambitious task of exploring the implications for the history of the social sciences of the position adopted in this essay. I mention it now only because it seems appropriate in a work purporting to deal with intention to give an indication of one of the factors conditioning my own interest.

The above may also explain why it seems logical to begin by considering the remarkable consensus that seems to have formed around some version or other of the proposition that Smith’s ‘politics’, in any significant sense of the term, is either ‘missing’ or has been ‘eclipsed’ by the more powerful eco-
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Nomic themes which comprise the heartland of the Wealth of Nations. It would hardly be an exaggeration to say that the orthodox account of Smith endorsed by political theorists of divergent persuasions still largely turns on the view that his work marks an important watershed in the history of liberal political thought as the point at which economy decisively enveloped polity; that it represents a decisive moment at which a ‘scientific’ conception of a self-regulating social and economic realm assumed dominance over what, for better or worse, had previously been an exclusively moral and political domain.

For the present, such wide-ranging propositions may seem opaque. Moreover, at this late stage of the art of Smith interpretation, any claim to bring a fairly new perspective to bear on the problem deserves to be treated with a good deal of reserve. It seems only prudent, therefore, to offer a review of some of the main avenues that have already been explored in the attempt to relate Smith to the leading traditions of political discourse. But before doing this it may be helpful to rehearse some of the more straightforward evidence on party labels and the place occupied by political subjects in Smith’s formal plan of studies.

One of the earliest attempts to characterise and label Smith’s position on the contemporary political spectrum was made by the Earl of Buchan, a former pupil and friend of sorts to Smith during the last thirty years of his life. In a memoir written a year after Smith’s death, he had this to say on the subject:

[Smith] approached to republicanism in his political principles: and considered a commonwealth as the platform for the monarchy, hereditary succession in the chief magistrate being necessary only to prevent the commonwealth from being shaken by ambition, or absolute dominion introduced by the consequences of contending factions. Yet Pitt and Dundas, praising his book, and adopting its principles in parliament, brought him down from London a Tory, and a Prittite, instead of a Whig and a Foxite, as he was when he set out. Bye and bye, the impression wore off, and his former sentiments returned, but unconnected either with Pitt, Fox, or anybody else.¹

¹ D. E. Buchan, The Bee or Literary Weekly Intelligencer, 8 June 1791, p. 165.
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The reference to Pitt and Dundas presumably relates to Smith's appointment as Commissioner of Customs by the North Ministry in 1778, a position which gave more formal status to the role of occasional adviser to Townshend and Lord Shelburne on fiscal and commercial policy questions which he had occupied since the 1760s.¹ Smith's biographer, John Rae, writing towards the end of the nineteenth century, endorsed Pitt's efforts to introduce 'one great measure of commercial reform after another' in the teeth of irresponsible opposition from Fox, but was as anxious as Buchan to stress that neither the source of Smith's preferment, nor his contacts with such figures as Lord Shelburne had made any difference to his 'stout' Whig sympathies – as evidenced by the loyal support which he gave to Burke and the Rockingham Whigs during the constitutional crisis of 1782 in particular.²

Reviewing Rae's evidence a few years later in his Growth of Philosophical Radicalism, Elie Halévy remained unimpressed by Smith's Whig credentials; he gave a number of persuasive reasons for believing that if Smith really was a Whig, then, like his friend Hume, he must have been the most sceptical of Whigs.³ Indeed Halévy felt that as a sceptic in politics Smith clearly out-Humed Hume: after all, unlike Hume, Smith had not even toyed with the idea 'that politics may be reduced to a science'. He also countered the 'republican' evidence by drawing attention to Smith's 'avowed antipathy for the American democracies with their “rancorous and virulent factions’’; and by highlighting some of Smith's less Whiggish-sounding pronouncements on general warrants and standing armies. Whereas reason could be applied to men's economic affairs with some hope of success, politics involved too large an element of arbitrariness and irrationality to yield to scientific explanation. Halévy's conclusion, therefore, en-

