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Comments

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Adam Smith's Invisible/Visible Hand/Chain/Chaos

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Part I

This paper argues that Adam Smith's "invisible hand", which Smith mentions only once in the Wealth of Nations (and once in the Theory of Moral Sentiments), was a metaphor consciously made up by Smith for his theory of unintended results. Smith made it up because he thought it would be persuasive: it was. Smith's invisible hand was not a call for extreme laissez faire economic policies. Smith was only against government rules and regulations which were antiquated or were made by and for the rich and powerful.

Part II supports this interpretation through a brief consideration of some of the less well known parts of Smith's corpus: Lectures on Jurisprudence (particularly the "Report of 1762-3"), the Correspondence of Adam Smith, and Lectures on Rhetoric and Belles Lettres. Part III involves a more extensive consideration of relevant parts of Smith's "The Principles Which

Lead and Direct Philosophical Enquiries". The reading of Smith offers a coherent, unified interpretation to Smith's thought in general and to the invisible hand in particular. There are no two (or more) Adam Smiths, or changes in mind between the "young Smith" and the "old Smith" in this interpretation; rather Smith is seen to be quite a consistent thinker. Part IV provides a brief conclusion.

Part II

John Kenneth Galbraith, who in terms of his economic vision, clarity of exposition and command of the English language, is arguably the closest thing the twentieth century has to compare to Adam Smith, says the following about the invisible hand:

"The reference to the invisible hand has for many a mystic overtone: here is a spiritual force that supports the pursuit of self-interest and guides men in the market to the most benign of ends. So to believe does Smith a grave disservice; the invisible hand, the most famous metaphor in economics, was just that, a metaphor. A man of the Enlightenment, Smith did not resort to supernatural support for his argument. Later chapters will tell how, in our own time, the market has, indeed, acquired a

theological beneficence; Smith would not have approved." ¹

Friedrich A. von Hayek, who rarely agreed with anything Galbraith wrote, was indeed in substantial agreement with Galbraith on the essence of Smith's invisible hand: "Adam Smith's famous 'invisible hand', still the butt of the mockery of silly rationalists, was in fact a very good name for the process of adaptation to effects mostly invisible to any human actor."²

Hayek is largely correct that Smith's use of the metaphor "invisible hand" refers to Smith's theory of unintended results.³ Smith was basically developing a theory of evolution of human institutions and society: a precursor to Darwin's theory of the evolution of species. In this sense, Smith's invisible hand is similar to Marx's "laws of motion of the capitalist mode of production": it is an explanation of human history. Of course, Marx was not totally against everything which the laws of motion of the capitalist mode of production brought forth.⁴ Similarly, Smith should not be seen as necessarily favoring everything which an invisible hand might bring forth. That is to say, one needs to separate out for Smith his invisible hand metaphor which seems to be the same as the theory of unintended results from the economic theory (or policy) of laissez faire.

This is frequently not done. For example, Nobel laureate Maurice Allais, in his none too humbly entitled essay "The General Theory of Surpluses as a Formalization of the Underlying

Theoretical Thought of Adam Smith, his Predecessors and His Contemporaries" (guess who created this "general theory of surpluses") seems to conflate Smith's invisible hand metaphor with an argument for laissez faire policies. Allais writes: "Smith's book brought to bear a stinging criticism of interventionism by governments. ... Without a doubt Smith's whole exposition rests on one fundamental guiding idea, namely that the free decentralized action of economic agents in a system of competition and private property brings advantages for each of them. In Smith's own famous words, each one, moved by his selfish interest, is in reality led by an 'invisible hand' to satisfy the interests of all the others. ... [T]he decentralized search for realizable surpluses, and their realization by millions of consumers and producers, constantly brings the economy towards a situation of coherent interdependence where a certain 'optimum' is realized. This is the proposition to which Smith's 'invisible hand' corresponds."⁵

Is it? As far as I know, Smith never used the word "optimum". Also, careful scholars of Smith have long known that Smith was not in favor of complete laissez faire policies.⁶ Moreover, what exactly is "interventionism by governments" which Allais claims Smith stingingly criticized?⁷ Consider Smith's attitude towards long apprenticeships and fraud: "The institution of long apprenticeships can give no security that insufficient workmanship shall not frequently be exposed to publick sale. When this is done it is generally the effect of fraud, and not of

inability; and the longest apprenticeship can give no security against fraud. Quite different regulations are necessary to prevent this abuse. The sterling mark upon plate, and the stamps upon linen and woolen cloth, give the purchaser much greater security than any statute of apprenticeship."⁸

In the above paragraph, Smith simultaneously argues against government "intervention" in the form of instituting long apprenticeships and apparently argues in favor of government "interventions" in the form of inspecting goods for fraud. What determines Smith's attitudes towards government "intervention"? Which interventions do Smith favor and which do he oppose? And precisely how does this fit into Smith's invisible hand?

Partial answers to these questions can be found by supplementing study of the Wealth of Nations with a careful look at some relatively unexamined parts of Smith's corpus: The Lectures on Jurisprudence (particularly the more recently discovered "Report of 1762-3"), Correspondence of Adam Smith, Lectures on Rhetoric and Belles Lettres, and "The Principles Which Lead and Direct Philosophical Enquiries". This last essay is more commonly referred to as three separate essays: "The History of Astronomy", "The History of the Ancient Physics", and "The History of the Ancient Logics and Metaphysics".

