



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

DEPARTMENT OF APPLIED AND INTERNATIONAL ECONOMICS
DISCUSSION PAPER NO. 04.06
JULY 2004

**THE ROLE OF TELEOLOGY IN ADAM SMITH'S
WEALTH OF NATIONS: A BELATED REPLY
TO KLEER**

James E. Alvey

Te Kunenga
ki Pūrehuroa



www.massey.ac.nz
0800 MASSEY (627 739)

This series contains work in progress at the Department of Applied and International Economics,
Massey University. **Comments and criticism are invited. Quotations may be made on explicit
permission of the author(s).**

Further copies may be obtained from:
The Secretary
Department of Applied and International Economics
Massey University
Private Bag 11222
Palmerston North
NEW ZEALAND
Phone: 06 350 5799 Extn 2679
Fax: 06 350 5660

Discussion Paper 04.06
ISSN.1174-2542
Price: \$10

THE ROLE OF TELEOLOGY IN ADAM SMITH'S *WEALTH OF NATIONS*: A BELATED REPLY TO KLEER

James E. Alvey¹
Department of Applied and International Economics
Massey University
Private Bag 11-222
Palmerston North
New Zealand
E-mail: J.E.Alvey@massey.ac.nz

and

The University of Tokyo, Japan
alvey@phiz.c.u-tokyo.ac.jp

ABSTRACT

In a recent article in the *History of Economics Review*, Richard Kleer discussed the role of teleology in Adam Smith's economic work. Kleer has been at the forefront in promoting the 'new teleological and theological view' of Smith. In this view, Smith is portrayed as a theorist whose system of thought is fundamentally shaped by a belief in divine design and Providence. This revisionist account is in sharp contrast to the mainstream view of Smith as a secular follower of David Hume. As the title of his article indicates, Kleer focuses on the *Wealth of Nations*. In fact, Kleer's focus is on economic growth, which is probably the central theme of that book. He shows that the mechanisms underlying economic growth are human instincts (rather than human foresight); teleology enters when Kleer claims that instincts are part of the divine design. In this reply, I wish to draw attention to some gaps in Kleer's account and some difficulties with his interpretation. I will also suggest some possible extensions to Kleer's work.

¹ Currently visiting at the Department of Language and Information Sciences, University of Tokyo, Komaba, 3-8-1 Komaba, Meguro, Tokyo 153-8902, Japan. The author wishes to thank Richard Kleer for comments on an earlier version of this reply. He also 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.

1. INTRODUCTION

Recently, Richard Kleer discussed the role of teleology in Adam Smith's work (Kleer 2000). He is one of the leaders of the 'new teleological and theological view' of Smith which contends that Smith's system of thought is founded on a belief in Providential design. This revisionist account opposes the mainstream, secular view of Smith. As Kleer's title indicates, he focuses on the *Wealth of Nations* (WN hereafter).² He shows that the mechanisms underlying economic growth are human instincts; teleology enters when Kleer claims that instincts are part of the divine plan. In this reply, I discuss some gaps in, and difficulties with, Kleer's interpretation. I will also suggest some possible extensions to Kleer's work.

Following this introductory section there are four further sections and two appendices in this reply. The next section (section 2) presents a brief summary of Kleer's article. Following that, section 3 addresses some gaps in Kleer's account. Section 4 turns to some substantive disagreements I have with Kleer's interpretation. The fifth section presents a brief conclusion. Finally, there are two appendices: in the first appendix some controversies over the means adopted within a teleological system are discussed; in the second appendix some miscellaneous points are raised.

2. A BRIEF SUMMARY OF KLEER

Let us begin with a sketch of Kleer's article. It has four sections. The first section provides an introduction to the topic and an extensive literature review. The second section discusses the fundamental causes of economic growth. The third section turns to the analytical role of a benevolent deity in Smith's system. The final section provides his conclusion.

In the first section Kleer presents a nice summary of the commentaries on Smith's theological views. He argues that the initial commentators through to the latter half of the nineteenth century held that teleology and theology played an important role in Smith's writings; early in the twentieth century a more secular view arose; after World War II a *thoroughly* secular view was developed; and in the last decade or so, a 'new teleological and theological view'³ has arisen which returns, in large part, to the view of the early commentators. This characterization of the trend of the literature has certain exceptions, such as Jacob Viner's work. Viner's teleological interpretation of Smith is given considerable attention by Kleer and other 'new view' commentators (Viner 1972; see Hill 2001). Whilst the secular presentation of Smith remains orthodox, the interpretations of those who adhere to the 'new view' have begun to have an impact.⁴

² Textual references are to Smith unless otherwise noted. My citations from him follow the practice of 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 philosophers usually follow this pattern. Abbreviations of Smith's works: *LJ* = *Lectures on Jurisprudence*; *TMS* = *Theory of Moral Sentiments*; *WN* = *Wealth of Nations*.

³ Advocates of the 'new view' include Kleer 1995; Fitzgibbons 1995; Denis 1999; Kleer 2000; Hill 2001; Clarke 2002; Waterman 2002; Tanaka 2003.

