

# **ADAM SMITH'S PESSIMISTIC VIEW OF THE FUTURE OF COMMERCIAL SOCIETY: RHETORIC OR REALITY?**

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## **ABSTRACT**

Adam Smith is generally viewed as a great optimist about commerce and commercialism. Consistent with this assessment is the conventional view that Smith believed in progress: he had an optimistic view of history. On the other hand, occasionally over the last thirty years commentators, such as Heilbroner, have suggested that Smith actually had a very pessimistic view of history and the prospects of commercial society. Can we explain Smith's apparent inconsistencies? One solution is that Smith "changed his mind" during his lifetime. Another suggestion, proposed by Muller, is that Heilbroner (and others holding similar views) failed to understand Smith's rhetoric. Muller is correct in suggesting that there is exaggeration in some of Smith's pessimistic statements. Nevertheless, Smith's vision has a darker tincture than Muller acknowledges: much of Smith's pessimism about commercial society remains a reality which cannot be neatly explained away as "rhetoric."

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## INTRODUCTION

“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, p.619). Most commentators have viewed Smith as optimistic about the likelihood of commercial society<sup>2</sup> coming into being, its goodness and its permanence (see Alvey 2003(a), pp.31-173; Alvey 2003(b)). This view prevails, even though thirty years ago Heilbroner presented the “dark side” of Smith’s view of the nature and future of commercial society (Heilbroner 1973, p.243). Heilbroner’s view, “which has been picked up by other scholars,” according to Muller “can only be sustained by ignoring the rhetorical function of Smith’s gloomier predictions” (Muller 1995, pp.246-7). In what follows we show that while some of Smith’s pessimistic predictions may be rhetorical, others indicate the dark reality that Smith discerned in, and predicted about, commercial society. Smith’s alleged optimistic view of history needs to be reconsidered.

This article has seven sections. The first section presents a sketch of Smith’s view of human nature and his predominant, optimistic view of commerce and history. The next two sections discuss the problem of Smith’s occasional, pessimistic views about the goodness of commercial society as it matures and his concerns about the permanence of that society. The fourth section reviews the intellectual context of these pessimistic views. The next two sections discuss two possible explanations for Smith’s apparent inconsistency: a change of view during his lifetime and rhetoric. The final section draws some conclusions.

### 1. HUMAN NATURE AND THE OPTIMISTIC VIEW OF COMMERCIAL SOCIETY

This section addresses two topics. First, we discuss Smith’s teleological view of human nature. Smith identifies several ends of human nature. What are these ends? How are they achieved? Second, in the light of his view of nature, we turn to Smith’s view of history. Are the instincts active in the path of human history? Does a parallel to the teleology immanent in human nature exist in human history? Let us begin with Smith’s view of human nature.<sup>3</sup>

Smith explicitly refers to self-preservation, procreation of the species, order, happiness and perfection of the species as natural human ends (Smith 1976(a), pp.77,166,168). In addition, given his stress on the concept, it seems reasonable to add freedom as an implicit, sixth end. As a sort of summary, Smith says that the “ultimate objects of all of our desires” are “ease and tranquillity” (Smith 1976(a), p.297). Some of the ends (such as preservation and order) also serve as prerequisites for other, higher ends. Consider in this light wealth, which is not only required for procreation and preservation but also for happiness (Smith 1976(a), p.205; Smith 1976(b), p.96). Nature aims at comfortable, not bare, self-preservation; comfortable preservation serves therefore as a prerequisite for happiness (see Smith 1980, pp.112-3).

The primary means to the various ends, Smith argues, are instincts, implanted by a providential “Author of nature” (Smith 1976(a), p.77). The “Author,” or God, could have left the discovery of the means to human reasoning but did not do so (see Smith 1976(a), pp.77-8). Whilst not impotent, human reasoning is weak in Smith’s view; indeed, it may subvert the “system of

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<sup>2</sup> In Smith’s own time many European states, including England, France, Flanders, Holland and Genoa, had reached the commercial epoch (Smith 1976(b), pp.209,263,431).

