Famous Economists...Special Standards? A Critical Note on Adam Smith Scholarship

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Abstract

Recent writings on Adam Smith have adopted a hagiographic stance. This unfortunate process is aided by the use of a double-standard in judging between Smith and his predecessors.

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Matters are not very much improved when we come to the historian who qualifies all this [oversimplification of Luther] by some such phrase as that "Luther however was of an essentially medieval cast of mind"; for this parenthetical homage to research is precisely the vice and the delusion of the whig historian.

Herbert Butterfield, The Whig Interpretation of History

I. The originality of Adam Smith, oftentimes considered to be the first real economist, is a question of interest not only to economists, but also, in view of Adam Smith's importance in the history of ideas, to intellectual historians in general. While Smith has been considered a pioneer sociologist in the past, in recent times he has also acquired importance to historians of science such as Gideon Freudenthal and Otto Mayr. While the substantive issues involved in assessing Adam Smith's merits as an economist are too complex to be considered within an essay, it is curious to note how economists, traditionally the most cynical of intellectuals, have treated this issue. In his classic article on "The Laws of Returns Under Competitive Conditions," Piero Sraffa characterized the existing state of discomfort regarding the supply curve in language that is very much applicable to the current situation about Adam Smith's originality.¹

In the tranquil view which the modern [assessment of Adam Smith] presents us there is one dark spot which disturbs the harmony of the whole. This is represented by [Adam Smith's originality]. That its foundations are less solid than those of the other portions of the structure is generally recognized. That they are actually so weak as to be unable to support the weight imposed upon them is a doubt which slumbers beneath the consciousness of many, but which most succeed in silently suppressing. From time to time someone is
unable any longer to resist the pressure of his doubts and expresses them openly; then, or order to prevent the scandal spreading, he is promptly silenced, frequently with some con-
cessions and partial admission of his objections, which, naturally, the theory had implicitly taken into account. And so, with the lapse of time, the qualifications, the restric-
tions and the exceptions have piled up, and have eaten up, if not all, certainly the greater part of the theory. If their aggregate effect is not at once apparent, this is because they are scattered about in footnotes and articles and care-
fully segregated from one another.

Even though many distinguished economists criticized Adam Smith in the first half of the nineteenth century—Lord Lauderdale found the definitions of wealth inconsistent, Dugald Stewart (and Francis Horner) decided that the measure of value was untenable, Charles Ganilh found Smith's strictures on the mercantilist desire to increase money to clash with principles Smith admitted elsewhere, Thomas Robert Malthus thought free trade beneficial only between countries which exchanged complementary products, and John Rae doubted the entire schema of capital accumulation set up in the Wealth of Nations—most of this criticism was based on the validity of certain doctrines and did not pertain primarily to Smith's originality.² It is true that the obit-
uarist of Sir James Steuart had referred to certain plagiarists and that Dugald Stewart found Smith to be a watered-down version of the Physiocrats. But Steuart's interventionist philosophy found few adherents and the French Revolution dampened public support for the Physiocrats.³ Of the classical economists, J. R. McCulloch was the only one with a deep knowledge of the primary literature of the seven-
teenth and eighteenth centuries but even he continued to characterize the earlier literature essentially along the lines laid down in Book IV of the Wealth of Nations, even while conceding that, prior to
Smith, the nature of commerce of exchanges, of the division of labor, and of money and banking had all been "fully ascertained."

In 1804, J. B. Say had claimed that "Whenever the Wealth of Nations is perused with the attention it so well merits, it will be perceived that until the epoch of its publication, the science of political economy did not exist." Even though it is a rare scholar who would make such an unguarded statement today, it is nonetheless true that, at least by implication, such an opinion is still fairly widespread today. A recent book on capitalism speaks of Adam Smith as "almost the first economist"; E. G. West writes that "Down to Adam Smith's time in the eighteenth century the occupation of commerce and trade were suspect. The activities of buying and selling and lending money were inhibited by the vague feeling that they were sinful"; W. E. Cullison speaks of interdependent preferences as having influenced many economists "ever since it was articulated by Adam Smith"; Huston McCulloch writes that "Before the Austrians came on the scene, economists were troubled by the so-called paradox of value, as Adam Smith expressed it."  

Both Vaizey and West are perpetuating historical fictions, while the bias of Cullison and McCulloch are subtler and more deep-routed; it is implicitly assumed in their sentences that Smith was the first economist to speak of interdependent preferences or the paradox of value. In point of fact, the precise concept, conspicuous consumption, that Veblen is credited with, may be found in Locke, while readers familiar with Schumpeter know that the paradox of value had been stated and solved several times before Smith.
Systematic attempts to place Smith in proper historical context began only in the 1880's with the revival of Mercantilism as the economic side of nation building. From approximately 1880 down to 1950 considerable work was done on the economic ideas of the seventeenth and eighteenth centuries. By 1893 Edwin Cannan could claim that "no one any longer believes that political economy was invented by Adam Smith and perfected by John Stuart Mill." Nonetheless, some 80 years later we find just such claims of originality put forward on behalf of Adam Smith. Why has scholarship had so little effect?

