Was Adam Smith an Optimist?

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Bio-sketch: Maria Pia Paganelli works on Adam Smith, David Hume, 18th century monetary theories, and the links between the Scottish Enlightenment and behavioral economics. She is the book review editor for the *Journal of the History of Economic Thought* and co-edited the *Oxford Handbook on Adam Smith* (2013).

Jack Russell Weinstein claims "Adam Smith was a man of his time, an Enlightened scholar with the optimism that came from a scientific belief in progress and moral betterment" (2013, p. 239). Claims like this are spread across Weinstein's volume and are not supported by textual evidence.

I fear that this lack of textual evidence may not just be because of the adoption of a more narrative approach, but because evidence for this "inevitable" progress that Weinstein claims to see in Smith may not be as clear as Weinstein wants it to be.

One can read Smith's *Wealth of Nations* ([1776] 1981) not as a declaration of the inevitable march of history toward a better future, but as a scream of fear that the future may be bleak and worse than the present.

Smith attacks the mercantile system as a parasitical system which may cause the stagnation of the British economy. The British economy, like any other economy, is not subject to perpetual improvements, but may become more stationary, or regressive. China was an expanding economy for centuries, but then it became stationary for centuries, with little hope for improvement. "China had been long one of the richest, that is, one of the most fertile, best cultivated, most industrious, and most populous countries in the world. It seems however, to have been long stationary" (WN i.viii.24). Smith goes as far as to say that there does not seem to be much difference between the description of Marco Polo and the ones by Smith's contemporaries (WN i.viii.24). Bengal was an expanding economy and had all the potential to remain such, given the fertility of its land, yet it turned into a regressing economy. In Bengal "notwithstanding [subsistence should not be very difficult] three or four hundred thousand people die of hunger every year" (WN I.viii.26). The American colonies were a growing economy, but Britain was no longer one. In Smith's view there was more growth in North America than in England (WN i.viii.23). Only America has a growing population, testified to by the fact that a widow with children will remarry immediately since the children are considered an asset. In Britain on the other hand, the same widow with the same amount of children would not be able to remarry because her children would be considered a liability:

> [A] young widow with four or five young children, who, among the middling or inferior ranks of people in Europe, would have so little chance for a second husband, is there [in North America] frequently courted as a sort of fortune. The value of children is the greatest of all encouragements to marriage. […] [T] here is a continual complaint of the scarcity of hands in North America. The demand for labourers, the funds destined for maintaining them, increase, it seems, still faster than they can find labourers to employ (WN I.viii.23).

Smith is afraid that if Britain succumbs to lobbyists and mercantilists, it may go the way of Bengal rather than its North-American colonies. The "optimism that comes from a scientific belief in progress" is not evident.

In addition, it is difficult to see optimism or progress when Smith speaks of an economic system as a living body, with economic privileges granted by the government functioning like diseases. Privileges granted by the government make a body sick. They can even kill it:

> The whole system of her industry and commerce has thereby been rendered less secure [by the monopoly of the colony trade]; the whole state of her body politick less healthful, than it otherwise would have been. In her present condition, Great Britain resembles one of those unwholesome bodies in which some of the vital parts are *overgrown*, and which, upon that account, are liable to many dangerous disorders scarce incident to those in which all the parts are more properly proportioned. A small stop in that great blood–vessel, which has been artificially swelled beyond its natural dimensions, and through which an unnatural proportion of the industry and commerce of the country has been forced to circulate, is very likely to bring on the most dangerous disorders upon the whole body politick. The expectation of a rupture with the colonies, accordingly, has struck the people of Great Britain with more terror than they ever felt for a Spanish armada, or a French invasion. … The blood, of which the circulation is stopt in some of the smaller vessels, easily disgorges itself into the greater, without occasioning any dangerous disorder; but, when it is stopt in any of the greater vessels, convulsions, apoplexy, or death, are the immediate and unavoidable consequences (WN IV.vii.c.43).

