



“Das Adam Smith Problem” and the origins of modern Smith scholarship[☆]

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ABSTRACT

The “Adam Smith Problem” is the name given to an argument that arose among German scholars during the second half of the nineteenth century concerning the compatibility of the conceptions of human nature advanced in, respectively, Adam Smith’s *Theory of Moral Sentiments* (1759) and his *Wealth of Nations* (1776). During the twentieth century these arguments were forgotten but the problem lived on, the consensus now being that there is no such incompatibility, and therefore no problem. Rather than rehearse the arguments for and against compatibility and incompatibility, this paper returns to the German writers of the 1850s–1890s and demonstrates that their engagement in this argument represents the foundation of modern Smith scholarship. It is shown that the “problem” was not simply a mistake best forgotten, but the first sustained scholarly effort to understand the importance of Smith’s work, an effort that lacked any parallel in English commentary of the time. By the 1890s British writers, overwhelmingly ignorant of German commentary, assumed that there was little more to be said about Smith’s work. Belated international familiarity with this German “Problem” played a major role in transforming Smith from a simple partisan of free trade into a theorist of commercial society and human action.

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In 1892 L.L. Price read a paper on Adam Smith to the annual meeting of Section F of the British Association. He opened as follows:

It is with a feeling of some hesitancy that I submit to the Economic Section of the British Association these fragmentary and inadequate remarks. To say anything new on Adam Smith is not easy; but to say anything of importance or profit, which has not been said before, is well-nigh impossible.¹

The idea that serious discussion of Adam Smith had run its course was a commonplace in later nineteenth century Britain. But that Price shared this view is itself significant, for he was part of that Oxford generation of political economists which included W.J. Ashley, L.T. Hobhouse, Llewellyn Smith, W.A.S. Hewins and also of course Edwin Cannan, all of whom graduated between 1881 and 1887 and were members of the Oxford Economic Society.² Arnold Toynbee’s early death had

[☆] This paper was presented at the annual meeting of the Dogmenhistorischer Ausschuss of the Verein für Sozialpolitik, Lüdinghausen, June 2007. I would like to thank all those attending for their very helpful comments. In places I here draw upon material included in my essays on the Smith reception in *A Critical Bibliography of Adam Smith* (edited by Keith Tribe, with Hiroshi Mizuta), Pickering and Chatto, London 2002, but do so in order to make a new argument concerning the contribution of German scholarship to modern Adam Smith scholarship.

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¹ L.L. Price, ‘Adam Smith and his Relation to Recent Economics’, *Economic Journal* 3 (1893), 239. Price (1862–1950) had graduated in Lit Hum in 1885, became the first Toynbee Trust lecturer in 1886, and was a fellow of Oriol College, Oxford from 1888 to 1923.

² During the 1880s Oxford was at the centre of British political economy—see Alon Kadish, *The Oxford Economists in the Late Nineteenth Century* (Oxford: Oxford University Press, 1982).

brought Alfred Marshall to Balliol as his successor and heir apparent to the Oxford chair; only the premature death of Henry Fawcett in late 1884³ took him away again to Cambridge. Moreover, in 1891 Price had published an account of political economy “from Adam Smith to Arnold Toynbee”, the first chapter summarising some aspects of *Wealth of Nations* and mentioning *Theory of Moral Sentiments* just once, as a treatise published in 1759.⁴ There was no mention of the work at all in his address to Section F. The name of Smith was firmly linked to one book, the *Wealth of Nations*, and Dugald Stewart’s outline of Smith’s larger project as good as forgotten.⁵

Since the 1860s English-language editions of *Wealth of Nations* had been published more or less annually,⁶ and *Theory of Moral Sentiments* at regular intervals (1861, 1871, 1880, 1887, and 1892). There was however little serious discussion of these individual works⁷; and none at all of their putative relationship. The fact that McCulloch’s 1828 edition of *Wealth of Nations*, together with its extensive critical notes, was last published more or less unaltered in 1872 suggests that Smith’s work had by the 1880s long passed into the limbo of famous works that were bought, perhaps read through, but not studied. As Haldane remarked, while Smith would be remembered as the founder of modern political economy, the *Wealth of Nations* was decidedly not, as Buckle had once argued, “the most important book ever written”. Indeed,

As we become removed by an ever-increasing distance from the prejudices and opinions which Adam Smith once for all shattered, their magnitude and importance appears to grow smaller. It is safe to affirm that even the battle between Free Trade and Protection will never again be fought upon the ground from which Adam Smith drove his opponents. Here, as in almost every other particular, the controversies of political economy turn upon new issues, however they may resemble the old disputes in name.⁸

And so Haldane regarded *Wealth of Nations* in much the same way as Bagehot did—as a “a very amusing book about old times”.⁹ They also concurred on the importance, or rather lack of it, of *Theory of Moral Sentiments*—for Bagehot it was a once well-regarded book but which was no longer of much philosophical value.¹⁰ Haldane thought it “delightful reading . . . in every reference, excepting that of the systematic study of the subject which it professes to expound . . . As a work on Moral Philosophy it is dull and unedifying”.¹¹

If we also bear in mind that biographical detail for Smith has always been very slight, and that at this time the same few biographical points originally culled from Dugald Stewart’s “Account of the Life and Writings of Adam Smith, LL.D.” were the only context given to his writings, then we can begin to appreciate how anodyne and routine accounts of Smith had become in the Britain of the early 1890s. The name of Adam Smith was one firmly associated with *Wealth of Nations*; the early classical economists had developed their theories of value and distribution in criticism of this work; but by the time that John Stuart Mill published his *Principles* in 1848 Smith was firmly part of the past of political economy. His name lived on generally associated with free trade and economic liberty, but without serious examination of the arguments that Smith himself had advanced in support of these principles.¹² During the century following his death there was, with only two or three notable exceptions,¹³ for all intents and purposes no scholarly engagement with the writings of Smith in the English language that went beyond that of the classical economists in the first two decades. His early editors – Playfair, Buchanan, McCulloch, Wakefield – understood the work of criticism to consist of the identification, explanation and correction of Smith’s errors, so that the bulk of their commentary and notes is devoted to their own (allegedly superior) explanations.

There is one notable exception to this sorry story: the publication in 1861 of the second volume of Buckle’s *History of Civilization in England*, which contained a detailed commentary on Smith’s two books and which, as we shall see, presented the first coherent account of Smith’s intellectual project. But this went unremarked in discussions of political economy in Britain; and Haldane’s casual dismissal of Buckle cited above refers only in passing to a passage in the first volume,¹⁴ otherwise studiously ignoring the larger arguments that Buckle advanced in the second. This was entirely typical of what stood for “Smith commentary” from the 1860s to 1890s in Britain.

³ Fawcett was 51 and died from pneumonia.

⁴ Ch. 1: ‘Adam Smith (1723–1790). The division of labour’, *A Short History of Political Economy in England from Adam Smith to Arnold Toynbee* (London: Methuen and Co., 1891), 4. The book was part of the University Extension Series.

⁵ Since Buckle’s mid-century account of Smith’s project is important to my argument here, I should emphasise that I am here adopting a particular perspective: what those who had occasion to write about Smith in the later nineteenth century thought that Smith represented. Buckle’s work had virtually no impact on these writers, although it did of course have a wider, and more general, reception.

⁶ See *A Critical Bibliography of Adam Smith*, ed. Keith Tribe (London: Pickering and Chatto, 2002), 366–7.

⁷ An exception that should be noted is J.A. Farrer, *Adam Smith (1723–1790)* (London: Sampson, Lowe, Marston, Searle, & Rivington, 1881) which contained an extensive discussion of *Theory of Moral Sentiments*—it was published in the publisher’s “English Philosophers” series.

⁸ R.B. Haldane, *Life of Adam Smith* (London: Walter Scott, 1887), 12–3.

