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A Universal Scotland of the Mind:

James Steuart and Adam Smith on the Need for a 'Political Economy'

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How the Scots Bequeathed Us Political Economy

There is a Genesis Myth for the Anglophone social sciences, or at least one found commonly amongst economists and their camp-followers. It goes like this: before the 18th century there were markets, but people behaved as though they were enshrouded in a great fog, which prevented them from seeing 'society' with any clarity or perspicuity. Then, something happened to dispel the fog (it could have been the Industrial Revolution, or the Rise of Science, or the Protestant Reformation, or we know not what) in a most unlikely geographical setting, namely, Scotland in the 1700s. In this myth, the Scottish Enlightenment stands as the great watershed in social thought about the modern world; it marked the commencement of 'social science', if not the very birth of modernity in most of its multifarious disguises. Casting off the medieval shackles of feudalism, religion and superstition, figures such as Adam Ferguson, David Hume, and especially Adam Smith, under the steady guidance of Baconian empiricism, reported the regularities of social life as they really were. Amazingly, far from gathering together a jumble of meaningless data, they were able to distill out of their observations transtemporal and transcultural general principles of human social organization; principles of such compelling universality that they persist (although in much revised formats) down to the present day in the social sciences.¹ These 'principles' often boil down in practice to a relatively

¹ Perhaps the cultural icon who, by their writings, does their utmost to prevent this paragraph from bootless caricature is Friedrich Hayek (1938, 1948, 1954). However, other examples would be: (Hamowy, 1968; Landreth & Colander, 1994; Niehans 1998)

superficial version of *laissez-faire* economics, perhaps in conjunction with some non-specific enthusiasm for the growth potential of market economies, in conjunction with an endorsement of grounding social explanation in the natural tendencies and predispositions of the individual agent.

Intellectual historians who do not see their role as providing the spatiotemporal ‘origins’ of modern social science have long treated this genesis myth with skepticism. As one might expect, they are more inclined to detect continuity where others insist upon rupture; but more importantly, they have provided resources to revise many components of the genesis account. The politics of the Scottish Enlightenment have come in for close scrutiny by such contemporaries as J.G. Pocock, Nicholas Phillipson and Donald Winch; they have explained the extent to which the usual *laissez-faire* gloss on Smith and Hume not only misrepresents the actual texts, but obscures the ways in which the political context of the Scottish Enlightenment tended to shape what were retailed as ‘universalistic’ prescriptions. Historians of the Scottish university system such as Paul Wood, Michael Brown and Charles Camie have suggested that the special character of the Scottish educational reforms may have had quite a bearing on the question of how a relative backwater could have become, albeit unevenly, an intellectual hothouse. One of the present authors, along with the literary historian Mary Poovey, has challenged the proposition that Scottish social theory, and in particular, Smith’s political economy, was predicated upon straightforwardly empiricist procedures. It seems that the notions of “science” which informed these 18th century narratives cannot be easily reconciled with modern conceptions of science, or indeed, rendered as simple projections of natural science onto society, as tended to be the practice from the 19th century onwards. Finally, Salim Rashid has shown that contemporaries by and large did not regard Smith & Co. as the last word in common sense, nor even as much in the way of providing epoch-making departures. In a very real sense, the “Scottish Enlightenment” was an edifice predominantly constructed well after the fact to be something cogent and coherent, pitched beyond the simple human tendency to make the best of a bad situation. It was only in the 19th century that various commentators such as Dugald Stewart came to stress “the commercial, modernizing benefits of the enlightenment. Stewart made Smith into the representative of a peculiar and innovative form of commercial rationality” (Brown, 2000, 149).

Our present objective is not to reprise these literatures in all their detail, which in any event tend to be more familiar to historians in general than to economists and their fellow-travelers. It has more often than not struck us that contemporary social scientists prefer their historical accounts the way that Smith and his confreres liked them: abstract, Whiggish and unabashedly conjectural (or better, hasty, British and short). Rather, we propose to make use of the above-cited historians as a springboard

to pose a much narrower set of questions: how did it come to pass that the concerns of a very small number of writers situated in a political and economic backwater in the 18th century came to represent the very pith and moment of the modern, such that they were later credited with the invention of “political economy”? How was it that in their scrutiny of human endeavor in its supposed multi-faceted entirety, they ended up fragmenting ‘society’ into bits which could subsequently be molded into the objects of distinct ‘disciplines’? And how was it that, out of the multiple trajectories which the Scots projected their hopes and fears into the future, only one became graced with the honorific of modernity?

In our quest, we are inspired by some of the themes raised in the science studies literature by Bruno Latour (1987). He has portrayed the activities of scientists as a circulation of fragile claims through networks of enrolled allies, turning local and highly contingent facts into solidly universal knowledge; fleeting particulars situated in time and space transmuted into ‘immutable mobiles’. We are concerned here to explore how some local reactions to parochial Caledonian concerns were eventually made to circulate as universal characterizations of human social life, or as a wag once put it, Scotland as a Model of the Predicament of All Mankind. To render this set of questions manageable, we shall decline to deal with the entire roster of the Scottish Enlightenment here, but whittle our cast of characters down to two: Sir James Steuart and Adam Smith. Smith is, of course, familiar to nearly everyone; Steuart is less known, and often omitted in surveys of the Scottish Enlightenment, but deserves better. By many accounts, including those in the 18th century, it was Steuart who deserved the laurels for the invention of political economy, publishing his *Inquiry into the Principles of Political Oeconomy* in 1767, almost a decade before Smith’s *Wealth of Nations*. Yet by the end of the century it was Smith who had enrolled the allies, and with a little help from his friends, sent the invisible hand gliding its way along the networks and across the globe.

It will be our contention that it was not just the transparent attractions of the ‘simple system of natural liberty’ which explains the elevation of Adam Smith to pride of place in the genesis myth of the social science of political economy, while Steuart is consigned to obscurity. The groundings of the nascent discourse of political economy in the parochial concerns of the Scottish predicament had to undergo erasure before they could circulate outside of the Glasgow-Edinburgh orbit. Indeed, there were a whole series of erasures: natural law was deployed to erase civic humanism; conjectural history was recruited to erase documented history; university restructuring helped to erase the integration of knowledge; innate sentiments were evoked to erase traditional virtues; universalism was conjured to erase cosmopolitanism; and the British empire became a means to erase the political

subjugation of the Scots. Last but not least, Adam Smith explicitly erased James Steuart.²

The Peculiar Predicament of 18th Century Scotland

Scotland in the 18th century was in the unenviable position of being neighbor to its sometime enemy, the economically and militarily more powerful England. Although the crowns of the two countries had been joined in 1603 by James V, there was little else the two nations shared. Scotland had long maintained its own monarchy, parliament, constitution, and church. The Scots shared economic ties with France, England's traditional enemy, and educational ties with continental Europe, especially the universities of the Netherlands, rather than Oxford and Cambridge to the south. Additionally, with the large Scots-Irish population in the north, the country also had a dissimilar linguistic and cultural background from England. James V's failed 17th century attempts to fully incorporate the two countries were resurrected by the English parliament at the outset of the 18th century and pursued with renewed force. By 1705, the English parliament, fearful of both a Stuart restoration and invasion from France via Scotland, strongly endorsed a full incorporating union of the two nations. Such pressure put Scotland in an even more precarious position, as the Scottish parliament was forced to choose between sovereignty and possible economic regeneration for their country.

The Political and Economic Background

In the 18th century Scotland seems always perched on the precipice of economic disaster. Crop failures at the end of the 17th century contributed to famine in the largely agrarian nation. The 1699 failure of the Scottish colony of Darien in Panama further weakened confidence in the Scottish economy, and resulted in substantial losses for the company's stockholders. The Bank of Scotland faced several crises in 1703 and had shut down momentarily in December 1704. In the meantime, England's trade restrictions and continued wars with France severely limited Scotland's ability to trade with its major partner, and contributed to the nation's longstanding balance of trade problems.

Reasserting themselves politically to put a halt to England's continued pursuit of such measures, the Scots passed acts allowing them to pursue a separate foreign policy and to reject the Protestant succession, thereby creating the possibility of having a

² Smith wrote to William Pulteney in 1772: "I have the same opinion of Sir James Steuart's book that you have. Without once mentioning it, I flatter myself that any fallacious principle in it will be met with a clear and distinct confutation in mine." (Mossner & Ross 1977, 164).

separate successor to the throne of Scotland.³ Queen Anne and her ministers refused to approve either action, and began to argue more stridently for a full union. Resistant to the idea of union and still lobbying for their acts to be signed, the Scottish ministers threatened to cut off supplies to the army. In retaliation, the English passed the Alien Act of 1705, which declared Scots in England to be aliens and their property forfeit if the Scots did not consent to discuss an incorporating union. The Act also decreed that Scottish cattle, linen, and other products would be banned from English markets. Under such economic and political pressure the talks for Union were opened in the Scottish Parliament in 1706.

Amidst much politicking and bribery, the Act of Union passed in 1707, fully incorporating the nations and passing the crown to the German Hanover line upon the death of Queen Anne. The decision was made neither quickly nor without much debate. The arguments on both sides were heavily influenced by the economic situation of Scotland. Pro-Unionists believed that union would provide free trade, increased investment in Scotland, and access to the resources and markets of the English overseas colonies, which they felt would quickly reverse Scotland's fortunes. Anti-Unionists felt access to other markets would do little to help Scotland, whose goods were not competitive with England's anyway, and proposed a federal union of republics to maintain some semblance of Scottish sovereignty. Although the majority of the Scots were opposed to Union, in end many ministers were swayed by the thought that, given Scotland's feeble economic situation, the saving grace of the union would be the saving grace of Scotland as well: access to the markets of England and her overseas dominions.

