How the Scots Invented the Modern World

The True Story of How Western Europe's Poorest Nation Created Our World & Everything in It

Arthur Herman
come to Russia to work on her various private palaces. Cameron left for St. Petersburg in 1774 and proceeded to shake up the jaded and worn-out Russian architectural establishment. He extensively rebuilt Catherine's Great Palace at Tsarskoe Selo, and designed the façade and various rooms for her son's palace in Pavlovsk. Cameron’s Green Dining Room at Tsarskoe Selo (now Pushkino) and Grecian Hall at Pavlovsk are brilliant adaptations of the Adam style, and they made neoclassicism the architectural idiom of imperial Russia.

Through Cameron, Robert Adam's artistic vision reached out toward the Urals; through Bulfinch and Jefferson, to the foothills of the Appalachians. Adam's neoclassicism was the first truly international style in the modern West, much in the same way that Scottish-style commercial society was about to become the paradigm for modern capitalism.

CHAPTER EIGHT

A Select Society:
Adam Smith and His Friends

The post coach left Glasgow for Edinburgh at eight o'clock every morning, except Sundays. Loaded with mail and passengers, it made the winding trip through the farms and villages of Lanarkshire and West Lothian, with an overnight stop halfway. It was one of only two coach lines in Scotland, and in 1760 the trip took a day and a half. But it allowed a traveler such as Adam Smith to reach Edinburgh by noon, spend the afternoon and evening there with friends and colleagues, and then return to Glasgow by dinner the next day. Nor was Smith the only commuter. The chemist Joseph Black, political scholar John Millar, and other Glasgow intellectuals regularly made the same trip. In fact, for more than forty years the post coach was the linchpin, one could almost say the lifeline, connecting the twin halves of the Scottish Enlightenment, Glasgow and Edinburgh.

Scotland offered a third center of civilizing and modernizing activity, namely Aberdeen. It would play its crucial role in the making of the modern world, too, as we will see. But in the years after the Forty-five, Glasgow and Edinburgh were truly the “twin cities” of enlightenment and change. In a crucial way, they complemented each other. Glasgow was more innovative and practical; it knew how things were made and how to get things done. Older attitudes, including a deep-rooted Calvinism, were stronger there, but thanks to its commercial success, it was also more freewheeling. James Watt, engineer and self-taught philosopher, was a natural in Glasgow. He would have seemed a fish out of water in Edinburgh.

Edinburgh was more artistic and literary, more intellectual in the
abstract sense. It still is. In the eighteenth century it was home to writers, poets, and painters, rather than engineers and experimental scientists. But we should not overdraw the contrasts. What really made Edinburgh different, and what attracted outsiders as diverse as Adam Smith, Benjamin Franklin, and the young Robert Burns was its close-knit community of scholars and thinkers, who were willing to take up new ideas while putting old ones to the test of discussion and criticism. Edinburgh was, as contemporaries said, “a hotbed of genius.” It sharpened minds, inspired originality, and intensified that sense of purposeful activity that every thinker, writer, or artist needs to be truly productive and creative.

Only London and Paris could compete with Edinburgh as an intellectual center. But unlike those two world capitals, Edinburgh’s cultural life was not dominated by state institutions or aristocratic salons and patrons. It depended instead on a circle of tough-minded, self-directed intellectuals and men of letters, or “literati,” as they called themselves. By the standards of 1760, it was remarkably democratic. It was a place where all ideas were created equal, where brains rather than social rank took pride of place, and where serious issues could be debated with, in the words of Lord Shaftesbury, “that sort of freedom which is taken amongst Gentlemen and Friends, who know each other well.”

This was in part because everybody was the neighbor of everyone else. Passing down from the High Street, each turn of any given close offered the house or lodging of another writer or intellectual. Allan Ramsay, Lord Kames, David Hume, William Robertson, William Fergusson, John Home—all lived virtually within shouting distance of one another. Edinburgh was like a giant think tank or artists’ colony, except that unlike most modern think tanks, this one was not cut off from everyday life. It was in the thick of it.

Edinburgh’s intellectuals fully entered into the Old Town’s traditions of boisterous and informal society. Given the close and intimate quarters, social barriers went by the board. An English visitor was amazed to discover that the “shrine of festivities” for Edinburgh’s best families was a local oyster house, with huge tables piled high with oysters, over which men and women stood swigging flagons of porter, and then leaping onto the dance floor for a series of high-stepping reels and flings. Edinburgh people, he noted, are “exceedingly fond of jovial company,” and it was true of the city’s literati, as well.

Some, like David Hume, grew up associating good food and drink with intellectual discussion at Lord Kames’s dinner table. Others simply liked good food and drink, especially drink. The closes and wynds of Edinburgh flowed with alcohol. Drinking, according to one contemporary, “engrossed the leisure hours of all professional men, scarcely excepting even the most stern and dignified.” Half the bench of the Court of Session, he reckoned, were well-oiled before they met in the morning: which may have had something to do with the shrewd, rau-cous, and often hilarious comments by judges such as Kames and Lord Braxfield.

“When St. Giles bells played out half-past eleven in the morning,” writes one historian, “each citizen went to get a gill of ale, which was known as his ‘meridian,’ although before breakfast he had paid a similar visit.” People did business deals, signed legal documents and wills, organized their university lectures, or planned a father’s funeral with the help of a glass or a dram. Many of the city’s most important intellectual movements began with a gathering in a tavern. Discussion of a pressing political or theological issue without bottles on the table and loud gusts of laughter was inconceivable. In vino veritas, “in wine, the truth,” as the ancient Romans said—and the people of Edinburgh, who were great admirers of the Romans, did their best to live up to the maxim.

The drink of choice was not whisky (still considered crude and provincial) or beer, but claret. Plentiful supplies of Bordeaux wine were the legacy of Scotland’s medieval ties to France, “the auld alliance,” and every Scottish gentleman was a connoisseur, with his own preferred vintages and his private cellar. After 1707, as the English taste for port or sherry began to seep northwards, continuing to drink claret became almost a patriotic act. John Home even composed a short verse about it:

Clear-eyed and proud the noble Caledonian stood,
His claret old and his mutton good.
"Let him drink port," the Saxon cried,
He drank the poison, and the spirit died.

A gentleman or writer would be routinely identified as a "two-" or "three-bottle man," depending on how much claret he consumed at a meal or single sitting.

But, unlike the modern writer, he did not consume his alcohol as part of a solitary purgatory. He did his drinking surrounded by charming and lively company, and usually under the auspices of one of Edinburgh's numerous social clubs. There was the Tuesday Club, the Poker Club (named after not the card game but the fire poker, for stirring things up), the Oyster Club (of which Adam Smith was a regular member), the Mirror Club, and many others. Most mixed serious intellectual business with imbibing and socializing. The Mirror Club, which met at a tavern in Parliament Square, promoted papers and discussion on the cultural improvement of Scotland's landowning class. The Rankenian Club tackled philosophical topics in its tavern, and kept up a regular correspondence with the philosopher George Berkeley (Berkeley admitted that its members were among the few critics who really understood his theories).

The most important of these clubs was the Select Society. It was founded in 1754 with the help of Allan Ramsay the painter, son of the old bookseller and poet. As its name implied, it saw itself as a gathering place for Edinburgh's elite—except this was an intellectual, not a social or political, elite. The original thirty-two members included William Robertson, John Home, David Hume, Adam Smith, Kames's erudite colleague Lord Monboddo, Alexander Carlyle, and Hugh Blair. Later members included Adam Ferguson, who joined in the spring of 1756, and Lord Kames himself. As with Monboddo and Kames, most of its titled members took their peerages with their service on the judicial bench. The rest owed their prominence to their pens, or to their status in one of the middle-class professions.

For ten years it was the central forum of Edinburgh's republic of letters. A paper or talk presented there received a fairer and more rigorous hearing than it could from any academic or university audience. As one participant put it, the informal proceedings made "the Litterati of Edinburgh less captious and pedantic than they were elsewhere." The astonishing diversity of the views and experience of its members made it particularly valuable. By 1760, writes historian Richard Sher, the Select Society included "virtually every . . . prominent man of letters and taste in the Edinburgh vicinity, as well as a host of physicians, architects, military officers, merchants, magistrates, and above all lawyers."