Smith's Lectures on Jurisprudence, especially the 1762-3 report clearly demonstrate that Smith could not have been blindly in favor of laissez faire economic policies. Those lectures display on almost Marxist quality. For Smith, there is a

dialectical interplay between the level of economic development of a society which he divides up into the age of hunters, the age of shepherds, the age of farmers, and the commercial age; and a society's legal and political institutions. In these lectures Smith rarely refers to the "progress" of society; he seems to have an evolutionary, nonteleological view of human history.⁹ Moreover, Smith is unable to scarcely say a thing about a law or legal right without first specifying the level of socioeconomic development of that society.¹⁰ Rights, laws, and government are all dependent upon the level of the material development of society. These institutions in turn effect the material side of that society.

So, for example, for Smith, a couple of deleterious institutions for economic growth are polygamy and slavery. Moreover, according to Smith, it is only by rather peculiar and fortuitous events that Europe managed to end slavery.¹¹ Smith doubts that most parts of the world will be able to rid themselves of the institution of slavery.¹² For Smith, polygamy and slavery may be viewed to be legal laws or institutions which have a harmful impact upon a society's ability to produce goods and services. They¹³ may also be viewed to be laws and institutions regulating personal relationships which are themselves dependent upon the level of a society's material development.

These lectures progress from questions of justice, to defense, to what Smith calls "police" or economic policy. The

role of the government is to make laws concerning justice, defense, and economic policy. For Smith, justice depends upon the sentiment resentment;¹⁴ the proper control of resentment and hence the development of justice is under the eye of the impartial spectator. We are still quite near Smith's Theory of Moral Sentiments.¹⁵ In fact, this part of Smith's story basically begins where TMS ends. As LJRP proceeds to questions of defense and economic policy, there is a diminution for the role of the impartial spectator. Moreover, with the beginning of the discussion of economic policy, we are basically in the land of The Wealth of Nations.

From LJRP it is clear that The Wealth of Nations is socially specific to the commercial (or one might say the capitalist)¹⁶ stage of society. Hence, any invisible hands floating around in WN are also socially specific to a society at a definite level of socioeconomic development. Also, the LJRP describe Smith's contemporary commercial society as arising from the feudal, largely farming society of Europe. A close reading of LJRP shows that there are two basic types of rules and regulations which Smith argues should be eliminated: those that are antiquated and outmoded; and those which were basically made by and for the interest of the rich and powerful. It is these two particular sets of rules and regulations which Smith argues should be repealed; not any and all government rules and regulations.¹⁷

Smith's Correspondence reveals that he was a close, intimate

personal friend of David Hume. Hume, of course, was the great theological as well as epistemological sceptic. From their correspondence, it is not so clear that there were any major theological or epistemological disagreements between Hume and Smith.

For Hume, simple impressions in the mind came from unknown and ultimately unknowable causes; any agreement between the mind and the world was not known.¹⁸ It is "true" that occasionally in his non-philosophical writings Hume wrote as if he had veritable access to the truth. So, for example, in History of England Hume wrote "We shall hasten through the obscure and uninteresting period of Saxon annals: and shall reserve a more full narration for those times, when the truth is both so well ascertained and so complete as to promise entertainment and instruction to the reader."¹⁹ Nonetheless, in spite of this passage, Hume's commentators agree that Hume was still ultimately an epistemological sceptic.²⁰

It seems, as I shall argue in detail below, that Smith, largely following Hume, was also an epistemological sceptic. The implications for Smith's invisible hand metaphor will be developed.

That Hume was also a theological sceptic seems indisputable; however, Hume was nonetheless capable of writing as if he had certain access to God's design. In an economics essay(!) Hume wrote against international trade barriers, and seemed to invoke God's will on his side: "But this general ill effect, however,

results from them, [international trade barriers] that they deprive neighbouring nations of that free communication and exchange which the Author of the world has intended, by giving them soils, climates, and geniuses, so different from each other."²¹ What kind of rhetorical strategy is this, coming from the noted sceptic?²² Quite possibly a highly effective one, which his great friend Adam Smith would wield with even greater dexterity.

I suspect that Smith was also rather sceptical towards the claims of revealed religion.²³ Certainly, Smith felt no qualms in writing to a friend, Alexander Wedderburn, concerning Hume's impending death: "Poor David Hume is dying very fast, but with great cheerfulness and good humour and with more real resignation to the necessary course of things, than any Whining Christian ever dyed with pretended resignation to the will of God."²⁴

Smith had to be very careful of the established religious authorities in Scotland. This same friend Wedderburn had earlier launched and edited "the short-lived Edinburgh Review of 1755-56". Smith made two noteworthy contributions to this journal.²⁵ Unfortunately, "the early demise of the journal has been variously explained: most plausibly ... due to a violent outcry from narrow churchmen over the theological views contained in notices of religious works."²⁶

The first year Smith attended Glasgow College as a student, Smith's great teacher, "the never-to-be-forgotten Hutcheson", was prosecuted by "the local Presbytery" for his theological

teachings.²⁷

When Smith gave up his chair in Logic at Glasgow to accept the chair in Moral Philosophy, Smith felt unable to write a letter of recommendation for Hume to be his replacement: "I should prefer David Hume to any man for a colleague; but I am afraid the public would not be of my opinion; and the interest of the society will oblige us to have some regard to the opinion of the public." ²⁸

