

**The origins of liberal conservatism:
Edmund Burke, Adam Smith, and the art of coping with a complex society**

by

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ABSTRACT

This study compares and contrasts the writings of Edmund Burke and Adam Smith, to determine whether they are contradictory, compatible, or complementary. Burke can be regarded as the founder of modern conservatism, and Smith is an early and powerful advocate of market-orientated liberalism. Today, their ideas have been blended into a system of “liberal conservatism” that serves as the unofficial political ideology of most right-of-centre parties throughout the English-speaking world. However, it is not so immediately apparent that Smith and Burke can be reconciled with each other.

In the course of this study, Burke and Smith’s ideas are considered at various levels of abstraction. They share a nuanced view of human beings as complex, social, sympathetic and self-interested. They both adhere to an empiricist epistemology that is distrustful of deductive rationality, especially when applied to complex human societies. In order to cope with this complexity, Burke and Smith alike counsel humility and pragmatism, and emphasise the importance of contingency. Furthermore, they suggest that policymakers rely on mechanisms that reveal information held by large numbers of individuals: tradition in the case of Burke, and the market mechanism in the case of Smith.

Burke is a staunch opponent of arbitrary power, and an advocate of colonial liberty. However, he defends the prescriptive powers of the state, and argues that liberty should be tempered by self-restraint. Smith advocates a “system of natural liberty” in economic affairs, but acknowledges that such a system takes place within the framework of a coercive state. In terms of policy, Burke and Smith share similar views on external free trade and *laissez-faire* within the domestic economy, but there are important stylistic and substantive differences in their views on the relief of the poor.

Ultimately, this study argues that Burke and Smith’s complementary policymaking framework, rather than their actual views on policy, is the true point of convergence between them.

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LIST OF ABBREVIATIONS

Adam Smith:

- CAS – The Correspondence of Adam Smith
HLM – History of Ancient Logics and Metaphysics
HOA – The History of Astronomy
OES – Of The External Senses
TMS – The Theory of Moral Sentiments
WN1 – The Wealth of Nations, Vol. 1
WN2 – The Wealth of Nations, Vol. 2

Edmund Burke:

- ANW – An Appeal from the New to the Old Whigs
CEB – The Correspondence of Edmund Burke
LCD – Letter to Charles-Jean-François Depont
LMN – Letter to a Member of the National Assembly
LRP – Letters on a Regicide Peace
LSB – Letter to the Sheriffs of Bristol
OSN – Observations on the Present State of the Nation
RPA – Remarks on the Policy of the Allies With Respect to France
RRF – Reflections on the Revolution in France
SB – Philosophical Enquiry into the Origin of Our Ideas of the Sublime and Beautiful
SCA – Speech on Conciliation with America
SDP – Speech on A Bill For Shortening the Duration of Parliaments
SFI – Speech on Fox’s East India Bill
SEB – Speech to the Electors of Bristol
SER – Speech on the Economical Reform
SRP – Speech on the Reform of the Representation of the Commons In Parliament
SPU – Speech on the Petition of the Unitarians
SWH – Speech In The Impeachment of Warren Hastings

- TDS – Thoughts and Details on Scarcity
- TFA – Thoughts on French Affairs
- TPD – Thoughts on the Cause of the Present Discontents
- TP – Tracts on the Popery Laws

A note on primary sources:

Many of the in-text references in this study refer to primary sources written by Adam Smith and Edmund Burke. In order to make it easier for the reader to keep track of which sources are referenced in the text, I have chosen to reference all primary sources using abbreviations. In addition to the list of abbreviations in this section, full bibliographic details for each of these sources can be found in the bibliography.

In the majority of cases, I have used electronic versions of the works of Smith and Burke provided by the Online Library of Liberty (OLL) in Indianapolis, Indiana. Where this is the case, I have indicated it in the bibliography. The electronic editions are paginated files in Adobe Acrobat format, and can be downloaded from the OLL's website. In the case of Adam Smith, these electronic editions are derived from the Glasgow Edition of his works, which is widely considered to be the fullest and most complete compilation of Smith's writings. By making these original texts freely available in a format that can be searched, cross-referenced and copied, the OLL has performed an invaluable service for students of political theory.