Lawyers, yes, but also Presbyterian ministers. Membership in the Select Society overlapped with all the other important intellectual associations in Edinburgh, including the Poker Club, founded in 1762, and the Edinburgh Society for Encouraging Arts, Sciences, Manufactures, and Agriculture in Scotland, which became the Select Society's successor when the original club dissolved in 1763. It also provided the editorial board for the very first Edinburgh Review, which included the distinguished professor of moral philosophy from Glasgow, Adam Smith. And at the core of each we find the same list of names, all of them prominent clergymen: William Robertson, John Home, Hugh Blair, Alexander Carlyle, John Jardine, and, slightly later, Adam Ferguson. We met most of them before, as Edinburgh volunteers in the Forty-five, and exponents of the Whig cause. Now, twenty years later, they dominated the discussion of ideas and issues. They were in fact the great movers and shakers of the city's cultural life.

This, too, made the Scottish Enlightenment unique. At its core was a group of erudite and believing clergymen (unlike the various abbés of the French Enlightenment, who were by and large skeptics, and clerics only as a matter of convenience and income). They resolutely believed that a free and open sophisticated culture was compatible with, even predicated on, a solid moral and religious foundation.

Robertson and the rest saw the doctrines of Christianity as the very heart of what it meant to be modern. Robertson said, "Christianity not only sanctifies our souls, but refines our manners." As Hugh Blair put it, religion "civilizes mankind." Refinement and civility now meant much more than just polite manners and fine taste in clothes and music. They
referred to a historical process in which the entire cultural frame of
society—the political and the moral, as well as the literary and artistic—comes to reflect the same stimulating and liberating power of
social interaction. Through the complex connections of commercial
society “the mind acquires new vigour [and] enlarges its powers and fac-
ulties” and “industry, knowledge, and humanity are linked together by an
indissoluble chain.” It makes men free, and enlarges their power to do
good. Virtue and enlightenment move together step by step.

To the enlightened Edinburgh clerics, Christianity both epitomized
this cultural process and described its final goal. The moral teachings of
Christianity were in effect a shortcut to refinement, but only if the
Church itself reflected that refinement. Beginning in 1751, Robertson,
Blair, Home, and their friends took on the task of bringing the Kirk into
the modern world, even in the teeth of bitter opposition from
Presbyterian hard-liners.

The battle raged back and forth in the General Assembly and in a
series of public controversies. The old conservatives, the so-called
Evangelicals, had the advantage of numbers and the backing of rural
congregations, which were by and large satisfied with the old fire-and-
brimstone style. The Robertson group had the advantage of organization
and unity of purpose, plus the support of educated laymen in places
such as the Select Society, the landed nobility, and the press—the voice
of “enlightened public opinion.” They called themselves the Moderate
Party, to set them apart from both the religious extremism of a Kirk
that still officially approved the execution of Thomas Aikenhead, and
the religious skepticism of men such as the English deists—or their
friend David Hume. Their hero was Francis Hutcheson, and they
offered a compassionate, enlightened Presbyterianism that they believed
would be in step with modern commercial society.

The Moderates boasted champions such as Robertson, by then the
most famous historian in Britain, and John Home, author of the enor-
mously successful historical drama Douglas. The best the Evangelicals
could offer was a minister from East Lothian named John Witherspoon,
who published a devastating anti-Moderate satire called Ecclesiastical

Characteristics,* which was so well written and funny that even the
Moderates admired it and bought copies. In one passage, Witherspoon
offered this mock advice to the aspiring enlightened clergyman on how
to write his Sunday sermon:

1. All his subjects must be confined to social duties—
as opposed to religious doctrines.
2. There must be no reference to an afterlife.
3. His authorities must be drawn from pagan writers, and
none, or as few as possible, from Holy Scripture.
4. He must be very unacceptable to the common people.

Very telling, especially the last point, which reminded people how
Robertson and his friends from groups such as the Select Society re-
presented a new kind of cultural elitism. Yet the very fact that the
Moderates’ most formidable opponent had to resort to a secular liter-
ary genre, the satire, to score his points showed who was really winning,
and who was losing, the overall battle.

In 1756 the Moderates managed to prevent an official censure of
David Hume by the General Assembly. In December of that year the pil-
lar of the old orthodoxy, Reverend George Anderson, died. Hugh Blair
was already minister at St. Giles, Edinburgh’s biggest church. Five years
later William Robertson was named Principal of the University of
Edinburgh, and Blair became its Professor of Rhetoric. Reading the
handwriting on the wall, Witherspoon accepted an offer from the
American colonies he had declined before: to become president of the
College of New Jersey in Princeton. In that guise he will reappear in
the next chapter, playing a very different role from that of Moderate-bash-
er and defender of the old-time religion. But in 1768, his departure for
America marked the final triumph of the Moderates and their vision of
an enlightened Church of Scotland.

*The title was a swipe at the Earl of Shaftesbury and his famous essays, which influ-
enced all the leading Moderates, including Hutcheson himself. See chapter 3.
We have mentioned that one of the Moderates' heroes was Francis Hutcheson. Another, at least by 1759, was Hutcheson's former pupil Adam Smith. His early lectures given in Edinburgh at the behest of Lord Kames heavily influenced their notion of poetry and literature, or belles lettres, as a cultural bellwether, and of clear, elegant English as the best vehicle for modern literary communication (the model Smith himself had proposed was Jonathan Swift). They were also impressed by his Theory of Moral Sentiments, which reworked Hutcheson's theory of an innate moral sense. William Robertson used Smith's lectures on natural law and the four-stage theory of civil society for his own history of Europe—so much so that Smith privately accused him of plagiarism!

All this shows that long before he published his Inquiry into the Nature and Causes of the Wealth of Nations, Adam Smith was a prominent and influential figure in Edinburgh-circles. He attended the meetings of the Select Society and the Poker Club, and went to the dinner parties of even nonintellectual citizens. As a guest he could be trying. He rarely spoke, but when he did, it was usually at great length. Alexander Carlyle remembered Adam Smith as “the most absent man in Company that I ever saw, Moving his Lips and talking to himself, and Smiling, in the midst of large Company.” Once, when he had started on a long harangue criticizing a leading Scottish politician, someone discreetly pointed out that the man's closest relative was also sitting at the table. “Deil care, deil care,” Smith muttered, “it’s all true.”

II

Adam Smith was born in Kirkcaldy, just across the Firth of Forth from Edinburgh, in 1723. His father, Adam Smith, Sr., was trained in the law, and served as a customs inspector in Kirkcaldy. It was not a cushy job. One of the unforeseen results of the Treaty of Union had been a huge increase in smuggling along Scotland's coasts. His father's frustrations in trying to intercept the operations of local smugglers, most of whom were otherwise law-abiding citizens and merchants, were an early lesson for the younger Adam Smith in how human ingenuity will find a way to defy government rules and regulations, such as customs tariffs, when they fly in the face of self-interest. Here is how Smith would put it in his Wealth of Nations, almost fifty years later: "The natural effort of every individual to better his own condition...is so powerful a principle, that it is alone, and without any assistance, not only capable of carrying on the society to wealth and prosperity, but of surmounting a hundred impertinent obstructions with which the folly of human laws too often incumbers its operations."

Words that have made every socialist, and every liberal of an altruistic Hutcheson mold, gnash his teeth! But the truth is that it was Adam Smith who snatched Hutcheson from the burning embers to which the skeptic David Hume had consigned him, and who tried to find a way to keep the idea that human beings have an inborn moral sense, and natural regard for others, alive as a basic principle of human nature. We usually think of Adam Smith as an economist, and the founder of the study of political economy, or "the dismal science"—and there certainly are pages of Wealth of Nations that are dismal. But Adam Smith thought of himself primarily as a moral philosopher, and almost all his studies came down to answering the basic questions Hutcheson had raised. Why are human beings on average good rather than bad? Why do they choose (on the whole) to lead constructive lives, getting up in the morning to go to work and raise a family and build relationships with other human beings, instead of (on the whole) murdering and plundering them?

