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THE
ADAM SMITH
REVIEW

Edited by Fonna Forman

ROUTLEDGE



The Adam Smith Review

Volume 9

Adam Smith's contribution to economics is well recognised, but in recent years scholars have been exploring anew the multidisciplinary nature of his works. *The Adam Smith Review* is a rigorously refereed annual review that provides a unique forum for interdisciplinary debate on all aspects of Adam Smith's works, his place in history, and the significance of his writings to the modern world. It is aimed at facilitating debate between scholars working across the humanities and social sciences, thus emulating the reach of the Enlightenment world which Smith helped to shape.

This ninth volume brings together leading scholars from across several disciplines to consider topics as diverse as Smith's work in the context of scholars such as Immanuel Kant, Yan Fu and David Hume, Smith as the father of modern economics, and Smith's views on education and trade. This volume also has a particular focus on Asia, and includes a section that presents articles from leading scholars from the region.

Fonna Forman is Associate Professor of Political Science and Founding Co-Director of the Center on Global Justice and the Blum Cross-Border Initiative at the University of California, San Diego, USA. She is Editor of *The Adam Smith Review* on behalf of the Adam Smith Society.

The Adam Smith Review

Published in association with the International Adam Smith Society

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The Adam Smith Review is a multidisciplinary annual review sponsored by the International Adam Smith Society. It aims to provide a unique forum for vigorous debate and the highest standards of scholarship on all aspects of Adam Smith's works, his place in history, and the significance of his writings for the modern world. *The Adam Smith Review* aims to facilitate interchange between scholars working within different disciplinary and theoretical perspectives, and to this end it is open to all areas of research relating to Adam Smith. The *Review* also hopes to broaden the field of English-language debate on Smith by occasionally including translations of scholarly works at present available only in languages other than English.

The Adam Smith Review is intended as a resource for Adam Smith scholarship in the widest sense. The Editor welcomes comments and suggestions, including proposals for symposia or themed sections in the *Review*. Future issues are open to comments and debate relating to previously published papers.

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From the editor

Volume 9 presents a rich, far-ranging collection of essays by an international mixture of authors, both new and more established, exemplifying the diversity and interdisciplinarity that the *Adam Smith Review* was meant to achieve. I am delighted to see Volume 9 appear, and I would like to thank the many authors, guest editors, referees, and editorial staff who contributed to it. I would especially like to thank our editor at Routledge, Emily Kindleysides, for her commitment to the journal; and my editorial assistant, Aaron Cotkin, for his editorial skill and impeccable scholarly judgement.

I first read David Raphael's *The Impartial Spectator* in college. It was the first book about Adam Smith that I ever read, and it sparked my lifelong interest in Smith's ethics. It is a great honour to dedicate this issue to his memory.

Fonna Forman
Editor



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David Raphael (1916–2015)

A personal appreciation

Christopher J. Berry

I first met David Raphael in the autumn of 1969 when, at the ridiculous age of twenty-three, I went to Glasgow for a job interview. He was the chief inquisitor. I still remember his ‘killer question’: who was my favourite philosopher? I was coy, saying I found Nietzsche stimulating but Hume was the one I agreed with. It must have been the right answer because to my surprise I was on the day offered the job of Assistant Lecturer in Social and Political Philosophy. I started as a Glasgow academic in January 1970 but in the meantime David left Glasgow briefly (and not altogether happily) for Reading before Imperial College, London. Imperial, which vies with Cambridge as the premier UK institution for the study of science and engineering, proved more congenial. He once said he much enjoyed teaching philosophy to bright physicists.

Although I thus never had the privilege of working with him as a (very junior) colleague, I do, of course, remain ever grateful that he saw enough potential to appoint me. Our paths continued to cross over the years, the last time in 2009 when I invited him as a special guest at a conference in Glasgow to mark 250 years since the first edition of *The Theory of Moral Sentiments*. Although by then frail, in key respects he never changed. Sharp in body but especially in mind, he was an embodiment of analytical acuity and clear thinking. Despite his work on Smith (and other eighteenth-century thinkers) there were several books that dealt with concepts and issues in moral and political thinking, some of which, such as *Problems of Political Philosophy* (Macmillan 1970), were based on his Glasgow lecture course (he was a proud upholder of the Glasgow tradition where ‘the’ professor lectured to first-year undergraduates). For all his admiration for Smith he declared in a public, subsequently published, lecture that he judged David Hume’s *Treatise of Human Nature* to be ‘the greatest work of philosophy written in the English language’. In part this was an act of contrition for criticisms of Hume made in his first book, *The Moral Sense* (Oxford 1947), which was based on his Oxford D.Phil (he had a stellar, prize-winning career at both undergraduate and postgraduate level).

David Raphael always maintained high intellectual standards and, whatever the audience or the setting, as an exemplar of lucidity he was a ferocious and daunting critic of anyone (no matter their academic status) whom he judged to be vague or sloppy. As his last book on the *Impartial Spectator* (Oxford 2007)

testifies, all his writings were to the point. Not for him lengthy tomes: brevity was the soul of clarity, prolixity typically the symptom of fuzziness. With his death the great editorial team of the Glasgow edition of Smith's works is no more but their work will live on and his (with 'Alec' MacFie) edition of *The Theory of Moral Sentiments* will remain a key memorial to a remarkable scholar.

