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# Introduction

IT IS NOW commonplace for work on Adam Smith to begin by remarking that there was once believed to be such a thing as ‘Das Adam Smith Problem’, but that this has now happily been overcome. In turn (we are standardly told) the door has been opened to more fruitful investigations, and a fuller picture of Smith as first-rank moral, political, and economic, thinker—who also had important things to say about the origins of language, rhetoric, the philosophy of science, and religious belief—has duly emerged. As a result (the story usually concludes) the crude popular caricature of Smith as an advocate of narrow self-interest, with a Panglossian attitude towards markets and 1980s Chicago-style suspicion of government, has been firmly discredited.

At one level, this is all true. The crudest version of Das Adam Smith Problem, as standardly attributed to German scholars of the late nineteenth century, posited that there was a fundamental incompatibility between Smith’s first book, *The Theory of Moral Sentiments* (*TMS*), and his second, *The Wealth of Nations* (*WN*). This was because the former was allegedly based on an ethic of ‘benevolence’, the latter on a psychology of ‘selfishness’. But given that these are contradictory starting points, how could the same man have written both books?<sup>1</sup> Whether anyone ever really believed in such a crude version of precisely

1. For more detailed discussion and on the historical background especially, see Leonidas Montes, *Adam Smith in Context: A Critical Reassessment of Some Central Components of His Thought* (London: Palgrave Macmillan, 2004), 15–45. See also James R. Otteson, *Adam Smith’s Marketplace of Life* (Cambridge: Cambridge University Press, 2002), chap. 4; Pierre Force, *Self-Interest Before Adam Smith: A Genealogy of Economic Science* (Cambridge: Cambridge University Press, 2003), 256–63; E. J. Hundert, *The Enlightenment’s Fable: Bernard Mandeville and the Discovery of Society* (Cambridge: Cambridge University Press, 1994), 235; Vivienne Brown, *Adam Smith’s Discourse: Canonicity, Commerce, and Conscience* (London: Routledge, 1994), chap. 2.

this binary is questionable.<sup>2</sup> Regardless, more recent scholarship has made plain that *TMS* is based on arguments about ‘sympathy’ (a much more technical, and philosophically sophisticated, concept than mere benevolence), whilst *WN* pays attention to what modern commentators would class as ‘self-interest’ (which is not at all the same thing as selfishness). This in turn dispels any crude version of Das Adam Smith Problem, based as it is on straightforward mistakes about precise philosophical ideas, and the differing levels of analysis with which each of Smith’s works is primarily preoccupied (the first being about individual-level morality, the latter about societal level systemic analysis, there being no inherent tension between the two). Furthermore, the discovery of the notes made by attendees of Smith’s lectures in the 1760s, now published as the *Lectures on Jurisprudence (LJ)*, comprehensively refutes earlier suggestions that the same man could write two allegedly contradictory books because he changed his mind between their composition. Earlier suggestions that *WN* was the result of an about-face from Smith following an engagement with the materialism of Helvétius (whom he encountered only after publishing *TMS*) became untenable following the recovery of *LJ*.<sup>3</sup> We now know beyond question that Smith was working on ideas that would form the backbone of *WN* almost immediately after publishing the first edition of *TMS*, which he anyway went on to meticulously revise for the rest of his life, both before and after publishing his great work of political economy. In turn, it is undeniable that the burgeoning and ever-growing scholarship on Smith of the past half century has produced a more accurate picture of him as a major contributor to the Scottish, and indeed wider European, Enlightenment.

Yet there is a sense in which Das Adam Smith Problem remains firmly at the heart of much current Smith scholarship. This is because the so-called Das Adam Smith Problem may be understood not as a worry primarily about textual inconsistency or suppositions that Smith changed his mind, but as a more fundamental concern about the ethical status of societies that rely extensively on markets tout court. Specifically, that a society in which there is widespread reliance on markets—and hence, on the unbridling of self-interest, and in turn pursuit of consumer and in particular luxury and status goods—must necessarily

2. On which see Keith Tribe, ‘“Das Adam Smith Problem” and the Origins of Modern Smith Scholarship’, *History of European Ideas* 34, no. 4 (2008).

3. Montes, *Adam Smith in Context*, 29.

be to some degree morally compromised.<sup>4</sup> This of course is neither a new worry nor one that is unique to the supposed Das Adam Smith Problem. Versions of it exist in (for example) various strands of Christian moral and political thought, in classical republicanism's insistence on civic virtue and its deep hostility to the luxury and economic inequality generated by and in turn fueling market activity, and in contemporary anxieties commonplace in our own day about the deleterious effects of consumer-driven postindustrial capitalism. The *real* Das Adam Smith Problem, we might say, therefore cuts deeper—and remains more urgent—than merely a matter of textual interpretation and historical consistency. How could a first-rate moral philosopher like Smith think that morality was not fatally compromised by the existence of the kind of market-reliant society that he set out not only to understand and explain, but in various ways to suggest could be improved?

