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FROM PREDATION TO PRODUCTION

Living within a few miles of the Highland Line, and having narrowly avoided the forays of the Scots clan-based army in 1745, Adam Smith was deeply aware of how fragile and original was the kind of commercial order which he saw in England. Thus when he wrote that all that was needed was 'peace, easy taxation and a due administration of justice' he not only selected three political conditions but must have been fully aware that such conditions were incredibly difficult to attain. He was not making a statement about how **easy** the 'natural course' of opulence was, but how difficult. How then had these conditions emerged, in particular in England? This is one of the trickiest of questions, the relations between power and wealth. The powers of predation were bound to be stronger and more desirable than the powers of production. So how did wealth creation ever continue in any sustained and prolonged way?

The question could be put in the form, how did violence gradually ebb away? Smith has several lines of argument to explain this, but the central, and somewhat circular one, is that people were gradually 'civilized' by increasing wealth - or as Samuel Johnson put it 'There are few ways in which a man can be more innocently employed than in getting money.'¹ Here is the argument, incorporating a certain amount of questionable history, based on Smith's knowledge of England and France.

At the start of the period with which Smith was concerned, the world approximated Marc Bloch's 'dissolution of the State' feudalism, with powerful lords and their bands of retainers and castles, as Smith must have witnessed in his youth in the Highlands. The centre was very weak. The King in those 'ancient times' was 'little more than the greatest proprietor in his dominions, to whom, for the sake of common defence against their common enemies, the other great proprietors paid certain respects. To have enforced payment of a small debt within the lands of a great proprietor, where all the inhabitants were armed and accustomed to stand by one another, would have cost the king, had he attempted it by his own authority, almost the same effort as to extinguish a civil war. He was, therefore, obliged to abandon the administration of justice through the greater part of the country, to those who were capable of administering it; and for the same reason to leave the command of the country militia to those whom that militia would obey.'² Thus the great proprietors, Smith thought, had the power to raise troops, execute justice and so on before and after the Norman Conquest of England. Gradually the imposition of feudal law after the twelfth century, led to some reigning in of the over-mighty barons. 'The introduction of the feudal law, so far from extending, may be regarded as an attempt to moderate the authority of the great allodial lords. It established a regular subordination, accompanied with a long train of services and duties, from the king down to the smallest proprietor.'³ Yet, even after the introduction of feudal

¹ Quoted in the **Oxford Dictionary of Quotations**, (Oxford, 1950), 208b

²Smith, **Wealth**, I, 435

³Smith, **Wealth**, I, 436

subordination, he believed, 'the king was as incapable of restraining the violence of the great lords as before. They still continued to make war according to their own discretion, almost continually upon one another, and very frequently upon the king; and the open country still continued to be a scene of violence, rapine, and disorder.'⁴

So what turned the tide of violence if it was not the political system? Here, returning to the theme of the civilizing effect of commerce, Smith brings forward his explanation. 'But what all the violence of the feudal institutions could never have effected, the silent and insensible operation of foreign commerce and manufactures gradually brought about. These gradually furnished the great proprietors with something for which they could exchange the whole surplus produce of their lands, and which they could consume themselves without sharing it either with tenants or retainers. All for ourselves, and nothing for other people, seems, in every age of the world, to have been the vile maxim of the masters of mankind.'⁵ Here again Smith was writing exactly about his own, post-Culloden, experience as he watched the Scottish clan lords dismiss their followers and turn their lands over to sheep and other more profitable commodities with which they could raise the cash to leave the Highlands and live in the cities of southern Scotland or England. 'In a country where there is no foreign commerce, nor any of the finer manufactures, a man of ten thousand a year cannot well employ his revenue in any other way than in maintaining, perhaps, a thousand families, who are all of them necessarily at his command. In the present state of Europe, a man of ten thousand a year can spend his whole revenue, and he generally does so, without directly maintaining twenty people, or being able to command more than ten footmen not worth the commanding.'⁶ Thus the retainers were sacked and the lords became consumers in a commercial society.

Likewise the tenants were reduced. 'Farms were enlarged, and the occupiers of land, notwithstanding the complaints of depopulation, reduced to the number necessary for cultivating it, according to the imperfect state of cultivation and improvement in those times. By the removal of the unnecessary mouths, and by exacting from the farmer the full value of the farm, a greater surplus, or what is the same thing, the price of a greater surplus, was obtained for the proprietor, which the merchants and manufacturers soon furnished him with a method of spending upon his own person in the same manner as he had done the rest.'⁷ Although Smith does not explicitly say so, he is both describing what he saw happening before him in the Highland clearances and projecting it backwards as a model for what he thought must have happened in England in the later middle ages as a feudal society gave way to a commercial one.

This revolution was an unintended and accidental event. No-one was aware of what was happening, partly because the change happened in England over a long period. Hence, as the marginal heading put

⁴Smith, **Wealth**, I, 437

⁵Smith, **Wealth**, I, 437

⁶Smith, **Wealth**, I, 437-8

⁷Smith, **Wealth**, I, 438-9

it, 'A revolution was thus insensibly brought about.' What this revolution was, and its accidental nature, is summarized by Smith thus. 'A revolution of the greatest importance to the public happiness, was in this manner brought about by two different orders of people, who had not the least intention to serve the public. To gratify the most childish vanity was the sole motive of the great proprietors. The merchants and artificers, much less ridiculous, acted merely from a view to their own interest, and in pursuit of their own pedlar principle of turning a penny wherever a penny was to be got. Neither of them had either knowledge or foresight of that great revolution which the folly of the one, and the industry of the other, was gradually bringing about.'⁸ All this was, of course, topsy turvy and hence progress was much slower than it should be. For 'It is thus that through the greater part of Europe the commerce and manufactures of cities, instead of being the effect, have been the cause and occasion of the improvement and cultivation of the country.'⁹ This 'being contrary to the natural course of things', was 'necessarily both slow and uncertain.'¹⁰ Yet it had happened - just. What should really happen was shown by developments in North America. 'Compare the slow progress of those European countries of which the wealth depends very much upon their commerce and manufactures, with the rapid advances of our North American colonies, of which the wealth is founded altogether in agriculture.'¹¹

The process was complex and contained many feed-back loops. As the wealth increased, so the legal framework upon which Smith believed flourishing commercialism must be based grew stronger. A particularly important factor was the increasing separation of the executive and the judiciary, in other words an impartial judiciary which will protect citizens from that arbitrary arrogance of power to be found in most agrarian and totalitarian Empires. Here again, Smith thought the key was growing wealth.