<sup>3</sup> The next four paragraphs draw from Alvey 2003(b).

natural liberty,” the Smithian ideal of smallish government (Smith 1976(b), p.687). Fortunately, the teleology immanent in human nature is strong.

Sometimes nature arranges the passions so that the private and the public good are harmonized. Consider Smith’s view on economic growth. The effect of growth is that wealth “trickles down” to the lowest ranks of society; a “liberal reward of labour” allows more children to survive and better fulfil the end of procreation (meaning increase) of the species, as well as other ends (Smith 1976(b), pp.22,72,87-8,99-100). Two of the factors that Smith says cause economic growth are the division of labour and the accumulation of capital. Specialization materially benefits the individual and the society; further, it originates not from “human wisdom,” but from certain instinctive tendencies, notably the desire to persuade (Smith 1976(b), pp.13-36; Smith 1978, pp.352,493-4; Kleer 2000, pp.17-18).

In addition to this harmonious view, however, nature sometimes “deceives” us into achieving the public good. We often value means more than the end itself. Hence, we pursue wealth (and thus accumulate capital) not because of the real conveniences that we achieve (these are actually quite small) but because of our fascination with finely-crafted luxuries (Smith 1976(a), pp.50-1,179-83; Kleer 2000, pp.18-19). By valuing means over ends we are tricked into working hard for the public good. Smith gives many other examples showing these two types of arrangements of the human passions.

Now let us turn to Smith’s view of human history. Smith identifies four historical epochs: hunting, shepherding, farming and commerce (Smith 1976(b), pp.689-94; Smith 1978, pp.14,406-7,459). These stages represent different levels of economic development; economic growth and its causes are of great significance therefore. In Smith’s theory each new epoch is “more advanced” than, and “naturally succeeds,” its predecessor (Smith 1976(b), pp.690,692,694; Smith 1978, p.459; see also Smith 1978, p.235). The lower, and even the higher, ends are apparently increasingly satisfied as societies advance through these stages. Only the commercial societies are called “civilized” (Smith 1976(b), pp.708-12; Cropsey 2001, pp.66,73). For Winch, Smith assumes that stadial progress is “unilinear” (Winch 1978, p.63). This is one aspect of Smith’s putative optimistic view of human history.

Another aspect of this optimism apparently arises when Smith discusses the “general circumstances of the society” which partly determine the average income levels (Smith 1976(b), p.72). There are three such “circumstances”: economic growth, stationarity and decline:

[in the] progressive state ... the great body of the people, seems to be happiest and most comfortable. It is hard in the stationary, and miserable in the declining. The progressive state is in reality the cheerful and hearty state to all the different orders of the society. The stationary is dull; the declining, melancholy. (Smith 1976(b), p.99)

Smith’s eulogy of economic growth fits with his praise of commercial society, the epoch most closely associated with growth. Hence, another factor in Smith’s optimistic view of history is apparently identified. We now turn to Smith’s pessimistic views that were first presented by Marx but expounded more recently by Heilbroner. Smith indicates several problems associated

with commercial society, two of which are discussed here.<sup>4</sup> First, there are unsatisfactory elements of the society which emerge as it matures over time. Second, commercial societies are ephemeral. In section 2 the first point is discussed; and in section 3 the second point is discussed.

## 2. THE PROBLEM OF THE GOODNESS OF COMMERCIAL SOCIETY OVER TIME

This section follows the outline provided by Heilbroner. He refers to the “material decline awaiting at the end of the economic journey, [and] moral decay suffered by society in the course of its journeying” (Heilbroner 1973, p.243; see also throughout). These we discuss in reverse order, beginning with what Heilbroner calls the “psychological and sociological implications” of decline (Heilbroner 1973, p.250).