Sorbonne symposium

Adam Smith on empire, the
invisible hand and the progress
of society

Guest editor: Benoît Walraevens



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Introduction

Benoît Walraevens

From the 3 to 6 July 2013, Jean-François Duniach from the Centre Roland Mousnier of the University of Paris IV Sorbonne organized, at the Sorbonne in Paris, the 26th annual international conference of the Eighteenth Century Scottish Studies Society which was, for the first time, organized in partnership with the International Adam Smith Society. Keynote speakers included Amartya Sen, Emma Rothschild, and Michael Biziou. The general topic of the conference was “Scotland, Europe and Empire in the Age of Adam Smith and Beyond.” This section of the book comprises a selection of papers on Smith, drafts of which were presented to the conference and then prepared and submitted to *The Adam Smith Review*, which followed its usual review process. Of the six selected papers, three deal with the main topic of the conference: Smith’s analysis of colonialism and the British Empire. They offer new insights on Smith’s rather neglected political thinking and on how his vision of the ancient colonies nurtures his reflections on the fate of the British Empire. History is also at the heart of his theory of the progress of society, the famous “four-stage theory,” which is the main issue of two papers here. The first of these proposes to end the controversy over the paternity of that theory. Based on a new reading of the “Anderson notes,” it claims that Smith gives the first formulation of the four-stage theory in 1749 in a public lecture. The second shows how the importance of material progress in the four-stage theory went from a historiographical outlook to a political economy outlook in Smith. The last paper is about the idea of the invisible hand and its intellectual legacy, especially in natural sciences.

Paper 1: “Adam Smith and Immanuel Kant as critics of empire: international trade companies and global commerce versus *jus commercii*” by Fotini Vaki

Smith’s ambiguous assessment of commercial society has always been a source of conjecture (for recent treatments see Rasmussen 2008 and Hanley 2009). Vaki here starts by identifying two seemingly contradictory narratives in the *WN*: one in which commercial society is presented as the happy and natural end of history, guaranteed by an unchanging human nature, and another darker and much more pessimistic vision of that type of society, so much so that Smith seems sometimes

closer to Ferguson's civic humanism (and even Marx) than to Turgot or Condorcet. The paper aims to show that Smith does not contradict himself about commercial society because this twofold narrative, according to the author, represents two epistemological standpoints, a normative and a descriptive. The former, which is incarnated by the system of natural liberty and the natural right of commerce (or *jus commercii*), serves as an ideal to judge and criticize past and present historical systems and institutions. To highlight that point, Vaki focuses on Smith's severe critique of the corruption of international trade companies which, against the ideal vision of *doux commerce*, make commerce a source of endless conflict and war. Colonialism in general is, for Smith, undoubtedly unjust because it violates the "most sacred right of mankind," the right of natural liberty. Joint stock companies are granted political power, acting as substitutes of the sovereign. They violate man's sacred and natural right of commerce. From Smith's defence of *jus commercii* to Kant's *jus cosmopoliticum*, the author claims, there is only one step because commerce in the eighteenth century had a broad meaning, encompassing every kind of communication or exchange, be that of words, ideas or opinions. So Vaki finds in Smith and Kant a commonality of views in their moral and humanistic critique and condemnation of colonial practices.

Paper 2: "Apoikia and colonia: Smith's comments on the 'recent disturbances' in the colonies" by Roberto Resende Simiqueli

It is well known now that Smith had a long-lasting (he had advised the British government on colonial tax policy in the 1760s) and deep interest in colonial policy and the empire and probably delayed the publication of the *WN* to learn more about the situation in the colonies of North America and think about the fate of the British Empire (see Winch 2013; Ortmann and Walraevens 2016). In this paper, Simiqueli analyses the legacy and influence of Smith's thinking on colonialism and the British Empire on the foreign and economic policies of the British crown. Benians (1925) had written about these topics, trying to understand why some of Smith's advice had been followed, in particular the liberalization of commerce with the colonies, while other aspects were rejected, like colonial representativeness in the (British) Parliament. Benians argued that Smith's project for a new empire was mainly founded on a moral critique of British colonial practices and crucially appeared "ahead of his time." Against this, Simiqueli argues, first, that moral arguments are only part of the story and that one should rather see in Smith's critique of colonialism and his proposal for a new empire a mix of economic, political and strategic arguments, aiming at a reasonable compromise. The author underlines a peculiar methodological approach by Smith in Book IV, and particularly in chapter 7, where he contrasts classical, Greco-Roman colonialism with its modern form. For Smith, history can shed light on the present. Indeed, the author claims, the Greek *apoikia* and the Roman *colonia* serve as two ideal types from which the political and economic realities of mercantilist Europe are judged. Smith seems to

favour the Greek model where colonies are independent from the mother city and he details the peculiarities of the colonies of North America that make them close to the ideal expressed in Greek colonialism. Modern colonies provide the mother country with neither military force nor increased revenues. Examples taken from the ancient world offer a “welcome contribution to Smith’s theses” by clearly demonstrating that excessive regulations from the empire are economically inefficient (because they hinder the colony’s development) and politically harmful for the metropolis. Therefore, Smith’s plea for colonies’ representativeness to the Parliament “arises not entirely of moral inspirations, but, in a way, as a compromise solution between metropolitan aristocracy and colonial elites.” Smith was not, according to Simiqueli, “ahead of his time”; rather, he “foresees the foreseeable” and offers “a pragmatic response to an objective demand.”

Paper 3: “Smith on the colonialism and republicanism of the moderns compared with that of the ancients” by Barry Stocker

In this paper, Smith’s analysis of colonialism and empire is seen as a major indication of his importance as a political thinker. His comparison of the different forms of colonialism, ancient and modern, is studied here from another perspective, that of the political form of government, with special emphasis placed on republicanism – for which, Stocker claims, Smith had a preference. Stocker argues that this preference appears most clearly in Smith’s account of modern colonialism in which the destructive effects of monarchy and their collusion with economic elites are most visible. In other words, as he rightly notices, “the account of colonialism in *WN* is itself a part of an account of mercantilism” which leads to injustice and self-defeating economic practices. Stocker focuses on the best case of modern colonialism, the British colonization of North America, with respect to which Smith lauds the republicanism, the abundance of free land and the lack of hereditary aristocracy as primary causes of prosperity. There is a contrast between the absolutist, negative models of colonialism (as in the Spanish and Portuguese colonies of South America) and the republican, positive models exemplified by ancient Greek colonies and the British colonies of North America. Interestingly, the paper focuses on the possibility of men enjoying a specific, radical kind of liberty, autonomy and independence in the latter, not unlike that of the savage or barbarian in pre-commercial societies, but supposedly unknown to civilized societies. The American colonies are, in Smith’s mind, a model for the future “as a repetition of the Greek colonial system,” if they are granted independence, as he desperately wishes them to be. Yet, they include slavery, which Smith finds more persistent under republican regimes. Stocker also notices how Smith sees in the lack of knowledge of the representative principle one of the reasons for the moral and political decline of the Roman republic and suggests that it was probably in his mind when he thought about his project for a new British Empire. All in all, the paper presents Smith as a sophisticated, though usually neglected, political thinker.