⁹ Walter Bagehot, ‘Adam Smith as a person’, in *Fortnightly Review* 20 (1876), New Series, 37.

¹⁰ Bagehot, ‘Adam Smith’, 26–8.

¹¹ Haldane, ‘Life’, 57.

¹² See my essay ‘Reading Trade in the *Wealth of Nations*’, *History of European Ideas* 32 (2006), 57–89 for a demonstration that to understand Smith’s account of the advantages of trade it helps if we read his argument in the sequence in which it is presented in *Wealth of Nations*. Importantly, his argument starts from the discussion of capital at the close of Book II, not from the division of labour and the extent of the market in Book I. From the very first, in France, Germany and Britain, reviewers complained that the book was poorly structured; as Istvan Hont has pointed out, the structure has never been copied—see the “Introduction” to his *Jealousy of Trade. International Competition and the Nation-state in Historical Perspective* (Cambridge, Mass.: Harvard University Press, 2005), 72.

¹³ Stewart, Buckle and Farrar.

¹⁴ Henry Thomas Buckle, *History of Civilization in England*, vol. I (London: John Parker and Son, 1857) 194.

This was of course about to change. When Price published his *Short History* Edwin Cannan was already working on his *History of Theories of Production and Distribution*, a book that would establish new standards for the appraisal of historical works in political economy. He commented on this in the “Preface” to the first edition:

In the ordinary critical and constructive books on political economy there are frequent statements respecting the history of economic doctrines. But these statements are seldom of much value to the historian. They are often based upon inaccurate quotations from memory, and the reader is scarcely ever given the references which would enable him to check them. So far as they relate to the early nineteenth century period they are especially unsatisfactory and untrustworthy. . . . I fear I shall disappoint any one who expects me to hold up a few chosen economists as exempt from human error, and to exhibit all their opponents as persons of feeble intellect, who entirely failed to understand them. It is no part of my plan to recommend any particular method of economic inquiry, or to praise or decry any particular authors. My objects is simply to show what the various theories concerning production and distribution were, and to explain how and why they grew up, and then either flourished or decayed.¹⁵

And he added that he would give exact references for each quotation.

Much good it did him. He submitted the manuscript to Macmillan in 1892; it was read for them by Foxwell, who evidently understood very little of it; and Macmillan rejected it in May 1892.¹⁶ By late summer Cannan had found a publisher and settled to revise the manuscript, publication following in May 1893. Sales were disappointing: 169 copies in 1893, 81 in 1894, and 21 copies up to May 1895.¹⁷ Macmillan declined the opportunity to distribute the book in the United States; as his publisher explained, “It is not apparently a question of price but of want of demand for such a book”.¹⁸

Edwin Cannan was a man of independent means and so these setbacks did not deflect him from pursuit of his interest in political economy. In the spring of 1895 the manuscript of Smith’s lectures came into his hands and in the autumn of 1896 Smith’s *Lectures on Justice, Police, Revenue and Arms* was published by Oxford University Press.¹⁹ Quite apart from the very important substance of these lectures, Cannan set entirely new standards for the editing of Smith’s texts, redirecting attention to the question of Smith’s sources in the composition of his two works, and the nature of the project upon which he had engaged. Nonetheless, when he turned to the substantive import of the lectures in the “Editor’s Introduction” it is clear that his thoughts turned primarily on the evidence that could be found in the *Lectures* for the originality, or lack of it, of *Wealth of Nations*, and not on the place of this book within Smith’s larger body of work. At this time Cannan, along with most other English writers, seems to have been unaware that this latter issue had been subjected to debate in Germany.²⁰

The following year August Oncken published a survey of German writing on Smith, remarking that:

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 stated thus: – Are the two principle 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?²¹

As Oncken noted, the publication of the *Lectures* dissolved this “Adam Smith Problem” once and for all. Argument that the first book was owed chiefly to the influence of Hutcheson and Hume, while the inspiration for the second came from French sources encountered during his time in France – the line taken by the most extreme exponent of the “Problem”, Witold Skarżyński – were fatally undermined by the clear presentation of many of the arguments later elaborated in *Wealth of Nations* in a text originating in 1763, before Smith had left for France, and in a framework which strongly suggested the presence of a general project of which the two books were merely part.

Some thirty years later much of this argument had been revised and integrated into a new appraisal of Smith’s work, notably by writers in the United States such as Morrow, Viner and Hollander, who all presented lectures at the University of Chicago during the winter of 1926–1927 to mark the 150th anniversary of the publication of *Wealth of Nations*.²² But the first indication that these hitherto “German” discussions had any resonance in the English language can be found at the very end

¹⁵ Edwin Cannan, *A History of the Theories of Production and Distribution in English Political Economy from 1776 to 1848*, 3rd edn (P.S. King and Son, 1924), x–xi.

¹⁶ Macmillan and Co. to Cannan, 5 May 1892, London Correspondence with Publishers 1890–1916. BLPES Archive, Cannan Collection 1018 f.2; H.S. Foxwell, Reader’s Report on Cannan, “English Political Economy” 6 May 1892, Macmillan Archives, BL Add. Ms. 55946 f.63–70 [Foxwell’s letter is transcribed in the letterbook and therefore postdates the letter of rejection].

¹⁷ Percival & Co., to Cannan, 28 May 1895 34 King Street, Covent Garden BLPES Cannan Collection 1018 f.16. The book was published by Rivington, Percival & Co., the title page bearing the date 1894.

¹⁸ Percival & Co., to Cannan, 20 February 1893, 34 King Street, Covent Garden BLPES Cannan Collection 1018 f.12.

¹⁹ See my discussion of this in ‘Adam Smith in English: from Playfair to Cannan’ in *Critical Bibliography of Adam Smith*, 43–5.

²⁰ Some of this German literature is listed in the “Bibliography” to Haldane’s *Life* (Inama-Sternegg (1876), Leser (1874), Wilhelm Neurath (1884), Oncken (1874, 1877), Oesler (1871), Skarżyński (1878), Stöpel (1879)); but Haldane refers to none of this in his book, and in any case the bibliography was compiled by John Anderson of the British Museum, not by Haldane.

²¹ August Oncken, ‘The Consistency of Adam Smith’, *Economic Journal* 7 (1897), 444.

²² Published in the *Journal of Political Economy* 35 (June 1927) and then separately as J.M. Clark, et al., *Adam Smith. 1776–1926* (Chicago: University of Chicago Press, 1928).

of the 1890s. First of all, in Leslie Stephen's essay on Adam Smith for the *Dictionary of National Biography*, he first notes the importance of Hasbach's 1891 *Untersuchungen* (1891), and concludes his account of *Wealth of Nations* by listing other monographs on Smith's relation to other writers: these are Oncken's 'A. Smith und Immanuel Kant' (1877), Feilbogen's 'Smith und Turgot' (1893), and Skarzynski's 'Adam Smith als Moralphilosoph und Schöpfer der Nationalökonomie.'²³

The following year Bastable published an extensive review essay on the *Lectures* also distinguished by its attention to German commentary. He opens by noting the recent extension of materials available for an understanding of the origins of political economy, noting the work of James Bonar (on Smith's library), Hollander's work on Ricardo, the new edition of Turgot's *Réflexions*, the Harvard edition of Cantillon, the edition of Quesnay's *Tableau* edited by Henry Higgs under the auspices of the British Economic Association—and the work of Schelle, Hasbach, Oncken, Bauer and Knies.²⁴ Drawing upon these sources, Bastable invents a new "Adam Smith Problem", suggesting that comparison of the *Lectures* with the *Wealth of Nations* would reveal what Smith really had taken from the Physiocrats, identifiable by arguments present in the latter but absent from the former. Bastable argues that the linking of a distributive structure to the components of price does come from the *Tableau*:

The physiocratic idea that the sum of produce is divided by economic laws amongst definite classes, themselves called into existence by economic conditions, was a fascinating one, which the writer of a great constructive work would naturally appreciate and employ in his own way. This is precisely what Adam Smith has done. He has worked the conception of shares of produce into his theory of the factors of prices. Rent, profit, and wages appear as the determining elements or, in his language, "component parts" of the price of commodities.²⁵

This contrasts with the fact that wages are the only component considered in *Lectures*. Cannan in his introduction to the *Lectures* had simply listed the principal discrepancies between *Wealth of Nations* and the *Lectures*; Bastable next considered their relative importance for Smith's arguments.