The division of labour is a fundamental cause of economic growth but it also features in the “dark side” of Smith perceived by critics of capitalism like Marx and Heilbroner (see Marx 1954, p.342; Heilbroner 1973). Those confined to performing monotonous actions throughout their working lives suffer negative consequences. A huge literature has developed around Smith’s anticipation of Marx’s alienation theory (see references cited in Heilbroner 1973, p.243 n.1; Alvey 2003(a), p.212 n.73). Smith says that eventually the bulk of the population is employed in monotonous occupations; the typical person under these conditions:

becomes as stupid and ignorant as it is possible for a human creature to become. The torpor of his mind renders him, not only incapable of relishing or bearing a part in any rational conversation, but of conceiving any generous, noble, or tender sentiment. (Smith 1976(b), p.782 quoted in Heilbroner 1973, p.252)

The same cause “corrupts the courage of his mind” and it “corrupts even the activity of his body”; in short, “His dexterity at his own particular trade seems ... to be acquired at the expense of his intellectual, social, and martial virtues” (Smith 1976(b), p.782). Smith adds that: “It is otherwise in the barbarous [pre-commercial] societies” (Smith 1976(b), p.782 quoted in Heilbroner 1973, p.253). The negative comparison with earlier stages of history means that Smith’s “final judgment ... on the quality of life in commercial society is devastating” (Heilbroner 1973, p.253). In a less alarmed tone, the negative moral consequences of commercial society have been called by Winch examples of Smith’s “historical pessimism” (Winch 1978, p.117).

Now let us turn to the termination of the growth process in a permanent stationary state. Smith’s hints at the emergence of stasis, have been frequently discussed in the history of economic thought literature.<sup>5</sup> In the permanent stasis: “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” (Smith 1976(b), p.111). The primary cause of permanent stationarity in Smith’s analysis was land scarcity, but also assumed were diminishing returns in agriculture, a limited role for technological improvement and a “Malthusian” sexual instinct (see Smith 1976(b), p.109; Hollander 1987, pp.162-5).

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<sup>4</sup> Two other problems could be mentioned. First, commercial society may not arise inevitably. Second, by relying upon a base motivation, the essential character of all commercial societies is flawed. See Alvey 1998, pp.1428-31,1434-7; Alvey 2003(a), pp.177-220.

<sup>5</sup> See Hollander 1973, pp.171,184-6,250-1,292; Heilbroner 1973, pp.254-62; Hollander 1987, pp.66,84, 162-5,176.

The implications of the decline into stasis have been discussed frequently but a few points can be reiterated here. Once the profit rate reaches the very low equilibrium level, virtually everyone – even those who were previously rich – would be forced to work (Smith 1976(b), p.113). As we saw earlier, the stationary state is “hard” and “dull” for the “labouring poor”; the “scanty subsistence”<sup>6</sup> of the lower classes causes such a high infant mortality rate as to just maintain the equilibrium population (Smith 1976(b), pp.99,90; see also pp.91,97). At this low standard of living, the society will not be able to meet the ends of happiness, self-preservation and procreation of the species.<sup>7</sup> One wonders if this pessimistic prospect is any better than pre-commercial “barbarism.”<sup>8</sup>

Muller, responding directly to Wrigley and indirectly to Heilbroner, suggests that “reading the most pessimistic scenarios of Ricardo and Malthus back into Smith” is inappropriate: for Smith, stasis “is a spectre to be avoided by wise policy,” not “an inevitable destination for commercial society” (Muller 1995, p.221 n.36; see Wrigley 1988, pp.47-9). Wrigley’s view of stasis, however, is actually closer to the truth than Muller’s.<sup>9</sup> Smith’s pre-industrial vision stresses agriculture and diminishing returns ensure a stationary state. Malthus differs from Smith only on the timing: the former saw the problem “in the immediate future” whereas, according to Heilbroner, the latter saw it in the “distant future” (Heilbroner 1973, p.256). In this instance, however, Heilbroner is not pessimistic enough: according to Smith’s first edition (1776) of *The Wealth of Nations* (WN hereafter), Holland had almost reached this stage (Smith 1976(b), p.113).

