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of as over-production. The neighbouring British and French West India Colonies, growers of cane-sugar like Cuba, have scarcely felt any stimulus to increased production. There the wave of adversity continued and is continuing.

It has been suggested<sup>1</sup> that some of the British islands ought to make profits from the growth of tobacco while the supply from Cuba is so short. The prospect is probably delusive. Some of them have already tried hard to find a market for their tobacco and cigars. Jamaica has to a large extent succeeded. But there is no denying that the reputation of the Cuban curing is far above that of its competitors. Any effort to supplant Havana at this time would be purely temporary: when peace is restored it will drop away again, just as in 1864 the effort to grow cotton in the Virgin Islands died away as soon as the civil war in the United States was fairly at an end.

There is a better prospect for a trade in cattle from these islands. Jamaica particularly with its fine herds should for some years find a profitable business both in supplying with meat Cuba fighting and in replenishing the stocks of Cuba at peace.

The destruction of foreign capital invested in the island carries the losses of war time further than the island itself, and may hereafter give political trouble to all parties concerned; but, apart from this, the general lesson to be drawn as regards the effect on the outside world is, that in the modern economic relations of the countries of the world little disturbance to trade is caused by the elimination of a fairly important factor. As the knowledge of each business spreads and the number of competing sources of supply increases year by year, the dropping out of one only gives an opening to others. Very rarely is there a loss of a substantial nature to the world at large.

C. ALEXANDER HARRIS

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## THE CONSISTENCY OF ADAM SMITH

MAY I here be permitted to express the lively satisfaction afforded me by some recent English publications that have thrown light on the so-called Adam Smith problem? I was at one time keenly occupied with it, and hold it to be the point to which the intelligent and earnest attention of students ought to be turned now that the Physiocratic problem is approaching solution. Three works, published recently, have contributed new and valuable material for fully understanding the teaching of the great Scottish master, namely, James Bonar's *A Catalogue of the Library of Adam Smith* (1894), John Rae's *Life of Adam Smith* (1895), and Edwin Cannan's *Lectures on Justice, Police, Revenue and Arms*, delivered in the University of Glasgow by Adam Smith, reported by a student in 1763 (1896).

<sup>1</sup> Diplomatic and Consular Reports, No. 1880, Spain, 1897, p. 8.

It does not seem to be understood in Great Britain that, on the Continent, there is a difference of opinion about one fundamental point in Adam Smith's system—a difference which, at one time, gave rise to some sharp polemics, and which is not yet settled. The question may be thus stated:—Are the two principal works of Adam Smith, the *Theory of Moral Sentiments* (1759) on the one hand, and the *Inquiry into the Nature and Causes of the Wealth of Nations* (1776) on the other, two entirely independent works, contradicting each other in their fundamental principles, or are we to regard the latter simply as a continuation of the former, though published at a later date, and both as presenting, when taken together, a comprehensive exposition of his moral philosophy?

The decision of this question is not merely of objective interest in general, but personally affects the great Scotchman. Whether there is any foundation in fact for the doubts which are constantly expressed as to Smith's scientific sincerity is involved in it, as is also the charge that he preached extreme materialism. The latter accusation was raised against him first by Bruno Hildebrand, a forerunner of the German "ethical" school, or "Socialists of the Chair."