And while it is true that a poor worker in Britain is better housed than a savage king (WN I.i.11), those accommodations come at a dear price, the atrophy of the minds (V.i.f.50) and the "drowsy stupidity" (V.i.f.51) of the great masses of people. "Mental mutilation, deformity and wretchedness" is an epidemic as serious and as damaging as leprosy: they "deserve the most serious attention of government; in the same manner as it would deserve its most serious attention to prevent a leprosy or any other loathsome and offensive disease, though neither mortal nor dangerous, from spreading itself among them; though, perhaps, no other publick good might result from such attention besides the prevention of so great a publick evil" (WN V.i.f.60). If there is progress in Smith, it is not necessarily inevitable or something to take for granted.

The moral betterment that Smith allegedly promotes may also be questioned. Smith does say that time changes morals, but it is difficult to say that that change is inevitably for the better.

After all, this "progress" brought about by the inexorable march of time transforms men from brave and courageous warriors to weak and fearful soldiers, which is not necessarily an improvement in Smith's eyes (LJ 1766, pp. 538-541). The change in attitude of people toward war also challenges an alleged moral betterment. The prosperity that goes with what Weinstein calls "Smith's commitment to the natural spread of universal opulence" (p. 245) allows government to rely on public debt rather than on taxes to finance wars. So wars will become both longer and more numerous. And this is just to satisfy the mean rapacity of big merchants and manufacturers and the deluded dreams of empire of lazy citizens who enjoy reading war news in the comfort of their living rooms. Smith tells us indeed that the self-interest of great merchants and manufacturers causes the system of justice to degenerate into a system of lobbies, and the system of lobbies becomes a source of the most severe injustices. The government grants favors to organized interests at the expense of the majority of the members of society, and the laws become so unjust that "the cruellest of our revenue laws, I will venture to affirm, are mild and gentle, in comparison of some of those which the clamour of our merchants and manufacturers has extorted from the legislature, for the support of their own absurd and oppressive monopolies. Like the laws of Draco, these laws may be said to be all written in blood" (WN IV.viii.17).

The blood Smith refers to is not just a colorful image of the lack of moral restraint of merchants' manufactures, but it is a condemnation of their immoral conduct which results in their willingness and ability to bring the country into wars "for the sake of that little enhancement of price which this monopoly might afford our producers" (WN IV.viii.53). And as mentioned, their fellow-citizens do not display high moral standards or significant moral betterment either: they "live in the capital, and in the provinces remote from the scene of action…enjoy, at their ease, the amusement of reading in the newspapers the exploits of their own fleets and armies, enjoying their dreams of empire" (WN V.iii.37).

Smith also analyzes how the alleged "natural spread of universal opulence" brings about a sovereign's morally irresponsible spending. Smith explains that the sovereign will squander his revenues on frivolous trinkets (WN V.iii.2-3)

during times of peace. When war comes, debt will be incurred, which "will in the long run probably ruin all the great nations of Europe" (WN V.iii.10). Not the most optimistic view of the world's future.

This universal opulence to which Smith is allegedly committed also unleashes sordid and childish passions, rather than moral betterment. When opulence started spreading, the "most childish, the meanest and the most sordid of all vanities" (WN III.iv.10) of barons and great landlords hopelessly attracted them to the glitter of a "pair of diamond buckles perhaps, or […] something as frivolous and useless" (WN III.iv.10). So that "As soon, therefore, as they could find a method of consuming the whole value of their rents themselves, they had no disposition to share them with any other person" (WN III.iv.10). In addition to these accusations, Smith repeats the point five paragraphs later. The lords run after "trinkets and baubles, fitter to be the play-things of children than the serious pursuit of men" (WN III.iv.15). This language does not describe what I would think of as moral betterment. There may be unintentionally a betterment of society as a whole, but it is difficult to see any moral improvement in a vanity which can now bloom almost without limits.

Weinstein's claims of Smith's optimism and belief in progress seem therefore weak and partial, more like straw-men built to make a different point, rather than a genuine description of Adam Smith. Smith may be optimistic, but his optimism is a very complex one, with awareness of nuances and problematic issues. Ignoring the sophistications and the shades of Smith's analysis in a book on Smith is, to this reader, writing a book about something other than Smith.

Weinstein's agenda is terrific and interesting on its own terms. It therefore leaves the question of why he uses Smith in such a deformed way when he could have made the argument without Smith. As much as I praise Weinstein for his interest in exploring pluralism, I wish he had portrayed Adam Smith more realistically and with textual evidence.

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