

ADAM SMITH'S VIEW OF HISTORY: CONSISTENT OR PARADOXICAL?

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Discussion Paper No. 03.02 – March 2003



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Discussion Paper 03.02

ISSN.1174-2542

Price: \$10

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ABSTRACT

The conventional interpretation of Adam Smith is that he is a prophet of commercialism. The liberal capitalist reading of Smith is consistent with the view that history culminates in commercial society. The first part of the article develops this optimistic interpretation of Smith's view of history. Smith implies that commercial society is the end of history because 1) it supplies the ends of nature that he identifies; 2) it is inevitable; and 3) it is permanent. The second part of the article shows that Smith has some dark moments in his writings where he seems to reject completely such teleological notions. In this more civic humanist mood he confesses that commercial society does not supply the ends of nature, nor is it inevitable, nor is it permanent. Both views exist in Smith and the commentator is forced to choose between passages in Smith's work in order to support a particular interpretation of the former's view of history.

¹ Earlier versions of the paper were presented at the 1994 American Political Science Conference, the 1996 History of Economics Conference, the 1996 Australasian Association for Philosophy (NZ Division) Conference, and the 1996 Australasian Political Studies Association Annual Conference. This paper forms part of my book *Adam Smith: Optimist or Pessimist?* (Ashgate, forthcoming). The author wishes to acknowledge the helpful comments on earlier versions of this paper by J. Carens, R. Beiner, E. Andrew, and five anonymous referees for *History of the Human Sciences*. The author wishes to acknowledge the financial support of the Japan Society for the Promotion of Science under which he is a Postdoctoral Fellow for Foreign Researchers. Finally, the author wishes to thank the editor of *History of the Human Sciences* for his great patience.

1. INTRODUCTION

Eighteenth-century commercial² society was not yet capitalism but Adam Smith is said to have been an architect of the latter. ‘Capitalism is an embodiment of Smithian principles’ (Cropsey 1957, vii; see also vii-x, 88, 97-8). This is the liberal capitalist interpretation of Smith that generally prevails. Consistent with this interpretation is the claim that Smith believed in progress. ‘Adam Smith is conventionally thought to have provided an account of ...progress’ and to be ‘the prophet of what we now call capitalism’ (Tribe 1999, 619). Justman (1993, 128) says that ‘Smith uses a linear model of the progress of human society from the hunting stage to the commercial stage’. Similarly, Shapiro says that Smith’s ‘teleological’, ‘smooth, linear story’ of progress ‘was animated by natural theology’ (1993, 55,58; see also 32-3,48,55,58,82). By contrast, some commentators have portrayed Smith as a critic of capitalism (see Brown 1997; Tribe 1999) or a proponent of a cyclical theory of history (Heilbroner 1973). In the light not only of these conflicting assessments, but also of his canonical status as a leading Scottish Enlightenment figure and founder of modernity (see Brown 1997, 286), it is worthwhile re-examining Smith’s theory of history.

Before proceeding a little background is required on Smith’s view of human nature. Smith adopts the view that there is teleology immanent in human nature (see Kleer 1992; Kleer 1995; Kleer 2000). He explicitly indicates that nature has five ends for human beings: self-preservation, procreation of the species, order, happiness, and perfection of the species (*TMS* II.i.5.10; III.v.7, 9). Throughout his work, however, Smith puts such great stress on freedom that it may constitute an implicit sixth end. He argues, especially in the *Theory of Moral Sentiments*, that the means to bring many of these ends about are instincts, implanted by a providential ‘Author of nature’, God (*TMS* III.v.7); God, generally does not trust human reason to figure out the appropriate means to bring about these ends.

In the first part of the essay we will show the basis for the current interpretation of Smith, namely, that he has a whig or teleological view of history. Smith implies that commercial society is the end of history because 1) it supplies the five (or six) ends of nature that he identifies; 2) it is inevitable; and 3) it is permanent. Yet this account is not the only one that he provides. In the second part of the essay we show that Smith has some dark moments in his writings where he seems to reject completely such notions. In this mood he confesses that commercial society does not supply the ends of nature, nor is it inevitable, nor is it permanent. So our question is this: Is Smith’s

² In Smith’s own time many European states, including England, France, Flanders, Holland, and Genoa, had reached the commercial epoch (*WN* IV.i.5-6; I.xi.o.14; I.xi.e.38). References in the text are to Smith unless otherwise noted. My citations from Smith follow the practice adopted by the editors of *The Glasgow Edition of the Works and Correspondence of Adam Smith*, citing not the page number but the relevant Book, Chapter, Section and paragraph (i.e. *WN* I.x.b.3 = *The Wealth of Nations* Bk. I, Chap. X, Sect. b, para. 3). References to other major philosophers follow this pattern. Abbreviations of works by Smith: *HA* = ‘History of Astronomy’ in *Essays on Philosophical Subjects*; *HP* = ‘History of the Ancient Physics’ in *Essays on Philosophical Subjects*; *LJ* = *Lectures on Jurisprudence*; *TMS* = *Theory of Moral Sentiments*; *WN* = *Wealth of Nations*.

philosophy of history ultimately consistent with an end of history view or not? In what follows we seek to reappraise Smith's view of history in the light of his various writings on the topic and his own view of human nature. Our project is to summarize Smith's historical views, and test them for internal consistency and consistency with his view of human nature. We are not, however, concerned with the historical accuracy of Smith's account of history.³

PART A: SMITH'S OPTIMISTIC VIEW

In this Part we will show that Smith holds a teleological view of history as well as human nature. Several instincts--the desire for security, the desire to 'truck, barter, and exchange', the fascination with finely crafted objects, cupidity (the desire to accumulate wealth, which is the way that most humans seek to 'better their condition') and vanity⁴ - are the primary agents in history (*WN* IV.ix.28; I.ii.1-3; II.iii.28). These instincts are the efficient causes driving man to bring about the divine 'plan' or 'course of nature' (*TMS* III.v.7; *WN* III.i.4). Hence, there appears to be a teleological process in history as well: after considerable historical evolution, the divine 'plan' is revealed in the emergence of commercial society. At least in this optimistic moment Smith suggests that the final stage fulfils the five (or six) ends of nature spelt out by him. Smith's theory is also teleological in the sense that the historical process seems to produce inevitably a society that completes the path of history; once history reaches a certain stage this society is also impregnable. Our account in this Part builds on the conventional four-stage interpretation of Smith's theory, but it goes beyond it by showing that commercial society is both inevitable and permanent.

This Part is divided into five sections. First, we sketch Smith's famous four-stage theory, showing his view that humanity is progressively moving towards the fourth, the commercial, epoch. Second, we look at a complication for Smith's theory: the failed classical Greek and Roman commercial societies. As these societies were rare and temporary in classical times, we must wonder if commercial society is inevitable and permanent. Third, we turn to one of Smith's important case studies of historical teleology, where commercial society re-emerges even after being destroyed. We conclude from Smith's presentation of the general period of European history after the 'barbarian'⁵ invasion that ended the Roman Empire that commercial society is inevitable. Fourth, we show Smith's view that at a certain point in time commercial society overcomes its major threats to become permanent. Finally, we give a brief overview. Let us now begin our discussion by summarizing Smith's four-stage theory of human history.