The most important omission, however, is that of the two opening sections of the lectures on "Cheapness or Plenty," entitled "The Natural Wants of Mankind," and "The Arts are subservient to the Natural Wants of Mankind." These sections, brief as they are, indicate by their position that, in Adam Smith's opinion, the first problem for the economic student is the character of man's needs.²⁶

We should first of all note that Bastable considers that the organisation of Smith's argument gives us guidance on what he is seeking to argue—a perspective as rare then as now. This enables him to highlight the importance for Smith of that very unEnglish economic concept of "man's needs". Bastable then directly commented upon Hermann's *Staatswirtschaftliche Untersuchungen*, stating that Hermann, in placing "needs" before "productive effort" did not correct, but revive, Smith's arguments from the period before he became acquainted with Physiocratic argument:

The study of Society as an economic machine presupposes the existence of objects for which that machine is to work. Had there been no disturbing influence, it is at least possible that the opening chapters of the *Wealth of Nations* would have described the growth of wants in civilized societies, and shown how their increasing subdivision and differentiation insensibly produced a corresponding division of employments, and permitted more effective, because more specialized, kinds of labour. But the aspect of society as working to produce, overshadowed, in the minds of the French economists, the parallel view of society as using its products. "Accumulation" became more important than "satisfaction"; and Adam Smith was persuaded to abandon this section of his system, contenting himself with laying down, at an advanced part of his treatise, that "consumption is the end and purpose of all production" (Book IV chap. 8), and introducing scattered notices of the effect of changes in the modes of expenditure. If his connexion with France enabled him to gain a more scientific position in respect to the partition of produce, may it not have induced him to abandon quite as valuable a conception, viz. the dependence of the economic system on the nature and variation of human wants?²⁷

While the foregoing only sketches the English appraisal of Smith in the late nineteenth century, it would, I think, be difficult to argue that there was anything that Bastable might have found there which could motivate the sophistication of these remarks. The casual mention of Hermann in this context was also highly unusual—it is true at this time that many British economists followed developments in recent Continental theory much more closely than often credited, but when writers fell to thinking about Adam Smith this disposition was entirely absent. The idea that one might profit from attention to foreign commentary on an English, Scottish or Irish writer was quite alien. By contrast, Bastable shows (quite unselfconsciously) what happened if one did. But this line of argument cannot be extended here, for it is time that we examine more directly the course taken by German commentary on Smith in the second half of the nineteenth century.

First of all, it should be noted that I am not intending here to deal with the phenomenon of *Smithianism*.²⁸ The casual linkage of Smith's name with "abstract", "formal" economic principles that became a reflex for German historical

²³ Leslie Stephen, 'Adam Smith', in *Dictionary of National Biography*, vol. 53 (London: Smith, Elder & Co., 1898), 9, 10.

²⁴ C.F. Bastable, 'Adam Smith Lectures on 'Jurisprudence'', *Hermathena* 10 (1899), 200.

²⁵ Bastable, 'Adam Smith', 203.

²⁶ Bastable, 'Adam Smith', 207.

²⁷ Bastable, 'Adam Smith', 207–8.

²⁸ In its positive sense this was best represented by John Prince-Smith—see Herald Hagemann, Matthias Rösch, 'German Economists in Parliament (1848–1919)' in *Economists in Parliament in the Liberal Age (1848–1920)*, ed. M.M. Augello, M. Guidi (Aldershot: Ashgate, 2005), 176–8.

economists and reached its nadir with Schmoller's 1897 inaugural address as Rector of the University of Berlin²⁹ will be disregarded here. I have dealt elsewhere with the publishing history of Smith's works in German, and so will not directly address this issue either.³⁰ The following will limit itself to demonstration of the point that the German elaboration of *Das Adam Smith Problem*, whose German attribution is reflected in precisely this phrasing, was indeed a mistaken idea, but one which stimulated argument about the significance of Smith's work and the nature of any project that he might have been pursuing.³¹ As we have seen, such argument was absent from English commentary on Smith; and more generally, while the origination of English "Smith scholarship" is largely attributable to the efforts of Edwin Cannan, the placing of Smith in a wider intellectual context was first essayed by German scholars long before Cannan's work.

Central to the German story is the translation, and immediate popularity, of Buckle's *History of Civilization*, vol. 2. This work remained the touchstone for later discussion since few German scholars had direct access to *Theory of Moral Sentiments* in German translation, and it was not as usual for Germans in the 1860s and 1870s to read English as later became the case. Two German translations of *Theory of Moral Sentiments* had been published in the eighteenth century (1770 and 1791/1795); the second, edited and commented by Kosegarten, was an important work in its own right. But German university libraries did not routinely purchase translations of English works at this time,³² and no new German edition was available to readers until Eckstein's edition of 1926. Discussion among German scholars during the second half of the nineteenth century of the importance of *Theory of Moral Sentiments* developed in the absence of readily available copies of the work; debate over the importance of *Theory of Moral Sentiments* for an understanding of Smith's work failed to prompt even one reissue of an existing translation. And put more bluntly: most of those who wrote in German about *Theory of Moral Sentiments* had not read the book.

The origin of the "Problem" lies in Hildebrand's *Nationalökonomie der Gegenwart und Zukunft*, which opened with a critique of Smith and his "School". Towards the end of this first chapter, having repeated List's allegation of "cosmopolitanism" against Smith, Hildebrand turned to deal with Smith's atomistic conception of civil society, and the "egoism" of his analysis.³³ The main line of criticism that Hildebrand made was ethical, rather than historical, the "philosophical context" that he sketched out for Smith not being one which took account of *Theory of Moral Sentiments*. A few years later, composing his own critique of political economy, Knies noted Hildebrand's charge that Smith assumed self-interest always to coincide with the common good; Knies pointed out that Hildebrand was merely repeating here a misconception which by then was into its third generation. Knies was emphatic that, although Smith had treated self-interest as the basic human motivation in the economic domain,³⁴ the idea that unhindered individual action necessarily leads to the common good was a later accretion, and had no origin with Smith himself. This is demonstrated by a series of citations from *Wealth of Nations* where for one reason or another Smith contrasts the individual interest to the common good.³⁵ He also demonstrates that this habitual identification of the common good with the pursuit of self-interest can be seen at work in Stirner's translation, where a passage that in Smith reads: "By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it" becomes in Stirner: "If every individual pursues his own interest, he promotes the interest of the society more effectively than if this had been his intention".³⁶ Knies points to two other passages where the same elision is made by Stirner, and emphasises that such error only goes to reinforce a general misapprehension of Smith's position on the pursuit of self-interest and the realisation of the common good:

...the two principles – that private selfishness (*Privategoismus*) is the sole source of individual economic activity, or the sole such source to be considered; and that through free exercise of self interest on the part of the individual the common good will be most effectively promoted – must be emphatically distinguished.³⁷

²⁹ Outlined very perceptively by August Oncken as a "Correspondent" of the British Economic Association in his 'New Tendencies in German Economics', *Economic Journal* 9 (1899), 462–9.

³⁰ See my 'The German Reception of Adam Smith', in *Critical Bibliography*, 120–52; although the following does draw on some parts of this account. The early reception of Smith in Germany is dealt with by Harald Winkel in his 'Adam Smith und die deutsche Nationalökonomie 1776–1820', in *Studien zur Entwicklung der ökonomischen Theorie V, Schriften des Vereins für Socialpolitik*, ed. H. Scherf, (Berlin: Neue Folge Bd. 115/V, Duncker und Humblot, 1986), 81–109.