In cases where the electronic editions are used, all in-text page references refer to the electronic edition and not the printed edition.

The electronic editions of primary sources written by Edmund Burke that are used in this study are no longer under copyright and are in the public domain. The Glasgow Edition of the Works and Correspondence of Adam Smith and the associated volumes are published in hardcover by Oxford University Press. The online edition is published by Liberty Fund under license from Oxford University Press.

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CHAPTER 1

“The Only Man I Ever Knew”:

Introduction

1.1 Introduction

Since at least the 1980s, it has been an irresistible fact of politics in the English-speaking world that the political right supports capitalism and free markets. In the United States and United Kingdom in particular, right-of-centre politics is dominated by “liberal conservatism”: an alliance between political traditionalists and economic liberals. But this need not be the case, and at first glance, it seems odd that it *should* be the case. As Marxist historians have pointed out (see for example Heller 2006, Mooers 1991, Macpherson 1980:63), capitalism was originally a disruptive force, the onset of which reshaped the aristocratic political order of Europe and coincided with the dismantling of the *ancien régime*. Certainly, it is possible to imagine a world in which conservatives did not embrace the hard-edged liberalism of the market, and instead advocated some form of paternalism. Indeed, some conservative figures in history, such as Bismarck, have adopted precisely such an approach.

However, if we delve into the history of political ideas, and consider the origins of these two systems of thought, an interesting point of commonality emerges. Modern conservatism is generally supposed to have originated in the writings of Edmund Burke (Kirk 2001:6, Stanlis 1964:48), and liberal economics generally traces its origin to the ideas of Adam Smith (Skirbekk & Gilje 2001:249, Muller 1993:2, Skousen 2007:12). Moreover, Burke and Smith were acquaintances who exchanged correspondence and tackled many of the same issues.

This study proposes that we can gain useful insights into the nexus between liberal economics and conservative politics by exploring the connections that exist between Burke and Smith’s respective systems of thought. The focus of the study is not the exploration of the relationship between liberal economic and conservative politics in and of itself, but rather on the connection between the specific sets of arguments and ideas advanced by Burke, and those advanced by Smith. Nevertheless, the study will take cognisance of their status as founding figures within their respective ideological traditions. In effect, the juxtaposition of Smith and

Burke's ideas serves as a micro-level representation of the macro-level interaction between economic liberalism and conservatism.

Smith and Burke were historical contemporaries. Smith was born in 1723, and Burke was born six years later. Their epoch was one of tremendous political and intellectual upheaval, in which the Enlightenment was reshaping humanity's view of its place in the universe. The modern sovereign state was evolving into a form that would be recognisable today. Britain was in the early stages industrialisation, and the economic system that would become known as capitalism was being forged. Powerful mercantile corporations were extending European influence across the world. A new economic class, the urban bourgeoisie, was challenging the ancient privileges of the aristocracy. The ideas of political philosophers began to coalesce into coherent ideologies such as liberalism and nationalism, and a reformulated version of conservatism rose up in response. Inevitably, these political and economic tensions broke out into violent conflict, both in metropolitan Europe and the colonies. The century witnessed the Seven Years War, the Russo-Turkish war, the First Xhosa War, the Haitian Revolution and the American Revolution. It culminated with the French Revolution, which Burke describes as "the most astonishing that has hitherto happened in the world" (RRF:68). It was an event of such importance that it is sometimes used by historians to mark the beginning of the modern world (Gerhard 1956:903, Green 1992:38).