If, as I suspect, and as appears likely from the closeness of the relationship between Hume and Smith, that Smith entertained Humean-like doubts concerning the veracity of Christian revealed religion, then Smith had more than ample grounds to keep these "balsphemous" and "heretical" opinions out of the public domain. James Boswell, who studied rhetoric and ethics under Smith, did make several disparaging references to Smith's religious beliefs in his private diaries: "[Samuel] Johnson said Adam Smith was as dull a dog as he had ever met with. I said it was strange to me to find my old professor in London, a professed infidel with a bag-wig."²⁹ "Gibbon alone stickled for Smith, because he is a brother infidel."³⁰

Smith's friend David Hume was also a sceptic towards the claims of "natural religion". A close reading of Smith's "The Principles Which Lead and Direct Philosophical Enquiries" suggests that Smith's views concerning natural religion were also quite similar to those of David Hume, especially as expressed in Hume's essay "The Natural History of Religion".³¹

The positive side to Hume's epistemological scepticism is that people do act as if they have access to the truth. They must; people do the best they can. They muddle through. For Smith, following through the implications of Hume's scepticism, logic then becomes rhetoric.

Smith's first teaching position at Glasgow was in the position of professor of logic. Instead of traditional logic, he taught "rhetoric and belles lettres."³² In a surprisingly "modern", or perhaps one might say "post-modern" move, logic for Smith becomes the study of rhetoric, the study of how people actually persuade each other.³³ Smith demonstrates an interest in language. Smith becomes concerned with, among other things, the origins of language and how language itself structures our thought processes.³⁴ Here Smith's work is reminiscent of French structuralist work in linguistics such as Saussure;³⁵ yet, also the work of the latter Wittgenstein. It will be recalled that Wittgenstein, under the prodding of Piero Sraffa,³⁶ gave up the idea that humans can arrive at pure truth. Wittgenstein turned to the formulation of "language games" in an attempt to discover how knowledge is possible at all.³⁷

For both Sraffa and Wittgenstein, Sraffa in his study of economics, and Wittgenstein in his work on language, everything depends upon everything else; *ceteris is never paribus*.³⁸ Similarly, one sees the idea that generally *ceteris is not paribus* also in the work of Smith - both in Smith's study of language³⁹ and in his economics. Hence, in a sense Smith can be

viewed to be a "general equilibrium" theorist.⁴⁰ Yet, here one must beware of the impoverishment of the traditional discourse of economists. Verily, for Smith, both language and economics need to be studied "in general". Yet, for Smith, neither language nor economic society are ever in some kind of total, ahistorical equilibrium. They both change, "grow", "develop"; although they do not necessarily "progress."⁴¹

Moreover, in contradistinction to Sraffa and Wittgenstein, the profound scepticism of Hume and Smith did not lead to literary constipation.⁴² No indeed! Hume's literary output in particular flowed freely. Yet, Smith was also able to produce relatively flowing output. Smith was able to do this partly because he knew and felt comfortable creating stories or theories, i.e. Smith knew he was creating "the invisible hand". To support this assertion let us take a closer look at Smith's "Principles Which Lead and Direct Philosophical Enquiries": this is where Smith's epistemological scepticism appears most evident, and is where Smith first discussed "the invisible hand".⁴³

Part III

"The Principles Which Lead and Direct Philosophical Enquiries" was first published in 1795, five years after Smith's death; however, they were apparently written many years earlier.

⁴⁴ They are divided into 3 parts: the "History of Astronomy", "The History of the Ancient Physics" and "The History of the

Ancient Logics and Metaphysics". The longest and most developed of these parts is the one on astronomy.⁴⁵ The part on astronomy has 4 sections. Section I is entitled "Of the Effect of Unexpectedness, or of Surprise"; II is "Of Wonder, or of the Effects of Novelty"; III is "Of the Origin of Philosophy"; IV is "The History of Astronomy".

Smith begins his discussion of the principles which lead and direct philosophical enquiries by considering various distinct yet related sentiments: surprise, wonder, and admiration. For Smith, the goal of philosophy or science is to connect phenomena which induce in us surprise and/or wonder into a coherent theoretical system. Smith does not distinguish between philosophy and science. The person who creates the most soothing theoretical system is the one who wins the world's applause. Thus, we read in Smith that "When one accustomed object appears after another, which it does not usually follow, it first excites, by its unexpectedness, the sentiment properly called Surprise, and afterwards, by the singularity of the succession, or order of its appearance, the sentiment properly called Wonder."⁴⁶ Smith claims that "Wonder ... is the first principle which prompts mankind to the study of Philosophy, of that science which pretends to lay open the concealed connections that unite the various appearances of nature; ..."⁴⁷

Surprising or wonderful events may be contrasted with normal events: "When objects succeed each other in the same train in which the ideas of the imagination have thus been accustomed to

move, and in which though not conducted by that chain of events presented to the senses [i.e. they are "invisible" to the senses], they have acquired a tendency to go on of their own accord, such objects appear all closely connected with one another, and the thought glides easily along them ... There is no break, no stop, no gap, no interval. The ideas excited by so coherent a chain of things seem, as it were, to float through the mind of their own accord, without obliging it to exert itself, or to make any effort in order to pass from one of them to another."⁴⁸

