

The Science of Wealth

Adam Smith and the framing of
political economy

Tony Aspromourgos



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The Science of Wealth

This study clarifies the character of 'political economy' as a distinct and separable intellectual discipline in the generic sense, in the texts of Adam Smith. It focuses upon the scope and fundamental conceptualizations of the new science. Smith's conceptualization of economic analysis is shown to constitute a unified intellectual piece for understanding economic society and its dynamics. Smith's fundamental economic language is exhaustively examined, in all his texts, with a view to clarifying the meaning of the basic concepts of his system. As well, the 'prehistories' of those concepts, in literature prior to Smith, back to the earliest times, are quite comprehensively treated, thereby placing his political economy in its larger historical context and conveying a rich sense of the history of these ideas over the whole course of our civilization.

A quite complete account of Smith's economics as a whole is also entailed by this undertaking: his key substantive economic doctrines are thoroughly considered as well, and all the elements of his economic theory receive attention. To that extent, notwithstanding the focus on concepts, an interpretation of the substance of Smith's political economy is also provided. This focus is partly motivated by the view that Smith's intellectual triumph in the history of social science is not so much about the success of specific doctrines. His more considerable theoretical success is at a deeper level: gaining a wide and long-lasting acquiescence in the conceptual universe framed by the fundamental structures of his system, for a newly emerging discipline. Those who subsequently contested Smithian doctrine did so within Smith's framework; they did so 'on his terms'. While the book's primary purpose is to reconstruct the character of Smith's political economy as a distinct intellectual enterprise, it also addresses its relevance to modern economics, and to policy and practice in contemporary liberal society.

This book will be of interest to students and researchers engaged with the history of economic and social thought, as well as philosophy and politics.

Tony Aspromourgos is Professor of Economics at the University of Sydney and is the author of *On the Origins of Classical Economics: Distribution and Value from William Petty to Adam Smith*, also published by Routledge.

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wealth ... **1.** The condition of being happy and prosperous; well-being. *Obs.* ... **2.** Spiritual well-being. ... *Obs.* ... **3. a.** Prosperity consisting in abundance of possessions; 'worldly goods', valuable possessions, esp. in great abundance: riches, affluence.... **d.** Abundance of possessions or of valuable products, as characteristic of a people, country, or region; the collective riches of a people or country. The phrase *the wealth of nations* had some currency before it was adopted by Adam Smith in the title of his famous work; but its early history is obscure....

Oxford English Dictionary

framing ... The action, method, or process of constructing, making, or shaping anything whether material or immaterial....

Oxford English Dictionary

Preface

In a striking example of excessive editorial intrusiveness, Yen Fu, the first translator of the *Wealth of Nations* into Chinese, was moved to insert the following note in his edition of Smith's book: 'When I read the text, in some places it is so moving that I cannot keep from crying. Alas! how touching Smith's sentences are!' (as translated in Lai 1989: 378; p. 22 in the 2000 reprint). I could say that Smith's words have almost moved me to tears at times too, but perhaps for somewhat different reasons. I am therefore very grateful to all those who provided me with advice, comment and other intellectual support during the course of the research culminating in this book.

I am particularly indebted to Matthew Smith and Sarah Jones, who worked on the project as Research Associates, in 2003–4 and 2006–8 respectively. James Duffy and Daniel Rees also provided research assistance in 2005, and Anwar Anaid in 2007–8. James Duffy returned to the project in 2007–8, in the process, reading and scrutinizing the entire text. Beyond these, my greatest debt is to Peter Groenewegen. The extent of that debt is due to the happy coincidence of two factors (happy for me at least): his enormous knowledge and judgement concerning the history of economics and his being in very close proximity to me, at the University of Sydney, during these years. He also read the entire text, much of it more than once. Others who gave of their time, knowledge or judgement, in various forms, include J. Argyrou, G. Brennan, G. Brinsmead, J.L. Cardoso, W. Coleman, S. Cremaschi, R.J. Dixon, P. Docherty, G. Fishburn, P. Garegnani, G. Gill, L. Hill, W.P. Hogan, J.E. King, H.D. Kurz, S.G. Medema, G. Mongiovi, N. Naldi, Rod O'Donnell, C. Panico, J. Pullen, A. Roncaglia, J. Shearmur, A.S. Skinner, A. Stirati, N.J. Theocarakis, V. Varathan, F. Vianello, G.K. White, M.V. White and S. Zamagni. I thank them all and apologize if anyone has been overlooked. Almost needless to say, I have not taken all the advice I was given, and I am alone responsible for the final product. In addition, I thank the Australian Research Council which generously supported my research with a grant for the years 2003 to 2007, and Alan Walker for preparing the index.

