

The Science of Welfare: Adam Smith's Political Thought

Professor Lisa Hill
Politics and International Studies
School of History and Politics
University of Adelaide 5005
lisa.hill@adelaide.edu.au

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Adam Smith (1723 –1790) is undoubtedly the most important ideological source of laissez-faire liberalism and the effect of his thought on economics is undisputed. But because he is commonly conceived as either an economist or a moral philosopher, his importance as a political thinker has been largely neglected. Further, in the small literature that does address his politics there is a perception that his political project lacks coherence. Others deny that he was interested in politics at all.

In this paper I argue that Smith's interest in politics is partly obscured by his determination to develop a new politics; he rejected the hitherto dominant virtue- and power-focused approaches to statecraft, because, in his opinion, they were 'unscientific'; they took no account of the changes wrought by commerce, global trade and material progress; and they failed to consider the welfare of ordinary subjects. He therefore sought to reinvent the art of governing as the science of welfare-maximization under commercial conditions.

Aside from exploring this reinvention by reference to his theory of spontaneous order, a related aim of the paper is to challenge the perception that there is no coherent political project in the material available on Smith by showing how confusion about the coherence and even existence of a Smithian politics has been obscured by his attempts to make the art of governing more social-scientific. Despite his importance as a liberal progressive Smith was also a conservative who valued order and social tranquility and disliked rapid change. This has led to the perception that his politics is muddled. By examining his attitudes to the related issues of food security and the welfare of the labouring classes —in light of his commitment to the system of 'natural liberty' — the paper attempts to reconcile some apparent tensions in Smith's political thought and to show that it is far more coherent than is commonly accepted.

Adam Smith's Politics?

Despite a large economic, philosophical and sociological secondary literature, the scholarship on Smith's *politics* is surprisingly meagre. This may be because his political views are not easily discernible, with one authority describing him as 'one of the most elusive modern authors of distinction that ever a biographer and historian of ideas set himself to cope with' (Mossner, 1969: 5). For Duncan Forbes, there are only 'oblique references and hints' to Smith's politics 'and these, suggestive as they are,

often give one the merest outline, and are full of gaps and obvious slips' (Forbes 1976:182). Some have even denied that Smith had any interest in politics. Due to the cautious and skeptical strains in Smith, Èlie Halev y has decreed that Smith was neither interested in a science of politics, nor in 'the political bearing of his economic doctrines' (Halevy, 1934: 142) while for John Robertson, Smith's 'goals' were not, 'particularly political' (Robertson, 1997, xxx). In fact, politics mattered vitally to Smith: the Earl of Buchan once wryly observed that 'the three great avenues to Smith were his mother, his works and his political opinions' (Phillipson, 2010:10).

It is true that Smith's politics often seems inconsistent and even contradictory. One example is his apparently conflicted attitude to 'capitalism' and the free market which has baffled many scholars and even given rise to suggestions that he is proto-Marxist (e.g. Drosos 1996; Pack 1991; Heilbroner 1973); another is his simultaneous embrace of liberal and conservative ideas; while his views on war, imperialism and free trade have often struck commentators as inconsistent. For example, Klaus Knorr once noted that Smith 'has been cited with apparently equal assuredness and alacrity alternately by imperialists and anti-imperialists, colonial protectionists and free traders' (Knorr 1944: 185). For Donald Wagner, Smith offered 'comfort' to those who both attacked and defended the British empire in a manner 'somewhat like the man who, it is said, mounted his horse and rode off in opposite directions' (Wagner 1932: 74. For further discussion see Hill 2010). Even his two most important works, the *Wealth of Nations* and the *Theory of Moral Sentiments*, have been interpreted (in a sizeable literature on the so-called 'Adam Smith Problem') as mutually incompatible (e.g. Viner 1991). Furthermore, because Smith's politics seeks to break free of classical political science and eschews the traditional left-right dichotomy (such as it existed in the eighteenth century), he has perplexed many of those who seek to classify his political thought. For example, one debate in the secondary literature revolves around whether he was a Whig or a Tory (e.g. Mossner and Ross, in Smith, 1977: 18-19); another queries whether he is a 'real' liberal or else a 'civic humanist' (e.g. Brown, 1994); yet another challenges the assumption that he was genuinely a free-marketeer with claims that he was, in fact, the 'founder of protectionism' (e.g. Hewins 1903). The problem with these kinds of debates is that they focus on the wrong questions: so far as I can tell, despite his apparently 'Whiggish' tendencies, Smith was not on any particular ideological side, except the side aligned with the laws of nature as he understood them. When appreciated in the context of his underlying social science—the unifying

framework of his thought —many of the apparent contradictions identified in the secondary literature are dispelled. Specifically, this framework is the spontaneous order elaboration, the belief that the human universe is a self-ordering, self-equilibrating unit that has been designed to work by secondary laws of nature (Hill 2001); in other words, the ‘invisible hand’ or ‘system of natural liberty’. In the absence of a deep comprehension of Smith’s social science, the integrated character of his politics has been missed, even denied (e.g. Halevy, 1934, 142; Robertson, 1997, xxx; West, 1976, 55). Smith’s political thought isn’t merely an artifact of his economic theory as is sometimes suggested (e.g. Wolin, 1960; Singer, 2004; Minowitz, 1994); rather *both* his politics and economics are artifacts of his social science and, being artifacts of the same ‘scientific’ system, are intimately bound together.