Here we find in Smith a chain, which is almost a hand, made up and created by the mind. The chain is not accessible to the senses, i.e. it is "invisible". The goal of the aspiring scientist, philosopher or theoretician is to create chains to link together various parts of a system. Hence for Smith (following Hume's epistemology) "The supposition of a chain of intermediate, though invisible events, which succeed each other in a train similar to that in which the imagination has been accustomed to move, and which link together those two disjointed appearances, is the only bridge which, if one may say so, can smooth its passage from the one object to the other."⁴⁹

Discordant phenomena bother, upset, irritate the human imagination: "...the fancy feels a want of connection, a gap or interval which it cannot fill up, but by supposing some chain of intermediate events to join them."⁵⁰

Enter the budding philosopher: "... it is the end of

Philosophy, to allay that wonder, which either the unusual or seemingly disjointed appearances of nature excite ..."⁵¹

"Philosophy is the science of the connecting principles of nature".⁵² "[T]he business of philosophy, that science which endeavours to connect together all the different changes that occur in the world ..." ⁵³ "Philosophy, by representing the invisible chains which bind together all these disjointed objects, endeavours to introduce order into this chaos of jarring and discordant appearances, to allay this tumult of the imagination, ..." ⁵⁴

Philosophy provides an order which is introduced by the mind to calm the mind.⁵⁵ The relationship between the ensuing order in the mind's conception of the world, and the world itself is problematic. It is the role of philosophy to "introduce order and coherence into the mind's conception of this seeming chaos of dissimilar and disjointed appearances ..." ⁵⁶ In a discussion of the Eccentric Spheres in astronomy, Smith says they were invented "to connect together those disjointed appearances, and introduce harmony and order into the mind's conception of the movements of those bodies."⁵⁷ Before a philosophic explanation there is disorder in the human mind; after the (successful) philosophic explanation there is order in the human mind.

Smith, the incipient "Newton" of the moral sciences, may have studied the history of astronomy up to Newton to help prepare himself for his future endeavors. Was he thinking of his own possible future when he wrote, "Let us examine, therefore,

all the differing systems of nature, ... and content ourselves with inquiring how far each of them was fitted to sooth the imagination, and to render the theatre of nature a more coherent, and therefore a more magnificent spectacle, than otherwise it would have appeared to be. According as they have failed or succeeded in this, they have constantly failed or succeeded in gaining reputation and renown to their authors; and this will be found to be the clew that is most capable of conducting us through all the labyrinths of philosophical history ..."⁵⁸

For Smith, the history of theoretical systems demonstrates that the first systems "are always the most complex, and a particular connecting chain or principle, is generally thought necessary to unite every two seemingly disjointed appearances; but it often happens that one great connecting principle is afterwards found to be sufficient to bind together all the discordant phaenomena ..."⁵⁹

Note that here a connecting chain is the same thing as a connecting principle. Moreover, since it is a theoretical principle, it is an "invisible" principle, that is it is not directly available to the senses. Thus, for Smith, philosophy creates the connecting principles. It fill in the gaps, introduces order into the mind in place of chaos, etc. Yet, so far we have only seen Smith discuss invisible chains; where does the invisible hand creep in?

The invisible hand creeps in with Smith's view of the history of natural theology.⁶⁰ "In the first ages of the world,

the seeming incoherence of the appearances of nature, so confounded mankind, that they despaired of discovering in her operations any regular system. Their ignorance, and confusion of thought, necessarily gave birth to that pusillanimous superstition, which ascribes almost every unexpected event, to the arbitrary will of some designing though invisible beings who produces it for some private and particular purpose."⁶¹

Ignorance begot superstition. In those days, people lived a precarious existence, often in terror and consternation. For Smith, human's passions suggest to humans opinions which justify those passions. Of things that terrify him, "That they proceed from some intelligent, though invisible causes, of whose vengeance and displeasure they are either the signs or the effects, is the notion of all others most capable of enhancing this passion, and is that, therefore, which he is most apt to entertain."⁶²

According to Smith, cowardice and pusillanimity is natural to humans in their uncivilized state. Unprotected by the laws of society, the humans are exposed and defenceless. In these circumstances, the particular workings of nature are ascribed to an intelligent cause: "With him, therefore, every object of nature, which by its beauty or greatness, its utility or hurtfulness, is considerable enough to attract his attention, and whose operations are not perfectly regular, is supposed to act by the direction of some invisible and designing power."⁶³

Here is an invisible power. It is not a chain necessarily

linking things together. It operates by the will of gods: "Hence the origin of Polytheism, and of that vulgar superstition which ascribes all the irregular events of nature to the favour or displeasure of intelligent, though invisible beings, to gods, demons, witches, genii, fairies, etc."⁶⁴

Enter Smith's first invisible hand, one which "naturally" arises, or is created at a certain level of socioeconomic development: "... it is the irregular events of nature only that are ascribed to the agency and power of their gods. Fire burns, and water refreshes; heavy bodies descend, and lighter substances fly upwards, by the necessity of their own nature; nor was the invisible hand of Jupiter ever apprehended to be employed in those matters."⁶⁵

The invisible hand of Jupiter was created by an early people as an explanatory device to help calm their minds.