However, the fact remained that Scotland had been a separate nation with separate customs and institutions. On the matter of representation alone, the Union required a vast psychological shift for the Scots. The Scottish parliament was to be dissolved and the joint parliament moved to London. Whereas the Scots were used to extensive local representation in their independent kingdom, having 239 peers in their parliament, the Union parliament allowed for only 16 Scottish peers in the House of Lords and 45 in the Commons. Scottish parliamentarians also had to take oaths of abjuration against the Scottish Stuart kings and the Church of Scotland, and oaths of allegiance to the German Hanoverian king as well as the Church of England. These measures were controversial to many, to say the least.

In the meantime, the Scots had to adjust to English trade laws and other financial decrees issued by the English-dominated parliament. While union did bring increased public and private

³ Respectively, the Act Anent Peace and War (1703) and the Act of Security (1703).

capital into Scotland and opened markets for Scottish exports in the long run, it did not fulfill its promises as quickly as had been hoped or promised. According to the estimates of economic historian TC Smout (1964 & 1983) economic growth took place in Scotland only in the last fifty years of the eighteenth century. Prices of livestock and wool increased from 1749-1790, due largely to increased demand from the British navy, rendering husbandry more profitable than manual labor. Thus landlords were encouraged to clear the land of tenant families for grazing. The clearance policy was most widespread in the Highlands where it also served the expedient political purpose of dismantling the clan system, as has been explored by MacInnes (1996). Another problem for many Scots was now not dearth but a surplus of agricultural goods, which had to be destroyed both for lack of demand and transportation to market. There was little change in the living standards of the majority of Scots, except in the Highlands where conditions became steadily worse after the clearances. Dissatisfaction with the economic outcomes of the union continued to be an issue for many.

The Jacobites and the Union

The union of parliaments, therefore, did not allay the strife between the two countries. Opposition not only to the House of Hanover, but also to the increased taxation imposed to finance England's continued wars with France, led commoners and nobles alike to support the 1708 and 1715 Jacobite uprisings to restore the Stuart king James III, both of which failed. Several attempts were made politically to repeal the union, most notably in 1713, but also failed. Discontent continued to grow, culminating in the 1745 Jacobite rebellion. With French and Spanish assistance, Prince Charles Edward Stuart led a campaign that drew followers from England and Scotland and from across class boundaries.⁴ Initially successful, Charles and his men captured Edinburgh and pushed south to England. However, poor planning and lack of promised aid from the French resulted in the defeat of Charles' army at the disastrous Battle of Culloden in 1746.

The Reform of the Universities and the Construction of a Modern Curriculum

In the midst of these political, economic, and military events, great changes were also afoot in the Scottish universities, which implemented reforms in the early 18th century to abandon the regenting system. Under the regenting system every entering class of students would be led through their courses and university life by a single professor who taught all subjects and oversaw the

⁴ Among James's and Charles's promises were religious tolerance, an alleviation of taxation, amnesty for those who had not supported them, and repeal of the union ("Declaration" 1974, 234-237).

students' daily life in the dormitories. The regent was also responsible for providing individual instruction to each of his students and for taking an active interest in the students' personal and spiritual development. Every class spent not only their lecture time together, but also all meal, study, and sleeping times. Indeed, as Camic (1983) notes "The pupils of any one regent shared still more: the full daily round of prayers, dictations, exercises, meals, study halls, recreational periods, and the like" (173).

Although previously proposed in the 17th century, it was not until 1708 that the Edinburgh Town Council passed the reform to replace regenting with a professorial system.⁵ Rather than teaching the same class several subjects, the new system required professors to specialize in subjects that could be taught to students of any year⁶. Financially, the increase in possible electives meant increased money to the university and to professors, who were paid by students on a class-by-class basis. Concurrent with this reform, the universities loosened requirements for students to live and take their meals on campus, as it was becoming too expensive for the colleges to provide room and board for the increasing numbers of students (Camic 1983; Emerson 2003, 19-20; Gaillet 1994).

Interestingly, the Scottish universities instituted reforms not only of what courses were taught, but also in what language. Although there was no general proclamation that they must do so, professors began to replace Latin with English as the language of instruction.⁷ While this established English as the language of civility and learning, it also had the consequence of weakening the ties Scotland had fostered with the Continental universities, especially those in the Netherlands, whose curricula remained Latin-based (Jones 1983 108).

Although it makes sense to begin with the university system for the emergence of political economy from moral philosophy, as we should expect to see the offering of new classes to students as a major reason why economics separated from moral philosophy, the first chair in political economy was not founded until 1802 when Dugald Stewart held that post at Edinburgh. Until then, economics courses were still under the purview of the department of moral philosophy. Therefore, a gap of some years remains between the mid-eighteenth century, when political economy

⁵ The other universities passed similar reforms in the following years: Glasgow 1727, St Andrews 1747, MarischalCollege 1753, King's College 1789 (Emerson 2003, 19).

⁶ For instance, Edinburgh had a core of four arts classes taught by the Prof of Humanity: Greek, logic and metaphysics and Ethics & Natural Philosophy to which electives could be added (Wood 1994, 101).

⁷ Francis Hutcheson, Adam Smith's mentor, was among the first proponents of such a move (Jones 1983, 108).

began to be written about and the end of the century, when the political economy chair was established.

Union, University, and Uniformity

Rather than looking for political economy before its time in the university, closer attention should be paid to the consequences of the university reforms on the history of ideas, and specifically the emergence of economics. The reforms display a continuing pattern in 18th century Scottish intellectual and social life.

Although perhaps never explicitly taught in the university, the new structure of academic life necessarily deemphasized community and placed a greater weight on individual experience. For instance, students were no longer outwardly seen to be part of one cohort spending all academic and social time in common, but as individuals who took courses and lived independently, not only of their fellows, but also of strict tutorial oversight as personalized, paternal instruction by the regents was also abandoned.

The originating thread of this pattern is in the Union propaganda itself, which disregarded Scotland's separate political and cultural identity outside that of Great Britain, and encouraged Scots to see themselves as "North Britons." In general, the university faculty decried the Jacobite rebellion and supported the cultural aims of the Union government.⁸ For most professors,

Jacobitism meant a return to the feudal state from which the Lowlands were just now emerging. The Highlanders represented an atavistic challenge to modern polite values, with which the professors themselves were most closely associated. Consequently they were absolutely committed to the Hanoverian cause and the Union with England...(Jones 115).

The acquiescence of the faculty with the goal of integrating the Scottish culture into the "British" can be seen in the effects of the university reforms. Just as Scotland was no longer to be seen as a separate nation with a separate monarchy, but a member of a "United Kingdom," university students were not part of separate cohorts, but were instead individual members of the university. Their courses of study also became more specialized, as they could take more electives than before and were not necessarily bound to the studies of their year group. Reforms in curriculum and student life allowed for increased student independence both intellectually and socially, allowing students to think in universalist rather than parochial terms. According to Camie (1983) this was previously impossible due to the lack of uniform standards for students; standards were at the discretion of a class's

⁸ At the University of Glasgow in particular, the professors were staunchly in support of the Hanoverian monarchy and issued congratulations to George II at the news of the defeat of the Jacobites at Culloden (Jones 1983, 115).

particular regent. Although there were still personal biases, professors were now too busy with multiple classes to grant individualized tutoring and assessment, and uniform standards were introduced (183-184).

However, the new universalist mode of thought entailed more than just new standards and the uniform treatment of peoples. The change of university practice and pedagogy also altered the role of the university in Scottish civic life. Formerly united in the goal of producing educated, patriotic, public-spirited gentlemen, the universities were now preoccupied with instructing students on the internalized concerns of civility and sentiment (Jones 116). Rather than reflection on one's own community, such an outlook required a dislocation of attention from local problems in favor of a consideration of distant "others" whose situations had to be conjectured. This was a logical outcome of the intellectual and political atmosphere after the union that focused on the need to think outside of one's concerns and to join a wider civil society.

It was in this atmosphere that the nascent social sciences were to reconceive many of their notions of what constituted a civil society and the proper role of a civilized government. The Scottish Enlightenment thinkers were thus occupied by a project that would complete what the Union of 1707 had begun. Just as assimilation and uniformity of parliaments and markets were the political and economic goals of the Union, so then did uniformity, propriety, and civility become the intellectual and social goals for those Scots who sought recognition from their English counterparts, who continued to regard them as second-class citizens. In order to attain this uniformity for themselves and for all of mankind, the enlighteners needed to find a way in which they were the same as their English counterparts. Therefore, the promoters of modern civility focused on the universality of human nature. If human nature was the same everywhere, then civility and thus progress was also everywhere possible.

"Civility" was to be accomplished in Scotland and elsewhere by a deliberate shift in thought, language, and government. Where there was to be moderation and centralization in government, there was to be propriety in society, uniformity in language, and in the economy, equilibrium. This constructed uniformity had another unexpected effect, which was an eventual rift between politics, economics, and moral philosophy. Both the predilection for uniformity, as well as the segmentation of subjects in Scottish intellectual life, are paralleled in the various works of Adam Smith's system of natural liberty: *The Lectures on Jurisprudence* demonstrate how an enlightened people dispense benevolence; the *Theory of Moral Sentiments*⁹ shows how civilized people are to interact and moralize; the *Lectures on Rhetoric and Belles-*

⁹ Hereafter cited as TMS.

Lettres show how the civilized are to speak and write¹⁰; and, perhaps most famously, the *Wealth of Nations*¹¹ shows how a civilized commercial society operates.

It is curious that the reform the universities made partially for economic reasons also demonstrated what is later lauded in the WN: the breaking apart of traditional communal society into a collection of specialized individuals for increased efficiency, choice, and production. What this meant for the development of political economy is the abandonment of both traditional community-based notions of progress and attention to particular cultures in favor of universal rules.

