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ABSTRACT

A close look at the "facts" Adam Smith provided to support policy conclusions in the Wealth of Nations suggests that facts played a minor role in Smith's attitude to economic policy issues.

THE WEALTH OF NATIONS AND HISTORICAL "FACTS"

Though beauty of diction, harmony of periods, and acuteness and singularity of sentiment, may captivate the reader, yet there are other qualifications essentially necessary. . . . Fidelity, accuracy and impartiality are also requisite.

Joseph Towers, Observations on Mr. Hume's History (1778)

I. In looking back at the Wealth of Nations during the Adam Smith Centennial in 1876 commentators were agreed that close attention to facts and the inductive nature of the Wealth of Nations clearly distinguished it from all its successors. This opinion has only been reinforced in subsequent years by a host of commentators, whether they be economic historians such as C. R. Fay or W. R. Scott, or historians of economic thought such as T. W. Hutchison or Jacob Viner.¹ D. D. Raphael provides a convenient summary of this viewpoint in his recent biography.

[Adam Smith] did not, however, simply assume that the facts would conform to a preconceived idea. Adam Smith never approached his inquiries in that sort of spirit. He was an empiricist, a thinker who began with experienced fact and then produced a hypothesis to explain the facts. . . . In all his work Smith followed the method of empiricism, of taking the facts of experience as the basic data and reaching general propositions by induction from them.

This orthodoxy has been challenged by Philip Mirowski in a careful study, which appears to be the only recent examination of its kind, of Adam Smith's views on the rate of profit in eighteenth-century England. At a more general level, skepticism had been expressed earlier by R. H. Campbell and A. S. Skinner in their Introduction to the bicentennial edition of the Wealth of Nations.

Smith's desire to devise a major intellectual system determined the use he made of historical and factual material. No one of his intellectual eminence would distort the facts, even if only because refutation would thus have been infinitely easier, but, even when facts were not distorted, they may still have been used in such a subordinate and supporting role to the dominating systematic model that their use for any other purpose needs qualification.

Campbell and Skinner refer to the Poor Laws and the Colonial Trade to support their claim that

On contemporary issues his writing verges on propaganda, he uses evidence in ways which are not wholly convincing to those not committed to his system, and he presses interpretations of contemporary events to more extreme conclusions than may well be warranted.

However, this condemnation is immediately modified in the next paragraph when we are told that such defects "must not be stressed unduly," that the "stretching of empirical data" did not discredit the main thesis and even that "the analysis, both systematic and institutional, was largely applicable in Britain." How did Smith manage to continually stretch the evidence and yet maintain relevance? Campbell and Skinner are only the latest editors to query several of Smith's facts. Many other students of the Wealth of Nations have expressed doubts about various parts. The collective impact of these separate queries has yet to be assessed. A closer look at the "facts" presented in the Wealth of Nations would appear to be warranted.²

In order to evaluate the role played by "facts" in the Wealth of Nations a variety of issues have to be addressed. What facts did Smith know of? What sources did Smith utilize? How critical was he in his use of these sources? Did he carefully search for the best source among those available? What facilities did he possess for acquiring knowledge of facts? How does Smith's use of facts and sources compare with the practice of contemporaries? Once we are in a position to judge the care and discrimination with which Smith arrived at his facts, the more interesting question arises as to what use Smith made of the facts he presented. Did he actually try to learn from them, as an economic historian "should," or did he merely use them to illustrate his theories when they were suitable and to deny their relevance otherwise?

The popular view of Smith as a factual economist is no doubt strengthened by Smith's own words which often suggest a careful, scholarly consideration of sources and facts. He refers us to the Postscript to the Universal Merchant as follows:

This Postscript was not printed till 1756, three years after the publication of the book, which has never had a second edition. The postscript is, therefore, to be found in few copies. It corrects several errors in the book.

And in referring to the sums earned by turnpikes he says:

Since publishing the two first editions of this book, I have got good reasons to believe that all the turnpike tolls levied in Great Britain do not produce a neat revenue that amounts to half a million; a sum which, under the management of Government, would not be sufficient to keep in repair five of the principal roads in the kingdom. I have now good reasons to believe that all these conjectural sums are by much too large.

Nonetheless, a careful look at the Wealth of Nations shows us that Smith's acute statements appear limited to direct observations or to what may be called a cultivated person's "general knowledge." Direct observations establish only the lowest level of familiarity with facts; a second level is reached when one combines these comparative accounts at a point in time with the evolution of the economy over time. Smith was not perceptive of aggregate or of systematic historical changes; not only was Smith not farsighted, he was not even more perceptive than many of his contemporaries. The importance of facts to an economist appears most clearly when we see how the facts influence him in forming views on economic policy. When we examine how Smith deals with the most important issues of economic policy there is a great deal of evidence to support the view that Smith's writing "verges on propaganda" rather than possessing systematic and institutional features which made it "largely applicable in Britain."³

II. That there has been some ambiguity about the historical facts used in the Wealth of Nations because of something called "conjectural history" has long been recognized by scholars. Conjectural history is defined in the earliest perceptive commentary on the Wealth of Nations, by Dugald Stewart, who is led to this topic by asking how mankind achieved civilization.

By what gradual steps the transition has been made from the first simple efforts of uncultivated nature, to a state of things so wonderfully artificial and complicated.

Many of the queries that guided Stewart deal with what we would now call the "pre-history" of a subject. His resolution of the problem is most ingenious.

In this want of direct evidence, we are under a necessity of supplying the place of fact by conjecture; and when we are unable to ascertain how men have actually conducted themselves upon particular occasions, of considering in what manner they are likely to have proceeded, from the principles of their nature, and the circumstances of their external situation. . . . When we cannot trace the process by which an event has been produced, it is often of importance to be able to show how it may have been produced by natural causes.

Stewart explicitly noted that the strict accuracy of such conjectural history was not important because of his guiding belief that nature, i.e., God, had guided man to civilization. Applying the same Providentialist belief to Adam Smith requires more careful justification and it is, in any case, inapplicable to historical events. W. P. D. Wightman is the most severe critic of conjectural history and writes of its practitioners that they leave us "in doubt as to where the

'fact' ended and the fiction began . . . where evidence was lacking they supplied a likely story." While there are some topics where the conjectural aspect is most likely, particularly in Book III of the Wealth of Nations, it is not at all clear which facts we should simply ignore because they are part of conjectural history. When W. P. D. Wightman asks,

How, for instance, could Smith know that "wonder and not any expectation of advantage" was the first "principle" to prompt mankind to the study of philosophy.

he has focussed on an issue where a "rational reconstruction" is evidently the basis for Smith's view. The same point can also be made when Smith attributes the division of labor to a "propensity in human nature . . . the propensity to truck, barter and exchange one thing for another."⁴

Campbell and Skinner have pointed out the difficulties this method creates because the difference between historical fact and conjectured fact is not always obvious. Campbell and Skinner, however, provide too much latitude to Adam Smith in their presentation. When Adam Smith claims that the inflation due to the influx of American silver ended in the 1630's (a point highly praised by Earl Hamilton) how are we to know whether he had some factual basis for this claim or whether it was an inspired guess?

When Adam Smith attributes the decline of feudalism to the greed of the feudal lords for trinkets, there is nothing obviously conjectural in his account. If Smith's account is indeed historically based, then it is surely a powerful illustration of Smith's beloved thesis that men achieve outcomes which are no part of their intentions. One cannot give Smith credit when he is right, and ignore the issue as conjectural history when he is not. Since Adam Smith himself made no distinction between the two classes of facts in the Wealth of Nations, I will use all "facts" stated in the Wealth of Nations as indicative of Adam Smith's method of study, while keeping in mind the different significance of the two types of "fact."⁵

There is one class of "fact" that requires some preliminary remarks. Several editors of the Wealth of Nations have been surprised at the many inaccuracies in the references. Some of these are quite innocuous, such as the failure to quote verbatim some statutes on pp. 261, 262; others indicate an absence of mind, as the claim on p. 218 that 1759 was a cheap year for corn when he quotes a lower figure for 1761. Smith is somewhat less careful in representing his sources and there seems to be no parallel in Bernier, Smith's purported source, to support the account of public works in India (pp. 729-30): Smith's representation of the overall views of individuals can be quite misleading; Edwin Cannan remarks of Smith's account of Locke on the precious metals with annoyance.

There is very little foundation for any part of this paragraph.

A more minute search might provide further grounds for cavil about the references provided by Smith. For example, one could ask for the sources Smith used to claim that there was no recorded evidence of the existence of sharecropping in England. But these are not points of great significance by themselves and serve only to make small changes to the existing list of comments of editors like Cannan or Campbell and Skinner. Some indication of the location of these inaccuracies, about 90 in number, is provided in an appendix. It is not a small list. Considering the size of the Wealth of Nations and the enormous range and variety of facts quoted therein it is not a very long list either. Their significance is mainly negative. What they establish is that Smith was not a painstaking scholar. He had every opportunity and ample resources to see to it that every fact and reference in the Wealth of Nations was accurate, but made no visible effort to ensure accuracy. (Why for example does Smith leave the 1775 figures for the gross produce of the excise on liquors in all later editions?) Inattention to detail is not the greatest failing for someone who paints on a great canvas. It is only when this minor defect is added to more weighty issues that it can serve to corroborate a substantive point. The significance of facts must be judged with respect to Smith's larger purposes in writing the Wealth of Nations--namely, the establishment of the theory of political economy on a sound footing and the reform of economic policy.⁶

There are several types of economic fact to be considered in assessing the Wealth of Nations. First, there are Smith's personal observations and those facts he obtained from his conversations. In contrasting the differences in diet between England, Scotland and Ireland, Smith decisively uses his own observations of the common people. Thus Scottish oatmeal is seen to be inferior to English wheat.

In some parts of Lancashire it is pretended, I have been told, that bread of oatmeal is a heartier food for labouring people than wheaten bread, and I have frequently heard the same doctrine held in Scotland. I am, however, somewhat doubtful of the truth of it. The common people in Scotland, who are fed with oatmeal, are in general neither so strong nor so handsome as the same rank of people in England, who are fed with wheaten bread.

Irish potatoes, however, are a different story.