Determining Smith’s political project is hampered by other factors. He had long promised to write a treatise on the ‘science’ of ‘law and government’ (*Theory of Moral Sentiments*, hereafter *TMS*, VII.iv.37, 341-2) and he was still referring to it in 1785 as ‘upon the anvil’ (Smith, 1987: 286-7). The manuscript was eagerly anticipated by scholars and the public alike but it never saw the light of day because Smith died before it could be published. His readers’ disappointment was compounded when it emerged that the draft manuscript had been destroyed along with fifteen other manuscripts he ordered burned upon his death.

It would not be wise to speculate on what Smith *might* have written in the lost manuscript; but we can mine the rich political content in the work he actually published on jurisprudence, moral philosophy, public affairs and political economy and in the policy documents he wrote for government and government advisers. After all, Smith made it clear by his actions that he wanted to be understood only through the work and opinions he deemed fit to publish. Given the meticulous care he took to revise and refine these opinions (the *Theory of Moral Sentiments*, for example, saw six editions in Smith’s own lifetime) and his determination to show the public only fully realized work, we should expect to find a fairly high degree of coherence in them. There is also much to be learned from the records and biographical material relating to his various political activities, including his advice to government, and his time spent as a Customs Commissioner. While it is true that Smith provides no aggregated account of politics, there is a wealth of material on politics distributed throughout his available works. This political content isn’t merely vestigial (Winch

1978: 23, 65) or subservient to the economic content; Smith was, after all, a *political* economist who insisted that ‘political economy’ was but a sub-discipline of statecraft or ‘the science of the legislator’ (*Wealth of Nations*, hereafter *WN*, IV: 138); in other words, he regarded political science — not economics — as the master social science.

Whig or Tory? Did Smith have a political loyalty that might have unified his general program? This question is difficult to determine and has generated some debate on whether Smith’s sympathies lay with the Tories or Whigs. Certainly he enjoyed friendships ‘with MPs on both sides of the House’ (Ross, 1995: xxiv).

Although most commentators have labelled him as a Whig of one form or another he has also struck some as more Tory in inclination. For example, his intense aversion to radical reform and innovation has led one commentator to conclude that in his later years he developed into a kind of Tory.¹ The evidence for this view is that Smith invokes the ‘Tory’ principle of authority in asserting that ‘to offend’ or ‘use violence’ against the established government is on a par with rebelling or attacking a parent (*TMS* VI.ii.2.16; *Lectures on Jurisprudence*, hereafter *LJ(A)* v.1). Other evidence invoked for Smith’s Toryism is his advertised view that respect for rank and attachment to one’s own rank engenders social stability (*TMS* VI.ii.1.20; VI.ii.2.9-10). This was a longstanding a persistent theme in Smith and relates more to his spontaneous order commitments than to any Tory leanings (to be discussed). Certainly, this put him at the conservative end of Whiggism but is far from making him a Tory as the example of Burke has amply shown; together they shared ‘a truly English reverence for law and order’.² I will say more about Smith’s attitude to law and order presently but my point for the present is that, at first sight, Smith defies easy political categorization. This is partly because he actively resisted existing categories; indeed he sought to forge new ones.

A New Politics.

Although the general trend of his thinking was Whiggish (Mossner and Ross, 1987: 18-19) Smith was a highly original and independent thinker therefore it does not make much sense to try and pigeon hole him politically. He seems to have worked in an *ad*

¹ Walter Eckstein, in the Introduction (xlii f.) to his edition of *TMS*, cited in Mossner and Ross, Intro to Smith 1987, pp. 18-19.

² As Mossner and Ross argue, ‘Smith believed in a careful balance between order and innovation. There is a strong conservative strain in his thinking, but it is not markedly stronger in the edition 6 material of *TMS* than in the earlier writing. That he should be shocked by the events of 1789 is entirely what we would expect’ (Mossner and Ross, in Smith, 1987: 18-19).

hoc way, taking each issue as it came and assessing it within what he believed to be a social scientific framework; he remains aloof from political ideology because he sees it as a product of rancorous faction and unreflective, un-social scientific commitments. For Smith, one should begin by working out how the social and economic system actually works and thereafter *respond* with the politics.