The idea of the importance of 'due administration of justice' as one of the keys to capitalism was expanded by Smith. 'When the judicial is united to the executive power, it is scarce possible that justice should not frequently be sacrificed to, what is vulgarly called, politics. The persons entrusted with the great interests of the state may, even without any corrupt views, sometimes imagine it necessary to sacrifice to those interests the rights of private man. But upon the impartial administration of justice depends the liberty of every individual, the sense which he has of his own security. In order to make every individual feel himself perfectly secure in the possession of every right which belongs to him, it is not only necessary that the judicial should be separated from the executive power, but that it should be rendered as much as possible independent of that power. The judge should not be liable to be removed from his office according to the caprice of that power. The regular payment of his salary should not depend upon the good-will, or even upon the good oeconomy of that power.'¹²

This crucial change came about because, as certain nations became wealthier, the amount of business

⁸Smith, **Wealth**, I, 440

⁹Smith, **Wealth**, I, 440

¹⁰Smith, **Wealth**, I, 441

¹¹Smith, **Wealth**, I, 441

¹²Smith, **Wealth**, II, 243-4

increased, and hence the famous division of labour applied here also. 'The separation of the judicial from the executive power seems originally to have arisen from the increasing business of the society, in consequence of its increasing improvement. The administration of justice became so laborious and so complicated a duty as to require the undivided attention of the persons to whom it was entrusted. The person entrusted with the executive power, not having leisure to attend to the decision of private causes himself, a deputy was appointed to decide them in his stead.'¹³ Smith believed that this had happened in the Roman Empire, and again in medieval and early modern England. It is an ingenious idea, but does not fully accord with what happened in the Turkish, Habsburg, Russian or Chinese Empires. Obviously growing wealth is only part of the answer.

Another ingenious circularity lies in the effect of growing wealth on the propensity to violence. Basically the argument is that people are too busy to be violent, and find it more convenient to follow the principle of the division of labour and buy off the threat of violence by hiring others to police their borders. This leads to an over-all decline in war-like feelings on the part of the majority of the population. Smith put it in an evolutionary way thus. 'A shepherd has a great deal of leisure; a husbandman, in the rude state of husbandry, has some; an artificer or manufacturer has none at all. The first may, without any loss, employ a great deal of his time in martial exercises; the second may employ some part of it; but the last cannot employ a single hour in them without some loss, and his attention to his own interest naturally leads him to neglect them altogether. Those improvements in husbandry too, which the progress of arts and manufactures necessarily introduces, leave the husbandman as little leisure as the artificer. Military exercises come to be as much neglected by the inhabitants of the country as by those of the town, and the great body of the people becomes altogether unwarlike.'¹⁴

Smith's thesis was 'confirmed by universal experience. In the year 1745 four or 5 thousand naked unarmed Highlanders took possession of the improved parts of this country without any opposition from the unwarlike inhabitants. They penetrated into England and alarmed the whole nation, and had they not been opposed...they would have seized the throne with little difficulty. 200 years ago such an attempt would have roused the spirit of the nation.'¹⁵ This was specifically the result of the effects of the division of labour and commerce. 'Another bad effect of commerce is that it sinks the courage of mankind, and tends to extinguish martial spirit. In all commercial countries the division of labour is infinite, and every one's thoughts are employed about one particular thing.'¹⁶

Smith's ambivalence about this process is shown even more clearly when he wrote 'The defence of the country is therefore committed to a certain set of men who have nothing else to do; and among the bulk of the people military courage diminishes. By having their minds constantly employed on the arts of luxury, they grow effeminate and dastardly.'¹⁷ This was a 'bad' effect because it meant that almost

¹³Smith, **Wealth**, II, 243

¹⁴Smith, **Wealth**, II, 219-220

¹⁵Smith, **Jurisprudence**, 540-1

¹⁶Smith, **Jurisprudence**, 540

¹⁷Smith, **Jurisprudence**, 540

automatically, as a nation became richer, it became a prey to others. They were both more attractive and more vulnerable. It was a situation which was obvious to Smith. 'That wealth, at the same time, which always follows the improvements of agriculture and manufactures, and which in reality is no more than the accumulated produce of those improvements, provokes the invasion of all their neighbours. An industrious, and upon that account a wealthy nation, is of all nations the most likely to be attacked; and unless the state takes some new measures for the public defence, the natural habits of the people render them altogether incapable of defending themselves.'¹⁸

He expanded this theme at length in his lectures on jurisprudence, with particular reference to the Roman Empire. He showed how 'when the whole people comes to be employed in peacefull and laborious arts, 1 out of 100 only can go, that is, about 1000, which would be no more than a poor city guard and could do nothing against an enemy; nor even 4 or 5000. So that the very duration of the state and the improvements naturally going on at that time, every one applying himself to some usefull art, and commerce, the attendant on all these, necessarily undo the strength and cause the power to vanish of such a state till it be swallowed up by some neighbouring state.'¹⁹ This forced a state to turn to using either the dregs of society, or paid mercenaries. 'Thus then when arts were improved, those who in the early times of the state had alone been trusted would not now go out, and those who before had never engaged in battle were the only persons who made up the armies, as the proletarii or lowest class did in the later periods of Rome. The armies are diminished in number but still more in force. This effect commerce and arts had on all the states of Greece. We see Demosthenes urging them to go out to battle themselves, instead of their mercenaries which their army then consisted of; nor of these were there any considerable number. Whenever therefore arts and commerce engage the citizens, either as artizans or as master trades men, the strength and force of the city must be very much diminished.'²⁰

This was the fate of all small enclaves like the Greek city states. 'All states of this sort would therefore naturally come to ruin, its power being diminished by the introduction of arts and commerce, and its territory, and even its very being, being held on a very slender tack after the military art was brought to tollerable perfection, as it had nothing to hope for when once defeated in the field.'²¹ There was a vicious circle. The very force that led to wealth led to ruin. 'Here improvement in arts and cultivation unfit the people from going to war, so that the streng<th> is greatly diminished and it falls a sacrifice to some of its neighbours. This was the case of most of the republicks of Greece. Athens in its later time could not send out the 5th part of what it formerly did.'²² A classic case was also provided by the fate of the Italian city states. 'The Italian republicks in the same manner paid subsidies to some of the neighbouring chiefs who engaged to bring 10,000 or 5000 horse, which were then chiefly in request, for