Paper 4: “Adam Smith’s four-stages theory of socio-cultural evolution: new insights from his 1749 lecture” by Thierry Pauchant

This paper is about the genesis of Smith’s theory of the progress of society. Pauchant tries to put an end to the controversy over the paternity of the four-stage theory. The origin of this controversy lies in the fact that the only published version of Smith’s four-stage theory is found in the *WN* of 1776, which is much later than other Scottish (and French) versions of that theory (from Robertson, Ferguson and so on). Even the version of the first set of *Lectures on Jurisprudence* dates back only to 1762, which is not old enough to prove that Smith was the initiator of the four-stage theory. That notwithstanding, Meek (1976) studied the history and genealogy of that theory and concluded that Smith and Turgot were the first to develop it, independently, at the beginning of the 1750s. Some people argue that the four-stage theory was just inherited from the natural law tradition but Smith, Pauchant recalls, has been rightly credited for adding essential features to that tradition. First, there is a consensus in considering Smith as the one who conceived of the three “states” discussed in the natural law tradition (hunting and fishing, herding and farming) as three “stages” of evolution with specific manners, institutions, property relations and so on. Smith is also credited, Pauchant adds, with suggesting that humans really started their long social evolution as soon as they domesticated animals and then adding to his evolutionary view of history a fourth stage, the age of commerce, positing that it was qualitatively different from the others. Last but not least, Smith added to the natural law tradition “a developmental theory of mind and language, triggering different manners, customs and institutions.” Nonetheless, scholars were reluctant to assign him paternity of the theory. Stewart, Smith’s first biographer, claimed that the latter used conjectural history in his lectures prior to 1750. From a new reading of the “Anderson notes” (Anderson, later a colleague of Smith at Glasgow University, captured a synthesis of Smith’s public lectures), discovered in 1970 but studied only by Meek until now, Pauchant aims to end that controversy. Where Meek dated the lecture to 1753 or later, our author claims that Smith was the first to introduce the theory in a public lecture in 1749. This then influenced other members of the Scottish Enlightenment, and other thinkers beyond that circle. He also characterizes Smith’s theory as a socio-cultural theory of evolution mixing different biological, instinctual, psychosocial and cultural processes, and proposes avenues for further research on the topic, in particular advocating for more integration between the natural, social and human sciences.

Paper 5: “The idea of historical progress in the transition from Enlightenment historiography to classical political economy” by Nathaniel Wolloch

While this paper also studies Smith’s theory of the progress of society, it adopts a different perspective. Here, Wolloch illuminates how, in Smith, stadial notions

moved from mere historiographical inquiries to political-economic ones. It focuses on two related points: Smith's original though neglected view and use of history as a guide for future conduct; and the seminal importance of material progress in the progress of society. As to the first point, Wolloch makes several interesting claims. He underlines how Smith tried to define the (causal) laws of history, as he tried to with the laws of nature, as a need for explanation and, most importantly here, in order to predict future events. Historical writing for Smith aims at instructing people about proper behaviour. Smith is convinced that we can learn valuable, prescriptive lessons from the past to prepare a better future. Understanding the laws of historical progress was, for Smith, the key to furthering the progress of society. Wolloch convincingly claims that Smith "evinced the typical Enlightenment attitude toward historiography, combining erudition, narrative style and a philosophical approach," as represented by the figure of the *historien philosophe*, which Smith quite favoured. As to the second point, Wolloch extends Meek's well-known "materialist" interpretation of Smith's four-stage theory, representing the latter as a history of the progress of man's mastery over nature – that is, as "a conjectural history of human material culture underlining higher forms of cultural phenomena." With this emphasis on material progress in general (rather than only on the means of procuring subsistence), Smith's stadial theory becomes "an early form of economic history." It was thus in this field "in which historiographical insights were transformed into prescriptive socio-economic recommendations for future conduct," as is the case in the *WN* with public expenditures for the judicial system or national defence. Wolloch shows us how Smith endorsed the Enlightenment view of history as a means toward enhancing human material, social and moral progress.

Paper 6: "Adam Smith's invisible hand: a brief history" by Toni Vogel Carey

The final paper in this section offers a (necessarily) selective analysis of the history and legacy of the idea(s) of the "invisible hand," especially in the natural sciences. While the words appear only three times in Smith's entire corpus, the idea pervades all of his work, which is probably why, as Carey claims, it is what Smith is best known for today, so much so that Smith scholars have identified up to a dozen invisible hands in his works. Here, Carey chooses to focus on two ideas of the invisible hand. One is the invisible hand of the *WN* which is about the unknown and unforeseen consequences, for the individual and for society as a whole, for better or for worse, of individual actions. The other is that of spontaneous order, or order without design, an idea which, as our author remarks, "does not appear in any of the three invisible hand statements, but of which Smith is considered a major contributor," among other Scottish philosophers. Carey proposes an interesting and novel comparison between these two ideas of the invisible hand and the distinction between mixtures and compounds in chemistry. In other words, "the idea of societal betterment is additive or conjunctive, and like a mixture, entails changes only in *degree*," whereas "spontaneous order is

transformative; like a compound, it involves differences in *kind* that are difficult or impossible to reverse.” Part 2 prepares the ground for the rest of Carey’s paper, highlighting that Smith used many mechanistic analogies in his work, but also redundant biological images. Part 3 studies the idea of evolutionism, which was developed in the eighteenth century by Diderot and Maupertuis, and then suggests that this idea could have gone from Smith to Darwin through Hutton and Playfair. Going further, our author identifies significant parallels between Darwin and Smith, along the lines of Haakonssen, including the notions that Darwin’s *On the Origin of Species* is a book in conjectural history, that natural selection is unobservable, like Smith’s famous invisible hand, and most importantly that natural selection looks like the invisible hand of spontaneous order. Part 4 extends the Smith–Darwin relationship around the nineteenth-century epistemological concept of “consilience.” And Part 5 deals with a modern synonym of spontaneous order, the idea of “self-organization,” which today pervades many sciences, from cosmology (Smolin and the idea that the universe made itself) to economics (Krugman on “emergence”). Like Pauchant, Carey shows us how Smith’s ideas create bridges between the social and natural sciences. To conclude on the invisible hand, maybe we should follow our author in seeing “the term ‘invisible hand’ as a placeholder for an explanation that Smith knew he was not yet able to furnish.”