Buckle in his *History of Civilisation in England* has emphatically upheld the homogeneity of Smith's two works. On the other hand, Lujo Brentano, in his book, *The Position of Labour under Modern Law* (1877), takes the other view, as may be seen from the following extract (p. 60):—"The *Inquiry into the Nature and Causes of the Wealth of Nations* appeared in the early months of 1776. Adam Smith had worked at it during ten years of quiet country life. He had begun the work immediately after his return from France. During a twelve months' stay in Paris with Helvetius, the 'Atticus' of the Encyclopædists, he had associated with the men whom that distinguished commissioner of taxes, thirsting for literary fame, gathered round his table in order that he might extract the quintessence of their ideas and publish them in his book, *De l'Esprit*, the Gospel of Individualism. We may judge how great was the influence of this intercourse on Adam Smith by the revolution which it effected in his opinions. As is well known, Smith had published in 1759 a *Theory of Moral Sentiments*, according to which moral actions are only those which awaken the sympathy of all well-instructed and impartial spectators. According to him, men are influenced by their actions. He writes:—'The whole account of human nature which deduces all sentiments and affections from self-love, which has made so much noise in the world, but which, so far as I know, has never yet been fully and distinctly explained, seems to me to have arisen from some confused misapprehension of the system of sympathy.' In his investigation of the wealth of nations, however, he agrees entirely with the opinions of Helvetius, as expressed in his book on human nature, and on *self-interest as the sole spring of human actions*. The consequences of this dogma of self-love permeate every part of the work. Indeed, so con-

vinced was he that self-interest was the only possible motive for human action, that the decision of the Quakers in Pennsylvania in freeing their slaves, an action universally ascribed to a religious motive, calls forth the following passage: 'Their resolution . . . may satisfy us that their number cannot be very great. Had they made any considerable part of their property, such a resolution could never have been agreed to'' (*Wealth of Nations*, III. 2).

The same view which we find in Brentano to-day is at the foundation of the writings of Hildebrand, Knies and others. Skarzinski, in his pamphlet, *Adam Smith as a Moral Philosopher and Creator of Political Economy* (1878), puts this in the most convincing form in the following words (p. 183):—"Smith was an Idealist, as long as he lived in England under the influence of Hutcheson and Hume. After living in France for three years and coming into close touch with the Materialism that prevailed there, he returned to England a Materialist. This is the simple explanation of the contrast between his *Theory* (1759), written before his journey to France, and his *Wealth of Nations* (1776), composed after his return."

About the same time I had arrayed myself on the opposite side, in my book, *Adam Smith and Immanuel Kant* (1877). I had taken my stand on the explanations given in the preface to the sixth edition of the *Theory*, which appeared in the year of his death, and in which he lays emphasis on the connection between the two works; and I had endeavoured to sketch the ground plan of the structure of his moral philosophy. By comparing this with the way in which other philosophers built up their systems, especially with that of Kant, I endeavoured to show that it was by no means necessary to take refuge in the assumption of a revolution in the opinions of Smith, inasmuch as a similar evolution of thought might be found elsewhere. I had further taken pains to defend Smith from the charge of Materialism. If Smith is studied without prejudice, many passages will be found that prove him to have been a forerunner of Kant, the Idealistic philosopher. This specially applies to his *Doctrine of Conscience*.

This idea was vehemently contradicted by the opposite party. As the new "ethical" school had entangled itself in a *determined* opposition to classical political economy, and especially to Adam Smith its leader, it was most disconcerting to them to be told that he himself was a great ethical teacher. Later writings favour the view that Smith's two principal works hang together. To these belong Richard Zeyss's *Adam Smith and Self-Interest* (1889); W. Paszkowski's *Adam Smith as a Moral Philosopher* (1890); W. Hasbach's *Investigations concerning Adam Smith* (1891). The work of Albert Delatour, *Adam Smith, His Life, His Works and His Doctrines* (1886), which received a medal from the French Academy of Moral and Political Science, follows a similar line of thought. It is at last possible to bring this dispute to a point owing to the publications of Bonar, Rae,

and Cannan, although they do not directly touch the question at issue.

