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The Wonderful World of Adam Smith

A visitor to England in the 1760s would quite probably have learned of a certain Adam Smith of the University of Glasgow. Dr. Smith was a well-known, if not a famous, man; Voltaire had heard of him, David Hume was his intimate, students had traveled all the way from Russia to hear his labored but enthusiastic discourse. In addition to being renowned for his scholastic accomplishments, Dr. Smith was known as a remarkable personality. He was, for example, notoriously absentminded: once, walking along in earnest disquisition with a friend, he fell into a tanning pit, and it was said that he had brewed himself a beverage of bread and butter and pronounced it the worst cup of tea he had ever tasted. But his personal quirks, which were many, did not interfere with his intellectual abilities. Adam Smith was among the foremost philosophers of his age.

At Glasgow, Adam Smith lectured on problems of Moral Philosophy, a discipline a great deal more broadly conceived in that day than in ours. Moral Philosophy covered Natural Theology, Ethics, Jurisprudence, and Political Economy: it thus ranged all the way from man's sublimest impulses toward order and harmony to his somewhat less orderly and harmonious activities in the grimmer business of gouging out a living for himself.

Natural theology—the search for design in the confu-

sion of the cosmos—had been an object of the human rationalizing impulse from earliest times; our traveler would have felt quite at ease as Dr. Smith expounded the natural laws that underlay the seeming chaos of the universe. But when it came to the other end of the spectrum—the search for a grand architecture beneath the hurly-burly of daily life—our traveler might have felt that the good doctor was really stretching philosophy beyond its proper limits.

For if the English social scene of the late eighteenth century suggested anything, it was most emphatically not rational order or moral purpose. As soon as one looked away from the elegant lives of the leisure classes, society presented itself as a brute struggle for existence in its meanest form. Outside the drawing rooms of London or the pleasant rich estates of the counties, all that one saw was rapacity, cruelty, and degradation mingled with the most irrational and bewildering customs and traditions of some still earlier and already anachronistic day. Rather than a carefully engineered machine where each part could be seen to contribute to the whole, the body social resembled one of James Watt's strange steam machines: black, noisy, inefficient, dangerous. How curious that Dr. Smith should have professed to see order, design, and purpose in all of this!

Suppose, for example, our visitor had gone to see the tin mines of Cornwall. There he would have watched miners lower themselves down the black shafts, and on reaching bottom draw a candle from their belts and stretch out for a sleep until the candle guttered. Then for two or three hours they would work the ore until the next traditional break, this time for as long as it took to smoke a pipe. A full half-day was spent in lounging, half in picking at the seams. But had our visitor traveled up north and nerved himself against a descent into the pits of Durham or Northumberland, he would have seen something quite different. Here men and women worked together, stripped to the waist, and sometimes reduced from pure fatigue to a whimpering half-human state. The wildest and most brutish customs were practiced; sexual appetites aroused at a glance were gratified down some deserted shaftway; children of seven

or ten who never saw daylight during the winter months were used and abused and paid a pittance by the miners to help drag away their tubs of coal; pregnant women drew coal cars like horses and even gave birth in the dark black caverns.

But it was not just in the mines that life appeared colorful, traditional, or ferocious. On the land, too, an observant traveler would have seen sights hardly more suggestive of order, harmony, and design. In many parts of the country bands of agricultural poor roamed in search of work. From the Welsh highlands, Companies of Ancient Britons (as they styled themselves) would come trooping down at harvest time; sometimes they had one horse, unsaddled and unbridled, for the entire company; sometimes they all simply walked. Not infrequently there would be only one of the lot who spoke English and so could serve as intermediary between the band and the gentlemen farmers whose lands they asked permission to aid in harvesting. It is not surprising that wages were as low as sixpence a day.