¹⁸ Smith, **Wealth**, II, 220

¹⁹ Smith, **Jurisprudence**, 230-31

²⁰ Smith, **Jurisprudence**, 232

²¹ Smith, **Jurisprudence**, 233

²² Smith, **Jurisprudence**, 235

their protection. Every small state had some of these in their pay. This soon brought on their ruin²³

Their weakness was increased by changes in military technology. With improved weaponry it became impossible to defend a city, for 'there is an other improvement which greatly diminishes the strength and security of such a state; I mean the improvement of the military art. The taking of cities was at fir<s>t a prodigious operation which employed a very long time, and was never accomplished but by stratagem or blockade, as was the case at the Trojan war. A small town with a strong wall could hold out very well against its enemies.'²⁴

If such a city State tried an alternative tactic, that is imperial expansion, it ran into the problems which Montesquieu had outlined. Smith believed that the lust for domination and power was very strong. 'The Love of domination and authority over others, which I am afraid is naturall to mankind, a certain desire of having others below one, and the pleasure it gives one to have some persons whom he can order to do his work rather than be obliged to persuade others to bargain with him, will for ever hinder this from taking place.'²⁵ As Rome expanded, so the army and its generals became more powerful. 'Of all the republicks we know, Rome alone made any extensive conquests, and became thus in danger from its armies under the victorious leaders. But the same thing was feared and must have happend at Carthage had the project of Hanniball succeded, and he made himself master of Italy.'²⁶ The classic instance was, of course, Caesar. The behaviour of the Senate in Rome 'affronted Caesar; he had recourse to his army who willingly joind him, and by repeated victories he became Dictator for ever. The remains of the same victorious army afterwards set Antony and Augustus, and at last Augustus alone, on the throne. And the same will be the case in all conquering republicks where ever a mercenary army at the disposall of the generall is in use.'²⁷

How could a country or confederacy of states escape from this vicious circle? They could not rely on international law. 'In war, not only what are called the laws of nations are frequently violated, without bringing (among his own fellow-citizens, whose judgments he only regards) any considerable dishonour upon the violator; but those laws themselves are, the greater part of them, laid down with very little regard to the plainest and most obvious rules of justice.'²⁸

Smith's only hope was that the incessant warfare would become milder. Earlier wars had been fought out of wander-lust and in a pure predatory fashion - the search for booty; modern commercial nations

²³Smith, **Jurisprudence**, 243

²⁴Smith, **Jurisprudence**, 232

²⁵Smith, **Jurisprudence**, 192

²⁶Smith, **Jurisprudence**, 236

²⁷Smith, **Jurisprudence**, 234

²⁸Smith, **Moral**, 218

fought in order to secure or increase their territory. 'A polished nation never undertakes any such expeditions. It never makes war but with a design to enlarge or protect its territory; but these people make war either with design to leave their own habitations in search of better, or to carry off booty.'²⁹ This change of motive reduced the destructive element in war. 'The same policy which makes us not so apt to go to war makes us also more favourable than formerly after an entire conquest. Anciently an enemy forfeited all his possessions, and was disposed of at the pleasure of the conquerors. It was on this account that the Romans had often to people a country anew and send out colonies. It is not so now. A conquered country in a manner only changes masters.'³⁰ The change was only at the very top. 'They may be subjected to new taxes and other regulations, but need no new people. The conqueror generally allows them the possession of their religion and laws, which is a practice much better than the ancient.'³¹

This milder form of conquest was accompanied by a less bloody form of warfare, thanks to modern weapons. Adam Smith knew the difference between Highlanders armed with claymores, and English troops with their muskets. 'Modern armies too are less irritated at one another because fire arms keep them at a greater distance. When they always fought sword in hand their rage and fury were raised to the highest pitch, and as they were mixed with one another the slaughter was vastly greater.'³² All of this change, however, depended on neighbouring societies all being 'enlightened' and commercial. Until the fifteenth century or so, eastern Europe had been the prey of powerful Mongol armies. Only recently had the new form of 'commercial' warfare become dominant - and destructive though it was, it was less disastrous than that which China and western European nations had faced for thousands of years. Yet Smith was still left with the puzzle of that crucial movement from small, vulnerable, commercial city-states, to large but not too large nation-states which somehow combined commercial affluence with the power to defend themselves. The answer lay in English history.

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We saw that Montesquieu singled out England as his extreme case of liberty and Smith was to do the same, also emphasizing its wealth. The problem was to account for its success, for, as Campbell and Skinner note, 'Smith believed that England was really a special case, and that she alone had escaped from absolutism.'³³ In his **Lectures on Jurisprudence** he gave a narrative of how this had happened.

He believed that after the collapse of the Roman Empire two forms of government succeeded each other. At first from about 400 to 800 A.D. there was a form of 'allodial government' where 'the lords held their lands of no one, but possessed them as their own property.' Then 'the feudall government

²⁹Smith, **Jurisprudence**, 220

³⁰Smith, **Jurisprudence**, 550

³¹Smith, **Jurisprudence**, 550

³²Smith, **Jurisprudence**, 550

³³Campbell and Skinner, **Smith**, 118

arose about 400 years afterwards, about the 9th century.³⁴ This emerged largely out of a new power relationship between the lords and the king. 'When any of the great allodial lords was in danger of being oppressed by his neighbours, he called for protection from the king against them. This he could not obtain without some consideration he should perform to him. A rude and barbarous people who do not see far are very ready to make concessions for a temporary advantage.'³⁵ The new arrangement was as follows. 'For these considerations the king gave up all his demesne lands, and the great allodial lords their estates, to be held as feuda, which before had been held as munera. A tenant who held a feu was very near as good as property. He held it for himself and his heirs for ever. The lord had the dominium directum, but he had the dominium utile which <?was> the principle and most beneficial part of property.'³⁶ The chain of feudal links was thus set up. 'Those services secured his protection, and in this manner the inferior allodial lords came to hold of the great ones, and these again of the king; and the whole thus held of him either mediately or immediately, and the king was conceived to have the dominium directum of all the lands in the kingdom.'³⁷ This was a change which 'happened in the whole of Europe about the 9, 10, and 11st centuries.'³⁸