There are, of course, important differences between Smith and Burke. Burke is associated with the ancient vocation of politics; Smith with the new science of economics. Smith's emphasis on individual liberty, belief in the possibility of progress, and his distrust of religion and superstition make him a quintessential figure of the enlightenment. Burke, with his attack on "sophisters, economists, and calculators" (RRF 107), his organic conception of society, his traditionalism, his distrust of reasoning from abstract principles, and his defence of the French monarchy, seems diametrically opposed to this enlightenment worldview. The character of their writings also sets them apart (Dunn 1941:334). Smith was an academic by profession, and his thoughts are laid down primarily in two comprehensive treatises. Burke was a politician, and his thoughts are recorded, in almost scattershot fashion, in a variety of speeches, pamphlets and letters, written in response to specific events and for specific occasions. The main obstacle facing the reader of Smith is the length and detail of his work; the main obstacle facing the reader of Burke is consolidating disparate strands of thought into a coherent philosophical position.

However, there are also striking similarities between them. Burke and Smith were real-life acquaintances who both held a favourable opinion of the other (Frazer 2008:1). Both are notable for their early opposition to the excesses of the mercantile East India Company. Both were opponents of royal absolutism. The preface to Burke's pamphlet *Thoughts and Details on Scarcity* (1795) describes Burke as offering advice to Smith when the latter was writing *The Wealth of Nations* (1776), and Smith taking this advice seriously. Burke gave Smith's *The Theory of Moral Sentiments* (1759) a favourable review in his *Annual Register*, and may have done the same for *Wealth of Nations* (Barrington, 1954:255). Smith himself is famously said to have remarked that Burke "was the only man who, without communication, thought on these topics [of political economy] exactly as he did" (Winch 1985:231).

Their similarities and mutual admiration have led some commentators to minimise the differences between them, and argue that Burke and Smith's ideas are complementary, like pieces of a puzzle fitting together to form a consistent philosophy of liberal conservatism. Dunn (1941:342-343), an admirer of both authors, argues that there is "much of Burkean politics in Adam Smith", and similarly that there is "much of Smithian economics in Edmund Burke". Barrington (1954:258) argues that "Adam Smith respected [Burke's] opinions" and suggests "the amazingly rapid success of the *Wealth of Nations* may have been, in part, due to the fact that Burke had prepared men's minds for it". McGee (1992:153) suggests that "Burke and Smith had similar ideas about political economy, and Burke arrived at his conclusions independently". By contrast, Macpherson (1980:21) makes a similar argument from a critical perspective, arguing that Smith and Burke share "fundamental bourgeoisie assumptions" about political economy.

There are dissenters from this view, however. Rothschild (1992:86) argues that Smith has been widely misread as an advocate of "conservative economics", and suggests that Burke's *Thoughts and Details on Scarcity* can be seen as an attack on Smith's ideals and allies. Winch (1983:515) makes a similar point, arguing that "[a]lthough this posthumously published book is sometimes cited by admirers and critics alike as evidence of Burke's close affinities with Smith, the contrasts are far more significant". Winch (1985:234-235) specifically criticises Macpherson and others for incorrectly treating Smith as "a relatively fixed point in any comparative exercise" who "defines a predominantly economic position embodying liberal or bourgeois values". Winch (1985:231) instead argues that debate over whether Burke's

“‘conservative’ or organic position on political authority” can be reconciled with his own liberal and individualistic views on economics constitutes a “Burke problem” which in turn gives rise to a broader “Burke-Smith” problem: the question of the extent to which Burke can be reconciled with Smith (Winch 1985:231). This, in essence, is the research problem that this study will consider: are Burke and Smith compatible and complementary as political and economic theorists?

1.2 Research Problem

This research will consider the views of both Burke and Smith, in order to determine whether it is possible to reconcile them with each other. The central topic to be investigated is the question of whether Burke and Smith’s respective theories of society are compatible, and whether their respective views on politics and political economy can be treated as complimentary. In order to answer this question comprehensively, it is necessary to compare Smith and Burke’s thinking on various levels, and not merely on economic theory alone. For this reason, this study will compare their views on human nature, human knowledge, freedom, power and government policy. By adopting this broader approach, it is possible to develop a fuller and more complete understanding of the manner in which both theorists developed their ideas, and the specific points at which they intersected and diverged.