Sociological and economic problems do lie ahead for commercial societies as they mature.

Even if no country had yet reached the permanent stationary state, this should not obscure Smith’s claim that two hundred years is “as long as the course of human prosperity usually endures” (Smith 1976(b), p.425; see also pp.365-7; cf. Brewer 1995, p.633).

### **3. THE PROBLEM OF THE FUTURE COLLAPSE OF COMMERCIAL SOCIETY**

This section discusses Smith’s view of the death that awaits all societies. While Heilbroner alludes to the “‘rise and fall’ of civilizations,” the highlighting of the “dark” themes discussed below was left to later commentators (Heilbroner 1973, p.256; cf. Winch 1978, pp.63,182; Haakonssen 1981, p.179). A number of scenarios are suggested by Smith for the collapse of commercial societies, two of which are presented here: external or internal subjugation; and the consequences of the accumulation of debt.<sup>10</sup>

Let us begin with the military theme, which is stressed by Smith. The fate of the ancient commercial societies was largely determined by military vulnerability. There are actually three types of these societies: defensive republics, conquering republics and monarchies. The model that Smith develops for the decline of the first of these provides the basis for understanding all

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<sup>6</sup> On the “scanty subsistence” see Heilbroner 1973, p.247; Brewer 1999, p.239.

<sup>7</sup> The high-wage stationary state of J.S. Mill, and more recent environmentalists, is not envisioned by Smith (see Mill 1987, pp.746-51).

<sup>8</sup> Consider also Smith’s famous Lockean view (Smith 1976(b), p.24).

<sup>9</sup> Wrigley incorrectly asserts that real wages are fixed in the growth phase but his pessimistic view of stasis is essentially correct. See Wrigley 1988, pp.47-8.

<sup>10</sup> On another scenario, the probable failure of statesmen, see Alvey 1998, p.1433; Alvey 2003(a), pp.226-7.

three. In his discussion of the defensive republics, he refers to the age of the state and the effects of the improvements of the arts, sciences, manufactures and commerce (these last four factors we can summarize as “commerce”) as the causes for decay and military subjugation: “Thus it *must happen that the improvement of arts and commerce must make a great declension in the force and power of the republic in all cases*” (Smith 1978, p.231 emphasis added). The courage of the population diminishes with the “progress in arts and sciences” (Smith 1978, p.231). The people no longer wish to bear arms; the government supports their view as it would feel the loss of taxation revenue if the people interrupted their regular employment (Smith 1978, pp.238,411-2). Defensive republics are militarily vulnerable and are eventually defeated and subjugated. The commercial form is replaced by something else.

“Commerce,” as indicated above, has the same negative effect on the conquering republics. This type of republic becomes opulent, producing “the same diminution of strength as in a defensive republic” (Smith 1978, p.235). While the reliance on mercenaries and the ambition of leading generals are the proximate factors that destroy them, Smith’s view of the underlying cause we saw previously. The “very tenuous tenure” of these republics soon expires (Smith 1978, p.233). Either they are overwhelmed by the mercenaries they hire from the neighbouring countries (and dragged to an earlier historical epoch) or one of the generals turns the society into a military monarchy.

These monarchies, as demonstrated by the Roman Empire, can endure for a long time. Nevertheless, they also carry the same fatal disease: “But *this government, as all others, seems to have a certain and fixed end* which concludes it. For the improvements of the arts necessarily takes place here” rendering “the people unwilling to go to war” (Smith 1978, p.238 emphasis added; see also p.414). So, Smith showed that all three classical commercial forms of society *inevitably* collapsed.