⁴ Of course, many commentators retain the secular interpretation of Smith (Haakonssen 1981; Minowitz 1993; Haakonssen 1996; Griswold 1999).

In addition to this general trend in the secondary literature, Kleer also mentions two other developments dating from early in the twentieth century. First, he refers to some of the secular commentators who argue that the teleological passages in Smith's texts are 'removable,' as they serve no analytical role (pp.15-6 quoting Schumpeter 1954, pp.30-1; see also Haakonssen 1981, p.77). A second development was a twist on the previously-enunciated *Das Adam Smith Problem*. In the new version of the 'change of view thesis,' Smith switched from a supporter of teleology (in the *Theory of Moral Sentiments* [TMS hereafter]) to an opponent (in the *WN*). This view is still current and was adopted recently by Minowitz (1993). I will address both issues again later.

In the second section, Kleer correctly focuses on economic growth. As Heilbroner says: "real long-term growth ... is unquestionably the great theme of *The Wealth of Nations*, providing the justification for the system of perfect liberty toward which the evolution of society has been proceeding" (1973, p.248). In Kleer's account of Smith there are four factors responsible for economic growth: the division of labour; capital accumulation; order and good government (two preconditions for capital accumulation); and discretion for capital owners to invest wherever they choose. Kleer traces each of them back to human instincts. I will comment on the first three factors.

Kleer traces back the origins of the division of labour, initially to the unique human 'propensity to truck, barter, and exchange' and, ultimately to the desire to persuade (pp.17-8 citing *WN* I.ii.3 and *LJ* 352, pp.493-4). Capital accumulation is traced back to the 'desire to better our condition,' which, in turn, is traced back to two other propositions: that humans derive pleasure from 'mutual sympathy' (namely, 'when they know that their own sentiments' are 'equal in intensity to the spectator's sympathetic emotions') and that they have a greater capacity to sympathize with joy than with sorrow (pp.18-9 citing *TMS* I.i.2; I.iii.1.5; *WN* IV.ix.28). These factors are the foundation of the admiration of the rich. Further, the 'enjoyable sentiments produced by owning or contemplating wealth derive mainly from an instinctive fascination with well-crafted devices' (p.19 citing *TMS* IV.i. pp.3-8). Finally, we turn to order and good government (and here, along with his account of economic growth, Kleer includes material relating to stadial progress through history). Both factors, 'and their concomitants, the liberty and security of individuals,' existed in the Roman Empire but were lost after the Fall of Rome; feuding feudal lords came into control of much of Europe and, in various ways, they destroyed order (p. 19 citing *WN* III.iii. pp.1-16). The weakening of the troublesome lords and the restoration of centralized authority (good government) came about without human design; according to Smith, the factors responsible for the good result include vanity and obsessive purchasing of 'well-crafted devices' on the part of the lords, and acquisitiveness on the part of the traders (*WN* III.iv.p.15,17). In short, the factors underpinning economic growth are all *arbitrary characteristics of human nature* (as alternative instincts can be imagined).

The third section builds on the second. Following Viner's view that 'sub-rational' factors underpinned Smith's moral and economic analysis, Kleer says that 'Smith denied any significant role to conscious human foresight in the process of wealth formation' (p. 23; Viner 1972, pp.77-81 cited by Kleer at p.22). This concurs with several well-known statements in which Smith downplays human reasoning (see *WN* V.i.g.24; *TMS* VI.ii.1.20; VII.ii.1.47).

As the causes of economic growth were shown to be instinctive, Kleer asks, 'how did human beings come by those particular instincts' which are responsible for 'the spontaneous increase of national wealth,' which, in turn, has such beneficial effects (p.23)? Kleer says that modern interpreters offer two major solutions: Darwinian natural selection and Hayekian spontaneous order. He says that these may be 'viable solutions' to the problem but they are *not* Smith's solution (p.23; see also Hill 2001). Kleer says that Smith assumed that a 'divine being, with the objective of producing the greatest possible amount of human happiness, deliberately implanted the necessary sentiments ... in human nature at the time of creation' (p.23). Most of the section elaborates upon this answer.

At the end of the section Kleer addresses a problem raised by Viner in his *early* writings: the latter said that Smith ultimately rejected teleology in the *WN* because of his recognition of imperfections in the natural order (Viner 1927). In addition to Viner's own change of view, Kleer mentions two viable responses to this problem. First, Smith's work was a variation on Stoic theodicy; in the Stoic view 'all things in the universe, both good and [apparent] evil, ultimately advance the beneficent ends of the author of nature' (p.25; see Hill 2001, p. 5,16,19-22). Kleer adds that a thorough answer to Viner's early objection requires us 'to examine any apparent imperfections in the system in order to learn their concealed and ultimately-beneficial purpose' (p.25 citing *TMS* II.iii.3.2). This is the Panglossian view adopted by Denis (1999) and Hill (2001). The other reply, is that Smith 'attributed a desire for economy to the author of nature' (p.25). In this case, the divine architect is not concerned with 'every trifling evil'; rather He constructed a system of human instincts which ensured 'only that [H]is main ends could not be thwarted' (p.25; see *LJ* 571). Kleer may be the first to raise this second possibility.

