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## OF WEALTH AND LIBERTY

One of the conditions for growth was the development of towns. Adam Smith's experience in Glasgow, where he could see before his eyes the effect of the rapid growth of a city and could talk to prosperous manufacturers and traders, gives his account of the role of towns in economic growth a particular depth and interest. It is also fascinating because it is so deeply ambivalent and contradictory, both laudatory and condemning of this growth. In a chapter significantly entitled 'Of the Natural Progress of Opulence', he started by pointing out that towns were important to commercial development. 'The great commerce of every civilized society, is that carried on between the inhabitants of the town and those of the country. It consists in the exchange of rude for manufactured produce, either immediately, or by the intervention of money, or of some sort of paper which represents money. The country supplies the town with the means of subsistence, and the materials of manufacture. The town repays this supply by sending back a part of the manufactured produce to the inhabitants of the country.'<sup>1</sup> This was welcome for 'The gains of both are mutual and reciprocal, and the division of labour is in this, as in all other cases, advantageous to all the different persons...'<sup>2</sup> Elsewhere he pointed out in a chapter titled 'How the Commerce of the Towns Contributed to the Improvement of the Country' that there were three effects on the countryside. As he put it in the marginal headings these were 'because they afforded (1) a ready market for its produce (2) because merchants bought land in the country and improved it and (3) because order and good government were introduced.'<sup>3</sup>

It is worth quoting Smith a little further. He wrote that 'commerce and manufactures gradually introduced order and good government, and with them, the liberty and security of individuals, among the inhabitants of the country, who had before lived almost in a continual state of war with their neighbours, and of servile dependency upon their superiors. This, though it has been the least observed, is by far the most important of all their effects. Mr. Hume is the only writer who, so far as I know, has hitherto taken notice of it.'<sup>4</sup> The bands of retainers were dismissed and the lords became prosperous capitalists.

Smith was fully aware that free trading and manufacturing towns were unlikely to emerge from agrarian civilizations. Foreshadowing Marx and Weber he gives an excellent sketch of their chance emergence and their peculiarity in the West. He describes how after the Fall of the Roman Empire 'Free Burghs' began to emerge in the West, having control over their own taxation and their own government. 'They were gradually at the same time erected into a commonality or corporation, with the privilege of having magistrates and a town-council of their own, of making bye-laws for their own government, of building

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<sup>1</sup>Smith, **Wealth**, I, 401

<sup>2</sup>Smith, **Wealth**, I, 401

<sup>3</sup>Smith, **Wealth**, I, 432-3

<sup>4</sup>Smith, **Wealth**, I, 433

walls for their own defence, and of reducing all their inhabitants under a sort of military discipline, by obliging them to watch and ward; that is, as anciently understood, to guard and defend those walls against all attacks and surprises by night as well as by day. In England they were generally exempted from suit to the hundred and country courts; and all such pleas as should arise among them, the pleas of the crown excepted, were left to the decision of their own magistrates. In other countries much greater and more extensive jurisdictions were frequently granted to them.<sup>5</sup>

Such a development was amazing. For instance in relation to their ability to tax themselves, it was extraordinary that the sovereigns of all the different countries of Europe 'should have exchanged in this manner for a rent certain, never more to be augmented, that branch of the revenue, which was, perhaps, of all others the most likely to be improved by the natural course of things, without either expense or attention of their own: and that they should, besides, have in this manner voluntarily erected a sort of independent republics in the heart of their own dominions.'<sup>6</sup> Given the possibility of preying on this, why were they set free?

Here Smith develops the ingenious theory that basically they managed to escape through the tension between the King and his feudal nobles. His account of this process, whereby the King sided with the towns in his battles with the nobles, is worth giving in full. Starting with the feudal lords, he noted that 'the wealth of the burghers never failed to provoke their envy and indignation, and they plundered them upon every occasion without mercy or remorse. The burghers naturally hated and feared the lords. The king hated and feared them too; but though perhaps he might despise, he had no reason either to hate or fear the burghers. Mutual interest, therefore, disposed them to support the king, and the king to support them against the lords. They were the enemies of his enemies, and it was his interest to render them as secure and independent of those enemies as he could. By granting them magistrates of their own, the privilege of making bye-laws for their own government, that of building walls for their own defence, and that of reducing all their inhabitants under a sort of military discipline, he gave them all the means of security and independency of the barons which it was in his power to bestow.'<sup>7</sup>