The answers Smith came up with were different from Hutcheson's, because by now he had to confront the challenge of Lord Kames's cynical realism and that of his disciple, David Hume. In many ways Smith is the fusion of the two sides of the Enlightenment, the "soft" side represented by Hutcheson—with its belief in man's innate goodness, its faith in the power of education to enlighten and liberate, and its appeal to nature—and the "hard" side represented by Kames and Hume, with its cool, skeptical distrust of human intentions and motives. A fusion, but also a tension runs all through Smith's work, a tension that is never fully resolved. It is the tension that runs through all of modern life and culture, in fact—a tension between what human beings ought to be, and occasionally are, and what they really are, and generally remain. Smith's
great achievement was to have the courage to confront that tension head-on, to describe it and analyze it, and then leave it to others in the future to understand it in their own way. It is this, not his role as the supposed high priest of capitalism, that has made him one of the great modern thinkers, and makes him still important to us today.

Adam Smith was a man of thought and contemplation rather than action. He almost became a minister, although he was never ordained. He should have been a lawyer, like his father, but when he went to the University of Glasgow in 1737, he fell instead under the spell of Francis Hutcheson. At Glasgow, Smith absorbed the twin traditions of Scottish learning, the study of natural and civil law, and afterwards wrote brilliant and influential lectures on both. In every respect his education was Scottish; all the leading influences on his thought were entirely Scottish-based. Although he did go to England to study at Oxford for seven years, he found nothing of value there. He summed up his experience there in his description of the average university as a “sanctuary in which exploded systems and obsolete prejudices find shelter and protection, after they have been hunted out of every other corner of the world.”

Yet Smith did not hesitate to use Scottish universities as a base for his work and activities. His public lectures in Edinburgh in 1750 and 1751 earned him enough of a reputation to bring him back to Glasgow as professor of logic, and then as Hutcheson’s successor to the Chair of Moral Philosophy. At first Smith tried to emulate the informal, animated lecture style of his great teacher, but he soon gave up and resigned himself to reading his notes aloud from his desk. What drew students was not Smith’s style, but the substance of his lectures, which were nothing less than an attempt to fulfill the great project Hutcheson had envisioned decades before, of creating a science of human behavior as coherent and irrefutable as the physical science of Isaac Newton. It would begin with a “natural history of man as a political agent” and end with “the general principles of municipal law, political oeconomy, and the law of nations.” This would have been a daunting task in any case, but by 1755 it was even more so, because now Smith, like everyone else, had to work under the shadow of David Hume.

If Adam Smith is the first great modern economist, then David Hume is modernity’s first great philosopher. His literally unorthodox views made him a legend in his own time. One day, after he had bought his house in Edinburgh’s New Town, he was going home by taking a shortcut across the deep bog left by the draining of the North Loch. As he walked along the treacherous and narrow path, he slipped and fell into the bog. Unable to extricate himself, he began calling for help as darkness started to fall. An old woman, an Edinburgh fishwife, stopped, but when she looked down and recognized him as “David Hume the Atheist,” she refused to help him out. Hume pleaded with her and asked her if her religion did not teach her to do good, even to her enemies. “That may well be,” she replied, “but ye shall na get out o’ that, till ye become a Christian yourself; and repeat the Lord’s Prayer and the Belief [i.e., the Apostolic Creed].” To her amazement, Hume proceeded to do just that, whereupon, true to her word, the old lady reached down and pulled him out.

The story reveals a great deal about Hume the man: his self-deprecating sense of humor (the story comes out of one of Hume’s letters); his keen awareness of the clash of cultures in the meeting between the philosopher and the fishwife; but above all his awareness, even relish, of his status as an outsider, even within his own country and city. It was not just Hume’s religious views that made him the outsider and renegade, however. For more than two thousand years Western philosophers had praised the primacy of reason as the guide to all human action and virtue. Plato, Aristotle, Augustine, Aquinas, Descartes, Locke, Hobbes, and even Hutcheson could all agree with that great time-honored consensus, that the job of reason was to master our emotions and appetites. With one earth-shaking book, his first, Hume reversed this. “Reason is,” he wrote, “and ought to be, the slave of the passions.”

That “ought to be” stood two thousand years of philosophy on its head. Hume quietly pointed out that human beings are not, and never have been, governed by their rational capacities. Reason’s role is purely instrumental: it teaches us how to get what we want. What we want is determined by our emotions, our passions—anger, lust, fear, grief, envy, but also joy, love of fame, love of contentedness, and, paradoxically, our desire to live according to rational principles—or in the last
case, to recognize the dictates of necessity and act accordingly. It is not reason, however, that teaches us this, but habit, a frame of mind that associates certain effects with certain causes or actions. We are, in the end, creatures of habit, and of the physical and social environment within which our emotions and passions must operate. We learn to avoid the passions that destroy, and pursue the ones that succeed—in order to get what we consider our just desserts, and gratify our self-interest.

A Treatise of Human Nature appeared in 1734, when Hume was only twenty-six. Yet it contained the seeds of almost everything he would write for the next forty years, and the seeds of a new philosophic outlook for the West. Other thinkers, of course, had recognized the importance of self-interest in human affairs. Lord Kames, as founder of the civil society school, had stressed its paramount role in the creation and formation of all social ties. But Hume carried this to a new level.

For Hume, self-interest is all there is. The overriding guiding force in all our actions is not our reason, or our sense of obligation toward others, or any innate moral sense—all these are simply formed out of habit and experience—but the most basic human passion of all, the desire for self-gratification. It is the one thing human beings have in common. It is also the necessary starting point of any system of morality, and of any system of government.

If Hume had made a dog’s breakfast of Hutcheson’s moral theories (Hutcheson was horrified when he first read the Treatise, and did what he could to prevent Hume from getting a university appointment), he gave a similar disturbing twist to the question Lord Kames had started out with: Why does society exist? He agreed with his mentor that it was there to protect property. But Hume also pointed out that we are surrounded by a seething, crawling cesspool of passions, our own as well as those of others. Left to ourselves, with no external constraints, the result would be a murderous chaos—Hume certainly saw Hobbes’s view of man’s natural depraved state as more realistic than Hutcheson’s more exalted vision. Yet no society, even the best organized, can possibly police each and every outbreak of self-gratification at the expense of others. There aren’t enough minutes in the day. Any appeal to reason is hopeless, since “reason is, and ought to be, the slave of the passions”: and the passions are the root of the problem.

So, in order to survive, Hume concluded, society has to devise strategies to channel our passions in constructive directions. Through social rules and conventions and customs, internalized by its members and made into regular habits, it turns what might be socially destructive impulses into socially useful ones. The passion of lust becomes licit within the confines of marriage—which not only prevents social discord, but actually helps to propagate the society’s members. Anger and bloodlust are rightly condemned as socially disruptive—that is, unless they are unleashed on the battlefield against society’s enemies.

The passion of avidity could, if left without limits, destroy all social bonds, as each member of society robs and plunders his neighbors, and is plundered in turn. However, canalizing that desire and pushing it in a constructive direction makes it work to the benefit of society. Instead of robbing a bank, why not open one? One can make more money with less work and stress, and help his neighbors at the same time. In short, the passion of avidity becomes socialized—“refined” as William Robertson might say—and generates a sense of property. We can have what we want, when we want it, society tells us, just as long as we do not take it at the expense of the rights of others.

“There is no passion, therefore,” Hume concluded, “capable of controlling the interested affection but the very affection itself, by an alteration of its direction.” And he went further: “Men are not able radically to cure either in themselves or others that narrowness of soul which makes them prefer the present to the remote,” or, in other words, the short-term to the long-term. Men cannot change their nature. All they can do is create social and political arrangements that “render the observation of justice the immediate interest of some particular person, and its violation their more remote.” Hence the origin of government, and hence the best possible social framework within which human beings can operate, based on a secular Golden Rule: I won’t disturb your self-interest, if you don’t disturb mine.

This is the best we can hope for, in a world in which men are governed by self-interest, and “even when they extend their concern
beyond themselves, it is not to any great distance”; in which morality is largely a matter of convention and ingrained habit; in which the laws of nature offer nothing to help, and appeals to reason fall on deaf ears; and with an empty sky above, devoid of divine guidance or even a supernatural presence. This world offers a form of liberty—the freedom to pursue one’s own self-interest—and a form of authority: the power of the magistrate “to punish transgressors, to correct fraud and violence, and to oblige men, however reluctant, to consult their own real and permanent [long-term] interests.” But, Hume had to conclude, there is nothing particularly exalted, or inspiring, about the nature of civil society.