In his conclusion, Kleer returns to his opening themes. Rejecting the view that teleology is 'removable' from Smith's work, he says that teleology answers 'the central explanatory puzzle of the book,' namely, why the wealth of nations tends to increase spontaneously (p.25). Second, by building a model of economic growth on the foundation of human instinct, 'the principle of a benevolent deity' provided 'the fundamental structure of Smith's whole analytical framework' (p.25). Third, the concept gave his book its 'original persuasive power' (p.26). Only a firmly-held 'belief in the genuine existence of a benevolent natural order could have induced contemporary readers [and potential statesmen] to overcome ingrained habits' and accept the desirability of non-intervention in the economy (p.26).

This concludes my outline of Kleer's article. With this background in mind, let us now turn to what I consider to be gaps in Kleer's account, beginning with various definitional and preliminary matters.

3. SOME GAPS IN KLEER'S ACCOUNT

This section addresses significant gaps in Kleer's account of Smith. Kleer does not provide a clear statement about what he means by 'teleology,' although his discussion suggests the general nature of the topic. In a similar manner, we proceeded through the previous section without a definition. So, in one sense this is just a minor gap in his account. In another sense, it suggests some deeper problems. Second, although his literature review is presented chronologically and his conclusion is highly contextual, he omits the contextual story of the historical rise and fall of the teleological doctrine and the location of Smith's era in this cycle. After these two issues are addressed, the remainder of the section discusses the deeper issues mentioned above. Some of these issues can be seen in the following questions: In addition to the design of the instincts, does teleology also apply to the path through history? What is (are) the purpose(s) of the teleological process? If there are ends of nature, what are they? Let us begin by discussing the term teleology.

First, 'teleology' is a term which had just come into usage in Smith's time. The term was coined in 1728 in eighteenth-century philosophical Latin by Christian Wolff in his book *Logic* (Fulton 1914, p.215; Owens 1968, p.159). It was used to denote final causes in nature and was readily accepted in modern philosophic vocabulary. 'Final cause,' in turn, derived from the Scholastic treatment of Aristotle's theory of causation. In the *Physics* Aristotle said that there were four 'causes': the material cause (the material out of which something is formed); the formal cause (the form or defining characteristics of the thing); the efficient cause (the agent immediately producing the change in the thing changed); and the final cause (the end or purpose of the thing changed or produced) (see Aristotle *Physics* II.3; Ross 1949, pp.71-5,155; Sorabji 1980 throughout). Aristotle's typology of causes was widely used in Smith's time, assumed as background knowledge and used by Smith himself (*TMS* II.ii.3.5; II.iii.3 title).

Second, Kleer's article lacked an account of the genesis and evolution of the doctrine implied by the term 'teleology.' While this contextual gap has been remedied to a large degree in Clarke (2002), a few points should be noted here. The teleological focus on design goes back beyond Aristotle and support for the doctrine followed a cyclical pattern over the course of its life (see Hurlbutt 1985; Clarke 2002). Two of the high points in the history of teleology were the support for teleology offered by the Stoics and Newton: historically, teleology rose to prominence in the Roman Empire and again in Britain after Newton. In Smith's day it was conventional. Nevertheless, the design argument was severely attacked by Smith's contemporary David Hume. Hume's writings have been highly praised subsequently but his writings on this theme had little effect at the time in Britain. Perhaps the turning point was some time in the nineteenth century, after Darwin proposed evolution (survival of the fittest) as an *alternative* to divine design. So successful has been the Darwinian argument that these days little is heard of teleology or the design argument. If mention is made of causation, it is almost always in terms of efficient causation. Teleology fell out of fashion after the popularization of the Darwinian thesis (Hurlbutt 1985; Clarke 2002). These trends, as Viner and Kleer note, have corresponded with the secularization of the natural and social sciences. Let us now turn to some further ambiguities which arise within Kleer's account of Smith's teleology.

Third, Kleer implies that teleology means the arrangement of the human passions as the efficient causes which spontaneously bring about benevolent final causes. I call this teleology immanent in the human constitution (Alvey 2003, p.1) and Kleer uses this type of teleology constantly in his article. In addition, does Kleer accept that the term ‘teleology’ also applies to a providential path through history? I call this historical teleology (Alvey 2003, p.1). In his discussion of order and good government, Kleer implies that this second type of teleology also applies (pp.19-20). If he accepts that Smith also adopts historical teleology, many problems are encountered. I have addressed these problems at length elsewhere (see Alvey 2003, pp.215-27). For example, concerning the stadial theory, Smith stated that a number of climatic and terrain factors prohibit many societies from reaching the commercial stage (*WN* I.iii; *LJ* pp. 213, 220-3, 408-9).