And finally, had our visitor stopped at a manufacturing town, he would have seen still other remarkable sights—but again, not such as to betoken order to the uneducated eye. He might have marveled at the factory built by the brothers Lombe in 1742. It was a huge building for those days, five hundred feet long and six stories high, and inside were machines described by Daniel Defoe as consisting of "26,586 Wheels and 97,746 Movements, which work 73,726 Yards of Silk-Thread every time the Water-Wheel goes round, which is three times in one minute." Equally worthy of note were the children who tended the machines round the clock for twelve or fourteen hours at a turn, cooked their meals on the grimly black boilers, and were boarded in shifts in barracks where, it was said, the beds were always warm.

A strange, cruel, haphazard world this must have appeared to eighteenth-century as well as to our modern eyes. All the more remarkable, then, to find that it could be reconciled with a scheme of Moral Philosophy envisioned by Dr. Smith, and that that learned man actually claimed to

fathom within it the clear-cut outlines of great purposeful laws fitting an overarching and meaningful whole.

What sort of man was this urbane philosopher?

"I am a beau in nothing but my books," was the way Adam Smith once described himself, proudly showing off his treasured library to a friend. He was certainly not a handsome man. A medallion profile shows us a protruding lower lip thrust up to meet a large aquiline nose and heavy bulging eyes looking out from heavy lids. All his life Smith was troubled with a nervous affliction; his head shook, and he had an odd and stumbling manner of speech.

In addition, there was his notorious absentmindedness. In the 1780's when Smith was in his late fifties, the inhabitants of Edinburgh were regularly treated to the amusing spectacle of their most illustrious citizen, attired in a light-colored coat, knee breeches, white silk stockings, buckle shoes, flat broad-brimmed beaver hat, and cane, walking down the cobbled streets with his eyes fixed on infinity and his lips moving in silent discourse. Every pace or two he would hesitate as if to change his direction or even reverse it; his gait was described by a friend as "vermicular."

Accounts of his absence of mind were common. On one occasion he descended into his garden clad only in a dressing gown and, falling into a reverie, walked fifteen miles before coming to. Another time while Smith was walking with an eminent friend in Edinburgh, a guard presented his pike in salute. Smith, who had been thus honored on countless occasions, was suddenly hypnotized by the saluting soldier. He returned the honor with his cane and then further astonished his guest by following exactly in the guard's footsteps, duplicating with his cane every motion of the pike. When the spell was broken, Smith was standing at the head of a long flight of steps, cane held at the ready. Having no idea that he had done anything out of the ordinary, he grounded his stick and took up his conversation where he had left off.

This absent-minded professor was born in 1723 in

the town of Kirkcaldy, County Fife, Scotland. Kirkcaldy boasted a population of fifteen hundred; at the time of Smith's birth, nails were still used as money by some of the local townspeople. When he was four years old, a most curious incident took place. Smith was kidnaped by a band of passing gypsies. Through the efforts of his uncle (his father had died before his birth), the gypsies were traced and pursued, and in their flight they abandoned young Adam by the roadside. "He would have made, I fear, a poor gypsy," says one of his early biographers.

From his earliest days, Smith was an apt pupil, although even as a child given to fits of abstraction. He was obviously destined for teaching, and so at seventeen he went to Oxford on a scholarship—making the journey on horseback—and there he remained for six years. But Oxford was not then the citadel of learning which it later became. Most of the public professors had long ago given up even a pretense of teaching. A foreign traveler recounts his astonishment over a public debate there in 1788. All four participants passed the allotted time in profound silence, each absorbed in reading a popular novel of the day. Since instruction was the exception rather than the rule, Smith spent the years largely untutored and untaught, reading as he saw fit. In fact he was once nearly expelled from the university because a copy of David Hume's *A Treatise of Human Nature* was found in his rooms—Hume was no fit reading matter, even for a would-be philosopher.

In 1751—he was not yet twenty-eight—Smith was offered the Chair of Logic at the University of Glasgow, and shortly thereafter he was given the Chair of Moral Philosophy. Unlike Oxford, Glasgow was a serious center of what has come to be called the Scottish Enlightenment, and it boasted a galaxy of talent. But it still differed considerably from the modern conception of a university. The prim professorial group did not entirely appreciate a certain levity and enthusiasm in Smith's manner. He was accused of sometimes smiling during religious services (no doubt during a reverie), of being a firm friend of that outrageous Hume, of not holding Sunday classes on Christian evi-

dences, of petitioning the Senatus Academicus for permission to dispense with prayers on the opening of class, and of delivering prayers that smacked of a certain "natural religion." Perhaps this all fits into better perspective if we remember that Smith's own teacher, Francis Hutcheson, broke new ground at Glasgow by refusing to lecture to his students in Latin!