Without meaning to deny the attempts of some quarters to ignore uncomfortable facts, I would like to focus on a deeper fault in Smithian scholarship—-a pervasive refusal to apply to Smith the same criteria that are applied to other economists. In the sections that follow, I have tried to document this claim by paying particular attention to several of the most eminent Smith scholars, such as Edwin Cannan, A. W. Coats, H. C. Recktenwald, Paul Samuelson, and Jacob Viner. Whether or not Smith actually borrowed from others is besides the point. What is important is that scholars make an effort to see Smith in context. This is not possible unless the same standards are applied to Smith as to everyone else. The evidence suggests that this has not been done. As a result, Smithian scholarship presents an odd intermixture between historical research and hagiography.
II. Edwin Cannan's editorial work on the *Wealth of Nations* is a marvel of scholarship and served to indicate to all future scholars what could be done. In particular, Cannan not only traced Adam Smith's own references but also, with partial knowledge of Adam Smith's personal library as well as the libraries Smith had access to, Cannan tried to ascertain even those sources Smith did not directly refer to.

Of course a careful comparison of words and phrases often makes it certain that a particular statement must have come from a particular source. Nevertheless many of the references given must be regarded as indicating merely a possible source of information or inspiration. I have refrained from quoting or referring to parallel passages in other authors when it is impossible or improbable that Smith ever saw them. That many more references might be given by an editor gifted with omniscience I know better than any one. To discover a reference has often taken hours of labour: to fail to discover one has often taken days.

In his Editor's Introduction Cannan goes considerably beyond the "merely probable" in assigning Adam Smith's sources. He notes that the *Wealth of Nations* contains various doctrines not found in Smith's earlier Lectures. The introduction of the theory of stock or capital and unproductive labour in Book II., the slipping of a theory of distribution into the theory of prices towards the end of Book I., chapter vi., and the emphasising of the conception of annual produce. These changes do not make so much real difference to Smith's own work as might be supposed; But to subsequent economics they were of fundamental importance. They settled the form of economic treatises for a century at least.

Cannan unhesitatingly ascribes these changes to the influence of the Physiocrats. They were of course due to the acquaintance with the French Economistes which Adam Smith made during his visit to France with the Duke of Buccleugh in 1764-6.
Next, Cannan considers the influence of Smith's teacher, Francis Hutcheson, at some length, particularly on value, coin, taxation and habits of industry. Cannan then concludes

Dr. Scott draws attention to the curious fact that the very order in which the subjects happen to occur in Hutcheson's System is almost identical with the order in which the same subjects occur in Smith's Lectures. We are strongly tempted to surmise that when Smith had hurriedly to prepare his lectures for Craigie's class, he looked through his notes of his old master's lectures (as hundreds of men in his position have done before and after him) and grouped the economic subjects together as an introduction and sequel to the lectures which he had brought with him from Edinburgh.

Next, Cannan attributes Smith's belief in self-love to the influence of Mandeville. If we bear in mind Smith's criticism of Hutcheson and Mandeville in adjoining chapters of the *Moral Sentiments*, and remember further that he must almost certainly have become acquainted with the *Fable of the Bees* when attending Hutcheson's lectures or soon afterwards, we can scarcely fail to suspect that it was Mandeville who first made him realize that "it is not from the benevolence of the butcher, the brewer or the baker that we expect our dinner, but from their regard to their own interest." Treating the word "vice" as a mistake for self-love, Adam Smith could have repeated with cordiality Mandeville's lines.

After a further brief excursion into the possible influence of Hume, Cannan appears to be embarrassed by his own scholarship. It would be useless to carry the inquiry into the origin of Adam Smith's views any further here. Perhaps it has been carried too far already. In the course of the *Wealth of Nations* Smith actually quotes by their own name or that of their authors almost one hundred books. An attentive study of the notes to the present edition will convince the reader that though a few of these are quoted at second hand the number actually used was far greater. Usually but little, sometimes only a single fact, phrase or opinion, is taken from each, so that few authors are less open than Adam Smith to the reproach of having rifled another man's work.

Is it not curious how, after carefully telling us that Smith derived his notions of capital, unproductive labor, national income, value,
coin, taxation and the beneficence of self-interest from others, Cannan suddenly claims that "few authors are less open than Adam Smith to the charge of having rifled another man's work." Cannan tells us that the charge has been seriously offered only with respect to Turgot, a charge which he dismisses as unproven. But surely Cannan himself has discovered a great deal of debt. As for having borrowed "only a single, fact or opinion," it is Cannan who carefully showed how Smith adopted the advantages of the division of labor entirely from the French Encyclopedie and who suggests in his footnotes that the benefits of high wages occurred to Smith through reading Berkeley's *Querist*. It is possible to describe the division of labor and the desirability of high wages as single ideas, but they are surely important ones. Why does Cannan stop himself from drawing the natural conclusions from his extensive research?

How seriously Cannan himself took the attributions of Smith's ideas to the predecessors indicated in the footnotes was made evident some 30 years later when he came to write a sesquicentennial article on Adam Smith. Evidently, Smith's economic analysis holds little charm for Cannan.