Fourth, in a teleological account, the operations of nature are designed with one or more purpose in mind. As we have seen in his response to the *early* Viner, Kleer accepts that there are ‘ends of nature.’ How are these ends defined? For example, do they apply to each individual or only to the species as a whole? Denis is one of the few to address this point. He suggests that Smith’s final view is that the ends apply to the species as a whole, *not* to individuals (Denis 1999; see also Alvey 2003, pp. 261-2, 275-8). Does Kleer agree?

Fifth, Kleer does not enumerate the ends of nature. He implies that the ends of nature include preservation, procreation, order, happiness and perfection (see pp. 23-4; see Alvey 2003, 1). What are the ends of nature? Does Kleer accept the vast number of ends that Hill attributes to Smith (Hill 2001, pp.11-3 and throughout)?

Sixth, let us turn to the relationship between the ends. Are the ends of nature mutually compatible or can they clash? If the latter occur, how are conflicts between the ends resolved? Recall that in response to the *early* Viner’s concerns about imperfections in the natural order, Kleer provides two possible ‘replies’: all apparent imperfections turn out to serve some benevolent purpose; and the ‘author of nature’ only strives to achieve his ‘main ends’ (p.25). Which of these views, in Kleer’s opinion, does Smith adopt? If Kleer adopts the former option, Smith is a thoroughgoing optimist or Panglossian (see Denis (1999) and Hill (2001)). This does not seem to fit the nature of Smith’s texts. This point will be developed further below. If Kleer adopts the latter option, further questions arise. At the time of Smith’s writing, how orthodox was this view? What items are included in the ‘main ends’? What is the status of the other ends? Are they non-functioning ends? Is there any point calling them ends?

Most of this section has been devoted to raising questions about the nature of the teleology that Kleer finds in Smith. On one point concerning Smith’s teleology Kleer is perfectly clear: instincts are the efficient causes that mechanically bring about the providential final causes(s). The next section discusses the teleological machinery further.

4. SOME SUBSTANTIVE DISAGREEMENTS

From gaps in Kleer's account, I turn to two areas in which I disagree with Kleer. Kleer seems to present Smith as having consistently adopted one type of teleology (one founded on the role of the passions) during his lifetime. Several authors suggest that this is not the case. Second, Kleer seems to present Smith's work on teleology as fully coherent (albeit out of date with respect to current thinking in economics). I raise doubts about this claim also.

Let us discuss Smith's consistency first. In Kleer's account of the teleological machinery, instincts are the efficient causes that mechanically bring about the providential final causes(s). This *type* of teleology does exist in Smith's writings. Nevertheless, many questions arise concerning whether Smith consistently adhered to an instinct-based teleology.

The economic issues that are addressed within the *WN* seem to fall into four (overlapping) groupings: theoretical accounts; historical accounts; institutional analyses and recommendations; and specific policy analyses and recommendations. Smith discusses economic growth under the first three headings. Whilst human reasoning must play some role at the institutional level, Kleer stresses the "sub-rational" domain of human nature; three of the foundations of economic growth 'deny any significant role to human foresight' (p.22). Hence, the type of teleology that Kleer finds in Smith is one in which instincts are the essential efficient causes (see also Hill 2001).

On the other hand, there are many economic matters where Smith departs from this view. In these cases, he accepts that human reasoning and design are crucial to the delivery of benevolent outcomes. In matters concerning merit goods, public goods and market failure, Smith recommends a wide range of market interventions. In recommending numerous public policies

(see Viner 1927), Smith suggests that the order of nature will *not* deliver beneficial results in the absence of deliberate human intervention. Smith smuggles human reasoning back into his presentation of economic matters when the need arises.

Further, at the higher, institutional level, the creation and persistence of mercantilism (which interfered with the operation of the 'system of natural liberty' (*WN* IV.ix.51) and reduced the potential growth rate of the nation) presented itself as a problem for Smith. After economic growth, the overturning of mercantilism was the next great theme in Smith's *WN*, yet Kleer is virtually silent on this matter. If human reasoning instituted mercantilism, could human instincts alone overcome it? Once again, Smith denies this. It is human reasoning in the form of enlightened statesmanship (no doubt guided by Smith's advice in the *WN*) which has to find a way of overcoming mercantilism. Just before his death, Smith completed major revisions to the final edition of the *TMS*; these suggest that he gave a very large role to statesmanship. Some 'new view' commentators, such as Evensky (1989) and Tanaka (2003, pp.144-7), imply that within his optimistic, teleological vision, Smith gradually became more *pessimistic* about the actual path of commercial society; the means of bringing about the final ends shifted from human instincts to human rationality. Fitzgibbons (1995), another 'new view' theorist, says that Smith became more *optimistic* over time. Nevertheless, all three commentators accept that a major role is allocated to statesmen and legislators in Smith's system, especially in

overturning mercantilism (WN IV.vii.c.44; see also IV.ii.39-40). They imply that the early Viner's view is not correctly answered by Kleer.