But it seems to be otherwise with potatoes. The chairmen, porters, and coal heavers in London, and those unfortunate women who live by prostitution, the strongest men and the most beautiful women perhaps in the British dominions, are said to be, the greater part of them, from the lowest rank of people in Ireland, who are generally fed with this root.

Many economic historians, such as C. R. Fay and R. M. Hartwell, have been struck by the quality of Smith's personal observations and several other instances of charming factual detail are to be found in the Wealth of Nations. The multiplication of such instances however is unsatisfactory because they serve to establish nothing of significance about the larger purposes of the Wealth of Nations. And they fail to do so because such observations are largely independent of any theoretical content.⁷

In addition to those facts bearing directly on economics, there are others, which bear on wider issues, and add considerable charm to the Wealth of Nations. The claim that agricultural workers cannot combine easily because they are dispersed is noteworthy,

The inhabitants of the country, dispersed in distant places, cannot easily combine together. They have not only never been incorporated, but the corporation spirit never has prevailed among them. . . . Country gentlemen and farmers, dispersed in different parts of the country, cannot so easily combine as merchants and manufacturers, who being collected into towns, and accustomed to that exclusive corporation spirit which prevails in them, naturally endeavor to obtain against all their countrymen, the same exclusive privilege which they generally possess against the inhabitants of their respective towns. They accordingly seem to have been the original inventors of those restraints upon the importation of foreign goods, which secure to them the monopoly of the home-market.

while the description of robotization by the division of labor has long since become classic.

In the progress of the division of labour, the employment of the far greater part of those who live by labour, that is, of the great body of the people, comes to be confined to a few very simple operations; frequently to one or two. But the understandings of the greater part of men are necessarily formed by their ordinary employments. The man whose whole life is spent in performing a few simple operations, of which the effects too are, perhaps, always the same, or very nearly the same, has no occasion to exert his understanding, or to exercise his invention in finding out expedients for removing difficulties which never occur. He naturally loses, therefore, the habit of such exertion, and generally becomes as stupid as it is possible for a human creature to become.

While these examples are of great importance--and the academic division of labor has unfortunately led sociologists and political scientists to be more appreciative of these passages than economists--it is surprising that no empirical instances are given to corroborate the penetrating thesis about the alienation of the worker. Was Smith making this point more from his knowledge of human nature than from observation of facts?⁸

Dugald Stewart made some very perceptive remarks on Adam Smith's modes of thought in his biographical Account.

In Mr. Smith's writings, whatever be the nature of his subject, he seldom misses an opportunity of indulging his curiosity, in tracing from the principles of human nature, or from the circumstances of society, the origin of the opinions and the institutions which he describes.

The same turn of thinking was frequently, in his social hours, applied to more familiar subjects; and the fanciful theories which, without the least affectation of ingenuity, he was continually starting upon all the common topics of discourse, gave to his conversation a novelty and variety that were quite inexhaustible. Hence too the minuteness and accuracy of his knowledge on many trifling articles which, in the course of his speculations, he had been led to consider from some new and interesting point of view, and of which his lively and circumstantial descriptions amused his friends the more, that he seemed to be habitually inattentive, in so remarkable a degree, to what was passing around him.

It will be noted that this procedure makes facts a convenient vehicle to carry one's theoretical views. If indeed Stewart is right then we should find Smith making little effort to search out all the authorities in a given field and judging their respective merits. One set of reasonably accurate facts will suffice. What is of more importance to Smith is the scaffolding erected on these facts. As the facts are meant to illustrate, the potency of contrary facts will be denied, while the minuteness and accuracy of Smith's knowledge continue to amaze the reader.⁹

When Smith is dealing with general issues he uses his knowledge most persuasively, as in the influence of inheritance laws on land distribution in the colonies.

First, the engrossing of uncultivated land, though it has by no means been prevented altogether, has been more restrained in the English colonies than in any other. The colony law which imposes upon every proprietor the obligation of improving and cultivating, within a limited time, a certain proportion of his lands, and which, in case of failure, declares those neglected lands grantable to any other person; though it has not, perhaps, been very strictly executed, has, however, had some effect.

Secondly, in Pennsylvania there is no right of primogeniture, and lands, like moveables, are divided equally among all children of the family. In three of the provinces of New England the oldest has only a double share, as in the Mosaical law. Though in those provinces, therefore, too great a quantity of land should sometimes be engrossed by a

particular individual, it is likely, in the course of a generation or two, to be sufficiently divided again. In the other English colonies, indeed, the right of primogeniture takes place, as in the law of England. But in all the English colonies the tenure of their lands, which are all held by free socage, facilitates alienation, and the grantee of any extensive tract of land generally finds it for his interest to alienate, as fast as he can, the greater part of it, reserving only a small quit-rent.

No data or references are given, and it is entirely plausible that none would have been necessary to Smith's contemporaries.¹⁰

An examination of the National Debt and the East India Company serves to illustrate this aspect of the Wealth of Nations. We find Smith repeating a familiar pattern--reliance on a single work for his facts and, in some cases, for several of his interpretations. James Postlewaithe is the source of his facts on the National Debt. Smith says nothing very unusual in his section on the National Debt, except to express profound distrust of its growth. Typically, Smith tries to explain why the different modes of financing the debt in England and France reflect the societies of their respective capital cities. And when he finds the British economy to have grown despite the increasing Debt, Smith concludes with a counterfactual claim.

Great Britain seems to support with ease, a burden which, half a century ago, nobody believed her capable of supporting. Let us not, however, upon this account rashly conclude that she is capable of supporting any burden; nor even be too confident that she could support, without great distress, a burden a little greater than what has already been laid upon her.

In the case of the East India Company, Smith produces virtually no facts. He relies on general descriptions of the East India Company, of the sort that any newspaper reader would have been aware of, such as the monopoly position of the East India Company, their adaptation to the role of sovereigns and the private trading of Company employees. Knowledge of human nature suffices to inform Smith that, when placed in such a situation, the Company and even more its officials will engage in fraud, abuse and rapine. He appears to have found such a description of the Company in the book of William Bolts and accordingly condemned the Company.

The public trade of the company extends no further than the trade with Europe, and comprehends a part only of the foreign trade of the country. But the private trade of the servants may extend to all the different branches both of its inland and foreign trade. The monopoly of the company can tend only to stunt the natural growth of that part of the surplus produce which, in the case of a free trade, would be exported to Europe. That of the servants tends to stunt the natural

growth of every part of the produce in which they chuse to deal, of what is destined for home consumption, as well as of what is destined for exportation.

Smith's description of the nature of the East India Company's government will strike a welcome chord in the heart of every Bengali.

It is a very singular government in which every member of the administration wishes to get out of the country, and consequently to have done with the government, as soon as he can, and to whose interest, the day after he has left it and carried his whole fortune with him, it is perfect indifferent though the whole country was swallowed up by an earthquake.

It is not clear that a close knowledge of historical facts is at all necessary for pronouncing such judgments.¹²

III. Economic Historians have long argued with historians of economic thought over Adam Smith's relations to the "Industrial Revolution." The merits of Adam Smith's observations on the contemporary economy have most recently been debated by Charles Kindleberger and Ronald Hartwell in one of the volumes appearing at the bicentennial of the Wealth of Nations. Hartwell is right in pointing out that the use of "Industrial Revolution" in this context has been unfortunate because there is considerable debate on whether there was such an event in the eighteenth century, and if so, when did it occur? It is more fruitful to ask, how aware was Smith of the economic changes that were occurring around him? Several examples can be given of Smith's recognition of the fact that the contemporary economy was growing and indeed that it had been growing since the time of Elizabeth. But these quotes also show that Smith's awareness was of a rather vague sort and very much in line with a multitude of earlier and contemporary authors who praised Elizabeth for having started England on her present course.¹³

Simply to establish Smith's awareness of economic growth is to settle for a rather watery proposition. One would like to focus on those features of the eighteenth century that were to lead to the palpably obvious "Industrial Revolution" of the nineteenth century. Richard Koebner has noted that because the Industrial Revolution was followed by a widespread belief in the vigour and productivity of free enterprise so it was but natural to provide Smith with prescience and claim that he had blessed the Industrial Revolution before it began. Nonetheless, Koebner insists that

This was an artificial construction for which not a single line of his writing, if read in its context, could provide any evidence. More than that--apart from having no

inkling of many technical innovations which lay ahead and of the forms of organization by which they were to be exploited--Adam Smith had been rather unfavourably disposed towards those elements of society who were to organize mechanised production and to divert it into the channels of commerce.

Koebner points out that the innovations in production and business organization which were to add up to the Industrial Revolution had been matters of discussion for several decades and that careful observers such as Josiah Tucker in 1757 and Edmund Burke in 1769 had already provided several instances of the spirit and enterprise of British merchants in the Midlands. Nonetheless, Birmingham is for Adam Smith--even in the third edition--a city of "toys." Adam Smith had ample opportunity to study the changes in English industry, not only between 1767 and 1775, when the first edition was being written, but also down to the significant revision of the third edition of 1783.¹⁴

The passages which could be taken as testifying to Smith's interest in recent technical progress are very sparse and rarely explicit. The hints, if there are any, are very casual, and betray none of that eagerness to be exactly informed on the most various aspects of contemporary economic life which he shows in his expositions of money transactions, labour conditions, soil conservation, and the corn trade.

. . . .

One possible answer is, of course, that his systematic search for principles of economic behaviour did not impose on him the obligation of offering opinions on individual contemporary experiments. To concede this is, however, not to dispose of the question why did not any of these new features stimulate his thought. He need not have described them; yet they could have animated his theoretical outlook. If they failed to have such effect this must be thought to be characteristic of the workings of his mind. (emphasis added)

Charles Kindleberger has sharpened these points in his review of what he calls an "open and shut" case against Adam Smith's recognition of the Industrial Revolution.

There is virtually no mention of cotton textiles, only one reference to Manchester in a list of cities, nothing on pottery, nothing on new methods of producing beer. Canals are dealt with under public works, but illustrated by the canal of Languedoc, finished in 1681, rather than with the Bridgewater canal of 1761, which initiated the spate of canal building and improvement in Britain culminating in the canal mania of the 1790s. Turnpikes are referred to without notice of the fact that travel times were falling rapidly.