The support of the King built up the strength of those who lived in the towns, forming them into a separate and powerful estate of their own. 'These burghers were such, and were therefore greatly encouraged by them, and we find accordingly that all the burghers and freed sort of slaves who lived in the villages or towns, which any villain became who left his master and lived in one of these towns for a year without being claimed, had the liberty of marrying whom they pleased, of free trade, etc., without any toll. They were afterwards formed into corporations holding in capite [directly] of the king, having a jurisdiction and territory for which they paid a certain rent.'<sup>8</sup> As their power grew, they began to defend themselves against the predations of local lords. 'In this manner these small towns became free and able to protect themselves, as they had a stout stone wall about the town and kept a constant watch and ward, which was one part of the duty of a burgher, and were always ready for arms and battle to

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<sup>5</sup>Smith, **Wealth**, I, 423

<sup>6</sup>Smith, **Wealth**, I, 423

<sup>7</sup>Smith, **Wealth**, I, 424

<sup>8</sup>Smith, **Jurisprudence**, 256.

defend themselves against the attempts of the lords, who frequently disturbed them and often plundered their towns.<sup>9</sup>

The danger, however, was that they would go too far in their independence. If they lost their alliance with the ruler, they might prosper for a time. This was exactly what happened in Italy and Switzerland, where 'on account either of their distance from the principal seat of government, of the natural strength of the country itself, or of some other reason, the sovereign came to lose the whole of his authority, the cities generally became independent republics, and conquered all the nobility in their neighbourhood; obliging them to pull down their castles in the country, and to live, like other peaceable inhabitants, in the city.'<sup>10</sup> But in the long run they were too small to be viable and were finally crushed by foreign invaders, as in Italy.

In France and England, however, 'the cities had no opportunity of becoming entirely independent.' Yet they jealously preserved some autonomy and, for instance, 'the sovereign could impose no tax upon them...without their own consent.'<sup>11</sup> Thus they emerged as expanding oases of order and rational wealth production in an agrarian landscape otherwise characterized by predatory, feuding, lords. As Smith put it in the marginal heading: 'In consequence of this greater security of the towns industry flourished and stock accumulated there earlier than in the country.' Thus 'Order and good government, and along with them the liberty and security of individuals, were, in this manner, established in cities, at a time when the occupiers of land in the country were exposed to every sort of violence.'<sup>12</sup> Art and good manners also flourished. 'Wherever the Inhabitants of a city are rich and opulent, where they enjoy the necessaries and conveniences of life in ease and Security, there the arts will be cultivated and refinement of manners a neverfailing attendant.'<sup>13</sup> Thus, as many later commentators would argue, the growth of towns and the growth of commercial capitalism went hand in hand, and Smith has given some hints why in the fragmented and balanced politics of Europe a type of 'free town' should emerge which later Weber was to show was entirely different to that in the absolutist Empires of the East.<sup>14</sup>

So what was Smith's objection to towns? He thought, ultimately, that town and countryside would become opposed. He believed, as he put it, that agriculture was primary and trade and town manufacture was secondary. 'As subsistence is, in the nature of things, prior to convenience and luxury, so the industry which procures the former, must necessarily be prior to that which ministers to the latter. The cultivation and improvement of the country, therefore, which affords subsistence, must, necessarily,

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<sup>9</sup> Smith, **Jurisprudence**, 256.

<sup>10</sup> Smith, **Wealth**, I, 425-6

<sup>11</sup> Smith, **Wealth**, I, 426

<sup>12</sup> Smith, **Wealth**, I, 426

<sup>13</sup> Smith, **Rhetoric**, 137.

<sup>14</sup> Weber, **Cities**

be prior to the increase of the town, which furnishes only the means of convenience and luxury.<sup>15</sup> He also believed that human beings preferred living in the country and would move there if they made sufficient money in the towns. Thus the 'natural order of things', was for the countryside to flourish, and then the towns to follow suit. 'Had human institutions, therefore, never disturbed the natural course of things, the progressive wealth and increase of towns would, in every political society, be consequential, and in proportion to the improvement and cultivation of the territory or country.'<sup>16</sup>