All the lands 'fell under the immediate jurisdiction of the lords or of the king, who administered judgment in them either by himself or by judges sent for that purpose.'³⁹ One side effect of this was to protect the lowest tenants. They avoided the fate of all previous agricultural workers, namely slavery, for though they were 'unfree', 'They were however in a much better condition than the slaves in ancient Greece or Rome. For if the master killed his villain he was liable to a fine; or if he beat him so as that he died within a day he was also liable to a fine; these, tho small priviledges, were very considerable and shewd great superiority of condition if compared with that of the old slaves.'⁴⁰

Thus up to about the eleventh century, all of western Europe was fairly uniform. After this Smith began to detect a growing divergence. Over continental Europe the power of the ruler increased. Only in England did this not happen. Everywhere powerful rulers overthrew 'the democraticall part of the constitution and establish an aristocraticall monarchy. This was done in every country excepting England, where the democraticall courts subsisted long after and usually did business; and at this day the

³⁴Smith, **Jurisprudence**, 244

³⁵Smith, **Jurisprudence**, 250

³⁶Smith, **Jurisprudence**, 250

³⁷Smith, **Jurisprudence**, 251

³⁸Smith, **Jurisprudence**, 252

³⁹Smith, **Jurisprudence**, 254

⁴⁰Smith, **Jurisprudence**, 255

county court, tho it has not been used of a long time, is nevertheless still permitted by law.⁴¹ The nobility, which could have put up a resistance to the absolutist tendency, were crushed, a necessary precursor to liberty, but leading to a dangerous void. 'We see too that this has always been the case; the power of the nobles has allways been brought to ruin before a system of liberty has been established, and this indeed must always be the case. For the nobility are the greatest opposers and oppressors of liberty that we can imagine.'⁴²

They were also weakened because of the growing commercial prosperity - a process Smith had observed with the Highland chiefs. Speaking of a typical lord or laird, he wrote, 'When luxury came in, this gave him an opportunity of spending a great deal and he therefore was at pains to extort and squeeze high rents from them. This ruind his power over them. They would then tell him that they could not pay such a rent on a precarious chance of possession, but would consent to it if he would give them long possessions of them; which being convenient for both is readily agreed to; and they became still more independent when in the time of Henry 2d these leases came to sustain action at law contra quemcumque possessorem. Thus they lost a man for 10 or 5 sh., which they spent in follies and luxury. The power of the lords in this manner went out, and as this generally happened before the power of the commons had come to any great pitch, an absolute government generally followed.'⁴³ This was a necessary stage between feudalism and modern liberty. 'Whereas every one is in danger from a petty lords, who had the chief power in the whole kingdom. The people therefore never can have security in person or estate till the nobility have been greatly crushed. Thus therefore the government became absolute, in France, Spain, Portugal, and in England after the fall of the great nobility.'⁴⁴

Smith had noted a difference between England and the Continent early on, and continues this theme from time to time up to the later fifteenth century. Thus he argues that the English were often able to gain some freedom and power when their rulers were needed money to fight wars abroad. 'The people we see were always most free from their severall burthens when the profits arising from them to the state were most necessary for its support. We see accordingly that those which are most favourable to liberty are those of martiall, conquering, military kings. Edward the 1st and Henry the 4th, the two most warlike of the English kings, granted greater immunities to the people than any others.'⁴⁵ He explained why this should be so. 'There are severall reasons for this, as 1st, they of all others depended most on the goodwill and favour of their people; they therefore court it greatly by all sorts of concessions which may induce them to join in their enterprizes. Peaceable kings, who have no such occasion for great services or expensive expedition<s>, [and] therefore less courted their love and favour. 2dly, it soon became a rule with the people that they should grant no subsidies till their requests were first granted.'⁴⁶

⁴¹Smith, **Jurisprudence**, 258

⁴²Smith, **Jurisprudence**, 264

⁴³ Smith, **Jurisprudence**, 262.

⁴⁴Smith, **Jurisprudence**, 264

⁴⁵Smith, **Jurisprudence**, 260

⁴⁶ Smith, **Jurisprudence**, 260.

Thus the loss of English interest in their French claims in the fifteenth century, according to Smith, was a disaster. The nobility were weakened in the Wars of the Roses. 'They had been massacred by Edward 4th in his battles with Henry the 6th; afterwards in various insurrections and disputes for the crown.'⁴⁷ Under the Tudors they sunk into a form of absolutism. 'In the last lecture I observd how the nobility necessarily fell to ruin as soon as luxury and arts were introduced. Their fall everywhere gave occasion to the absolute power of the king. This was the case even in England. The Tudors are now universally allowed to have been absolute princes. The Parliament at that time, instead of apposing and checking the measures they took to gain and support their absolute power, authorized and supported them. Henry the 7th was altogether an absolute monarch...'⁴⁸

This narrative left Smith with a problem. All of Europe was now absolutist. How then in the less than two hundred years between Henry VII and the later seventeenth century had England, alone, shed absolutism? Smith put forward two arguments. The first was the rash activity of Elizabeth I. A thing which 'contributed to the diminution of the kings authority, and to render him still more weak, was that Elizabeth in the end of her reign, forseeing that she was to have no sucessors of her own family, was at great pains to gain the love of the nation, which she had generally done, and never inclined to lay on taxes which would she knew be complaind of; but she chose rather to sell the demesne lands, which were in her time alltogether alienated. James Ist and Charles had in this manner no revenue, nor had they a standing army by which they could extort any money or have other influence with the people.'⁴⁹

Smith explained how absolutism increased over continental Europe. But the 'situation and circumstances of England have been altogether different. It was united at length with Scotland. The dominions were then entirely surrounded by the sea, which was on all hands a boundary from its neighbours. No foreign invasion was therefore much to be dreaded. We see that (excepting some troops brought over in rebellions and very impolitcly as a defence to the kingdom) there has been no foreign invasion since the time of Henry 3d. ... The Scots however frequently made incursions upon them, and had they still continued seperate it is probable the English would never have recovered their liberty. The Union however put them out of the danger of invasions. They were therefore under no necessity of keeping up a standing army; they did not see any use of necessity for it.'⁵⁰ He contrasted this with the position of continental nations. 'In other countries, as the feudall militia and that of a regular one which followd it wore out, they were under a necessity of establishing a standing army for their defense against their neighbours. The arts and improvement of sciences puts the better sort in such a condition that they will not incline to serve in war. Luxury hinders some and necessary business others.'⁵¹