With the onset of civilization, a change takes place. Fears and insecurity decrease. According to Smith, the curiosity of mankind increases. In looking at nature people become "more desirous to know what is the chain which links them all together. That some such chain subsists betwixt all her seemingly disjointed phaenomena, they are necessarily led to conceive."⁶⁶

People move away from Polytheism for their explanatory mechanism. They become "less disposed to employ, for this connecting chain, those invisible beings whom the fear and ignorance of their rude forefathers had engendered."⁶⁷

So much for Smith's account of the rise of Polytheism. What

did people use in Smith's time for their explanatory mechanism? Why, science studied nature, which was seen to be the work of God, whose actual hand was invisible. Consider for example, this quote from the first page of Colin MacLaurin's popular yet sophisticated An Account of Sir Isaac Newton's Philosophical Discoveries: "But natural philosophy is subservient to purposes of a higher kind, and is chiefly to be valued as it lays a sure foundation for natural religion and moral philosophy; by leading us, in a satisfactory manner, to the knowledge of the Author and Governor of the universe. To study nature is to search into his workmanship: every new discovery opens to us a new part of his scheme."⁶⁸ Later MacLaurin assures the reader that "The great mysterious Being, who made and governs the whole system, has set a part of the chain of causes in our view; ... As we arise in philosophy towards the first cause, we obtain more extensive views of the constitution of things, and see his influences more plainly."⁶⁹

In Smith's time, the chains explaining nature were seen (at least by some) as created by the hands of one invisible Monotheistic God. "Logical", that is for Smith "rhetorical", arguments which catered to this predilection might be particularly persuasive.

Newton presented his conclusions as if they were the indisputable "truths".⁷⁰ Smith, following Hume, felt that this of course was not so. Yet Smith understood why the followers of Newton would make the mistake of considering the work of Newton

as the discovery of truths. Here Smith's epistemological scepticism is particularly evident: "And even we, while we have been endeavouring to represent all philosophical systems as mere inventions of the imagination, to connect together the otherwise disjointed and discordant phaenomena of nature, have insensibly been drawn in, to make use of language expressing the connecting principles of this one, as if they were the real chains which Nature makes use of to bind together her several operations. Can we wonder then, that it should have gained the general and complete approbation of mankind, and that it should now be considered not as an attempt to connect in the imagination the phaenomena of the Heavens, but as the greatest discovery that ever was made my man, the discovery of an immense chain of the most important and sublime truths, all closely connected together, by one capital fact, of the reality of which we have daily experience."⁷¹

People think that Newton's theories are "the truth"; yet, Smith seems to hold that they are not. Newton's theoretical system is only a particularly persuasive story, which calms our sense of surprise and wonder and turns these sentiments into admiration of nature.

IV

Let us wrap up (but not chain together) the disparate parts of this story. I do not want to go so far as to agree with Rothschild that "Smith did not particularly esteem the invisible

hand and thought of it as an ironic but useful joke."⁷²

It was no joke; it was a rhetorical device which Smith made up and which he knew he made up.⁷³

The key to understanding Smith's thought in general and his invisible hand in particular may lie in his epistemology.⁷⁴ Here, commentators on Smith are quite divided. Some, particularly non-economists such as Sergio Cremachi⁷⁵, and Charles Griswold⁷⁶ and Charles Bazerman⁷⁷, who tightly link Smith's epistemology with his rhetoric, view Smith as a sceptic. Economists, it seems, to the extent they consider it at all, are more likely to view Smith as a non-sceptic, and as a believer in progress and teleology: consider the current interpretations of Jerry Evensky,⁷⁸ Charles Clark,⁷⁹ and Jeffrey Young⁸⁰. One advantage to the view of Smith as an epistemological sceptic is that it can account for Smith as having a relatively coherent, systematic, total philosophical system. There are no "two Adam Smith's" in this interpretation.⁸¹

Smith's work in general and the "Principles Which Lead and Direct Philosophical Enquiries" in particular demonstrate that Smith was an epistemological sceptic. The invisible hand was a metaphor for Smith's theory of unintended results. It was not a call for extreme laissez faire economic policies. Smith was against many of the government rules and regulations of his day because they were either antiquated, or they were made by and for the rich and powerful. Smith tended not to sympathize with the rich and powerful. Smith did not necessarily have faith in God;

the invisible hand was not a theological underpinning for Smith's social and or economic theory.

Smith only used the invisible hand metaphor once in the Wealth of Nations (and once in The Theory of Moral Sentiments). The fact that it is such a powerful metaphor today, and that it is so popular today, may say more about contemporary theology and economic theory than it does about Smith's theology and economic theory. We are back to Galbraith: "A man of the Enlightenment, Smith did not resort to supernatural support for his argument ... [The market has, indeed, acquired a theological beneficence; Smith would not have approved." Indeed.

Endnotes:

