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MAJOR CONSERVATIVE AND LIBERTARIAN THINKERS

EDITED BY JOHN MEADOWCROFT

ADAM SMITH



Adam Smith

James R. Otteson



Major Conservative and
Libertarian Thinkers
Series Editor: John Meadowcroft
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Adam Smith

Series Introduction

The *Major Conservative and Libertarian Thinkers* series aims to show that there is a rigorous, scholarly tradition of social and political thought that may be broadly described as “conservative,” “libertarian,” or some combination of the two.

The series aims to show that conservatism is not simply a reaction against contemporary events, nor a privileging of intuitive thought over deductive reasoning; libertarianism is not simply an apology for unfettered capitalism or an attempt to justify a misguided atomistic concept of the individual. Rather, the thinkers in this series have developed coherent intellectual positions that are grounded in empirical reality and also founded upon serious philosophical reflection on the relationship between the individual and society, how the social institutions necessary for a free society are to be established and maintained, and the implications of the limits to human knowledge and certainty.

Each volume in the series presents a thinker’s ideas in an accessible and cogent manner to provide an indispensable work for students with varying degrees of familiarity with the topic as well as more advanced scholars.

The following 20 volumes that make up the entire *Major Conservative and Libertarian Thinkers* series are written by international scholars and experts:

The Salamanca School by Andre Azevedo Alves (LSE, UK) and José Manuel Moreira (Universidade de Aveiro, Portugal)

Thomas Hobbes by R. E. R. Bunce (Cambridge, UK)

John Locke by Eric Mack (Tulane, UK)

David Hume by Christopher J. Berry (Glasgow, UK)

Adam Smith by James Otteson (Yeshiva, US)

Edmund Burke by Dennis O’Keeffe (Buckingham, UK)

Alexis de Tocqueville by Alan S Kahan (Paris, France)

Herbert Spencer by Alberto Mingardi (Istituto Bruno Leoni, Italy)

Ludwig von Mises by Richard Ebeling (Northwood, US)

Joseph A. Schumpeter by John Medearis (Riverside, California, US)

F. A. Hayek by Adam Tebble (UCL, UK)

Michael Oakeshott by Edmund Neill (Oxford, UK)

Karl Popper by Phil Parvin (Loughborough, UK)

Ayn Rand by Mimi Gladstein (Texas, US)
Milton Friedman by William Ruger (Texas State, US)
Russell Kirk by John Pafford (Northwood, US)
James M. Buchanan by John Meadowcroft (King's College
London, UK)
The Modern Papacy by Samuel Gregg (Acton Institute, US)
Murray Rothbard by Gerard Casey (UCD, Ireland)
Robert Nozick by Ralf Bader (St Andrews, UK)

Of course, in any series of this nature, choices have to be made as to which thinkers to include and which to leave out. Two of the thinkers in the series—F. A. Hayek and James M. Buchanan—have written explicit statements rejecting the label “conservative.” Similarly, other thinkers, such as David Hume and Karl Popper, may be more accurately described as classical liberals than either conservatives or libertarians. But these thinkers have been included because a full appreciation of this particular tradition of thought would be impossible without their inclusion; conservative and libertarian thought cannot be fully understood without some knowledge of the intellectual contributions of Hume, Hayek, Popper, and Buchanan, among others. While no list of conservative and libertarian thinkers can be perfect, then, it is hoped that the volumes in this series come as close as possible to providing a comprehensive account of the key contributors to this particular tradition.

John Meadowcroft
King's College London

*To George
Who Brings Such Joy to Life*

Series Editor's Preface

Adam Smith is popularly believed to have been a crude defender of free market capitalism; his name is often associated with the idea that the “invisible hand” of the market will guide people to beneficent outcomes *as if by magic* if market forces are left to operate unhindered. However, as Professor James R. Otteson of Yeshiva University sets out in this book, Smith was in fact an extremely subtle and sophisticated thinker who made important and lasting contributions to the disciplines of economics, politics, law, philosophy, and ethics. These contributions can be found in particular in the two books Smith published during his lifetime, *The Theory of Moral Sentiments* and *An Enquiry into the Nature and Causes of the Wealth of Nations* that are the principal focus of this book.

In the context of a discussion of international trade, Smith did indeed write in *The Wealth of Nations* that in certain circumstances an individual pursuing his own self-interest would be “led by an invisible hand to promote an end that was no part of his intention.” But, as Otteson explains, this was not a statement of blind faith in the free market, but part of a careful exposition of the counter-intuitive notion that beneficent outcomes are very often not the result of deliberate planning, but rather arise spontaneously as an unintended consequence of actions directed toward other ends. Hence, tradespeople who enter the marketplace seeking only their own gain provide goods and services for others and by so doing contribute to the creation of the broader institutional framework of an advanced market economy that is the basis of prosperity and thus the wealth of nations.

Smith's contribution to conservative and libertarian thought is most apparent and acute in this appreciation of the fundamentally spontaneous nature of social order and the destructive potential of attempts to deliberately plan that order. Smith is part of a tradition of political economy that is skeptical

of the ability of politicians to improve upon the outcomes generated spontaneously by the market. In this regard his work was an important precursor of later conservative and libertarian thinkers whose ideas are also presented in this series, notably Hayek, Buchanan, and Friedman.