³¹ There has been some attention paid to *Das Adam Smith Problem* in recent English-language commentary, but none to consideration of why this became a distinctly German problem, nor any discussion of how German scholars actually elaborated the "problem". For a recent summary see L. Montes, 'Das Adam Smith Problem: Its Origins, the Stages of the Current Debate, and One Implication for Our Understanding of Sympathy', *Journal of the History of Economic Thought* 25 (2003), 63–90.

³² For example, the University of Heidelberg does possess the first translation, but not that of Kosegarten.

³³ B. Hildebrand, *Die Nationalökonomie der Gegenwart und Zukunft* (Frankfurt a.M.: Literarische Anstalt (J. Rütten), 1848), 29–33. This was conceived as the first of two volumes, dealing with the economic systems of "the present"; no other volumes were however published.

³⁴ Proper appreciation of Smith's argument on self-interest and self-love is of course very recent; Pierre Force's *Self-interest before Adam Smith. A Genealogy of Economic Science* (Cambridge: Cambridge University Press, 2003) clarifies the nature of these terms and their linkage to Rousseau. The routine attribution to Mandeville of the relation of self-interest to public good in Smith has likewise been dealt with by Ed Hundert's *The Enlightenment's "Fable". Bernard Mandeville and the Discovery of Society* (Cambridge: Cambridge University Press, 1994). In my reconstruction of nineteenth century arguments about these matters there seems little point in "correcting" errors that would be commonplace for well over another century.

³⁵ K. Knies, *Die politische Oekonomie vom Standpunkte der geschichtlichen Methode* (Brunswick: C.A. Schwetschke und Sohn, 1853), 149–50.

³⁶ Knies, 'politische Oekonomie', 150.

³⁷ Knies, 'politische Oekonomie', 150.

Knies then passes to other systems of political economy, but returns to Smith following his account of Physiocratic doctrine, concluding:

Not even the most decided admirer of the great Scot can doubt, once he has become more closely acquainted with their writings, that Smith henceforth stands on the broad shoulders of his Physiocratic friends. Smith adopted the greater part of their important results, together with their argument, which involved the interest of consumers; and besides this one will find hardly any discussion in his book as unsatisfactory as that where he seeks to oppose the doctrine of the Physiocrats, at the close of a work which, reputedly, he wished to dedicate to his teacher Quesnay. . . . it certainly cannot be regarded as a matter of coincidence that his stay in France falls between the publication of his *Theory of Moral Sentiment* [sic] and the political economy of his *Inquiry*.³⁸

This appears to be the first explicit statement of the idea that there was a shift in approach between *Theory* and *Inquiry*, and that the explanation for the shift lies in Smith's encounter with French economists and philosophers. Although here stating the idea, Knies' book was not responsible for its diffusion, for as he later complained, it sold very slowly, and the second edition only appeared thirty years later.³⁹

It might be helpful to summarise the chronology that will dominate the following discussion. Knies' comment (as with Bastable above) regarding the impact of Physiocratic argument was a common contextual move, for of course the Physiocrats were the only set of writers explicitly named in Book IV of *Wealth of Nations*. The other "system of Political Economy" was the "Mercantile System", in which policy rather than systematic argument was the object of analysis. Given that the *Tableau* was first published in 1758, and then reprinted in condensed form in Mirabeau's *Philosophie rurale* of 1763, the timing here is very close. *Theory of Moral Sentiments* was written up from Smith's lectures and published in 1759. This was in the middle of the Seven Years' War, during which it can be surmised that literary communication between France and Britain would have been curtailed. The lectures published by Cannan date from the period immediately preceding Smith's resignation,⁴⁰ presenting therefore the state of argument and understanding with which he embarked for France in early February 1764. This was just one year after the Treaty of Paris had ended the war with France; he returned in October 1766 with the murdered body of his younger pupil, and spent the bulk of the following ten years preparing *Wealth of Nations* in Kirkcaldy. As we shall see, during the later nineteenth century this chronology could be easily resolved into the idea that *Theory of Moral Sentiments* was a predominantly "English" work, and that any analytical differences with *Wealth of Nations* could be attributed to his lengthy and direct contact with French intellectuals.⁴¹

The main lines of this disjunction were first clearly outlined in the second volume of Buckle's *History of Civilization*,⁴² a work which was not only immediately translated into German by Arnold Ruge,⁴³ but which (unlike Knies' book) was an immediate literary success in Germany.⁴⁴ Buckle considered *Theory* and *Inquiry* to be "two divisions of a single subject":

In the *Moral Sentiments*, he investigates the sympathetic part of human nature; in the *Wealth of Nations*, he investigates its selfish part. And as all of us are sympathetic as well as selfish; in other words, as all of us look without as well as within, and as this classification is a primary and exhaustive division of our motives to action, it is evident, that if Adam Smith had completely accomplished his vast design, he would at once have raised the study of human nature to a science, leaving nothing for subsequent inquirers to ascertain the minor springs of affairs, all of which would find their place in this general scheme, and be deemed subordinate to it.⁴⁵

In principle, Smith's projected total science of human nature would result from the systematic application of inductive method, establishing in this manner principles that were applicable to all areas of social life. But this objective required vast intellectual and physical resources; and so, suggested Buckle, Smith had instead settled upon a solution to be achieved in stages: he would initially make use of a deductive approach and divide the indivisible, human nature, in two. Thus *Moral Sentiments* presupposed that humans were sympathetic in their interaction with others, while *Wealth of Nations* presupposed that the fundamental human motivation was selfish. A first approximation of the laws of political economy could be realised in this way:

He, therefore, selects one of those aspects, and generalizes the laws as they are exhibited in the selfish parts of human nature. And he is right in doing so, simply because men, in the pursuit of wealth, consider their own gratification oftener than the gratification of others. Hence, he, like the geometrician, blots out one part of his premises, in order that he may manipulate the remaining part with greater ease. But we must always remember, that political economy, though a profound and beautiful science, is only a science of one department of life, and is founded upon a suppression of the facts in which all large societies abound.⁴⁶

³⁸ Knies, 'politische Oekonomie', 179–80.

³⁹ Knies, 'Vorwort' in *Die politische Oekonomie vom geschichtlichen Standpunkte* (Brunswick: C.A. Schwetschke und Sohn, 1883), III, V.

⁴⁰ See Cannan's "Editor's Introduction", A. Smith, *Lectures on Justice, Police, Revenue and Arms* (Oxford: Oxford University Press, 1896), xx.

⁴¹ Which is not of course to deny that *Wealth of Nations* bears the mark of his stay in France.

⁴² H.T. Buckle, *History of Civilization in England*, vol. 2 (London: Parker, Son, and Bourn, 1861), 432ff.

⁴³ H.T. Buckle, *Geschichte der Civilisation in England* Bd. 2 (Leipzig: C.F. Winter'sche Verlagshandlung, 1861).

⁴⁴ The second edition of the entire work appeared in 1864 and 1865; it was reprinted in 1868 and 1874 by Carl Winter, while another edition appeared from Heimann of Berlin in 1870.

⁴⁵ Buckle, 'History of Civilization', 432, 433.

⁴⁶ Buckle, 'History of Civilization', 436.

Smith, Buckle suggested, supplied in one line of argument the premises absent in the other, providing in this way a basis for a future unified science of human nature.