1. Economics in Perspective: A Critical History, p.64,1987.
2. "The Origins and Effects of our Morals: A Problem for Science" in The Essence of Hayek, p. 319
3. See e.g. ibid. and also "Dr. Bernard Mandeville" and "Competition as a Discovery Procedure" in The Essence of Hayek.
4. See e.g. passages in The Communist Manifesto where Marx gets excited and laudatory over what he perceives to be capitalism's breaking down of previous modes of productions.
5. In Michael Fry, ed., Adam Smith's Legacy: His Place in the Development of Modern Economics. The quotes are from pp. 31, 33, and 38.
6. See e.g. Jacob Viner, "Adam Smith and Laissez Faire" in John Maurice Clark et al., Adam Smith 1776-1926; also Nathan Rosenberg "Adam Smith and Laissez-Faire Revisited" in Gerald O'Driscoll, ed., Adam Smith and Modern Political Economy.
7. For a lucid recent argument that Smith's invisible hand metaphor is the ultimate inspiration for the new classical macroeconomics and the real business cycle theory, but that Smith should not be "held responsible for excesses committed in his name" see Tobin, "The Invisible Hand in Modern Macroeconomics" in Fry; the quote is from p. 127. The same volume also has an excellent article by Richard Stone on "Public Economic Policy: Adam Smith on What the State and Other Public Institutions Should and Should Not Do."
8. Wealth of Nations, I.x.c.13. See also Pack, "Reglementation, Intervention et Impot Regressif dans La Richesse Des Nations" in Cahiers d'Economie Politique, #19, 1991 pp. 55-68
9. An exception to this generalization is found for example on p. 107 where Smith is recorded to have spoken of the "progression of society..." Even today, in a Post Darwin era, it is difficult to give an evolutionary nonteleological discourse without occasionally, almost against one's will, slipping in the word "progress". It was doubtlessly even more difficult in Smith's time. On a similar problem, the difficulty of writing positively about a contemporary scientific theory without seeming to accept its "truth", see Smith's discussion of Newtonian physics, elaborated below.
10. The links between Smith's and Marx's sociology have been emphasized by Meek; see, e.g.: "Smith, Turgot, and the 'Four Stages' Theory", "The Development of Adam Smith's Ideas on the Division of Labour" and "New Light on Adam Smith's Glasgow

Lectures on Jurisprudence" in Smith, Marx and After; and Social Science and the Ignoble Savage. As a general rule, the insights put forth by Meek have not been followed up by more recent commentators. One exception includes Maurice Brown's, Adam Smith's Economics: Its Place in the Development of Economic Thought which stresses the dialectical nature of Smith's work. Also, Chris Nyland's "Adam Smith, Stage Theory, and the Status of Women" stresses the materialist basis of Smith's social theory; see especially fn.13.

I cannot help but suspecting that some commentators may fear intellectual contamination and miscegenation by seeing what we would now call "Marxist" elements in Smith. Perhaps a dosage of Schumpeter might be helpful here: "Things economic and social move by their own momentum and the ensuing situations compel individuals and groups to behave in certain ways whatever they may wish to do ... by shaping the choosing mentalities and by narrowing the list of possibilities from which to choose. If this is the quintessence of Marxism then we all of us have got to be Marxists." (Capitalism, socialism and Democracy, 3rd edition, pp. 129-130). In this sense Smith was, as can be clearly seen in LJRP, a Marxist.

Nyland's insightful essay on the role of women in Smith's thought is the sort of theoretical unpacking of Smith's dense Jurisprudence Lectures which should serve as an exemplar to future commentators.

11. LJRP, pp. 185 ff.

12. I plan to discuss the theoretical implications of Smith's pessimism towards the eradication of the institution of slavery at the Winter 1995 AEA meetings, "Slavery and Adam Smith's Economic Vision", with an appendix [already written (!)] by Robert Dimand "Adam Smith and the Late Resolution of the Quakers of Pennsylvania: A Response to a False Report".

13. Smith discusses both polygamy and slavery most extensively under the general category of rights of "man" as a member of a family, LJRP pp. 141ff. The former he sub-categorizes under a "person as being husband or wife"; the latter "as master or servant". (See e.g. p. 175).

14. See e.g. p. 129. For Smith the proper control of the sentiment resentment is the key to the development of justice. Here there is a curious similarity to Nietzsche's stress on the role of "resentment"; see On the Genealogy of Morals.

15. See e.g. Richard Arlen Kleer, "Adam Smith on the Morality of the Pursuit of Fortune", Economics and Philosophy, 9 (1993), 289-295.

16. See e.g. Robert Heilbroner, The Nature and Logic of Capitalism, pp. 31-32.

17. See Pack, "Lessons from the Lectures on Jurisprudence" chapter 7 of Capitalism as a Moral System, especially pp.120-122.
18. See Hume's A Treatise of Human Nature; also An Inquiry Concerning Human Understanding.
19. Vol. I, p. 4, emphasis added.
20. See, e.g. the classic study of Hume by N. Kemp Smith, The Philosophy of David Hume.
- 21.21. "Of the Balance of Trade", p. 324 in Essays: Moral, Political and Literary.
22. For Hume's scepticism regarding revealed theology, see e.g. "Of Miracles" in An Inquiry Concerning Human Understanding. For his scepticism regarding the claims of natural theology see Dialogues Concerning Natural Religion and "The Natural History of Religion". For an excellent study of Hume's attitude towards natural theology see Hurlbutt, Hume, Newton, and the Design Argument.
23. See the interpretation given by the historian Emma Rothschild, "Adam Smith and Conservative Economics", Economic History Review, XLV, I(1992), pp. 74-96.
The philosopher Charles Griswold baldly claims that "... almost everything in his [Smith's] written works suggests that he believed that the divine - certainly the divine understood as a personal God - lives only in the human imagination". "Adam Smith: Conscience of Capitalism", The Wilson Quarterly, Summer, 1991, pp. 53-61; the quote is from p. 58.
24. Correspondence, p. 203, emphasis added. When Smith later published a version of this letter describing Hume's death, he deleted this remark. Smith was, after all, a prudent man; a very prudent man.
25. "Review of Johnson's Dictionary" and "Letter to the Edinburgh Review" reprinted in Smith's Essays on Philosophical Subjects pp. 232-256.
26. Essays on Philosophical Subjects, Editor's "Introduction" to "Contributions to the Edinburgh Review of 1755-56" pp. 229-230.
27. See John Rae, Life of Smith, pp. 11-13.
28. Correspondence, p.5.
29. London, April 13, 1776, p. 337, Boswell: The Ominous Years 1774-1776, emphasis added.