Very little of Adam Smith's scheme of economics has been left standing by subsequent inquirers. No one now holds his theory of value, his account of capital is seen to be hopelessly confused, and his theory of distribution is explained as an ill assorted union between his own theory of prices and the physiocrats' fanciful Economic Table. His classification of incomes is found to involve a misguided attempt to alter the ordinary useful and well-recognised meaning of words, and a mixing up of classification according to source with classification according to method or manner of receipt. His opinions about taxation and its incidence are extremely crude, and his history is based on insufficient information and disfigured by bias.
However, Cannan does consider Smith to have made three great contributions. The third of these concerns Smith's glorification of bourgeois economic virtues and does not really concern us. The first and second reasons however are 16

First ... the definite substitution of income... for the older idea of a capital aggregation of "treasure" or something akin to "treasure"... The second great change which Adam Smith made in general theory was to substitute wealth per head for wealth in the aggregate ... (pp. 20, 22).

It so happens that Berkeley had argued at length for the demystification of money while Cannan himself had earlier credited Berkeley with the emphasis upon per capita values! Berkeley was a philosopher of great repute, widely read in Scotland, whose *Querist* appeared in 10 editions between 1737 and 1757 and was reprinted in Glasgow itself. Adam Smith owned a copy. On what grounds can Cannan deny his earlier scholarship? 17

One possible argument is hinted at by Cannan himself. "The Wealth of Nations was not written hastily with the impressions of recent reading still vivid on the author's brain. Its composition was spread over at least the twenty-seven years from 1749 to 1776." 18 When this lengthy period of composition is combined with Adam Smith's absent-mindedness, it is supposed to make up an argument showing the inappropriateness of focusing upon Adam Smith's possible indebtedness. It so happens that Smith's memory was not poor for all sources. He had an excellent memory for classical authors and was known to quote them extensively from memory. As to having written the *Wealth of Nations* over at least 10 years, this seems to be a very good reason for getting one's sources right.
Thirty years later, F. T. H. Fletcher praises Montesquieu for discussing economic questions" in a truly scientific and objective manner, without philosophical preconceptions ... exactly in the spirit of Adam Smith." A little later, Fletcher is drawn to comparing parts of the Wealth of Nations with corresponding parts of the Esprit des Lois. However, he wishes to make it clear that nothing he might have to say should be construed as an attack on Adam Smith.20

It is certain that Adam Smith had a most remarkable power, ... of assimilating and making organically his own the wisdom that he culled from other writers. While, therefore, an attempt will be made to relate certain things in the Wealth of Nations to passages and ideas in the Esprit des Lois, it is very far from the present writer's intention to make out a charge of plagiarism against Adam Smith. One feels indeed that even if such a case could be made out, it would be quite irrelevant.

It is not entirely clear why the charge of plagiarism is irrelevant, but Fletcher goes on to claim something very like it in the next few pages.25

It will now be shown that even in some of the details of his doctrine upon taxation, Smith closely, and sometimes verbally, follows Montesquieu. This is particularly the case with regard to indirect taxes, capitaten and methods of collection. It is doubtful not remarkable that Montesquieu and Smith should agree in preferring indirect to direct taxation, but it seems fairly clear that in some of his most vital passages Smith, under a faint disguise, definitely copied Montesquieu. [emphasis added]

This is followed by three parallel quotes from Smith and Montesquieu which indicate definite copying by the former. Thereafter we have three more passages where Smith followed Montesquieu's arguments "faithfully" and a variety of other instances where Smith either borrowed or else misunderstood and misinterpreted Montesquieu. Fletcher even makes the large claim that "It would be an easy matter
to go on to demonstrate by means of other parallel passages that Smith frequently consulted the *Esprit des Lois* for his historical data concerning ancient Greek, Roman and Egyptian trade." Apparently none of this copying and borrowing constitutes plagiarism. Then why does Fletcher adopt a totally different approach when considering the relationship of Blackstone to Montesquieu?²²

The only strictly economic question that interested Blackstone was revenue. But here it is a touching sight to see with what simple, childlike faith he clings to the percepts of his master Montesquieu. Taxes, he conceives, are—what Montesquieu says they are. Custom duties are good, because—Montesquieu likes them. But if they are excessive they place a restraint upon trade, encourage smuggling, and hence give rise to disproportionate penalties; this must be true, because Montesquieu says it is.

Sufficient evidence has been adduced to show that Blackstone's only contribution to the science of political economy was to disseminate in England ideas that he had taken bodily out of the *Esprit des Lois*. 
III. Closely linked with the tendency to ignore Smith's predecessors and to inquire into the exact nature of Smith's contribution is a predilection for giving Smith the benefit of doubt to such an extent as to make the standards for judging Smith different from those for judging other economists. This fault is clearly visible in a paper of Paul Samuelson. In Samuelson's theoretical reinterpretation of the Wealth of Nations we find that the only economists, other than Smith, who are referred to are Malthus, Ricardo and Marx, despite the assertion in the first paragraph that Smith has risen in Samuelson's estimation, \(^{23}\) "both absolutely and in comparison with his predecessors and successors." It is the explicit claim of having studied the prior literature before coming to a judgment that is the most worrisome feature of Samuelson's assertion. Such claims almost inevitably generate the impression that Smith was "the first serious economist." Consider the following sentence.\(^{24}\)

"Smith even before Malthus and Marx believed that human labor itself had a reproduction cost at... subsistence."