⁴⁷Smith, **Jurisprudence**, 262

⁴⁸Smith, **Jurisprudence**, 264

⁴⁹Smith, **Jurisprudence**, 266

⁵⁰Smith, **Jurisprudence**, 265

⁵¹Smith, **Jurisprudence**, 265

Thus the English and French diverged through a combination of Elizabeth's profligacy and the security of England's island position after union with Scotland. 'We see in France that Henry the fourth [c. 1600] kept up generally a standing army of betwixt 20 and 30,000 men; this, tho small in comparison of what they now keep up, was reckoned a great force, and it was thought that if France could in time of peace maintain that number of men it would be able to give law to Europe; and we see it was in fact very powerfull. But Britain had no neighbours which it could fear, being then thought superior to all Europe besides. The revenues of the king being very scanty, and the desmesnes lands, the chief support of the kings, being sold, he had no more money than was necessary to maintain the dignity and grandeur of the court. From all these, it was thought unnecessary as well as inconvenient and useless to establish a standing army.⁵² The result was that when the Civil War was fought, Charles lost. Again, when James II tried to impose his Catholic will, he could not do so. Thus, for largely accidental and fortuitous reasons, England's political history took a different turn.

Smith was not content to leave the story here, however. Following closely some of the arguments of Montesquieu, he tried to outline the institutional structures which now guaranteed the balance of power and the liberty and security of the people of Britain, which was the foundation, as he thought, of their growing wealth and power. There was firstly England's parliament. By the middle of the eighteenth century, 'So far is the king from being able to govern the kingdom without the assistance of Parliament for 15 or 16 years, as Chas. Ist did, that he could not without giving offence to the whole nation by a step which would shock every one, maintain the government for one year without them, as he has no power of levying supplies. In this manner a system of liberty has been established in England before the standing army was introduced; which as it was not the case in other countries, so it has not been ever establishd in them.⁵³ The system was now firmly entrenched. 'Liberty thus established has been since confirmed by many Acts of Parliament and clauses of Acts. The system of government now supposes a system of liberty as a foundation. Every one would be shocked at any attempt to alter this system, and such a change would be attended with the greatest difficulties.⁵⁴ The House of Commons was powerful enough to control the royal power and the power of ministers. 'Another article which secures the liberty of the subjects is the power which the Commons have of impeaching the kings ministers of mal-administration, and that tho it had not visibly encroached on liberty.⁵⁵ Furthermore, 'The House of Commons also has the sole judgement in all controverted elections, and is on them very nice and delicate, as their interest leads them to preserve them as free as can be had.⁵⁶

⁵²Smith, **Jurisprudence**, 266

⁵³Smith, **Jurisprudence**, 269

⁵⁴Smith, **Jurisprudence**, 271

⁵⁵Smith, **Jurisprudence**, 272

⁵⁶Smith, **Jurisprudence**, 274

Yet the Commons themselves were restrained from the corruption of power by periodic elections. 'The frequency of the elections is also a great security for the liberty of the people, as the representative must be carefull to serve his country, at least his constituents, otherwise he will be in danger of losing his place at the next elections.'⁵⁷ In summary, 'These laws and established customs render it very difficult and allmost impossible to introduce absolute power of the king without meeting with the strongest opposition imaginable.'⁵⁸ All this had occurred through a balance of forces. Smith rejected both Hobbes and Locke's ideas of the social contract arising from a voluntary agreement. As he explained, he had 'endeavoured to explain to you the origin and something of the progress of government. How it arose, not as some writers imagine from any consent or agreement of a number of persons themselves to submit themselves to such or such regulations, but from the natural progress which men make in society.'⁵⁹

The other great protection, in suggesting which Smith again partly followed Montesquieu, was the English Common Law tradition. One aspect was a free and independent judiciary, judges who were separate from the royal or even the parliamentary power. 'One security for liberty is that all judges hold their office[r]s for life and are intirely independent of the king. Every one therefore is tried by a free and independent judge, who are als<o> accountable for their conduct. Nothing therefore will influ<en>ce them to act unfairly to the subject, and endang<er> the loss of a profitable office and their reputation also; nothing the king could bestow would be an equivalent. The judge and jury have no dependance on the crown.'⁶⁰ He expanded this a little later, by pointing out that the judges themselves were limited in their power. 'I had observed an other thing which greatly confirms the liberty of the subjects in England. - This was the little power of the judges in explaining, altering, or extending or correcting the meaning of the laws, and the great exactness with which they must be observed according to the literall meaning of the words, of which history affords us many instances.'⁶¹ Part of this limitation, which prevented yet another danger, that of an arbitrary justice, was due to the healthy rivalry between different courts - providing reasonable competition in justice. 'Another thing which tended to support the liberty of the people and render the proceedings in the courts very exact, was the rivalship which arose betwixt them. The Court of Kings Bench, being superior to the Court of Com. Pleas and having causes frequently transferred to them from that court, came to take upon it to judge in civill causes as well as in criminall ones, not only after a writ of error had been issued out but even immediately before they had passed thro the Common Pleas.'⁶²

⁵⁷Smith, **Jurisprudence**, 273

⁵⁸Smith, **Jurisprudence**, 274

⁵⁹Smith, **Jurisprudence**, 207

⁶⁰Smith, **Jurisprudence**, 271

⁶¹Smith, **Jurisprudence**, 275

⁶²Smith, **Jurisprudence**, 280

Smith had already drawn attention to the independence of jurors, but he elaborated this further as a key protection of the citizen against the State, and also against the power of judges. 'Another thing which curbs the power of the judge is that all causes must be try'd with regard to the fact by a jury. The matter of fact is left intirely to their determination. - Jurys are an old institution which formerly were in use over the greater part of the countries in Europe, tho they have now been laid aside in all countries, Britain excepted.⁶³ Great care was taken to maintain their independence and reliability. 'Nothing can be more carefull and exact than the English law in ascertaining the impartiality of the jurors. They must be taken from the county where the persons live, from the neighbourhood of the land if it be a dispute of property, and so in other cases.'⁶⁴

Thus an independent, but not too powerful, judge, and an independent jury seemed together 'to be a great security of the liberty of the subject.' As he explained to his Scottish students, in England, 'One is tried here by a judge who holds his office for life and is therefore independent and not under the influence of the king, a man of great integrity and knowledge who has been bred to the law, is often one of the first men in the kingdom, who is also tied down to the strict observance of the law; and the point of fact also determined by a jury of the peers of the person to be tried, who are chosen from your neighbourhood, according to the nature of the suit, all of whom to 13 you have the power of challenging.'⁶⁵ The final protection was **Habeas Corpus**, which is 'also a great security against oppression, as by it any one can procure triall at Westminster within 40 days who can afford to transport himself thither.'⁶⁶ This prevented arbitrary imprisonment without trial.