There was no direct response to this line of argument in Britain. But in Germany, where those advocating an “inductive” methodology identified themselves as historical economists, this ambivalence was rejected. Historicists argued with increasing vehemence that Smith followed a deductive procedure, that is, adhered to a conception of human action independent of time and place, and so both his principles and his conclusions should be rejected. But since Buckle had suggested a form of historical explanation for Smith’s arguments, this did permit an argument to develop that was to transform all future discussion of the work of Adam Smith. In the early 1860s Hildebrand founded a new journal dedicated to economics and statistics—the first in the German language, strictly speaking. As editor, he opened the first issue with a statement of “the present tasks of the science of political economy”, a historical review of the recent development of economics in which the work of Smith played a prominent role. Noting the similarities between the Physiocrats and Adam Smith, Hildebrand suggested that they shared the contemporary moral philosophical view that self-interest is the sole necessary motivation for human action, hence basing upon this conception their economic laws. An appended footnote noted the contrast between *Moral Sentiments* and *Wealth of Nations*, referring to Buckle’s attempt at a resolution of this contradiction by treating them as complementary springs of human action.⁴⁷ Hildebrand went on to criticise Smith’s association of economic motivation with natural laws, suggesting that natural liberty could just as well lead to a mutually destructive system of exploitation as to national welfare. But while the idea of natural laws based upon self-interest was according to Hildebrand untenable, this did not mean that economic actions were arbitrary. The task of economics was instead to provide a historically grounded understanding of the prevailing economic culture.⁴⁸ From this perspective much of *Wealth of Nations* might be salvaged, Hildebrand thought.

A dissenting voice here was that of Hermann Roesler, a Professor of the Staatswissenschaften at Rostock, who sought to lay bare the moral turpitude and logical confusion in Smith’s writing, rooted as it was in the illusions of the Enlightenment.⁴⁹ But a more positive note was struck by August Oncken in 1874, publishing a lecture in which he first outlined his ideas on the importance of Smith’s writings. He does maintain that the visit to France had a major and lasting effect – Smith returned from France, according to Oncken, determined to compose a great work⁵⁰ – which demonstrates that French influences on Smith were not necessarily mobilised to depreciate the achievement of *Wealth of Nations*. Oncken then determined to mark the centenary of *Wealth of Nations* with a reassessment of Smith, his original working title being *The Wealth of Nations from an Ethical Standpoint*—but the work came out a year late under the title *Adam Smith und Immanuel Kant*.⁵¹ In the first section of the book he took up the problem raised by Buckle—given that Smith’s economic theory was but one part of a wider system, how might one go about reconstituting that system on the basis of *Wealth of Nations* and *Moral Sentiments*? Oncken’s solution, echoing readings of Smith more common earlier in the century, suggested that a *Staatslehre* was contained in the fifth book of *Wealth of Nations*, complete with an exposition of the objectives of a state and the means commanded to achieve those objectives. *Wealth of Nations*, argued Oncken, was not just an economic treatise, as the great majority of previous writers had supposed: it contained both “eine Oekonomik **und** eine Politik”.⁵² And since an ethics was to be found in *Moral Sentiments*, together the two books presented the classic triad—ethics, politics, and economy, component parts of a practical philosophy that went back to Socrates.

A more critical account of Smith’s system and its genesis was published the same year, by Lujo Brentano, identified with the Younger Historical School and hence generally critical of Smithian economics. Emphasis was placed upon the fact that Smith’s visit to France fell between the publication of *Moral Sentiments* and *Wealth of Nations*, and that during his twelve months in Paris he associated with Helvetius and others. The influence this had on Smith, argues Brentano, can be seen in the change that came about in his basic ideas. In *Moral Sentiments*, he suggests, Smith explicitly rejects self-love as a motivating factor, citing in support a passage from Smith.⁵³ By the time he comes to write *Wealth of Nations*, however, Smith has changed his mind; he fully shares the ideas of Helvetius, who had depicted selfishness as the motivating force behind human conduct. Elsewhere in *Wealth of Nations*, Brentano continues, we encounter the conception that all men are naturally equal, an idea he shares with the Encyclopaedists, for whom human differences are solely the consequence of variations in education, legislation, or government. State power should according to Smith be restricted to the protection of natural liberty, property and public order, and any care of the legislator for the individual is held to be an imposition. Consequently, Brentano

⁴⁷ B. Hildebrand, ‘Die gegenwärtige Aufgabe der Wissenschaft der Nationalökonomie’, in *Jahrbücher für Nationalökonomie und Statistik* Bd. 1 (1863), 7.

⁴⁸ Hildebrand, ‘Die gegenwärtige Aufgabe’, 139–43.

⁴⁹ H. Roesler, *Ueber die Grundlehren der von Adam Smith begründeten Volkswirtschaftstheorie* (Erlangen: Verlag von Andreas Deichert, 1868), III, IV. The work was republished in 1871 with revisions that emphasised that Smith’s work was largely taken over from the Physiocrats, and especially Turgot.

⁵⁰ A. Oncken, *Adam Smith in der Culturgeschichte* (Vienna: Verlag von Faesy & Frick, 1874), 4.

⁵¹ A. Oncken, *Adam Smith und Immanuel Kant. Der Einklang und das Wechselverhältniss ihrer Lehren über Sitte, Staat und Wirtschaft* (Leipzig: Duncker und Humblot, 1877), IX.

⁵² Oncken, ‘Adam Smith’, 14.

⁵³ L. Brentano, *Das Arbeitsverhältniss gemäss dem heutigen Recht* (Leipzig: Duncker und Humblot, 1877), 61, citing Part VII, Section III, Ch. 1: “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.” A. Smith, *The Theory of Moral Sentiments*, ed. D.D. Raphael, A.L. Macfie (Oxford: Oxford University Press, 1976), 317.

continued, Smith favoured the abolition of all economic legislation and its replacement with rule by natural economic laws.⁵⁴ Which was in turn the central tenet of the Physiocrats, hence the basic ideas of Smith are Physiocratic:

A. SMITH has refuted their theory only with respect to relatively minor doctrines, and in doing so fell into new errors. Apart from these differences, A. SMITH is himself a Physiocrat.⁵⁵

This might be thought a somewhat bald judgement, but an even more blunt statement of the same position soon followed. Witold von Skarżyński had completed a doctorate at the University of Berlin on Boisguillebert,⁵⁶ providing him with a background in early eighteenth century French economic thought. He then sought to complete his Habilitation at Breslau, where Brentano was Professor, possibly thinking that this would lend his own criticism of Smith a readier reception. However, while in Berlin he had also taken private lessons with Eugen Dühring, who seems to have exerted a very powerful influence on Skarżyński's style of argument. In 1874 Dühring, then a Privatdozent at the University of Berlin, had engaged in a personal and vitriolic exchange with Adolph Wagner in the pages of the *Berliner Börsenzeitung*.⁵⁷ Dühring therefore made his name, and style of argument, notorious beyond Berlin, and since Dühring is generously cited in his Habilitation dissertation and the style of argument owes much to him it is no surprise that it was duly rejected by the Faculty. Skarżyński abandoned his academic ambitions, returned to Poland to run the family estate, and later became a member of the national assembly. But he did publish his second thesis, and this work has long been identified as the most zealous exposition of the "Problem"; what it lacks in substance it more than makes up in forcefulness.

It is not entirely unfair to say that Skarżyński's book on Smith simply amplified and extended the position outlined by Brentano above, although by stretching the argument over four hundred pages and more it becomes more than a little thin and repetitive. He opens with a rhetorical question:

*Should Adam Smith be considered an original moral philosopher, and subsequently as the creator of political economy and hence as an independent, path-breaking thinker?*⁵⁸

The short answer, according to Skarżyński, is no; and his book amounts to relentless repetition of the point that there is absolutely nothing positive to be said about Smith. It is nonetheless worth considering how he constructs this position.