Why is this an important question to answer? Firstly and foremost, resolving the apparent contradiction between traditionalism and *laissez-faire* capitalism is an intriguing philosophical problem that is worthy of study on its own merits. Furthermore, in the case of notable thinkers such as Smith and Burke, we may discover fresh and interesting insights into their work by comparing them to each other. In particular, insufficient attention has been given to their shared conception of complexity in economic and political systems, and the idea that such complexity can be managed through the use of social mechanisms that reveal information held by large numbers of people. This idea constitutes a strong and underappreciated element of both Smith and Burke’s writings, and it comes into sharp relief when their writings are compared and contrasted with each other.

Secondly, Smith and Burke’s manner of thinking about political and economic problems can be usefully applied outside of their immediate historical context, even if there are significant limitations in doing so. To be clear, this does not mean that either Burke or Smith (or any

other 18th century political theorist, for that matter) should be drafted directly into modern debates over policy. It is true that English politics during the 18th century revolved around issues that are in some sense familiar to us: conflicts over taxation, the power of private corporations, the nature of political obligation, the desirability of rapid change versus piecemeal reform, the proper role of government, the rights of assemblies and rulers, the sustainability of empires, and so on. But Burke himself argues that policy should always be made with an eye towards contingent circumstances in the here-and-now, and Smith, as we shall see, displays a similar sort of pragmatism. However, there is value to be gained from understanding the ways in which Burke and Smith thought about these problems, the chains of reasoning they used to arrive at their conclusions, and the connections they drew between individuals and society at large. These methods offer us useful ways of thinking about politics and economics in all times, not merely the 18th century – even if they cannot tell us the “correct” answer to constitutional questions or debates over economic policy.

Thirdly and finally, we may note that the ideological tension between traditionalism and capitalism remains deeply relevant in the modern world, and this has been exacerbated by globalisation. This in turn raises a series of interesting questions. Why, for example, are traditionalists and free market capitalists considered political allies in Britain and the United States but enemies in many other parts of the world? Should we expect the relationship between capitalism and traditionalism in developing states to differ from that in the West? Is the “New Right”, an alliance between traditionalists and free market liberals, an expression of an internally-consistent philosophical position, or is it merely a temporary alliance of convenience? These are large and multifaceted questions in their own right, and my intention is not to provide comprehensive answers to them here. However, I contend that an understanding of the tensions and similarities between Burke and Smith will provide us with a firm grasp of the foundational considerations on which these questions are based.

1.3 Research Methodology & Literature Review

This study is a critical literature study in which the primary sources are the writings of Burke and Smith. It uses the traditional approach to political theory, which is to say that it treats the texts as objects of study in and of themselves, and analyses them by means of discursive rationality. This approach does not attempt to use the texts as a guide to the underlying psychology of the authors, nor is it overly preoccupied with the relationship between the texts

and real-world events (though the latter can be an invaluable tool in ascertaining meaning). Instead, the objective is to explore the systems of ideas that Smith and Burke respectively created, and the ways in which these systems fit together. In consequence of this, the first aim of this study is to examine the logical consistency of the arguments presented in the texts, and attempt to trace the connection between their premises and conclusions. In the case of Burke, the main source of information is the series of arguments presented in his *Philosophical Enquiry into the Sublime and Beautiful* (1757), *Reflections on the Revolution in France* (1790), *Letters on a Regicide Peace* (1795), *Thoughts and Details on Scarcity*, as well as several other speeches and pamphlets. In the case of Smith, it is the arguments developed in *The Theory of Moral Sentiments* and *The Wealth of Nations*. The critical examination of these texts will form the core of this study.

In addition to these primary sources, the study will also make extensive use of secondary literature. The body of literature on the relationship between Burke and Smith's ideas is comparatively small, and there has never been a full length treatise written on the subject. However, there is a large body of literature on Burke and Smith as individual theorists, and many of these works contain important insights and interpretations that are relevant to this study.