What did his contemporaries make of all this? A large part of the response to Hume was, very understandably, negative. It comes as no great surprise that Hutcheson was horrified, or that the Kirk’s General Assembly tried to have him censured, or that he failed to get a university appointment not once but twice. But much of the response was respectful, and at times slightly celebratory, even among those, such as Edinburgh’s literati, who were deeply disturbed by the implications of Hume’s philosophy. This was not explained merely by his affable personality, which made him a popular guest at dinner parties and club meetings, or by his elegant command of written English (although he always spoke it with a heavy Scottish burr). It arose from his own confidence in the future of civil society, which seems strange given its less-than-noble origins, and from his optimism about modern commercial society in particular.

The work that made him a major figure in British letters was his collection of *Political Discourses*, which Andrew Millar published in London in 1752, followed by other collections and reissues of earlier essays over the next half-decade. In them, Hume pointed out what seemed to him obvious: society’s effort to canalize human being’s passions into constructive channels does work; we do learn from past failures and manage over time to improve how government works and how it administers justice and protects civil rights. The whole growth of the British constitution from feudal despotism to modern liberty was proof of this. History revealed to Hume a growth of human industry and cooperation over time, as well as a growth of personal liberty of the sort Hutcheson and others celebrated. And central to it was the role of commerce, as the great engine of change:

It rouses men from their indolence; and presenting the gayer and more opulent part of the nation with objects of luxury, which they never have dreamed of, raises in them a desire of a more splendid way of life than what their ancestors enjoyed. . . . Imitation soon diffuses all these arts; while domestic manufactures emulate the foreign in their improvements. . . . Their own steel and iron, in such laborious hands, become the equal to the gold and rubies of the INDIES.

Commerce and liberty; liberty and refinement; refinement and the progress of the human spirit were all interrelated. And every Scottish Whig could applaud Hume’s statement that “it is impossible for the arts and sciences to arise, at first, among any people unless that people enjoy the blessing of a free government.”

But Hume also threw out a warning. Liberty was a fine thing, but it required a counterbalancing principle—something to remind us that human beings are creatures of their passions and that, left entirely to themselves, they become their passions’ slaves. Jacobites and Tories had had a point: no society can survive without some stable center of authority. The power of government is needed to redirect those potentially destructive passions, to “punish transgressors,” and ultimately to preserve the conditions under which liberty can be enjoyed. “In all governments,” Hume wrote, “there is a perpetual intestine struggle, open or secret, between Authority and Liberty, and neither of them can ever absolutely prevail in the contest.”

Politics in modern society, then, must involve a tension between two conflicting, but complementary principles; liberty, which preserves individuals, and authority, which preserves society. Authority that is absolute and uncontrolled ends by destroying society itself; Hume foresaw what the history of totalitarianism would teach the rest of us. But
he also realized that even in the freest society, “a great sacrifice of liberty” has to be made to authority, which, he wrote, “must be acknowledged essential to its very existence.”

How much of a sacrifice is, of course, the key question, for eighteenth-century Britons as well as for us. Hume never quite answered it, although he did, in his essays and his History of England, explore the conditions under which the question can be posed. However, it may be that Hume thought there was no real answer. He may have simply decided that the struggle is perpetual, and that we only realize we have gone too far when it is already too late.

As a philosopher and as a friend, Hume made a huge impact on Adam Smith. Smith read and understood him more thoroughly, perhaps, than any other contemporary. His own writings would be inconceivable without Hume’s peculiar take on the “progress” of civil society, and on what an imperfect, trial-and-error process it really is.

Hume swept away all that was pretentious and sanctimonious from the Scottish intellectual scene. Even his most telling opponent, Aberdeen’s Thomas Reid, acknowledged him to be one of the great philosophers of the age. Smith himself probably would have endorsed the German philosopher Immanuel Kant’s remark on first reading Hume, that it awakened his mind from its “dogmatic slumbers.” Hume had certainly cleared the air of illusions and made it free from cant. But there was still the question of what to build afterwards, and this is what Smith now undertook.

III

His starting point brought him back to where Hutcheson and Hume had first diverged. What makes us good? Is morality inborn, as Hutcheson insisted, a gift from God and nature? Or is it something that has to be imposed from outside, as Hume suggested, a system of punishments and rewards that mold us into creatures fit for society?

As he shuttled back and forth between Edinburgh and Glasgow in the 1750s, lecturing to students at one end and listening to papers at the Select Society at the other, Smith was thinking of ways to resuscitate Hutcheson’s original notion of an innate moral sense. But if Hutcheson had been right in one sense, that morality is something we carry inside us from birth, he had forgotten about the need for what Smith would call the “awful virtues”: discipline, self-restraint, moral rectitude, and righteous anger at wrongdoers. The virtues of the ancient Stoics and of the Calvinist Kirk were just as necessary to life in society as were civility and compassion, because they policed the sometimes volatile frontiers of our dealings with others. How ironic it must have seemed, that the clergyman Hutcheson should overlook their importance, and that the skeptical agnostic Hume should understand how they contained and channeled our most explosive impulses!

In fact, Smith was trying to build a notion of an inborn moral sense that was more basic and instinctual, and less abstract, than his former teacher’s notion. He eventually found it in what he called “fellow feeling,” a natural sense of identification with other human beings. When we see someone suffer, we suffer. When we see others happy and celebrating their good fortune, it raises our own spirits. To be a social creature, part of the world of men, is to experience the joy and sorrow, and the pleasure and pain, of others.

This “fellow feeling” and identification with others leads to our first moral judgments. We use it first to judge others’ actions toward us (what makes me feel happy is good, and what makes me sad is bad), and then our own actions toward others, as we watch their reactions. Then, finally, we use it to judge the motivating passions behind those actions (here Smith accepted Hume’s basic point, that human beings were largely governed by their passions, not reason). Society acts as a mirror to our inner self, by reflecting back to us the reactions of others, and becomes our guide to what is good and evil in the world. “Were it possible,” Smith wrote, “that a human creature could grow up to manhood in a solitary place, without any communication with his own species, he could no more think of his own character . . . than of the beauty or deformity of his own face.”

Bring him into society, however, Smith stated, “and he is immediately provided with the mirror which he wanted before.” He will see that some of his passions—anger, for example, or lust—trigger other
people's disgust and disapproval, while others—bravery in the face of adversity or love or fame—get the opposite response. We learn to adjust our passions accordingly, we "internalize" that approval and disapproval, and concentrate ourselves on those that make us loved by others—and by ourselves.

H. L. Mencken once defined conscience as a little voice that says "someone might be watching." For Smith's Theory of Moral Sentiments, that someone is myself, my social self. "When I endeavor to examine my own conduct," he wrote, "I divide myself, as it were, into two persons... The first is the spectator, whose sentiments with regard to my own conduct I endeavor to enter into, by placing myself in his situation, and by considering how it would appear to me, when seen from that particular point of view. The second is the agent, the person whom I properly call myself. . . . The first is the judge; the second the person judged of." The moral human being is by nature a divided self, united by the voice of conscience, which is the voice of others who watch and listen and judge. Postmodern morality tells us constantly, "Don't be judgmental"—yet Adam Smith was saying that being judgmental is the essence of what makes us moral beings.

It is also about being accountable to ourselves as well as to others. "Nature, when she formed man for society," Smith explained, "endowed him with an original desire to please, and an original aversion to offend his brethren. She taught him to feel pleasure in their favourable, and pain in their unfavourable regard." But again, the approval of others is not enough by itself. We are not by nature entirely "other-directed" beings. We also need to meet the approval of our own inner judging self, which understands when we really are what we approve in other people: honest, trustworthy, generous, compassionate. It is this capacity for self-judgment that, Smith argued, makes us "really fit" for society.

So being moral requires an interplay of imagination. It demands that we put ourselves in another person's place, and put another person (someone making judgments) in our place. It leads us to promote the well-being of others, by making them as happy as ourselves—here Hutcheson's altruistic instincts come back into play. At the same time we want others to leave our own happiness undisturbed—and here Smith gave a more sympathetic account of Hume's Golden Rule: I'll leave you alone, if you leave me alone, so that we can both be happy.

This, then, becomes the mission of good government. "The wisdom of every state or commonwealth endeavors, as well as it can, to employ the force of the society to restrain those who are subject to its authority, from hurting or disturbing the happiness of one another. The rules which it establishes for this purpose, constitute the civil and criminal law of each state . . . [and] a sacred and religious regard not to hurt or disturb in any respect the happiness of our neighbor . . . constitutes the character of the perfectly innocent and just man." Hutcheson and Hume, at last, find common ground.