Samuel Hollander has challenged Koebner's view but Kindleberger satisfactorily demonstrates the inadequate and partial nature of Hollander's argument by showing that Smith does not discuss the spread

of coal in industrial use, but primarily for space heating; that Smith failed to appreciate the significance of substituting coke for charcoal or the dynamic interaction of coal use and transportation costs; or even that James Watt influenced Smith. The central issue relates to quantitative orders of magnitude. What were the major growth sectors and was Smith aware of them? Nothing that the supporters of Smith have noted comes close to appreciating the force of Koebner's critique that Smith's writing betrays "none of that eagerness to be exactly informed on the most various aspects of contemporary economic life." Kindleberger's observation on the substantially revised third edition of the Wealth of Nations is decisive.¹⁵

A detailed and up to the minute discussion in the 3rd edition of 1783 concerns not industrial output but the impact of the herring bounty on the catch.

If Adam Smith was not really in tune with the pace of contemporary economic change, we would expect this to appear as much in his appreciation of personalities as of events. When we turn to Adam Smith's portrayal of the human beings involved in the process of economic growth we find this suggestion verified. The active, restless, creative entrepreneur not only gets no praise, Smith classifies such individuals with the derogatory class of "projectors." The projectors are the subject of considerable sarcasm. They are those who have devised "expensive and uncertain projects . . . which bring bankruptcy upon the greater part of the people who engage in them." The older term, adventurer, is also sometimes used by Smith to indicate someone who takes great risks, but his references to this group have no contemporary significance.¹⁶

When Smith comes to describe the activities of the businessman--those who live by profit--he is almost condescending.

The profits of stock, it may perhaps be thought, are only a different name for the wages of a particular sort of labour, the labour of inspection and direction. They are, however, altogether different, are regulated by quite different principles, and bear no proportion to the quantity, the hardship, or the ingenuity of this supposed labour of inspection and direction. They are regulated altogether by the value of the stock employed, and are greater or smaller in proportion to the extent of this stock.

In other words, those who have money can make more in their sleep, as it were. As a result, Smith goes on to suggest that this routine work is frequently left to a clerk and there is a hint of exploitation in Smith's description of how the clerk is paid for his efforts.

In many great works, almost the whole labour of this kind is committed to some principal clerk. His wages properly express the value of this labour of inspection and direction. Though in settling them some regard is had commonly, not only

to his labour and skill, but to the trust which is reposed in him, yet they never bear any regular proportion to the capital of which he oversees the management; and the owner of this capital, though he is thus discharged of almost all labour, still expects that his profits should bear a regular proportion to his capital. In the price of commodities, therefore, the profits of stock constitute a component part altogether different from the wages of labour, and regulated by quite different principles.

At various other points in the Wealth of Nations Smith refers to the undertaker having to face risk and uncertainty, to plan their activities and to organize production. These are all made in contexts that do not dwell upon entrepreneurship per se and if read in context do little to correct the abrasive picture he paints when he does focus upon the role of the businessman.¹⁷

The prudent individual whom Smith does admire has all the attributes of a philosopher-trader.

In the steadiness of his industry and frugality, in his steadily sacrificing the ease and enjoyment of the present moment for the probable expectation of the still greater ease and enjoyment of a more distant but more lasting period of time, the prudent man is always both supported and rewarded by the entire approbation of the impartial spectator. . . . The man who lives within his income, is naturally contented with his situation, which, by continual, though small accumulations, is growing better and better every day. . . . He does not go in quest of new enterprises and adventures, which might endanger, but could not well increase, the secure tranquility which he actually enjoys.

Mercifully, this individual does not disturb the tranquility of his mind by invading the Wealth of Nations. On the whole, it is a very mild assessment to state that Smith provides an "overall neglect of the entrepreneurial function."¹⁸

That conjectural deductions were really Adam Smith's forte is further corroborated by Smith's failure to observe the turmoil brewing in France. John Rae's defense of Adam Smith on this issue is revealing.

McCulloch has expressed astonishment that for all his long stay in France Smith should have never perceived any foreshadowings of the coming Revolution, such as were visible even to a passing traveller like Smollett. But Smith was quite aware of all the gravities and possibilities of the situation, and occasionally gave expression to anticipations of vital change. He formed possibly a less gloomy view of the actual condition of the French people than he would have heard uttered in Quesnay's room at Versailles, because he

always mentally compared the state of things he saw in France with the state of things he knew in Scotland, and though it was plain to him that France was not going forward so fast as Scotland, he thought the common opinion that it was going backward to be ill founded.

Rae does not see that these observations do not approach the makings of a "Revolution." This is a good illustration of Koebner's point that sensitiveness to rapid economic change was not "characteristic of the workings of his [Smith's] mind."¹⁹

The same point reappears in Smith's account of the fall of the feudal system.

What all the violence of the feudal institutions could never have effected, the silent and insensible operation of foreign commerce and manufactures gradually brought about. These gradually furnished the great proprietors with something for which they could exchange the whole surplus produce of their lands, and which they could consume themselves without sharing it either with tenants or retainers. All for ourselves, and nothing for other people, seems, in every age of the world, to have been the vile maxim of the masters of mankind. As soon, therefore, as they could find a method of consuming the whole value of their rents themselves, they had no disposition to share them with any other persons. For a pair of diamond buckles perhaps, or for something as frivolous and useless, they exchanged . . . the maintenance of a thousand men for a year, and with it the whole weight and authority which it could give them . . . and thus, for the gratification of the most childish, the meanest and the most sordid of all vanities, they gradually bartered their whole power and authority.

This graphic illustration of a society in transition is surely extraordinary for anyone who considers economic determinism to have some merit.

The issue itself was not a new one in English history, since several historians had considered the pivotal role of Henry VII in lowering the nobility and raising the commons. David Hume gave some importance to the general growth of prosperity even while accepting the considerable consequences that flowed from Henry VII's law permitting the nobility to alienate their estates. Smith's emphasis on the hidden hand is unique among his contemporaries. The partiality for a conjectural history, under Providential guidance, is considerably in evidence.²⁰

IV. One of the principal questions that should be, but has rarely been, asked is whether Smith's observational abilities and capacity to marshal facts is superior to that of his contemporaries. Since perceptive Englishmen would observe a more advanced economy than Smith, it seems more fair to use two Scotsmen; Adam Anderson, who lived largely in England, and a "pure" Scot, the Rev. Thomas Hepburn.

Adam Smith used Anderson's Historical . . . Account and referred to the "sober and judicious" Anderson. What are some of the notable aspects of Anderson's historical treatment of Commerce? First, Anderson is well aware of the interplay of politics and economics.

1509. This year is also remarkable for the death of Henry VII. King of England. We may therefore, with Mr. Echard and others before him, justly remark, that several laws made in his reign, and by his influence, were very conducive to the advancement of agriculture and commerce; . . .

"By gradually," says Echard, "putting stops to the power of the nobility, who had "lately raised such storms in the nation;" that is, particularly against himself, leave was granted, as we have seen, to all freeholders, who went with the King in his wars, to alienate their freeholds at pleasure, without fines for alienation. Which was a good means to make land estates change proprietors the more easily and frequently, as the commerce and wealth of the nation gradually increased. He wisely enough considered the old maxim, dominium sequitur terram, and that King John's Barons were often too hard for him, because most of the lands were possessed by them, or by their vassals; and that as he himself had been raised by the nobility, he might possibly be cast down by them.

While quoting the Acts of Parliament frequently, Anderson is often critical of the motives which led to the passage of various laws as well as the representativeness of Parliamentary Acts in describing their own age.

Whoever will attentively consider the gradual increase of the trade, manufactures, and people of England, must, at the same time, acknowledge, that in some of our acts of Parliament of old, the true condition and increase thereof was far from being fairly or justly stated; being often egregiously misrepresented either in the preamble, or in the main bodies of such statutes; sometimes probably to answer the temporary and sinister purposes of men in power, and perhaps sometimes only from mere inadvertency and ignorance (emphasis added).

. . . In several other acts of Parliament of old, we find the pewterers, clothworkers, &c. companies of London, and other towns, in their complaints against non-freemen, among other things confidently asserting, "that a multiplicity of artists "causes the enhancing of the price;" the

contrary of which is long since known to be invariably true. Neither is the other accusation against a multiplicity of workmen always true, viz. that of making slighter goods, since such a multiplicity will as often strive to excel in goodness and ingenuity as in cheapness.

He is equally careful in using the Acts of Parliament as a source of data.

1535. We may have already observed, that since the accession of King Henry VIII. there was not only a great increase of the woollen manufacture of England, but likewise of its foreign commerce, and also many other marks of increasing riches. Nevertheless, any one entirely unacquainted with the circumstances of England at that time, would be led to imagine quite the contrary, by only perusing the preambles of certain acts of Parliament of the twenty-sixth and twenty-seventh years of that King's reign.

The Acts of Parliament were by no means the only sources Anderson used. Rymer's Foedra appears to be most frequently used and this is supported by the best contemporary authors as necessary. For the period between 1600-1650, for example, John Wheeler, Gerald Malynes, Edward Misselden, Thomas Mun and Lewis Roberts are supplemented with an unpublished and highly interesting account by Sir Robert Cotton. Adam Smith cannot be said to show any improvement over Adam Anderson in the critical use of historical documents.²¹

When James Boswell published the account of his trip to the Highlands of Scotland with Dr. Samuel Johnson, many readers noted the perceptive comments on economic development. Since Dr. Johnson is known to have been more than ordinarily knowledgeable about economics, it is more instructive to look at the comments of an ordinary clergyman, the Rev. Thomas Hepburn, on the economic condition of the Orkneys. Hepburn begins A Letter to a Gentlemen from his friend in Orkney, containing the true causes of the poverty of that country (written in 1757) by noting that "In a free country like ours," poverty can result only from natural causes or a want of effort.

In a free country like ours, the poverty of any particular district must be owing to one or more of the following causes, viz. the climate, soil, situation, want of improvement in agriculture, neglect of manufactures and fisheries, destructive and illegal trade, luxury, that species of oppression which eludes the force of law, or, lastly factions.

A survey of Orkney's situation shows no physical reason for poverty and Hepburn reviews in succession the backward nature of tillage, grazing and planting, of which it will suffice to quote one.