Smith's account of the English development is intriguing and scholarly. He clearly knew the literature and wrote with authority. Yet there is something of a contradiction in it. On the one hand his account of political power suggests that England like continental Europe went through an absolutist phase. The difference was that it occurred much later, lasted for a much shorter period (c.1475-1580) and was overturned, whereas the absolutist governments grew ever more powerful in France, Spain, Germany and elsewhere.

On the other hand, on the legal side he gives a sketch of much more continuity and of the preservation of a high degree of protection against the power of the State. He summarizes his finding in this area as follows. 'There seems to be no country in which the courts are more under regulation and the authority of the judge more restricted. The form of proceedings as well as the accuracy of the courts depends greatly on their standing. Now the courts of England are by far more regular than those of other countries, as well as more ancient. The courts of England are much more ancient than those of France or Scotland.'⁶⁷ It was one of several contradictions in his portrayal of English history which make his account suggestive about the events after about 1600, but less accurate for the earlier period.

⁶³Smith, **Jurisprudence**, 283

⁶⁴Smith, **Jurisprudence**, 284

⁶⁵Smith, **Jurisprudence**, 284-5

⁶⁶Smith, **Jurisprudence**, 272

⁶⁷Smith, **Jurisprudence**, 286-7

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There are a number of reasons for looking on Adam Smith as an optimist. He believed, like Pope, that whoever stood behind the visible world, had intended mankind to be happy. 'The happiness of mankind, as well as of all other rational creatures, seems to have been the original purpose intended by the Author of Nature when he brought them into existence.'⁶⁸ In general such an 'Author' had been successful. 'Take the whole earth at an average, for one man who suffers pain or misery, you will find twenty in prosperity and joy, or at least in tolerable circumstances.'⁶⁹

This view was confirmed by the history of the fairly recent past. Firstly, he could see that progress had been made over most of Europe since the fifteenth century and that his own Scotland was, in parts, becoming very much richer. Violence was on the retreat. As Eric Roll summarizes his Enlightenment optimism here, 'Fundamentally, he, like most later liberal philosophers, was an optimist. The social evils which he saw around him he ascribed to past mistakes of government...Smith's whole work implied great faith in the possibility of freeing the state from the incubus of individual or class influence. Once this emancipation was achieved the natural harmony would be manifest to all.'⁷⁰ The very basis of his work was the belief that an 'Inquiry into the Nature and Causes of the Wealth of Nations' was both possible, and that having found such causes, nations could take appropriate and remedial action.

A particular cause for optimism was his belief that the balance between production and predation had changed. A cause for quiet confidence was the fact that wealth and general virtue were connected. As Dugald Stewart noted of his findings, 'the most wealthy nations are those where the people are the most laborious, and where they enjoy the greatest degree of liberty.'⁷¹ They were also characteristically more equal societies, with a large and mobile middling group and the decline of serfdom and aristocracy. The trouble was that when such societies had emerged anywhere else before, as in the Italian city states, they had quickly been destroyed by envious neighbours. The forces of destruction or predation had always been too strong for the pockets of wealth to resist.

As Adam Smith reflected on the last major contest in British soil between predation and production, the clash between the warlike clans and the mercenary army of the English at Culloden in 1745, it must have been very obvious that the balance had shifted. How and why this had happened, being strongly related to technological changes, is outlined by Smith as follows.

He noted that over time the cost of defence increased as nations became wealthier. 'The first duty of the sovereign, therefore, that of defending the society from the violence and injustice of other independent societies, grows gradually more and more expensive, as the society advances in civilization. The military force of the society, which originally cost the sovereign no expence either in time of peace

⁶⁸ Smith, **Moral**, 235.

⁶⁹ Smith, **Moral**, 197.

⁷⁰ Roll, **Economic**, 152

⁷¹ Stewart, **Works**, X, 58

or in time of war, must, in the progress of improvement, first be maintained by him in time of war, and afterwards even in time of peace.⁷² This cost was increased still further by modern weapons technology. The battle of Culloden was decided by fire power, by superior technology, more than anything else. The great change introduced into the art of war by the invention of fire-arms, has enhanced still further both the expence of exercising and disciplining any particular number of soldiers in time of peace, and that of employing them in time of war. Both their arms and their ammunition are become more expensive. A musquet is a more expensive machine than a javelin or a bow and arrows; a cannon or a mortar than a balista or a catapulta. The powder, which is spent in a modern review, is lost irrecoverably, and occasions a very considerable expence.⁷³

The effect of this was to favour the rich, rather than those who had previously ruled the earth, the warlike. Rich shopkeepers could now easily defeat poor Highlanders. 'In modern war the great expence of fire-arms gives an evident advantage to the nation which can best afford that expence; and consequently, to an opulent and civilized, over a poor and barbarous nation. In ancient times the opulent and civilized found it difficult to defend themselves against the poor and barbarous nations. In modern times the poor and barbarous find it difficult to defend themselves against the opulent and civilized. The invention of firearms, an invention which at first sight appears to be so pernicious, is certainly favourable both to the permanency and to the extension of civilization.'⁷⁴ Thus Smith believed that one of the negative feed-back mechanisms which had constantly operated in the past, bringing down the Roman Empire, leaving civilizations vulnerable to Mongol invasions, even keeping his native Scotland in thrall, had at last been overcome. Wealth and military power were for the first time united with liberty and equality.