Smith's reinvention of political science sought to focus on previously neglected aspects of public management. Classical approaches were eschewed because they were normative, utopian and overly concerned with means for 'perpetuating' and 'extending the glory of the state' (Smith in Stewart, 1980, 309-10). The more recent and more realist Machiavellian and Hobbesian approaches were also rejected, first because they inevitably led to endless, destructive war and ultimately national debilitation (see Hill, 2010); and second, because they took no account of the effects of commerce, modern trade, manufacture, consumerism and material refinement that had become '*the distinctive attributes of modern states*' (Oz-Salzbunger, 2003: 165). Smith was interested in the proper management of people and mass societies as they really were and he did not care much about classical virtues or even national greatness. As Dugald Stewart wrote perceptively, Smith sought to develop a statecraft that maximized welfare, one based upon 'universal principles of justice and of expediency' to enable governors to 'regulate the social order' and 'make as equitable a distribution as possible' throughout the polity of the 'advantages' of living in 'political union' (Smith in Stewart 1980 [1793], 309-10). For Winch, Smith's 'work marks an important watershed in the history of liberal political thought as the point at which economy decisively enveloped polity' and in 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' (Winch, 1978: 7).

'Political œconomy' or 'the science of a statesman or legislator' as Smith called it, was an important and hitherto underdeveloped 'branch' with two key and urgent 'objects': first to enrich and provide for the people ('or more properly to enable them to provide such a revenue or subsistence for *themselves*'); and second, to supply the state or commonwealth with a revenue sufficient for the publick services.' Political economy thus proposes, not only to benefit the people but to ensure that the state has sufficient wealth to provide for those public works that the market cannot spontaneously deliver (*WN*, IV. Intro. I: 138). It is significant that the indicators Smith

used to test how well states were governed did not include traditional markers like extent of territory or the amount of stockpiled gold but referred to factors that directly affected the lives of the average person: available food supply, population levels, productivity and employment levels, general living condition, education standards and mortality rates.³

The legislator should no longer seek to unduly control or enlist the people in an programs of national virtue or aggrandizement, or to direct their morality (except where it interfered with public order and commutative justice) but to provide the right conditions for their self-management, including any infrastructure necessary to support and encourage commercial effort. This wasn't as straightforward as it sounded: Smith was aware that the dominating theme of his social and economic writings – the 'very violent attack upon mercantilism' - was politically controversial (Smith, 1987: 251) with its condemnation of arbitrary restrictions, profligacy, corruption and class privilege.

It is not that Smith's goals weren't highly political ones; it was just that he was attempting to redefine what the political consisted in. It wasn't about virtue, constitutional taxonomy, statecraft (understood as written exclusively from the perspective of elites and primarily concerned with the maintenance of power) and national aggrandizement at any cost. Rather, it was about economic growth, prosperity (especially food security), and social and political stability, all of which could be achieved via sound principles of politico-economic management and a better understanding of human behaviour and the natural laws governing it. Human activity had to be re-assessed *social- scientifically* (*WN*, IV.ix51: 687); this was not a normative 'matter of right' but a descriptive 'matter of fact' (*TMS*, II.i.5.10). A truly modern politics would be 'scientific' and useful, based upon 'universal principles of justice and of expediency' (Smith in Stewart 1980 [1793], 309-10). Understanding the 'universal principles' that brought forth 'social order' is therefore central to understanding Smith's whole project, including his politics.

Smith's attempt to forge a new welfare-focused science of politics began with his spontaneous order theory. This was an enterprise founded on what he saw as a systematic understanding of universal social and economic laws and an appreciation of the full extent of civil society.

³ Population size was commonly used as a measure of national wealth in the eighteenth century (Firth, 2002: 44).

Spontaneous Order and The System of “Natural Liberty.

For Smith, the realm of un-coerced collective action was naturally very large: beneath the complex of seemingly arbitrary social arrangements and artificially imposed institutional constraints on human behaviour, there is a system of spontaneous social and economic relations which, when left undisturbed, would function more-or-less harmoniously. Rather than being the result of conscious planning and design, order is the product of sub-rational, internal processes played out at the micro-level of individual human action. Our institutions, when allowed to, develop naturally, insensibly and by degrees, embodying the collective genius of generations through time.