The progress of agriculture, you know, sir, depends in a great measure on the landlords: The flourish-state of agriculture in England is much owing to the humanity of the landlords; most part of our Orkney lairds seem to be absolutely devoid of this divine principle; they crush the spirit of improvement in the farmers, by short leases, grassums, numerous unlimited services, and many other hardships; all the rents are payable in kind, and high prices are demanded for deficiencies, which happen often; so that two good crops are scarce sufficient to make up for one bad crop: they are entirely ignorant of the art of keeping their grounds clean, and in good order; hence their crop is frequently choked with weeds, is ill to be won, the grain is small, hungry, and often unwholesome; they sow no grain but small rough bear, and black oats, alternatively; their plow has but one stilt, the plowirons are so clumsy and short, that the furrow is very shallow and unequal, and must often be delved with spades; their harrow is small, light, and timber-teethed; they use no wheel-carriages, nor oxen plows, though their horses are but of the ordinary sheltly kind; they never fallow their corn lands, but near the hills they lay them lee for one year. How rude must agriculture be in that country, where they winnow all their corns through their fingers, instead of sieves, riddles, or fanners? What sort of farmers must they be, who fleece fine meadow grounds, to lay on their corn lands?

After describing in some detail the poor practices of the farmers and the utter lack of interest in the landlords, Hepburn goes on to discuss the possibilities of manufacturing and laments the want of attention to Orkney's comparative advantage in fishing.

Only one kind of manufacture is carried on in Orkney, that of the spinning of linen yarn, which was ill received at first, as all innovations are, by rude and ignorant people; but the commonality are now reconciled to it, and no wonder, for it brings to numbers of them yearly a pound for every shilling they were formerly possessed of: Several persons who deal in this manufacture, pay the spinners in spirits and Dutch tobacco. I had almost forgot to tell you, that many Orkney landlords and their wives exact intollerable and burdensome services of spinning from their tenants: Little lintseed is sown in Orkney, tho' the soil is very proper for it. Whoever has a mind to try any manufacture in Orkney, will meet with this encouragement, that the price of labour is not high.

But the chief neglect in Orkney I take to be that of fishing, which might be here, as in the neighboring islands of Zetland, the staple commodity of the country; but Orkney is so divided, the prejudices of the inhabitants so many, and almost incurable, that the union of any number of them, considerable enough for promoting this, or any other publick spirited scheme can hardly be expected.

Smuggling and luxury are next in attracting Hepburn's attention.

Smuggling, or illicit trade, the bane of every society where it prevails, falls next to be considered; this mischief, I am sorry to inform you, has made a rapid progress in Orkney for thirty years past; it is now at such an height, that the value of Dutch gin, Dutch tobacco, French brandies, wine, rum, tea, coffee, sugar, &c., yearly imported by smuggling, is equal, at a moderate computation, to two-thirds of the yearly rent of the country.

. . . I am sure there is more tea, punch, and spirits of all kinds drunk, more silks, velvets, cambrics, and other fineries, used in Orkney, in proportion to the wealth of the country, than in the richest countries of Scotland.

Hepburn is not opposed to consumption provided it be supported by industry, but in the Orkneys he finds it "imported like any idle fashion" and he goes on to provide a sociological explanation for the prevalence of fashion.

In these confined islands, almost all the families of any standing are related to one another by the ties of blood. A stranger would readily fancy all the gentle people a family of cousins; nor would is fancy be wrong. Hence as relation is more permanent than fortune, there must be many unequal marriages. Now, whether the odds of fortune is on the side of the man or the woman, it is certain that they don't fix the rate of living according to the returns of their industry. They rather incline to imitate, in some measure, in every article of life, the manners and fashions of their rich relations. This makes luxury more general here, than in most places on the continent of Scotland.

Having suggested in the beginning that oppression is a ground for poverty, Hepburn makes some perceptive observations on the bad influence of custom in a free country.

Oppression is of two kinds: either such as is directly against the laws of the land, and consequently punishable by them, or such as arises from antient usages, prejudices, and customs, from avarice, inhumanity, or other causes which elude the force of law. Instances of both kinds in Orkney could be adduced, tho' the first is rare, and feeble in its effects, when compared to the second, which is common over all Scotland, and more violently exercised in some northern countries than even in Orkney. This species of oppression consists of particulars already mentioned; such as short tacks, rents payable in every product of industry, entry-mones or grassums, numerous, and what is worse, undetermined services. These forever retard improvement, and keep the husbandman in such poverty, and so slavish a dependance,

that he is continually subjected to a thousand nameless hardships. It is indeed impossible to enumerate every particular oppression which springs from these sources, or the various mischiefs occasioned by them.

Where in the Wealth of Nations is there a superior description of underdevelopment?²²

V. The role played by "facts" in Adam Smith's economic philosophy would be most clearly demonstrated by his approach to the major policy issues of his day. The range of facts that he could personally observe or see as a Customs commissioner is slight compared with those he would have to marshal to make his case for economic liberty in the Wealth of Nations. How did Smith search out his facts? How did he choose his authorities from the available sources and what use did he make of them? In order to provide some system to this inquiry it is useful to proceed by considering those issues dealt with in the Wealth of Nations that were of considerable contemporary significance. In the domestic economy the most important issues would be the Poor Laws and the Inland Corn Trade; the Corn Bounty and the Wool Trade are of equal importance to both domestic and foreign affairs; while Joint-Stock Overseas Companies and the Methuen Treaty serve to illustrate all major issues of foreign trade.

In the course of the Wealth of Nations, Adam Smith expresses his opinion on many topics of interest--several of which have attracted considerable attention because they involve substantial historical interpretation even though they involve much more than "facts" in the narrow sense used in most of this article. One of the most important of such views is Smith's claim that economic policy was based on the self-interested advice of merchants. However desirable it might be, one can scarcely expect a detailed defense of this presumption by Adam Smith. But the existence of the presumption must be noted because it can be expected to influence Smith's choice and interpretation of facts. Modern economic historians, such as Charles Wilson, have pointed out that the explanation leaves unanswered the question of how one decides between the claims of rival merchants, while Ralph Davis has made the simple but striking observation that the existence of a protectionist economic policy is not visible until the very end of the seventeenth century.²³

WOOL: The Wool Trade--England's Golden Fleece--was certainly one of the most frequently discussed issues of the seventeenth century. As the major source of England's foreign exchange, Wool had always been a constant source of concern for the English. As soon as they were able to manufacture their own woollen cloth the English prohibited the export of wool so as to ensure that they got the maximum benefit from their golden fleece.

Adam Smith does not have a separate chapter or even a separate section on the Woolen Trade. He first refers to it in the midst of a discussion on the path of prices in the course of economic growth. Wool, being raw produce, should have risen in price according to theory. Nonetheless, relying on the Rev. John Smith's Chronicon Preciosum, Smith finds that wool has fallen considerably. Relying partly on the explanation of the Rev. Smith, Adam Smith explains this fall in price as the result of interference in the market.

This degradation both in the real and nominal value of wool, could never have happened in consequence of the natural course of things. It has accordingly been the effect of violence and artifice: First, of the absolute prohibition of exporting wool from England; Secondly, of the permission of importing it from Spain duty free; Thirdly, of the prohibition of exporting it from Ireland to any other country but England.

In a fine analysis of the pricing of joint products, Smith points out that wool provides a greater proportion of the value of sheep in poor countries. It was to be expected that after the Union with England, Scottish wools would fall considerably due to their also being subject to the English prohibitory laws.

The wool of Scotland fell very considerably in its price in consequence of the union with England, by which it was excluded from the great market of Europe, and confined to the narrow one of Great Britain. The value of the great part of the lands in the southern counties of Scotland, which are chiefly a sheep country, would have been very deeply affected by this event, had not the rise in the price of butcher's-meat fully compensated the fall in the price of wool.

This is all that Smith has to say on this important industry in the first two editions.²⁴

In 1781 there was a considerable debate on the exportation of wool and in the third edition, published in 1783, Smith returned to this topic in a new chapter that was added to the third edition entitled "Conclusion of the Mercantile System." Smith begins by acknowledging the political power of the woolen manufacturers.

Our woollen manufacturers have been more successful than any other class of workmen, in persuading the legislature that the prosperity of the nation depended upon the success and extension of their particular business.

However Smith leaves no doubt as to his feelings on this issue.

But the cruellest of our revenue laws, I will venture to affirm, are mild and gentle, in comparison of some of those which the clamour of our merchants and manufacturers has

extorted from the legislature, for the support of their own absurd and oppressive monopolies. Like the laws of Draco, these laws may be said to be all written in blood.

In the next few pages Smith provides a detailed account of the various restrictions on the growers and transporters of wool--restrictions which were justified by the claim that English wool was superior and a necessary ingredient for good cloth. Without providing any references, Smith claims that "English wool is . . . altogether unfit for it [fine cloth]." On the authority of the Chronicon Smith then points out how these restrictions have depressed the price of English wool below that of inferior wool in Amsterdam. The lower price of wool has not however significantly reduced the quantity of wool because sheep provide meat and hides as well as wool and the price of the other two products had risen sufficiently to continue the supply of wool. While the production of wool has not declined, it is to be expected that shepherds would not be as solicitous of the quality of the wool, which should decline. Smith does not find this outcome verified by the facts so he claims a counterfactual.

Notwithstanding the degradation of price, English wool is said to have been improved considerably during the course even of the present century. The improvement might perhaps have been greater if the price had been better.

Smith's final words on this topic support a tax on the exportation of wool, an action seemingly at variance with his Free-Trade principles, and one which has evoked various explanations.²⁵

The remarkable feature of Adam Smith's account of the Wool Trade is its perspective. The first two editions deal with wool only in passing while the third edition only stops to add a vigorous condemnation of the woolen manufacturers. How could one guess from such an account that the Woolen Trade was the major export of England for centuries and that more effort had perhaps been expended in supporting this manufacture than any other.

TREATIES OF COMMERCE: The chapter in The Wealth of Nations in which Adam Smith deals with the Methuen Treaty has a quaint selection of matter. It is entitled "Treaties of Commerce," but only two pages of the whole chapter deal with the general topic of treaties of commerce. Six pages concentrate on the Methuen Treaty, with the entire transcription of the text of the Treaty included. The account itself is somewhat oversimplified since it does not trace the evolution from large surpluses in the early years to moderate surpluses in the 1760's. The final six pages analyze seigniorage in England, a subject so evidently misplaced that Smith found it necessary to apologize for its inclusion.