Understood this way, what I am calling the Real Das Adam Smith Problem remains very much alive. This is most especially true in the large body of recent literature that reads Smith as to a significant degree responding to his contemporary Jean-Jacques Rousseau's incendiary assault on market-based societies, *The Discourse on Inequality* of 1755. In the current literature connecting Rousseau and Smith, Rousseau is standardly presented as the arch-critic of market-based society, whilst Smith is either its defender or qualified apologist. The template is thus set: societies that rely heavily on markets are presumed to be normatively problematic on a host of metrics, and the extent to which Smith agrees or disagrees is considered in turn, and the picture we get of Smith is thus of someone who accepted this basic framework, but simply came out on the other side of the debate on various specific points, whilst acknowledging that Rousseau asked the right questions, and may even have been right regarding some of the matters he raised (how much, why, to what degree, and with what significance vary between commentators).<sup>5</sup>

4. István Hont, *Politics in Commercial Society: Jean-Jacques Rousseau and Adam Smith*, ed. B. Kapossy and M. Sonenscher (Cambridge, MA: Harvard University Press, 2015), 17–18. In fact I owe this insight more directly to Hont's allowing me to audit his (in)famous Adam Smith class for Cambridge MPhil students in the autumn of 2010, where this point was made more explicitly in the preparatory reading materials, and which has stayed with me since.

5. For a helpful overview, see Dennis Rasmussen, 'Adam Smith and Rousseau: Enlightenment and Counter-Enlightenment', in *The Oxford Handbook of Adam Smith*, ed. C. J. Berry, M. P. Paganelli, and C. Smith (Oxford: Oxford University Press, 2013). See chapters 3 and 4 below for full references and discussion. Not all recent commentators, it must be noted, conform to this framework. Christopher J. Berry, for example, writes that Smith 'deflects or counters the

A central aim of this book is to challenge this way of thinking from the ground up. For it is my contention that Smith *did not* operate from the basic assumption underlying the Real Das Adam Smith Problem, that is, that societies which rely heavily on markets are presumptively normatively problematic and must be either criticised, or qualifiedly defended, on ethical grounds pertaining to concerns about self-interest, vanity, status-competition, consumerism, and so forth. Whilst the recent literature on Smith and Rousseau has been invaluable in decisively discrediting crude depictions of Smith as a narrow theorist of *Homo economicus*, bringing to light the complexity and sophistication of especially his moral, and to a lesser extent his political, thought, it has nonetheless now itself become an obstacle to a truer understanding of Smith's ideas, which are more intellectually audacious (and to my mind, more persuasive) than have hitherto been appreciated.

A fundamental contention of this book, then, is that Smith did not share Rousseau's anxieties about market societies. In that sense he was also firmly outside the classical republican and various Christian traditions that predated him, as well as more recent anxieties about the pernicious effects of consumerism. This makes Smith *unusual*: his starting point is not an innate normative suspicion of markets and their effects on human moral well-being, and which is the default for many, if not most, thinkers in the history of Western moral thought. Whilst Smith did worry—extensively—about human moral well-being, he did not think that market societies were a privileged locus for such worries, or that they were especially liable to exacerbate those real threats to human ethical health that do exist. The problem, Smith believed, was not the widespread presence of markets, but more fundamentally the human condition, and the many ways it could go well or badly depending on a wide range of factors. This did not make Smith blasé about the challenges posed by markets, and hence faced by societies that rely extensively on them. Far from it, as

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accusation that commercial transactions (and by extension a society founded upon them) are ethically suspect' ('Adam Smith and the Virtues of the Modern Economy', in *Essays on Hume, Smith and the Scottish Enlightenment* [Edinburgh: Edinburgh University Press, 2018], 359). Although I disagree with Berry on a number of technical matters of Smith interpretation—as will be seen in the succeeding chapters—I share with him a basic estimation that Smith rejected the traditional view that commerce is inherently suspect and that market exchange represents an inferior mode of human interaction both morally and political speaking, as compared to supposedly more virtuous (usually Christian or republican) alternatives. See also Christopher J. Berry, 'Smith Under Strain', *European Journal of Political Theory* 3, no. 4 (2004), and 'Adam Smith: Commerce, Liberty and Modernity', in *Essays on Hume*.

we will see in due course. What I aim to show, however, is the hitherto underappreciated extent to which Smith was more centrally concerned with the political, rather than the moral, dangers that such societies were vulnerable to, whilst also highlighting what he took to be their often unappreciated or unrecognised achievements.