³ For criticism of Smith on this point see Shapiro 1993, throughout; Veblen 1919, 122-4; Rashid 1992; cf. Hollander 1987, 310-2.

⁴ As we will see below, vanity is a passion that Smith harshly attacks. 'Bettering our condition', however, is, at least partly, based on vanity, on display (*TMS* I.iii.2.1). Hence, 'bettering our condition' can take various forms, only some of which are proper.

⁵ 'Barbarism' covers the epochs of hunters, shepherds, and farmers; 'savage' society often means hunting society (*WN* V.i.f.51; *HA* III.1; see also *WN* III.i.1; V.i.a.35; *HA* III.4; Ferguson *An Essay on the History of Civil Society* II.ii 2; II.iii 9). Ferguson has a three-stage theory which collapses the first three of Smith's stages into two.

2. OVERVIEW OF THE FOUR-STAGE THEORY

The commonly accepted view of Smith's view of history is the four-stage view which, according to Meek, is 'the basic conceptual framework within which the major part of Smith's argument is set' (1971, 12; see also Winch 1978, 57). As the final stage, the commercial epoch, is the one that best fits human nature, we can call Smith's theory a teleological view of history. Variations on Smith's stadial theory were adopted by various eighteenth-century writers such as Adam Ferguson, John Millar and William Robertson.

In Smith's four-stage theory human history can be seen as comprising four epochs through which all societies eventually pass: first is the Age of Hunters; second is the Age of Shepherds; third is the Age of Agriculture; and fourth is the Age of Commerce (*LJ* (A)i.27; see also *LJ* (B)25,27,149,233; *WN* V.i.a.1-8). Epochs are divided on the basis of the characteristic means of self-preservation or 'mode of subsistence';⁶ history culminates in the commercial epoch. We will not provide detailed descriptions of each stage as this has been done by others (see Skinner 1975). Rather, we will attempt to show that the movement through the four epochs is teleological.

Wealth (and the security of preservation), order (understood here as internal security), civil justice, government, the number of laws, the extent and variety of property, and the division of labour (including the geographic divide between town and country) increase throughout the four epochs.⁷ A major factor in this progression is order, which is a means to self-preservation, and later to comfortable self-preservation (*TMS* II.ii.3.4,12; *WN* II.i.30-1; III.iii.12). With the 'encouragement' of this security, industry and wealth follow (*WN* V.i.a.15; II.iii.12; Stewart 1980, 322).⁸ As a consequence, the opportunity arises to develop commerce, arts and sciences. There is a slow upward spiral during the first three epochs and a rapid escalation in the fourth epoch. Wealth is not only required for procreation and preservation, however, it is needed for happiness (*TMS* V.ii.8; *WN* I.viii.36). In Smith's view, 'savage' societies are poor and miserable, and hence cannot be 'flourishing and happy' (*WN* I.viii.36). Happiness, self-preservation and procreation require wealth, which in turn requires security provided by government, which increases throughout history.

Unlike this progressive pattern, freedom follows a cyclic pattern. It is virtually unlimited in the first epoch; it is minimal in the second and third epochs when most are reduced virtually to slavery; and it is restored again in the fourth epoch (*WN* III.iv.11-4; V.i.b.7; *LJ* (A)iv.8,128,135; *LJ* (B)21). Hence, in Smith's presentation, pre-commercial societies can satisfy some of the natural ends but always at fundamental cost to other ends. England, as one of the leading modern commercial countries, is discussed at length by Smith; it seems to be the culmination of history, as it provides 'perfect security to liberty and property' (*LJ* (B) 63 emphasis added; see also *LJ* (A) iv.177-8 and v.1; cf. Montesquieu *Spirit of the Laws* XI.6; XIX.27).

⁶ This phrase first appeared in the work of William Robertson; it is constantly used by Marxist, or materialist, interpreters of Smith's work (see Meek 1971, 10; Skinner 1979, 72,79).

⁷ See *TMS* I.i.1.2; I.i.3.1-4; I.i.5.5; III.iii.4; III.iv.7-8; V.ii.8-10,15-6; VII.iv.36-7; *WN* I.ii.1-4; III.iii.12; V.i.b.7; *LJ* (A)i.50-3; iv.21,60-1; *LJ* (B) 20; *HA* III.1-3.

⁸ In addition, capital needs to employ 'productive', rather than unproductive, labour.

Finally, we turn to Smith's view of the progress of civilization. Along with other contemporary stadial theorists, Smith held that the first three epochs were 'barbaric' whereas only commercial society is described as 'civilized' (see *WN* V.i.a.44-i.b.7; Cropsey 1957, 57,63; cf. West 1976, 519).⁹ 'Civilized' countries are more humane, wealthier, and freer than 'barbaric' ones (*TMS* V.ii.8-10,15-6; *WN* Intro.4). Further, in commercial society cosmopolitanism widens the sphere of the moral sentiments. This is again an improvement on the morals of those who live in closed, xenophobic societies. Whereas in 'the first ages of the world, the lowest and most pusillanimous superstition supplied the place of philosophy' (*HA* III.2), the commercial epoch is increasingly enlightened by philosophy and sound religion. For various reasons commercial society is civilized, but, we conjecture, primarily because human perfection is greatest therein. Wealth and security make all better off in the commercial society.

Is Smith's discussion of the sequence of historical epochs compatible with the teleological references in the *Theory of Moral Sentiments* to 'the intention of Nature' and 'the plan of Providence' (*TMS* I.ii.3.6; III.v.7)? In Smith's theory each new epoch 'naturally succeeds' its predecessor (*LJ* (B)150; see also *LJ* (A)iv.93; Bharadwaj 1978, 86). Each epoch is a 'more advanced state of society' than the previous one (*WN* V.i.a.3,6,8). Smith repeatedly refers to 'progress', to the 'progress of improvement', to the 'natural progress of improvement', and to the 'natural course of things'; the 'natural course' is 'promoted by the natural inclinations of man', and is compatible with the movement through the four stages (*WN* IV.vii.b.3; V.i.a.43; III.i.3-4). He specifically refers to the 'natural progress of a nation towards wealth and prosperity' (*WN* IV.ix.28).

Indeed, Smith says that with the increase of the division of labour 'society grows to be what is properly called commercial society' (*WN* I.iv.1). The division of labour, the first cause of this growth, however, did not originally arise from 'human wisdom, which foresees and intends that general opulence to which it gives occasion' (*WN* I.ii.1; Intro.1-3). It arises from the 'propensity in human nature ...to truck, barter, and exchange one thing for another' (*WN* I.ii.1). The second cause of economic growth, capital accumulation, was due to the desire to 'better one's condition' (*WN* Intro.1-3; II.iii.5,16). Smith clearly suggests that the division of labour arises from human instinct (Veblen 1919, 117-8). Hence, all nations are capable of becoming commercial (see Fukuyama 1992, 223): it is the plan of nature.