The disapproval could not have been too severe, for Smith rose to be Dean in 1758. Unquestionably he was happy at Glasgow. In the evenings he played whist—his absent-mindedness made him a somewhat undependable player—attended learned societies, and lived a quiet life. He was beloved of his students, noted as a lecturer—even Boswell came to hear him—and his odd gait and manner of speech gained the homage of imitation. Little busts of him even appeared in booksellers' windows.

It was not merely his eccentric personality that gave him prestige. In 1759 he published a book that made an instant sensation. It was entitled *The Theory of Moral Sentiments,* and it catapulted Smith immediately into the forefront of English philosophers. The *Theory* was an inquiry into the origin of moral approbation and disapproval. How does it happen that man, who is a creature of self-interest, can form moral judgments in which self-interest seems to be held in abeyance or transmuted to a higher plane? Smith held that the answer lay in our ability to put ourselves in the position of a third person, an impartial observer, and in this way to form a sympathetic notion of the objective (as opposed to the selfish) merits of a case.

The book and its problems attracted widespread interest. In Germany *das Adam Smith Problem* became a favorite subject for debate. More importantly, from our point of view, the treatise met with the favor of an intriguing man named Charles Townshend.

Townshend is one of those wonderful figures with which the eighteenth century seems to abound. A witty and even learned man, Townshend was, in the words of Horace Walpole, "a man endowed with every great talent, who must have been the greatest man of his age, if only he had

common sincerity, common steadiness, and common sense." Townshend's fickleness was notorious; a quip of the times put it that Mr. Townshend was ill of a pain in his side, but declined to specify which side. As evidence of his lack of common sense, it was Townshend, as Chancellor of the Exchequer, who helped precipitate the American Revolution, first by refusing the Colonists the right to elect their own judges and then by imposing a heavy duty on American tea.

But his political shortsightedness notwithstanding, Townshend was a sincere student of philosophy and politics, and as such a devotee of Adam Smith. What is more important, he was in a position to make him an unusual offer. In 1754, Townshend had made a brilliant and lucrative marriage to the Countess of Dalkeith, the widow of the Duke of Buccleuch, and he now found himself casting about for a tutor for his wife's son. Education for a young man of the upper classes consisted largely of the Grand Tour, a stay in Europe where one might acquire that polish so highly praised by Lord Chesterfield. Dr. Adam Smith would be an ideal companion for the young duke, thought Townshend, and accordingly he offered him five hundred pounds a year plus expenses and a pension of five hundred pounds a year for life. It was too good an offer to be declined. At best Smith never realized more than one hundred seventy pounds from the fees which, in those days, professors collected directly from their students. It is pleasant to note that his pupils refused to accept a refund from Dr. Smith when he left, saying that they had already been more than recompensed.

The tutor and His young Grace left for France in 1764. For eighteen months they stayed in Toulouse, where a combination of abominably boring company and Smith's execrable French made his sedate life at Glasgow look like dissipation. Then they moved on to the south of France (where he met and worshiped Voltaire and repulsed the attentions of an amorous marquise), thence to Geneva, and finally to Paris. To relieve the tedium of the provinces, Smith began work on a treatise of political economy, a subject on which he had lectured at Glasgow, debated many evenings at the Select Society in Edinburgh, and discussed at length with his beloved friend David Hume. The book was to be *The Wealth of Nations,* but it would be twelve years before it was finished.