The dependence of population on subsistence is not only a well-worn theme in the pre-Smithian literature but the Malthusian thesis itself is to be found fully and eloquently described by both Robert Wallace and Sir James Steuart. By the standards of his predecessors, Smith's treatment of population is poor. In the same vein, since at least one economist, R. L. Meek, has seen Smith's genius to lie in the introduction of profits into the composition of price, thereby decomposing price into wages, profits, and rents, a decomposition that Samuelson defends, it should at least deserve mention that this decomposition
was suggested by James Oswald, the "mercantilist" lawyer-laird who was a friend of both Smith and Hume.\textsuperscript{25}

Finally, those who have not read the \textit{Wealth of Nations} can scarcely appreciate how bewildering that book is when one wants to extract rigorous analysis from it. An early partisan, Francis Horner, came to the conclusion that the confusion lay not in the writing but in Smith's mind itself.\textsuperscript{26}

Many years ago, when I first read the \textit{Wealth of Nations}, the whole of the first book appeared to me as perspicuous as it was interesting and new. Some time afterwards, while I lived in England, I attempted to make an abstract of Smith's principal reasonings; but I was impeded by the doctrine of the real measure of value, and the distinction between nominal and real price: the discovery that I did not understand Smith, speedily led me to doubt whether Smith understood himself.

Jacob Viner had once remarked that one would have to be an economist with truly unusual views not to find a supporting quote somewhere in the \textit{Wealth of Nations}. Hence, when Samuelson claims that he extracts a consistent general equilibrium and growth model from the \textit{Wealth of Nations} with "a little midwifery sleight of hand," I would suggest that there is nothing slight in extracting the system that Samuelson does extract: Such a system could be visible only to those who have otherwise reached a consistent understanding of the economic mechanism. The same generosity, if extended to, say, John Locke, would equally produce a fully developed general equilibrium model (in fact, one closely akin to that of the Physiocrats). A double standard has been employed in judging Smith vis-à-vis his predecessors. Not only has Samuelson's presentation gone unchallenged, it has even been
accepted by scholars of note. 27 This is a sad reflection of the relative professional status of economic theorists versus historians of economic thought.

The general trend of the recent literature has been to emphasize either the difficulty or the futility of establishing Smith's relationship to his predecessors and contemporaries. Thus, Andrew Skinner and Robert Campbell write that:28

It is obviously difficult to the point of impossibility to establish the extent of Smith's debts to his predecessors... it need not surprise us to discover that the W[alth] [of] N[ations] may also represent a great synthetic performance,

R. H. Coase is somewhat more patronizing of historians in his treatment of the question of priorities:29

Historians of economic thought tell us, I am sure correctly, of the works of others, such as Hutcheson and Mandeville, that influenced Smith. But he absorbed their ideas and made them serve purposes of his own.

In a survey article published in the widely read Journal of Economic Literature, Horst Claus Recktenwald raises some of the questions arising from the viewpoint urged in this essay and dismisses them as nitpicking.30

Occasionally when quoting from memory, Smith misattributed ideas, or his use of authorities may be inaccurate. At times he neglects to quote the source, even unconsciously repeating phrases from his own or other writings. Viewed pedantically and perhaps unfairly compared with later criteria of transcription, such carelessness can be made to appear as a substantial fault or even plagiarism, a charge sometimes raised in literature. But compared to Smith's mental power, his grandiose concept, and his own intellectual indebtedness, this charge seems to me to be merely "beckmesserisch" (nitpicking).

If Smith repeats phrases from his own writings that is scarcely an issue but how would Recktenwald know that Smith "unconsciously"
repeats other writings? And if Smith only misattributed ideas, this would be a relatively minor point—the real point is that Smith misstated peoples' ideas, such as those of Locke or the Physiocrats. Recktenwald provides a good example of how Smithian scholarship claims to have done its homework, while failing to do so. Such carelessness is scarcely fair, for a good deal of Smith's fame in popular minds is based on historical misunderstandings of the sort dismissed by Recktenwald.

William Letwin's *The Origins of Scientific Economics*, is a marvelous study of the difficulties economics faced in achieving independent status. The careful textual and contextual study of such pioneers as Josiah Child and William Petty have made it an influential book. Letwin believes that economics is properly considered an axiomatic science and develops this point of view by a critical evaluation of the major economists of the post-Restoration era. One may not agree with such a view of economics but there can be no denying the craftsmanship with which the study is conducted. Unfortunately, the last chapter is made to serve as a pedestal for Smithian hagiography. All the judicious criticism and methodological care of earlier chapters are tossed away in order to sing a paean for Letwin's hero. Josiah Child's failure to give due credit to his sources is developed with painstaking care in the chapter on Child and repeated in the final introduction to Smith.31

The spirit of combat could, however, generate a somewhat more productive appeal to tradition, when a writer tried to arm himself with the authority of the past, a technique of which Child was especially fond. Although he drew his explanation of Holland's commercial excellence from the works of Henry
Robinson, Benjamin Worsley and Samuel Lambe, and did so without acknowledging his dependence, he sought to support his chief proposal, to lower interest rates by law, with heavy authority.