Now let us turn to whether, in Smith's view, Nature's plan can be frustrated. The 'progress of opulence' can be 'thwarted' by 'human institutions' (*WN* III.i.3; see also III.i.4); progress can be thwarted by superstition. 'Every person is superstitious in proportion to the precariousness of his life, liberty, and property, and to their ignorance.... [S]avages are remarkably so' (*LJ* (B)133). In modern England, the law is 'formed on the natural sentiments of mankind,' rather than on superstition (*LJ* (A) ii.75).

⁹ Smith does not define civilization; it is clear, however, that it is associated with towns, opulence and commercial society (*WN* III.i.1; V.i.a.44; V.i.b.6-7; V.i.f.52).

There is a natural or divine path. Shapiro correctly grasps that Smith's historical accounts are 'teleological', that the 'Author' of nature 'guaranteed an order that progressed towards general prosperity' (1993, 82,68,103; see also 109,131). Similarly, Veblen argues that in Smith there is a 'wholesome trend in the natural course of things'; there is a 'divine purpose in the resulting natural course of things' (1919, 114-5).¹⁰

In conclusion, commercial society arises in history not from human plan but as a result of the playing out of human passions over long periods of time. Pre-commercial society cannot provide the satisfaction of all of the ends of nature; only commercial society can potentially do so. In Smith's predominant view, the commercial epoch best fits the ends of nature. The movement through the four stages is progressive and lends itself to the view that commercial society is the end of history. This is one of the reasons that many commentators broadly accept the liberal capitalist interpretation, regarding Smith as a great optimist concerning the benefits of the commercial stage and the prospects of economic development and growth. Despite this apparent optimism, Smith takes as the great challenge to his teleological view the cyclical view of history. This is a particularly powerful challenge if commercial society has a flaw, which will lead to its own collapse. We now turn to some cyclical case studies.

3. CLASSICAL GREEK AND ROMAN COMMERCIAL SOCIETIES

This section addresses some of those 'perverse departure[s] from the direct path' of history (Veblen 1919, 116), namely, the collapse of ancient Greek and Roman societies. These stories take on particular significance because Smith treats these societies as commercial in character (*LJ* (A)iv.93). The demise of these societies suggests that the commercial form of society is *not permanent*: it occurs cyclically. Why do the classical societies collapse? Was their collapse inevitable? Does their reversal also 'accord with nature'?

The ancient Greek and Italian societies are the only ones, other than modern European societies, that Smith calls civilized (*WN* V.i.a.11,35; *TMS* V.ii.15). The classical republics had a precarious place: these republics did not arise everywhere, and where they did, they all perished. Contrary to Justman (1993) and Shapiro (1993), the collapse of the classical societies indicates that Smith does not see history as simply progressive.

¹⁰ Shapiro's and Veblen's interpretations of Smith's view of history are not typical of the predominant Marxist/materialist interpretation (Meek 1971; Skinner 1975; Skinner 1979; Lamb 1987, 167-8; Bharadwaj 1978; see also Cropsey 1957, 57-9, 63). We agree with the 'materialist' writers that economic causes are frequently the efficient causes of change in Smith. We differ from them because they almost never take seriously Smith's references to the 'Author of nature' who causes the beneficial effects, the final cause. There are material, efficient causes that are at work but they are part of a scheme designed to bring about a providential final end (see Shapiro 1993, 13,68; Veblen 1919, 115).

As societies move through the four epochs, the arts are improved, commerce expands, the people become more industrious and so lack the 'leisure' to undertake military exercises (*WN* V.i.a.4,6,15). Consequently, in the commercial epoch, 'the great body of the people become altogether unwarlike': commerce reduces martial virtue (*WN* V.i.a.15; V.i.f.50). At the same time, the wealth that commercial societies produce 'provokes the invasion of all their neighbours' (*WN* V.i.a.15). This is a recipe for disaster for commercial societies.

For the government (whose first duty is external security [*WN* IV.ix.51]) of such societies there are only two solutions available. First, through 'a very rigorous police', and against 'the whole bent of the ...inclinations of the people', the government may require all, or most, of the citizens to practice military exercises on a part-time basis (*WN* V.i.a.17). Or second, it may adopt a standing army, where some are in full-time 'practice of military exercises' (*WN* V.i.a.18). Yet it is only 'the wisdom of the state which can render the trade of a soldier a particular trade separate and distinct from all others' (*WN* V.i.a.14; see Robertson 1983, 471 n.49). Commercial states, such as the Greek republics, 'have not always had this wisdom' (*WN* V.i.a.14).

The first two great revolutions in human affairs, namely, the defeat of the Greek republics by Phillip of Macedon, and the defeat of Carthage by Rome, Smith says, were caused by 'the irresistible superiority, which a standing army has over every sort of militia' (*WN* V.i.a.29; see also V.i.a.39). In the commercial epoch a standing army is essential for external security.

Whereas the Greeks chose militias, the Roman republic had the 'wisdom' to choose a standing army. There is then a role for statesmanship and political choice within Smith's teleological history. Yet the rational choice is the one in accord with the 'interest, genius and inclinations of the people' (*WN* V.i.a.17).

Even if the traditional choice of a militia by the Greek republics was imprudent, the fate of Rome still points to the impermanence of more prudent commercial governments. The pattern seems to be that a people rises through the four stages, loses martial vigour, and then requires a standing army for survival. Whether the government makes this prudent decision or not, the people are eventually militarily subjugated, often by a war-like shepherding people.¹¹

Before concluding this section a comparison with the eighteenth-century critics of commercial society, the civic humanists, is in order. The latter held that as commercialism takes hold there would be a dangerous decline of both martial virtue and public participation. Ultimately these tendencies would lead to the loss of liberty. Civic humanists advocated a citizen's militia as a way of maintaining martial virtue. They advocated a militia even if it should be militarily inferior to a standing army. For recommending a standing army (in order to prevent the cyclical tendencies noted above), Smith was severely criticized by Adam Ferguson (Winch 1978, 106). Ferguson, a civic humanist, seems to have embraced a sort of cyclical view and rejected Smith's military medicine as worse than the disease.

¹¹ The Tartars and the Arabs are the great shepherding nations. When either is united, as the latter were under Mohammed, they present a great military threat even to 'civilized nations' in the neighbourhood (*WN* V.i.a.5). This is discussed further below.

In this section we have seen a major problem for Smith's teleological history: the demise of the classical commercial societies. Are we back to the cyclical view of history of Thucydides and Cicero? To begin to answer this question we need to go back a step, to the rarity of classical commercial societies. Are commercial societies inevitable? To answer the latter question, in the next section we turn to one of Smith's teleological case studies.

4. PROGRESS OF EUROPE AFTER THE FALL OF ROME (5TH-18TH CENTURY)¹²

Having presented the general outlines of Smith's whig history, and the major complication (the collapse of the classical commercial societies), let us now turn to a case study in his historical teleology: the breakdown of authority of the secular feudal lords and the restoration of commercial government.