In the first place, in the catalogue of Smith's library, as published by Bonar, it is noticeable that not a single work of Helvetius' is to be found. Nor is Holbach's "Système de la Nature" there. The only work by the latter is his *Système Social* (1773). Whoever knows this book and compares it with the *Wealth of Nations*, will never believe that Adam Smith was seriously influenced by Holbach. No one, however, who has even a superficial acquaintance with their writings, will consider the *Physiocrats* to be Materialists. Their influence on Adam Smith is also much less than has been generally supposed. Certainly it is a distinct mistake to say, as Brentano does, in his above-mentioned work, that, excepting some unimportant differences, "Adam Smith is himself a Physiocrat; his chief merit is only to have produced the most brilliant literary production of the school" (p. 63).

Further, John Rae, in his biography of Adam Smith, in which the period of his stay in France is minutely described, knows nothing of a fundamental change of view. Rather is the continuity of the *Wealth of Nations* and of the *Theory* always taken as self-evident. His earliest biographer, Dugald Stewart, took up a similar position. The last doubt which might remain disappears, however, when one reads the College note-book, edited by E. Cannan, of one who heard Adam Smith's lectures on "Jurisprudence and Police." This note-book has come down from the year 1763; that is, just before Smith's departure for France in 1764. This confirms the account which is given by Dugald Stewart, and derived from John Millar, according to which the jurisprudence forms the connecting link between the teachings revealed in the *Moral Sentiments* and in the *Wealth of Nations*. We find the lectures, which are directly connected with the last chapter of the *Theory*, dealing not only with public and private rights, but also, at the close, with the "police"; i.e., the subjects which are treated of in the *Wealth of Nations* under the name of Political Economy. In this last division we meet with all the principal economic doctrines which were afterwards given to the public in the *Wealth of Nations*, especially the statement that the economic actions of men have their root in the impulse of self-love. We read, e.g., on p. 169—agreeing in parts *verbatim* with the statement contained in chap. ii., Bk. I. of the *Wealth of Nations*:—"Man in the same manner works on the self-love of his fellows by setting before them a sufficient temptation to get what he wants. The language of this disposition is: Give me what I want, and you shall have what you want! It is not from *benevolence*, as the dogs, but from *self-love* that man expects anything. The brewer and the baker serve us not from *benevolence* but from *self-love*. No man but a beggar depends on *benevolence*, and they would die in a week were their entire dependence upon it." Herewith Adam Smith certainly did not mean to say that no actions were prompted by

benevolence, but only that these last-named actions belong to a different category from economic actions. But both are peculiar and necessary to man. This is expressed clearly enough in different passages of the *Theory*. For example, in the following:—

“The great division of our affections is into the selfish and the benevolent” (Part VII., sect. ii.).

“Concern for our own happiness recommends to us the virtue of prudence; concern for that of other people, the virtues of justice and beneficence. . . . The first of these three virtues is originally recommended to us by our selfish, the other by our benevolent, affections” (Part VI., Conclusion).

“Self-love may frequently be a virtuous motive of action” (Part VII., chap. iv.).

“Regard to our own private happiness and interest, too, appear upon many occasions very laudable principles of action. The habits of economy, industry, discretion, attention and application of thought are generally supposed to be cultivated from self-interested motives, and, at the same time, are apprehended to be very praiseworthy qualities, which deserve the esteem and approbation of everybody” (Part VII., chap. iii.).

“Carelessness and want of economy are universally disapproved of, not, however, as proceeding from a want of benevolence, but from a want of proper attention to the objects of self-interest” (Part VII., chap. iii.).

“The man who acts according to the rule of perfect prudence, of strict justice and of proper benevolence, may be said to be perfectly virtuous” (Part VI., sect. iii.).