According to Smith, the figures available on the transfers of gold from Portugal to England were exaggerated because "it would amount to more than two million six hundred thousand pounds a year, which is

more than the Brazils are supposed to afford." The text written by Joseph Barette is misinterpreted by Smith, as pointed out by Edwin Cannan. The text of Barette's Letter XVI, is as follows:

Almost every week a packet sails from Falmouth to Lisbon with only the mail that is sent from London. Mails are not heavy cargo, but when a packet sails back to England, besides the returning mail, it has that hole fill'd with so many bags of Portugal coin, as often amount from thirty to fifty, and even sixty thousand pounds sterling. A round sum when we look into the almanack, and find that every year has two and fifty weeks.

The expression "almost every week" cannot be equalized to 52 weeks a year, nor can the remark "often amount from 30 to 50, and even 60 thousand pounds sterling" warrant an average as high or higher than 50 thousand.

Another of Smith's exaggerations is suggested here: the Brazilian production of gold in the eighteenth century was assessed by several authors and all of them suggest that the mines yielded a greater quantity of gold than what Barette reported was transported from Lisbon to great Britain, especially when the impact of smuggled gold is added to the figures of contemporary sources.²⁶

There is no question that the Methuen Treaty put an end to a series of restrictions on the imports of woolen cloth from England, which had been imposed by the Portuguese government. Notwithstanding, the only considerable advantage of the Portuguese trade admitted by Smith, though not "a capital advantage," is the effect of "facilitating all the different round-about foreign trades of consumption which are carried on in Great Britain," produced by the gold transferred from Lisbon. The advantages gained by becoming banker to Portugal are not even noticed.

The most important historical critique of Smith's treatment of the Methuen Treaty was provided by Henry Brougham, who felt that no man "of common understanding" would have accepted such a treaty as Smith described and which Smith described as "evidently advantageous to Portugal, and disadvantageous to Great Britain." Brougham provides us the background to the treaty:

This statement, however, is fundamentally erroneous, inasmuch as it omits to consider the extent and nature of the prohibition repealed in the treaty. In 1644, (the jealous spirit of the French cabinet having a short time before prohibited Brazil goods), Portugal prohibited the entry of all French goods. The hands of the nation were, during the remainder of the seventeenth century, turned to manufactures, particularly those of wool; and with so much success, that in 1684 the government under Erricira's administration prohibited all importation, either of the raw material or of

woollen goods. This occasioned great murmurs, chiefly on account of the diminution sustained by the revenue; and at the same time Britain was endeavouring to supplant the French wines in her home market, by the introduction of the Portuguese. Both governments, therefore, were soon disposed to conclude a bargain, which should again open the Portuguese market to British woollens, and should promote in Britain the use of Portuguese wines. This gave rise to the arrangements which terminated in the Methuen treaty.

Adam Smith quotes the literal terms of the entire treaty, without giving any indication of the historical background, thereby providing spurious accuracy to his account. After the background given by Brougham, the value of the treaty becomes evident:

The paction, then, is short and simple; it is, that Portugal shall repeal the law of 1684, in favour of Britain, and that Britain, in return, shall admit Portuguese wines at two thirds of the duties paid by French wines. The preference is mutual. The prohibition of 1644 against French goods remains in full force: the prohibition of 1684 remains also in full force against French and all other woollens, except British woollens. British woollens alone are admitted; all others excluded. Here, then, is a monopoly of the Portuguese market granted to British goods, in return for a preference given to Portuguese wines over those of France. Wherefore, the advantage granted to British woollens is much more general than that given to Portuguese wines. Dr. Smith's objection proceeds entirely from confining his view to the terms of the treaty, which do not expressly say that the laws of 1644 and 1684 are to remain in force, unless in so far as the latter is repealed by the treaty.

It may be said that Smith did not wish to mislead his readers and was himself unaware of the historical background, but this scarcely serves to rescue his reputation as an economic historian.²⁷

POOR LAWS: Adam Smith does not deal directly with the Poor Laws but focuses upon one aspect of the Laws--the restrictions to the mobility of labor caused by the Law of Settlements. "The difficulty of obtaining settlements" Smith tell us "obstructs even that of common labour. It may be worth while to give some account of the rise, progress, and present state of this disorder, the greatest perhaps of any in the police of England." These strong words require careful factual justification.

Smith begins by noting the introduction of the Poor Laws upon the abolition of the monasteries and the responsibility for the poor laid upon each parish. This law put every parish on guard against providing for the poor who were not their own. The issue was decided by considering only those who had resided for forty days in a parish as belonging to the parish. Since parish officers were bribed to provide

false settlements, the law was amended to requiring forty days residence after public notice had been provided in the church. Such a settlement was rarely obtained as no parish wished to obtain chargeable poor. In order to permit a more free circulation those who could provide certificates from their own parish were free to be employed in other parishes. However, this only made it against the interest of any parish to give a certificate in the first place, and they were issued only with difficulty.

Smith's entire presentation is dependent upon Richard Burn, History of the Poor Laws. Smith quotes liberally from the History and refers to Burn as a "very intelligent Author." At one point he goes beyond Burn in claiming that the parish officers were bribed to provide settlements, but does not provide any independent evidence.²⁸ He draws a much stronger conclusions from his presentation than Burn does:

The very unequal price of labour which we frequently find in England in places at no great distance from one another, is probably owing to the obstruction which the law of settlements gives [to the free movement of labour].

Smith does not back up his claim of widely varying local wages with any specific data. In the next paragraph he assigns the continuation of the law to the inability of the common Englishman, who is otherwise jealous of his rights, to see just how great an infringement this part of the Poor-Laws are. Smith concludes that:

There is scarce a poor man in England of forty years of age, I will venture to say, who has not in some part of his life felt himself most cruelly oppressed by this ill-contrived law of settlements.

Campbell and Skinner, following Sir F. M. Eden, remarked appropriately on this strong assertion that it appears dependent on William Hay, a member of the House of Commons who published his Remarks on the Poor Laws in 1735. According to Hay,

a poor man is no sooner got into a neighbourhood, habitation and employment that he likes, but, upon humour or caprice of the parish, he is sent to another place, where he can find none of these conveniences; not certain long to continue there; for perhaps, after the appeal, he is sent back again, and then hurried to a third place; and sometimes is a great while before he knows where he shall be at rest. In the meantime he is at expense in removing his family and goods, or perhaps, not able to carry them with him, is forced to sell them at a disadvantage; he loses his time, and is obliged to neglect his work, which is his only support; so that 'tis no wonder if by this treatment he is very much impoverished; and from being only likely to become chargeable, is actually made so.

Smith's claims were disputed by the Rev. John Howlett, otherwise an admirer, but who doubted very much if Scottish wages were more uniform than English. Howlett claimed that the hard-hearted watched carefully over their money, thereby extracting so much industry from the poor that English paupers earned two to three times as Scots did at the same manufacture.

This surely but ill accords with the reasonings of Lord Kames and Dr. Adam Smith, who both contend that our system of poor-laws has rendered our labourers worthless and lazy, while those of their own country are industrious and diligent.

Howlett goes on to claim that the Laws of Settlement scarcely shackle labor, else how could cities like Manchester grow? It is always demand and supply, Howlett says, that determine the wages of labor, which need not be uniform across the country nor rise with the costs of subsistence. Shortly thereafter, Sir F. M. Eden was to repeat the same points regarding Smith's factual claims in his study on the poor. Smith's account of the Poor-Laws is based as much on qualitative inference as on fact.³⁰

CORN TRADE: The Corn Trade was certainly one of the most important political issues facing Britain. The Bounty on the Exportation of Corn was one of the most widely controverted issues of the mid-eighteenth century and its suggested replacement by the free importation of Corn was to become even more contentious in time. In one way it is very easy to characterize Smith's attitude to facts on this critical policy issue--Smith relied on Charles Smith's Three Tracts on the Corn Trade as much as possible and went to Bishop Fleetwood's Chronicon Preciosum when the Tracts could not be used. Adam Smith does not discuss any corn-trade pamphlets other than the Three Tracts nor does he explain why he chooses this pamphlet above the others. Most subsequent commentators have agreed on the dispassionate portrayal of facts by Charles Smith and Adam Smith's choice of the Three Tracts shows good judgment, especially so since the policies approved of by Charles Smith are not those advocated by Adam Smith.

The Corn Bounty is discussed at some length in two different places in the Wealth of Nations but the treatment is basically repetitive, so it will suffice to follow that given in Book IV. The central fact, which Adam Smith does not dispute, is that corn has become cheaper during the eighteenth century. Supporters of the Bounty insisted that this was proof of the benefit of the Bounty. Smith provided several different arguments to insist that this claim was suspect and even suggested that the low price of corn was a doubtful gain. First, the lower price of corn was not due to the Bounty because France, which had no Bounty, also enjoyed a similar decline in the price of corn. Smith's strong words are that the decline in price "must have happened in spite of the bounty and cannot possibly have happened in consequence of it." One would think from this claim that there was no theoretical reason to believe that a bounty even tended

to reduce the price of corn. The theoretical attack on the corn bounty is not the focus of this paper, but it should be noted that Smith does attempt to make just such an argument in the pages that follow.³¹ At one point Smith supposes that the tax laid upon the people to support the high prices generated by the bounty to be four shillings the bushel. "Even upon this very moderate supposition" Smith claims that a "very heavy" tax is laid upon the British people to support the Bounty. Edwin Cannan comments that

It is really anything but a moderate supposition. It is not at all likely that the increase of demand caused by the offer of a bounty on exportation would raise the price of a commodity to the extent of four-fifths of the bounty.

Smith goes on to deny at length that the real price of corn is even raised by the Bounty. In support of this proposition Smith claims that "the money price of corn regulates that of all other commodities," a claim modified in the third edition with "home-made" to qualify commodities. After a long argument, Smith concludes that

The nature of things has stamped upon corn a real value which cannot be altered by merely altering its money price.