In the case of Smith, political economy can be seen as part of the civilizing process.¹² The emergence of political economy as a topic, however, can be read in more general terms as a response to both the economic changes and the persistence of the economic problems experienced by the Scots in the 18th century. Scotland's post-Union situation reveals several repeated concerns regarding economic growth, surpluses of goods, money and banking, and the problems posed by having policy dictated by the non-local and uninterested central government in London rather than the local one in Edinburgh. The first work to deal with these issues as a separate discipline is not that of Adam Smith, but of another Scot less well-known today, Sir James Steuart, whose *An Inquiry Into the Principles of Political Economy* was published in 1767.

The Repressed Innovator: Sir James Steuart

The story of Steuart, author of the first English language treatise on economics as a subject, and its removal from the canon, is also intimately tied to the story of the emergence of political economy as a modern social science. Born into an aristocratic family in Edinburgh, Steuart trained as a lawyer with the ambition of entering politics. However, an unfortunate early disagreement with Henry Dundas of Arniston not only kept Steuart out of local politics, but also caused him to spend an extended five years on the Continent on the Grand Tour. While there, his interest in economic matters was piqued by the very different conditions of the countries he visited.

¹⁰ Smith here equates proper language with English, specifically that of the English court: "Our words must not only be English and agreeable to the customs of the country but likewise to the custom of some particular part of the nation. This part undoubtedly is formed of the men of rank and breeding...As those of the higher rank generally frequent the court, the standard of our language is therefore chiefly to be met with there" (1983, 4-5).

¹¹ Hereafter cited as WN

¹² Smith was a supporter of the Union and its benefits for Scotland (Ross 1995). In the WN the positive effects of the Union on the prices of Scottish wheat and cattle are discussed mostly in Bk I, XI, part iii.

It was also on the Grand Tour that Steuart became acquainted with the exiled Stuart court in Rome. James II and the young Prince Charles Edward made a great impression on Steuart and vice versa. When he returned to Scotland, he participated in planning for the rebellion at his estate, which became a meeting place for the Jacobites. During the rebellion, Steuart served in France as a writer, advisor, and ambassador for the Stuart court. After Culloden, he was charged with treason and forced to live in exile on the Continent for the next eighteen years (*Coltness Collections* 1842; Skinner 1966a & 1999a; Steuart 1967).

Therefore, Steuart was writing, not necessarily in isolation, but certainly detached from many of the currents in Scottish academia. However, an academic influence was still present at the outset of his work. Steuart began to draft the *Principles* in earnest while in the German university town of Tübingen, where he and his family had moved in the early 1750s for his son to attend university. A congenial host, Steuart spent many evenings in “the mutual communication of ideas” with the professors of Tübingen, and also visited the other schools in the duchy of Wurtemberg (*Coltness Collections* 306-308).¹³ It was here that Steuart came into contact with the doctrines of cameralism, which greatly influenced the *Principles*.

Despite not being officially pardoned until 1771, Steuart returned to Scotland in 1763, and settled into the social life of the city, joining several of the literary and social clubs that abounded there. The *Principles* was published in 1767 and sold at a steady pace. Into the 1770s, Steuart was seen as the authority on economics, serving as an advisor to the East India Company on the coin of Bengal and cited in the *Encyclopedia Britannica*, and yet in the early 19th century mention of Steuart falls out of the canon. It could be argued that Steuart’s Jacobitism is the problem, given the political atmosphere of Hanoverian England, but his book itself also posed many problems for those at the forefront of the Enlightenment project of civility.

The Principles of Political Economy¹⁴

Steuart’s book has been read as many things: the apotheosis of mercantilism (Anderson and Tollison 1984); an argument for the economics of state control (Sen 1957; Meek 1958); and a work approaching the themes of the *Wealth of Nations* (Skinner 1966b).

¹³ Although he had also lived in France and was familiar with the works of the French physiocrats, Steuart did not adopt physiocratic positions in his own work. Most likely this is because the first part of the *Principles* was completed by 1759, prior to the widespread circulation of the physiocratic works (Skinner 1999, 140).

¹⁴ All references herein are to the 1966 edition, unless otherwise noted.

Given the evidence above about Scotland's economic and political situation it would be willful to assume that these events had no influence on Steuart in his writing of the *Principles*. The *Principles*, and therefore political economy, can be read as a response to the particular problems of 18th century Scotland writ large. Elements in Steuart's background combine to support this reading, namely his family's tendency towards Scottish patriotism, his own activities in the '45, and the themes that are emphasized in the *Principles* itself. Reading the work in this context, what emerges is a version of political economy that is counter to the universalist trend, and hence, to accepted 18th century ideas of civility and progress.

It is important to remember that when Steuart wrote the *Principles* he was not part of the academic establishment in Scotland, and, although he did have academic connections in Germany, he had no apparent interest in becoming a professor. Rather, Steuart's ambition from youth was to be a politician and he stood to be well-placed in the hoped-for Jacobite state.¹⁵ Instead of looking to academia, one should look to Steuart's politics to see what influenced him to write this particular text at this particular time.

Skinner (1999) asks, but does not answer, the very pertinent question as to whether Steuart's preferred state is for an independent Scotland. As noted above, Steuart came from a long line of patriots and politicians. Although his forefathers did not always show an affinity for the House of Stuart, they did often show their willingness to stand up for their political beliefs, and a marked loyalty to Scotland as a nation.¹⁶ Steuart's involvement in the 1745 rebellion shows a continuity of belief with his forefathers. The manifestoes he coauthored for Charles and James speak of the "pretended union between the two nations," and the "unlawful government" under which the national debt was contracted, which will be dissolved on the restoration of the Stuarts ("Declaration" 1974, 234-237).

As an aspiring politician for an independent Scotland, Steuart must have already had ideas on how an economy for a nation such as Scotland should operate. It is not surprising then to find the economic and political situation of Scotland reflected, although

¹⁵ According to his aunt Elizabeth Mure, he was slated to become "the first man in the state" had the rebellion succeeded (Chamley 1965, 115-116).

¹⁶ His greatgrandfather, grandfather, and two great uncles were all subject to exile or political persecution at various times in the 17th century (*Coltness Collections* 1842). At the time of the Union debates, Steuart's grandfather, the Lord Advocate James Steuart authored a protest speech to be read in a failed walk-out of Parliament, which states that the Union was nothing more than coercion and Scotland should maintain her sovereignty (Lockhart 1714, 295-299).

never explicitly referred to, in the pages of the *Principles of Political Economy*. Among Steuart's major themes that parallel Scottish concerns are: the need for population to not outstrip agriculture (Bk I), the formation of markets (Bk II), the need to balance goods produced with demand for them (Bk II, Ch X), and the development and proper uses of trade, public credit, taxation, and money and banking (Bks III-V).

Steuart defines political economy as a science whose object, ...is to secure a certain fund of subsistence for all the inhabitants, to obviate every circumstance which may render it precarious; to provide everything necessary for supplying the wants of the society, and to employ the inhabitants...so as to make their several interests lead them to supply one another with their reciprocal wants (1966, 17).

He traces the development of the modern economy from the hunter-gatherer stage to the agrarian, where, when there is an agricultural surplus, some are able to leave farming to enter manufacturing, leading to the modern exchange economy. Steuart then posits a two-sector society of farmers and "freehands," or those who do not work to produce the agricultural surplus. A balance is needed between these groups so that the needs of one never outstrip the other. The need for balance is then extended to markets in general, in terms of supply and demand, as society develops more complex commercial relations, and then to international markets.

The great spur to economic growth from the agrarian to the manufacturing stage, after the existence of the surplus, is the demand for manufactures. After the agrarian stage, and in the presence of a continued surplus, demand continues to push the economy to higher stages of development. Therefore, the emphasis throughout is on an increase in the economic welfare of a nation through increases in demand.¹⁷

Steuart's work is also concerned with the social problems posed by the economic development of a nation. Balance is also needed on a social level, so there will not be too wide a divergence between the classes of society, such that one would have greater political power over another. Unemployment is seen as a failure of the state to ensure that the conditions are in place for all who seek work to be able to make a living. Therefore, a balance of workers and employment is also necessary.

¹⁷ Coincidentally the same policy was emphasized by the anti-Unionists Andrew Fletcher and James, Duke of Hamilton in the debates in Parliament as to how Scotland could survive economically without full union with England (see Clerk 1993, Defoe 1799, Lockhart 1714).

Although the foundation for his economy is self-interest, Steuart does not believe that private self-interest will naturally conform to the public good. He writes that, "It is the combination of every private interest which forms the public good," and so one should seek to provide for oneself but avoid unlawful gain (143). However, to expect men to do so all the time is "absurd" and so Steuart invests the statesman with the power of safeguarding the public good (144). The statesman oversees the many balances of society and economy: balances of work and demand; of the classes of society; of wealth among those classes; of international and inland trade; and of frugality and luxury, among others. This aspect of Steuart's work has been one of the most severely criticized, as many of his contemporary, and even current, reviewers see the statesman as an absolutist ruler (Blaug 1986, 241-242; Anonymous 1767, 412). However, in Steuart's own definition of this "individual":

The statesman (this is a general term to signify the legislature and supreme power, according to the form of government) is neither master to establish what oeconomy he pleases, or, in the exercise of his sublime authority, to overturn at will the established laws of it, let him be the most despotic monarch upon earth (16).

The author's underlying assumption is that the combination of commerce and self-interest will lead naturally to disorder; there are no self-adjusting mechanisms. Therefore, intervention is necessary to rectify what will inevitably go awry, whether for consumers or for industry. Only the statesman's presence and ability ensure that markets are sufficiently developed and kept competitive.

In order to know when to intervene, the statesman not only has to have a great amount of knowledge of a people's history, customs, and natural resources, but also of current opinion and economic conditions. Steuart has been criticized for the sheer amount of knowledge required the statesman must master to perfectly time the execution of his policies. Such knowledge would be implausible if one is analyzing an extensive state or empire with a developed economy. However, Steuart's conclusions are not so illogical given that the cameralist theories that influenced him were written for the kingdoms of the Rhineland, which were small relative to their English and French counterparts, and Steuart himself was most familiar with the many smaller countries he traveled to, and wrote with Scotland in mind.