According to Smith, the universe is a vast equilibrium generated and upheld by divinely endued natural laws. In particular, human social life is supported by laws that inhere in the human constitution. Our self-interested and /or psychologically individualised actions on the individual level inadvertently give rise to social-systems benefits. ‘Hunger, thirst, the passion which unites the two sexes, the love of pleasure and the dread of pain’ all generate ‘beneficent ends which the great Director of nature’ —but not the human actors involved—‘intended to produce by them’ (*TMS*.II.i.5.10: 78). In the system of natural liberty each person is by nature the best judge of her own interest and should therefore be left unhindered to pursue it in her own way. His belief in a natural, law-driven order led Smith to make his celebrated statement that in pursuing her own advantage each individual was ‘led by an invisible hand to promote an end which was no part of [her] intention’ namely the general welfare and prosperity of the nation (*WN* IV.ii.9, p. 456).

This effect is not accidental; it results because ‘Providence’ has created society and hence the market as a system, a ‘natural order’ governed by invariable natural laws (*TMS*. VI.ii.3.2: 235). Smith notes that we often attribute the order secured by our instincts to temporal rationality simply because their effects are so adaptive and beneficial whereas nothing could be further from the truth. Smith’s is a two tiered model with the first tier represented by the individual goal level and the second by the social systems level. There is a distinct demarcation between the individual and social systems realms. Because the social systems benefits are generated from the bottom-up by the self-regarding actions of individuals, neither private individuals nor the state should attempt to interfere in the latter sphere of activity which is the realm of final causes and therefore reserved for the Author of Nature who has ‘from all eternity

contrived and conducted the immense machine of the universe' (*TMS*. II.ii.3.5.p. 87). Humans are merely efficient causes of God's plan; only the divine 'Architect' is cognisant of the full meaning of the events in progress hence the emphasis on the quality of blindness of the actions of its efficient causes: individual human beings. As Smith says: 'The administration of the great system of the universe...the care of the universal happiness of all rational and sensible beings, is the business of God, and not of man' (*TMS*, VI.ii.3.6: 237). This reliance upon Nature and the invisible hand is a recognition on Smith's part that the social order embodies a rationality that is more than the rationality of human capabilities.

In this irrationalist scheme legislators ought to eschew social engineering and large scale planning. Smith derided 'systems' and the utopian schemes of the legislator who 'fancies himself the only wise and worthy man in the Commonwealth'. Why should 'his fellow citizens...accommodate [themselves] to him and not he to they'? (*TMS*. VI.ii.2.17: 234). Similarly, the average actor will mind 'his' own business, responding only to immediate drives and interests. Meddling in other people's welfare and worrying about the 'general good' will produce more harm than good. As Smith says: 'To man is allotted a much humbler department, but one much more suited to the weakness of his powers and narrowness of his comprehension: the care of his own happiness'. After all, Nature would never leave her 'darling care' (the happiness of human beings) to so flimsy and fallible faculty as 'the slow and uncertain determinations of our reason' (*TMS*, II.i.5.10:77-8. See also *ibid.*, VII.ii.1.44-6: 292-3). Every person 'so long as he does not violate the laws of justice' should be 'left perfectly free to pursue his own interest in his own way'. The 'sovereign is completely discharged from a duty' of which only the deluded would consider himself under obligation to perform, namely 'of superintending the industry of private people and of directing it towards the employments most suitable to the interest of society' (*WN*, IV.ix.51).

Significantly and perhaps surprisingly –given his reputation as a pioneer of modern liberalism –Smith's model of a self-equilibrating human universe is not evolutionistic or based on open-ended adaptation. Rather, it is predicated on the design principle and a belief that in the miraculous order of nature there is a divine *purpose*. The human constitution and the entire human environment is designed with a hedonistic goal in view: our happiness, prosperity, perpetuation and material comfort (*TMS*. VI.ii. 3.5-6: 236-7). That God's 'original purpose' in creating us was to make us happy is made

evident by the abstract considerations of his infinite perfections'. This conclusion is later 'confirmed' by observing 'the works of nature' which operate together as a coherent system that has been designed to generate and facilitate human flourishing. It is evident from the divine plan of life that its benevolent author 'intended to promote happiness, and to guard against misery' (*TMS*, III. 5.7: 166; *TMS*, II.i.5.9: 77). The divine Architect provides for 'the immediate care and protection' of everyone and 'directs all the movements of nature' to 'maintain ... at all times, the greatest possible quantity of happiness' (*TMS*, VI.ii.3.2; *TMS*, VI.ii.3.5). In fact '[t]he happiness of mankind...seems to have been the original purpose intended by the Author of nature, when he brought [it] into existence (*TMS*, II.5.7:166). In other words, worldly human welfare is the end point of the natural order.

Despite its dependence on the design principle, Smith's conception of the natural order is radically different from classical or Christian accounts. The *telos* of human activity is not the attainment of moral perfection, a state of grace or some other conventionally desirable point of repose; instead God's *telos* is cast in anthropocentric and hedonistic terms as consisting in material abundance and earthly 'happiness'; in our prosperity, perpetuation and comfort.