A reference to Buckle opens the argument, noting how Buckle had contrasted the way Smith in his first book placed human sentiment in the relationship prevailing between persons, while in *Wealth of Nations* this was relocated in man himself and linked to the pursuit of self-interest. He does not mention here the manner in which Buckle sought to resolve the polarity he had introduced. Skarżyński then proceeds to expand upon Dugald Stewart's biographical memoir of Smith, blocking in the nature of science in the Enlightenment, the importance of the deductive method and Hutcheson's allegiance to it, and, importantly, Scotland's economic and cultural situation in the mid-eighteenth century. This all comes from Buckle, as does the succeeding account of Smith as a Professor of Philosophy, where Skarżyński suggests that the principal reason that it took Smith twenty-four years from his 1752 lectures to their final development and publication was the time it took to borrow piece by piece from others the principles he employed.⁵⁹ The fact that Hume's *Enquiry Concerning the Principles of Morals* was published in 1751 explains the seven years it took him to publish *Moral Sentiments*, while the meeting with Turgot accounts for the twenty-four years it took to write *Wealth of Nations*. This argument, together with illustrative parallels between Smith and Hume, is taken directly from Dühring, for Skarżyński's book itself is largely assembled out of passages from Buckle, Dühring and Roscher. Basically, argued Skarżyński, Smith borrowed most of *Moral Sentiments* from Hume, without however understanding what he borrowed.⁶⁰ So much for the period before the trip to France: up to this point his economic thinking had not developed in any respect beyond that of Hume.

Under the influence of Hutcheson and Hume Smith was an Idealist, so long as he remained in England. After three years of contact with the Materialism that prevailed in France, he returned to England a Materialist. The contrast between *Theory* (1759) written before his visit to France and the *Wealth of Nations* (1776) written after his return can be quite simply explained in this way. There is no need for Buckle's critical sophistries to explain such a straightforward situation. Certainly then Smith is not the great and original thinker he is made out to be – but should political economy introduce a doctrine of infallibility that is so discredited in religion?⁶¹

As for the substance of Smith's political economy—that all came from the Physiocrats, and Smith merely systematised what he found in France. He summarises his position as follows:

⁵⁴ Brentano, 'Das Arbeitsverhältniss', 62–3.

⁵⁵ Brentano, 'Das Arbeitsverhältniss', 62–3.

⁵⁶ W. von Skarżyński, 'Pierre de Boisguillebert und seine Beziehungen zur neueren Volkswirtschaftslehre' (Dissertation, Faculty of Philosophy, University of Berlin, 1873).

⁵⁷ See Wolfgang Dreschler, 'Herrn Eugen Dühring's Remotion', *Journal of Economic Studies* 29, No. 4/5 (2002), 269.

⁵⁸ W. von Skarżyński, *Adam Smith als Moralphilosoph und Schoepfer der Nationaloekonomie. Ein Beitrag zur Geschichte der Nationaloekonomie* (Berlin: Verlag von Theobald Grieben, 1878), IV.

⁵⁹ Skarżyński, 'Adam Smith', 54.

⁶⁰ Skarżyński, 'Adam Smith', 77.

⁶¹ Skarżyński, 'Adam Smith', 183. By this allusion Skarżyński stands revealed as a *Kulturkämpfer* too, suggestive of his degree of identification with German cultural politics.

1. As far as the history of economics goes, not Smith, but the Physiocrats, are the creators of the science of political economy, with Hume as their principal forerunner, Smith building on them.
2. As far as economic theory goes, although Smith made much of “labour as the source of wealth”, he did not make this a consistent axiom in his work, nor made it a guide for his practice.⁶²

One might sympathise with the Breslau examiners; Skarżyński's argument is derivative and poorly constructed even by contemporary standards. But it is worth outlining here, for while Skarżyński's name is frequently cited in connection with “Das Adam Smith Problem”, the substance of his argument is never reported. And we might simply dismiss this uncompromising, but ill-argued, repudiation of Smith's originality on any score if it were not that it reproduced relatively accurately the reflex of the “more extreme” members of the Younger Historical School when confronted with Smith.

Even careful historical reconstruction could go astray, however. Emil Leser sought to elaborate the relationship between Smith and Hume by using John Hill Burton's *Life and Correspondence of David Hume*, but his arguments get off to a bad start when evaluating Burton's [mis]identification of the “Smith” that Hume met in March 1740 and concludes that this was Adam Smith himself.⁶³ He consequently assumes that the acquaintance of Smith and Hume began before Smith went to Oxford.⁶⁴ This misinterpretation considerably extends the period during which Hume and Smith were personally acquainted and leads him to rewrite much of Smith's early development in the light of Hume's influence; providing a context, and not seeking to reducing Smith to Hume as Skarżyński had done, but nonetheless contributing to some misunderstanding of Smith's intellectual sources.

A different approach to Smith's work was taken by Zeyss, who focussed directly upon the theme of “self-interest”. He points out that the critique of Rochefoucauld and of Mandeville that can be found in *Theory of Moral Sentiments*,⁶⁵ contradicts the idea that all Smith's work was characterised by a focus upon self-interest, a perspective from which, instead of pointing to a disjunction between the two books, there is the distinct possibility of assimilating the philosophical foundation of *Wealth of Nations* to that of *Theory of Moral Sentiments*, a strategy that took much longer to become accepted. He also makes the simple but nonetheless worthwhile point that no one (including Hume) thought to point to a disjunction between *Theory of Moral Sentiments* and *Wealth of Nations* in Smith's lifetime, rather suggesting that such a disjunction was a later fabrication. Unlike many writers, then and now, who work back from the later to the earlier book, he also deals first with *Theory of Moral Sentiments* before turning to *Wealth of Nations*, enabling him to conclude that in every respect its principles were in conformity with *Theory of Moral Sentiments*.⁶⁶

Zeyss placed discussion on fresh ground, but his study was quickly followed by criticism that he had in his treatment of *Theory of Moral Sentiments* failed to mention Farrer's earlier book,⁶⁷ demonstrating that German scholars paid more attention to publications in other languages than did their English counterparts. Hasbach had also completed a study specifically directed to the Physiocrats and Adam Smith, and so his commentary on Smith began from considerable acquaintance with the economic arguments of the time. In this second study he develops his account of Smith as a moral philosopher in the context of teaching in Scotland during the first half of the eighteenth century, devoting a chapter to Smith's place in English-language ethics and another to “Adam Smith's Natural Theology”. There are flaws in his treatment, for example, instead of seeking in Grotius and Pufendorf sources for the overall arguments of *Wealth of Nations*, he instead seeks concepts such as value and price in their writings, but he does then go on to suggest that Smith did not take the idea of economic liberty from earlier economic writings, but developed it from Shaftesbury's ethics.⁶⁸

Hence, despite the routine disparagement of Smith by German historical economists, there was an increasing body of German-language writing which represented in the early 1890s an understanding of Smith considerably more sophisticated than anything to be found in English at this time. Oncken, who as we saw had begun writing about Smith some twenty years' previously, responded to this by publishing a detailed account of the genesis and course of the “Adam Smith Problem”, raising the question: was Smith now misunderstood in much the same way that Smith had misunderstood his predecessors? He referred directly to Schmoller's 1897 address in suggesting that there was now in Germany a systematic downgrading of Smith among academic economists, that no one would admit allegiance to his work. But what, he asked, if the contemporary image of Smith were false? That Smith in fact occupied a position more progressive than the current received opinion? This would indeed be an “Adam Smith Problem”.⁶⁹ And out of this reappraisal Oncken was able to take stock of the Smith

⁶² Skarżyński, ‘Adam Smith’, 258.

⁶³ But as Thorold Rogers had already demonstrated with the use of Balliol College's Buttery records (*An Inquiry into the Nature and Causes of the Wealth of Nations*, vol. I (Oxford: Clarendon Press, 1869), vi) Adam Smith arrived in Oxford early in July 1740 and left in August 1746.

⁶⁴ E. Leser, *Untersuchungen zur Geschichte der Nationalökonomie* (Jena: Gustav Fischer, 1881), 5–8.