In the *Wealth of Nations* Smith shows that 'human institutions', namely, those established by the 'barbarians' following their subjugation of Rome, had interfered with 'the natural progress of opulence' or 'the natural course of things' (WN III.i.title; III.i.3-4). After the anarchy of the invasion, good government, 'order' and freedom are very slowly restored. Security allows the accumulation of capital and wealth (as seen above), which in turn provides for preservation, procreation, and happiness. Indeed, Smith argues, at one point, that happiness is directly tied to the 'authority and security of civil government' (WN V.i.g.24). Because of the unnatural institutions introduced by the 'barbarian' lords, this improvement had to be achieved by an indirect method.

The effect of the fall of the Roman Empire was several centuries of anarchy, poverty, 'barbarism' and violence (WN III.ii.1; III.ii.7; III.iv.10; V.ii.g.6; V.ii.k.20; V.iii.1; see also Hobbes *Leviathan* XIII 9). The conquering 'barbarians' were a people who were still living in the second but just beginning to enter the third historical epoch (WN V.i.b.16; LJ (A)iv.114, 124). Through terror they dragged Europe from the fourth back to the third epoch. The 'barbarian' leaders 'acquired or usurped' virtually all of the lands of the countries that they invaded and then introduced laws typical of the second epoch--which based the power of the leader, and his family, upon his economic position (WN III.ii.1; V.i.b.7).

The terrors of the invasion persisted because, under the 'barbarian' lords, security for the inhabitants was unable to be restored. There were two reasons for this. First, in the remote parts of the kingdom each lord was 'a sort of petty prince' who 'made war according to his own discretion' against other lords and 'sometimes against his sovereign'; the king was 'incapable of restraining the violence of the great lords' (LJ (A)i.127-8; WN III.ii.3; III.iv.9). In such circumstances there is still no external security for such petty principalities (LJ (A)i.130; WN III.iv.9). Second, where land was a means not only of subsistence but also of 'power' (WN III.ii.3), the lords, having appropriated the

¹² The following case study shows the decline of the secular feudal lords and how 'good government' and commercial society are gradually restored. It draws from material in Book III of the *Wealth of Nations*. There is also a parallel teleological story in Book V of that work which shows the equally beneficial effects of the decline of feudal clergy. This section benefited greatly from the work of Richard Kleer. See Kleer 1992, 162-72; Kleer 2000.

land, wished to perpetuate this position. Primogeniture and entail, ‘the fittest [institutions] to support the pride of family distinctions’, became the civil law in breach of ‘natural law’; it was this change that perpetuated the ‘evil’ of the invasion (*WN III.ii.2-4*). The lords had destroyed security of property for everyone else. Given the precarious external situation, however, perhaps they had destroyed security even for themselves.

Most of the population became enslaved to the ‘barbarian’ lords (*WN III.ii.8*). Some others were tenants; even though their rents were generally low, they had no security of tenure. In this situation most of the population had no incentive to work or to invest; the desire to ‘better one’s condition’ was checked, and thus the ‘progress’ of the country was stalled (*WN III.ii.8-9*). Nevertheless, the lords had a huge surplus of food, which could only be spent in ‘rustic hospitality at home’ (*WN III.iv.5*). The hundreds or thousands of recipients of this generosity, the lord’s ‘retainers’, were completely dependent on his charity, but so too were the tenants whose low rents depended upon the lord’s ‘good pleasure’ (*WN III.iv.6*). In return for these favours, the lord required the tenants and the villains to serve him, especially in his frequent wars with other lords (*WN III.iv.6*; see also *II.iii.9*).¹³ In this circumstance, the lord could call immediately large numbers of men into his army and wage war.

A few hardy types, who survived as itinerant traders, lived outside of the protection of the lords in the remnants of the towns (*WN III.iii.1-2*). They gradually increased their wealth and independence by providing manufacturing goods for the rural areas. Eventually, through frugality and prudence these traders, or burghers, acquired wealth and independence. Usually the city leaders were politically prudent enough to form an alliance with the king against the neighbouring lords (*WN III.iii.8*). In exchange, the king provided privileges to the cities including, eventually, the right of self-government (*WN III.iii.8*). By establishing ‘regular government’, and raising militias, the cities were in a position not only to protect themselves from the lords but were enabled ‘to give the king... considerable [military] support’ (*WN III.iii.8*). The militias of the cities frequently ‘had the advantage in their disputes with the neighbouring lords’ (*WN III.iii.10*).¹⁴ In short, the consequence of the traders seeking to ‘better their condition’ was that ‘[o]rder and good government, and along with them the liberty and security of individuals’ were established in the cities (*WN III.iii.12*).

Given this security, the burghers felt secure enough to import ‘improved manufactures and expensive luxuries’ (*WN III.iii.15*). The lords now had something beside hospitality for which they could exchange the whole of their agricultural surplus (*WN III.iv.10*). Previously they had to share, but ‘frivolous and useless’ things, such as ‘a pair of diamond [shoe] buckles’, and ‘trinkets and baubles’, could be consumed by the lords alone (*WN III.iv.10,15*). The lords were fascinated with such finely crafted items and wanted to own and vainly display them. As the lords ‘eagerly purchased’ these luxury items they were forced to reduce the number of their dependents and eventually dismiss them entirely (*WN III.iii.15*; *III.iv.13*). For the same reason, the lords were

¹³ For Smith this is *the* test of dependency.

¹⁴ In this way various cities in Switzerland and Italy conquered the nobility in the neighbourhood and became independent republics (*WN III.iii.10*). Hence, at this point, Smith’s presentation becomes essentially a history of England and France (see *WN III.iii.11*).

required to run their lands more efficiently: they dismissed excess tenants and sought to raise rents on the remainder (WN III.iv.13). Eventually the rents were such that the tenants could only pay if new investments were made to raise the productivity of the land; but in order to make such investments the tenants demanded security of tenure. It was the ‘expensive vanity of the landlord [that] made him willing to accept; and hence the origin of long leases’ (WN III.iv.13). The longer leases allowed the tenants to increase production (to pay the higher rents) and to become ‘altogether independent’ of the lord: the lord could no longer ‘expect from [them] even the most trifling service beyond what was expressly stipulated in the lease’ or by ‘common and known law of the country’ (WN III.iv.14). The lords were ‘no longer capable of interrupting the regular execution of justice, or of disturbing the peace of the country’ by sending their subjects off to war (WN III.iv.15).