Another concern was that though entrepreneurs ought to prefer the security of manufacturing goods for use in their own country rather than in getting involved in highly risky foreign trade, and should prefer agriculture to trade, yet this 'normal' course was increasingly being perverted in eighteenth century Europe. For 'though this natural order of things must have taken place in some degree in every such society, it has, in all the modern states of Europe, been, in many respects, entirely inverted. The foreign commerce of some of their cities has introduced all their finer manufactures, or such as were fit for distant sale; and manufactures and foreign commerce together, have given birth to the principle improvements of agriculture.'<sup>17</sup> In fact Glasgow was a prime example of the reversal of this 'natural' order, and hence to be castigated, since its wealth was principally based, like that of Holland, on long-distance trade - in particular, as we have seen, the tobacco and other trades with the West Indies and the Southern States of America, and on slavery.

This was closely linked to Smith's ambivalent attitude to merchants and manufacturers. On the one hand they were the focus for the first development of commercial capitalism, of liberty, and of the subduing of violence through the spread of wealth, and as such they are the heroes of his story. On the other hand he had no illusions about their benevolence. They had emerged by complete chance out of the stand-off between feudal lords and kings. As Dugald Stewart summarized Smith's position, the emergence of commercial centres 'took their rise, not from any general scheme of policy, but from the private interests and prejudices of particular orders of men.' This 'state of society, however, which at first arose from a singular combination of accidents, has been prolonged much beyond its natural period, by a false system of Political Economy, propagated by merchants and manufacturers, a class of individuals whose interest is not always the same with that of the public...' In other words, they had become too powerful - oligarchic and monopolistic and guild bound. Thus 'By means of this system, a new set of obstacles to the progress of national prosperity has been created.'<sup>18</sup>

In particular, Smith was alluding to trade restrictions based on one his main, the mercantilist philosophy. 'The false system of Political Economy which has been hitherto prevalent, as its professed object has been to regulate the commercial intercourse between different nations, has produced its effect in a way less direct and less manifest, but equally prejudicial to the states that have adopted it.'<sup>19</sup>

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<sup>15</sup>Smith, **Wealth**, I, 402

<sup>16</sup>Smith, **Wealth**, I, 404

<sup>17</sup>Smith, **Wealth**, I, 405-6

<sup>18</sup> Stewart, **Works**, X, 61

<sup>19</sup>Stewart, **Works**, X, 61, summarizing Smith's view.

Thus the uneven development of the three components - agriculture, manufacture and trade, had led to the development of what Smith called the 'Commercial' or 'Mercantile' System or what we call Mercantilism. The two main methods of enriching a nation under this system were 'restraints upon importation, and encouragements to exportation. Part of these expedients, he observes, have been dictated by the spirit of monopoly, and part by a spirit of jealousy against those countries with which the balance of trade is supposed to be disadvantageous. All of them appear clearly, from his reasonings, to have a tendency unfavourable to the wealth of the nation which imposes them.<sup>20</sup> Thus Smith felt that a good deal of the independent power of towns and their inhabitants was a beneficial accident in the West, but that the development was going too far towards trade monopolies and sectional interests.

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In considering the problem of why England's wealth had 'insensibly' crept up and continued to grow, one key, Smith believed, lay in the social structure. His model of the economy and society is extremely 'modern'; it is not based on the usual **Ancien Regime** structure of a number of legally separate 'estates' of nobility, peasantry, clergy and bourgeois, who exchange goods and services. It is split into 'three different orders of people...those who live by rent...by wages...by profit. These are the three great, original and constituent orders of every civilized society'.<sup>21</sup> They are the landlords, wage-labourers and employers of our modern capitalist state. It is clear from his analysis that he built this model up on the basis of his observations of how English society worked.

When trying to explain why England was so successful, he considered its geographical advantages, agreeing that it is 'perhaps as well fitted by nature as any large country in Europe, to be the seat of foreign commerce...<sup>22</sup> He also pointed out that its legal code was favourable to commerce: 'in reality there is no country in Europe, Holland itself not excepted, of which the law is, upon the whole, more favourable to this sort of industry...<sup>23</sup> But the geographical and legal advantages were less important than one other; 'what is of much more importance than all of them, the yeomanry of England are rendered as secure, as independent, and as respectable as law can make them.<sup>24</sup> In other words, it is the curious position of what roughly might be called 'the middle class' that is crucial.