⁶⁵ R. Zeyss, *Adam Smith unter der Eigennutz. Eine Untersuchung über die philosophischen Grundlagen der älteren Nationalökonomie* (Tübingen: Verlag der H. Laupp'schen Buchhandlung, 1889); Zeyss opts to cite from Smith in English; and in pp. 39–76 cites extensively from *Theory of Moral Sentiments*. He also reviews recent French and English writings, citing Delatour's book (*Adam Smith, Sa vie, ses travaux, ses doctrines* (Paris: Guillaumin, 1886)) and Bagehot's 1876 *Fortnightly Review* article.

⁶⁶ R. Zeyss, ‘Adam Smith unter der Eigennutz’, 92.

⁶⁷ W. Hasbach, *Untersuchungen über Adam Smith und die Entwicklung der politischen Ökonomie* (Leipzig: Duncker und Humblot, 1891), 20 fn. 1 Hasbach notes that he came across Farrer's book on Smith too late to take account of it in the text. Farrer had written the best monograph on Adam Smith as a philosopher, according to Hasbach. Delatour, Zeyss and Paskowski do not by contrast mention him.

⁶⁸ Hasbach, ‘Untersuchungen’, 175–6.

⁶⁹ A. Oncken, ‘Das Adam Smith-Problem’, *Zeitschrift für Socialwissenschaft* Jg. 1 (1898), 26.

reception in Germany during the second half of the nineteenth century and recover a clearer view of the problem. He could also draw upon Rae's *Life*, Bonar's catalogue of Smith's library, and also of course Cannan's edition of the *Lectures* to dismiss the entire topic of a "transition" in Smith's work centred upon the period in France. If the transformation theory were correct, Oncken asks how one would explain the following:

1. that Smith continued to revise and republish *Theory of Moral Sentiments* until shortly before his death;
2. that there is no mention of this conversion in the later works of the Physiocrats, nor is there any sign of this having been communicated to Hume;
3. that directly after his return from France Smith prepared a third edition of *Theory of Moral Sentiments* which appeared the following year, 1767; and that in this edition he strengthened his criticism of Mandeville and Rochefoucauld.

Furthermore, if Smith were so influenced by French materialist philosophy how come there are virtually no relevant works in the library as catalogued by Bonar? Brentano had laid great emphasis upon Helvetius' *De l'esprit*, but this was not in Bonar's catalogue; neither was any other work by Helvetius; Holbach's *Système de la Nature* was not there either. The *Lectures* finished the transformation theory off completely: quoting Millar's comments upon the organisation of Smith's lectures, Oncken could show that the framework of *Wealth of Nations* was complete before Smith went to France. And finally, Smith had emphasised the systematic character of his work in 1790, recalling in the Advertisement to *Moral Sentiments* that he had promised a continuation of his account of the principles of law and government, and that he had not entirely given up on this project.⁷⁰ So there was no contradiction in the procedure followed by Smith in his two books; and it was also now clear that these two books were part of a larger project. The criticism of "Smithian economics" on the part of historical economists had resulted, not in the eclipse of his work, as Schmoller thought, but in its renewal.

As we have seen, the absence of a current edition of *Moral Sentiments* had not obstructed discussion of its relationship to the argument of *Wealth of Nations* during the final decades of the nineteenth century.⁷¹ In any case, by the later part of the nineteenth century it had become more usual for scholars to read English. Nonetheless, German interest in Smith's "philosophy" continued, culminating in 1926 with the publication of Eckstein's translation of *Theory of Moral Sentiments* together with an editorial apparatus upon which the Glasgow edition later leaned very heavily.⁷² Eckstein went further than providing a new translation: he established a standard text out of the different editions, provided a detailed editorial apparatus including an index of technical terms, and prefaced the whole with a comprehensive survey of the place of *Moral Sentiments* in the work of Adam Smith.

The principal text of Eckstein's edition is the sixth edition, based however upon a systematic comparison with the five previous versions of the book. In this he followed the procedure introduced by Cannan for his edition of *Wealth of Nations*, which is based on the last edition published in Smith's lifetime (the fifth edition) but where a thorough comparison had been made with the text of the first edition. By default, therefore, Eckstein's German edition became the standard edition of *Moral Sentiments*, and was later acknowledged as such by the editors of the Glasgow Edition.⁷³ The sixty-page introduction to the edition provides a thorough survey of the work and its reception. It opens with the remark, "Adam Smiths Leben ist arm an äußeren Ereignissen", a sober recognition of the limitations of biography as an explanatory source for Smith's project that was, by this time, well overdue.⁷⁴ Smith himself, suggests Eckstein, always regarded *Moral Sentiments* more highly than *Wealth of Nations*, an assessment which had in the course of the nineteenth century been reversed—while *Wealth of Nations* stood at the beginning of the development of political economy, *Moral Sentiments* stood rather at the close of a line of ethical theory and had consequently been passed by more recent ethical philosophy. This neglect was however unwarranted, and Eckstein suggests somewhat obliquely that the work had a relevance to the moral sciences that had been largely overlooked. Moreover, not only had the work been an immediate success in Britain, it was very well received in both France and Germany; indeed, in Continental Europe *Wealth of Nations* was when it appeared generally thought of as a new work 'by the author of the *Theory of Moral Sentiments*'. Its decline into relative obscurity in the course of the nineteenth century was moreover assisted by a series of misconceptions concerning the composition and revision of the work. The fact, for example, that, on his return from France, Smith issued a third edition of *Theory of Moral Sentiments* which varied from the second in very minor respects could have been employed at any time to rebut the idea that Smith underwent some kind of conversion to materialist philosophy while in France; but this did not happen, since even Rae's biography in 1895 provides an erroneous account of Smith's successive revisions to the first edition.⁷⁵ Likewise, speculation regarding Smith's waning religious belief can be shown to be unwarranted; successive revisions to the text might indicate a growing Deist conviction, and in no

⁷⁰ Oncken, 'Das Adam Smith-Problem', 31–33.

⁷¹ Although Oncken had claimed in 1877 that no German translation of *Moral Sentiments* existed—*Adam Smith und Immanuel Kant*, 108, n. 1.

⁷² In an interesting extension of his comments upon Smith Eckstein remarked that very few German scholars seemed to have read Smith in the original, underlining the suspicion that much of Smith's "philosophical" reputation was drawn directly from the translation of Buckle—see W. Eckstein, 'Adam Smith als Rechtsphilosoph', *Archiv für Rechts- und Wirtschaftsphilosophie* Bd. 20 (1927), 378.

⁷³ D.D. Raphael, A.L. Macfie, 'Preface', in *The Theory of Moral Sentiments* (London: Oxford University Press, 1976). The original two-volume edition of Eckstein was reissued by Felix Meiner in 1977 as a one-volume work with a new bibliography in their standard series *Philosophische Bibliothek*; since then it has twice been reissued with an updated bibliography, in 1985 and in 1994. Since the publishers did not reset the second edition, the important note that Eckstein included on the deviations between the various editions of *Moral Sentiments* is now located in the middle of the book (pp. 275–281), and not where one would normally expect it, at the end of the main text.

⁷⁴ A. Smith, *Theorie der ethischen Gefühle*, trans. and ed. W. Eckstein (Hamburg: Felix Meiner Verlag, 1926), XI.