The power of the lords declined along with their economic position. Eventually, ‘regular government was established in the country..., nobody having sufficient power to disturb it [more than in the city]’ (WN III.iv.15). Hence, internal security throughout Europe was generally restored in the country because of the developments in the towns. The ‘most important’ of the effects of commerce and manufacturing was that ‘order and good government, and with them, the liberty and security of individuals, among the inhabitants of the country,’ was gradually introduced (WN III.iv.4)

While reason did play some role,¹⁵ the passions seem to be primary in overcoming the ‘barbarism’ called feudalism. The providential historical process seen in the previous quote was not due primarily to human design. It was due to the playing out of several human passions over centuries: vanity, and the fascination with finely crafted objects, on the part of the lords; and cupidity and the desire for security on the part of the merchants.¹⁶ Had these passions been merely momentary, the process would not have achieved the desired effect: ‘A revolution of the greatest importance to the *public happiness*, was in this manner brought about by two different orders of people, who had not the least intention to serve the public’ (WN III.iv.17 emphasis added).¹⁷ The actions of the lords, which are so fundamental to bringing about the desired result, are irrational in terms of preserving their own wealth, status, and political and juridical power: for mere trinkets ‘they gradually bartered away their whole power and authority’ (WN III.iv.10). Yet the unintended outcome of the actions of the landlords is good in ultimately bringing about order (see Kleer 2000, 20). The passions driving history to return to the commercial form of government seem to be irresistible. Commercial government regenerates itself.

¹⁵ There was the calculative behaviour of the burghers (see Kleer 1992, 170-1) in seeking wealth. Second, there was calculation in the political alliance between the king and the burghers.

¹⁶ In addition, one can add the sovereign’s desire for personal security.

¹⁷ If the unintended revolution accords with reason, then commercial government accords with reason. Perhaps this is a precursor of Hegel’s ‘cunning of reason’.

In conclusion, the *Wealth of Nations* shows that the passions overcome the ‘barbarism’ of feudal lordship. The natural passions work in history to undermine faulty human institutions. The passions gradually restored the ‘natural course ...towards wealth and prosperity’ (WN IV.ix.28). It is the passions that restore freedom, order (in all of its forms), independence, peace, regular government, and public happiness. Having seen that commercial society re-emerges from very hostile conditions in the era following the fall of Rome, it seems that commercial society is inevitable. In the next section, we turn to the question of its permanence.

5. THE COMMERCIAL SOCIETY BECOMES PERMANENT

Given that commercial society seems to regenerate itself, are the problems of section 3 such that we are confronted with a tragic, cyclical view of history? If, in the long run, the passions will always overcome non-commercial institutions that are imposed on people, is commercial society fated to flower only to wither again as occurred in classical times?

In modern times the causes of the defeat of the classical societies are not important for two reasons. First, standing armies became the norm in civilized countries (WN V.i.a.37). Second, a ‘revolution’ in warfare followed from the invention of gunpowder: since the invention of firearms, bodily strength and agility declined in military importance (WN V.i.a.43).

The ‘great expense’ of modern firearms gives a great ‘advantage to the nation that can best afford that expense’ (WN V.i.a.44). What may have been once a weakness for ‘opulent and civilized’ countries, namely, military power, is now a decisive strength over ‘poor and barbarous nations’ (WN V.i.a.44). Indeed, it is the ‘barbarians’ who are threatened militarily (WN V.i.a.44). In the modern era, a nation’s power is a function of its wealth (WN I.v.3; II.v.31). Wealth permits the acquisition of new military technology, which ‘is certainly favourable both to the permanency and to the extension of civilization’ (WN V.i.a.44). Commercial countries can overcome the lack of martial virtue with better weaponry: the cycle of growth and ‘barbarian’ invasion could be broken once weaponry becomes decisive (see Haakonssen 1981, 179).

There is one other factor that is relevant here: religion. Smith says that the greatest threat to security ever seen was the Catholic Church (WN V.i.g.24). Yet he predicts that this ‘superstition’ will collapse within two hundred years (WN V.i.g.24). This prediction leads McNamara to conclude that Smith was optimistic that another of the great threats to ‘civilized society’ will be overcome (1998, 51).

The threats to commercial society of ‘barbarian’ invasion and ‘superstition’ will be gradually overcome. It appears that the mysterious ‘plan’ of Providence has finally become palpably clear; the road of history has straightened. We conclude that commercial society seems to be inevitable and permanent. Smith’s theory of history seems progressive or teleological; it seems to fit an end of history thesis.

6. CONCLUSION

In conclusion, Smith presents an unmistakable teleological view of history, with commercial society as its end. Given what we have seen above, one can make a strong case that Smith's whig historical theory anticipates Hegel's. Smith seems to argue that, at a recent point in history, commercial society became both inevitable and permanent. Further, a particular type of commercial society--the free trade (rather than the mercantile)¹⁸ variety--seems to hold out the prospect of satisfying the ends of human nature. The extreme version of Smith's end of history argument presented above has not received much attention by scholars. One reason for its lack of attention lies in the complexity of Smith's philosophy of history: he combines cyclical, progressive, and end of history views. Things are still more complicated, however, as we will show below.

PART B: SMITH'S PESSIMISTIC VIEW

The cyclical view of history was popular in Smith's time not only with critics of commercial society, like the civic humanists, but advocates of the mercantilist type of commercial society, like Sir James Steuart. Smith did not agree with these writers about the causes of decline. Nevertheless, he not only takes very seriously the alternatives to the end of history thesis, but he actually appears to adopt the cyclical view. Smith's occasional dark musings cast an enormous shadow over the accepted interpretation of his view of history.

Part B is divided into three sections. First, we deal with Smith's concerns about the inevitability of commercial society. Second, we address his concerns about its permanence. Finally, we provide a brief summary. Let us begin with the problems with the inevitability of commercial society.

7. INEVITABILITY OF COMMERCIAL SOCIETY

During the presentation of Smith's views in Part A the reader may have become suspicious of Smith's historical teleology. After all, for more than a thousand years following the fall of Rome, wars and political and economic institutions frustrated the re-emergence of commercial society: this long period of European history was against nature. There are four problems that we will discuss in this section. First, we turn to the role of the legislator in a teleological process that inevitably culminates in commercial society. Second, following Montesquieu, Smith hints that some countries, because of their climate, terrain, or culture, will never have commercial government. Third, despite what we may have expected, slavery persists in the commercial epoch. Finally, the combination of commercial society and political freedom is unique to Britain. Let us begin with an examination of the legislator.

¹⁸ Mercantilism is based on protectionism and trading monopolies (see *WN* Bk IV throughout).

In Part A, we tried to show Smith's teleology, where 'the best for society follows from actions traceable not to reason but the passions' (Cropsey 1957, 26). If there is a teleological process at work in history--relying on the passions, rather than reason--there is no need for politics and no need especially for a legislator who designs the best political order. Yet Smith has high praise for the role of the legislator (*TMS* VI.i.15; VI.ii.2.14; VI.iii.13; see also Winch 1978, 159; West 1976, 527). Why is there such a function? Why is it so highly praised?