Nonetheless, when it is a question of Smith's borrowings, Letwin decides this is not an issue worth the same loving care given to Child. 32

Vast efforts, induced by natural piety, have been invested by generations of scholars in tracing back all of Smith's ideas to some intellectual ancestor or other; it need hardly be said that for each of his main ideas and for many details scholars have been able to locate substantial pedigrees.

But it hardly needs an editor to point out to us how much Smith owed to other authors: he himself quoted authorities, quoted them by the dozens. These acknowledgments, coupled with the reconstructed catalogue of his library, show how widely he had read in the economic literature, how firmly he stood on the shoulders of his predecessors.

Letwin leads the reader astray by not informing him that most of Smith's references do not bear on substantative doctrinal points. Why do we not need to know further about the details of Smith's borrowings? Because, Letwin believes, Smith provided the completion of earlier doctrines, much as we need not inquire into Newton's predecessors if we are interested in the laws of motion. 33

All the efforts of seventeenth and eighteenth century economic writers culminated in the Wealth of Nations. Everything useful that they did, Adam Smith incorporated; everything worth doing that they left undone, he accomplished.

He added to what he had inherited, but much of what he added was by way of tying together loose ends, bringing into sensible relation principles and intuitions that had been left standing isolated.

To support this thesis, Letwin develops carefully the doctrine of Free Trade as argued by Adam Smith in Book IV, Chapter 3, of the Wealth of Nations. This chapter is probably the only one in the entire Wealth
of Nations deserving of Letwin's panegyric. Does he really believe that a book of 1,000 pages can be defended by the doctrines contained in 20? What about all the confusion sowed by Smith on the measure of value or degrees of productivity of capital, as well as the biased and misleading presentation of the Mercantile and Physiocratic systems?  

Letwin insists that Schumpeter was wrong in denigrating systematic work.  

Schumpeter did not fail to praise Smith, but it is praise for the great performance of work that, whatever its merits, has made no contribution to pure economic theory.  

This criticism misses the relations between system and science. Not every systematizing effort is a scientific one: it may result in nothing more than a telephone directory or a chronicle if the ordering principle is trivial and obvious. But to master unwieldy material and subject it to the rule of a small number of coherent principles, as Schumpeter rightly said Smith did, is to put the material into a system, and if that material is itself theoretical, then it is to create a work superior in scientific merit to any of its component bits.  

What Schumpeter confused, and it is a confusion as common in the history of science as it is dangerous in the practice of science, is the scientific character of a work with its truth. Newton's *Principia* is not absolutely correct, but it is perfectly scientific. The *Wealth of Nations* is far from perfectly correct, but it too is perfectly scientific.  

If it is a system that is wanted, why was the organization of economics around the balance of trade not a scientific work? Science is supposed to start with simple systems and no one has denied that focusing on the balance of trade introduced both method and clarity. Since Letwin correctly notes that a scientific work need not be entirely true, why does he not judge the theory of the Balance of Trade with the same criteria that he uses for the *Wealth of Nations*?
IV. This paper began by noting a pervasive "yes-but" quality to Smithian scholarship. It would not do to buttress such an accusation by picking obscure commentators of Adam Smith. Let me therefore use a highly respected essay of Jacob Viner to illustrate how scholars have made concessions with one hand only to take them back with both. Viner begins by telling us that:

There is much weight of authority and of evidence...that Smith's major claim to originality...was his detailed and elaborate application to the wilderness of economic phenomena of the unifying concept of a coordinated and mutually interdependent system of cause and effect relationships which philosophers and theologians had already applied to the world in general.

This is a strong beginning. Certainly if Smith managed to coordinate "the wilderness of economic phenomenon" he did a marvelous thing. Our expectations are heightened by Viner's subsequent claim that:

Smith was the great eclectic. He drew upon all previous knowledge...Science, philosophy, theology, psychology, history, contemporary observation of facts--all of them were made to produce under Smith's capable management, an abundance of evidence of the existence of an order in nature in which beneficient intentions toward mankind could be discerned.

However, one is led to wonder about the true capability of Smith's management when this praise is followed by the judgment that:

If Smith at times showed more catholicity than scientific discrimination in what he accepted as supporting evidence, if some of this evidence appeared upon close scrutiny to be conjectural, contradictory, irrelevant or inconclusive, the richness of argument, the power of his exposition, the attractiveness of his conclusions served to overwhelm the captious critic and to postpone closer scrutiny to a later day.