30. London, March 28, 1781, p. 298, Boswell: Laird of Auchinleck 1778-1782, emphasis added.
31. Pack, (forthcoming) "Theological and hence Economic Implications of Adam Smith's 'The Principles Which Lead and Direct Philosophical Enquiries'", History of Political Economy.
32. For introductions to Smith as a rhetorician see "Introduction" in Lectures on Rhetoric and Belles Lettres, ed. John M. Lothian, pp. xi-xl; J.C. Bryce, "Introduction" in Lectures on Rhetoric and Belles Lettres, Glasgow ed., pp. 1-37; W.S. Howell, "Adam Smith's Lectures on Rhetoric: An Historical Assessment" in Andrew Skinner and Thomas Wilson (eds.), Essays on Adam Smith, pp. 11-43.
33. Peoples' attempts to persuade one another in turn become the foundation for the urge to truck and barter, hence the development of the division of labor. Here indeed, is another key link between Smith's rhetoric and his economics.
34. See "Considerations Concerning the First Formation of Languages" reprinted at the end of Lectures on Rhetoric and Belles Lettres, Glasgow edition.
35. See, e.g., Course in General Linguistics, Edited by Charles Bally and Albert Sechehayé, Open Court, La Salle, Illinois, 1986.
36. Norman Malcolm, Ludwig Wittgenstein: A Memoir, Oxford University Press, 1984, pp. 14-15; Wittgenstein, Philosophical Investigations, p. x.
37. See Wittgenstein's The Blue and Brown Books: Preliminary Studies for the "Philosophical Investigations", Harper Torchbooks, 2nd edition, and Philosophical Investigations. The second edition of The Blue and Brown Books contain "a few alterations, taken from a text of the Blue Book in the possession of Mr. P. Sraffa". (Title page, emphasis added)
38. The idea that "ceteris is never paribus" is a key link between Sraffa's early work criticizing the long run Marshallian supply curve, e.g. ("The Laws of Returns Under Competitive Conditions"), and his latter work developing a so-called Ricardian critique of capital; see e.g. Production of Commodities by Means of Commodities. The only economist I know of exploring the profound links between Wittgenstein and Sraffa is John B. Davis. See his "Sraffa, Interdependence and Demand: The Gramscian Influence", Review of Political Economy, Vol. 5, #1, 1993 pp. 22-39; and "Sraffa, Wittgenstein and Neoclassical Economics", Cambridge Journal of Economics, (12), 1988, pp. 29-36.
- The story of Wittgenstein's conversion to the contextual

relationship of human language (both sign and verbal) by Sraffa is possibly too indelicate to be repeated here.

39. See e.g. his review of Johnson's Dictionary where the various meanings of the words "but" and "humour" are ascertained by how they are actually used in concrete, particular discourses.

40. See e.g. Samuel Hollander, The Economics of Adam Smith, University of Toronto Press, 1973.

41. See e.g. Smith's criticism of the "prolixness, constraint, and monotony of modern languages" in "Considerations Concerning the First Formation of Languages" p. 226.

For those who think that Smith unambiguously believed in progress, I would like to know how progress can be unambiguously measured. That Smith and Sraffa were both concerned with measurement problems see WN, Book I, Chapter 5; and Production of Commodities by Means of Commodities. To paraphrase what Sraffa might say about "capital": if you cannot measure it, how do you know it is there? Or, perhaps more accurately, is not there something wrong with your conception of it? The same criticism holds for the conception of progress.

42. Both Sraffa and Wittgenstein had difficulty in writing their mature work. Compare the "Prefaces" to Production of Commodities by Means of Commodities and Philosophical Investigations. Wittgenstein's "Preface" seems particularly tortured and painful.

43. See Alec Macfie, "The Invisible Hand of Jupiter", Journal of the History of Ideas, 32(4) (Oct.-Dec.), 595-99.

44. See the "General Introduction" to Smith's Essays on Philosophical Subjects by D.D. Raphael and A.S. Skinner; and the specific "Introduction" to works edited and introduced by W.P.D. Wightman in ibid.

45. Schumpeter: "... six essays, some of which are the crystallized fragments of the grandiose plan of a 'history of the liberal sciences and elegant arts' which he [Smith] abandoned 'as far too extensive'. The pearl of the collection is the first essay on the 'Principles Which Lead and Direct Philosophical Enquiries: illustrated by the History of Astronomy'. Nobody, I venture to say, can have an adequate idea of Smith's intellectual stature who does not know these essays. I also venture to say that, were it not for the undeniable fact, nobody would credit the author of the Wealth of Nations with the power to write them. History of Economic Analysis, p. 182.