Natural Liberty and Smith's Conservatism

Smith saw that there was much work to be done in order to realise his ideal of a system of natural liberty and he had moments of deep pessimism about the possibility of a system of natural liberty ever being allowed to establish itself. Even in his more optimistic moments he doubted whether such a system could 'ever be *entirely* restored' due to the prejudices of the publick' and the 'unconquerable...private interests of many individuals' (*WN*, IV.ii.43: 471). Yet, Smith made it his personal mission to correct these prejudices and to guide legislators towards policies that were compatible with the natural laws already regulating human affairs. Importantly, he did not see this advice as utopian or interventionist but as conservative, even revisionist, hence his reference to 'restor[ing]' rather than instituting the system of natural liberty. The system of natural liberty already existed; it just needed to be revealed and allowed to operate properly. As Smith put it, when '[a]ll systems either of preference or of restraint' are 'completely taken away, the obvious and simple system of natural liberty establishes itself of its own accord' (*WN*, 79.IV.ix.50).

Despite his fervent desire for change, as a spontaneous order theorist, Smith could only ever urge cautious reform.⁴ Gradualism is key here: the wise legislator respects the delicate concatenation of social and historical forces that have brought existing arrangements into being and will ‘accommodate, as well as he can, his public arrangements to the confirmed habits and prejudices of the people; and will remedy as well as he can, the inconveniencies which may flow from the want of those regulations which the people are averse to submit to.’ And ‘when he cannot establish the best system of laws, he will endeavour to establish the best that the people can bear’ and what the ‘interests, prejudices, and temper of the times would admit of’. Legislators, if they are sensible, will ‘respect the established powers and privileges’ of individuals as well as ‘the great orders and societies, into which the state is divided.’ Even if they are ‘in some measure abusive’ ‘he will have the wisdom to ‘content himself with moderating, what he often cannot annihilate without great violence.’ And even the dangerous and deep-seated ‘prejudices of the people’ will be treated, not with force, but with ‘reason and persuasion’ (*TMS*, VI.ii.2.16: 233).⁵

Smith sought to advise leaders on when action was needed and when history and the mechanisms of spontaneous order should be allowed to do their steady work. Three years after Smith’s death, Dugald Stewart noted that the former sought to improve society ‘not by delineating plans of new constitutions, but by enlightening the policy of actual legislators.’ He also noted that such plans had ‘no tendency to unhinge established institutions, or to inflame the passions of the multitude’ (Stewart in Smith, 1980: 309; 311). The wisdom of the legislator consists in understanding where the limits of state action begin and end, in understanding where the system of natural liberty was working well and where it needed some help. The legislator schooled in a thorough knowledge of the laws of natural liberty knows the importance of proceeding ‘by trial and error and...retain[ing] what experience shows to be valuable’ (West, 1976: 523). It is not only wisdom but real patriotism that is called forth when such a leader is compelled to determine whether the ‘authority of the old system’ ought to be ‘support[ed]’ and ‘re-establish[ed] and to ‘give way to the more daring, but often dangerous spirit of innovation’ (*TMS*, VI.ii.2.12).

⁴ For a discussion of the gradualism and conservatism of spontaneous order models in the Scottish Enlightenment see Hill, 1998.

⁵ See also Smith, 1987 (*Memorandum*) page 381) where Smith asserts that the ‘principal security of every government arises always from the support of those whose dignity, authority and interest, depend upon its being supported’.

Unfortunately wise leaders were in short supply, a fact of which Smith was painfully aware and he wrote of ‘that insidious and crafty animal, vulgarly called a statesman or politician, whose councils are directed by the momentary fluctuations of affairs’ (*WN*, IV.ii.39, 468). But Smith was well placed to offer advice and had the requisite diplomatic skills to ensure that it stuck. He was more than a scholar; apart from his years as a customs commissioner, he was also actively involved in framing government policy and was frequently called on to offer advice to government advisors and ministers. He enjoyed close friendships with MPs on both sides of the House — including Edmund Burke — and was closely associated with successive Prime Ministers of Britain (Ross 1995, xxxiv and *passim*). All of this gave him ample scope to apply his political ideas to practice. Smith saw himself as a public intellectual who wrote to influence governments and shift the political prejudices of the public.

Food security.

The good life and how to achieve it for the greatest number of people, was Smith’s primary preoccupation. His political program seems to have been dictated by whatever it took to achieve certain welfare outcomes, namely, economic productivity, prosperity, stability, public order and food security, all of which he equated with human happiness. This focus on welfare is best exemplified in Smith’s reflections on food.