The reader is left to figure out just how rich and powerful an argument must be that can survive "conjectural, contradictory, irrelevant or inconclusive" evidence.
A little later we find that Smith's eclecticism leads to another happy property: 39

Traces of every conceivable sort of doctrine are to be found in that most catholic book [The Wealth of Nations], and an economist must have peculiar theories indeed who cannot quote from the Wealth of Nations to support his special purposes.

If then Smith produced a synthesis it must have been by gathering together under the same covers all existing ideas, rather than by culling out the best of the existing melee of ideas and supporting his particular choice. Let us look at how this method is exemplified in Smith's treatment of the functions of government. Smith, Viner tells us, 40

Nowhere gathered together in orderly fashion the exceptions which he would have made to his general restriction of government activity to protection, justice and the maintenance of a few types of public works and public institutions. When considering in general terms the proper functions of government, he forgot all about these exceptions. [emphasis added.]

And a little later, 41

In stray but frequent moments of intimate contact with facts apparently hostile to the principle of natural liberty, Smith conveniently forgot the principle and went beyond the limits set in his formal discussion of the proper activities of government.

In other words, one is hard-pressed to get any clear guidance from Smith on this vital issue. Depending on whether one uses Adam Smith's stated principles or his examples one can support both sides in a dispute. So well does Viner write that the reader of Viner's entire essay will come away with a view of Smith as a rich and profound thinker.

All Smith's faults have been noted by Viner, but in such oblique fashion that Smith's inconsistent and ad hoc treatment of government activity—
attributed at one point to his "moderation," at another to his "absent-mindedness"—actually appears as a virtue.

One cannot grudge Viner his mastery of English, but it is noticeable that at two crucial points Viner claims that Smith followed facts rather than theories, but fails to provide supporting evidence,\textsuperscript{42}

Smith's argument for the existence of a natural harmony in the economic order...is, in form at least, built up by detailed inference from specific data, and by examination of specific problems, and is not deduced from wide-sweeping generalizations concerning the universe in general.

It is to his [Smith's] credit that when there was sharp conflict between his generalization and his data he usually abandoned his generalization.

By contrast, the most recent editors of the \textit{Wealth of Nations}, R. H. Campbell and A. S. Skinner, after a careful review of Smith's attitude to some important facts, come to the conclusion that,\textsuperscript{43}

> In his discussion of both the laws of apprenticeship and settlement Smith provides evidence which damages his own case...The general principles, the opposition to restrictions...were held so strongly that there seemed no case to answer.

In other words, Smith's attitude to facts is precisely one of his weak points.

The failure to see Smith in context is not limited to economic theorists alone. Even social historians are sometimes prone to it. A paper of A. W. Coats is important because, in his early work, Coats has provided admirable socio-historical treatments of the history of economics.\textsuperscript{44} An essay by Coats on a historical topic can be expected to be influential. The title of Coat's piece is "Adam Smith and the Mercantile System" and this holds considerable promise. Coats begins by stating that though Smith's treatment of Mercantilism was "an
emphatic piece of free-trade propaganda," he suggests that "it is also much more than this." Let us briefly look at the paper, section by section, to see how such a claim is sustained.

Section II asks how Smith could object to Mercantilism when the system arose naturally (inevitably?) out of the highest stage of society—commercial society? No evidence is produced (to my knowledge there is none) to suggest that Smith believed that merchants must dominate the government of commercial society and the problem would appear to be one of Coat's own creation. The question having been posed, however, Coats finds the answer to lie in Smith's view that theories of political economy could have considerable influence on legislators. The section concludes by noting Smith's inconsistencies, reminding us that these may have arisen out of his conjectural view of history, but asking us to nevertheless take Smith's use of particular facts seriously. Section III discusses problems posed by the fact that "It is by no means clear from Smith's account which section of the propertied classes would 'naturally' have the upper hand in a commercial society." This is true, and if this fact had been noticed earlier it would have been superfluous to write Section II.

Section IV reminds us that the British Colonial System was not as harmful in practice as theory might lead us to believe and that it was less harmful in the case of the British than of other European nations. Coats does not add that this was very much staple fare with the pre-Smithians. In conclusion, we are told that, "This abbreviated survey of Smith's account of the mercantile system reveals his ability to combine economic principles with historical examples," and that
modern historians admit that there was some justice in Adam Smith's strictures. In sum, Coats tells us that, "Thus even in the most polemical parts of his writings Smith's sense of historical reality did not desert him."45

Harsh as it may sound, I would claim that Coats has set up a strawman; no serious scholar has suggested that Smith's treatment of Mercantilism was totally unbalanced. No doubt a caricature exaggerates, but its entire impact surely lies seizing upon and ridiculing some true points. How many of us know of propaganda that does not contain some truth? The only point in reminding us that there are many useful observations in Book IV of the Wealth of Nations after having admitted that it is piece of propaganda, is to suggest that the propaganda aspect has been greatly overplayed. This is made clear in the following lines of Coats.46

Smith's profound impact on his own and subsequent generations--[is]--mainly attributable to his exceptional skill in combining analysis with empirical data, with historical examples, and with direct and incisive comments on the conditions and tendencies of his own times.