This takes us to the problem of determinism (see Winch 1978; Haakonssen 1981). Smith indicates several instances, such as the decisive invention of gunpowder, where what appears to be 'mere accident' prevails (*WN* V.i.a.43). In particular, Smith emphasizes that the mercantile type of commercial society, unlike the free trade variety, is unnatural (*WN* IV.ii.11-5; IV.iii.c.9; IV.vii.b.44; cf. IV.i.31), yet unfortunately, Smith does not indicate that there are forces at work that will issue in the inevitable collapse of mercantilism (see Hirschman 1977, 104). The timing and method of dismantling mercantilism, and hence the introduction of the 'natural system of perfect liberty', Smith leaves 'to the wisdom of future statesmen and legislators' (*WN* IV.vii.c.44; see also IV.ii.39; Stewart 1980, 317-9). The legislator must study, understand and carry out the prescriptions of Smithian (not mercantilist) political economy (Robertson 1983, 472 n.51; Young 1997); he must promote the correct structure of commercial society, namely, the free trade type. If the emergence of the natural type of commercial society depends on the legislator having what Young (1997, 184; see also 158-205) calls 'true system knowledge' and taking action in accordance with this, then, strictly speaking, it is not inevitable. Hence, there is a problem with allowing a significant role for the legislator in 'teleological' history (see Schwartz 1964, 153).

If no legislators appear at the crucial times, and the scene is dominated by 'insidious' politicians (*WN* IV.ii.39), or faction leaders, the correct form of commercial society will not be adopted. If the natural forces merely get societies to the fourth epoch, they are clearly defective in not being able to promote the best form of commercial society. These issues also raise many questions about Smith's own role in bringing about the truly natural order.

This leads to our second problem. Is even arriving at the commercial epoch inevitable? Smith argues that to reach the advanced division of labour of this stage, societies need to meet a number of basic conditions: ease of defence, fertility of the soil, and access to good communications by land and water (*WN* I.iii throughout; Skinner 1979, 75). Lacking these, great parts of the world, including '[a]ll the inland parts of Africa', most of the Asian part of modern Russia, and 'modern Tartary ...in all ages of the world' have remained 'barbaric' (*WN* I.iii.8). While Smith makes no predictions here, he attributes this condition to geography, which is fairly permanent.

Smith says that 'the Tartars have always been a nation of shepherds', and he predicts that 'they will always be [so] from the nature of their country' (*LJ* (A)iv.53; see also iv.36,56-62; *LJ* (B)30-1). What he means by 'nature' here is a combination of climate and terrain: 'their country ...is dry and high raised above the sea, with few rivers... and the weather and air is too cold' to produce grain (*LJ* (A)iv.53). The climate and terrain prevent the Tartars from even reaching the third epoch.

Climate and terrain seem to be determining factors in reaching commercial society. With long occupation of a certain territory, customs also become important. Hence, Smith argues that due to the structure of family and human relations, Turkey will always be despotic (*LJ* (B)113). This analysis and the corresponding relativism (*TMS* V.i.8 and context) may have been derived from Montesquieu (see *Spirit of the Laws* I.3; XIV-XVIII; McNamara 1998, 50-1). Hence, Smith's historical teleology is substantially undermined.

Let us now turn to the third problem: slavery. Slavery is 'the vilest of all states' (*TMS* VII.ii.1.28).¹⁹ The logic of the teleological view of history suggests that slavery will be abolished in the modern commercial era. Is this what Smith says, however? Despite the impression with which he leaves us (presented in Part A), Smith is melancholic on this topic. First, he says that '[t]he condition of a slave is better under an arbitrary than under a free government' (*WN* IV.vii.b.55). This is so because, in protecting the slave, 'the magistrate ...intermeddles ...in the management of the private property of the master'; in free governments the greater protection of property allows owners to do with their property (including slaves) what they will (*WN* IV.vii.b.54). Second, it is only in a few parts of modern Europe that slavery has been completely abolished, and even in Europe the mild form of feudal slavery remains in many places; slavery may not be abolished in the commercial epoch (*WN* III.ii.8; see Salter 1992, 228,231).

Smith says that there were two factors that caused the abolition of slavery in Europe. The first was the interest of proprietors. They saw that the only way to receive a larger rent was through increased industry by their farm labourers, who would co-operate only when freed from slavery (*WN* III.ii.12). The second cause for the abolition of slavery was the monarchy. Because of their jealousy of the great lords, the European kings 'encouraged their villains' to make 'encroachments' upon the authority of the lords (*WN* III.ii.12).

The time and manner of the abolition of slavery, where it had occurred, 'is one of the most obscure points in modern history' (*WN* III.ii.12). Further, 'it is not likely that slavery should be ever abolished, and it was owing to some peculiar circumstances that it has been abolished in the small corner of the world which it is now' (*LJ* (A)iii.114; see also 114-6). On the basis of this 'unique event', one cannot generalize about the abolition of slavery (Forbes 1975, 200),²⁰ or more generally about the creation of the human *telos*.

¹⁹ Slavery breaches Smith's security criterion, makes the slave unhappy, forms part of the former's critique of classical societies, and opposes natural right (*TMS* VII.ii.1.28; *WN* III.ii.10-9; cf. *TMS* III.iii.31; VII.ii.2.10; *WN* I.vii.6; I.x.a.1; I.x.c.12; IV.v.b.16; V.i.b.25). Thus, any society with slavery cannot be the human *telos*.

²⁰ Forbes says that there is not a necessary connection between economic progress and freedom in Smith; rather, 'opulence without freedom is the norm' (1975, 201; see also Winch 1978, 86).

This leads us to the fourth problem, England. Smith frequently says that England, the English constitution, and English liberty are unique. While England may be Smith's model government (except in its mercantilist trade policy), was this type of society inevitable? Was it part of the 'course of nature' or just an aberration? We have seen some of his views already. In the *Lectures on Jurisprudence* Smith provides some more detail than is given in the *Wealth of Nations* on the broad sweep of European history. Let us sketch the general European case first, and then return to England.

In feudal society the king was typically more powerful than any lord, but not powerful enough to dominate the lords together (*LJ* (A)iv.151; *LJ* (B)60; *WN* III.iv.7,9). On the other hand, both the king and the lords were more powerful than the people. As we have seen, however, this situation began to change with the advent of foreign manufacturers. Luxury led to the decline of the lords. The king was usually alone in withstanding the effects of luxury and absolutism became common throughout Europe (*LJ* (A)iv.161-2; (B)60).²¹ This situation, as is evident in his praise of modern France, was regarded quite highly by Smith (*WN* IV.vii.b.52; Forbes 1975, 187-90).

England was unique because after absolutism was established, the monarch's power also declined; this was due to two factors. The first factor in the decline of regal power was the uniqueness of Britain's terrain. After the accession of James I, all of Britain was bounded by the sea; it could therefore rely on naval defence alone. Without the need for a standing army, 'the king had no power to overawe either people or parliament' (*LJ* (B)62; see Hintze 1968). Once again we seem to be back to the determining role of physical geography. The second factor was the grand fiscal imprudence of Elizabeth I. Having no heir, she sought 'the love of the nation'; rather than raising taxes, she preferred to finance her wars by selling all the demesne (crown) lands and weakening her successor's position (*LJ* (A)iv.168-74 and v.1-2; *LJ* (B)61-2). Because these circumstances cannot be expected elsewhere, England will remain unique: 'In England alone a different government has been established from the natural course of things' (*LJ* (A) iv.168). It now seems that the flow of English history is against the 'natural course'! If Britain is an anomaly (Winch 1978, 61-2; Forbes 1975, 193; Lamb 1987, 298-301), it is difficult to see how it serves as the standard of what nature inevitably produces.²²

Let us now summarize this section. The possibility that historical teleology culminates in the human *telos* looks doubtful because of three factors: the necessity for a legislator, yet the improbability of having one; the influence of climate, terrain, and custom; and the persistence of slavery. The uniqueness of British history demonstrates the point made by Forbes (1975, 193, 200-1) that commerce produces liberty (rule of law), but not necessarily free government. Winch (1978, 182; see also Cropsey 1957, 63) indicates the teleological problem in passing: 'the impersonal forces of history were unlikely to deliver according to plan', the plan ostensibly mapped

²¹ Germany became an exception because the lords were very great and survived the effects of luxury (*LJ* (A)iv.162-6; *LJ* (B)60-1).