Smith asks rhetorically, what would the position of England have been if it 'had left the yeomanry in the same condition as in most other countries of Europe?'<sup>25</sup> He believed that 'Those laws and customs

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<sup>20</sup>Stewart, **Works**, X, 61

<sup>21</sup>Smith, **Wealth**, I, 276

<sup>22</sup> Smith, **Wealth**, I, 442.

<sup>23</sup>Smith, **Wealth**, I, 442.

<sup>24</sup> Smith, **Wealth**, I, 443

<sup>25</sup> Smith, **Wealth**, I, 443.

so favourable to the yeomanry, have perhaps contributed more to the present grandeur of England, than all their boasted regulations of commerce taken together.'<sup>26</sup> For their position and status was very different in England. 'Through the greater part of Europe the yeomanry are regarded as an inferior rank of people, even to the better sort of tradesmen and mechanics...'<sup>27</sup> There is consequently little investment by townsmen in the countryside, he believed, except in England, Holland and Berne in Switzerland.

As to why the yeomanry should be so powerful and prosperous, Smith's answer seems to be that in England, above all, the property law was such that they had private property and security of tenure. Even leases are more secure than elsewhere. 'In England, therefore, the security of the tenant is equal to that of the proprietor. In England besides a lease for life of forty shillings a year value is a freehold, and entitles the lessee to vote for a member of parliament; and as a great part of the yeomanry have freeholds of this kind, the whole order becomes respectable to the landlords on account of the political considerations which this gives them. There is, I believe, no-where in Europe, except in England, any instance of the tenant building upon the land of which he had no lease, and trusting that the honour of his landlord would take no advantage of so important an improvement...The law which secures the longest leases against successors of every kind is, so far as I know, peculiar to Great Britain.'<sup>28</sup>

These differences were at least several centuries old. Whereas in France in the eighteenth century, Smith had been told that five-sixths of the whole kingdom was still held by some form of older share-cropping agreement, the **metayer**, such tenures 'have been so long in disuse in England that at present I know no English name for them'.<sup>29</sup> These were differences in social structure which were reflected in the various colonies of France, Spain, England and other European countries. Thus he felt that 'the political institutions of the English colonies have been more favourable to the improvement and cultivation' of the New World than those of Continental countries. One of the central differences was that of alienability of land. In the continental colonies, the land was held as family property, in English colonies as an alienable commodity. Thus he described the differences, whereby in English colonies 'the tenure of the lands, which are all held by free socage, facilitates alienation', whereas in Spanish and Portuguese colonies 'what is called the right of Majorazzo takes place in the succession of all those great estates to which any title of honour is annexed. Such estates go all to one person, and are in effect entailed and unalienable...', while in French colonies, 'if any part of an estate, held by the noble tenure of chivalry and homage, is alienated, it is, for a limited time, subject to the right of redemption, either by the heir of the superior or by the heir of the family...which necessarily embarrass alienation.'<sup>30</sup> Thus the English system would tend to create a mass of middling folk, and the Continental systems would re-create the great divide between nobility and peasantry of the homeland.

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<sup>26</sup> Smith, **Wealth**, I, 415.

<sup>27</sup> Smith, **Wealth**, I, 418.

<sup>28</sup> Smith, **Wealth**, I, 415.

<sup>29</sup> Smith, **Wealth**, I, 413-4.

<sup>30</sup> Smith, **Wealth**, II, 83-4

Smith noted that 'In none of the English colonies is there any hereditary nobility.' There is a difference of esteem, but not of law; 'the descendant of an old colony family is more respected than an upstart of equal merit and fortune: but he is only more respected, and he has no privileges by which he can be troublesome to his neighbours'.<sup>31</sup> Indeed, he argues, it is a feature of the commercial states of which both old and new England were examples, that 'riches...very seldom remain long in the same family'.<sup>32</sup> The 'common law of England, indeed, is said to abhor perpetuities' and hence entails were in England 'more restricted than in any other European monarchy'.<sup>33</sup>

Smith's picture of eighteenth century England and New England is of modern commercial societies. The empire was created to provide buyers for English goods. 'To found a great empire for the sole purpose of raising up a people of customers, may at first sight appear a project fit only for a nation of shopkeepers. It is, however, a project altogether unfit for a nation of shopkeepers; but extremely fit for a nation whose government is influenced by shopkeepers'.<sup>34</sup> Smith assumes that such a mentality is very ancient.