Smith’s preoccupation with food security has not always been well appreciated as the primary inspiration for his dislike of monopoly and advocacy of free trade. Smith violently attacked the two great systems of monopoly governing the ‘global connections of the mid-eighteenth century’, namely, the colonial system whereby empires monopolised the markets of their colonies and the system of exclusive companies like the East India Company (Rothschild, 2004: 4). The system of mercantilism was egregious because it impeded the rational movement of foodstuffs between suppliers and consumers. For example, there was clearly something wrong with the fact that the East India Company was powerful enough to impose such ‘improper regulations’ and ‘injudicious restraints’ as to induce a ‘famine’ (*WN*. IV.v.b.6: 527). Companies like the EIC ‘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’ (*WN*, IV.vii.c.108).

Anyone skimming through Smith's work is soon struck by his obsession with food. He discourses repeatedly and at length on the supply, demand and cost of corn, potatoes, 'turnips, carrots, cabbages' apples, 'butcher's meat', bread and all those 'many other things from which the industrious poor derive an agreeable and wholesome variety of food' (*WN*, I. viii. p. 95). This preoccupation makes sense given that the major economic sector of Smith's time was still agriculture while food was the primary expenditure item of the vast bulk of the population. The problem was that this vital sector was unavoidably subject to fluctuations in both availability and price, therefore during the eighteenth century the achievement of a low and stable price for grain ('corn') was perhaps the most urgent political problem facing European governments. Smith thought that the best way to encourage domestic production, while ensuring ready access to an international market in food, was through the system of free trade.

Smith was especially preoccupied with the causes of famine, of which he identified four variants: the first cause is a sudden decline in wage income such as occurred in Bengal in 1770 under the mismanagement of the East India Company (*WN* IV.v.b. 6-7). The second occurs in 'turbulent and disorderly societies' such as those presided over by the Plantagenets' whose weak rule caused the interruption of 'all commerce and communication' and therefore wild fluctuations in corn supply and prices. Under such conditions an obstructionist baron might prevent one district from offering much needed supplies to another. It wasn't until 'the vigorous administration of the Tudors' that such disturbances of 'the publick security' were taken under control (*WN* I.xi.e.23). The third cause of famine is where national income declines in a country that depends upon food imports and the fourth occurs when a 'dearth' caused by war or natural disaster is transformed into a famine by the bad policy of government (*WN*, IV.v.b.5). Smith is most interested in this latter variant and he repeatedly argued that freedom of corn trade was the best preventative of famine (Rothschild, 2002: 73) and therefore the best way of aiding the poor: 'The unlimited, unrestrained freedom of the corn trade, as it is the only effectual preventative of the miseries of a famine, so it is the best palliative of the inconveniencies of a dearth' (*WN*, IV.v.b.7). Indeed, it is 'the best thing that can be done for the people' (*WN*, IV.v.b.25).

And yet, while Smith was extremely desirous of reform in international trade, as a spontaneous order theorist, he cautioned against abrupt and radical change. Establishing the system of 'perfect liberty' throughout the globe was a potentially

destructive business that had to be executed with a good deal of ‘reserve and circumspection’ (*WN*, IV.ii.40, pp. 468-9). ‘Humanity’ required that the market be opened ‘only by slow gradations, and a ‘moderate and gradual relaxation’ of the relevant laws (*WN* IV.vii.c.44, p. 606.). Were ‘duties and prohibitions taken away all at once’ home markets would be immediately saturated with ‘cheaper foreign goods’ that would suddenly deprive ‘many thousands of our people of their ordinary employment and means of subsistence’ (*WN*, IV.ii.40, pp. 469). Were ‘the colony trade’ opened up ‘all at once to all nations’ this would also occasion ‘great permanent loss’ to investors. Rather, restoring ‘the natural system of perfect liberty and justice’ was a process that should occur over time and under the supervision of successive generations (*WN* IV.vii.c.44, p. 606). This conservative approach is fully consistent with the gradualist aspect of his theory of spontaneous order.

The Lives of the Middling Ranks and Working Poor.

It is not always acknowledged that the welfare of working people was the bottom line for Smith. And yet, as an economist working with a labour theory of value it makes sense that he would wish to protect the interests of the productive classes, namely, labourers and those of the ‘middling ranks’ who did, after all, constitute ‘by far the greater part of mankind’. Smith praised those ‘bustling, spirited, active folks’ who were ‘constantly endeavoring to advance themselves’ (*LJ(B)* v.124) while rebuking others who refused to ‘bestir’ themselves in order to gain an ‘advantage’ (*LJ(A)* VI.iii.16, VI.iii.22). One reason for his prejudice towards people in the ‘middling and inferior stations of life’ was that they tended to be more orderly and law-abiding than the indigent poor, the criminal classes or the aristocracy. This is partly because they are not above the law and are therefore less inclined to break it. But it is also because they are more successful self-governors: their success is usually dependent, not on birth or wealth, but on their own ‘real and solid professional abilities’ coupled with the ‘favour and good opinion of their neighbours and equals’, something which cannot be obtained ‘without a tolerably regular conduct’ (*TMS*, I.iii.3.5-6). As the most productive and orderly members of society, Smith was interested in finding means by which to incentivise and reward them and thereby encourage their growth as a class. They were the future of modern economies.