²² Actually, Britain's uniqueness, which suggests contingency, is not a decisive refutation of historical teleology. As Kant or Hegel might point out, perhaps Smith's teleology, which is to terminate in a modified Britain, just follows a very crooked path: Nature always attains Her end by some ruse or other.

out by Smith. Yet Winch neither shows that Smith frequently alludes to a ‘plan’ nor does he indicate the content of the ‘plan’. It is not sufficient for Winch (1978, 71,81,176) to state that Smith was an historical pessimist, because he fails to note, as we did in Part A, the great basis for the optimistic interpretation of history. By not doing so, Winch has missed the paradox that we have shown. It is possible that with many, very effective legislators, historical teleology can be saved. Yet why are these legislators needed to save the day? We have not yet finished with Smith’s paradoxes; we now turn to another set of paradoxes: those that are presented in his views about the fated demise of all commercial societies.

8. PERMANENCE OF COMMERCIAL SOCIETY

Having seen some of the problems with the inevitability of the ideal type of commercial society, let us turn to its permanence. First, we examine the stationary state that lies at the end of the road for all countries. Second, we return to the discussion begun in Part A of Smith’s view of the rise and fall that awaits all societies. Third, we re-examine the role of the legislator in maintaining commercial society. Let us begin by turning to a difficulty arising from Smith’s peculiar teleology, which required continuing economic growth.

In Part A we showed Smith’s stress on the great, and universal benefits, of economic growth in the commercial epoch. This is consistent with his teleology, where Nature aims at comfortable self-preservation (see *HP* 9). Previously we have not drawn attention to another idea that Smith espouses but does not emphasize: the termination of the growth process in a permanent stationary state (see Hollander 1973, 292).

The dismal view of Malthus and Ricardo is present in Smith also. Indeed, frequent mention is made in the history of economic thought literature, of his hints at the emergence of a stationary state economy.²³ Smith states that:

[i]n a country which had acquired that full complement of riches which the nature of its soil and climate, and its situation with respect to other countries, allows it to acquire;²⁴ ...both the wages of labour and the profits of stock would probably be very low.... [Wages would be] barely sufficient to keep up the number of labourers, and... [the population] could never be augmented. (*WN* I.ix.14)

Smith attributes this outcome to land scarcity (see *WN* I.ix.11; Hollander 1987, 162-5).

²³ See Heilbroner 1973, 254-62; Hollander 1973, 171,184-6,250-1; Hollander 1987, 66,84,162-5,176.

²⁴ If there are wages and profits in pre-commercial stages, this quotation is consistent with some societies remaining non-commercial.

The implications of the decline into stasis have been discussed by many commentators. Let us note here a few major points. In the transition from a growing to a stationary economy, wages decline and the people move from a happy, 'cheerful', and 'hearty' life to one that is 'hard' and 'dull' (WN I.viii.43). Virtually everyone, even those who were previously rich, would be forced to work (WN I.ix.20). The 'scanty subsistence'²⁵ of the lower class will 'set limits to the multiplication of the human species' by a high infant mortality rate (WN I.viii.25, 39; see also I.viii.27). How different is this from the circumstances of those living in pre-commercial 'barbarism'?²⁶ Wages can only just maintain the population; workers are no longer able to afford what were recently called 'necessities'. In the process of economic decline commercial society may face a revolutionary situation with escalating class struggle (cf. Marx and Engels *Communist Manifesto* I 4). Even if commercial society survives this transition, and settles at the stationary state, will the people be happy? No. The stationary state is a very pessimistic prospect. As living standards drop to low levels, the society will not be able to meet the natural standards of happiness, self-preservation, and procreation (meaning increase [WN I.vii.1; I.viii.23, 43-4]) of the species. The growth path is hardly providential. In this respect Smith comes to sight as a pessimistic prognosticator of commercial society.

The preceding discussion leads us to the second problem: a revisiting of the cyclical theory of history. Despite our attempt in Part A to combine all of Smith's historical arguments, we will show below that our reconciliation of these arguments was tenuous.²⁷

Do particular societies inevitably dissolve? In the *Lectures* Smith casually refers to the 'fated dissolution that awaits every state and constitution whatever' (LJ (B)46; see also LJ (A) iv.81). Also, each government 'seems to have a certain and fixed end which concludes it' (LJ (A) iv.99). In the *Wealth of Nations* he is less emphatic, merely stating that 'empires, like all the other works of men, have hitherto proved mortal' (WN V.ii.c.6). Such views have been noted increasingly since Heilbroner (1973) drew attention to them.²⁸

We wish to refer to three possible causes of decay of commercial society. The first, of course, is external subjugation. In the modern era, while 'barbarian' subjugation no longer applies, wars between commercial powers may still render true what applied in the past, namely, that two hundred years is 'as long as the course of human prosperity usually endures' (WN III.iv.20; cf. Brewer 1995, 633).

²⁵ See Heilbroner 1973, 247; Brewer 1999, 239. Note, however, Smith also implies, at one point, that wages will be 'moderate' in a stationary state (WN IV.v.a.12).

²⁶ Indeed, perhaps the children of 'savage kings' are better off than their commercial counterparts. Contrast this with Smith's famous Lockean view (WN I.i.11).

²⁷ According to Harpham, the four-stage theory is incompatible with the cyclical view (1984, 769).

²⁸ See Winch 1978, 63; Haakonssen 1981, 179; Lamb 1987, 168 n.1. Winch (1978, 182) says that the cycles may not necessarily return. McNamara (1998, 51) says that Smith may have changed his mind on this point.

The second cause is the land scarcity scenario seen above. This has not been the cause of previous declines because prosperity has never lasted long enough to enable any country to reach that condition (*WN* II.v.22; see also II.v.18-21). The third explanation is the tendency of governments (at least modern governments) to accumulate debts.

Debt is the topic of the whole of the final chapter of the *Wealth of Nations* and occupies some forty pages of text in the authoritative Glasgow edition. In a discussion that sounds extraordinarily contemporary, Smith notes that part of the problem is that ‘a very considerable share’ of the British debt is held by investors from Holland and several other nations (*WN* V.iii.52). Yet even if all of the debt was held by domestic investors, Smith notes that the debt remains ‘pernicious’ (*WN* V.iii.52). We need to see the reason for this.