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Adam Smith and Immanuel Kant as critics of empire

International trade companies and global commerce versus *jus commercii*

Fotini Vaki

1. The two narratives in *The Wealth of Nations*

There are two narratives running through *The Wealth of Nations*. On the one hand, dominant is the normative assessment of the commercial society as the happy end of history and humanity, the imminent advent of which is guaranteed by the main features of a uniform human nature. The *primum mobile* of the historical teleology implicit in the four-stages theory of Smith and the Scottish conjectural history¹ are the main features of human nature such as, first, its “propensity to track, barter and exchange one thing for another”² and, second,

the uniform, constant, and uninterrupted [desire] for bettering our condition, a desire which, though generally calm and dispassionate, comes with us from the womb, and never leaves us till we go into the grave. In the whole interval which separates those two moments, there is scarce perhaps a single instant in which any man is so perfectly and completely satisfied with his situation as to be without any wish of alteration or improvement of any kind.³

And since, for Smith, an “augmentation of fortune is the means by which the greater part of men propose and wish to better their condition,” that propensity of human nature becomes the motor force of economic affluence and prosperity. Apparently, the uniform human nature, when left unimpeded, inevitably brings about the commercial society. And, conversely, it is only within the context of the latter that the former can flourish and realize itself. In the opening pages of *The Wealth of Nations*, commercial society is depicted as the paradise on earth which not only augments the “skill, dexterity and judgment”⁴ of its subjects but also makes their lives superior to that of an African king.⁵

On the other hand, the encomium of commercial society seems to recede and give way to a gloomy picture which, strangely enough, brings Smith closer to Ferguson and anticipates Marx’s theory of alienation. In the progress of the division of labour, Smith claims, the confinement of the “far greater part of those who live by labor” to “a few very simple operations”⁶ and their exclusion from the public deliberations, in which their voices are “little heard and less regarded,”⁷

numb their ability to judge and make them “stupid and ignorant” to such an extent that they are “not only incapable of relishing or bearing a part in any rational conversation but of conceiving any generous, noble or tender sentiment and consequently of forming any just judgment concerning many even of the ordinary duties of private life.”⁸ Smith does not even hesitate to take sides with Ferguson in reproaching commercial society for eliminating the courage of its subjects rendering them equally incapable of defending their country in war.⁹ The historical teleology implicit in Smith’s four-stages model seems to collapse as soon as he praises the disdained “rude stage of humanity” in which every man is a warrior and exerts his judgment to confront problems and remove difficulties. How far is that insight from Ferguson’s praising of the barbarian’s robustness evinced in wars in which they “preferred death to captivity.”¹⁰ And how far is the above gloomy illustration of commercial society from Ferguson’s bitter remark that behind the so-called “skill, dexterity and judgment” brought about by the distribution of labour lies hidden a “nation of helots” rather than free citizens?¹¹ Is there finally, as Donald Winch maintains, a civic republican strain in Smith?¹² And most importantly, how can one view the tension inherent in *The Wealth of Nations* apparent by the coexistence of the two narratives?

In what follows I will try to show that Smith neither lapses into a civil republican tradition nor contradicts himself by presenting commercial society as a eulogy and a hell at the same time. What appears as a twofold contradictory narrative is, in fact, two epistemological standpoints: a normative and a descriptive. The general view developed on the system of natural liberty translatable in the right of commerce – *jus commercii* – becomes the normative standpoint of the critique of historical systems and institutions that were unjust. The elaboration of the concept of natural liberty imprinted in the famous metaphor of the invisible hand is a sought-after ideal and the normative yardstick for denouncing the gap between the “ought” and the “is,” the ideal and its distorted realization in the domain of history. That intertwining of a descriptive narrative with a fair number of strong normative comments not only refutes the famous “Adam Smith problem” according to which *The Wealth of Nations*, unlike *The Theory of Moral Sentiments*, is the amoral discourse par excellence restricted to value-free judgments concerning the possibilities of economic affluence; it mainly makes claims of social justice, albeit implicitly, by underlining what is unjust. I intend to illuminate that point by focusing on Smith’s severe critique of the exclusive companies of the merchants from the standpoint of *jus commercii*. Paradoxically, his criticism brings him closer (though from a radically different methodological route) to Kant’s *jus cosmopolitanum*.

2. Smith’s criticism of the international trade companies

The discourse on commerce as the substitute for war and the guarantee of social stability and economic affluence crosses the boundaries of local/national Enlightenments and becomes the dominant eighteenth-century discourse. Unlike the contemporary use of the term which identifies it exclusively with the

market-oriented trade of goods, in the eighteenth-century context commerce has broader connotations and signifies interaction and communication. *Jus commercii* could be argued to encompass *jus cosmopolitanum*.¹³ For a considerable portion of the Scottish Enlightenment, commerce goes hand in hand with “civility” – that is, the refinement of morals and “good manners.”¹⁴ The so-called *doux commerce* referring to the gradual finesse of the senses and aesthetic pleasures are seen as the almost natural outcomes of the commercial society.¹⁵ At the other end of the spectrum, Kant argues in his *Perpetual Peace* that “the spirit of commerce takes hold of every people and cannot exist side by side with war.”¹⁶ Commerce for Kant, together with the republican state and the principle of publicity, is becoming the means to realize the cosmopolitan order in history.