The second scenario for the collapse of commercial governments is the tendency of governments (at least modern governments) to accumulate debts. Servicing a growing foreign currency debt is clearly a problem, but Smith adds that even if all of the debt was owed to domestic investors, a large and growing debt is “pernicious” (Smith 1976(b), p.927). It will lead initially to increased taxation (causing the flight of domestic capital) and ultimately to the devaluation of the currency (thus punishing the industrious and frugal of those remaining) (Smith 1976(b), pp.927-9). This will severely retard the “natural progress of a nation towards wealth and prosperity” (Smith 1976(b), p.674). Smith concludes that the burden of debt “will in the long-run *probably* ruin, all the great nations of Europe” (Smith 1976(b), p.911 emphasis added; see also pp.497,928-9; cf. pp.342-3). Despite recommending policies to reduce the debt, Smith is not optimistic about their potential success (Winch 1978, p.136). Once again, doom is on the horizon.

In this section we saw that, regardless of which explanation is adopted, Smith says that commercial societies inevitably collapse. He apparently accepts a cyclical theory of history. This unexpected conclusion leads us to pause and consider Smith’s “pessimism” in the longer view.

#### 4. INTELLECTUAL CONTEXT OF THE PESSIMISTIC VIEW

This section considers the intellectual context in which Smith wrote. First, we survey some of the contributions to the cyclical view of history. Second, we discuss the eighteenth-century view of economic growth. Third, we turn to the “civic humanist” tradition of thought, which has received a lot of attention in recent scholarship on the eighteenth century.

The cyclical view of history is an ancient one, being held by authors such as Plato, Polybius and the Stoics.<sup>11</sup> It was also maintained by many modern writers such as Machiavelli, Hutcheson and Ferguson (Machiavelli 1996, pp.10-4; Hutcheson 1969, Vol. II pp.377-80; Ferguson 1966, pp.204-35). Often these writers had in view a cycle of regimes (see Mansfield 1996, pp.273,344 n.34; Pocock 1975, p.77). In addition, there could also be a rise and fall of civilization itself. Smith was aware of the various cyclical views but his great fear was the decline of civilization.

Next, we turn to the eighteenth-century view of economic growth. Francois Quesnay, James Steuart and David Hume all argued that economic decline would emerge at some stage (Brewer 1995 throughout). Brewer suggests that in the pre-Smithian era only Turgot held that continuing growth was the “normal state of affairs” (Brewer 1995, p.609).

Now we turn to the civic humanist perspective. Civic humanism was the name given by Pocock to a tradition of thought that he traced from Florence (Machiavelli and others) to Britain (James Harrington, Adam Ferguson and Andrew Fletcher) (see Pocock 1975, pp.386,426-32,450,499 and throughout). The civic approach was based on the classical notion of virtuous citizenry. The citizen was supposed to be a landowner who was rich enough to be able to act independently in private life, fully participate in political life, and be willing and able to defend the state in warfare (Pocock 1975, pp.431,450). The eighteenth-century British form of civic humanism was expressed in opposition to the Whig oligarchy (which was in power for most of the century after the revolution of 1688) and especially to its perceived “corruption”: its reliance on a standing army, patronage, public credit and commerce.<sup>12</sup>

Each of the three themes discussed above appear in the writing of Adam Ferguson.<sup>13</sup> To some degree, these themes also appear in Smith. Unlike Ferguson, Smith is not generally viewed as a strong supporter of civic humanism, but rather as someone who was responding to this view. Generally he opposed it, but certain civic residues have also been discerned in his work (his concerns about the effects of debt on future prosperity and the effects of specialization on the mental and moral status of the general population). Now let us turn in the next two sections to two possible explanations for the pessimistic passages in Smith’s thought, beginning with the possibility that he changed his mind.

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<sup>11</sup> Plato 1974, pp.359-98; Polybius 1922-7, Vol. III pp.283-9; Cicero 1933, pp.234-7. All of these authors are discussed by Smith in his works. He specifically discusses the Stoic cyclical views (see Smith 1980, p.117).