The growth of debt will lead initially to increased taxation causing the flight of domestic capital, and will lead ultimately to the devaluation of the currency, causing the punishment of the industrious and frugal of those remaining (*WN* V.iii.55, 60). Hence, the ‘natural progress of a nation towards wealth and prosperity’ will be severely retarded (*WN* IV.ix.28). Following Hume, Smith concludes that the burden of debt ‘will in the long-run *probably* ruin, all the great nations of Europe’ (*WN* V.iii.10 emphasis added; see also IV.iii.c.15; V.iii.58; Hume *Essays: Moral, Political, and Literary* II.ix; cf. *WN* II.iii.31). Despite recommending policies to reduce the debt, ‘it cannot be said that [Smith] reaches optimistic conclusions’ (Winch 1978, 136). Debt may have previously ruined some states but it is more likely to be a future threat.

Regardless of which of the three particular explanations is adopted, Smith says that decay is inevitable, even for commercial society. The textual evidence presented in Part B now seems to suggest that Smith accepts a cyclic or possibly an entropic theory of history.

This leads us to our final point in this section, a reconsideration of the role of the legislator. In questions of both inevitability and permanence, we are left with a potentially large role for the legislator and human reason (cf. Taylor 1930, 231). The external security of commercial society in modern times depends on two factors: modern weapons and a standing army; but the introduction of the latter was due to ‘the wisdom of the state’ rather than an automatic outcome of the interplay of the passions (*WN* V.i.a.14). There is a genuine choice, as shown by the unwise decisions of earlier commercial governments. Hence, we enter into the realm of human choice and leave deterministic teleology behind.

Further, there is a tendency in commercial societies, due to the advanced division of labour, to corrupt the ‘intellectual, social, and martial virtues’ of its citizens (*WN* V.i.f.51). This ‘leprosy’ is so great a ‘public evil’ that it leaves the people ‘mutilated and deformed’ in their character (*WN* V.i.f.60-1). Smith now appears as a critic of commercial society. Further, the educational reforms that are needed to contain physical, mental, and moral corruption, as well as religious superstition, do not occur spontaneously (see McNamara 1998, 34). The harmony that is achieved in commercial society would seem to be via the ‘hand of the [human] lawgiver’, relying on human wisdom, rather than the ‘invisible hand ...of some god or some natural agency’ (Robbins 1952, 56).

With social progress, more, not less, interventions are needed; the dependence of commercial society upon the wisdom of the legislator makes its durability doubtful (see Lamb 1987, 408-15; cf. McNamara 1998, 44-53).

Before closing this section a comparison with the civic humanists may be helpful. The civic humanists were concerned about the decline of virtuous conduct in commercial society and its inevitable consequence, the loss of freedom and civilization (see Ferguson 1966; cf. Steuart 1966, 98-103, 195; Brewer 1995, 626). Smith clearly expresses civic concerns about the effects of the division of labour on the mental and moral status of the general population but for him the ultimate demise of commercial society comes about by means different to those suggested by the civic humanists.

In this section we have seen that, because of the inevitable effects of economic stagnation, and the high demands placed on the legislator, the maintenance of commercial society is unlikely. Smith's view of history is not what we saw in Part A, namely, a complex but orderly teleological one combining cyclical and progressive elements. Commercial society does not seem to be the end product of teleology or a divine 'plan'. Rather, it seems to be a very fragile, ephemeral type of society: commercial society fades like one brief season in the endless cycle of history.

9. SUMMARY

In this Part we have seen that Smith seems to hold that the best type of commercial society does not achieve the ends of nature; nor is it inevitable; nor is it permanent. Indeed, in some instances, even arriving at the commercial epoch seems to be impossible. Further, the fate of every commercial society seems to be sealed.

PART C: CONCLUSION

On the basis of what we have seen, we are apt to conclude that Smith was confused. Can the tension in his writings on history be resolved? Two partial reconciliation's are suggested below.

First, we need to consider if there was some development or change of view in Smith's writings over his lifetime. There is some evidence for an increasing optimism between his *Lectures* and the *Wealth of Nations* and a corresponding reduction in his civic concerns. Some of his most pessimistic statements in the *Lectures* are softened in, or missing from, the *Wealth of Nations*.²⁹ Nevertheless, there is sufficient evidence in the latter work and the *Theory of Moral Sentiments* to show that the problem in his thinking remains to the end of his life.

²⁹ cf. *LJ* (A)iv.36,53,56-62 and (B)29-31 with *WN* II.iii.36; V.ii.c.6; also cf. *LJ* (A)iv.81,99 and *LJ* (B)46 with *WN* V.ii.c.6. See McNamara 1998, 51.

Second, a clear distinction between the stage theory of history and the theory of quantitative economic growth may be required.³⁰ It has been suggested that, for Smith, the sustained process of economic growth only occurs under the commercial stage (Brewer 1999, 240);³¹ sporadic or no economic growth occurs under the other three stages. The downward slide to the permanent stationary state, which at least begins in the fourth epoch, implies a decline in the rate of profit and accumulation gradually ceases. Does it, however, lead to the obsolescence of merchants and the demise of the commercial way of life? In the stationary state Smith says that: ‘It would be necessary that almost every man should be a man of business, or engage in some sort of trade. The province of Holland seems to be approaching near to this state’ (WN I.ix.20). Smith does not seem to be suggesting that Holland is about to revert to an agricultural, or earlier, stage. Perhaps the shift to the stationary state does not require reversion to an earlier epoch. This possibility makes Smith more consistent and thus strengthens the case for an end of history interpretation, at least in the sense that this stage is permanent.

Even if these points are conceded, is Smith’s doctrine made fully coherent? It seems unlikely. It is a very odd end of history when the stationary state arrives and commercial society cannot even provide order, preservation and procreation of the species. Further, the best type of commercial society, for various reasons, does not appear to be inevitable; even arriving at the commercial epoch appears to be thwarted by several factors. European history demonstrates that Britain was unique in combining freedom and commercialism. Perhaps the end of history is reduced to the level of a fluke. In what sense is a fluke the product of a teleological historical process?

In short, a problem in Smith’s thinking has been identified. What is the effect on the way that Smith is viewed? It confirms that there is some textual basis for the liberal capitalist reading of Smith and for the various opponents of such a view. The decision on the final evaluation of Smith’s view of history depends, in part, on the weight of his statements either side of the optimism/pessimism scale. Perhaps even more important is the weight that interpreters themselves put on particular statements found in Smith’s *oeuvre*. It seems to be an impossible task to make Smith consistent other than by ignoring some passages in his work. Nevertheless, several of Smith’s darker passages can be explained away. Perhaps we can conclude by proposing that Smith is an 80 per cent optimist or that he retains certain civic residues in his otherwise optimistic, liberal work.

³⁰ This point was made by an anonymous referee and led to the reformulation of the conclusion. It represents a revision to my views presented in my forthcoming book on Smith.

³¹ Further, it has been suggested that the growth process may continue much longer than was presented above: Brewer suggests that ‘growth could continue for up to two thousand years--any limits were a long way off’ (1995, 633).

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