These were achievements which a critic like Rousseau in the *Discourse* did not see or understand because, at least from Smith's perspective, Rousseau in many ways simply did not know what he was talking about. This was because the Genevan made his pronouncements based primarily on philosophical conjectures, whereas the Scot was convinced that in order to understand the ethical and political situation of modern European societies, one had to grasp at least the basic contours of the real (and not merely conjectural) history of human civilization in something like its entirety. At the beginning of the *Second Discourse* Rousseau famously moved on from the thorny question of whether his state of nature account was intended to be purely imaginary, was in fact meant to have some grounding in historical facticity, and if the latter then what its relation to biblical scripture was supposed to be, by stating that he would 'begin by setting aside all the facts, for they do not affect the question.'<sup>6</sup> Smith's point of departure in political analysis was the reverse: we *cannot* set the facts aside, for they absolutely *do* affect the question. Political theory had to be genuinely historical, Smith believed, or else it would be simply a series of postulations untethered to the reality of what it was supposed to account for, and thus not accounting for anything. (The widespread view that Smith relied heavily on conjectural history in his political thought is mistaken, as I argue in chapter 1 below.) In turn, from Smith's perspective Rousseau's

6. Jean-Jacques Rousseau, *The Discourses and Other Early Political Writings*, ed. V. Gourevitch (Cambridge: Cambridge University Press, 1997), 132. For discussion on this point, see Christopher Kelly, 'Rousseau's "peut-etre": Reflections on the Status of the State of Nature', *Modern Intellectual History* 3, no. 1 (2006): 75–83. Even if—as some commentators suggest—the 'facts' Rousseau meant to set aside pertained only to purported facts of sacred history and not to facts about natural and political history, the general point still stands: from Smith's point of view, if there are indeed facts to be had, they better not be set aside. Indeed, this difference between the two thinkers is signalled by what Rousseau immediately goes on to say: that his 'Inquiries . . . ought not to be taken for historical truths, but only for hypothetical and conditional reasonings; better suited to elucidate the Nature of things than to show their genuine origin' (132). Smith by contrast rejected the idea that the 'nature of things' could be elucidated by hypothetical conjectures, holding that it was precisely the 'genuine origin' that needed to be known and understood.

quasi-history—based on speculative philosophical conjectures coupled with reading Buffon’s *Natural History*, plus what he gleaned from unreliable travelers’ reports sent back from distant lands, and lacking any firm grounding in the real and known history of either human civilization as a whole or European development in particular—fell far short of the required mark. Below (in chapter 3) I argue that even upon his first encounter with Rousseau’s thought when reviewing the *Discourse* in the short-lived *Edinburgh Review*, the young Smith—already in the process of composing *TMS*, itself a powerfully original work of moral philosophy—would likely not have been particularly impressed or perturbed with what he found in the *Discourse*. This was primarily due to the considerable advances already made by British theorists of sympathy in the previous three decades, plus Rousseau’s relatively unoriginal (from Smith’s perspective) ideas given what had already put forward by Bernard Mandeville. Yet in Smith’s subsequent and hence more mature and developed perspective—as he worked through material in his Glasgow lectures that would eventually constitute the backbone of *WN*, as well as the great unfinished work on law and politics that he ensured was destroyed before his death—Rousseau’s *Discourse* would have come to seem only more inadequate to the task of providing a satisfactory political understanding of modern conditions, given the scale of the historical framework that Smith came to believe was required. Over a lifetime of audacious intellectual endeavour Smith tried to inform himself of that vast history, and to build upon it in turn. By bringing this out more fully than commentators have so far done, I hope to show that the Real Das Adam Smith Problem is, at least when applied to Smith, revealed as a non-problem. However, doing so also allows us to simultaneously resist any unwelcome backsliding into earlier caricatures of Smith as somehow unattuned to the genuine complexities of the moral and political thinking that surround the theory and practice of markets, which it is a great and undoubted virtue of recent scholarship to have helped us leave behind.

Making this case, however, is complicated by the fact that at present the scholarship on Smith is bedevilled by fundamental and widespread misunderstandings of central aspects of his thought, which themselves help to generate the false assimilation of Smith’s ideas to the logic of the Real Das Adam Smith Problem. This is most especially true regarding his use of the term ‘commercial society’—now used ubiquitously by commentators, and as far as I can tell, universally incorrectly. Other major misreadings have also been allowed to prevail, regarding the so-called four stages theory, the place of conjectural history, Smith’s attitude towards ethical corruption, and his understanding of

what primarily powers large-scale market activity, to name but some of the most important. These however must all be put right, both as a matter of proper scholarly interpretation, but also because it is only by correcting various cumulative misreadings that a more accurate understanding of Smith's major contribution to the history of Western political thought can be attained. I must, however, beg the reader's patience: each of the next five chapters will have to be worked through, and then taken in light of each other, and only then will it be possible to draw all the strands together as one.