46. Essays on Philosophical Subjects, p. 40.

47. Ibid., p. 51, emphasis added.
48. Ibid., p. 41, emphasis added.
49. Ibid., p. 42 emphasis added.
50. Ibid., p. 58, emphasis added.
51. Ibid., p. 75, emphasis added.
52. Ibid., p. 45, emphasis added.
53. Ibid., p. 119, emphasis added.
54. Ibid., pp. 45-46, emphasis added.
55. Hence by my reading, Hayek makes a telling mistake when he conflates Smith's theory of unintended results with a theory of spontaneous order. Any order which takes place for Smith occurs in the mind, not necessarily in the world outside the mind.
56. Essays on Philosophical Subjects, p. 107, emphasis added.
57. Ibid., pp. 61-62, emphasis added.
58. Ibid., p. 46, emphasis added.
59. Ibid., p. 66, emphasis added.
60. The following is dealt with more fully in my "Theological (and hence Economic) Implications of Adam Smith's 'The Principles Which Lead and Direct Philosophical Enquiries", History of Political Economy (forthcoming).
61. Essays on Philosophical Subjects, pp. 112-113 emphasis added.
62. Ibid., p. 48, emphasis added.
63. Ibid., p. 49, emphasis added.
64. Ibid., emphasis added.
65. Ibid., emphasis added.
66. Ibid., p. 50, emphasis added.
67. Ibid., emphasis added.
68. Ibid. p. 2, emphasis added.

69. Ibid., p. 22.
70. See e.g. L.L. Laudan, "Introduction" to Maclaurin's Account.
71. Essays on Philosophical Subjects, p. 105, emphasis added.
72. "Adam Smith and the Invisible Hand", The American Economic Review, 84(2), May, 1994 pp.319-322; the quote is from p. 319.
73. This of course is one of the main things which separate Smith's invisible hand from Hegel's "cunning of reason". As Kierkegaard remarked "if Hegel had constructed his whole systematic edifice, just as he did, and then at the end appended a footnote saying that the whole thing, after all, was only a 'thought experiment', he would have been the greatest thinker who ever lived; as it is he is 'merely comic'."
- Noone ever thinks that Smith was "merely comic". On the relationship between Smith and Hegel see, e.g., James P. Henderson and John B. Davis, "Adam Smith's Influence on Hegel's Philosophical Writings", Journal of the History of Economic Thought, 13(2) Fall 1991 pp. 184-204.
- That Smith did not necessarily approve of that which he called "natural" see Spencer J. Pack, "Adam Smith's Unnaturally Natural (Yet Naturally Unnatural) Use of the Word Natural", Perspectives on the History of Economic Thought Volume XI, edited by Ingrid Rima, Edward Elgar Publishers, Forthcoming.
74. Spencer J. Pack "Adam Smith on the Limits to Human Reason", Perspectives on the History of Economic Thought Volume IX: Themes on Economic Discourse, Method, Money and Trade, edited by Robert Hebert, Edward Elgar Publishers, 1993.
75. "The Newtonian Heritage in Eighteenth Century Political Economy", Paper prepared for the Conference: "After Newton: Science and Society in the First Industrial Revolution (1727-1850)", Madrid, 1988; "Adam Smith: Skeptical Newtonianism, Disenchanted Republicanism, and the Birth of Social Science", in Marcelo Dascal and Ora Gruengard, eds., Knowledge and Politics: Case Studies in the Relationship Between Epistemology and Political Philosophy, Boulder: Westview Press, 1989; "Adam Smith, Newtonianism and Political Economy" Manuscripto, 5(1), pp. 117-134, 1981.
76. "Rhetoric and Ethics: Adam Smith on Theorizing about the Moral Sentiments", Philosophy and Rhetoric, 24(3), 213-237, 1991.
77. Charles Bazerman "Money Talks: The Rhetorical Project of the Wealth of Nations", in Willie Henderson, Tony Dudley-Evans and Roger Backhouse, eds., Economics and Language, Routledge, New York, pp. 173-199, 1994.

78. "Adam Smith on the Human Foundation of a Successful Liberal Society", History of Political Economy 25:3, pp. 395-412, 1993; "Ethics and the Invisible Hand", Journal of Economic Perspectives, 7(2), pp. 197-205, 1993; "The Evolution of Adam Smith's Views on Political Economy", History of Political Economy, 21(1), pp. 123-45, 1989; "The Two Voices of Adam Smith: Moral Philosopher and Social Critic", History of Political Economy, 19(3), pp. 447-68, 1987. Professor Evensky's interpretation has reached the degree of sophistication and maturity that he was able to publish his 1993 HOPE article with references to only two esteemed authors: Adam Smith and Jerry Evensky.
79. Economic Theory and Natural Philosophy, Hants, England: Edward Elgar Publishing, 1992; "Adam Smith and Society as an Evolutionary Process", Journal of Economic Issues, 24(3), 825-44, 1990; "Natural Law Influences on Adam Smith", Quaderni di Storia dell'Economia Politica, 6 (Winter), 59-86.
80. "Natural Morality and the Ideal Impartial Spectator in Adam Smith", International Journal of Social Economics, 19 (10/11/12) pp. 71-82, 1992; "The Impartial Spectator and Natural Jurisprudence: An Interpretation of Adam Smith's Theory of the Natural Price", History of Political Economy, 18(3) (Fall), 365-82, 1986.
81. See especially Professor Evensky's work for an interpretation that there is a historical change in Smith's position: as he grew older he became more pessimistic about the future of the human species. Professor Clark's position is more that there is a deep contradiction in Smith's historical and institutional analysis and his natural law preconceptions.