Another part of the virtuous circle which Smith detected was that countries which were growing wealthier could afford greater taxes. 'Easy taxes' were one of his **desiderata** of course, but most civilizations had experienced the reverse; as they became wealthier, the separation of the classes grew, defence became more expensive and that condition which he had noted in China of a vast mass of miserably poor, with heavy rents and taxes, and a small group of very rich, tended to occur. He advocated the reverse. His first principle of taxation was equality. 'The subjects of every state ought to contribute towards the support of the government, as nearly as possible, in proportion to their respective abilities; that is, in proportion to the revenue which they respectively enjoy under the protection of the state'.<sup>35</sup> Secondly the taxation must be certain - that is to say predictable and not arbitrary. 'The time of payment, the manner of payment, the quantity to be paid, ought all to be clear and plain to the contributor, and to every other person'.<sup>36</sup> The arbitrary power of tax gatherers was disastrous. Thirdly, 'Every tax ought to be levied at the time, or in the manner, in which it is most likely to be convenient for the contributor to pay it'.<sup>37</sup> Finally, it should be economically collected, as little as

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<sup>31</sup> Smith, **Wealth**, II, 98.

<sup>32</sup> Smith, **Wealth**, I, 440.

<sup>33</sup> Smith, **Wealth**, I, 409-10

<sup>34</sup> Smith, **Wealth**, II, 129.

<sup>35</sup> Smith, **Wealth**, II, 350

<sup>36</sup> Smith, **Wealth**, II, 350

<sup>37</sup> Smith, **Wealth**, II, 351

possible being siphoned off in the collection. Here he was describing a world not only of 'easy' taxes, but of a form of taxation to which the Dutch and English were accustomed, but certainly not those living in almost every other agrarian civilization in history. The powerful middle class and weak aristocratic interests were, of course, one of the bulwarks against the normal tendency towards unequal, unpredictable, inconvenient and uneconomical methods.

Smith had developed an aversion to unfair and arbitrary taxation early in his writings. In his lectures he had pointed out 'Whatever policy tends to raise the market price above the naturall one diminishes publick opulence and naturall wea<l>th of the state...Hence it is evident that all taxes on industry must diminish the national opulence as they raise the market price of the commodities.<sup>38</sup> Yet the merchants were usually too weak to be able to do anything about it. 'All taxes upon exportation and importation of goods also hinder commerce. Merchants at first were in so contemptible a state that the law, as it were, abandoned them, and it was no matter what they obliged them to pay.'<sup>39</sup> All 'fiddling' with the natural order of things was unhelpful, in either a negative or positive way. 'Whatever breaks this naturall balance by giving either an extraordinary discouragement by taxes and duties, or [by] an extraordinary encouragement by bounties or otherwise, tends to hurt the naturall opulence.'<sup>40</sup>

The security and fairness of the tax system was one consequence of the stability of the political system. Smith was very aware that random violence, whether of war, civil war, feuding or even arbitrary justice, would stifle tendencies towards commercial activity. Thus he believed that 'A man must be perfectly crazy who, where there is tolerable security, does not employ all the stock which he commands, whether it be his own or borrowed of other people, in some one or other...'<sup>41</sup> On the other hand, capital would become frozen during political insecurity. 'In those unfortunate countries, indeed, where men are continually afraid of the violence of their superiors, they frequently bury and conceal a great part of their stock, in order to have it always at hand to carry with them to some place of safety, in case of their being threatened with any of those disasters to which they consider themselves as at all times exposed. This is said to be a common practice in Turkey, in Indostan, and, I believe, in most other governments of Asia. It seems to have been a common practice among our ancestors during the violence of the feudal government.'<sup>42</sup>

Thus the development of 'opulence' depended on the building of a whole infrastructure of legal and quasi-legal protection. Contracts must be binding and enforceable. 'Another thing which greatly retarded commerce was the imperfection of the law with regard to contracts, which were the last species of rights that sustained action, for originaly the law gave no redress for any but those concluded on the spot.'<sup>43</sup>

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<sup>38</sup>Smith, **Jurisprudence**, 362