In giving the statesman such oversight, Steuart cannot logically separate politics from economics and does not seek to do so. In this, the influence of the German cameralists rather than the Scottish or French enlighteners is the most telling. Although he was a Scotsman educated at Edinburgh, and was friends with Hume as well as other Scottish literati, Steuart intellectually is not part of the Scottish Enlightenment. Having attained further

education at Leyden and Utrecht, and having spent many years in Germany, Steuart can be seen to fit more comfortably in the Dutch and German Enlightenments, which stressed gradual reform within the established order (Schama 1981; Whaley 1981). The local magistrates of the Netherlands and the very local kings of Germany are very much akin to the very involved and knowledgeable statesman in the *Principles*.¹⁸ Unsurprisingly, Steuart's book was warmly received in Germany, not only due to its cameralist influence, but also because it is suited to smaller nation-states. Likewise, the Irish edition of the *Principles* sold well in Ireland and was also widely circulated in the American colonies (Skinner 1999a, 148). However, as stated above, in the 19th century Steuart fell out of the English canon of the history of economic thought. The reason why this is so has to do with both the deliberate and unintentional effects of several movements in 18th and 19th century Scotland and England and their effects on Steuart and his rival, Adam Smith.

A Universe of Invisible Connections

To Smith, Steuart's principles would indeed seem "fallacious" as he wrote to Pulteney. Calling for policymakers to be not only interventionist, but also attached to history and location, as Steuart's work does, is anathema to Smith's project of civility founded on universalism. Therefore in order to proceed to examine the nature and causes of the progress of nations from primitivism to modern commercial civility from the universalist standpoint, Smith had to both explicitly and implicitly erase the concerns of Steuart. In order to do so, Smith had to use not only a different method from Steuart, but also one that would allow him to remodel society in such a way that people would be connected by bonds that were neither nationally nor historically contingent. Overall, he had to counter the large role played by history in the *Principles*. Fortunately for Smith, he had already laid the foundation for such a study in his works previous to the WN.

Steuart's Historical Methodology

For Steuart, history plays a vital role in the possibilities for economic growth and development. Not only does history determine the resources and capabilities at a nation's disposal, but also the disposition of the people towards economic and political change. The all-important "Spirit of the People," made of manners, government, and morals, are formed by history and are to be studied in the present and the past: morals are to be found in a people's religion and from "what is taught among them by authority"; government is to be determined from a "thorough knowledge of their history, and conversation with their ministers

¹⁸ Again it was the Dutch republics, with their more interventionist Magistrates, that Andrew Fletcher of Saltoun advocated in the Union debates as a model that an independent Scotland should follow (see Clerk, 1993, Fletcher 1997, Lockhart 1714).

of state...;” manners are formed over time and, he admits, are the hardest to acquire but are “the most open to every person’s observation” (22). A people’s openness to a change in economic and institutional structures then is dependent on their history, and this must be known by the statesman before he attempts any policy change (23-25). Therefore, history and fact are necessarily important to the science of political economy.

Given Steuart’s political background, the emphasis on history and fact throughout the *Principles* is not unexpected. The Act of Union could not erase the fact that Scotland had been an independent kingdom with its own traditions and economy. Likewise, Steuart’s experience in several different countries and with the differing political worlds of Scotland and the Jacobite court showed him that men and their histories are different and such differences influenced the direction of a nation’s economy. Recognition of historical and present facts resurface in Steuart’s work and is a reminder that Scotland’s past mattered if one was to find a viable future for her and other smaller nations like her. Therefore one of the required tools of an able statesman or political economist is a thorough knowledge of history.

Such a view of history has a clear effect on Steuart’s methodology. Steuart seeks to educate politicians and the general public on the possibilities and practicalities of economic policy. As quoted above, the goal of Steuart’s fledgling science is to provide a means of subsistence for the people and a means of employment for those who want it (12).¹⁹ The problems that faced Scotland and other underdeveloped countries and territories are for him necessarily better served by practical and visible solutions than philosophic systems, as is communicated in his methodology.

Perhaps influenced by Hume, Steuart’s method, as discussed in the Preface, is dependent on empiricism. Concurring with Newton, he rejects reasoning from hypotheses and uses objective observation as a starting point. Principles are then derived by induction, and consequences then deduced from the resulting phenomena. Despite the charms he sees in purely deductive reasoning, Steuart warns against pure deduction and “falling into what the French call *systèmes*,” as such “long steps in political reasoning lead to error...” (17 & 19). In each case under consideration, he builds from simple principles to applications to more complex situations, as in the movement from the simple exchange economy to international trade.

Due to the vagaries of human nature and history, Steuart states that his work is contingent on circumstances (5 & 19). Therefore, he does not believe in general rules and offers general

¹⁹ The author is aware that he is embarking on a new project in trying to form the myriad subject matter of political economy into a regular science, and acknowledges that his work is a first step, a “canvas” for other writers to improve upon (7).

principles only. Similarly, Newton admitted that his natural laws were provisional and that some measure of divine intervention was necessary to maintain the equilibrium of the physical world, that “The process of analysis was unending: general principles, even Newton’s principle of gravitation, could never be other than provisional” (Sambrook 3).²⁰ Combined with the unpredictability of human nature, Steuart’s belief in the divine economy being mirrored in the household and that of the household in the state, and Newton’s caveat, Steuart’s belief in the necessity for government intervention does not seem farfetched in the context of 18th century science.

As he is telling a story of progress, like many of his 18th century contemporaries, Steuart uses conjectural history at the beginning of his book to explain the rise of modern commercial society. So named by Dugald Stewart, conjectural history involves making educated guesses as to how mankind developed from its earliest stages to the present. Steuart conjectures three stages of economic development: the hunter-gatherer, the agrarian, and the exchange economy of the present day. In the last stage, farmers produce an agricultural surplus, freeing some to pursue manufacturing, and allowing increases in population, which further spur demand, and so increase production.

Relying on facts and his vast store of observations from his travels at home and abroad, Steuart does not use conjecture in the rest of his work. In fact, he seeks “to avoid abstraction as much as possible” (19), and purposely uses shorter steps of reasoning to keep “experience and matter of fact before our eyes” (1967, 121). In terms of methodology then, although he is theorizing about an abstract object, political economy, reliance on facts makes Steuart’s theory historically and spatially contingent and the objects of his analysis are both measurable and observable.

Smith and the Conjectural Method

Steuart’s approach to history and method poses a general problem to the universalist project, and a specific problem in a country trying to replace a past reality of two nations with the present entity of Great Britain.²¹ As a moral philosophy professor within the Scottish university system, supporter of the union, and one opposed to what he saw as backward patriotism displayed in the Jacobite rebellion, Adam Smith necessarily takes a different approach from Steuart, not only to his history, but also to his

²⁰ Newton knew that there was some planetary behavior that his laws could not explain and therefore there must be some measure of divine intervention present to maintain the integrity of the system (Sambrook 1993, 3).

²¹ As Robertson (2000) notes, of the Scottish enlighteners who analysed political economy, “only the former Jacobite exile Sir James Steuart ever specifically addressed the problems of the Scottish economy” (45).

science.²² In order to produce his universal system Smith needs to liberate people from history and must uproot it. Therefore he will not rely on facts, but will draw his conclusions from something universal to mankind: human nature.²³

While Smith's views on science, philosophy, and methodology are not explicitly stated in the WN, they are made clear elsewhere in Smith's system of natural liberty. In *The Principles Which Lead and Direct Philosophical Inquiries: Illustrated by the History of Astronomy*, Smith defines philosophy as "the science of the connecting principles of nature," which allows the mind to reach a state of "tranquility" and "admiration" (1967, 45). Rather than establishing truth or fact, philosophy's focus is to soothe the mind. In the *History of Astronomy* Smith hopes to uncover the nature and causes of the Wonder, Surprise, and Admiration one experiences when an unsettling event occurs where unrelated objects or events follow one another:

When one accustomed object appears after another, which it does not follow, it first excites, by its unexpectedness, the sentiment properly called Surprise, and afterwards, by the singularity of the succession, or order of its appearance, the sentiment properly called Wonder. We start and are surprised at seeing it there, and then wonder how it came there (39).

However, philosophy can help us to find the connections between such events, "join them together by a sort of bridge" and therefore soothe our disquieted minds (1967, 40). The "Admiration" Smith seeks comes about after invisible connections between the phenomena have been found:

Philosophy, by representing the invisible chains which bind together all these disjointed objects, endeavors to introduce order into this chaos of jarring and discordant appearances, to allay this tumult of the imagination, and to restore it, when it surveys the great revolutions of the universe, to that tone of tranquility and composure, which is both most agreeable in itself, and most suitable to its nature (45).

Tranquility and admiration therefore occur once philosophy has imposed order on the events being observed. Order then

²² Smith writes unflatteringly of the '45 rebellion and the Jacobites in the *Lectures on Jurisprudence* (1982, 431 & 451). His dislike of the Jacobites, starting in his Oxford days, has been well noted by Rae (1895) and Ross (1995).

²³ As has been discussed by Poovey (1998), such a move also allows Smith to deal with the problem of induction: that observed particulars could not be concluded to be the same as particulars to be observed in the future. Unchangeable human nature is seen by Smith as a superior basis for scientific inquiry (214-218).

continues to be a topic of some importance to Smith. He examines systems of nature to see how each is "...fitted to sooth the imagination, and to render the theatre of nature a more coherent, and therefore a more magnificent spectacle, than otherwise it would have appeared to be" (1967, 45-46). Again, in the idea that invisible connections as yet uncover-ed will fill the gap between two seemingly opposed objects, one can observe the extension of the political assimilationist mindset to the philosophical realm.