This volume makes a crucial contribution to the *Major Conservative and Libertarian Thinkers* series by presenting Smith's thought in an accessible and cogent form. It is an outstanding work that provides a thorough account of Smith's life and work, and then considers Smith's enduring significance in terms of what Smith got wrong and what Smith got right. It is a book that will prove indispensable to those unfamiliar with Smith's work as well as more advanced scholars.

John Meadowcroft
King's College London

Preface

This book is a part of a series entitled “Major Conservative and Libertarian Thinkers.” The series aims to introduce these thinkers to a wider audience, providing an overview of their lives and works, as well as expert commentary on their enduring significance. Thus *Adam Smith* begins with a short biography of Smith; it then gives an overview and discussion of his extant works, focusing on his two major publications, the 1759 *Theory of Moral Sentiments* and the 1776 *Wealth of Nations*; and it concludes by discussing what Smith got right, what he got wrong, and why he is still worth reading—which he most definitely is. Also included is a bibliography of primary and secondary sources.

A slim volume like this can address only a fraction of the richness of Smith’s work, so it can be only a primer. One principle that has helped guide my selection of topics has been the aim of the book’s series.¹ Thus I have given added weight, where appropriate, to aspects of Smith’s thought that justify, or at least explain, his inclusion in a series about major conservative and libertarian thinkers. Depending on how one defines those terms, there are aspects of Smith’s thought that are conservative and aspects that are libertarian; and there are aspects that are neither.

I also try to make sense of Smith’s writing not only in the small but in the large as well—that is, not only in the details of this or that argument in this or that work, but in the larger aims of Smith’s scholarly corpus. I believe there is a coherence to Smith’s work, and, though I realize a book like this places limits on an attempt to demonstrate a claim like that, I do my best to make it plausible if not ultimately convincing.

In writing the book I have been conscious that for some readers it might serve as their first introduction to Smith, and for others it might serve as their only introduction to him. For a thinker as important as Smith, that makes the stakes for a book like this one high indeed. I have striven to present Smith in a

way I believe he himself would have approved: charitably but objectively. No author, however brilliant, got everything right, so the reader will also find in these pages periodic discussion of problems or objections, as well as indications of ongoing scholarly criticism or debate. But I believe that some important aspects of Smith's contributions endure, and I hope that by the end of this book you are convinced of that as well.

The best way to understand Smith remains, and will always remain, reading his works for oneself. If this book gives you reason to think that you should read Smith, it will have served its primary purpose.

Notes

- ¹ This is especially important given that some scholars—for example Brubaker (2006)—argue that Smith is “neither a conservative nor a libertarian,” while others—McLean (2006), for example—claim that Smith is a “radical egalitarian.”

Acknowledgments

Only a short time ago I would not have imagined that I would write another book about Adam Smith. Thanks must therefore go to John Meadowcroft, general editor of the series “Major Conservative and Libertarian Thinkers” for Continuum Press, for convincing me to do so. He must also be thanked for his dogged persistence, as well as his patience.

I would also like to thank students at the University of Alabama, at Georgetown University, and at Yeshiva University who have read Smith with me and have patiently considered my arguments about what makes Smith so interesting and important. Similarly, I thank the many conferees at Liberty Fund colloquia over the years who have helped shape my understanding of Smith. I also thank Liberty Fund itself for making these colloquia possible.

Special thanks goes to Max Hocutt, for helping me understand ethical theory (and so much else); to Bradley Birzer, for helping me understand what charitable scholarship is and for continually reminding me to focus on what is truly important; and to Steven Grosby, for helping me understand what honorable and civilized collegiality is. These three also provide continuing and inspiring models of friendship in the high tradition of Aristotle and Cicero.

Finally, I thank my beloved family—Katharine, Victoria, James, Joseph, and George—for their patience, love, and support. In this, as in everything else, they are the *sine qua non*.

List of Abbreviations

The now standard edition of Smith's works is the Glasgow Edition of the *Works and Correspondence of Adam Smith*, published in cloth by Oxford University Press and in paper by Liberty Fund. I use this edition of Smith's works throughout, with the following abbreviations:

C	<i>Correspondence of Adam Smith</i>
EPS	<i>Essays on Philosophical Subjects</i>
HA	"The Principles which Lead and Direct Philosophical Enquiries; Illustrated by the History of Astronomy" (reprinted in EPS)
HAP	"The Principles which Lead and Direct Philosophical Enquiries; Illustrated by the History of Ancient Physics" (reprinted in EPS)
"Languages"	"Considerations Concerning the First Formation of Languages, and the Different Genius of Original and Compounded Languages" (reprinted in LRBL)
LJ	<i>Lectures on Jurisprudence</i>
LRBL	<i>Lectures on Rhetoric and Belles Lettres</i>
TMS	<i>The Theory of Moral Sentiments</i>
WN	<i>An Inquiry into the Nature and Causes of the Wealth of Nations</i>

Smith's works are also available at the Liberty Fund's Online Library of Liberty, here: http://oll.libertyfund.org/index.php?option=com_staticxt&staticfile=show.php&title=197. The Online Library of Liberty is indexed and searchable, and it provides facsimiles as well as other formats.

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Part I

Biography