If we dismiss the rhetoric about "the nature of things," this is really an empirical proposition. Smith shows no interest in looking for any evidence that would support or refute such an extraordinarily strong proposition. He would not have had to look very far for a model to follow. Arthur Young had considered a similar proposition regarding wages very carefully in Political Arithmetic and provided a plentitude of evidence to refute it; indeed, Smith himself appears to have followed Young's lead in the chapter on the Wages of Labour in Book I. Sir James Steuart focussed on this as the critical point in the Scottish policy debate.³²

If the Glasgow Merchants can show from uncontroverted evidence that wages keep pace with the price of oatmeal, rising and falling, as oatmeal rises or falls, I give up my opposition to their Plan.

OVERSEAS JOINT-STOCK COMPANIES: Attacks on the monopolistic position of many overseas joint-stock companies forms a constant theme of the English pamphlet literature and the Wealth of Nations, as may be expected, takes a strong stand against them.

The directors of such companies, however, being the managers rather of other people's money than of their own, it cannot well be expected, that they should watch over it with the same anxious vigilance with which the partners in a private copartnery frequently watch over their own. Like the stewards of a rich man, they are apt to consider attention to small matters as not for their master's honour, and very easily give themselves a dispensation from having it.

Negligence and profusion, therefore, must always prevail, more or less, in the management of the affairs of such a company. It is upon this account that joint stock companies for foreign trade have seldom been able to maintain the competition against private adventurers. They have, accordingly, very seldom succeeded without an exclusive privilege; and frequently have not succeeded with one. Without an exclusive privilege they have commonly mismanaged the trade. With an exclusive privilege they have both mismanaged and confined it.

The conviction that this description is accurate was apparently buttressed by facts taken from Adam Anderson's Historical Account . . . of Commerce. However Smith does not interpret his facts very carefully in referring to the years between 1681 and 1691 as a period of "great distress" for the East India Company. According to W. R. Scott, the distressful company was providing average dividends of 50 percent per annum for a decade! With the considerable connections of Dundas, Pulteney and later, Pitt, Smith could have obtained access to the letter books of the company but showed no visible inclination to do so. They would have revealed a minute attention to detail and a cry for economy on the part of the directors in London.³³

Since the root of mismanagement lay in the divided and lowered incentive to efficiency in the management, Smith felt that the profits of the Hudson's Bay Company arose from the fact that it approached a partnership because it had a "very small number of proprietors." When Smith wrote, there were 89 distinct holdings and the number of shareholders appear to have been more numerous in earlier years. Scott's appropriate comment is that Adam Smith

is inclined to ignore its financial successes and to record only the other side--even . . . to assume results to support his pre-conceived opinion.

The first example Smith provided to make his case against monopolistic companies was the Royal African Company. The Company was assumed to have received an effective monopoly by a charter of 1672; to have mismanaged its affairs as a result, and to have failed when it faced private traders after 1688. Walter Galenson has said of this analysis that "Subsequent research has shown that Smith erred in both premises and conclusions." Smith cannot be expected to be aware of "subsequent research," but some of the facts noted by these researchers cannot have been secret in 1776. That the grant of a monopoly was not enough to make it effective; that directors in London tried but could not control the actions of distant agents; that the political power of the West India planters was such as to prevent prosecution of private traders and to prevent collection of the substantial debts owed the Company by the planters.

The political economy of such Companies is also neglected by Smith. When he claims that East India goods would be cheaper if bought from

other European countries, he avoids the emphatic denial of all supporters of the Company since Thomas Mun. Would the Dutch have sold Indian goods as cheaply as the Company? Assuredly not. Smith's reluctance to grant this point after noting how the Dutch burned half their spice crop to maintain monopoly prices is all the more remarkable.³⁴

VI. The Wealth of Nations was praised for its factual approach immediately upon publication and a steady chorus of approval has continued from then to this day. There is no doubt that Smith's ability to bring into significance broad general facts about the growth of civilization. The following link between warfare and opulence is not only interesting in its own right, it also adds enormously to the books readability.

In modern war the great expense of fire-arms gives an evident advantage to the nation which can best afford that expense, and consequently, to an opulent and civilized, over a poor and barbarous nation. In antient times the opulent and civilized found it difficult to defend themselves against the poor and barbarous nations. In modern times the poor and barbarous find it difficult to defend themselves against the opulent and civilized. The invention of fire-arms, an invention which at first sight appears to be so pernicious, is certainly favourable both to the permanency and to the extension of civilization.

In addition to this generalized economic history, Smith frequently made claims for more detailed investigations of a more exacting and scholarly nature. For example, when Messance is stated to be a "French author of great knowledge and ingenuity"; when both Bishop Fleetwood and Thomas Ruddiman are criticized for their use of data; or in the glowing Acknowledgement to Henry Hope that Smith added in the fourth edition with the claim regarding the Bank of Amsterdam "of which no printed account had ever appeared to me satisfactory, or even intelligible"--these statements are all calculated to suggest a knowledgeable and painstaking scholar.³⁵

An examination of Smith's facts and references show that he sometimes had good judgment in choosing authorities, as in the case of Charles Smith on the corn trade. His reliance upon Adam Anderson's Origins for the histories of trading companies misled Smith, according to W. R. Scott. The Rev. Alexander Webster was considered by Smith to be the 'most skilful' man in Political Arithmetic he had known but James Bonar finds Webster's work to be "full of conjectures, 'computations', and assumptions," i.e., the very defects that brought Political Arithmetic into disrepute. Smith's wisdom in choice of sources has thus to be interpreted in a comparative sense--Smith could

find out the best available author in a given field, but he did not treat this 'best' author with a close, critical eye. However, Smith characteristically used only one source and used the facts from this source to make his own conjectures. As economic historians have pointed out, the procedure led to mistaken assertions on the behavior of companies. Sometimes his native love of liberty was so strong that he did not look at facts too carefully, as in his claim that slavery was an uneconomic proposition.³⁶

Smith's words on some of the policy problems he did treat, such as Poor Laws, have been characterized as near propaganda. Bias on such issues is to be separated from items which reflect a general philosophic bias, where Smith has a charming weakness for philosophical history.³⁷ Even though he is, rightly, celebrated as one of the defenders of self-interest, Smith could not resist the picture of Feudalism committing euthanasia through trinkets because it supported the notion of Providence guiding mankind.

A revolution of the greatest importance to the publick happiness, was in this manner brought about by two different orders of people, who had not the least intention to serve the publick. To gratify the most childish vanity was the sole motive of the great proprietors. The merchants and artificers, much less ridiculous, acted merely from a view to their own interest, and in pursuit of their own pedlar principle of turning a penny wherever a penny was to be got. Neither of them had either knowledge or foresight of that great revolution which the folly of the one, and the industry of the other, was gradually bringing about.

So far, Smith has mixed success in his attitude to facts. Smith's deficiencies come into sharper focus when we look at his treatment of contemporary policy issues. One of the great surprises here is the number of economic debates he simply avoided discussing in depth. Roughly in order of importance, they are

- 1) The question of full employment,
- 2) The development of underdeveloped regions, such as Ireland or the Scottish Highlands,
- 3) Population in general, and immigration policies in particular,
- 4) Infant industries,
- 5) Enclosures and the efficient size of farms,
- 6) Machinery and its role,
- 7) The conflict between rich and poor nations.

These omissions only serve to reinforce the points raised earlier by Koebner and Kindleberger that significant quantitative changes seemed to pass Smith by.

In his parting shot at the Corn Bounty, Smith claims that perfecting the security of property is the real achievement of the Revolution of 1688 and not the Corn Bounty.

That system of laws, therefore, which is connected with the establishment of the bounty, seems to deserve no part of the praise which has been bestowed upon it. The improvement and prosperity of Great Britain, which has been so often ascribed to those laws, may very easily be accounted for by other causes. That security which the laws in Great Britain give to every man that he shall enjoy the fruits of his own labour, is alone sufficient to make any country flourish, notwithstanding these and twenty other absurd regulations of commerce; and this security was perfected by the revolution, much about the same time that the bounty was established.

In view of the myriad of facts that influence the social sciences, it is not unreasonable to call someone a "strong" or "a priori" theorist if some one single factor is claimed to be sufficient to overcome all other potential influences. In this instance Smith's words clearly mark him as an "a priori" theorist. He emphasizes the power of self-interest, when left alone, to be capable, almost by itself, of raising a country to prosperity.³⁸

The natural effort of every individual to better his own condition, when suffered to exert itself with freedom and security, 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; though the effect of these obstructions is always more or less either to encroach upon its freedom, or to diminish its security. In Great Britain industry is perfectly secure; and though it is far from being perfectly free, it is as free or freer than in any other part of Europe.

The interpretation of Adam Smith as an a priori theorist who used facts solely to corroborate his theories is supported by all the counterfactuals Smith repeatedly uses.³⁹ It is also suggested by smaller incidents. Smith attributes the freeing of slaves by the Pennsylvania Quakers not to altruism but to the want of profitability and Smith is confident that corporations were hurting trade in England, a claim that made even admirers ask for the evidence on which this opinion was based.⁴⁰

Smith's desire to uphold the virtues of self-interest and free trade leads him to some simple factual misinterpretations, as noted by

W. R. Scott. To enforce his claim that Joint-Stock Companies cannot be successful Smith considers the wrong ratio indicating the extent to which a joint-stock proprietor will be concerned about the management of the company.

He regarded the aggregate holding of the management in relation to the total capital of the company as the measure of efficiency, whereas the real standard was the proportion of the original cost of the stock of each individual committee or assistant to his whole wealth. If that proportion were large there were obviously sufficient inducements towards efficiency. Prince Rupert had only £300 original stock in the Hudson's Bay company, but his financial condition was such that this sum was of importance to him, and he appears to have taken a very great interest in the enterprise. In the East India company the qualification of a committee was £1,000 stock, of the governor £4,000, in the Royal African company that of an assistant was £2,000--sums which would probably be of sufficient importance to most of the adventurers in the seventeenth century to make them attentive to their duties.

Similarly, we find Smith trying to persuade landowners that they have little to lose by making the corn trade free by noting how little is imported under the existing Corn Laws.

Even the free importation of foreign corn could very little affect the interest of the farmers of Great Britain. Corn is a much more bulky commodity than butcher's-meat. A pound of wheat at a penny is as dear as a pound of butcher's-meat at fourpence. The small quantity of foreign corn imported even in times of the greatest scarcity, may satisfy our farmers that they can have nothing to fear from the freest importation. The average quantity imported one year with another, amounts only, according to the very well informed author of the tracts upon the corn trade, to twenty-three thousand seven hundred and twenty-eight quarters of all sorts of grain, and does not exceed the five hundredth and seventy-one part of the annual consumption.