For Adam Smith, our moral life, as well as our cultural life, is a matter of imagination. The richer the inventory of objects for its diversion, and the deeper our own fellow feeling, the happier we become, but also the more we can perceive happiness in others.

Our imagination, which in pain and sorrow seems to be confined and cooped up within our own persons, in times of ease and prosperity expands itself to every thing around us. We are charmed then with the beauty of that accommodation which reigns in the palaces and oeconomy of the great; and admire how every thing is adapted to promote their ease, to prevent their wants [and] to gratify their wishes. . . . We naturally confound [this ease and beauty] in our imagination with the order, the regular and harmonious movement of the system, the machine or oeconomy by means of which it is produced.

So already, in the fourth book of the Theory of Moral Sentiments, we meet that crucial term economy, at first in its narrow meaning, referring to the households of the rich and mighty, and how "the pleasures of wealth and greatness . . . strike the imagination as something grand and beautiful and noble, of which the attainment is well worth the toil and anxiety
which we are so apt to bestow upon it." But Smith also employs it in the
more modern sense, as the "machine or oeconomy" by which that
wealth is produced—in other words, commercial society.

And here imagination turns out to be the driving wheel of that sys-
tem as well. Our imagination, the inner picture of ourselves being as
rich and comfortable as a Duke of Argyll or a Bill Gates, spurs on our
efforts, focusing and directing our energies toward a single purpose. "It
is this deception," Smith adds (with my emphasis),

which rouses and keeps in continual motion the industry of
mankind. It is this which first prompted them to cultivate the
ground, to build houses, to found cities and commonwealths,
and to invent and improve all the sciences and arts, which en-
oble and embellish human life; which have entirely changed the
whole face of the globe, have turned the rude forests of nature
into agreeable and fertile plains, and made the trackless and bar-
ren ocean a new fund of subsistence, and the great high road of
communication to the different nations of the earth.

The rich man is the man with the most fertile imagination, in other
words; his eyes really are bigger than his stomach. By devoting all his
efforts and those of his employees and tenants to his land or his ware-
house or factory, he ends up producing far more than he can consume
himself:

The rich consume little more than the poor [after all, you can
drive only one Rolls-Royce at a time] and in spite of their nat-
ural selfishness and rapacity, though they mean only their own
conveniency [and] their own vain and insatiable desires, they
divide with the poor the produce of all their improvements.
They are led by an invisible hand [my emphasis] to make the same
distribution of the necessarities of life, which would have been
made, had the earth been divided into equal portions among all
its inhabitants. . . . Thus, without intending it, without knowing

it, [the rich] advance the interest of the society, and afford means
to the multiplication of the species.

The _Theory of Moral Sentiments_ made Smith famous. To his dying
day, he thought of it as a better book than _The Wealth of Nations—and in fact,
as we can see, it contains all the seeds of that later work. It won the
warm approval of Hume (although he did not change his mind about his
own theories). The book also won great praise for its "solidity" and
"truth" from Edmund Burke, then a rising member of parliament and
author of _The Theory of the Sublime_, who wrote to Smith that "a theory
like yours founded on the Nature of man, which is always the same, will
last." German intellectuals read it with fascination, particularly
Immanuel Kant, who asked plaintively, "Where in Germany is the man
who can write so well about the moral character?" Voltaire summed up
the feelings of many French _philosophes_ when he exclaimed, "We have
nothing to compare with him, and I am embarrassed for my dear com-
patriots."

Admiration for the book did not necessarily extend to approval of
every idea in it. Some reviewers wanted to know if Smith was saying
that we have no higher standard of morality than the one society
imposes on us. What if society demands of us actions that are actually
evil? Are we condemned to be social conformists forever? Smith replied
no, "we soon learn . . . to set up in our minds a judge between ourselves
and those we live with," who weighs our actions according to an impar-
tial standard, so that "real magnanimity and conscious virtue can support
itself under the disapprobation of all mankind." But the conformity
problem would not go away, and it would haunt every Enlightenment
figure who treated morality as essentially a matter of social utility.
Instead, it would take a renegade French musician, Jean-Jacques
Rousseau, and a former Army chaplain from the Highlands, Adam
Ferguson, to break that issue wide open and explore the new ethical
horizons that it opened up. The result would be the birth of the
Romantic movement, which proposed a different relationship between
the inner self and society—one born of conflict rather than coopera-
tion, in which our happiness seems possible only at the expense of others, and vice versa.

All this seemed a long way off, though, particularly to Smith. His most important work still lay ahead. It was the indirect result of his friendship with the eighteen-year-old Duke of Buccleuch, one of Scotland’s wealthiest aristocrats. The English politician and future Chancellor of the Exchequer Charles Townshend had suggested that Buccleuch take Smith as his tutor for his Grand Tour of Europe (Smith and Hume had given Townshend a copy of the *Theory of Moral Sentiments*). The Grand Tour was the rite of passage of wealthy adolescent Britons in the eighteenth century. It involved visiting western European cities such as Paris, Amsterdam, Venice, and Rome to taste the artistic, social, and often sexual fruits of the culture of the Continent. It often could last a year or more. Smith, worn out by his teaching and administrative chores at Glasgow (he had become Dean of the Faculty in 1760), happily accepted the invitation, and set out with his young pupil for the Continent in February 1766.

The reader who expects the trip to have been a fiasco, with the young Buccleuch turning out to be a holy terror, a kind of aristocratic Tom Jones, is going to be disappointed. In fact, Buccleuch seems to have been a sweet, rather shy boy, not overburdened with intellect but serious enough for Smith to give him Hume’s *History of England* to read on the way. A strong bond of affection and trust developed between them, strong enough that when they returned, Buccleuch offered Smith enough money to quit teaching and to write his next big book—a sort of eighteenth-century “genius grant.” The book Smith completed in 1775 was, of course, his *Inquiry into the Nature and Causes of the Wealth of Nations*, which appeared in print that following spring.

It was the logical follow-up to Smith’s earlier lectures on civil and natural law, but also to the themes of his moral theory: How and why do human beings learn to cooperate, and what makes for a constructive, useful life as opposed to a destructive one? Its strictly “economic” chapters, especially in Books One and Two, touched on subjects that certain French thinkers, the so-called Physiocrats, had taken up in their writings. Smith knew their work, and met several of them during his stay in Paris with Buccleuch. However, he does not seem to have taken much of what they said to heart, and he came back from his Paris visit very unimpressed (judging from their letters about Smith, the feeling was mutual). The real inspiration for his subject was his fellow Scots and the work they had done over the past three decades on the history of civil society, of how “commerce and manufactures gradually introduced order and good government, and with them, the liberty and security of individuals.” Lurking in the background of the *Wealth of Nations* are Kames, Hume, Robertson, and even Hutcheson. It is not only Adam Smith’s masterpiece. It is also the *Summa* of the Scottish Enlightenment, a summation of its exploration of the nature of human progress—and its salute to the triumph of the modern.

Starting with chapter 1, Smith explains how the business of civilization gets done, by isolating the basic principle that explains all social improvement: the division of labor. This is Smith’s term. The idea itself probably originated with David Hume, who called it “the partition of employments.” We use another, perhaps better, word for it: *specialization*.

The notion itself is simple. When we concentrate our energy on one task rather than several, we increase our productivity. Instead of herding and fishing and farming for our living, as primitive man or the Highland clansman did, we just farm. The result is we grow more than enough to feed ourselves, enough in fact to sell to others. Later, instead of dividing our time between growing and then bartering or selling our produce, we decide to leave the farming to someone else and concentrate on just buying and selling. We become merchants, and soon discover we can earn far more than the farmers and peasants who sell us the fruit of their labors.

And so on, at each stage of civil society’s progress. The division of labor, Smith believed, was the inevitable rule everywhere; it occurred at every stage and in every human activity. But its role becomes particularly pronounced in commercial society. As we continue to specialize and become increasingly more productive, the fruits of our labor are no longer things we consume ourselves. They become “commodities,” literally the things that make our lives comfortable, which we buy and sell.
in exchange for other goods. We start to think about our labor in a new way. We look for ways to improve what we make and save time in making it, in order to sell it at market to get the things we really want. Capitalism is born, the system of economic production behind commercial society, a system whose productivity and inventiveness put all the rest in the shade.