From all these passages in the *Theory*, as well as from similar ones in the *Lectures*, it is quite evident that Smith needed no introduction from the Encyclopædists in France in order to give self-love that place among human motives for action which he has given it later on in the *Wealth of Nations*. For that, in this work also, self-love is not the root of *all*, but only of economic actions is also to be inferred, among other passages, from his defence of the Navigation Act. This injured, it is true, the wealth of England, but it increased her political power. But power is of much more importance than wealth, and in this sense it has perhaps been among the wisest measures of English policy. Again, the art of war is incidentally mentioned by Smith as the noblest of all arts; and so on. The young Duke de la Rochefoucauld, with whose family Smith had become acquainted during his stay in France, rightly appreciated Adam Smith’s view, as may be seen from a letter written to Smith to excuse the young Duke’s grandfather, the author of the celebrated *Maximes*:—“He has taken a part for the whole, and because the people with whom he had most closely associated were animated by *amour-propre*, he has made it the general *mobile* for humanity” (Rae, p. 340). This letter is dated March 3, 1778. This was therefore two years after the publication of the *Wealth of Nations*, in which, as is assumed,

Smith gives written evidence of his having gone over to the materialistic view of the *Maximes*, and especially of the work of Helvetius, *De l'Esprit*. It is well known that Smith, in the first edition of the *Theory* (1759) had sharply combated the teaching of Mandeville and de la Rochefoucauld, on which he bestows the epithet of "licentious systems," and of which he says:—"The notions of both these authors are, in almost every respect, erroneous." While he did not withdraw this charge in any of the four following editions—he prepared the third immediately after his return from France—yet in the revision of the sixth edition (1790) he made a slight alteration by omitting the name of de la Rochefoucauld; the argument itself he retained, though it was now directed solely against Mandeville. If the opinion held by Brentano, Skarzynski and others were correct, Smith would already in the third edition (1767) have gone over to the opposite camp with flying colours, or he would have deserved the charge of unmitigated hypocrisy. But, strange to say, the name of Helvetius does not occur in any edition, either of the *Theory*, or of the *Wealth of Nations*. Brentano adduces a passage from the first edition of the *Theory* in proof of the older opinion which Smith is said to have discarded in the *Wealth of Nations*:—"That whole account of human nature, however, which deduces all sentiments and affections from *self-love*, which has made so much noise in the world, but which, so far as I know, has never yet been fully and distinctly explained, seems to me to have arisen from some confused misapprehension of the system of sympathy." This passage occurs *verbatim* in every succeeding edition, even in the sixth (1790), which was revised by Smith himself. Indeed it is evident that Brentano had taken it from the last edition, because he cites it as occurring in Part VII., and there was no Part VII. till the edition of 1790, when, after Part VI., Smith interpolated a new part:—"Of the character of virtue;" and consequently what was formerly the sixth part became the seventh. But in this new sixth part Smith has given clearer expression than ever, not only to his idealistic, but also to his synthetic views. If the *De l'Esprit* of Helvetius had really made so great an impression upon him, he would not only have named but would also have discussed it in the revised edition of the *Theory*, and that in juxtaposition to his remarks on Mandeville. As we have seen, neither happened. He evidently considers it as belonging to those works on which he makes the general remark that the doctrine "has never yet been fully and distinctly explained." This is a proof that he still classed it under "licentious systems," and "notions in almost every respect erroneous" (*Theory*, Part VII., chap. iv., edition 1790). Besides, in the preface to this last edition, revised by himself, he expressly emphasises the connection between the *Theory* and the *Wealth of Nations*. The explanation which can now no longer be misunderstood, but which has constantly been passed over by the defenders of the opposite theory, runs as follows:—"In the last paragraph of the first edition of the present work, I said that I should in

another discourse endeavour to give an account of the general principles of law and government, and of the different revolutions which they had undergone in the different ages and periods of society, not only in what concerns justice, but in what concerns police, revenue and arms, and whatever is the object of law. In the *Inquiry Concerning the Nature and Causes of the Wealth of Nations*, I have partly executed this promise; at least so far as concerns police, revenue and arms. What remains, the theory of jurisprudence, which I have long projected, I have hitherto been hindered from executing, by the same occupations which had till now prevented me from revising the present work. Though my very advanced age leaves me, I acknowledge, very little expectation of ever being able to execute this great work to my own satisfaction, yet, as I have not altogether abandoned the design, and, as I wish still to continue under the obligation of doing what I can, I have allowed the paragraph to remain as it was published more than thirty years ago, when I entertained no doubt of being able to execute everything which it announced."