Chapter 1 begins via a fundamental reinterpretation of the role, nature, and importance of three aspects of Smith's political thought: 'commercial society', the 'four stages theory', and 'conjectural history'. Against the established scholarship, I seek to show that Smith was not a conjectural historian in his political thought; that his four stages theory is an economic thought experiment and not a conjectural history; that he does not think real historical development reliably follows a stadial progression; that 'commercial society' is not the fourth stage of the four stages model; and that as a result Smith's label of 'commercial society', when properly understood, radically underdetermines any political conclusions that might in turn be drawn (something proved by what Smith has to say about the commercial societies of the ancient world and China). This reworking of the foundations sets up the argument of the rest of the book.

Chapter 2 turns to the question of Smith and 'modern liberty'. Whereas it is well known that Smith thinks luxury brought down the feudal barons and reintroduced freedom to modern Europe, largely unexamined is the underlying theoretical question of what Smith thinks liberty *is*. My contention is that liberty for Smith is best understood as a species of nondomination, understood in terms of the personal security afforded to ordinary individuals regarding their physical safety as well as the stability of their holdings. However, for Smith liberty is something that can be adequately made sense of only in thick historical contexts, and where philosophical analysis alone will be inadequate to achieving satisfactory understanding. *Modern* liberty, for Smith, is specifically understood as security yielding nondomination, as achieved via widespread realisation of the rule of law—something unique to post-feudal Europe. Yet whilst Smith is a theorist of nondomination when it comes to freedom, he is categorically not a republican, instead aligning himself with Hume and Montesquieu as a theorist of the constitutional monarchies whom he believed owned the future of European (and hence global) politics. Furthermore, Smith's unorthodox conceptualisation of freedom as being



irreducibly historicised places him outside of the recent attempts to theorize freedom as nondomination put forward by republican political philosophers such as Quentin Skinner and Philip Pettit. Instead, he offers us an alternative model of political theorising, one which recognises the importance of non-domination as a political value, but does so without undesirable republican baggage, whilst placing the emphasis firmly on history and political institutions, not abstract conceptual philosophical analysis.

Chapter 3 examines the extent to which Smith's ideas were formed in response to, or significantly influenced by, those of Rousseau. Against the mainstream of recent scholarship on this question, I argue that when we restore Smith's British intellectual context, we see that Smith would have registered Rousseau's ideas as neither particularly novel nor especially challenging. On the contrary, Rousseau's argument in the *Second Discourse* was far behind the best available work in English (principally that of David Hume, which unlike Rousseau, Smith had read and absorbed by the 1750s), whilst the challenges he issued were merely restatements of arguments that had already been made by Mandeville some three decades previously. This indicates that Smith was neither seriously influenced nor animated by Rousseau's *Discourse*, and engaged it not as a major challenge to his own thought but as collateral damage.

Chapter 4 builds on chapter 3 by turning to the question of moral corruption and the extent to which Smith thought 'commercial society' was corrupting of its inhabitants, as well as potentially *itself* a corrupt form of social organisation. I suggest that if we remove the Rousseauvian lens that has dominated much recent interpretation, we come to see that Smith *did not* view 'commercial society' as a privileged locus for concerns of moral corruption. In this regard, *TMS* in particular has been subjected to a great deal of misinterpretation, which is badly in need of correction, and which this chapter offers in detail.

Chapter 5, by contrast, argues that insofar as Smith did express major concerns about 'commercial society', these were based in fears about not moral but political phenomena. To show this, I examine Smith's famous attack on the 'conspiracy of the merchants' and his assault on the mercantile system, but locate this in his wider theory of opinion as the foundation of political order, the importance of wealth to psychological authority generation, and his account of why the ancient commercial societies of Athens and Rome were ultimately destroyed by worsening misalignments between wealth and institutional political power. The result is a Janus-faced assessment of the merchants' conspiracy, but also a stark warning to modern European peoples about the

need for—but also the rarity and fragility of—good political judgement under conditions of the predictable rule of law.

The book concludes with a reflection on why Smith has so often been misread, suggesting that this is due to ahistorical conceptualisations of—as well as frequent conflation between—the distinct ideas of capitalism, the economy, and ‘commercial society’. Putting these matters right should, however, allow many common misinterpretations of Smith to cease, enabling his true value as a political theorist of commercial society to emerge into view.

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