Order.

It is worth pausing to consider here the importance of order to Smith since it has sometimes been interpreted as a sign that Smith was a Tory at heart. Smith’s love of

order is related to his predilection for political quiescence. He liked an orderly citizenry that kept to itself and avoided politics where possible. Although he could not personally always avoid it, he disliked the sound and fury of politics with its ferocious factions, violent discourse, corruption, machinations and deceit. At the same time, a good deal of his life's work was directed towards establishing the conditions that would allow private citizens to be left in peace to get on with the business of self-government and economic self-responsibility. He dedicated himself to politics so that the average person didn't have to.⁶

Ideally, politics and the business of governing would be conducted by benevolent and wise leaders working modestly and conservatively within a well made constitution and a polity stabilised by rule of law and a reliable police. An organized system of justice underpinned by regular armies affords 'to industry, the only encouragement which it requires, some tolerable security that it shall enjoy the fruits of its own labour' (*WN*, I.xi.i.: 256; See also *WN*.V.i.a.40: 706 and I.xi.g: 213-14). The task of government is to make this possible for when '[t]he natural effort of every individual to better his own condition' is unleashed under conditions of 'freedom and security' the society will be prosperous and happy (*WN*, IV.v.b.43: 540). For Smith, despite the resistance he frequently encountered, managing a commercial society really wasn't that complicated: after all, '[I]ittle 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'.⁷ We can see here, however, that order wasn't an end in itself for Smith but merely a necessary condition for progress and prosperity. In other words, the appearance of Toryism is for the sake of his liberal progressivism.

The Lives of the Middling Ranks and Working Poor cont...

In any case, Smith's thinking on high wages ran counter to the views of his time: until the mid-eighteenth century, the natural indolence and limited aspirations of the working class were taken for granted. As a result, the 'utility-of-poverty' doctrine dominated economic thinking and 'negative incentives to work' were widely advocated (Hundert 1974; Marshall 2000). It was David Hume who first challenged

⁶ Hence, for example, his advocacy of standing armies which provided not only superior security but freedom to remain at work stations in times of war (see Hill, 2007).

⁷ "As reported by Dugald Stewart from a document no longer in existence in his Account of the life and Writings of AS in his *Collected Works*, ed. Sir William Hamilton, 1858, vol.x, p.68) (Winch, Donald. *Adam Smith's Politics*, Cambridge: Cambridge University Press 1978, p. 4.n.2)

this view, disputing that high or even reasonable wages affected the work motivation of labourers. Related to this attack was Hume's contradiction of the assumption that workers would be made indolent by their ability to afford luxury goods. According to Hume luxury consumption stimulated both work effort and the labour supply (Hume 1987 [1777]: 262). Persuaded by this argument, Smith became the most influential high wages advocate of his time (Marshall 2000). How is it possible, Smith asks rhetorically, to interpret any 'improvement in the circumstances of the lower ranks of the people' as 'inconveniency to the society?' Even 'at first sight' it is 'abundantly plain' that such an opinion is preposterous given that '[s]ervants, labourers and workmen of different kinds, make up the far greater part of every great political society' (*WN*, I. viii, 36) hence any improvement in their lives benefits the majority of the society.

Further, contrary to the view abroad, there are no negative economic effects of high wages. According to Smith, 'when wages are high...we shall always find the working-men more active, diligent and expeditious, than when they are low' (*WN*, I.viii.44). It is 'not very probable', he noted pragmatically, 'that men in general should work better when they are ill fed than when they are well fed, when they are disheartened than when they are in good spirits, when they are frequently sick than when they are in good health' (*WN*, I.viii.45; see also Stabile 1997). Furthermore, low wages lead to crime and other social disorders. If wages fall below the community standard of decency then there is little incentive for people to work and they will 'be driven to seek a subsistence either by begging' or by criminal means. However, where wages are fair, for most people, a life of crime will be irrational: 'No body', Smith (*LJ(A)*, 205) wrote, 'will be so mad as to expose himself upon the highway, when he can make better bread in an honest and industrious manner'. He also cited utilitarian and equity considerations in support of this policy, arguing that 'no society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable'. Besides, 'equity' demands that 'they who feed, cloath and lodge the whole body of the people, should have such a share of the produce of their own labour as to be themselves tolerably well-fed, cloathed and lodged' (*WN*, I. viii, 36).