The reason is that capitalism brings an intellectual as well as an economic change. It alters the way we think about ourselves and about others: we become buyers and sellers, customers and suppliers, who strive to improve the quality and quantity of our output, in order to gratify our needs. Eventually, Smith states, the division of labor produces people who do nothing but think about improvements: engineers such as his friends James Watt and Alexander Wilson, scientists such as Joseph Black, and those “whose trade it is not to do anything, but to observe everything”—philosophers, teachers, and professional managers of every sort.

The division of labor, in short, applies not just to physical labor, such as growing carrots or selling tobacco or making nails, but to intellectual labor as well. “Each individual becomes more expert in his own particular branch,” Smith explains, “more work is done upon the whole, and the quantity of science is considerably increased by it.” It lays the necessary foundation for technological innovation, as well as the gift of cultural refinement. Society finds space for its white-collar professionals, people who have time to do nothing but write, paint, teach, compose music, count numbers, or plead cases in court, all for the gratification of the rest of our fellow citizens.

Smith had finally defined the link between commerce and cultural progress, which the rest of the Scottish Enlightenment had written about and celebrated, but not really proved. But he also opened up a broader point, and gestured toward another, often overlooked advantage to living in a modern commercial society. As the fourth stage of human progress, it produces more, in greater quantities, than any of its predecessors. It is so productive, in fact, that it can supply the wants and needs not only of those who work, but of those who don’t. In the early drafts of *Wealth of Nations*, Smith strongly emphasized this (unfortunately, most of it did not make it to the final published version). He conceded that capitalism generates a great inequality of wealth, with a very few commanding the great bulk of commodities and a great part of the rest sharing what is left. But even so, Smith wanted to know, “in what manner shall we account for the superior affluence and abundance commonly possessed by even the lowest and most despised member of Civilized Society, compared with what the most respected and active savage can attain to.”

The answer is again division of labor, in which “so great a quantity of everything is produced, that there is enough both to gratify the slothful and oppressive profusion of the great, and at the same time abundantly to supply the wants of the artisan and the peasant.” Better to be a poor man in a rich country than a rich man in a poor one. It was a lesson in comparative advantage that Smith and his generation saw played out in the Scottish Highlands. Later on, the modern West learned it again as it watched floods of Third World emigrants gladly give up their homes in Bangladesh or Guatemala for the most menial jobs they could find in London or New York.

On this point, as on so many in the *Wealth of Nations*, Smith shared his friend Hume’s delight in irony. Commentators sometimes suggest that irony is the most characteristic attitude of the modern mind. Certainly the enlightened Scots had it in abundance. It sprang from their pursuit of intellectual detachment in observing human affairs, in noticing how our intentions and expectations so often differ from our actual performance. In Smith’s case, that detachment allowed him to see that the charity cases of commercial society’s “universal opulence” included not only the indigent and homeless at the bottom of the social scale, but the rich and famous at the top. It also led him to perceive the real significance of self-interest as a human motivation.

Division of labor is one universal condition for the making of civil society. The other, even more essential and universal, is self-interest. Smith describes it in Hume’s terms: as a passion or emotional impulse rather than a cold rational calculation, or what other philosophers liked to call “self-interest rightly understood.” Self-interest acts like an emotional spur. It is an inner compulsion to better ourselves and our cir-
cumstances, which forces us to take action even when we do not particularly want to. It is in fact the drive behind the division of labor.

Contrary to popular misunderstanding, Adam Smith never supposed that everyone is driven solely by self-interest in a material sense. He knew that many of us, perhaps most, are not. Certainly very few people are so driven that they make great sacrifices and efforts in order to gratify its demands. But enough do to make a difference. They force the pace of progress forward, prodded along by their imaginings of wealth and fortune, just as The Theory of Moral Sentiments foresaw. The surplus they produce, in a world governed by scarcity, spills over to the rest of us. "It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner," Smith wrote in one of the most famous passages of the Wealth of Nations, "but from their regard to their own interest."

Of course, Smith was not the first to propose this paradox, that self-interest, even greed, is actually beneficial to society and to the human species. The Dutch moralist Bernard Mandeville had said the same thing almost a century earlier, arguing that what most moralists condemned as vices were actually virtues, in their beneficial effect on the economy:

Luxury employ'd a million of the poor,
and odious pride a million more;
Envy itself and vanity
were ministers of industry;
Their darling folly, fickleness
In diet, furniture, and dress,
That strange ridic'rous vice, was made
The very wheel that turn'd the trade.

Smith carried Mandeville one step further, however, revealing an even deeper paradox and a greater irony: the pursuit of our own self-interest actually causes us to reach out to others. This is true of all societies, as Hume and Kames had realized; the Bushman soon realizes that the hunt goes easier when he has help, instead of having to do it all himself. But Smith's bold insight was to realize that it was the genius of capitalism to carry both of these characteristics, the pursuit of self-interest and the need for cooperation, to their highest pitch. On the one hand, it multiplies the opportunities, and lessens the amount of direct physical labor, necessary to pursue that interest. On the other, the relentless search for customers to buy, and for suppliers to sell, results in a vast network of interdependence, binding people together in far more complex ways than is possible in more primitive conditions. "In civilized society [a person] stands at all times in need of the cooperation and assistance of great multitudes," Smith wrote, "while his whole life is scarce sufficient to gain the friendship of a few persons."

Then still another paradox, and a further irony: the interdependence of the market begets independence of the mind, meaning the freedom to see one's own self-interest and the opportunity to pursue it. We recall that for Hutcheson, human happiness had been about personal liberty, the capacity to live one's life as one saw fit without harming others. For Kames, it had been about owning property, which gave us our sense of "propriety" and identity as human beings. Now Smith put the two together. By entering and competing in the great interactive dynamic network of modern society, at once impersonal but also indispensable to happiness, we become fully free and human. Independence in this sense becomes the hallmark of modern society, just as dependence on others or "servility" becomes the hallmark of primitive societies and institutions. "Nobody but a beggar," Smith admonished, "chooses to depend chiefly upon the benevolence of his fellow-citizens." Yet this has been the essential fate of the vast majority of humankind through most of history, as slaves toiling for their masters, as peasants handing over the harvest to their feudal lords, or as members of the tribe or clan dependent on their chieftains' command for life or death—hapless creatures whose quality of life rests entirely on whether their chief is "gentle Lochiel" or a brute like Coll MacDonnell. Capitalism breaks that cycle, and offers the conditions under which we forge our own happiness: independence, material affluence, and cooperation with others.

Today, more than two hundred years later, three great myths still surround Adam Smith and his Wealth of Nations.
The first is that Smith believed that the wealth of capitalism was generated by some great, guiding “invisible hand.” In fact, the term, which appears in Wealth of Nations and The Theory of Moral Sentiments, is meant to be taken, once again, as irony. Smith did believe that capitalism produces its own kind of natural rational order, based on the market and its complex, interlocking system of self-interested exchange. To a superficial observer it might appear as if everyone were moving according to a single directing mind or “invisible hand.” But his real point was not that a market-based order was perfect or even perfectible. Rather, it was more beneficial, and ultimately more rational, than ones put together by politicians or rulers, who are themselves creatures of their own passions and whims.

Here Smith’s chief target was what he termed, and what has been known ever since, as “the mercantile system.” He found it exemplified in theory in a book by another Scot, Sir James Steuart, titled Inquiry into the Principles of Political Economy, and in practice in the British government’s handling of its overseas empire.* Steuart’s Inquiry appeared in 1767, and although Smith pronounced the book an “ingenious performance,” everything about it infuriated him. Steuart was a strong believer in state intervention to develop trade and expand economic growth. He even argued that without the government’s constant attention, its foreign trade might actually grind to a halt, leaving the nation vulnerable and destitute.

This was the sort of justification for punitive tariffs, export subsidies, and government-granted trade monopolies that Smith saw at work in Britain’s overseas empire, and which he was determined to fight. He wrote of Steuart’s work, “I flatter myself, that every false principle in it, will meet with a clear and distinct confusion in mine.” In fact, Books Three and Four of the Wealth of Nations are a devastating analysis of the attempts by successive governments to manipulate the powerful productive forces of overseas trade, foolishly believing they could increase wealth by government dictate, when in fact they usually did the opposite.