Contrary to Kleer, a significant role for human reasoning exists in the WN.⁵ A teleological approach may admit a major role for human reason but this is not the case in Kleer's presentation. Does he admit that, throughout his lifetime, Smith allows a significant role for human reasoning within his teleological account? Alternatively, does Kleer accept the view of Evensky and Tanaka (fellow 'new view' theorists') that, over time, Smith quietly shifted from one type of teleology to another?

I now turn to the final theme: Smith's coherence. As stated previously, Kleer's presentation focuses on the teleological foundations of economic growth. In other words, the wise, divine design of the human instincts underpins growth. For this story to make sense, within a teleological process, economic growth must be either an end of nature itself or intimately connected to the satisfaction of genuine ends of nature. Otherwise, Kleer's second and third sections (which are the substance of the article) are irrelevant to the purported theme of his article. After raising some questions about the relationships between teleology, the ends of nature and economic growth, I will turn to the pessimistic side of Smith's vision: the end of history.

In the context of economic growth, let me commence with some questions which arise due to Kleer's silence on the enumeration of the ends of nature. Is economic growth an end of nature (an end in itself)? Is it only a fundamental *means* to the satisfaction of some (or all?) of the ends of nature? If economic growth only satisfies some of the ends, which ones does it satisfy? Which ones does it not satisfy? Answers to these questions are important because without them we cannot assess how central economic growth is to the achievement of human flourishing (the simultaneous satisfaction of the set of the ends of human nature (Alvey 2003, p.2)) or to Smith's system of thought as a whole (which includes his work on morality, jurisprudence and other areas).

Let us now move to a second level, assuming that, in Kleer's view of Smith, economic growth is an end of nature or an essential means to genuine ends. In either case, *continuing economic growth* is required. As is well-known, Smith refers to several types of stationary states (Hollander 1987, pp. 66, 84, 163, 176). I will focus, however, on the stationary state which *inevitably* emerges at the end of history (WN I.viii.43; I.ix.14-20; see Heilbroner 1973).

As land scarcity emerges, wages and profits are driven down; in the permanent stationary state, prosperity is lost, the working population find life 'hard' and 'dull,' and the population is fixed (WN I.viii.43; see I.ix.14). As J.S. Mill says, 'Adam Smith always assumes that the condition of the mass of the people ... must be pinched and stinted in a stationary condition of wealth' (Mill 1987, p.747). Smith did not imagine the high-wage stationary state that Mill later proposed (Mill 1987, pp.748-51; Heilbroner 1973, pp.250,255). As stated earlier, Heilbroner says that Smith justified the system of natural liberty on the basis of its beneficial results; the stationary state means that 'the material betterment of mankind' which originally justified the

⁵ Perhaps the regular principle was instinct and the contrapuntal principle was human reason.

system no longer applies; his system is a 'failure, in its own terms' (1973, pp.254-5; see p.261). Although Heilbroner does not endorse a teleological reading, his view of the paradoxical nature of the stationary state within Smith's system is highly relevant in the current context: in the stationary state the divine order fails to deliver. Kleer's eerie silence on this 'pessimistic' end of history is surprising.

The discussion in this section raises two questions. Can Kleer explain the permanent stationary state *within* the teleological interpretation of Smith that he presented in the article? Does he agree with Heilbroner that 'the final paradox of his [Smith's] argument was never recognized by Smith himself' (1973, p.259; see also Waterman quoted in Webb 2000, pp.10-1)? The next section considers some miscellaneous points relevant to Kleer's article.

5. CONCLUSION

Kleer has made a great contribution to the profession by promoting the 'new view' of Smith. He has helped to open up an important research programme. Whilst broadly sympathetic to the 'new view,' and Kleer's interpretation in particular, I have tried to suggest that some gaps exist in his account. In addition, on some matters of interpretation we appear to differ.

Teleology exists in Smith's work and it cannot be removed like an ornament. This has been demonstrated by Kleer and others in the 'new view.' What needs discussion, however, is how coherent and consistent Smith is in his adoption of a particular type of teleology. Concerning coherence, the stationary state that lies at the end of history represents a major stumbling block for a teleological interpretation of Smith. Concerning consistency, even some 'new view' theorists have raised doubts about Smith's views. By making Smith so coherent and consistent, Kleer runs the risk of imposing a type of theology on Smith. Like the mainstream, Kleer's 'new view' of Smith encounters problems. Scope remains for further work on the puzzling writings of Smith.

In addition to filling-in the gaps indicated in this reply, Kleer may wish to consider three possible extensions to his work. The first he suggests himself: the type of natural theology that Smith himself endorsed (see p. 27 n.7). The other two extensions are studies of the teleological components in the *Lectures on Jurisprudence* and the *Essays on Philosophical Subjects*. These would complement Kleer's existing excellent studies on the *TMS* and the *WN*.