By the publication of the *Lectures on Justice, Police, Revenue and Arms; delivered in the University of Glasgow by Adam Smith, reported by a Student in 1763*, which Edwin Cannan accomplished last year, the gap has, in some degree, been filled up. But this much is unquestionably evident from the passage above quoted, that the author himself firmly believed in the connection between his two works, the *Theory* and the *Wealth of Nations*. And yet in these latter days arise others who think they know better!

The original MS. of the lectures was burnt with other MSS. by his friends and executors, Hutton and Black, at Smith's request, shortly before his decease. The work itself possesses great literary and historical value, approximating, in my judgment, to the re-discovery of the *Tableau Économique* of Quesnay.

We must surely agree with Cannan when he denies that he has been guilty of an act of impiety by the publication of a course of instruction which the author himself would not lay before the public. Nothing has done more to prevent the right understanding of Smith's system than that unfortunate decision to burn the *Lectures on Jurisprudence*. Through the discovery of the mere notes of these lectures we are at last in a position to do full justice to the noble structure of ideas in the mind of the great Scotchman. Smith has done himself a great wrong, which now, at length, can be set right. It would be a graceful act for the English political economists to set themselves the task of inquiring fully into the Smith problem, and thus to protect their great master once for all from detraction, by presenting his teaching in its entirety, as a system of Moral Philosophy, in which Political Economy forms but a part. Then no one would blame Smith for lacking "ethical" standpoints, or suspect him of gross Materialism. Then this great man, who, despite certain undeniable weaknesses, towers far above his successors, would for ever be free from such hard



judgments as those to which Gustav Schmoller, the leader of the "historico-ethical" school, has given utterance in the following remark :— "Adam Smith has treated the economy of life very well in *small things* ; in other respects he was a closet student, one indeed who knew how to lend significance to even second hand materials" (*Art* : "Volkswirtschaft" in the *Handwörterbuch der Staatswissenschaften*, by Conrad, &c., Bd. VI., 1894).

Men of the rank of Quesnay and Adam Smith do not belong merely to the nation which gave them birth. Other peoples also are deeply concerned in seeing them duly appreciated.

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### POLITICAL ECONOMY IN ITALY.

IN that admirable essay upon Armand Carrel which, even at the present day, ranks among the most eloquent pages ever written upon the subject of French History, John Stuart Mill excellently describes the sudden revival of the French intellect after the year 1824, and, with great penetration, traces its causes to the then existing political and social conditions. "It was," he says, "the time when the Spanish war and its results seem to have riveted on the necks of the French people the yoke of the feudal and sacerdotal party for many years to come. The Chamber was closed to all under the age of forty ; and besides, at this particular period, the law of partial renewal had been abrogated, a Septennial Act had been passed, and a general election, at the height of the Spanish triumph, had left but seventeen Liberals in the whole Chamber of Deputies. The army, in a time of profound peace, officered too by the detested *émigrés*, held out no attraction. Repelled from politics, in which little preferment could be hoped for by *roturiers*, and that little at a price which Frenchmen will least of all consent to pay, religious hypocrisy, the *élite* of the educated youth of France precipitated themselves into literature and philosophy, and remarkable results soon became evident."

Unless I am much mistaken, a series of facts, analogous in many respects to these which are here described, are developing in Italy at the present time. The painful reverses which lately followed one upon the other, the military and political scandals which have disgraced our country, the increasing discredit of our Parliament, and all that terrible disruption in which the most brilliant personalities and the most distinguished reputations were so miserably wrecked, have exercised an influence, all the more profound as it was less heralded by forecasts, upon the minds of our intellectual classes and have radically changed their feelings.

That world of politics which, formerly, dazzled the mental vision