I may add that in a sense my greatest debt really is to the editors who have given us the Glasgow Edition of the Works and Correspondence of Adam Smith. While their editorial apparatus is acknowledged at some points below,

altogether, these acknowledgements do not do justice to the benefit my work has gained from their remarkable achievement of scholarship. Perhaps only someone who has utilized the edition as I have for what follows can fully appreciate its quality. The Glasgow Edition is quoted with permission of Oxford University Press. Full citations for the six volumes are provided in the Note on Citation Practice immediately below. Chapter 3, not including section 3.5, has been previously published in a considerably abbreviated version in *History of Economic Ideas* (Aspromourgos 2007).

Tony Aspromourgos
Sydney
April 2008

A note on citation practice

In citations of Smith's writings from the Glasgow Edition, the following abbreviations are used throughout. (In addition, *LJ* is sometimes employed to refer to the lectures on jurisprudence as such, or to *LJA* and *LJB* together.) For the sake of compactness, only page citations are provided, rather than following what has been the more usual practice of citing, for example, book, chapter and paragraph numbers. The Glasgow Edition has now been extant for a sufficiently long time that it may safely be regarded as the widely available standard text. In quotations, not all editorial interventions in the Glasgow Edition texts are preserved (in particular, editorial note numbers, and note letters in relation to text variants). There were six editions of *TMS* authorized by Smith, 1759–90, and six editions of *WN*, 1776–91; but there will be hardly any need to distinguish between editions of either text, for our purposes. (Smith died in 1790.) The *Oxford English Dictionary* is also cited in abbreviated form throughout (*OED*, together with the relevant headword). A second edition of the *Correspondence* incorporates, in a new appendix, eighteen letters discovered subsequent to the first edition (Mossner and Ross 1987: x, 413–34). It has not proven necessary, in anything that follows, to quote or cite any of the additional material in the second edition.

- Corr* E.C. Mossner and I.S. Ross (eds) (1977) *The Correspondence of Adam Smith* (Glasgow Edition of the Works and Correspondence of Adam Smith, vol. 6), Oxford: Clarendon.
- edWN* 'Early Draft of Part of *The Wealth of Nations*', in R.L. Meek, D.D. Raphael and P.G. Stein (eds) (1978) *Adam Smith. Lectures on Jurisprudence* (Glasgow Edition of the Works and Correspondence of Adam Smith, vol. 5), Oxford: Clarendon, pp. 562–81.
- EPS* W.P.D. Wightman, J.C. Bryce and I.S. Ross (eds) (1980) *Adam Smith. Essays on Philosophical Subjects* (Glasgow Edition of the Works and Correspondence of Adam Smith, vol. 3), Oxford: Clarendon.
- fA* 'First Fragment on the Division of Labour', in Meek, Raphael and Stein (eds) op. cit., pp. 582–4.
- fB* 'Second Fragment on the Division of Labour', in Meek, Raphael and Stein (eds) op. cit., pp. 585–6.

- LJA* 'Lectures on Jurisprudence: Report of 1762–3', in Meek, Raphael and Stein (eds) op. cit., pp. 1–394.
- LJB* 'Lectures on Jurisprudence: Report Dated 1766', in Meek, Raphael and Stein (eds) op. cit., pp. 395–558.
- LRB* J.C. Bryce (ed.) (1983) *Adam Smith. Lectures on Rhetoric and Belles Lettres* (Glasgow Edition of the Works and Correspondence of Adam Smith, vol. 4), Oxford: Clarendon.
- TMS* D.D. Raphael and A.L. Macfie (eds) (1976) *Adam Smith. The Theory of Moral Sentiments* (Glasgow Edition of the Works and Correspondence of Adam Smith, vol. 1), Oxford: Clarendon.
- WN* R.H. Campbell, A.S. Skinner and W.B. Todd (eds) (1976) *Adam Smith. An Inquiry into the Nature and Causes of the Wealth of Nations* (Glasgow Edition of the Works and Correspondence of Adam Smith, vol. 2), 2 vols, Oxford: Clarendon.

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