<sup>39</sup>Smith, **Jurisprudence**, 529

<sup>40</sup>Smith, **Jurisprudence**, 365

<sup>41</sup>Smith, **Wealth**, I, 301

<sup>42</sup>Smith, **Wealth**, I, 301

<sup>43</sup>Smith, **Jurisprudence**, 528

Tenure must be protected. 'As the tenants were continually in danger of being turned out, they had no motive to improve the ground. This takes place to this day in every country of Europe except Brittain.<sup>44</sup> Monopolies must be broken down. 'All monopolies and exclusive privileges of corporations, for whatever good ends they were at first instituted, have the same bad effect.'<sup>45</sup>

One form of constraint on freedom which he noted, particularly in early studies, came not from the State but from the family. Smith explained the growing concern with property in the development from hunter-gatherers to settled pastoralists. 'In the age of hunters there could be no room for succession as there was no property. Any small things as bows, quiver etc. were buried along with the deceased; they were too inconsiderable to be left to an heir. - In the age of shepherds, when property was greatly extended, the goods the deceased had been possessed of were too valuable to be all buried along with him.<sup>46</sup> Once such valuable property occurred it tended to belong to the kinship group. In the 'age of shepherds', the respect for the family and blood line was particularly strong. 'We see many instances of the vast respect paid to descent amongst the Tartars and Arabs. Every one of these can trace themselves, at least they pretend to do so, as far back as Abraham.'<sup>47</sup>

Yet, as he had himself witnessed in the Scottish Highlands, as the clanship system of the 'shepherds' gave way to the new commercialized economy, the power of kinship declined. 'Regard for remote relations becomes in every country less and less, according as this state of civilization has been longer and more completely established.'<sup>48</sup> Although the loss in martial spirit and warmth was to be lamented, this did increase the opportunities for the individual to keep the fruit of his or her own labour and hence encourage industriousness.

The extreme form of the break with the family could be seen in the spread of the use of last wills and testaments, and the possibility of exclusion of certain family members from the inheritance. Smith was puzzled by the emergence of this means of disposal. 'There is no point more difficult to account for than the right we conceive men to have to dispose of their goods after their death.'<sup>49</sup> He continued to wonder 'how is it that a man comes to have a power of disposing as he pleases of his goods after his death. What obligation is the community under to observe the directions he made concerning his goods now

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<sup>44</sup>Smith, **Jurisprudence**, 524

<sup>45</sup>Smith, **Jurisprudence**, 529

<sup>46</sup>Smith, **Jurisprudence**, 39

<sup>47</sup>Smith, **Jurisprudence**, 216

<sup>48</sup>Smith, **Moral**, 327

<sup>49</sup>Smith, **Jurisprudence**, 63

when he can have no will, nor is supposed to have any knowledge of the matter.<sup>50</sup> He realized that 'In the savage nations of Asia and Africa testamentary succession is unknown; the succession is intirely settled; a man's estate goes always to his nearest male relations, without his having the power of disposing, by any deed to take place after his death, of the smallest subject.'<sup>51</sup>

Yet something very odd and 'individualistic' had emerged in the medieval west, sometime in the period between the collapse of the Roman Empire and the tenth century. 'The German nations which overran Europe had no notion of testamentary succession; every inheritance was divided amongst the children; the only people amongst them (after the introduction of Christianity) who had any such idea were the clergy.'<sup>52</sup> It was thus natural for Smith to argue, as others have done since, that it was the Christian clergy who introduced this device in order to encourage people to leave their property to the church.<sup>53</sup> 'As the clergy were the introducers of testamentary succession, so they were reckond the most proper persons to judge of it, as being best skilled...'<sup>54</sup> It was now possible for wealth to accumulate by the selection of heirs and bypassing the rights of the family at large.

This was a general feature, which was made even more powerful in western Europe, and particularly England, through an institution of which Smith clearly disapproved, namely primogeniture. He argued that the right of individual inheritance by the first born male was a technique introduced to overcome the 'independency of the great allodial estates, and the inconveniencies attending divisions of such estates.'<sup>55</sup> Thus 'this method of succession, so contrary to nature, to reason, and to justice, was occasioned by the nature of feudall government...'<sup>56</sup>

The other form of embedded, birth-given, control over the individual was slavery. Here again Smith noted a progression from almost universal slavery to its gradual elimination. This was both a cause and a consequence of economic growth. He noted first that even in the 1760s, slavery was very widespread. 'We are apt to imagine that slavery is entirely abolished at this time, without considering that this is the case in only a small part of Europe; not remembering that all over Moscovy and all the eastern parts of Europe, and the whole of Asia, that is, from Bohemia to the Indian Ocean, all over Africa, and the greatest part of America, it is still in use.'<sup>57</sup> He noted a paradox, that slavery became increasingly