¹ The evidence on this can be found in W. R. Scott, 'Adam Smith at Downing Street, 1766–7', Economic History Review, vi (1935–6), 85–8; and C. R. Fay, Adam Smith and the Scotland of His Day (1956), pp. 103–7, 114–16.
² J. Rae, Life of Adam Smith, pp. 130, 320–3, 378–9, 389, 410.
³ La Formation du radicalisme philosophique, volume 1, La Jeunesse de Bentham (1901). It appears in the English translation published in one volume in 1934 on pp. 141–2. Part of Halévy's argument is contained in the footnotes, which were drastically cut in the English translation.
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tailed driving a wedge between Smith’s science of political economy, and his opinions on political matters, with the result that Smith was left with a political attitude called ‘scepticism’, but without a philosophical position capable of embracing his views both on politics and economics. In spite of the fact that most historians find unacceptable the distinction between rationalism and naturalism on which Halévy’s conclusion is based, the wedge he drove between Smith’s politics and his economics has stuck firmly. As will be shown, it is mainly a case of the hammer now being applied to that wedge taking on different shapes.

There is, however, a more obvious reason for the subordinate or derivative status accorded to Smith’s political thought, namely the incompleteness of his plan of studies. The boundaries and divisions of the ambitious intellectual enterprise which Smith projected as early as the 1750s, when he first took up his position as Professor of Moral Philosophy at Glasgow, can now be delineated with some accuracy. Leaving on one side the Essays on Philosophical Subjects, which are of great importance to an understanding of Smith’s views on the philosophy, psychology, and sociology of science, and the Lectures on Rhetoric and Belles Lettres, which are also of relevance to an understanding of his opinions on the rules governing different modes of discourse, the works that have the closest bearing on his ‘politics’ form a sequence of overlapping ‘systems’ running from ‘the science of ethics’ at one end, to political economy, defined as ‘a branch of the science of a statesman or legislator’, at the other. The ends of this sequence are clearly marked by the Theory of Moral Sentiments and the Wealth of Nations respectively, but the intermediate area exists only in the form of two sets of students’ notes on Smith’s Lectures on Jurisprudence. Since I shall be making considerable use of these notes, the caveat of most other scholars who have used them must also be registered here. Invaluable though they are, they remain students’ notes, and on any crucial doctrinal issue should only be given weight when supported by the position adopted in Smith’s published writings. Fortunately, in most sensitive matters, explicit and implicit cross-referencing between the Theory of Moral Sentiments and the Wealth of Nations
permits this to be done; and where differences exist between the lecture notes and the published work, these are mentioned in what follows.

By speaking of cross-references and overlapping systems, I have implied, what most scholars now accept, that there is no Adam Smith problem in the original sense of a fundamental incompatibility between the ‘sympathetic’ ethic of the *Theory of Moral Sentiments* and the ‘selfish’ ethic of the *Wealth of Nations*. This does not mean that there are no problems involved in establishing the precise nature of the conciliation between these works, but since a frontal attack on these problems is not germane to my purpose, I shall simply adopt the findings of those scholars who appear to me to have provided the most satisfactory account of the relationship.¹ The *Theory of Moral Sentiments* contains Smith’s general theory of morality or psychology; it consistently operates on a higher level of theoretical generality and with a lower degree of empirical realism than the *Wealth of Nations*. The latter work can, therefore, be regarded as a specialised application to the detailed field of economic action of the general theories of social (including economic) behaviour contained in the earlier work, which means that it can properly be used to supply background assumptions to the *Wealth of Nations*, particularly on questions involving individual motivation and social conduct. It does not provide a warrant, however, for regarding the *Theory of Moral Sentiments* as a court of higher appeal on all disputed matters. It would be as wrong, in my view, to treat the *Theory of Moral Sentiments* as being logically or philosophically prior in all respects, as it would be to use it purely as an *ad hoc* source to fill in gaps in the opinions presented in the *Wealth of Nations*. But the strongest reason for not becoming unduly embroiled in disputes about these differences of level, tone, and emphasis here is that Smith constructed a bridge between the two works based on his treatment of

¹ For example, see A. L. Macfie, *The Individual in Society* (1967), especially essays 4, 5, and 6; and T. D. Campbell, *Adam Smith’s Science of Morals* (1971). An account of the relationship between Smith’s various works can be found in R. H. Campbell and A. S. Skinner’s editorial introduction to the bicentennial edition of *WN*, and in D. D. Raphael and A. L. Macfie’s introduction to *TMS.*