The centerpiece is Smith’s scathing critique of London’s policy toward the American colonies—which, by the time he was writing in 1775, had reached a critical point. Smith followed the American crisis, not only from recent news reports and Parliamentary debates, but also from his tobacco merchant friends such as Glassford and Ingram, who had lived in Virginia and Maryland and knew the situation firsthand. They understood, as Smith did, that Scotland was perfectly poised to benefit from a policy of free trade with America, and that London’s shortsighted efforts to bend the Americans to its will would not only cripple their own business there (which it did), but would cost Britain her empire as well. “There are no colonies of which the progress has been more rapid than that of the English in North America,” Smith wrote, and yet thanks to its monopolistic policies, “Great Britain derives nothing but loss from the dominion which she assumes over her colonies.”

Smith’s critique reached out beyond colonial monopolies to all kinds of unwanted government meddling in economic affairs. This is the second myth about Wealth of Nations, that in it Smith invented the notion of laissez-faire capitalism, in which the government has little or no role to play. In fact, the phrase laissez-faire comes from French economists, not Smith, who does not use the term at all. And contrary to the myth, Smith did see an important role for a strong national government. He saw it as necessary for providing a system of national defense, to protect the society and its commerce with its neighbors. It also must provide a system of justice and protection of individual rights, particularly the right to property: “[I]t is only under the shelter of the civil magistrate that the owner of that valuable property, which is acquired by the labor of many years, or perhaps of many successive generations, can sleep a single night in security.” And it is needed to help defray the expenses of essential public works, such as roads, bridges, canals, and harbors.

Beyond that, however, Smith saw any other form of government interference as having all kinds of unintended consequences. History offered innumerable examples of governments and rulers, often with

*Stuart had been, interestingly enough, Charles Stuart’s private secretary during the Forty-five and had been pardoned afterwards, living quietly in Edinburgh until his death in 1780.
the best intentions, trying to change or adjust their nation's economic life, with disastrous results. Roman emperors had attempted to regulate the sagging economy of the Late Empire, and had destroyed it instead. Spain had tried to maintain a monopoly on the flow of bullion from the New World, only to bankrupt itself. Smith worried that Britain and its policy in America was headed down the same road.

To Adam Smith, belief in a free market was not an intellectual dogma, but a basic lesson of history. It was time for rulers to learn from their mistakes, and let commercial society follow its own course:

All systems either of preference or of restraint, therefore, being thus completely taken away, the obvious and simple system of natural liberty establishes itself of its own accord. Every man, as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest his own way. . . . The sovereign is completely discharged from a duty, in the attempting to perform which he must always be exposed to innumerable delusions, and for the proper performance of which no human wisdom or knowledge could ever be sufficient; the duty of superintending the industry of private people, and of directing it towards the employments most suitable to the interest of society.

This is the Adam Smith with whom we are all familiar: the great prophet of free-market capitalism as a system of "natural liberty," and the great enemy of any and all attempts to tinker with that system, whether for the sake of political power or social justice.

But there is another, less obvious Adam Smith who is also appears in the pages of Wealth of Nations. He, too, was a player in a contemporar- ary debate raging in Edinburgh, about the new "commercial spirit" sweeping across Scotland and what it might mean for the future. This Adam Smith also flies in the face of the third myth about him and his greatest work, that it is basically an apologia for big business and the merchant class.

In fact, while Wealth of Nations speaks highly of free markets, it treats businessmen themselves in a very different light. To begin with, Smith saw the important beneficiaries of the free market not as businessmen but as consumers. "Consumption is the sole end and purpose of all production; and the interest of the producer ought to be attended to, only so far as it may be necessary for promoting that of the consumer." This was precisely what the existing British system failed to do. It put the interest of the producers and merchants ahead of that of consumers, who only want low prices and a ready supply of goods. Merchants often prefer the opposite. In fact, Smith understood that much of the British government's disastrous trade policies came at the instigation of the London merchants themselves, who wanted to protect their livelihood. "It is the interest of every man to live as much as at his ease as he can," Smith notes in Book Five, and that rule applies as much to the businessman as it does to the landed aristocrat or university professor.

His overall picture of the typical businessman is certainly unflattering, and reading it must have made some of his Tobacco Lord friends slightly uncomfortable. He notes that while they often complained about high prices, "they say nothing concerning the bad effects of high profits." He speaks of their "mean rapacity" and "monopolizing spirit" and suggests that "the government of an exclusive company of merchants is, perhaps, the worst of all governments for any country whatsoever." Most of this was aimed at the business community in London, which had instigated and benefited from the corrupt old imperial system, rather than Glasgow. Smith's point was that the free market was as much a check upon the greed and power of the merchant as it was on an interfering king or government bureaucrat.

But Smith saw another, more systematic corruption flowing from commercial society, one that was more pernicious and worried him deeply. Even as capitalism increases specialization, and more sophistication in the overall output of goods and services, the individuals caught up in the process become narrower in their interests and less concerned with what happens outside their shop, office, or showroom. They come to weigh everything in terms of their job, of profit and loss, and lose sight of the larger picture. This worry appeared years before in one of Smith’s lectures, and is worth quoting in full:
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 labor is infinite, and every one's thoughts are employed about one particular thing. . . . The minds of men are contracted, and rendered incapable of elevation. Education is despised, or at least neglected, and heroic spirit is utterly extinguished.

Preventing this kind of "mental mutilation," Smith says in the Wealth of Nations, deserves "the most serious attention of government." It is in fact the one place where Smith actually commends a genuinely active role for civic institutions: creating a system of education that will counteract this "deformity" of the human character by the division of labor.

Through capitalism we gain, but we also lose. The loss, Smith felt, was felt most among the lowest classes—his particular example was employees in a pin factory—whose cramped place in the chain of production leaves no room for the enlargement of the mind and spirit, which the freedom of commercial society should open up. Smith in fact defined the problem of the "assembly line" mentality of factory workers almost two decades before the Industrial Revolution got fully under way—the problem that Karl Marx and his followers would call alienation. It was especially worrisome to Smith, because "in free countries, where the safety of government depends very much upon the favourable judgement which the people may form of its conduct," a mass of ignorant, culturally degraded citizens easily becomes an immense drag on the system. They become easy prey to demagogues and applaud every attempt to undermine the foundations of that "natural liberty" which they have enjoyed in the first place.

So, while Smith had given one set of issues its final, definitive shape—the link between commercial society, refinement, and liberty—he had opened up a whole new territory for discussion and debate, the cultural costs of capitalism. In fact, he and his Edinburgh friends had been arguing about this for almost a decade, even before Dr. Johnson had wondered during his Scottish tour whether any society benefitted from becoming entirely "commercial" in its mentality and attitudes. The Scots, including Adam Smith himself, had firmly answered No.

The person who put the matter in the strongest terms was another member of the Select Society, and founder of the Poker Club, Adam Ferguson. Born in Perthshire, along the border between the Highlands and Lowlands, he had gone to Edinburgh to study for the ministry. There he became friends with the other future Moderate literati. But he missed the traumatic events of 1745–46 when he accepted a post as chaplain to the Black Watch regiment in Flanders.

It was an experience that profoundly altered his perspective from that of his contemporaries. They, as we saw, considered Prince Charles's Highland followers uncouth barbarians, and looked forward with undisguised relish to the demise of their society and culture. As chaplain, Ferguson had come to know the Highlanders firsthand and understood that for all their crude habits and harsh aggressiveness, they were men of honor, with an undeniable sense of courage, loyalty, and generosity toward friend and foe alike. In fact, they reminded Ferguson of no one so much as the warriors of the Homeric poems, and the ancient Spartans and Roman legions. The very qualities that his Moderate friends admired in their beloved Greeks and Romans, Ferguson found alive and well in the Scottish Highlands. The destruction of that way of life meant the destruction of something precious, Ferguson decided, and Scotland and the Scots would be the poorer for it.