Admirers and critics of both authors will be considered. In the case of Burke, an important text is Macpherson's (1980) influential criticism which depicts Burke as a "bourgeoisie political economist", and which briefly compares his views to those of Adam Smith. Other noteworthy sources on Burke's political economy include Barrington's (1954) argument that Burke, along with Smith, should be considered a pioneering thinker in the field of economics; Petrella's (1963) argument that Burke should be considered an economic liberal; and Coniff's (1987) response to Macpherson, which argues that Burke should be considered a "moderate Whig" rather than a doctrinaire advocate of *laissez-faire* economics.

With regard to Burke's foundational ideas, there are several texts that deserve consideration. Ryan (2001) provides an extended discussion of Burke's physiological theory of the sublime, from which his empiricist epistemology is derived. Letwin (1953) describes Burke as falling within a long tradition of political theorists who were critical of rationalism, and views him as the intellectual ancestor of later theorists such as Hayek and Oakeshott. Canavan (1959 & 1973) is a leading exponent of the view of Burke as a conservative natural law theorist, and

his writings on Burke's view of rationality in politics (1959) and the theory of prescription (1973) deserve particular consideration. Lucas (1968) offers an alternative reading of Burke's theory of prescription which is not grounded in natural law, and instead stresses the originality of Burke's theory of political obligation. Mosher's (1991) overview of Burke's writings on revolutionary politics contains important insights into Burke's approach to complexity and his sceptical epistemology. Hutchins (1943) criticism of Burke, which alleges that he has no coherent political theory at all, serves as a useful counterpoint.

There are several texts that have important insights with regard to Burke's views on freedom and power. Bourke (2000) provides a useful overview of Burke's views on colonialism, and Gibbons (2003) adds important detail on the experiences that shaped Burke's views of the British colonial project in Ireland. Lakoff's (1998) comparison of Burke and Tocqueville, which characterises them both as "liberal conservatives", contains useful observations on Burke's views regarding colonialism and other issues. Various conservative admirers of Burke, including Kirk (1951) and Hart (1967), share a common view of Burke as advocating liberty within a structure of rule of law and self-restraint. Finally, Vincent (1984) provides a detailed analysis of Burke's views on international relations, and concludes that Burke can be considered a member of the "English school" rather than a realist who reduces interaction between states to mere power politics.

A similarly diverse body of secondary literature exists for Smith. Forman-Barzilai's (2005) comprehensive overview of Smith's account of sympathy and human nature in the *Theory of Moral Sentiments* is useful for mapping out Smith's foundational ideas about human beings. Coase (1976) attempts to synthesise the Smithian account of human nature in the *Theory of Moral Sentiments* and the *Wealth of Nations*, and makes several important points about the common threads of self-interest and self-love that exist in both of Smith's seminal works. Morrow (1927) provides an older, but still useful, overview of Smith's moral philosophy.

There are several sources that discuss Smith's views on freedom, power and political economy. Samuels (1973 & 1977) has written extensively on the relationship between political economy and power in Smith's writings, and argues that Smith's treatment of coercive mechanisms in his economic writings is an underappreciated aspect of his work. Similar themes are present in the work of Bitterman (1940), who notes the prevalence of conflicts rather than harmony of interest in Smith's analysis of the economy. Hutchison's

(1976) overview of Smith's political economy contains several important insights into his treatment of complexity and abstract reasoning, and his empirical methodology.

Rothschild's (1992) historical analysis of Smith's economic writings, which claims that Smith's theories were distorted after his death to reflect a form of "conservative economics" that does not adequately represent Smith's real views, is likewise an important secondary source. In particular, her argument that significant differences exist between Smith's political economy and that of Burke (and her argument that Burke's later writings constituted an attack on Smith's allies and ideals) is significant and deserves consideration. The same is true for Winch (1983, 1985 & 1992), who has written extensively on the relationship between Smith and other 18th century political and economic thinkers, including Burke. He takes a similar position on the relationship between Burke and Smith, and he also makes several notable observations about the relationship between Smith's economic theories and his moral philosophy, as well as his views on pragmatism and rationality in economic policymaking.