In the fourth Book of *The Wealth of Nations* Smith bitterly claims that “commerce which ought naturally to be, among nations as among individuals, a bond of union and friendship has become the most fertile source of discord and animosity,”¹⁷ while he remarks that “to expect . . . that the freedom of trade should ever be entirely restored in Great Britain, is as absurd as to expect that an Oceana or Utopia should ever be established in it.”¹⁸ Smith’s pessimistic comments are most probably dictated by his active involvement in the pamphlet wars about the East India Company’s illegal, unjust and imperial conduct as well as by his assessment of the Seven Years War, which, for him, “was altogether a colony quarrel” among the leading European states,¹⁹ fuelled by the interests of international trade companies and their merchants. The Enlightenment’s pious wish of commerce as the substitute for war was so contradicted by the existing commercial practices that Smith closes *The Wealth of Nations* by urging Britain to stop building imaginary great empires and instead “endeavour to accommodate her future views and designs to the real mediocrity of her circumstances.”²⁰

Smith’s distrust and condemnation of the merchants is very well known. Acting exclusively in the name of monopoly, which, for Smith, is the “sole engine of the mercantile system,”²¹ the merchants keep the market constantly understocked, sell their commodities much above the natural price,²² impose “high duties and prohibitions upon all those foreign manufactures which can come into competition with their own”²³ and always remain “silent with regard to the pernicious effects of their own gains. They complain only of those of other people.”²⁴ For Smith, however, the most tangible proofs of the corruption of commerce are the practices of the international trade companies and, in particular, of the so-called joint-stock companies such as the South Sea Company, the Royal African Company, the Hudson’s Bay Company and the famous East India Company. Those companies are managed by a court of directors subject to the control of a general court of proprietors which, by frequently being appointed by the directors themselves, is more concerned with earning its yearly dividend than watching over the company’s activities.²⁵ Furthermore, insofar as the directors are “managers of other people’s money” who share “in the common profit or loss in proportion to their share in this stock,”²⁶ “it cannot be well expected that they should watch over it with the same anxious vigilance with which the partners in a private compartnery frequently watch over their own.”²⁷ Smith’s criticism of the joint-stock companies

is deeply humanistic and egalitarian. First of all, he decries them as “burdensome or useless” enterprises that have “either mismanaged or confined the trade”²⁸ since they are exclusively oriented to extracting profit by all means: by keeping the market understocked, restraining competition, discouraging new ventures from entering into the trade and, last but not least, buying and supplying slaves and plundering defenceless natives. Smith unveils the immense hypocrisy behind “the pious purpose of converting them to Christianity”²⁹ which sanctifies every impunity and injustice Europeans committed by means of the superiority of force.³⁰ He condemns colonialism as a sheer folly and injustice³¹ from the standpoint of common humanity³² as well as from that of the “most sacred right of mankind” – natural liberty. In Smith’s words: “To prohibit a great people . . . from making all that they can of every part of their own produce, or from employing their stock and industry in the way that they judge most advantageous to themselves is a manifest violation of the most sacred right of mankind.”³³ The idea of “natural liberty” as the standpoint of criticism of obsolete and corrupt practices impeding it, such as mercantilism, apprenticeships, guilds, bounties, monopolies and so forth, is assigned with instrumental, cognitive/epistemological and moral/political dimensions.

First, in relation to its instrumental role, natural liberty is a synonym of the famous invisible hand, according to which whenever people are left free to pursue their own self-interest they unwillingly promote the public good. The mechanism of the commercial society is such that private self-interest is transmuted into public benefit. Conversely, our self-interest can be realized only when we collaborate with our fellows, regardless of our intentions.

Second, in relation to its cognitive/epistemological dimension, for Smith, our knowledge is inductively inferred by experience. What we know most firmly are our immediate circumstances and “we often err when we try to extrapolate general principles of human behavior from those circumstances and project them into the future.”³⁴

Third, the empiricist epistemological premises governing Smith’s account of natural liberty render the latter not merely a methodological tool or a descriptive approach to social theory,³⁵ but first and foremost a value judgment with moral and political connotations characteristic of Smith’s aversion to the architects of Utopia who view history as a guinea pig in the lab of theory and design their grandiose plans by being indifferent to the particularities of historical circumstances and the facts of human nature. “I have never known,” Smith writes, “much good done by those who affected to trade for the public good.”³⁶ Considering progress as the gradual process of accumulating experience rather than the pompous plan of an intellectual and political avant-garde, Smith claims that the individual agent “can in his local situation judge much better than any statesman or lawgiver can do for him.”³⁷ In the end, “in the great chess board of human society, every single piece has a principle of motion of its own, altogether different from that which the legislature might chuse to impress upon it.”³⁸ But the whole story has not yet been told.

For Smith, the most worrying symptom of the corruption effects of the joint-stock companies is their function as the substitutes for the sovereign. The

merchants are taking on the political mantle but they can never act as a sovereign ought to act precisely because their sole aim is the extortion of profit by every possible means: by committing atrocities and injustices, and causing much suffering to the subjects they rule. The political rule of the international companies that prioritize absolutely profits over the well-being of their subjects can only assume the form of a bloodthirsty, tyrannical, militaristic regime. The only political rule is the rule of violence since a merchants' government lacks legitimacy and promotes interests that are diametrically opposite to those of the country.³⁹ The subjection of the political will to the ruthless and dictatorial imperatives of the companies not only infringes upon the sacred and natural right of commerce,⁴⁰ the hallmarks of which are the justice and equality guaranteed by, in Smith's words, "the mutual communication of knowledge and of all sorts of improvements,"⁴¹ but also encroaches on "the right one has to the free use of his person and in a word to do what he has in mind when it does not prove detrimental to any other person."⁴² Smith's condemnation of the exclusive companies as "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"⁴³ makes him – if we are allowed an anachronism – a tragically relevant critic of capitalist globalization from the standpoint of cosmopolitanism. But it also brings him close to Kant's criticism of colonialism.