Ferguson expanded his argument far beyond Scotland and into the very nature and history of civil society itself. In fact, that became the title of his book Essay on the History of Civil Society, published in 1768. In it, Ferguson helped himself to generous portions of Kames and Hume, as well as Adam Smith and Jean-Jacques Rousseau—and another, largely forgotten figure, Andrew Fletcher. The result was a volatile mixture of typical, cold-eyed Scottish political and social analysis, and flights of almost romantic poetry in praise of primitive peoples everywhere, but particularly in the ancient world and among Native Americans. Ferguson found in them what he had found in his Highland regiment: honor, integrity, and courage, which commercial society, with its overspecialization and mental mutilation, destroyed.
This was one of Ferguson's most striking points. Far from being "civilized" and advanced in their attitudes, the ancient Greeks and Romans were in fact, by modern standards, true primitives. A world of differences separated them from us, a world created and defined by the rise of capitalism. As Ferguson showed, modern civilization had erected an enormous barrier, cutting off "polite" nations not only from their "barbarous" neighbors, but from their own past as well. He quotes with approval a Native American chief telling a British official in Canada: "I am a warrior, not a merchant." It is a sentiment that would have been shared by an Achilles or a Hector, or even a Cato or a Pericles—not to mention a Highland chieftain such as Lochiel. "Their ardent attachment to their country," Ferguson wrote of the ancients, "their contempt of suffering, and of death, in its cause; their manly apprehensions of personal independence, which rendered every individual, even under tottering establishments, and imperfect laws, the guardian of freedom to his fellow citizens ... have gained them the first rank among nations."

All these qualities were being steadily eaten away in the new, self-centered, modern society taking shape around them. Today "the individual considers his community only so far as it can be rendered subservient to his personal advancement and profit." Human beings become weak and soft, and lose their sense of honor and courage. They must have their creature comforts, no matter what. Freedom itself becomes a commodity, to be sold to the highest bidder—or seized by the strongest power.

Ferguson saw history moving along the same lines as his fellow Edinburgh literati, but the ultimate destination would be very different from what the prophets of progress had forecast. The boasted refinements, then, of the polished age, are not divested of danger. They open a door, perhaps, to disaster, as wide and accessible as any they have shut. If they build walls and ramparts, they enervate the minds of those who are placed to defend them; if they form disciplined armies, they reduce the military spirit of entire nations; and by placing the sword where they have given a distaste to civil establishments, they prepare for mankind the government of force.

The last stage of modern history would be not liberty but tyranny, unless something was done to prevent it. Left to itself, commercial society would become humanity's tomb.

Ferguson's book had an enormous impact when it came out. It contained one of the first uses of the word civilization in English, and coined the term civil society as synonymous with modernity itself. It made Ferguson almost as famous as Adam Smith, and on the Continent almost as influential. The German Enlightenment particularly admired it, including the father of modern nationalism, Johann Gottfried Herder, and the founder of German Romanticism, the poet Friedrich Schiller. But Ferguson's closest reader would be Wilhelm Friedrich Hegel, who incorporated many of Ferguson's ideas and even phrases into his own philosophy of history, which Karl Marx would take up and develop. In fact, Marxism owes its greatest debt to Ferguson, not Rousseau, as the most trenchant critic of capitalism—and as the great alternative to Adam Smith as the prophet of modernity.

Admiration among his fellow Scots was more measured. Hume disliked the Essay; he saw it as a surrender to a kind of romantic primitivism, which the controversy over the Ossian poems had recently set off. Adam Smith was miffed by the fact that Ferguson had stolen many of his insights from Smith's own lectures, including the part about the decline of the martial spirit in capitalist society. The real disagreement was not over content, however, but the tone. Smith and Hume clearly saw the shortcomings of a society organized completely around the gratification of self-interest and the calculation of profit and loss. They saw the virtues of premodern "rude" societies disappearing, along with their vices, and understood that we pay a heavy price for the division of labor and specialization in a modern complex economy.

But they believed firmly that the benefits were worth the price. A

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*For details, see chapter 11.
society that could finally feed everyone, not just a chosen few; that could relieve the poverty and misery of even the weakest and least productive of its members; that recognized the sovereignty of the individual and his rights, and agreed to leave him alone to pursue his own ends; that put a premium on treating others with kindness and deference rather than disdain and exploitation; and, finally, that a society that recognized that it was better to do business with other nations than to try to conquer them, was not one on the verge of tyranny, but just the opposite. These were the conditions of modern liberty. If the ancients had constructed a version of freedom that lacked these essential ingredients, then they, not we, were the poorer for it.

And if commercial society offered new problems, it also offered solutions. Steps could be taken to correct course, and counteract the “bad effects of commerce” Smith and Ferguson had defined, even the cultural ones. One such solution was education, and Smith, in the late sections of Wealth of Nations, strongly urged public support for a system of schools that would make sure the benefits of a civilized culture reached as large a public as possible. Not surprisingly, his model was Scotland’s own system of parish schools, which “has taught almost the whole common people to read, and a very great proportion of them to write and account.” Smith knew that a modern capitalist society without a decent system of education was committing suicide, politically as well as culturally.

Another solution was one that many of Smith’s Edinburgh friends had embraced, including Adam Ferguson: the creation of a citizen militia. This was a sore subject for Scotsmen. Ever since the Forty-five, they had been haunted by the use and ownership of weapons, and Parliament’s passage of Militia Acts in 1757, and then during the American war, deliberately left the Scots out. Ferguson had become a virtual firebrand on the issue. He organized the Poker Club specifically to “stir up” public support for creating a Scottish militia. He also wrote pamphlets on the subject, as did John Home and other Moderates, arguing that a citizen militia was a way to keep alive the traditions of physical courage and martial spirit in a commercial society.

Why did the Scottish Enlightenment embrace the militia cause so strongly? Lurking in the background, perhaps, were uncomfortable memories of the volunteer companies of 1745 and that ill-fated march through Edinburgh. When liberty is threatened, can anyone expect young men raised in a cushy commercial environment to risk their lives on the battlefield against tough and hardened warriors? Obviously not, unless they have help. Not material help in this case, but cultural help, something that taught them self-sacrifice, discipline, and loyalty, and gave them confidence in their own physical powers and those of their weapons. This, Ferguson and the rest believed, militia training could do. And Adam Smith came to agree with them. Although he warned in Wealth of Nations that a citizen militia could never equal the discipline of a professional army in peacetime, he did believe a few campaigns in the field could harden them into an effective fighting force. The record of citizen soldiers in modern times, from Saratoga and Gettysburg to El Alamein and Omaha Beach, tends to bear him out.

The agitation for a Scottish militia failed to move legislatures in London. But it did set a new standard for later debates about the future of free societies, and the place of military virtues and military arms in them. The idea that a free people needed to keep and bear arms in order to defend their liberty was an ancient one, reaching back to the Greeks and forward to Andrew Fletcher. But now Ferguson and his friends had added something new, a social-psychological dimension. By owning weapons and learning to use them, a commercial people can keep alive a collective sense of honor, valor, and physical courage, traditions that no society, no matter how sophisticated and advanced, can afford to do without.

Here again, we see how the force of the debate had shifted. The issue was no longer how to make Scotland “civilized” and modern. That had been done. The question now was, having crossed that irrevocable line, what could be preserved of what came before? A watershed had been passed, and everyone knew it.

The Wealth of Nations was published on March 6, 1776. In February of that year, another masterpiece had appeared, the first volume of Edward Gibbon’s Decline and Fall of the Roman Empire. Although English, Gibbon modeled his work closely on the Scottish and Edinburgh histor-
ical school: for all intents and purposes, he was intellectually a Scot. One of his closest friends was Adam Ferguson, but his other heroes were Hume and Smith, whose new book Gibbon called “the most profound and systematic treatise on the great objects of trade and revenue which had ever been published in any age or century.” When Hume wrote to Gibbon praising his new history, Gibbon said the letter “repaid the labour of ten years.”

On August 25, 1776, David Hume died after a long illness. His funeral drew a huge crowd, as his body was carried in a pouring rain from his house in the New Town to the Old Calton Burying Ground. Although Hume dismissed the idea of an afterlife to the very end, his last hours were calm and serene. Joseph Black described them in a letter to Adam Smith: “When he spoke to the people about him [he] always did it with affection and tenderness.”

Earlier, on July 4, a different world-shattering event took place across the Atlantic. The American Revolution lurks in the background of every chapter of Wealth of Nations, just as it occupied the attention of so many of Smith’s colleagues and friends.* Yet in certain ways, the reverse was also true. Scottish ideas, and Scots, were having a large impact on the events unfolding in the American colonies.

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*In fact, Smith pointed to the Continental Army as his chief example of how a trained citizen army could compete with such professionals as the British redcoats.