⁷⁵ Smith, 'Theorie' (1926), XXXVI, XL.

respect a convergence with the beliefs of his long-dead friend, David Hume.⁷⁶ Eckstein also includes a judicious settling of accounts with the debates of the later nineteenth century, emphasising that the moral world comprehends the economic world and not the other way around, while it was equally false to read into Smith's account of sympathy a conception of benevolence which he clearly rejected.⁷⁷

As if to underline this new basis for an appreciation of the work of Smith a German translation of the *Lectures* appeared in 1928.⁷⁸ In his introduction Jastrow recalled Hasbach's emphasis upon Dutch, German and Scottish natural law traditions in seeking a lineage for Smith's own conception of "natural liberty"; he also pointed out that if there were similarities here with the Physiocrats, this was because they substantially drew on the same traditions as Smith, not because Smith had borrowed from them. The *Lectures*, dating as they do from a period before Smith's encounter with Physiocracy, provide evidence for this and consolidate the advance in Smith scholarship that Oncken had anticipated in 1898.⁷⁹ Hasbach's sometimes rather laboured arguments had in turn been published before the discovery of the student notes in 1895, the existence of which now made it easier to place Smith in his intellectual context without resort to argument concerning the inconsistency of his conceptions of human motivation, or speculation over his experiences in France. The implications of this, and the importance of the *Lectures*, were outlined in greater detail in an article published while the new translation was in the press.⁸⁰

It is striking that these writings from the 1920s both settled accounts with the Adam Smith Problem and laid a sound foundation for the elaboration of a more nuanced and sophisticated understanding of Adam Smith's significance. On neither count, however, was this achievement adequately realised. Adam Smith was by now increasingly written about in English by writers who treated him as a canonical economist. Bastable's excursion into German literature remained an isolated deviation. Edwin Cannan had made reconsideration of Smith as a historical figure once more possible for English-language scholarship, but Cannan was an economist interested in the history of economics, not a historian of political thought. That German scholars had debated the wider significance of Smith's work since the later 1860s went largely unremarked, save for the recognition that there had been some discussion of an Adam Smith Problem. Cliffe Leslie had reviewed Roscher's *Geschichte der National-Oekonomie in Deutschland* in the mid-1870s but directed his attention to historiographical and methodological issues, not to the substance of Roscher's work.⁸¹ The English "historical economists" looked to Henry Maine, not to Knies, Hildebrand or even Schmoller, for their inspiration.⁸² When a summary of August Oncken's survey of the "Adam Smith Problem" was published in the *Economic Journal* in 1897 this appears to have introduced to English readers for the first time arguments that went back forty years. 1920s Germany was succeeded by 1930s Germany; the liberal values with which the name of Smith was associated were preserved most notably among those Germans who emigrated, and the impetus given to scholarship by Sommer, Jastrow and above all Eckstein dissipated. Friedrich List became the foremost popular economist in the Germany of the 1930s.⁸³ Shortly after the war two condensed editions of *Wealth of Nations* were published,⁸⁴ but nothing in the 1950s and 1960s. Eckstein's edition of *Theory of Moral Sentiments* was not republished until 1977, since when it has constantly been available. It was Hans Medick's book on the Scottish Enlightenment⁸⁵ that re-established the link with the level of discussion that had existed in the 1920s, although the coincidental increase of Anglophone discussion of Smith served to deflect attention away from this.

Medick's book thus stands at the point of renewal of an interest in Smith, the Scottish Enlightenment, and eighteenth century political thought that is still today gathering pace. Our understanding of Smith's sources and borrowings are now far in advance of the state of scholarship some thirty years ago when, finally, a modern reference edition of Smith's writings began publication. A larger purpose of this paper has however been to illuminate the sometimes unhistorical nature of the "history of thought". It is a fact too little remarked that most of the commentary upon Smith with which we are familiar is of

⁷⁶ Smith, 'Theorie' (1926), XLIX.

⁷⁷ Smith, 'Theorie' (1926), LVIII. Eckstein also published an overview of *Moral Sentiments* the following year which provides a resumé of many of the arguments advanced in his Introduction: 'Adam Smith als Rechtsphilosoph', *Archiv für Rechts- und Wirtschaftsphilosophie* Bd. 20 (1927), 378–95.

⁷⁸ A summary of the lectures based on the Cannan edition of 1896 had already been published by Artur Sommer as 'Das Naturrechtsskolleg von Adam Smith', *Archiv für Rechts- und Wirtschaftsphilosophie* Bd. 20 (1927), 378–95, i.e. immediately following on from Eckstein's article noted in fn. 111.

⁷⁹ A. Smith, *Vorlesungen über Rechts-, Polizei-, Steuer- u. Heereswesen* (Halberstadt: Nach der Ausgabe von Edwin Cannan, intr. J. Jastrow, H. Meyer's Buchdruckerei, 1928), VI.

⁸⁰ J. Jastrow, 'Naturrecht und Volkswirtschaft. Erörterungen aus Anlaß der deutschen Ausgabe von Adam Smith Vorlesungen', *Jahrbücher für Nationalökonomie und Statistik* Bd. 126 (1927), 689–730. The last piece that Jastrow published before his death also drew attention to a new Smithian discovery, Scott's account in *Economic Journal* 45 (1935) of an early draft of the *Wealth of Nations*, concluding with the remark "...das missing link ist gefunden"—see "Ein neuer Adam-Smith-Fund und der Aufbau des nationalökonomischen Lehrgebäudes", *Zeitschrift für Nationalökonomie* Bd. VIII (1937), 338–80.

⁸¹ T.E. Cliffe Leslie, "The History of German Political Economy", first published in the *Fortnightly Review* 1 July 1875, reprinted in *Essays in Political and Moral Philosophy* (Dublin: Hodges, Foster and Figgis, 1879), 167–78. The preceding essay on Adam Smith notes the work of Buckle, but in identifying the "two paths of descent" leading from Smith states that the first relates to Ricardo, and the second to Malthus and Mill (p. 151); hence Leslie treats Smith in terms of deductive and inductive methods, despite his comments on natural law.

⁸² See my essay 'The Historicisation of Political Economy?', in *British and German Historiography 1750–1950*, ed. B. Stuchey, P. Wende (Oxford: Oxford University Press, 2000), 211–28.

⁸³ A drastically condensed version of *Wealth of Nations* was published in 1933, with the text taking up 258 pages; the editor remarks that a modern reader could not be expected to plough through all five books—Adam Smith, *Natur und Ursachen des Volkswohlstandes*, trans. and ed. Friedrich Bülow (Leipzig: Alfred Kröner Verlag, 1933), V.

⁸⁴ Adam Smith, *Die Theorie des Aussenhandels. Inquiry into the nature and causes of the Wealth of Nations B. IV. Ch. 1–3 1776*, ed. A. Skalweit (Frankfurt a.M.: Vittorio Klostermann, 1946); Adam Smith, *Untersuchungen über Natur und Ursprung des Volkswohlstandes*, Georg Westermann Verlag, Braunschweig 1949; the latter included Book I Chs. 1–3 and Book IV Chs. 1–8 and was approved for use in schools.

⁸⁵ H. Medick, *Naturzustand und Naturgeschichte der bürgerlichen Gesellschaft* (Göttingen: Vandenhoeck und Ruprecht, 1973).

very recent provenance.⁸⁶ Partly this is a product of the work that has been done in the history of political thought, reconnecting Adam Smith to the rapidly expanding field of Enlightenment studies. But the history of economics has also mostly been practised by economists, rather than historians; hence the literature of the history of economics has tended to mirror the foreshortened perspective of the literature of economics in general. For all the familiarity of *Das Adam Smith Problem*, all the modern commentary on the matter treats it as a problem with one of two possible solutions: Smith either changed his mind between writing his two books, or he did not, for all the world like one of the entries in Flaubert's "Dictionnaire des idées reçues". How this came to be considered a problem, and the manner in which it found resolution – what might be considered the truly historical object of a history of economics – was last considered in detail by Oncken in 1897. While we now know immeasurably more about Adam Smith in his time, we still know relatively little about what he subsequently, and successively, became.

⁸⁶ Similarly, if we use the publishing history of Karl Marx's writings as a proxy for the level of interest in his work we find that the reception begins in the mid-1880s, fades through the twentieth century and then revives in the final three decades. The British Library holds some 300 titles by Karl Marx and two-thirds of these have been published since the later 1960s.