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<sup>50</sup>Smith, **Jurisprudence**, 63

<sup>51</sup>Smith, **Jurisprudence**, 65

<sup>52</sup>Smith, **Jurisprudence**, 68

<sup>53</sup> See Goody, **Family**

<sup>54</sup>Smith, **Jurisprudence**, 68

<sup>55</sup>Smith, **Jurisprudence**, 56

<sup>56</sup>Smith, **Jurisprudence**, 49

<sup>57</sup>Smith, **Jurisprudence**, 181

unacceptable as 'wealth' and equality developed more generally. 'We may observe here that the state of slavery is a much more tollerable one in <a> poor and barbarous people than in a rich and polished one.<sup>58</sup>

The real puzzle was why an institution which was based on a powerful human drive came to be abolished at all. 'Slavery therefore has been universall in the beginnings of society, and the love of dominion and authority over others will probably make it perpetuall. The circumstances which have made slavery be abolished in the corner of Europe in which it now is are peculiar to it, and which happening to concurr at the same time have brought about that change.<sup>59</sup> His answer seems to have been that slavery went against the interests and ethics of the King and the Church, both of which had an interest in direct, free, relations with all the citizens or believers in a country. As the power of King and Church grew, so slavery was abolished. 'In Scotland, England, the authority of the king and of the church have been both very great; slavery has of consequence been abolished...<sup>60</sup>

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If is often alleged that Smith advocated a weak state. This is a half-truth. In fact what he suggested was that the State should both be strong, as a defence against sectional interests, but also not interfere too much. Ideally the State should be like a referee or umpire - able to punish or even expel, but not actual-ly involved in the everyday contests and exchanges that led to wealth creation.

He believed that it had been private activities and not state interference which had led to the growth of England's wealth over time. 'In the midst of all the exactions of government, this capital has been silently and gradually accumulated by the private frugality and good conduct of individuals, by their universal, continual, and uninterrupted effort to better their own condition. It is this effort, protected by law and allowed by liberty to exert itself in the manner that is most advantageous, which has maintained the progress of England towards opulence and improvement in almost all former times, and which, it is to be hoped, will do so in all future times.<sup>61</sup>

He believed that the ideal situation would be that '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, and to bring both his industry and capital into competition with those of any other man, or order of men.<sup>62</sup> In order to effect and support this system of 'natural liberty' 'the sovereign has only three duties to attend to; three duties of great

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<sup>58</sup>Smith, **Jurisprudence**, 182

<sup>59</sup>Smith, **Jurisprudence**, 187

<sup>60</sup>Smith, **Jurisprudence**, 189

<sup>61</sup>Smith, **Wealth**, I, 367

<sup>62</sup>Smith, **Wealth**, II, 208

importance, indeed, but plain and intelligible to common understandings: first, the duty of protecting the society from the violence and invasion of other independent societies; secondly, the duty of protecting, as far as possible, every member of the society from the injustice or oppression of every other member of it, or the duty of establishing an exact administration of justice; and, thirdly, the duty of erecting and maintaining certain public works and certain public institutions, which it can never be for the interest of any individual, or small number of individuals, to erect and maintain; because the profit could never repay the expenc to any individual or small number of individuals, though it may frequently do much more than repay it to a great society.<sup>63</sup> Thus Smith realized that the duties were 'of great importance', but they were specific and limited, and included the provision of public, utilities and infrastructure, and a public system of justice.

Smith likewise saw both the merits but also the dangerous absolutist tendencies of organized religion. In an interesting but little quoted chapter on the 'Institutions for Religious Instruction' he gave a brief account, no doubt heavily influenced by the views of his friend David Hume, of the dangers and advantages of religious enthusiasm.