In addition to these equity, utility, and public order considerations, the utility-of-poverty doctrine involved an egregious violation of the system of natural liberty, not only because it represents collusion and manipulation of the market by employers, but

because within the system of natural liberty there exists a 'natural wage'. The natural wage is defined as a subsistence wage for both the worker and 'his family' in order to ensure that 'the race of... workmen...last[s] beyond the first generation' (*WN*, I. x.c. 61). Where the primary producers are flourishing so too is the society in general: 'The liberal reward of labour' is not only 'the necessary effect' but the 'natural symptom' of a thriving economy whereas the 'scanty maintenance of the labouring poor' is a sign of stagnation; worse still, 'their starving condition' is an alarming sign that things 'are going fast backwards' (*WN* I.viii.27). Since the system of natural liberty, when allowed to operate invariably brings forth adaptive outcomes, and since low wages lead to starvation, misery and an inability for the poor to reproduce (*WN*, I.xi.c.7), low wages are obviously contrary to nature. After all 'self preservation and the propagation of the species, are the great ends which Nature seems to have proposed in the formation of all animals' (*TMS*.II.i.5.10: 77). In fact, 'the most decisive mark of the prosperity of any country is the increase in the number of inhabitants' (*WN*. I. VIII. 23: 87-8).

A Complication.

Despite Smith's concern for the poor and his demands for a fairer wage system, he did not condemn social inequality outright. In fact, he regarded specialization, and the social inequality it perpetuates and entrenches, as a natural, inevitable and socially adaptive process, a product of spontaneous processes. Smith emphasizes the functionalist aspect of class inequalities. Social order as a direct function of a well-structured system of rank distinctions: 'the peace and order of society' he opined, 'are, in a great measure, founded upon the respect which we naturally conceive' for the 'rich and powerful'. Although 'moralists...warn us against fascination of greatness...Nature has wisely judged that the distinction of ranks, the peace and order of society' rests 'more securely upon the plain and palpable difference of birth and fortune, than upon the invisible and often uncertain difference of wisdom and virtue'. Smith concedes that this is a rather unfair arrangement but since 'the peace and order of society is of more importance than even the relief of the miserable' it is all for the best. In fact, it is a clear sign of nature's 'benevolent wisdom'. (*TMS*,VI.ii.1.21: 225-6). Further, rank distinctions are structurally indispensable because they provide a vital spur to industry via the mechanism of invidious comparison. The desire 'to be observed, to be attended to, to be taken notice of with sympathy, complacency, and approbation and to emulate the rich...first prompted [mankind] to cultivate the ground,

to build houses, to found cities and commonwealths, and to invent and improve all the sciences and arts, which ennoble and embellish life' (*TMS*, I.iii.2.2: 50; IV.i.10: 183). We must tolerate the conspicuous consumption of the rich and the exaggerated esteem in which they are held so that the poor can be incentivized to productive activity.

Smith's concern for the poor was always balanced and constrained by his desire for order and prosperity and by his prior spontaneous order commitments (which he believed would deliver lasting benefits in the long run anyway). We also see this reflected in his recommendation that publicly funded, compulsory education should be provided for the benefit of the labouring classes (*WN* V.i.f.54: 785) who, unlike the well-off, do not have the time or resources to provide it for their children (*WN*, II. V.i.f.46-53: 780-86). This proposal generally strikes Smith scholars as perplexing considering his well-known aversion to an interventionist state and violations of personal autonomy. And yet, Smith's motive here is not so much progressive as conservative: it turns out that a basic education will make a people more quiescent. Once educated they are 'more capable of seeing through the interested complaints of faction and sedition' (*WN*, V.i.f.61: 788; *TMS*, VI.iii.27: 249), forces that often incite the poor to disruptive behaviour. Further, educated people are 'more respectable' and orderly because more inclined to acknowledge the authority of their 'lawful superiors' (*WN*, V.i.g.61: 788). Therefore, the 'state derives no inconsiderable advantage' from the 'instruction' of the working poor due to its projected positive effect on political and social stability (*WN*, V.i.f.61: 788) and therefore productivity.

Conclusion

Those attempting to understand Smith's politics should be wary of the political categories that dominated his time, not only because he avoided them, but because he was consciously attempting to forge new ones. For Smith, politics was not a constructivist, virtue-focused enterprise and it could not be abstracted from the conditions of commercial modernity: it involved attending to conditions as they really were, detecting the laws already driving history and regulating human interaction and drawing out the political and legal implications of all of this.

Welfare, not ideology —libertarian or otherwise— should be the decisive criterion for public policy but welfare had to be understood as something that could only be delivered once legislators learned to work within the system of natural liberty that was already governing the lives of individual agents. This attitude often gave Smith the

appearance of being muddled or else conflicted, particularly where law and order was at stake.

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