3. Kant's *jus cosmopolitanum*

While the cradle of the Smithian ideas is the historical context and the field of experience, Kant deduces his juridical or even deontological-ethical postulates in fashioning a cosmopolitan order from the a priori principles of reason. While, for Smith, the precondition of autonomy is free commerce inasmuch as it takes place among equal and autonomous agents each exercising his judgment and pursuing his interest not "by every servile and fawning attention to obtain"⁴⁴ the others' goodwill but through mutually advantageous, respectful free exchange, for Kant the institutional locus of autonomy and cosmopolitanism is the republican state.

Yet the Kantian *jus cosmopolitanum*, referring to a principle of right rather than a philanthropic (ethical) idea,⁴⁵ is almost identical to the Smithian right of commerce to the extent that it is identified with "a community of possible physical interaction" and the right to "engage in commerce with any other."⁴⁶ Furthermore, just as Smith grounds the natural right of commerce upon natural liberty, Kant resorts to the "right of humanity in one's own person" and the innate right of freedom denoting the coexistence of the freedom of each with "the freedom of any other in accordance with a universal law"⁴⁷ to decry colonialism. This is reinforced by his thesis on the right to property I intend to explicate in what follows.

In *The Metaphysics of Morals* the transition from the natural to the political or lawful condition, which, for Kant, is set as a duty, is becoming the context within which the right to property is grounded. In his treatment of private right pertaining to the natural state Kant already mentions sensible or physical and

intelligible or rightful possession.⁴⁸ The fact that I hold an object or my body dwells on a piece of land is not necessarily a condition of property. Property, for Kant, refers instead to intelligible possession, which, in his own words, consists in “a merely rightful connection of the subject’s will with that object . . . independently of any relation to it in space and time.”⁴⁹ In other words, something is mine even if it is not in the same place with me.

Yet possession in the state of nature is only natural or sensible possession and, therefore, provisionally rightful possession.⁵⁰ Conclusive possession is possible instead only in a lawful condition, namely one governed by public law.⁵¹ That is because, for Kant, the right to property is not only conceived of as a right to a thing but as a right to the private use of a thing. By the latter is meant the right versus any other person who possesses that thing with others in common. The idea of the common possession becomes the condition of the possibility of the exclusion of every other possessor from the private property of an object.⁵²

Nevertheless, several questions arise with relation to Kant. What happens with the land property? When is a land mine? And if the *sine qua non* of property is the political condition, what happens with those who do not wish to constitute civil society? Can anyone usurp their land? And, finally, does the Kantian theory of property, on the one hand, and the Kantian thesis that the constitution of a republican state as a duty, on the other, legitimate unwillingly colonial practices or “humanitarian” interventions in the name of the “noble” mission of civilizing “savages”? The answer to that presupposes, on the one hand, Kant’s theory of land property and, on the other, his definition and elucidation of the cosmopolitan right.

Starting from the idea of the original possession in common, Kant maintains, first, that all human beings, before proceeding to any act of instituting rights, “have a right to be wherever nature or chance (apart from their will) has placed them. This kind of possession (*possession*) – which is to be distinguished from residence (*sedes*), a chosen and therefore an acquired *lasting* possession – is a possession *in common*,”⁵³ and that possession is common because

the spherical surface of the earth unites all the places on its surface; for if its surface were an unbounded plane, people could be so dispersed on it that they would not come into any community with one another, and community would not then be a necessary result of their existence on the earth.⁵⁴

Second, the right to the land property is established by the temporal priority of its possession.⁵⁵ In other words, the first possessor of a piece of land is entitled to resist anyone who tries to usurp it.

It is precisely at this point that Kant formulates a theory of property in stark opposition to John Locke’s. For if, according to Locke, labour and use in general are becoming the conditions of property, the opposite holds for Kant: property is the condition of use. Kant’s argumentation at this point is inspired by the Aristotelian pair of substance and accident. The cultivation, the enclosure, the transformation by and large of a piece of land through labour are all considered

accidents – *symvevikota* – which cannot establish the right to the possession of the substance. Thus, the labour expenditure on land which is not already considered property is merely a waste of time and effort.⁵⁶

The Kantian interpretation of the land property on the basis of the temporal priority of its possession rather than its use and appropriation condemns unequivocally the foundation of colonies under the pretext of the vast, unexploited-by-the-natives pieces of land the use and development of which would be a significant step to material progress. But “it is easy to see through this veil of injustice [Jesuitism], which would sanction any means to good ends. Such a way of acquiring land is therefore to be repudiated.”⁵⁷ Nevertheless, there seems to be a contradiction at this point. According to Kant, in the state of nature – that is, in the absence of public law – the property of land is regarded as provisional. And if the foundation of a political state is a duty, just as the incessant struggle for perfection of the human being is a moral duty, would that not legitimize the foreign occupation of land with the intent to integrate – even by violence – the “savages” into a lawful, political condition?

Kant claims that European colonial practices are to be condemned for two reasons, despite their supposedly good intentions. First, they are morally unacceptable. As Kant writes in “Perpetual Peace”:

America, the Negro countries, the Spice Islands, the Cape, etc. were looked upon at the time of their discovery as ownerless territories; for the native inhabitants were counted as nothing. In East India (Hindustan), foreign troops were brought in under the pretext of merely setting up trading posts. This led to oppression of the natives, incitement of the various Indian states to widespread wars, famine, insurrection, treachery and the whole litany of evils which can afflict the human race . . . and all this is the work of powers who make endless ado about their piety, and who wish to be considered as chosen believers while they live on the fruits of iniquity.⁵⁸

Second, the colonial practices infringe upon the idea of the cosmopolitan right. By encouraging a sense of co-belonging the latter confines itself in a right of hospitality. For Kant,

the stranger cannot claim the right of a guest to be entertained, for this would require a special friendly agreement whereby he might become a member of the native household for a certain time. He may only claim a right of resort, for all men are entitled to present themselves in the society of others by virtue of their right to communal possession of the earth’s surface. Since the earth is a globe, they cannot disperse over an infinite area, but must necessarily tolerate one another’s company.⁵⁹

However, the contradiction remains. For, on the one hand, Kant regards it as the moral duty of every single human being to develop his capacities while, on the other, he grounds as a kind of a categorical imperative man’s exit from the state of nature. But is it also a duty of a whole people to perfect themselves? Moreover, is

it a duty of a human being to improve his fellow human beings? And, accordingly, is it a duty of a people to civilize another people?