<sup>12</sup> Many eighteenth-century pamphlets attacked the public debt (Kleer 1996, pp.325-6,330). Although many had a civic humanist tone, David Hume, who did not adopt the civic view, also opposed the debt (Hume 1987, pp.349-65).

<sup>13</sup> On the cyclical view see Ferguson 1966, pp.208-9,279; on economic stagnation see Ferguson 1966, p.233 and Brewer 1999, p.247; and on civic themes see Ferguson 1966, pp.227,234,238,251.



## 5. A CHANGE OF VIEW

Some commentators have mentioned Smith's possible change of view as an explanation for some of his apparent inconsistencies. This possibility will be explored below.

Smith identified three types of commercial societies: the classical commercial societies (the Greek republics and the Roman Republic and Empire); the modern mercantile societies (which are interventionist in economic affairs and imperialistic militarily); and the projected free trade commercial type. The collapse of all societies of the classical variety was a major concern for him. It is significant therefore, that, in the *WN*, Smith drastically revised his account in the *Lectures on Jurisprudence* (*LJ* hereafter) of the collapse of the classical commercial societies (Fitzgibbons 1995, pp.5,121-3).

First, in the *WN* he apparently becomes less pessimistic (and hence more optimistic) about the harm done by "commerce" to the classical societies. Smith suggested in the *WN* that *the* major factor in the fall of the classical republics was not "commerce" but the lack of a standing army. (Smith 1976(b), pp.698-702). The reasons given for the demise of the Roman Republic was revised to the ill-advised admission of many Italians to Roman citizenship (Smith 1976(b), pp.622-4). Special factors (notably the degeneration of the army into a mere militia) were blamed for the Fall of the Roman Empire (Smith 1976(b), pp.703-5). In the *LJ*, Smith appears like a civic humanist, blaming "commerce" for the demise of the classical societies; in the *WN*, he mitigates his concerns about "commerce" by suggesting that remedies (modern weaponry and a standing army; see Smith 1976(b), pp.701-8) are available.

Second, he apparently becomes more optimistic about the permanence of commercial societies. Decline is inevitable in the *LJ* but in the *WN* he is less emphatic, merely stating that "empires, like all the other works of men, have hitherto proved mortal" (Smith 1976(b), p.830). The introduction of standing armies and modern weaponry may become the norm. His concern with military vulnerability seemed to change over time away from the civic view. McNamara says that Smith may have changed his mind on the cyclical theory (McNamara 1998, p.51).

Third, concerning the sociological problems mentioned above, Smith seems to have revised his thinking. His view that in commercial societies "[t]he minds of men are contracted and rendered *incapable* of elevation" (Smith 1978, p.541 emphasis added) is softened in the *WN*. There is a suggestion in the *WN*, stressed by Muller, that the negative effects of the division of labour only follow *if* the government does not prevent it by public expenditures, principally on education (Smith 1976(b), p.782; see also pp.782-8; Muller 1995, pp.149-50).

There does seem to be an increase in Smith's optimism between his *LJ* and his *WN* and a corresponding reduction in his civic concerns. Nevertheless, Smith remained committed throughout his lifetime to two of the causes of decline: the accumulation of debt and land scarcity (which ultimately causes the stationary state).

## 6. RHETORIC

We turn now to Muller's explanation for some of Smith's pessimism: rhetoric. First, we discuss the lecture notes from Smith's lectures on rhetoric. Next, we turn to how Muller used Smith's

“rhetoric” in his interpretation of Smith. Then we will suggest ways in which “rhetoric” can be used to reach different conclusions from Muller’s.