Paris was better going. By this time Smith's French, although dreadful, was good enough to enable him to talk at length with the foremost economic thinker in France. This was François Quesnay, a physician in the court of Louis XV and personal doctor to Mme. Pompadour. Quesnay had propounded a school of economics known as Physiocracy and devised a chart of the economy called a *tableau économique.* The *tableau* was truly a physician's insight: in contradistinction to the ideas of the day, which still held that wealth was the solid stuff of gold and silver, Quesnay insisted that wealth sprang from production and that it flowed through the nation, from hand to hand, replenishing the body social like the circulation of blood. The *tableau* made a vast impression—Mirabeau the elder characterized it as an invention deserving of equal rank with writing and money. But the trouble with Physiocracy was that it insisted that only the agricultural worker *produced* true wealth and that the manufacturing and commercial worker merely altered its form in a "sterile" way. Hence Quesnay's system had but limited usefulness for practical policy. True, it advocated a policy of *laissez-faire*—a radical departure for the times. But in describing the industrial sector as performing only a sterile manipulation, it failed to see that labor could produce wealth wherever it performed, not just on the land.

To see that labor, not nature, was the source of "value," was one of Smith's greatest insights. Perhaps this was the consequence of having grown up in a country that bustled with trade, rather than in the overwhelmingly agricultural setting of France. Whatever the cause, Smith could not accept the agricultural bias of the Physiocratic cult (Quesnay's followers, like Mirabeau, were nothing if not adulatory). Smith had a profound personal admiration for the French doctor—had it not been for Quesnay's death,

The Wealth of Nations would have been dedicated to him —but Physiocracy was fundamentally uncongenial to Smith's Scottish vision.

In 1766 the tour was brought to an abrupt halt. The duke's younger brother, who had joined them, caught a fever, and despite the frantic attentions of Smith (who called in Quesnay), died in a delirium. His Grace returned to his estates at Dalkeith, and Smith went first to London, and then to Kirkcaldy. Despite Hume's entreaties, there he stayed, for the better part of the next ten years, while the great treatise took shape. Most of it he dictated, standing against his fireplace and nervously rubbing his head against the wall until his pomade had made a dark streak on the paneling. Occasionally he would visit his former charge on his estates at Dalkeith, and once in a while he would go to London to discuss his ideas with the literati of the day. One of them was Dr. Samuel Johnson, to whose select club Smith belonged, although he and the venerable lexicographer had hardly met under the most amiable of circumstances. Sir Walter Scott tells us that Johnson, on first seeing Smith, attacked him for some statement he had made. Smith vindicated the truth of his contention. "What did Johnson say?" was the universal inquiry. "Why, he said," said Smith, with the deepest impression of resentment, "he said, 'You lie!' " "And what did you reply?" "I said, 'You are a son of a —!' " On such terms, says Scott, did these two great moralists first meet and part, and such was the classical dialogue between two great teachers of philosophy.

Smith met as well a charming and intelligent American, one Benjamin Franklin, who provided him with a wealth of facts about the American Colonies and a deep appreciation of the role that they might someday play. It is undoubtedly due to Franklin's influence that Smith subsequently wrote of the Colonies that they constituted a nation "which, indeed, seems very likely to become one of the greatest and most formidable that ever was in the world."

In 1776, *The Wealth of Nations* was published. Two years later Smith was appointed Commissioner of Customs for Edinburgh, a sinecure worth six hundred pounds a

year. With his mother, who lived until she was ninety, Smith lived out his bachelor's life in peace and quiet; serene, content, and in all likelihood absent-minded to the end.

And the book?

It has been called "the outpouring not only of a great mind, but of a whole epoch." Yet it is not, in the strict sense of the word, an "original" book. There is a long line of observers before Smith who have approached his understanding of the world: Locke, Steuart, Mandeville, Petty, Cantillon, Turgot, not to mention Quesnay and Hume again. Smith took from all of them: there are over a hundred authors mentioned by name in his treatise. But where others had fished here and there, Smith spread his net wide; where others had clarified this and that issue, Smith illuminated the entire landscape. *The Wealth of Nations* is not a wholly original book, but it is unquestionably a masterpiece.