Kant's answer is "no," because in *The Metaphysics of Morals* he maintains that it is at people's own discretion to choose how they want to live upon the earth. At this point, Kant resorts to the sole, innate right every human being bears in virtue of his "humanness," which is that of freedom conceived of as emancipation from the constraints brought about by others' choices and as the possibility of our freedom to coexist with another's freedom according to a universal law.

4. Conclusion

In this paper I have tried to underline the normative aspects permeating Smith's *Wealth of Nations*, in particular the idea of natural liberty translatable, on the one hand, into the famous metaphor of the invisible hand, and, on the other, into the idea of *jus commercii* implying not merely the trade of goods but actual communication and interaction among different cultures and states. The emphasis upon the "normative" Smith of *The Wealth of Nations* serves a twofold purpose. First, it refutes the "Adam Smith problem" according to which *The Wealth of Nations*, unlike *The Theory of Moral Sentiments*, is an amoral, "value-free" discourse. The system of natural liberty becomes on the contrary the standpoint of a forceful criticism of the injustice and enormity of existing trading practices that are mainly exercised by the international trade companies. *Jus commercii* as the concrete embodiment of the ideal of natural liberty is therefore becoming the severe indictment of the corrupting practices and mismanagement of joint-stock companies exclusively oriented to extracting profit, of colonialism and of the merchants' substitution for the sovereign of the state.

Admittedly, there seem to be very deep differences between Kant and Smith. For Smith, autonomy is confined to the domain of the market implying exchanges in equal terms, whereas, for Kant, the loci of autonomy are the a priori principles of reason. While Smith resorts to the idea of fair trade sustained by acts the state undertakes to legislate as the institutional form of "natural liberty," Kant considers the republican state as the *sine qua non* condition of autonomy.

Notwithstanding these differences, however, Smith's idea of natural liberty as the critical weapon against obsolete and unjust practices, such as mercantilism, monopolies, bounties and colonialism, can be read along the lines of Kant's *jus cosmopoliticum*. Sustained by the "right of humanity in one's own person" and the idea of freedom – that is, the possibility of our freedom coexisting with another's freedom according to a universal law – Kant's idea of the cosmopolitan right serves as the standpoint of the criticism and denunciation of colonial practices.

Notes

- 1 Smith was the first to proceed to the elaboration and formulation of the four-stages theory, the forerunners of which, according to Meek, are Grotius and the Physiocrats. Yet the innovation of the Scots consists in bringing forth the four-stages theory as

the explanatory model of a theory or philosophy of history rather than as a moral theory within the context of the natural law. See Ronald Meek, "Smith, Turgot and the 'four stages' theory," *History of Political Economy*, 3(1) (1971): 9–27 and Ronald Meek, *Social Science and the Ignoble Savage*, Cambridge: Cambridge University Press, 1976, p. 14. Smith divides the social formations into four stages on the basis of the mode of producing the material means of subsistence, developing thereby an evolutionary model that is applicable to any type of society. The first stage is that of hunters, the second that of shepherds, the third that of agriculture, and the fourth the much-desired commercial society. See Adam Smith, *Lectures on Jurisprudence*, ed. R.L. Meek, D.D. Raphael and P.G. Stein, Oxford: Oxford University Press, p. 14. For Smith, each stage does not annul but assimilate the preceding one. To give one example, in commercial society, hunting and fishing do not vanish but remain as leisure activities rather than determining modes of production.

- 2 Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, ed. R.H. Campbell and A. S. Skinner, Oxford: Clarendon Press, 1976, p. 117.
- 3 Ibid., II.iii.28, p. 341.
- 4 Ibid., I.i.1, p. 13.
- 5 Ibid., I.i.11, p. 24.
- 6 Ibid., V.i.f.50, p. 781.
- 7 Ibid., I.xi.p, p. 266.
- 8 Ibid., V.i.f.50, p. 782.
- 9 Ibid., V.i.f.50, p. 782.
- 10 Adam Ferguson, *An Essay on the History of Civil Society* [1767], ed. Fania Oz-Salzberger, Cambridge: Cambridge University Press, 1995, p. 105.
- 11 Ibid., p. 177.
- 12 Winch grounds his claim on Smith's calling upon the intervention of persons of "real political wisdom" and patriotism to appease social conflicts (Adam Smith, *The Theory of Moral Sentiments* [1759], ed. D. D. Raphael and A. L. Macfie, Oxford: Clarendon Press, 1976, VI.ii.2.13, p. 232). See Donald Winch, *Adam Smith's Politics*, Cambridge: Cambridge University Press, 1978, pp. 159–160. For a different line of interpretation, see Vivienne Brown's *Adam Smith's Discourse*, London: Routledge, 1994, pp. 210–211, 120–140. Brown has shown that politicians, although necessary, do not play a regular role in promoting the good of society. For an interpretation closer to Brown's, see Samuel Fleischacker, *On Adam Smith's Wealth of Nations*, Princeton, NJ: Princeton University Press, p. 232.
- 13 As Sankar Muthu pointedly claims, the institutions, practice and sense of flux the Enlightenment thinkers had in mind when using the term "commerce" could be depicted in the concept of globalization, although that might sound like an anachronism. See Sankar Muthu, "Adam Smith's critique of international trading companies: Theorizing 'globalization' in the Age of Enlightenment," *Political Theory*, 36 (2008): 185–212, p. 188. On the use of the concept of globalization in that context, see also: Giovanni Arrighi, *Adam Smith in Beijing: Lineages of the 21st Century*, London: Verso, 2007; and Emma Rothschild, "Globalization and the return of history," *Foreign Policy*, 115 (1999): 106–116.
- 14 David Hume, "Of refinement in the arts" [1777], in *Essays, Moral, Political and Literary*, ed. E. F. Miller, Indianapolis, IN: Liberty Fund, 1985, p. 268.
- 15 See the brilliant studies of J. G. A. Pocock, *Virtue, Commerce and History*, Cambridge: Cambridge University Press, 1985, pp. 49–50, 114–115, and Albert Hirschmann, *The Passions and the Interests*, Princeton, NJ: Princeton University Press, 1977, p. 56.
- 16 I. Kant, "Perpetual peace: A philosophical sketch," in *Kant's Political Writings*, ed. Hans Reiss, Cambridge: Cambridge University Press, 1992, p. 114.
- 17 *Wealth of Nations*, IV.iii.c.9, p. 493.
- 18 Ibid., IV.ii.43, p. 471.
- 19 Ibid., IV.vii.c.64, p. 615.