APPENDICES

APPENDIX I

6. MEANS ADOPTED WITHIN THE TELEOLOGICAL SYSTEM

Kleer stresses the sub-rational means of bringing about the benevolent end(s) of nature. In addition, the general assumption is that within the harmonious natural order there is a consistency between the individual and social good. In this appendix I wish to raise some concerns about these two views.

First, according to Kleer, human passions (not reason) drive the human realm and the divine design of the system ensures the necessary connection between efficient causes (instincts) and final cause(s) (the benevolent results). Throughout the article Kleer places great stress not on Smith's explicit teaching on theology in the *WN* (a matter on which Smith says little) but on the logical structure of his system, which relies upon a nice arrangement of instincts. Other commentators, some focusing on Smith's theological silences, have portrayed his theological views in the *WN* as atheistic (see Minowitz 1993, pp.139-64). By contrast Kleer, Hill, Waterman, and others, stress the providential role of the passions in Smith's account and conclude that he adopts a type of natural theology. If one accepts that Kleer is correct about Smith, then the latter is probably a Deist or some type of Stoic (see Hill 2001, p.3).

The next issue that arises is the place of human reasoning in such a system. The focus of Kleer's article is on the "sub-rational" domain of human nature'; the origins of the three main causes of economic growth (the division of labour, capital accumulation, and order and good government) all 'deny any significant role to human foresight' (p.22). In a similar fashion, Hill (2001) also focuses on the instinctive, sub-rational means within the teleological system. This approach does not seem entirely satisfactory, given that Smith seems to smuggle reason back into the analysis when need arises.⁶ In recommending numerous public policies (see Viner 1927) Smith seems to suggest that the order of nature will *not* deliver beneficial results in the absence of deliberate human intervention. Further, his revisions to the final edition of the *TMS* just before his death suggest that he gave a very large role to the legislator. As we said in the text, Evensky (1989) and Tanaka (2003, pp.144-7), imply that within his optimistic, teleological vision, Smith gradually becomes more pessimistic about the actual path of commercial society; the means of bringing about the final ends shifts from human instincts to human rationality. Hence, for these theorists, the flaws in the natural order (identified by the early Viner) must be counteracted by human rationality. Smith's teleology requires human rationality to assist the passions.

⁶ A teleological approach may admit a significant role for reason but this is not the case in the Kleer/Hill interpretation.

Second, Smith actually uses two types of means in his discussion of instincts which bring about benevolent results: the harmonious arrangement of the passions and the arrangement of the passions which ‘deceives’ us into achieving the social good. The harmony theory in Smith is well known and Kleer admits that many commentators find this view in Smith (pp.14-5). The deception theory is discussed by Kleer in several places, notably in the allusion to the ‘poor man’s son’ and in the demise of the feudal lords (pp.18-9 citing *TMS* IV.i.8 and *WN* Bk III). In both cases it is the instinctive attachment to the beauty of the means which deceives them (see Tanaka 2001, pp. 136,141). In the first case, the poor man’s son becomes obsessed with the accoutrement of the rich; he works himself to death without achieving the ease that he initially sought. His frantic work is socially beneficial but he misses out on personal happiness and ease. In the second case, the lords became obsessed with the well-crafted devices brought in from abroad; due to their excessive purchasing of such ‘trinkets and baubles,’ they ‘sold their birth-right,’ namely, their political and military power (p.19 citing *WN* III.iv.15). The demise of the lords was clearly not what they wanted but, by restoring good government and order, their demise was socially beneficial.

Now let us consider the harmony and deception theories in relation to human rationality. The harmony theory leaves open the possibility that human rationality can co-operate with the passions to bring about the beneficial result. The deception theory is quite different. In this case, if human rationality is to play a role, it must struggle with the choice between individual and social good. Given such different means that are used by nature, one wonders about the consistency and coherence of the grand, divine design (cf. Hill 2001 throughout; Alvey 2003, pp.32-3).

This appendix leads to some questions. What role is there for human reason in Kleer’s teleological account of Smith? What is the role of the legislator and statesman? Are the harmony and deception theories equally consistent with a teleological account? In the next appendix we turn to some miscellaneous points.

APPENDIX II

7. SOME MISCELLANEOUS POINTS

In this appendix we address three matters. Two of these are contextual matters. The first concerns the possible influence of the new physiology of Smith's day on his thinking; it is worth consideration given Kleer's stress on instinct within the teleological perspective. The second concerns the development of Smith's views over time and the consequent need to be sensitive to the dating of his various works. The final matter, like the previous one, concerns hermeneutics: from a literary theory perspective, Brown has a general concern about cross-reading of Smith's texts. Let us begin with the new physiology of Smith's day.