An assessment of this sort improves in the re-telling and it is therefore no surprise to find that Recktenwald does take Coats' essay to indicate a reversal of previous judgments about Smith on Mercantilism.47

Coats' careful interpretation of 'Adam Smith and the Mercantile System' is an example of disentangling the combination of Smith's subtle analysis, historical insight, and policy prescriptions. These closely interwoven strands of thought we find also in some other parts of Smith's works. Coats' article opens interesting perspectives regarding Smith's theory of history and politics and Smith's view of economic development.
With this conclusion I must strongly disagree. As pointed out in the summary of Coats' article, no new facts are brought forth in Coats' "careful interpretation" and the substantive conclusion only serves to knock down a straw-man. Furthermore, no mention is made throughout the paper of what Smith's predecessors had to say. It is misleading to call the advocacy of a complete union between Britain and Ireland Smith's "most remarkable prognostication" without informing us that this project was also advocated by several well-known authors from 1700 onwards. Josiah Tucker, for example, was one of the most determined supporters of Anglo-Irish union. His ideas were repeatedly used, without acknowledgement, during the Irish Trade Debates in 1784 and it is said that Tucker's words supporting the Union were reprinted, at Government expense, during the debates on the Union in 1800. Or consider the suggestion that Smith's "enthusiasm for liberty of commerce...was reinforced by his knowledge of the progress of Glasgow since the Treaty of Union in 1707." As Glasgow grew under the shelter of the protected colonial trade, does not the inference appear to be contrary to fact? Instances like these, from scholars who should know better, testify to the deadening effect Smith's fame has had upon scholarship.
V. In 1903, E. R. A. Seligman had complained of the failure of scholars to put Smith's ideas in proper historical context:\textsuperscript{50} 

The absence of an historical school of economics in England and the glamour of a few great names which have thrown everything else into the shade explain, but do not excuse this neglect. Careful students of Adam Smith who are at the same time acquainted with the earlier literature, are well aware of how much he owes to his predecessors; but the ordinary manuals of the history of economics lay but little emphasis on this debt.

These sentiments were largely confirmed by the later studies of Eli Heckscher, Bruno Suivranta and Jacob Viner in the next quarter century and the same general thesis reasserted by W. D. Grampp in 1952.\textsuperscript{51}

Even after most of this research was published C. R. Fay, one of the most loving students of Adam Smith, told us of some of Adam Smith's immediate predecessors that:\textsuperscript{52}

The writers of the time...were what they had always been, the mouthpiece of the merchant... The burden of Gee was self-sufficiency. I picture him as a timid, dyspeptic little man. ...Malachi Postlethwayt was a ponderous edition of Gee... [In 1759] he was a writer of standing, and incidentally a purloiner, without acknowledgement, from Cantillon's Essay on the Nature of Trade. He was a burglar to the manner born.

No doubt, there is a proper way to read such remarks—and I believe Fay to be distinguished largely by his bluntness—but one would like to see an even-handed approach to Smith.

It seems hard to believe that scholars of Adam Smith have not recognized there are broad implications of such work as has been done on Mercantilism and there are occasional hints on this score. For example, if one knows what to look for, there is much criticism implicit in Campbell and Skinner's editorial introduction to the \textit{Wealth of Nations}. But this is a very unsatisfactory procedure. The
profession will not absorb such uncomfortable findings unless some blunt speech is used. The failure of modern scholars to speak plainly about Smith and to publicize the results of research on his intellectual debts has led to widespread ignorance. Whether it be articles by famous economists or non-economists...

The very idea that the social institutions were not given by nature or God, but could be changed to improve the human lot, may perhaps have distant roots in Plato's Republic, but it only really begins to penetrate the thinking of politically active and concerned people after Adam Smith. (Boudling)

The very idea of "development" is something that took a long time to "develop" in history. In many respects, Adam Smith was the very first to imagine a political economy based upon the imperative of development. He saw the immense poverty and misery of the world, and believed that it was not necessary. He was the first to foresee a world made interdependent and united in productive pursuits, lawlike, pacific, and dynamic. With this vision began a great revolution. (Novak)

or texts written by distinguished economists...

As astronomy has Newton's principle of universal gravitation, and biology Darwin's principle of evolution through natural selection, economics also has a great unifying scientific conception. Its discovery was, like Newton's and Darwin's, one of the important intellectual achievements of humanity...

Adam Smith's The Wealth of Nations appeared in 1776. (Hirshliefer)

Adam Smith, a Scotsman, is acknowledged by almost all economists (in a remarkable display of agreement) to have established economics as a science in 1776, when he published The Wealth of Nations. This most comprehensive treatise explained the division of labor; the determination of prices of goods and incomes of workers, capitalists, and landowners; and a dozen other parts of economic life. (Stigler)

... the same ahistorical Smith is continually presented. It is scarcely surprising therefore to find echoes of these views in book reviews and research reports.

Development economics started with Adam Smith's The Wealth of Nations...
Since the first economic book, The Wealth of Nations by Adam Smith...