In his lectures on rhetoric Smith says that there are several styles of writing: historical, poetical, didactic (or scientific) and oratorical (or rhetorical) (Smith 1983, pp.35,62,104). The last three styles need some explanation. Historical discourse aims “barely to relate some fact,” whereas didactic and rhetorical discourses aim “to prove some proposition” (Smith 1983, pp.35,62). Didactic writing:

put[s] before us the arguments on both sides of the question in their true light, giving to each its proper degree of influence, and has it in view to persuade no farther than the arguments themselves appear convincing. The rhetorical [method] ... endeavours by all means to persuade us; ... it magnifies all the arguments on the one side and diminishes or conceals those that might be brought on the [other] side. (Smith 1983, p.62)

Didactic writing aims primarily at instruction, with persuasion secondary; rhetorical writing reverses the priorities (Smith 1983, p.62).

What style(s) did Smith use in the books published by him during his lifetime? The outward form suggests that they are scientific treatises: *The Theory of Moral Sentiments* (TMS hereafter) on morality and the *WN* on political economy. Poetry is absent from these works but he uses the remaining styles. Smith’s use of rhetoric has been noticed by several commentators, including Muller.<sup>14</sup>

Next, let us see how Muller used Smith’s rhetoric in his interpretation. Muller says that Smith’s powerful presentation of the negative consequences of commercial society on the virtue of the citizenry, seen earlier, is one of many examples of his rhetoric.<sup>15</sup> The worst-case scenario is allegedly described in “harrowing” terms by Smith in order to prevent such an outcome (Muller 1995, p.149). Smith presents “a list of expensive recommendations for new public expenditure,” especially education, designed to solve the problem: “Having alarmed his readers, he suggests the means of dispelling their anxiety” (Muller 1995, p.150). Muller’s specific claim is interesting, but he does not suggest that it can be generalized for *all* of Smith’s pessimistic statements. Rather, rhetoric should be used to explain away examples of Smith’s extreme optimism as well.

In developing his rhetorical analysis, Muller speaks of the libertarian interpretation of Smith that became popular based on Smith’s “system of natural liberty” (Muller 1995, p.187). After quoting a colourful passage from Smith on this theme, he says that Smith’s “rhetoric of ‘natural liberty’ was so compelling that it led many readers” to adopt the view of “explicit providentialism, the belief that the deep structure of the world was fundamentally beneficent” (Muller 1995, p.187 quoting Smith 1976(b), p.687). Muller goes on to suggest that Smith did not anticipate the consequences of his own rhetoric (Muller 1995, p.188). Hence, Smith’s rhetoric was providential but his *true view* was not. In short, Muller’s interpretation is that extremely pessimistic and extremely optimistic statements in Smith’s writings can be traced to his rhetoric;

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<sup>14</sup> See Winch 1978, p.171; Haakonssen 1981, p.77; Kleer 1995, pp.275-9; Fitzgibbons 1995, p.126; and the sources mentioned in Alvey 2003(a), p.250.

<sup>15</sup> Muller 1995, pp.149-50 citing Smith 1976(b), p.782. Muller might also have applied his approach to debt, the topic of the final chapter of the *WN* (an apt location for a rhetorical flourish).

trimmed of its rhetorical providentialism and teleology, Smith's true view emerges as a moderate, yet largely optimistic one. This has some plausibility; nevertheless, Smith's teleology plays a larger role than mere rhetoric.<sup>16</sup>

Next, let us use Muller's methodology but now apply it in a different way. Recall that rhetorical writing "diminishes or conceals" arguments which oppose your case (Smith 1983, p.62). Consider now Smith's increasing optimism over time suggested in the previous section. Even if priority is normally given to works authorized by a writer, perhaps this rule should be revised in this case; the revisions may represent a deliberate concealment of the problems with commercial society rather than a "change of view." Why might Smith have done so?