This is the optimistic side. Yet at another level, Smith, like the successor classical economists Malthus and Ricardo, was a pessimist - and for exactly the same reasons. As he looked around him he saw that progress was possible - up to a limit, but then seemed to hit some invisible barrier or ceiling. China was the great example; that mighty civilization, wealthier than Europe, seemed to have been 'stationary' since the time of Marco Polo. India was not 'progressing'. The shape of things to come was shown by Holland, which had been 'stationary', if not declining, for nearly a hundred years. France, previously very wealthy, had also been 'stationary' for about a hundred years or so. Italy had only recovered the level of her pre-1500 eminence. Spain and Portugal were 'going backwards'. Only England, still with some way to reach Holland's level, and tiny Scotland and the under-populated spaces of North America, were progressing rapidly.

E.A. Wrigley has summarized an aspect of Smith's pessimism; 'his view of the prospects of growth in general induced him to discount the possibility of a prolonged or substantial improvement in real wages, and to fear that the last state of the labourer would prove to be worse than the first, a view that was reinforced by his anticipation of some of the arguments to which Malthus was later to give the classic formulation.'⁷⁵ Smith could not see what would in fact happen. '...Smith himself was unaware of the

⁷²Smith, **Wealth**, II, 230

⁷³Smith, **Wealth**, II, 230

⁷⁴Smith, **Wealth**, II, 230-1

⁷⁵Wrigley, 'Two Kinds', 99-100

immense changes already in train when the **Wealth of nations** was written. Indeed, the implications of the arguments he used would rule out the possibility of rapid and sustained economic growth. The great revolution of which he wrote was an economic revolution...but it was not an **industrial revolution** as that term has come to be used.⁷⁶ What he accurately described was a closed system which, in the case of most of the European countries and China, had reached the limits of possible progress. He had observed a fact which Wrigley endorses, which is that 'In their essential nature traditional economies were negative feedback systems. At some point the growth process itself provoked changes which caused growth to decelerate and grind to a halt. Success in a particular round of growth implied difficulty at a later stage.'⁷⁷

Smith gave three major reasons why there was no possibility of continuous long-term growth and why a country such as Holland had just about reached the limits. One of these was that the rate of profit would continually fall. This mechanism was demonstrated by the history of Holland. 'In a country which had acquired its full complement of riches, where in every particular branch of business there was the greatest quantity of stock that could be employed in it, as the ordinary rate of clear profit would be very small, so the usual market rate of interest which could be afforded out of it, would be so low as to render it impossible for any but the very wealthiest people to live upon the interest of their money. All people of small or middling fortunes would be obliged to superintend themselves the employment of their own stocks. It would be necessary that almost every man should be a man of business, or engage in some sort of trade. The province of Holland seems to be approaching near to this state. It is there unfashionable not to be a man of business. Necessity makes it usual for almost every man to be so, and custom every where regulates fashion.'⁷⁸ England would soon reach this plateau and then, like Holland, became stuck in one form of the high-level equilibrium trap.⁷⁹

A second mechanism, which partly stemmed from the first, was the law of diminishing marginal returns, particularly in agriculture. This was more famously and explicitly enunciated by Malthus and Ricardo, but it was also obvious to Smith. Put simply, new land produces a good harvest, but as demands continue it produces less, and the use of marginal lands, or the application of extra labour brings decreasing returns. The principle of the division of labour had temporarily overcome part of this problem, but the marginal returns on the division of labour also began to reach a limit. Mankind was trapped on a treadmill which required more and more effort for less and less returns. As Wrigley notes, the restraints which seemed to be 'permanent and ineradicable' in Smith's world were that land was the source of all wealth, and that energy was limited to what could be obtained directly from the sun, wind and water.⁸⁰

⁷⁶Wrigley, **People**, 58

⁷⁷Wrigley, 'Two Kinds', 115

⁷⁸Smith, **Wealth**, I, 108

⁷⁹For further discussion of the rate of declining profit, see Wrigley, **People**, 29-32

⁸⁰Wrigley, 'Two Kinds', 104

The third law that trapped mankind was that of population. In a direct anticipation of Malthus, Smith explained how the history of agrarian societies showed that 'men, like all other animals, naturally multiply in proportion to the means of their subsistence'⁸¹ Thus whenever the wealth of a nation increased, and in particular if this wealth was shared by the mass of the population through higher real wages, the population would increase to absorb the increase. This is the point which Smith stresses in both volumes of his book. In the first he notes that, as he puts it in the heading, 'High wages increase population'. 'The liberal reward of labour, therefore, as it is the effect of increasing wealth, so it is the cause of increasing population. To complain of it, is to lament over the necessary effect and cause of the greatest public prosperity.'⁸² Or in a more expanded way 'The liberal reward of labour, by enabling them to provide better for their children, and consequently to bring up a greater number, naturally tends to widen and extend those limits. It deserves to be remarked too, that it necessarily does this as nearly as possible in the proportion which the demand for labour requires. If this demand is continually increasing, the reward of labour must necessarily encourage in such a manner the marriage and multiplication of labourers, as may enable them to supply that continually increasing demand by a continually increasing population.'⁸³ The laws of supply and demand works with population as with anything else. Thus 'the demand for men, like that for any other commodity, necessarily regulates the production of men.'⁸⁴

The danger was even greater because poverty in itself did not necessarily limit population growth. 'Poverty, though it no doubt discourages, does not always prevent marriage. It seems even to be favourable to generation. A half-starved Highland woman frequently bears more than twenty children, while a pampered fine lady is often incapable of bearing any...' What poverty did do, he thought, was to kill off large numbers of infants: 'in the Highlands of Scotland it is not uncommon for a mother who has borne twenty children not to have two alive.'⁸⁵ Thus, if the standard of living and medical care of the poor increased markedly, the problem of population growth would be even greater. Mankind was caught in the Malthusian trap. Every short term gain would lead to a larger problem in the future.

Thus placing oneself in Adam Smith's world as he sat beside the Firth of Forth slowly compiling the **Wealth of Nations** in the years before 1776, we can see how he must have felt clearly both grounds for measured short-term optimism and long-term pessimism. The 'natural' path to increased opulence was there to be taken if the mainly political obstacles could be removed. Everyone could, in theory, reach the level of the Dutch. But then people were trapped on a high-level plateau. Although they were not so vulnerable to external destruction and predation, there were reasons for suspecting that having reached the plateau, the only path was downwards. Growing population, the monopolistic tendencies of greedy merchants or even farmers, the ambitions of the State, the ambitions of the Church, any or all of these could shatter the precarious balance of forces.