As critics pointed out immediately on the publication of the Wealth of Nations, the existing figures on corn imports were almost irrelevant to what would happen without the Corn Laws. A slip of lesser significance was pointed out by David Hume on his first reading of the Wealth of Nations. A seignorage charge of 8 percent by the French King was implausible, Hume protested, and Garnier later justified Hume's observation. It would appear that Smith did not possess much facility for the quantitative implications of self-interest.⁴⁰

Smith's ability to make acute observations on the behavior of various classes has been noted earlier. It appears that he had seen corn merchants to be the most vigorous supporters of the Corn Laws. Smith felt that this was quite consistent with his theory.

The corn merchants, the fetchers and carriers of corn between Great Britain and foreign countries, would have much less employment, and might suffer considerably; but the country gentlemen and farmers could suffer very little. It is in the corn merchants accordingly, rather than in the country gentlemen and farmers, that I have observed the greatest anxiety for the renewal and continuation of the bounty.

A simpler explanation however was available to anyone who would look at the facts about the bounty and the relevant transport costs. Dutch storage costs were lower than English ones and the bounty was large enough to make it worthwhile to engage in speculative storage in Holland until English prices rose. Smith correctly observed how the corn merchants supported the bounty but did not base his explanation of this interest on a direct examination of the relevant facts. Smith could also be quite oblivious of the non-economic aspects of an economic measure. He chose to comment at length on the herring bounties in the edition of 1784, when he was already Commissioner of Customs for some time, but quite ignored the fact that a major reason for the bounty was the encouragement of seamen.⁴²

Sir George Clark has claimed for Adam Smith the position of greatest of economic historians. I am sorry to have provided such a litany of complaints about such an illustrious figure. Having had to look at Malthus' use of "facts" in the Essay on Population I cannot say that I am entirely surprised.⁴³ Smith did use an abundance of facts, but he used them to illustrate already established convictions. Perhaps the clearest example is Smith's treatment of a "fact" noted by Sir James Steuart in his Principles (1767). The disbanding of soldiers after a war created hardship due to the suddenness of the change and Steuart (like many contemporaries) felt that the government was obliged to provide assistance to those who had risked their lives for their country. Adam Smith, on the other hand, pointed to the lack of hardship of the disbanded soldiers after the Seven Year War.⁴³ Smith not only noticed that this would support the case for Free Trade but went a step further and argued that it proved the benefits of abolishing corporations and settlement laws.

Soldiers and seamen, indeed, when discharged from the king's service, are at liberty to exercise any trade, within any town or place of Great Britain or Ireland. Let the same natural liberty of exercising what species of industry they please be restored to all his majesty's subjects, in the same manner as to soldiers and seamen; that is, break down the exclusive privileges of corporations, and repeal the statute of apprenticeship, both which are real encroachments upon natural liberty, and add to these the repeal of the law of settlements, so that a poor workman, when thrown out of employment either in one trade or in one place, may seek for it in another trade or in another place, without the fear either of a prosecution or of a removal, and neither the publick nor the individuals will suffer much more from the

occasional disbanding some particular classes of manufacturers, than from that of soldiers. Our manufacturers have no doubt great merit with their country, but they cannot have more than those who defend it with their blood, nor deserve to be treated with more delicacy.

What a forcible illustration of the benefits of free-trade! Smith's usual source, Richard Burn, does not state the relevant Act, so Smith clearly did some extra work to support his case.⁴⁴

Would Adam Smith have been surprised at this portrayal of his own method? Of course Smith took considerable pains to project the image of someone who kept close to facts. In the appendix to the third edition of the Wealth of Nations Smith provided data on the herring fisheries and claimed

The Reader, I believe, may depend upon the accuracy of both Accounts.

T. W. Hutchison quotes Nassau Senior's view that Political Economy was not "avide de faits" and dissents strongly.

Adam Smith emphatically was 'a vide de faits,' and overwhelmingly demonstrated his avidity, and the conception of the subject which this avidity implied, in the Wealth of Nations.

It is certainly true that a multitude of factual statements are made in the Wealth of Nations; one can see further from Smith's correspondence with Lord Hailes and David Hume that Smith tried hard to obtain historical facts and to form some considered opinion of their accuracy. Thorold Rogers found Adam Smith's views on the late fourteenth and early fifteenth centuries to be inaccurate and commented

The ingenious explanation, then, of Adam Smith, that silver was gradually becoming scarcer, . . . is untenable, as Smith himself would have declared had information as to the wages of labour during this period been in his possession.

Such lenient interpretations are entirely justifiable when we consider how scanty was the evidence from such early periods that Smith had to work with.⁴⁵ What Smith's admirers constantly imply is that a factual attitude also characterizes Smith's approach to the contemporary economy or to policy issues: Indeed, Thorold Rogers himself does so for Smith's views on the Settlement Laws, but a closer look at contemporary economic changes or at the major policy issues Smith spoke on does not support this view. By examining closely some of Adam Smith's own words it is possible to get a different picture of Smith's love of accurate facts. After becoming Commissioner of Customs in 1778 he spoke to Sir John Sinclair of his official position as teaching him the value of facts

Sir John states that Smith used to admit "that he derived great advantage from the practical information he derived by means of his official situation, and that he would not have otherwise known or believed how essential practical knowledge was to the thorough understanding of political subjects."

rather a late date to appreciate this point!⁴⁶ As to Smith's use of conjectural history to supplement his theories, Smith himself was acutely conscious of its limitations. In a letter of 1769 to Lord Hailes, Smith wrote that

I have read law entirely with a view to form some general notion of the great outlines of the plan according to which justice has been administered in different ages and nations; and I have entered very little into the detail of particulars of which I see your Lordship is very much master. Your Lordship's particular facts will be of great use to correct my general views; but the latter, I fear, will always be too vague and superficial to be of much use to your Lordship.

If only Smith had made public the point that his "general views" were "too vague and superficial" to be of use to historical scholarship!⁴⁷ Readers would be able to enjoy the Wealth of Nations as a superb exposition of Moral Philosophy but its grand historical impact would be much diminished. On the policy issues that aroused Smith, the intimate relationship between the Wealth of Nations and historical facts most resembles that between bulldog and bull; the one was bred to worry the other to death. On issues that are not of immediate concern, the facts still play a subordinate role, they are occasionally allowed to murmur, seldom to speak.

NOTES

In order to avoid excessive length, notes are collected together at the end of each paragraph when possible. The Bicentennial edition of the Wealth of Nations is referred to as Smith (1976).

1. Fay (1950).
Scott (1912).
Hutchison (1988).
Viner (1967)
Raphael (1985), 73, 92. Also see p. 105.
2. Mirowski (1982).
Campbell and Skinner (1976), 51, 59, 60.
Judges (1969), 40, voices a mild version of Campbell and Skinner's views.
3. Smith (1976), 227, 727.
4. Stewart (1793), 33, 34.
Wightman (1976), 51.
Smith (1976), 25.
D. D. Raphael notes Smith's speculations on the origins of language as an obvious example of conjectural history and seems inclined to add the four stages view of history to the same category. As I agree with Raphael on the conjectural nature of the four stages theory, this view will be given minimal attention.
5. Smith (1976), 422.
6. Smith (1976), 729-30 (Bernier), 887-88 (Liquor Tax).
Playfair (1803).
Buchanan (1812).
McCulloch (1843).
Wakefield (1843).
Rogers (1880).
Cannan (1937).
Campbell and Skinner (1976).
These appear to be the principal English editors of the Wealth of Nations.
7. Smith (1976), 177.
8. Smith (1976), 781-82.
9. Stewart (1793), 36.
10. Smith (1976), 572. Smith's description is substantially accurate, see L. J. Alston and M. O. Schapiro, "Inheritance Laws Across Colonies: Causes and Consequences," Journal of Economic History (June 1984), 277-285. This paper also contains references to further issues related to inheritance laws.

11. Op. cit., 929.
12. Op. cit., 639, 640. Bolts (1772).
Smith's discussion of the American colonies, an issue he was much involved with, is certainly not replete with figures. Apart from some six pages discussing the enumerated commodities and the later use of tobacco as an example, no data are to be found. When Smith's prediction of economic distress following the non-importation act of 1774 is not borne out, Smith refers to "Five different events, unforeseen and unthought of" as responsible. If Smith's primary authority is the Rev. Josiah Tucker, who was notorious for his demands that Britain set America free, the pattern with the National Debt and the East India Company will have been continued, i.e., the use of a single source and the use of counterfactuals when faced with "unexpected" facts.
13. Kindleberger (1976).
Hartwell (1976).
Smith (1976).
14. Koebner (1959), 382.
In his Anecdotes and Characters, Alexander Carlyle records some casual observations of Birmingham obtained during a stop on a stage-coach journey. Smith too must have travelled along the same route and the general resemblance of their observations is curious. Carlyle (1973), 185-89.
15. Kindleberger (1976), 4, 6.
Hollander (1973), 105.
A recent Scottish economic historian (Lenman, 86) writes of Smith that

it was his fate to become a cult-figure for middle-class, liberal industrialists and bankers of the nineteenth and twentieth centuries. They read and misread him in the light of their own circumstances. He knew only his own. Of mechanized industrial production, be it said, he knew virtually nothing. Linen production, or nail-making were both to him essentially handcraft industries. The great engine of economic growth to Smith is therefore not mechanization.
- Viner (1965), 96, points out that Smith's attack on the bounties follow the lines established by David Loch (1775) and James Anderson (1777).
16. These points are also considered by Pesciarelli (1989), who comes to a rather different conclusion.
17. Smith (1976), 66-67.
18. Smith (1976).
Smith, Moral Sentiments (1976), 215.