- 20 Ibid., V.iii.92, p. 947.
- 21 Ibid., IV.vii.c.89, p. 630.
- 22 Ibid., I.vii.26, p. 78.
- 23 Ibid., IV.iii.c.10, p. 494.
- 24 Ibid., I.ix.24, p. 115.
- 25 Ibid., V.I.e.18, p. 741.
- 26 Ibid., V.i.e.6, p. 733.
- 27 Ibid., V.i.e.18, p. 741.
- 28 Ibid., V.I.e.5, p. 733.
- 29 Ibid., IV.vii.a, p. 561.
- 30 Ibid., IV.vii.c.80, p. 626.
- 31 Ibid., IV.vii.b.59, p. 588.
- 32 Ibid., IV.vii.b.54, p. 587.
- 33 Ibid., IV.vii.b.44, p. 582. And in IV.ix.51, p. 687: "Every man as long as he does not violate the laws of justice is left perfectly free to pursue his own interest his own way and to bring both his industry and capital into competition with those of any other man or order of men."
- 34 Fleischacker, *On Adam Smith's Wealth of Nations*, p. 34.
- 35 I depart at this point from interpretations such as those propounded by Craig Smith, according to which the "spontaneous order argument" is viewed as a descriptive method of social theory deprived of its political, moral or ideological role. See Craig Smith, *Adam Smith's Political Philosophy: The Invisible Hand and Spontaneous Order*, London: Routledge, 2006, p. 1.
- 36 *Wealth of Nations*, IV.ii.9, p. 456.
- 37 Ibid., IV.ii.10, p. 456.
- 38 *The Theory of Moral Sentiments*, VI.ii.2.13, p. 232.
- 39 *Wealth of Nations*, IV.vii.c.103, p. 638.
- 40 In his *Lectures on Jurisprudence* in 1762, Smith includes the right of commerce – i.e., "the right of trafficking with those who are willing to deal with him" – among the "natural rights of humanity." See Adam Smith, *Lectures on Jurisprudence*, ed. R. L. Meek, D. D. Raphael and P. G. Stein, Indianapolis: Liberty Fund, 1982; Oxford: Clarendon, 1978, A.i.11, p. 8.
- 41 *Wealth of Nations*, IV.VII.c.80, p. 627.
- 42 *Lectures on Jurisprudence*, A.i.13.8.
- 43 *Wealth of Nations*, IV.vii.c.108, p. 641.
- 44 Ibid., I.ii.2.
- 45 Immanuel Kant, *The Metaphysics of Morals* [1797], ed. Mary Gregor, Cambridge: Cambridge University Press, 1996, par. 62, p. 121.
- 46 Ibid.
- 47 Ibid., p. 30.
- 48 Ibid., p. 37.
- 49 Ibid., p. 43.
- 50 Ibid., p. 45.
- 51 Ibid., p. 45.
- 52 As the title of par. 8 in *ibid.*, p. 44, suggests.
- 53 Ibid., par. 13, p. 50.
- 54 Ibid.
- 55 Ibid., p. 51.
- 56 "Moreover, in order to acquire land, is it necessary to develop it (build on it, cultivate it and so on)? No. For since these forms [of specification] are only accidents, they make no object of direct possession and can belong to what the subject possesses only insofar as the substance is already recognized as his" (*ibid.*, p. 52; see also p. 55).
- 57 Ibid., p. 53.
- 58 "Perpetual peace," pp. 106–107.
- 59 Ibid., p. 106.

Apoikia and colonia

Smith's comments on the 'recent disturbances' in the colonies

Roberto Resende Simiqueli

The theoretical works of Adam Smith are inscribed in a far-reaching debate about human nature, representing the attempt at dialogue between a long tradition of British/Scottish moral philosophy, guided by the constitution of a particular model of economic subject, and the echoes of the reflection on social and political issues undertaken in the continent at his time. Challenging the mercantilist legacy, clearly perceptible in eighteenth-century England, Smith presents arguments that play a decisive role in the change of course on foreign and economic policies then applied by the British crown.

However, there are a number of discrepancies between the original formulation of these arguments and their incorporation into the political liberal lexicon in the mid-nineteenth century. Much of the theoretical work done by the author about the motives of the colonial system and its fundamental logic of action is lost amid the lobbying for the repeal of the Corn Laws and further liberalization of the Empire. We believe, in this sense, that revisiting some of the positions entertained by Smith on the history and situation of modern colonies would help us reconstitute some of the peculiarities of this specific moment in the history of liberal thought, especially if we take into account the gap formed between the *philosophe's* treatment of the issue at hand and its incorporation into liberal political praxis.

The independence of the American colonies figures as one of the main topics of discussion among the enlightened Scots. Hume, even when gravely debilitated, a mere few months before his death, does not shy away from discussing the subject extensively. His references to the 'problems in America' in the letters he exchanged with William Strahan¹ and Baron Mure of Caldwell give several examples of the philosopher's position on the direction being taken by the Empire. As he writes to Strahan in October 1775:

I must, before we part, have a little Stroke of Politics with you, notwithstanding my Resolution to the contrary. We hear that some of the Ministers have propos'd in Council, that both Fleet and Army be withdrawn from America, and these Colonists be left entirely to themselves. I wish I had been a Member of His Majesty's Cabinet Council, that, I might have seconded this Opinion. I should have said, that this Measure only anticipates the necessary Course of