Smith's mental universe of Cartesian vortices allows his scientific and philosophical systems to be reasoned from the mind alone. He admits that philosophical systems are "mere inventions of the imagination" (108) and "imaginary machine[s] invented to connect together in the fancy those different movements and effects which are already in reality performed" (66). Further he intends to study them, "without regarding their absurdity or probability, their agreement or inconsistency with truth and reality" (45-46).

Although Smith can be said to agree with Newton in his assessment of the importance of first principles, his methodology is far from Newtonian. Empiricism and induction are remarkable here only in their absence. Rather, as Poovey (1998) contends, Smith's methodology can be characterized as another kind of conjectural history. In order to explain and connect seemingly unrelated events, Smith must abstract and speculate to determine the invisible connections that join them (238-239). Resting on hypotheses, unobservables, and resulting in principles that are common sense, Smith's method is rooted in neither history nor observed fact.

Such an uprooting is compatible with the creation of a universal system of science, and economic science in particular. Smith needs to find a way to distance men from their local concerns and attachments so they can begin to think in broader scope. The system must be such that those who use it can imagine its use in distant places. Also, however, the object of his analysis itself must also be imagined, and therefore abstract. Whereas Steuart begins his work with two observables, population and the agricultural surplus, Smith begins the WN with the study of two intangibles: the division of labour and the market system. As abstractions that evolve from a conjectured history, these entities are not rooted in any one particular time, place or culture. Smith's conjectural method frees one from having to ground analysis in historical fact, thereby allowing one to set aside time and place. Therefore for Scotland's particular problems can be forgotten and Smith's political economy universally applied. Rather than generalizing the situation of Scotland to other countries, as Steuart did, Smith instead generalizes human nature, rendering the rational Scotsman as a generalized, universal man.

Although this move allows him to sidestep Steuart's emphasis on history and location, Smith still needs to connect the members

of commercial society in order to cast aside Steuart's assumption of traditional social obligation and religion. Therefore, he needs to find invisible social connections in the social realm as well as the commercial.

Diversity and Universalism

In its infancy, the science of political economy does not address national revenue and provisioning alone. It also must address the impact of the changes in social relations that increased commercialism had wrought. At the time Steuart began to write the *Principles*, there was a strong tension between the social bonds of the traditional feudal past and the commercial bonds of modernity. Therefore, before exploring how states and individuals should conduct commerce, Steuart and Smith both have to address the vital subjects of the roles of individuals in society and of the actions of individuals within society before they can explore how people should interact in commercial life.

Steuart and Cosmopolitanism

As an empiricist, the facts of history do not allow Steuart to subscribe to the notions of universal human nature or general economic policies. He begins his analysis with the acknowledgment that all peoples, nations, and cultures are different (20). In a cosmopolitan spirit, Steuart frequently reminds the reader that the successful enactment of policy in any country is going to depend on the spirit of the people and that nation's particular circumstances, whether historical, political, social, or natural. Due to these differences, Steuart believes that every country will have its own political economy:

If one considers the variety which is found in different countries, in the distribution of property, subordination of classes, genius of people proceeding from the variety of forms of government, laws, climate, and manners, one may conclude, that the political economy of each must necessarily be different (1966, 17).

In the 18th century, this cosmopolitan aspect of Steuart's work was one of its most contested features, as it was not consistent with English norms. For instance, the anonymous reviewer from the *Monthly Review* of 1767 claims that Steuart had been "imbibing prejudices abroad by no means consistent with the present state of England and the genius of Englishmen" (*Monthly Review*, 465). Unfortunately the reviewers missed Steuart's point, which he gamely reiterates in the corrected edition of the *Principles*:

If from this work, I have any merit at all, it is by divesting myself of English notions, so far as to be able to expose in a fair light, the sentiments and policy of foreign nations, relatively to their own situation (1966, 4-5).

Particular situations are important because, as stated in the *Principles*'s first chapter, man is alike in all times, countries and climes only in acting "from the principles of self-interest, duty or

passion. In this he is alike, in nothing else”(20). Due to their social nature, men form governments and nations, which differ over time and place, due to differences in motivation. Not only does Steuart lack the principle common to the Scottish enlightenment of universal human nature, but he also assumes traditional religion.

Therefore, when it comes to morality, there is no need for him to produce, as Smith did prior to the WN, a separate theory of moral sentiments; morality is left to a nation’s particular spirit. As stated above, morals are contained in the spirit of the people, and these are formed by religion and authority, which are themselves formed over history.

Duty, which is also formed by history, is another major determining factor of morality. Indeed, Steuart says that “the characteristic of a good action consists in the conformity between the motive, and the duty of the agent” (11). Therefore, when one has a duty to more than oneself, self-interest is automatically limited by the extent to which its exercise prevents one from caring for those to whom one has an obligation. As far as the 18th century concern with unintended consequences, Steuart’s maxim implies that while private vices can result in good, they cannot retroactively become virtuous if their motivation is bad. Again, this principle is broad enough to allow for a nation’s particular religion, tradition, or spirit.

Society is bonded by its shared traditions and history, which are necessarily different in all places. Given this, the morality of any society is likewise found formed by history, and so the duties and obligations of one’s society guide one in the commercial realm. Although self-interest is present, Steuart identifies dependence as “the only true bond of society” (207). However, as shall be discussed in the section below on civic humanism, Steuart explores how the old social bonds have changed with the introduction of commerce, and posits an answer to the problem of the erosion of social obligation through political, rather than moral, virtue.

Sympathy and Modern Morality

Smith counters Steuart in finding a way that people in commercial society can be seen to be connected without recourse to conflict-ridden histories and varying traditions. In the WN, all men act out of self-interest, and such interest can be used to connect men together without traditional dependencies or a visible statesman through the division of labor, which renders men dependent on one another to supply their needs. However, in the TMS men can be moral, civil, and social without recourse to a culturally specific tradition of morality through the mechanism of sympathy. Published in 1759, the TMS counters the local, historically determined religious morality, which the *Principles* continues to assume in 1767, with an ahistorical rational morality.

In the formation of the theory, again Smith's university connection has a definite influence. In academia, there were many who were grappling with the new social and economic realities of the emergent market society and shifting political climate of the 18th century. From his famed professor Frances Hutcheson, Smith gained the key idea that just as there are natural laws governing the universe, so are there laws governing human nature.²⁴ If such laws could be uncovered they could be used as a map for successful policy.²⁵

We agree with Winch (1992) that "the advancement of economics as a science" did not require "the separation of its subject matter from the extraneous considerations embodied in moral philosophy" (92). There is a clear line of influence from the natural law moral philosophers to Adam Smith. This has been explored in detail elsewhere (Hutchison 1988, 193-218; Teichgraber 1986; Young 1997, 112-117). What we wish to explore here is how Smith's thought, under the natural law influence, could be conceived as a universalist project on morality, and how this affected the eventual study of economics.

In the TMS, Smith creates a system of morality consonant with the new market society. Rather than trying to see how old bonds of social obligation can be maintained in the face of commercialism, Smith demonstrates that by eliminating these bonds, society will not only survive but prosper in their absence. Due to the decrease of social dependency, social obligations were replaced with commercial relations. However, Smith is aware that this does not preclude people still being relatively dependent on each other due to invisible connections. Smith's great project in the TMS is to derive an ahistorical, areligious, atraditional concept of morality for modern commercial society.

The TMS is based on Smith's great innovation of the redefinition or refinement of the concept of sympathy. Through the conscious use of rationality, sympathy can be created for any situation, becoming another invisible cord connecting every member of society.²⁶ Sympathetic action then aids one in acting

²⁴ Smith also inherited Hutcheson's critique of Mandeville's contention in the *Fable of the Bees* (1714) that no actions are altruistic and that public benefits occur only because other people's vices require fulfillment. Hutcheson developed a theory of benevolence, which allowed society to function in the absence of vice (Hutchison 1988).

²⁵ Hutcheson, who learned natural law theory under Gershom Carmichael, the first chair of moral philosophy at Glasgow, was also well-versed in the writings of the Dutch Grotius and Pufendorf, who advocated a system of natural rights by which society should be understood and governed (Teichgraber 1986, Young 1997).

²⁶ According to one of his students, Smith was aware that he was departing from how moral philosophy had previously been taught: "...he soon saw the necessity of departing widely from the plan that had been

with propriety. One goal of the TMS is to properly instruct people in how to interact in a civil, interdependent, commercial society with propriety, which gives one the standards by which to judge whether one's or another's actions are good or bad. Since, according to Smith, all actions are taken and judged according to how we think others see us, the goal of propriety is to win the approbation of others (Smith 1976, 9-19).

However, propriety is not formed by history, but through an exercise of the imagination. Through the use of an imagined impartial spectator, "the man within the breast," one generates an ahistorical and areligious sympathy for others, which helps one to temper one's emotions and to interact with others (82-85 and 128-32). Guided by the impartial spectator, sympathy is both the foundation of our judgments of the behavior of others, and also how we are able to engage in fellow-feeling with others.

Creating fellow-feeling is necessary because we can feel for others only out of our own personal experience, by putting ourselves in another's place:

...our senses will never inform us of what he suffers. They never did and never can, carry us beyond our own person, and it is by the imagination only that we can form any conception of what are his sensations (9).

It is only after this act of the imagination has taken place that, "His agonies...when we have thus adopted them and made them our own, begin at last to affect us, and we then tremble and shudder at the thought of what he feels" (9).

However, such shuddering is not allowed to continue indefinitely. Smith tells us that we control our emotions better in the presence of strangers than of friends, "for if we are at all masters of ourselves, the *pretence* of a mere acquaintance will really compose us still more than that of a friend; and that of an assembly of strangers still more than that of an acquaintance" (29). Therefore we must introduce a stranger, the impartial spectator, to judge of our actions and the actions of others if we are to have true sympathy with others and to act with propriety in society. Likewise, the object of sympathy is required to also lower the "pitch" of his emotions to an acceptable level and not display excessive grief or pain. Only by such a lowering can he hope to gain sympathy,

...he can only hope to obtain this by lowering his passion to that pitch, in which the spectators are capable of going along with him. He must flatten, if I may be allowed to say so, the sharpness of his natural tone, in order to

followed by his predecessors, and of directing the attention of his pupils to studies of a more interesting and useful nature than the logic and metaphysics of the schools" (Stewart, 11).

reduce it to harmony and concord with the emotions of those who are about him (22).