He noted the danger of politicians taking sides in sectarian squabbles, summarizing his argument in the heading 'If politics had never called in the aid of religion, sects would have been so numerous that they would have learnt to tolerate each other.'<sup>64</sup> He pointed to the good example of Pennsylvania, where though the Quakers were the most numerous, 'the law in reality favours no one sect more than another, and it is there said to have been productive of this philosophical good temper and moderation.'<sup>65</sup> He saw that tolerance developed out of the productive balance and tension of different religious positions. Citing Hume's ideas almost verbatim, he wrote that 'In every civilized society, in every society where the distinction of ranks has once been completely established, there have been always two different schemes or systems of morality current at the same time; of which the one may be called the strict or austere; the other the liberal, or, if you will, the loose system. The former is generally admired and revered by the common people: the latter is commonly more esteemed and adopted by what are called people of fashion.'<sup>66</sup> Religious sects, he argued, usually began with the austere, puritanical, position of the country people. They may take this to extreme lengths so that 'in small religious sects morals are regular and orderly and even disagreeably rigorous and unsocial.'<sup>67</sup> This puritanical attitude can be ameliorated by encouraging such sectarians to broaden their minds with science and philosophy, painting, poetry, music, dancing and such things.

Smith then considers the dangers of an Established Church, which tends again to become too

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<sup>63</sup>Smith, **Wealth**, II, 208-9

<sup>64</sup>Smith, **Wealth**, II, 314

<sup>65</sup>Smith, **Wealth**, II, 315

<sup>66</sup>Smith, **Wealth**, II, 315-6

<sup>67</sup>Smith, **Wealth**, II, 317

powerful. Combined with the growing wealth of the State this made it 'exceedingly formidable.'<sup>68</sup> The extreme example of this tendency was, of course, the Papacy, 'In the state in which things were through the greater part of Europe during the tenth, eleventh, twelfth, and thirteenth centuries, and for some time both before and after that period, the constitution of the church of Rome may be considered as the most formidable combination that ever was formed against the authority and security of civil government, as well as against the liberty, reason, and happiness of mankind, which can flourish only where civil government is able to protect them.'<sup>69</sup> What then brought down this great and increasing power, as potent a threat as the feudal lords? Smith suggests the same force as before, namely the growth of commercial wealth, and in exactly the same way. In other words, it was not destroyed from outside, but corrupted by greed from inside.

'The gradual improvements of arts, manufactures, and commerce, the same causes which destroyed the power of the great barons, destroyed in the same manner, through the greater part of Europe, the whole temporal power of the clergy. In the produce of arts, manufacturers, and commerce, the clergy, like the great barons, found something for which they could exchange their rude produce, and thereby discovered the means of spending their whole revenues upon their own persons, without giving any considerable share of them to other people. Their charity became gradually less extensive, their hospitality less liberal or less profuse. Their retainers became consequently less numerous, and by degrees dwindled away altogether. The clergy too, like the great barons, wished to get a better rent from their landed estates, in order to spend it, in the same manner, upon the gratification of their own private vanity and folly. But this increase of rent could be got only by granting leases to their tenants, who thereby became in a great measure independent of them. The ties of interest, which bound the inferior ranks of people to the clergy, were in this manner gradually broken and dissolved.'<sup>70</sup> This internal corruption had weakened the Established Churches well before the Reformation. But that movement was the final blow. The enthusiasm of the Reformers was supported by the puritanical zeal of ordinary people, and thus 'enabled sovereigns on bad terms with Rome to overturn the Church with ease.'<sup>71</sup>

The form of government in England, whereby the Lutherans formed a weak link with the Crown, 'was from the beginning favourable to peace and good order, and to submission to the civil sovereign.'<sup>72</sup> In Scotland the Calvinist system had been less successful because the 'Election by the people gave rise to great disorders', with a fanatical clergy and factions and controversies.<sup>73</sup> This period of disorder was ended by the various early eighteenth century acts which helped to diminish the factionalism. Thus by his

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<sup>68</sup>Smith, **Wealth**, I, 323

<sup>69</sup>Smith, **Wealth**, II, 325

<sup>70</sup>Smith, **Wealth**, II, 325-6

<sup>71</sup>Smith, **Wealth**, II, 328

<sup>72</sup>Smith, **Wealth**, II, 330

<sup>73</sup>Smith, **Wealth**, II, 331

own time, Smith could comment that 'There is scarce perhaps to be found any where in Europe a more learned, decent, independent, and respectable set of men, than the greater part of the presbyterian clergy of Holland, Geneva, Switzerland and Scotland.'<sup>74</sup> Thus Church and State were reasonably balanced, and neither was either willing or able to halt the progress towards the general improvements in trade, manufacture and wealth, in Smith's meaning of that word.

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<sup>74</sup>Smith, **Wealth**, II, 333