It is, first of all, a huge panorama. It opens with a famous passage describing the minute specialization of labor in the manufacture of pins, and covers, before it is done, such a variety of subjects as "the late disturbances in the American colonies" (evidently Smith thought the Revolutionary War would be over by the time his book reached the press), the wastefulness of the student's life at Oxford, and the statistics on the herring catch since 1771.

A glance at the index compiled for a later edition by Cannan shows the range of Smith's references and thoughts. Here are a dozen entries from the letter A:

Abassides, opulence of Saracen empire under
Abraham, weighed shekels
Abyssinia, salt money
Actors, public, paid for the contempt attending their profession
Africa, powerful king much worse off than European peasant
Alehouses, the number of, not the efficient cause of drunkenness
Ambassadors, the first motive of their appointment

America [a solid page of references follows]
Apprenticeship, the nature . . . of this bond servitude explained
Arabs, their manner of supporting war
Army, . . . no security to the sovereign against a disaffected clergy.

In fine print the index goes on for sixty-three pages; before it ends it has touched on everything: "Riches, the chief enjoyment of, consists in the parade of; Poverty, sometimes urges nation to inhuman customs; Stomach, desire for food bounded by narrow capacity of the; Butcher, brutal and odious business." When we have finished the nine hundred pages of the book we have a living picture of England in the 1770s, of apprentices and journeymen and rising capitalists, of landlords and clergymen and kings, of workshops and farms and foreign trade.

The book is heavy going. It moves with all the deliberation of an encyclopedic mind, but not with the precision of an orderly one. This was an age when authors did not stop to qualify their ideas with *ifs, ands,* and *buts,* and it was an era when it was quite possible for a man of Smith's intellectual stature virtually to embrace the great body of knowledge of his times. Hence the book ducks nothing, minimizes nothing, fears nothing. What an exasperating book! Again and again it refuses to wrap up in a concise sentence a conclusion it has laboriously arrived at over fifty pages. The argument is so full of detail and observation that one constantly has to chip away the ornamentation to find the steel structure that holds it together underneath. Coming to silver, Smith detours for seventy-five pages to write a "digression" on it; coming to religion, he wanders off in a chapter on the sociology of morality. But for all its weightiness, the text is shot through with insights, observations, and well-turned phrases that imbue this great lecture with life. It was Smith who first called England "a nation of shopkeepers"; it was Smith who wrote, "By nature a philosopher is not in genius and disposition half so different from a street porter, as a mastiff is from a greyhound." And

of the East India Company, which was then ravaging the East, he wrote: "It is a very singular government in which every member of the administration wishes to get out of the country . . . as soon as he can, and to whose interest, the day after he has left it and carried his whole fortune with him, it is perfectly indifferent though the whole country was swallowed up by an earthquake."

The Wealth of Nations is in no sense a textbook. Adam Smith is writing to his age, not to his classroom; he is expounding a doctrine that is meant to be of importance in running an empire, not an abstract treatise for academic distribution. The dragons that he slays (such as the Mercantilist philosophy, which takes over two hundred pages to die) were alive and panting, if a little tired, in his day.

And finally, the book is a revolutionary one. To be sure, Smith would hardly have countenanced an upheaval that disordered the gentlemanly classes and enthroned the common poor. But the import of *The Wealth of Nations* is revolutionary, nonetheless. Smith is not, as is commonly supposed, an apologist for the up-and-coming bourgeois; as we shall see, he is an admirer of their work but suspicious of their motives, and mindful of the needs of the great laboring mass. But it is not his aim to espouse the interests of any class. He is concerned with promoting the wealth of the entire nation. And wealth, to Adam Smith, consists of the goods that *all* the people of society consume; note *all*—this is a democratic, and hence radical, philosophy of wealth. Gone is the notion of gold, treasures, kingly hoards; gone the prerogatives of merchants or farmers or working guilds. We are in the modern world, where the flow of goods and services consumed by everyone constitutes the ultimate aim and end of economic life.

And now, what of the lessons of the text?

Two great problems absorb Adam Smith's attention. First, he is interested in laying bare the mechanism by which society hangs together. How is it possible for a community in which everyone is busily following his self-interest not to fly apart from sheer centrifugal force? What