In this awareness and deliberate containment of emotions, therefore, a connection is made which introduces uniformity and equilibrium analogous to the market process in the WN. The exchange of sympathies is also mutually beneficial. Even though we may originally engage in sympathy in order to gain sympathy from others, we also gain self-restraint, by expressing ourselves properly, and benevolence, by extending sympathy to others. As in the market, the economy of the passions can be smoothly adjusted to produce order. Thus, sympathy creates civility.

Morality based on fellow-feeling generated by an impartial spectator in the mind is quite different from morality based upon historically determined religion or duty. The effect of having a constructed morality based on a deliberate transformation of passion, or unschooled parochial loyalties, is that when one moves to the economic realm, the feudal, paternal obligation to care for one's own or for the other also disappear. Markets then can operate in the absence of a statesman's visible hand of intervention.

There is then continuity, rather than a polar opposition, between the morality of the TMS and the market of the WN. The government does not have to oversee an economy that will eventually break down; it just has to provide the framework in which the economy is generally left to work itself out. However, just as sympathy ties people together socially, the economy requires a bonding agent between people as well, which in the WN is to be found in the division of labour. Again dealing with unobserved entities that can only be imagined, Smith's invisible hand leads a society to increased production and capital accumulation, which garners approbation due to the increase of a nation's wealth.

Although the sources of sympathy extend back to Hutcheson, Hume and Kames and may have been influenced by Addison's *Mr Spectator* as well as Calvinism, Smith's application of these influences is broader in his vision for a transtemporal and transcultural morality. The TMS offers the promise of attaining a measure of a civil understanding and interaction with others, regardless of who or where they are. To enlightened Scotsmen seeking to integrate themselves into English society, Smith's system is ideal. As Gibbons (2003) observes, one of the achievements of the Scottish enlightenment is "to shift moral philosophy away from its grounding in inner experience towards social interaction" (93). In this light, the TMS can be read as a "cultural manifesto" of integration of the Scots into polite English society (93). In order to generalize this result beyond Scotland, Smith additionally shifts morality out of history and into the mind.

In terms of social behavior in the marketplace, Smith makes a careful erasure where Steuart's work is concerned. Steuart

identifies the motivations for human action as self-interest, duty, and passion, whereas Smith's emphasis in the WN is conspicuously only on the first. While duty, passion, and obligation are going to be influenced by one's history and culture, self-interest can be divorced from a particular cultural milieu. Steuart's other categories lie outside of Smith's consideration because they are all culturally and historically contingent and Smith seeks to transcend history.

Civic Humanism and Natural Law

As stated above, the *Principles* display Steuart's attachment to traditional mores and morality, and an absence of a separate moral system analogous to the TMS. However, Steuart is still confronted with the problem of the corruption of virtue in the new commercial society. In order to maintain a country-specific outlook and yet deal with this new problem at the same time, Steuart focuses on political rather than moral virtue. This leads to another contestation between Smith and Steuart on the role of the virtuous state in the commercial age.

In *The Machiavellian Moment* (1975) and *Virtue, Commerce, and History* (1985), Pocock presents two opposed schools of political thought. One, the civic humanist, bears great resemblance to much of the thought of Steuart. Although Smith also addresses civic humanist concerns, the opposing school of thought, natural law jurisprudence, bears more of a resemblance to Smith. Civic humanism views people as naturally social, and thus political, beings. Citizens are those who defend the country in the militia, and who own and properly cultivate their property, which confers both independence and leisure. Acting for the public good is how citizens exercise their virtue, and it is this that displays their equality. Leadership comes about by "the few" to whom "the many" naturally voluntarily defer.

The civic humanist point of view was still very much a factor in 18th century Scottish political and economic debate. In the Union debates Andrew Fletcher repeatedly expressed that the Union would dissolve not only the Scottish state but also the Scottish citizens' means of exercising virtue. As a compromise, he called for the formation of a Scottish militia and a federal union, both of which would allow Scots to exercise their uniquely Scottish virtue. According to Phillipson (1983) and Robertson (1983), when Fletcher's measures were rejected a new conception of virtue became necessary in order to reconcile commerce with liberty and virtue.

Such a reconciliation was necessary because commerce was seen as a form of corruption. From the early development of civic humanist thought in the Florentine republics to the writings of the 17th century English political theorists, corruption was seen as the enemy of virtue. In 18th century Britain, commerce, as conducted

under the Whig regime, becomes the corruptor of civic virtue.²⁷ Steuart's conception of the virtuous statesman, which shall be discussed below, is one response to this conflict, while the preoccupation with civility and politeness that has been discussed throughout this essay is another.

Juxtaposed to the civic humanist ideal is the civil jurisprudential tradition, which is based on a belief in unchanging human nature in the face of an ever-shifting history. Whereas civic humanism is concerned with virtue, civil jurisprudence's main concern is with rights and the distribution of goods. Property rights are seen as a natural development due to mankind's originally having been granted ownership of the earth in common (Hont and Ignatieff, 43). Here, "the individual and his social and moral world are defined in terms of the property transactions in which he is engaged" (Pocock 1983, 249). Instead of virtue the goal is justice in dispensing and dealing with rights. In this worldview liberty comes not from political participation, defense, and the care of the land, but from the pursuit of individual interests that do not infringe on other's property and rights. As Pocock says succinctly, "the *polis* is replaced by politeness and the *oikos* by economy." Therefore the citizen is one who respects others' rights while increasing his own property and participating in the progress of society through an ever-increasing division of labour in the economy (242-243).

Steuart's Civic Humanist Government

As has been acknowledged, but not fully explored, by Doujon (1994), Steuart employs civic humanist discourse in the *Principles* to reconcile modern commercial society with the need for virtue. Just as in the classical republican works of Machiavelli, Harrington, Fletcher, and Davenant, the persistent goals of Steuart's economy are stability, balance, and the public good. As has been shown above, Steuart's experience and the facts of history led him to believe that the economy will neither naturally always attain balance nor the public good. Such imbalance, combined with his political belief in the need for a local and interested ruler familiar with a people's history, civic humanist theory partially explains the need for Steuart's statesman to intervene in the economy.

Steuart acknowledges that the republican form of government is the best because "...trade and industry have been found to

²⁷ Besides instituting a system of public credit to finance the ongoing wars with France, the Whigs also began a system of political patronage and waived the feudal obligation of military service in exchange for payment. Opponents of the Whig regime argued along civic humanist lines in their defense of the citizen as head of his household and master of his lands, which were to be used for agriculture, rather than manufactures, in order to cultivate his personal virtue (Pocock 1983, 237).

flourish best under the republican form, and under those which have come the nearest to it,” due to the uniform application of the laws (211). Such uniformity contributes to liberty, which is founded on freedom from arbitrary domination and uniform laws for the common good, not upon rights as in the juristic school:

By a people’s being free, I understand no more than their being governed by general laws, well known, not depending upon the ambulatory will of any man, or any set of men, and established so as not to be changed, but in a regular and uniform way; for reasons which regard the body of the society, and not through favour or prejudice to particular persons, or particular classes (206).

Therefore, one can enjoy liberty while under the *authority* of another, such as a sovereign, due to Steuart’s distinction between subordination and dependence. Subordination occurs when there is “implied an authority which superiours have over inferiors,” and dependence when the inferiors gain “certain advantages” from their state of subordination (207). For example, servants are both subordinate and dependent because they serve their masters and depend on them for subsistence.

Dependence is always present and necessary because it “is the only bond of society” (207). It is the *degree* of men’s dependence upon each other that has changed. Property was the key to citizenship, and therefore, to freedom, prior to the introduction of the commercial system, or “trade and industry.”²⁸ Modern industry allows liberty to be distributed among all classes of society, so that even those without land can be independent, while it also creates a new commercial dependence between the workers and the rich. In the general introduction to Book I, the change in relationship between the governing and the governed is attributed to:

...the discovery of America and the Indies, the springing up of industry and learning, the introduction of trade and the luxurious arts, the establishment of public credit, and a general system of taxation, [which] have entirely altered the plan of government every where (23).²⁹

These changes have brought formerly well-understood societal roles into question. In keeping with the civic humanist tradition,

²⁸ Steuart defines “industry” as the trading of one’s goods or labour time in exchange for wages or a circulating equivalent that can be used to exchange for other commodities or wants (146).

²⁹ Steuart’s discussion and wording are extremely similar to that of Andrew Fletcher (1997) on the same topic (2-4).

Steuart upholds the noble claim to martial virtue and opposes replacing the militia with a standing army (71).³⁰

It is now impossible for all independent citizens, those holding both physical and phantom property in the forms, respectively, of land and credit, to act for the public good. The nobility are not immune to the corruption engendered in their pursuit of modern luxury goods. Likewise, the newly independent have not been raised since birth, like the nobility, to sacrifice for the public good and are likely to look to their own interests only. Yet such self-interest is necessary for economic growth, and only time and education will instill in a commercial society an other-interestedness.

Therefore, in the short run, maintenance of the public good falls to the statesman, whose interest is not for himself but for the public: "Self-interest, when considered with regard to him, is public spirit; and it can only be called self-interest, when it is applied to those who are governed by it" (142). By exercising his nation-interested "self-interest," it is the statesman who exercises virtue in society, on behalf of all society for the common good.

The statesman must always act with both virtue and justice:

Constant and uninterrupted experience has proved to man, that virtue and justice, in those who govern, are sufficient to render the society happy...Virtue and justice, when applied to government, mean no more than a tender affection for the whole society, and an exact and impartial regard for the interest of every class (20).