In a private letter he refers to "the very violent [rhetorical] attack" that he made "upon the whole commercial [interventionist, mercantile] system of Great Britain" in the *WN* (Smith 1987, p.251). Smith wanted to change public policy towards the free trade model and, in order to do so, he needed to *motivate* potential statesmen to undertake fundamental policy changes. Often these people cannot be persuaded by direct appeals to the beneficial effects of certain policies on public wellbeing. In his *TMS*, Smith offers an indirect means of persuasion: to present "a certain beautiful and orderly system" and to show "how this system might be introduced into his [the reader's] own country" (Smith 1976(a), pp.185-6). This may lead to such a fascination with the system that the politician strives to "perfect and improve" the system in his own country (Smith 1976(a), p.185). This is another case where we come to value means over the end. The "love of system" can lead to fanaticism and bloody consequences but Smith thought that attachment to his system obviated such dangers (Smith 1976(a), pp.233-4; McNamara 1998, pp.32-5,91). Even though his "system of natural liberty" is prominent (and beneficial overall), he retained his pessimistic remarks for some careful readers. For the philosophic few, the dark side would be acknowledged quietly (but sometimes boldly). As for the others, it was best not to highlight these problems lest potential statesmen become disenchanted with the beautiful system that Smith had constructed. In other words, Smith's rhetoric of providentialism (see section 1) was deliberate and the libertarian interpretation (or something close to it) was the one that he *wanted* to be generally adopted from the *WN*; this interpretation would be the basis for a new public policy of free trade.<sup>17</sup> Thus using the "rhetorical method" can *reinforce* a pessimistic interpretation of Smith's true view.

Using the same strategy, let us revisit the alienation caused by the division of labour. The fact that alienation deserves "serious attention of government" does not mean that anything can be achieved (Smith 1976(b), p.787). Marx notes that the homeopathic doses of education recommended by Smith are unlikely to provide a full remedy (Marx 1954, p.342). This unhappy state of affairs, consistent with the view of the *LJ*, may also have been hidden from view. Nevertheless, this seems to be an extremely conspiratorial explanation.<sup>18</sup>

A more balanced assessment emerges when we return to Smith's purpose in the *WN*. He wanted to attach potential statesmen in his audience to his "system of natural liberty," which comes closest to actualization in the free trade variety of commercial society. This means that this

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<sup>16</sup> See Kleer 1995 and Kleer 2000. The coexistence of Smith's teleology with his pessimistic historical views raises theological problems which cannot be addressed here.

<sup>17</sup> While Smith may have advocated some new governmental expenditures, the overall effect was a considerable reduction in the scope of governmental activity.

<sup>18</sup> By rejecting this possibility, the view expressed in Alvey 2003(a), p.253 is revised.

system is better than the alternatives. Hence, Smith's occasional suggestions that commercial society may be inferior to earlier stages in history are troubling. Perhaps these comparisons refer to the classical or mercantile versions of commercialism or, more probably, they are real cases of Smith's *pessimistic exaggeration*.

Let us now return to Muller's moderately optimistic vision attributed to Smith. Despite the merits of this interpretation, it misses the reality of the threats posed by debt and land scarcity. It remains too optimistic.

Finally, let us conclude this section. Smith clearly uses rhetoric in his work and this may explain some of his pessimism. Yet it is clearly not a solution to all of Smith's pessimistic passages. Further, the rhetorical method can plausibly be turned against the more optimistic view of Muller. Muller's interpretation is clearly inadequate.

## **7. CONCLUSION**

Smith's optimistic reputation, concerning commerce, commercial society and its future, needs revision. There is a "dark side" as well. Certain extreme statements that Smith made, suggesting that commercial society is worse than societies at earlier stages in history, and stressed by Heilbroner, may indeed have been rhetorical exaggeration. Nevertheless, the dark aspects of commercial society that emerge from time to time in Smith's writings show the reality that he sought to keep partly, but not fully, concealed. Contrary to Muller, Smith's true assessment of commercial society was not particularly optimistic. We can perhaps draw a parallel to Churchill's assessment that democracy is the worst type of government except every other type of government (mentioned in Mansfield 1993, p.296).

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