A rephrase of Cannan's dissatisfaction with the state of Ricardo——Malthus scholarship in the 1890's will make his strictures applicable today. 56

In the ordinary critical and constructive books on political economy there are frequent statements respecting the history of economic doctrines. But these statements are seldom of much value to the historian. They are often based on inaccurate quotations from memory, and the reader is scarcely ever given the references which would enable him to check them. So far as they relate to [Adam Smith] they are especially unsatisfactory and untrustworthy. It has been constantly supposed that [Adam Smith's fame] must be defended at almost any cost, and the result has been the creation of a mythical [Adam Smith], who never wrote anything which cannot be "limited and explained" till it ceases to be in conflict either with recognised fact or accepted modern opinion.

How long can economists persist in giving themselves a mythical history? Is our need for heroes and founding fathers so great that we have to wiggle our standards to preserve our textbooks? Or are we obliquely praising ourselves by claiming that it took a great genius to provide us with first principles?
NOTES

Whenever convenient, I have referred to J. C. Wood, ed., Adam Smith; Critical Assessments (London: Croom Helm 1984). Hereafter referred to as ASCA. It is worth noting that, of the 150 articles in ASCA, most pay no attention to context.


9. op. cit., xxxix.

10. ibid.

11. op. cit., xlix.

12. op. cit., liv.

13. op. cit., lv.


15. "Adam Smith as an Economist" Economica (June 1926), Reprinted in ASCA (no. 55), 20.


17. Can it be that Smith is following the neo-classical literary tradition of imitation, so that the charge of borrowing is not really relevant? The only support for such a suggestion comes from Smith's known love of literature. As against it, we have to note Smith's explicit and combative assertion of his own originality on economic issues—hardly what one would expect from an imitator. Furthermore, Smith is seen to be much more careful with attributions in his Lectures and, more importantly, in the Theory of Moral Sentiments.


20. op. cit., 85.

21. op. cit., 87.

22. op. cit., 78, 79.


27. Both A. S. Skinner and E. G. West accept Samuelson's analysis. ASCA nos. 51 and 147 respectively.


32. Letwin, op. cit., 222-23.


34. Letwin even attempts to claim that the Wealth of Nations is written in perfectly logical order. Since generations of admirers, starting with J. B. Say, have complained about Smith's want of order, this heavy praise requires much explanation (pp. 226-27). I leave it to the reader to enjoy Letwin's attempt to persuade us that there is only an "apparent lack of clarity" in the Wealth of Nations.


36. "Adam Smith and Laissez-Faire," in Adam Smith 1776-1926 (Chicago 1928), 116. For examples of scholars who have accepted Viner's analysis of this issue, see the pieces of Freeman (no. 27), Gray (no. 37), Samuels (no. 48) and Sobel (no. 52) in J. C. Wood, ed., Adam Smith: Critical Assessments (London: Croom Helm 1984).

37. Ibid, 117.

38. Ibid, 118.

39. Ibid, 126.

40. Ibid, 139.

41. Ibid, 150.

42. Ibid, 130, 137.


45. Coats, op. cit., 236.


47. Recktenwald, op. cit., 67. This paragraph is taken from a section entitled "Current Corrections of Past Misunderstandings." (!)


53. Joseph Schumpeter's claim that the Wealth of Nations did not contain even a "single" analytic idea that was new in principle has become notorious. As it stands, however, it has served only to set tongues wagging. Detailed parallel quotes are nowhere provided—even for Schumpeter's insistence that Smith's basic ideas followed the Natural Law doctrines of Grotius and Pufendorf. That Schumpeter's knowledge of mercantilist pamphlets was limited largely to those available in modern reprint (in 1943) also seems clear. Whether or not Schumpeter is correct (I believe he is largely correct), the reader has no way of deciding.

question for discussion to the Select Society in 1754. "Whether a general naturalisation of foreign Protestantism would be advantageous to Britain." Bell then wonders, "Since Smith never participated in religious discussions it is difficult to explain why this first topic was chosen" (p. 97). That a bill for naturalizing Foreign Protestants had been hotly debated in Parliament in 1751 (and a similar one for Jews in 1753) was apparently not considered. Indeed, Dugald Stewart refers to the question in these terms in his Memoir on William Robertson, Collected Works (Edinburgh 1858), vol. 10, 204. Neglect of context led Bell to consider as a puzzle what should have been an error of transcription.

55. Daniel L. Gressel in Manhattan Report on Economic Policy, vol. VI, no. 1, 12. T. Chotigeat, in a review of a collection of essays by A. K. Dasgupta, Southern Economic Journal (April 1985), 1256. Many other such instances can be provided. Not only do economists repeat such indefensible statements, but, as is to be expected, the habit spreads. Consider, for example, "Vector optimisation is an inherent part of economic equilibrium theory and as such it can be said to have been founded by Adam Smith in his treatise The Wealth of Nations in 1776." There seems little point in identifying the author, who is an engineer.

56. A History of the Theories of Production and Distribution (London: Rivington 1895), vi. The parts in square brackets replace Cannan's original words.

This essay is part of a longer project on Adam Smith. I am grateful to Larry Neal, Murray Rothbard, A. S. Skinner, and Paul Uselding for comments on the project. All errors are mine.