19. Rae (1895), 229.
20. Smith (1976), 418-19.
Hilton (1970), 30, 42, 58, casts doubt on the accuracy of Smith's account. In correspondence, Professor Hilton has expressed the opinion that Smith was a seminal thinker but not a historian. Thorold Rogers considers the case to be more ambiguous in that the stock and land lease differed in several respects from metayage. Rogers (1886), 281.
Brodrick (1881), 17, had earlier noted the existence of share-leasing in the fourteenth century. Brodrick provides an interesting example of a historian who relies frequently on the Wealth of Nations for his facts. 39, 49, 58, 63.
The debate over Henry VII's role is well described in Duncan Forbes, Hume's Philosophical Politics (Cambridge; 1984), 312-13.
21. Anderson (1801), II, 17, 24, 52, 61.
There is a brief biographical account of Adam Anderson in Joseph Dorfman's Introduction to the Kelley reprint.
22. Hepburn (1885), 12-29.
I have been unable to find any biographical details about Rev. Hepburn.
For Samuel Johnson see Middendorf (1960) and Selwyn (1979).
23. Wilson (1968).
Davis (1966), 307.
24. Smith (1976), I, 248, 252.
John Smith (1746).
25. Smith (1976), 647-48 and 618.
26. Smith (1976), 546-48.
Cannan (1937).
I am indebted to an unpublished essay of Jose Vidal on this topic.
27. Brougham (1803), 541-43.
28. Smith (1976), 151-158.
Burn (1763), 130 and 235-36.
29. Smith (1976), 157.
Hay (1735).
30. Howlett (1796), 9.
Eden (1928), 52-55.
Dugald Stewart is unhappy with the criticisms of Howlett and Eden but he is unable to produce any new facts to support his dissent. Stewart uses the authority of Sir William Young to insist that prosecutions due to the Law of Settlements were frequent. Stewart (1877), 267-69.

31. Charles Smith (1763)
Smith (1976), 507.
32. Cannan (1937), 475.
Smith (1976), 515.
Young (1772).
Quoted by Skinner in Steuart (1966), liv.
33. Anderson (1801).
Smith (1976), 741.
34. Scott (1912), 450.
Galenson (1986), 145-50.
Anderson and Tollison (1982) claim to rehabilitate Smith's analysis of the joint-stock company. The theoretical criteria they employ--such as the use of survivorship or the references to principal-agent problems--are questionable but are not of concern here; their claim that Smith's theory was "consistent with the available empirical evidence" is. Anderson and Tollison simply do not meet the direct evidence provided by Scott (1912) and quoted above, e.g., the number of partners in the Hudson's Bay Company. The method they employ is unsatisfactory. Smith, let us suppose, saw banking as a successful joint-stock operation. For Smith to deduce from here that its success was due to the "mechanical" nature of banking is a theoretical deduction, not an empirical observation. Nor was I able to locate the fact of Smith's views being ready by 1774 in the letter that Anderson and Tollison (p. 1240) refer to.
35. Raphael (1985).
Hutchison (1912).
Smith (1976), 708.
36. Viner, Introduction, op. cit., 87.
One puzzle here is Smith's failure to condemn the slavery of Scottish colliers in the Wealth of Nations, something he had done in his Lectures. Anderson's (1989) suggestion that Smith may have been tactful about his mine-owning friends is implausible, because a young professor should have been much more sensitive about giving offense than an established and famous moral philosopher.
37. Wightman (1976), 45.
Viner (1965), 88-101, discusses Smith's failure to consider the problems of the Highlands. For more recent discussions of some relevant aspects of Scottish economic history see Payne (1967). Brougham (1803), Note G, pp. 531-532, gives evidence to dispute Smith's claim, op. cit., 587, that slaves are better treated in absolute governments than under republication ones. Also see Anderson (1989). It is curious how Brougham, like so many others, is skeptical of several of Smith's facts as they relate to his own field, but is quite happy to accept Smith's authority for points not under his direct purview, op. cit., Note M.

38. Smith (1976), 540.
39. Samuel Hollander's position on Adam Smith's relation to facts is not entirely clear. Newton is said to have greatly influenced Smith, but Smith's contention that gravitation was "so familiar a principle" sounds strange. Indeed, the idea of action at a distance implied by gravitation aroused much contemporary dissent. Hollander also says that "Smith was a great economic historian" (310-312). However, Hollander goes on to argue that Smith used examples to illustrate (and not to deduce) the power of self-interest; that Smith viewed "the direct (inductive) use of data as an impotent procedure"; that Anderson was right in attacking Smith's assumption of the constant real value of corn and Pownall in attacking Smith's resort to "unforeseen and unthought of events" to save his hypothesis (314-323). Hollander (1987). This paper agrees with the latter half of Hollander's position; indeed Hollander himself stresses this view in his defense of David Ricardo.
40. One has to be careful to distinguish between two propositions. First, that other things being equal, the profitability of slave-owning made slavery desirable. Secondly, that of all factors influencing the decision to uphold slavery, profitability is the most important one. The first proposition is relatively innocuous. The second proposition implies what has been termed the "economistic" outlook, or more recently, "economic imperialism," and is much more controversial. Soderlund (1985) does not quite clarify issues. That Religious sect had some influence appears from the considerable difference between the proportions of Anglican and Quaker slaveholders (155); that ethnicity was important is clear from the eschewing of slavery by Germans, despite the absence of any formal discouragements (159). How much remains for economics? Even here, the argument (162-66) that wealthy people supported slavery is apparently contradicted by the later claim (169) that middling Quakers persisted in hiring slaves. Evidence of moral influences on slaveholding is also found earlier (137-43).
Eden (1928), 91.
41. Smith (1976), 461.
Scott (1912), 452.
Corn Bill Hints (1777).
42. Smith (1976), 461.
Westerfield (1915), 164-66.
Viner, Introduction, 97.
43. As quoted by Hutchison (1976), 509 fn.
Rashid (1987).

44. Steuart (1966), I, 122.
For the attention highly placed Scotsmen gave to this issue see Selections from the Caldwell Papers (Glasgow, 1883), 166-208.
Smith (1976), 469-70.
It would be interesting to know who was right about the transition from war to peace.
45. Wilberforce used this example, but in garbled fashion, in his speech to ban the slave-trade.
Hansard (1793).
46. Hutchison (1988), 357.
Knox (1785) disputed Smith's figures on the fisheries.
Correspondence, 139.
Rogers (1884), 276.
47. Rae (1895), 332.
Viner (1965), 99, notes how one of the most pressing issues concerning the fisheries was the salt-tax. Since Smith was Commissioner of the Salt Duties as well as Commissioner of Customs he should have been carefully apprised of the situation. Nonetheless, Viner records that "There is no hint in The Wealth of Nations . . . that there was anything wrong . . . with respect to the British salt taxes."
48. Op. cit., 247.

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Appendix

The following numbers indicate the pages where the editor's notes indicate some discrepancy or error in Adam Smith's references or statements.

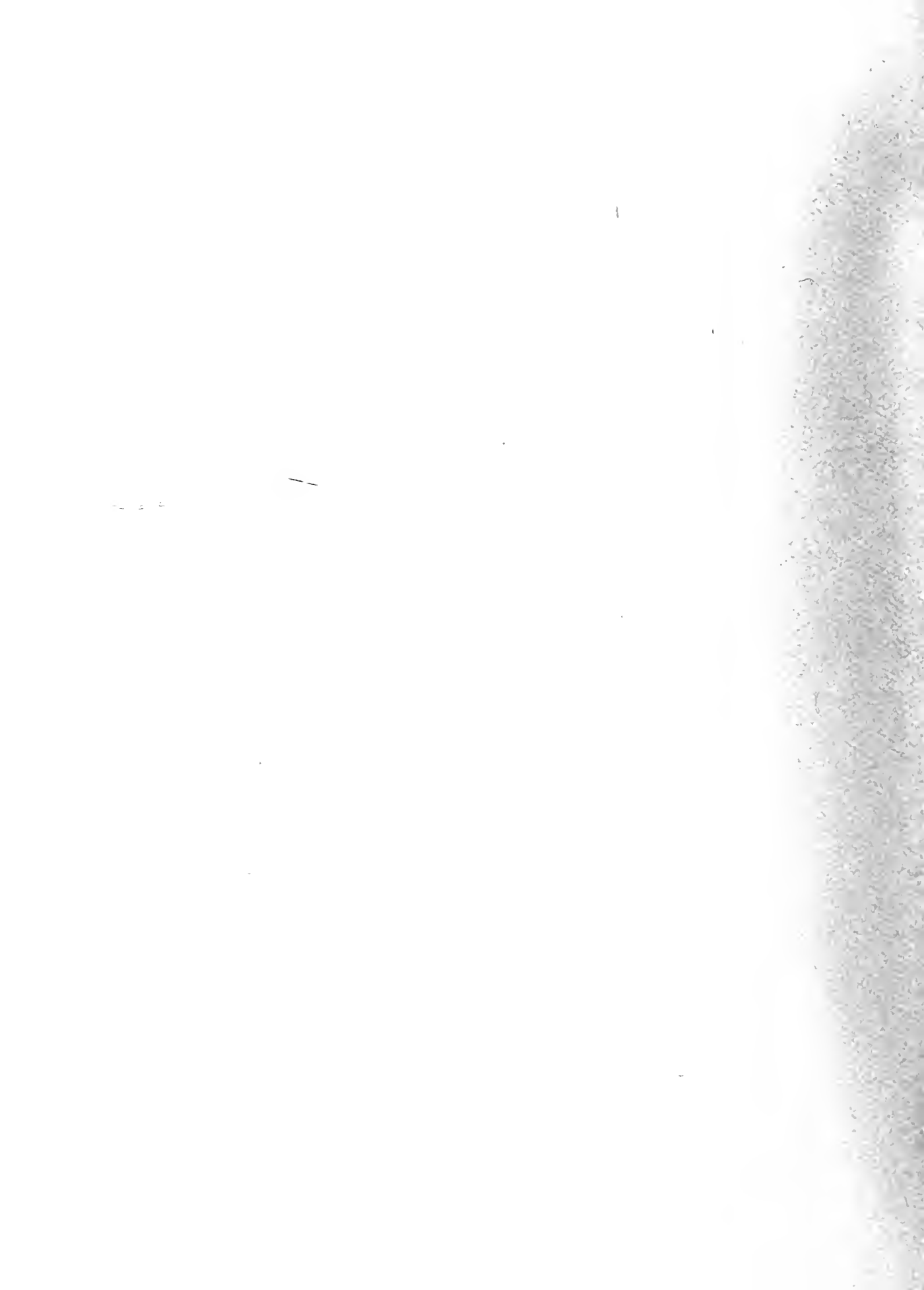
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