Such intervention as Steuart promotes is clearly an engagement with Machiavelli's *fortuna*, or, in 17th century civic humanist discourse, instability. While the Machiavellian moment of confronting *fortuna* occurs in the political arena, Steuart also sees this great instability in the economy, in the form of unemployment and other harmful disequilibria, such as surpluses and shortages.

Thus Steuart imbues the statesman with Machiavelli's almost inhuman *virtu* to confront the corruption both in the economy and the state. Although citizens can still practice virtue in this new non-state arena by participating in commerce, which strengthens the state, and thus increases the public good, they cannot do so at all times. The statesman exercises virtue in a way not available to regular citizens. In a commercial society where old social bonds have been eroded, no one but the statesman has the proper

³⁰ His language strongly defends the bravery of the nobles against the self-interest of the moneyed class conception of civic virtue stems from his own definition of virtue as well as:

...compare the behaviour of those conducted by a warlike nobility, with those conducted by the sons of labour and industry; those who have glory, with those who have gain for their point of view (71).

prudence, foresight, or accumulated knowledge to either correct or prevent imbalances.³¹

As Hont (1983) notes, Steuart is more concerned with “the stability of commerce than that of manners”(296). The distant legislation of London and the recent history of Scotland, and indeed history in general shows Steuart that economic stability cannot be left to the individuals in a commercial state because they no longer occupy the same social roles, have not all been schooled in the public good, and now face a non-military form of corruption. The presence and action of the statesman, however, will ensure both the political virtue of the state in the increase of the public good and the economic virtue of the state in stability. A local and involved statesman also ensures the attention to circumstance that Steuart stresses throughout the *Principles*. However, such sentiments would be seen as anachronistic to Steuart’s enlightenment contemporaries, to whom “ancient virtue’ now no longer entailed Scottish nationalism” (Pittock 2001, 75).

Property, Propriety, and the Natural Law

According to Phillipson (1993), Hume continues the work of Defoe, Steele, and Addison in trying to create a new language of manners, which, over time, would become common sense and so reform behavior. Manners are thus to be the new conduit of virtue, as they encourage moderation, which benefits the public good (308-310). Smith continues the work of Hume and the others, and thereby does the opposite of Steuart, by placing virtue in the social rather than the political realm, in the exercise of propriety rather than through the defense of property. As much more has been written on Smith, most notably in Hont and Ignatieff (1983) regarding his theories on commerce and virtue, we shall not treat this material as extensively as the lesser-known Steuart. However, some explanation is required to show how Smith’s project of universalism and view of economic progress produce yet another version of virtue.

Smith rejects many aspects of the civic humanist conception of virtue. Generally, his work presents an opposition between traditional clan or family-based society, which he conflates with “ideas of patriarchal authority and ‘dependence’ and with the servile values of feudal civilization...,” and modern civilized society based on sympathy between strangers (Phillipson 1983, 188). Book V of the WN shows that the growth of commerce, private property, and progress causes the division of labor, and therefore both a delegation of martial and political duties of citizens to others, and therefore a lessening of dependence of individuals upon masters. Only backward and “barbarous” societies do not

³¹ The statesman is however to attempt to instill the virtues of prudence, justice, wisdom, foresight, and frugality into his people by himself acting with these virtues and thereby direct private interests to the public good (231-232).

specialize and are wholly self-sufficient.³² “Commerce,” Smith tells us in the *Lectures on Jurisprudence*, “is the great preventative of this custom” (6-7). For Smith, the corruption of virtue occurs not in commerce, but when there are both a general dependence of one upon another and a lack of property, both of which imply a lack of progress. Civic humanism then is both unjust, due to the presence of slavery and communal property, and unproductive, due to the absence of the division of labor and property rights. For Smith modern virtue does not consist in political action, but in sympathetic social relations and interdependent, yet individual, commercial relations, which will, respectively, provide benevolence and the satisfaction of the needs of society.

With this new conception of virtue, Smith neatly eliminates the need for a statesman such as Steuart’s, and therefore the need for a local and culturally aware ruler. In establishing independence and the division of labor as key factors in his successful economy, Smith refutes Steuart’s claim of dependence being the only bond of society. He also dismisses the possibility of self-sufficient subcultures, such as those in the Scottish Highlands, being part of progressive and proper modern commercial society by relegating them to “barbarousness.” Again Smith dissolves historical ties and the particularities of location, as propriety and the division of labour can, in theory, arise anywhere.

However, Smith also engages in the natural law jurisprudence tradition that Pocock identifies as being opposed to civic humanism. As in the jurisprudence tradition, Smith presents property as a natural development from the initial grand of the earth to mankind, which was then divided due to the division of labour, and the emergence of government as a means to protect it. Liberty is not active as in civic humanism, but refers mainly to the right to use one’s property as one wishes without harming others and without the fear of that right being violated. Individual property-owners can be virtuous, because the development of their property has the unintended consequence of supplying others’ needs, but society as a whole cannot, as it is made of self-serving individuals (Hont and Ignatieff 43-44). In stressing property and propriety’s vital, natural role in individual liberty and virtue, Smith overrides the importance Steuart places on older forms of social organization and dependence. Whether answering Steuart from within the civic humanist or civil jurisprudence frameworks, Smith establishes a universal means for a modern commercial society to continue to progress regardless of past history or social obligation.

³² A similar sentiment is also expressed in Bk I, chapter III where Highland production is shown to be inefficient due to the small size of the market as well as an absence of the division of labor (WN, 19).

Reception and Rejection: The Principles and the WN in the 18th and 19 Centuries

As has already been noted above and has been seen in the history of economic thought, Steuart's work is upsetting to his English critics and largely ignored by the mid-19th century. Concerned with smaller nations such as Scotland, Steuart creates a vision of an economy that is largely self-sufficient and can build itself from simple origins. Steuart generalizes the situation of Scotland, making his work applicable to smaller nations building economies from basic foundations. Partially, this explains his strong reception in Germany where Steuart is still seen as an authority by the German Historical School well into the 19th century.³³ Germany in the 18th century was still made of smaller kingdoms and in the 19th century sought unification as a nation. In the process the Germans found themselves confronting the same problem as the Scots had in 1707: the political and economic consequences of English commercial power:

[due to its free trade policies] Britain's overwhelming productivity discouraged the growth of industrial capital in less developed countries, i.e. everywhere but in Britain. And the introduction of free trade amounted to excessive competition that led to the fall of traditional craftsmen and worsening social problems (Kobayashi 2001, 64-65).

Therefore, the German economists needed a theory that acknowledged the link between the economy and the nation, and between economics and politics, such that "development appeared as the development of a nation and of a national economy" (Kobayashi 2001, 62). Smith's theories are not sufficient for this task, as they assume an already-advanced economy, which was not yet present in all of Germany, in addition to a lessening of the role of politics.³⁴ Steuart's work, however, with the culturally and historically knowledgeable statesman guiding the ship of the economy provides a suitable guidebook.

Empire and Economy: Unintended Consequences?

Unlike Steuart, Smith does not generalize the Scottish *situation*, but rather the *mindset* of the civilized North Briton. The man of reason, of sympathy, with polished dialect and manners is the universal man, and so the solutions found in the system of natural liberty can be extended to any situation and indeed any location.

³³ The rest is explained by Steuart's common cameralist foundations and attention to history. Herrenschwand, Hufeland, Rehberg, Roscher, and Schmid are some of the German Historical School economists who reference Steuart over Smith in their textbooks (Sen 1957 and Tribe 1988, 136).

³⁴ This explains the weak reception of the WN in Germany, where it took even longer to find an audience than it had at home (Tribe 1988, 133-148).

As argued above, Smith's use of the conjectural method allows for the local to become unimportant and the distant imaginable, connecting the seemingly unconnected. Through the disregard of history and location, Scotland's historical differences are consigned to the primitive past and not to the progressive universalist future. By thus relegating Scottish difference to the past and the Scotsman as all men, Smith achieves socially what the Union sought politically, and, therefore, as Gibbons notes, "the 'impartial' shades imperceptibly into the 'imperial' spectator" (1996, 288-289).

In this there is another explanation for the gradual ascendancy of Smith's version of political economy over Steuart's in the early 19th century. By this time Britain had become a formidable imperial power, and part of its colonizing ethos was to civilize its conquered peoples through the benevolence and order of English rule and markets. Smith's work is compatible with an imperialist mindset precisely because of its modern, ahistorical nature that views progress as any movement away from a traditional self-sufficient economy or from tradition itself. However, such a system is not content to halt at achieving its own progress. As Deane (1994) observes, such a system built on abstraction, results in a political and moral philosophy that,

...has only one mode of existence for its survival. It travels. It cannot linger in the actual. It cannot stay at home. Its home is always abroad in the world of desire and abstraction...it is, at base a reconstruction of the modes of social relationship that constitute society (15).

A successful empire requires just such a social reconstruction. Smith's abstract and conjectural theories of sentiment, government, language, and markets provide such a reformulation. Not bound to any one culture or location, Smith's theories are adaptable and exportable to all "uncivilized," disorderly cultures. If all men are theorized to be alike, then the policies of England can be assumed to be equally applicable and fortuitous for the people of Ireland, India, Africa, or Asia. It need not matter that an English governor, viceroy, or prime minister does not have the proper knowledge of a colony's history, or people, if all people are alike, and if he can create sympathy to act in their interest. As for economics, if one theorizes abstract economies without regard to time or place, then a centralized government can hand down economic policy just as successfully as Steuart assumes the local statesman can.

The work of Steuart, on the other hand, does not just imply that men are not alike, but baldly states it. His repeated references to the differences of peoples and the importance of a local and involved ruler are counter to the basic assumption of the universalized human and therefore centralized policy. In the late 18th century when Scottish separatist tendencies were still prevalent and the English government was also trying to subdue the Irish and Americans, Steuart's political economy would seem

absurdly antithetical to the imperialist project. Thus it is little surprise that he should fall out of favor the farther one moves into the 19th century.