First, at the time in which Smith wrote disciplinary boundaries were weak. Smith's own view of philosophy (one branch of which was political economy), and philosophic inquiry, was consistent with this. In a recent article, Packham argues that 'the new physiology propounded by Smith's Scottish contemporaries,' namely vitalism, had a significant impact on the *WN* (2002, p.481). Within medicine, the vitalist view stressed the 'body's innate, restorative forces and self-healing ability' (Packham 2002, p.470). She claims that a vitalist perspective helps to explain: 1) Smith's critique of Quesnay; 2) the foundation of the desire to better one's condition in the 'unknown principle of animal life'; and 3) Smith's view of the self-correcting nature of the system of natural liberty (Packham 2002, p.468 quoting *WN* II.iii.31; IV.ix.28). Kleer himself quotes these passages in his discussion of the instinctive foundation of capital accumulation. Does Kleer think that vitalism could be a useful supplement to his teleological account? Could the 'unknown principle' of vitalism be part of the divine design?

Second, we saw above the views of several 'new view' commentators who attempted to explain away Smith's contradictions by applying a second level of contextual analysis: a contextual analysis of the development of Smith's ideas over time. Evensky (1989) and Tanaka (2003) suggested that Smith became progressively more pessimistic over his lifetime and hence lost faith in the operation of divine design; for this reason, according to them, Smith gradually allocated a more active role to the legislator. By contrast, Fitzgibbons (1995) has suggested that Smith became progressively more optimistic over his lifetime; nevertheless, even with his increasingly optimistic disposition, according to Fitzgibbons, Smith still sees a significant role for statesmanship. Despite their obvious differences⁷ these three commentators have accepted that Smith's views developed during his lifetime (see also Mizuta 1975, pp.127-9). Thus, using texts from one work, written at a particular time, to interpret another work written at a different time is potentially dangerous. According to Evensky, Fitzgibbons, and especially Tanaka, close attention should be paid to the additions and revisions in the various editions of the *WN*. By contrast, Kleer uses extensive cross-reading of Smith's texts,⁸ apparently without attention to the

⁷ The inconsistency between these authors suggests that making Smith's writings consistent is difficult.

⁸ In Kleer's second section (the causes of economic growth) three of the four sub-sections rely extensively on material from either the *TMS* or the *WN*.

chronological development of Smith's writings. In the light of the reservations of these 'new view' theorists, does Kleer *now* think that greater attention should be paid to the development of Smith's theological ideas over time? Does he *now* think that Smith's views on these matters were consistent over time or that they changed only in minor ways?⁹

Third, the problem of 'cross-reading' texts is also addressed by Brown (1994). She says that 'The assumption of a unified authorial intentionality, together with the practice of cross-reading, amounts to the presumption that the same discursive frames are appropriate at different moments in Smith's texts' (1994, p.4). She explicitly rejects both authorial intentionality and cross-reading. According to Brown, Smith uses different 'voices' in different works and also *within* the same work. So, in her view, even though 'cross-reading' of Smith's texts is 'widespread' in the literature, it is improper; nevertheless, she does not strictly follow her own strictures at times (Brown 1994, p.4; see Alvey 1997). Contrary to Brown, Kleer cross-reads Smith's texts and apparently does not distinguish between the different 'voices' in Smith's texts. Does he *now* accept Brown's strictures on separating Smith's different 'voices' in the 'reading' of his texts?

⁹ In this article Kleer is silent on the consistency of Smith's books and the changes in the *WN* over time but, by 'cross-reading' Smith's works, he implies that Smith's writings are consistent over time.

REFERENCES

- Alvey, James E. 1997. 'Postmodern "Readings" of Adam Smith's "Discourse."' *History of Economics Review* 26:155-66.
- , 2003. *Adam Smith: Optimist or Pessimist?* Aldershot: Ashgate.
- Aristotle. 1908-52. *The Works of Aristotle*. Trans. under the editorship of Sir David Ross. 12 vols. Oxford: Clarendon Press.
- Brown, Vivienne. 1994. *Adam Smith's Discourse*. London: Routledge.
- Clarke, Peter H. 2002. 'Unity in the Influences on Adam Smith.' *History of Economics Review* 36:10-25.
- Denis, Andy. 1999. 'Was Adam Smith an Individualist?' *History of the Human Sciences* 12(3):71-86.
- Evensky, Jerry. 1989. 'The Evolution of Adam Smith's Views on Political Economy.' *History of Political Economy* 21:123-45.
- Fitzgibbons, Athol. 1995. *Adam Smith's System of Liberty, Wealth, and Virtue*. Oxford: Clarendon Press.
- Fulton, William. 1914. 'Teleology.' In *Encyclopaedia of Religion and Ethics*, ed. James Hastings. 12:215-32. New York: T & T Clark.
- Griswold, Charles L., Jr. 1999. *Adam Smith and the Virtues of the Enlightenment*. Cambridge: Cambridge University Press.
- Haakonssen, Knud. 1981. *The Science of a Legislator*. Cambridge: Cambridge University Press.
- , 1996. *Natural Law and Moral Philosophy*. Cambridge: Cambridge University Press.
- Heilbroner, Robert L. 1973. 'The Paradox of Progress: Decline and Decay in the *Wealth of Nations*.' *Journal of the History of Ideas* 34:243-62.
- Hill, Lisa. 2001. 'The Hidden Theology of Adam Smith.' *European Journal of the History of Economic Thought* 8(1):1-29.
- Hollander, Samuel. 1987. *Classical Economics*. Oxford: Basil Blackwell.