⁸¹Smith, **Wealth**, I, 163.

⁸²Smith, **Wealth**, I, 90

⁸³Smith, **Wealth**, I, 89

⁸⁴Smith, **Wealth**, I, 89

⁸⁵Smith, **Wealth**, I, 88

This is ultimately Smith's message. Although there was a 'natural tendency' for the selfish and competitive drives of human beings to lead to the growth of wealth if appropriate conditions were provided, continuous, unlimited, growth was impossible. The growth in the past had been the unintended consequence of a set of accidents - outcomes of conflicts and oppositions which had against all the odds led to gradual growth. Many had strayed from the path - Eastern Europe, later much of Southern Europe, China and India. Even France was in doubt and Germany is hardly mentioned. Only on an outlying tip of north-west Europe, and in the New World, was conspicuous growth still occurring. It is not surprising, therefore, that Adam Smith, like Malthus and Ricardo 'unanimously and explicitly denied the possibility of the change now regarded as its [industrial revolution] most important single feature, and perhaps as its great redeeming feature - the substantial and largely continuous rise in the standard of living that it has occasioned.'⁸⁶ Mankind was trapped at a high level equilibrium.

It was also trapped in another way. A number of commentators have pointed out that Smith anticipates Marx concerning some of the disastrous side-effects of the new industrial-capitalism which he saw emerging around him.⁸⁷ He had observed that alongside the growing wealth, even in the richest parts of one of the richest countries in the world, England, there was increasing misery, although part of this was self-inflicted. 'Accordingly we find that in the commercial parts of England, the tradesmen are for the most part in this despicable condition; their work through half the week is sufficient to maintain them, and through want of education they have no amusement for the other but riot and debauchery. So it may very justly be said that the people who clothe the whole world are in rags themselves.'⁸⁸

This was no accident, for it rose from the very essence of the new division of labour which was the motor of change. He had noticed that 'It is remarkable that in every commercial nation the low people are exceedingly stupid. The Dutch vulgar are eminently so, and the English are more so than the Scotch. The rule is general, in towns they are not so intelligent as in the country, nor in a rich country as in a poor one.'⁸⁹ This was not because of some innate inferiority, but because of the crippling effects of a life making pin heads. Partly there was the sheer pettiness and boredom of the activity. 'Where the division of labour is brought to perfection, every man has only a simple operation to perform. To this his whole attention is confined, and few ideas pass in his mind but what have an immediate connection with it. When the mind is employed about a variety of objects it is some how expanded and enlarged, and on this account a country artist is generally acknowledged to have a range of thoughts much above a city one.'⁹⁰ Partly it was because education was brushed aside in the rush to use the labour of children. 'Another inconvenience attending commerce is that education is greatly neglected. In rich and

⁸⁶Wrigley, 'Two Kinds', 103

⁸⁷ For example the essays by R.L.Heilbronner and E.G.West in Skinner and Wilson, **Essays on Adam Smith**

⁸⁸Campbell and Skinner, **Smith**, 121

⁸⁹Smith, **Jurisprudence**, 539

⁹⁰Smith, **Jurisprudence**, 539

commercial nations the division of labour, having reduced all trades to very simple operations, affords an opportunity of employing children very young. In this country indeed, where the division of labour is not far advanced, even the meanest porter can read and write, because the price of education is cheap, and a parent can employ his child no other way at 6 or 7 years of age.⁹¹

He concluded, 'These are the disadvantages of a commercial spirit. The minds of men are contracted and rendered incapable of elevation, education is despised or at least neglected, and heroic spirit is almost utterly extinguished. To remedy these defects would be an object worthy of serious attention.'⁹² It was a serious attention which Smith himself, unfortunately, was unable to provide. Indeed, since he did not fully appreciate the liberating effects of machinery, it was difficult, if not impossible, for him to see a way round these difficulties. Thus both at the national and individual level, the 'wealth of nations' was tinged with failure. Mankind had not escaped from the treadmill of existence, even if the present condition in a few favoured nations was perhaps better than it had been since the descent from the 'original affluent society' of hunter-gathering.

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In terms of Smith's solution to the riddle, he confirmed certain parts of the answer already suggested by Montesquieu. He noted the normal tendency to stasis, the beneficial effects of commerce, the difficulties caused by the size, homogeneity and rice cultivation in China, the dangers of conquest and war, the importance of English Common Law, the importance of a reasonable taxation system and secure investment opportunities, and the advantage of being an island.

New areas of the puzzle now filled in included the discussion of the rise and effect of towns, of the middle class, the night watchman state and church. He put forward the theory that liberty emerges when sects fall out with each other and adds to this a description of the effects of commercial wealth on power. His account of the mechanism for the escape from violence through the growth of opulence is extremely suggestive. And his re-working of the theory of the division of labour provides some dynamic for the change. His account of English development adds detail to Montesquieu and re-enforces the importance of islandhood. Smith warned of the dangers of all monopolies of power, even those of producers and exchangers, he noted the role of the judiciary in safeguarding economic well-being and he noted the importance of the unification of England and Scotland. He even anticipated some of the negative effects of the division of labour and a commercial mentality on the morals and well-being of future generations.

Yet even when we add his formidable contribution to that of Montesquieu, the riddle is still partly unresolved. The fact that Smith was pessimistic about the future shows that he did not solve it. Part of the answer lay in the development of science and industrial technology which he only glimpsed. He was on the whole unaware of the power of the scientific revolution, that is the growth of new knowledge through the use of the experimental method, which provided the basis for the new manufacture of artifacts through the industrial process. Nor did he fully realize that the rapid growth of England was dependent on its position as part of a European network of knowledge. We might say that after the contributions of Montesquieu and Smith the solution was half complete. Like many operations, the relatively easier parts are done first. To fill in the last parts is the most difficult and it is indeed fortunate

⁹¹Smith, **Jurisprudence**, 539-40

⁹²Smith, **Jurisprudence**, 541

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that in Tocqueville we find a thinker fit for the task of adding some of the important pieces.