Smith envisages the system of natural liberty freeing people from the strictures of the *ancien regime* traditions of dependency and favoritism. However, in the hands of the promoters and politicians of 19th century British imperial expansion, his writings are used rather differently. Prime Minister William Pitt writes in a 1792 speech that there are no limits to the civilizing effects of capital and commerce,

...while there exists at home any one object of skill or industry short of its utmost possible perfection; one spot of ground in the country capable of higher cultivation and improvement; or while there remains any existing market that can be extended...The rude wants of countries emerging from barbarism, and the artificial and increasing demands of luxury and refinement, will equally open new sources of treasure, and new fields of exertion, in every state of society, and in the remotest quarters of the globe. It is this principle, which, I believe, according to the uniform result of history and experience, maintains...a continued course of successive improvement in the general order of the world (1998, 160).

In the political guise of improvement, Smith's theory of the civilizing power of commerce is used to justify further dependency. As Deane predicts though, politically and morally, this means that the theory must travel beyond the borders of Scotland and even Britain to, in Pitt's words, "countries emerging from barbarism" and those "in the remotest quarters of the globe."³⁵

Conclusion

David Hume once wrote,

Really it is admirable how many Men of Genius this Country produces at present. Is it not strange that, at a time when we have lost our Princes, our Parliaments, our independent Government, even the Presence of our chief Nobility, are unhappy in our Accent & Pronunciation...is it not strange, I say, that in these Circumstances we shou'd really be the People now disitnguish'd for Literature in Europe? (cited in Allan 2002).

As we have argued, the explosion of this "hotbed of genius," as expatriate Scot Tobias Smollett once called the Scottish Enlightenment, occurred in part due to the very losses identified by Hume. The movement to alter Scottish sensibilities and cultures mirrored the merging of parliaments and economies.

³⁵ Various other British politicians made use of Smith's theories at this time, including Lords Shelbourne, North, and Grenville (see Ross 1998).

Encouraged by the political leanings of the Scottish university professors in the early 18th century, the trend of equating modernity and civility with uniformity and universalism was nurtured throughout the 18th century, and became the intellectual foundation for Smith's philosophy. Political economy itself emerges as an attempt to answer the various questions of how best to govern the commercial system and how individuals in such a society should act in order to bring about progress in society.

The University and the Universal Mind

Although the Scottish Enlightenment began to fade by 1800, Smith's theories and those of the rest of the Scottish enlighteners did not. As we know, their concerns became the foundation for the modern social sciences. Just as political economy has more than one cause for its emergence in the 18th century, likewise, the dissemination of ideas about political economy, and Smith's political economy in particular, do not have a single source.

Throughout the 18th century, there had always been a sideways dissemination of ideas from the Scottish literati to the general public through the facilities available to them at home: the coffee houses of the major cities, the literary and political clubs and societies such as the Political Economy Society in Glasgow and the Poker Club of Edinburgh, of which both Steuart and Smith were members, where politics, economics, law and literature were all discussed in order to spread both politeness and mutual understanding, as well as the journals and newspapers of the day (Allan 130; Wood 1994).

To further explain how the ideas of the Scottish political economists became universal, again we return to Smith's implicit and explicit erasure of Steuart. Not only did Smith purposely neglect to mention Steuart, he also purposely altered the grounds on which political economy was based. Using a conjectural rather than empirical method, Smith was able to erase not only Steuart but also obviates the need for the past and difference. Where Steuart uses the real world as the object of his analysis, relying on induction, and the analysis of measurable variables, such as population, the number of people unemployed, and so on, Smith shifts the terrain of economic analysis to abstract ground. Whereas Steuart began the *Principles* with an analysis of the importance of the ratio of the population to the agricultural surplus, Smith begins the WN with the importance of the division of labour and mankind's tendency to truck, barter, and trade from which it arises. Discussion of the invisible hand and markets are more examples, as has been shown by Poovey (1998, 214-263). Using abstraction, Smith changes the field of economic analysis from the world of the real, where people are influenced by history, to the world of the mind where all properly civilized people can sympathize and theorize in harmony with each other. Analysis of the invisible also allows for invisible and "natural" solutions rather than the visible hand of government intervention to solve

economic imbalances. Loosed not only from a specific location, but from all location itself, Smith's explanation of the economy and the market system could be used outside of Scotland, and indeed could be applied everywhere.

In the late 18th century, as John Dwyer notes, "The erstwhile champions of forbearance and humanity could be extremely intolerant of anything, including their own heritage, that stood in the way of the concept of a polite British community" (cited in Gibbons 1996, 283). A former Jacobite concerned with history and locality, who attempts to generalize the Scottish economic and developmental situation, Stewart was one casualty of such an approach.

In the early 19th century, once the ideas of both men filtered back into and through the universities, political economy was to undergo another erasure. The more radical aspects of Smith's teachings, such as his secular morality, bid for uniform language, and conjectural method, were obscured by a view of Smith as a promoter of free trade. Much of the credit such a veiling and the spread of Smithian universalism can be attributed to his pupil Dugald Stewart who, according to Brown (2000) and Wood (2000), created a canon of the Scottish Enlightenment that portrayed modernity as "commercial, bureaucratic, and morally capable" (150).³⁶

Stewart, therefore, set out to create a canon of a specific kind of Scottish thought. He characterizes Scotland's history before 1745 as marked by "intolerance, bigotry, and barbarism" (cited in Wood 2000, 4). As Stewart rejects "the study of local laws and forms of government for an analysis of the underlying principles upon which progress occurred" and "The thrust of Stewart's moral philosophy was, therefore, anti-traditional," he would not have included Sir James Stewart among his canon of enlighteners (Brown 138-139).³⁷

In order to make his and Smith's teachings on freedom from tradition and authority more acceptable to a society still threatened by the events in post-Revolutionary France, Stewart had to further separate politics from political economy. Thus he stresses both the anti-interventionism, commercial rationality, and moderation of the WN rather than the more radical aspects of Smith's system of natural liberty. Smith is presented as a political

³⁶ This occurred in Stewart's presentation of the biographies of Smith, Reid, and William Robertson to the Royal Society in Edinburgh. Brown contends that Stewart undertook the biographies largely to justify his teaching of political and moral philosophy to the political interests who were members of the Royal Society as a progression of modernity (2000, 145).

³⁷ Stewart (1966) does mention the *Principles* in a positive light in his lecture notes. He praises the work for its wealth of factual knowledge but refers students to it only as a secondary source to the WN (458).

moderate, as opposed to what he appeared in his own time, a semi-radical French *philosophe*, as has been explored most recently in Rothschild (2002). To accomplish this alteration, however, Stewart uses Smith's tool of placing his argument firmly in the mind. For example, he identifies "the provision made by nature in the principles of the human mind, and in the circumstances of man's external situation, for a gradual and progressive augmentation in the means of national wealth" as being Smith's goal in the WN (149). Increased rationality and political moderation were of course very much in vogue to the English-speaking British audience of Stewart's teachings in the wake of the French Revolution. From Stewart's classroom audience, his interpretation and further refinement of the universal Scotland of the mind spread was spread by his students, who included, among others, several editors of the influential *Edinburgh Review* and James Mill.³⁸

As Stewart separated his political economy lectures from the moral philosophy course in 1802, the first chair in political economy was thus also created, and political economy was seen to emerge from the university. But it was a particular kind of political economy that was promoted: a conjectural study of abstract unverifiable entities that could conjure policies that were universally applicable. True to his word to Pulteney, Smith, while never mentioning him, completely countered Stewart's assumptions and obscured his contribution to political economy. Thus, in Dugald Stewart, what we have is an even more distilled version of Sir James Stewart's original project of the science of political economy. Rather than adding to his "canvas," both Smith and Stewart continue to remove figures from it: namely the importance of history, location, culture, religion, and government guidance of the economy and economic policy.

Rather than emerging full grown from the head of Smith from his analysis of the natural laws governing human nature, political economy can be seen to have emerged from a variety of contestations in the 18th century: between fact and the abstract, history and conjecture, intervention and free trade, commerce and tradition, sovereignty and subordination. It also grew as a reaction to the dissolution of the Scottish government, and the subsequent movement to similarly dissolve traditional communities and economies in favor of the Union government and modern commerce. In a sense, political economy is also a solution to the Scottish inferiority complex resulting from the Union. As a would-be politician and anti-Unionist operative, Stewart's *Principles* implicitly display a patriotic reaction of how a smaller nation can rise from economic obscurity to prominence through careful and knowledgeable governance and leadership. Smith, as a university professor and well-regarded philosopher,

³⁸ Among Stewart's pupils were: Francis Jeffrey, Henry Reeve, Macvey Napier, and Henry Brougham (Brown 137, Hont 1983, 315).

intellectualizes the subject of political economy by moving the object of analysis to the mind. He of course also stresses uniformity and English civility as has been pointed to above. In Dugald Stewart's triumphal version of political economy, the moderating and rational aspects of Smith's conjectural system are emphasized, and he continues to place the field of analysis firmly in the mind. By placing the field of discourse in the abstract, in the realm of the mind, Smith and his cohorts demonstrate to the larger world that they have attained an intellectual sophistication belying their status as citizens of a backwater nation. Although the same could be said of Stewart's patriotic version of political economy, that generalizes the Scottish situation, Smith and Stewart hope to achieve something more than the solution of economic problems. In Smith and Dugald Stewart's triumphant universal version, that generalizes the rational Scotsman, these authors wish to signal something greatly significant to themselves and to the world of ideas, concerning Scotsmen. In the Scottish creation and proliferation of a universalist, abstract, modern form of political economy, the Smith and Stewart show that the Scots are civilized citizens. Rather than ignoble, they are now enlighteners.

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