- Hurlbutt, Robert H., III. 1985. *Hume, Newton, and the Design Argument*. Rev. ed. Lincoln: University of Nebraska Press.
- Kleer, Richard A. 1995. 'Final Causes in Adam Smith's *Theory of Moral Sentiments*.' *Journal of the History of Philosophy* 33(2):275-300.
- , 2000. 'The Role of Teleology in Adam Smith's *Wealth of Nations*.' *History of Economics Review* 31:14-29.
- Mill, J.S. 1987 (orig. pub. 1848). *Principles of Political Economy*. Ed with an introduction by Sir William Ashley. This ed. first published in 1909. Fairfield: Augustus M. Kelley.
- Minowitz, Peter. 1993. *Profits, Priests, and Princes*. Stanford: Stanford University Press.
- Mizuta, Hiroshi. 1975. 'Moral Philosophy and Civil Society.' In *Essays on Adam Smith*. Ed. A. Skinner and T. Wilson. Oxford: Clarendon Press.
- Owens, Joseph. 1968. 'Teleology of Nature in Aristotle.' *Monist* 52:159-73.
- Packham, Catherine. 2002. 'The Physiology of Political Economy: Vitalism and the *Wealth of Nations*.' *Journal of the History of Ideas* 63(3):465-81.
- Ross, Sir David. 1949. *Aristotle*. 5h ed. London: Methuen.
- Schumpeter, Joseph A. 1954. *History of Economic Analysis*. Ed. from manuscript by E.B. Schumpeter. New York: Oxford University Press.
- Smith, Adam. 1976a (orig. pub. 1759). *The Theory of Moral Sentiments*. Ed. D.D. Raphael and A.L. Macfie. Oxford: Oxford University Press.
- , 1976b (orig. pub. 1776). *An Inquiry into the Nature and Causes of the Wealth of Nations*. 2 vols. Ed. R.H. Campbell and A.S. Skinner. Oxford: Oxford University Press.
- , 1978. *Lectures on Jurisprudence*. Ed. R.L. Meek, D.D. Raphael and P.G. Stein. Oxford: Oxford University Press.
- Sorabji, Richard. 1980. *Necessity, Cause and Blame: Perspectives on Aristotle's Theory*. London: Duckworth.
- Tanaka, Shoji. 2003. 'The Main Themes and Structure of Moral Philosophy and the Formation of Political Economy in Adam Smith.' In *The Rise of Political Economy in the Scottish Enlightenment*. Ed. T. Sakamoto and H. Tanaka. London: Routledge.
- Viner, Jacob. 1927. 'Adam Smith and Laissez-Faire.' *Journal of Political Economy* 35(2):198-232.

-----, 1972. *The Role of Providence in the Social Order*. Philadelphia: American Philosophical Society.

Waterman, A.M.C. 2002. 'Economics as Theology: Adam Smith's *Wealth of Nations*.' *Southern Economic Journal* 68:907-21.

Webb, Bruce G. 2000. 'A Conversation with Anthony Waterman.' *Faith and Economics* 36:10-8.

LIST OF RECENT DISCUSSION PAPERS

- 03.01 J. E. Alvey, *Adam Smith's optimistic teleological view of history*, February 2003.
- 03.02 J. E. Alvey, *Adam Smith's view of history: Consistent or paradoxical?*, March 2003.
- 03.03 H.-J. Engelbrecht and A. Mahon, *Maori and the information workforce, 1991-2001*, April 2003.
- 03.04 J. J. Su, *A note on spurious regression in panels with cross-section dependence*, June 2003.
- 03.05 J. E. Alvey, *Adam Smith's pessimistic view of the future of commercial society: rhetoric or reality?* September 2003.
- 03.06 J. E. Alvey, *Adam Smith's globalization (but anti-secularization) theory*, September 2003.
- 03.07 J. Obben and A. E. Nugroho, *Determinants of the funding volatility of Indonesian banks: A dynamic model*, December 2003.
- 04.01 J. E. Alvey, *Context and its relevance for Adam Smith's theological and teleological views, the foundation of his system of thought*, January 2004.
- 04.02 J. E. Alvey, *The theological foundation of Adam Smith's work*, January 2004.
- 04.03 J. E. Alvey, *The "New, Optimistic, Theistic View" of Adam Smith and the problem of Smith's "pessimistic" views of history*, March 2004.
- 04.04 N. A. Campbell, *Tariffs, Quotas and the Corrupt Purchasing of Inappropriate Technology*, May 2004.
- 04.05 H.-J. Engelbrecht and V. Xayavong, *Information and Communication Technology and New Zealand's Productivity Malaise: An Industry-Level Study*, June 2004.
- 04.06 J. E. Alvey, *The Role of Teleology in Adam Smith's Wealth of Nations: A Belated Reply to Kleer*, July 2004.