1.4 Research Design

This study is not merely interested in understanding Smith and Burke as individual theorists, but in comparing them with each other. The objective is to discover points of convergence and divergence, identify areas where they complement each other and fill in the gaps in each other's reasoning, and explore the extent to which they combine to form a common "liberal conservative" theory of politics and political economy. In order to facilitate this inquiry, their arguments will not be divided up according to chronology or discipline, but will instead be considered according to their level of abstraction. The study will begin with Burke and Smith's ideas on topics that are abstract and philosophical in nature, and with each successive chapter, it will build up towards topics that are increasingly concrete and practical. In doing so, it will demonstrate that Burke and Smith held important foundational ideas about human nature and human knowledge, and used these foundations to develop their more well-known ideas about politics and economics.

In accordance with this framework, this first chapter Chapter One will layout the problem statement and research methods that will guide the rest of this study.

Chapter Two will consider Smith and Burke's writings at the highest level of abstraction: their ideas on the fundamental nature of human beings. Individuals are the basic building blocks that combine to form societies, and so Smith and Burke's views on political and economic society are inevitably informed by their views on human nature.

Chapter Three will examine Burke and Smith's views on the question of epistemology: the question of how human beings are able to obtain knowledge about the world. It will demonstrate that both authors adhered to an empiricist epistemology that is sceptical about the possibility of obtaining knowledge through pure reason. It will also examine the idea of social complexity, which Burke and Smith alike consider to be an impediment to obtaining accurate information about large and intricate human societies.

Chapters Four and Five will consider the various methods that Burke and Smith respectively proposed in order to cope with the problem of social complexity that they identified. Particular emphasis will be paid to their shared reliance on evolutionary mechanisms that reveal the information held by individuals within those systems: tradition and prejudice in Burke's case, and pricing and the market mechanism in the case of Smith.

Chapters Six and Seven will discuss Smith and Burke's respective views on the nature of freedom and power. Every social system devised by human beings contains some mixture of these two elements, and Smith and Burke alike gave consideration to the nature and limits of freedom, and the reality of political power.

Chapter Eight will consider Smith and Burke's views on selected questions of domestic policy, and explain how these opinions on practical questions were informed by their arguments at higher levels of abstraction.

Finally, Chapter Nine will present a summary of the evidence and arguments in this study, and attempt to answer the research question posed in Chapter One.

There are, of course, inherent limitations in a study of this type. The first limitation is size: Burke and Smith both produced an enormous quantity of work during their lifetimes, and it would be impossible for a study of this length to do justice to every aspect of their combined body of writings. The second limitation is scope: the intent of this study is not to provide a

complete overview of Burke and Smith's chain of reasoning, or to identify every premise and weakness in their respective arguments. Instead, it is to determine whether their theories congeal into a coherent whole. A final limitation is the interpretive nature of political theory itself. Every theorist is susceptible to being interpreted and reinterpreted by successive generations, and it would be excessively hubristic to claim to have discovered the final truth, either with regard to Burke or Smith or with respect to the relationship between their writings.

However, this is not to say that the realm of political theory has no important truths waiting to be discovered. On the contrary: by comparing and contrasting Smith and Burke against each other, it is possible to illuminate certain aspects of their theories that are present in their texts, but which are nevertheless insufficiently appreciated. Particular attention deserves to be paid to the commonalities in their treatment of human nature, their shared epistemological assumptions, their emphasis on pragmatism and contingency, the important roles of complexity and information in their political and economic theories, and the similarities in their mechanisms for coping with this complexity. These elements can be detected in the writings of either Burke or Smith when they are examined individually, but they snap sharply into focus when compared to each other.

Chapter 2: “The Most Hardened Violator of the Laws”

Smith and Burke on Human Nature

2.1 Introduction

When comparing Smith and Burke’s theories on politics and economics, the logical place to begin is with their views on human nature. The study of human nature was a fundamental preoccupation of 17th and 18th political philosophy. Thomas Hobbes’ theories are based on his conception of human beings as self-interested actors that are compelled to pursue their own felicity. In *Leviathan* (1651), he argues that in a state of nature “men live without other security, than what their own strength” can provide them, and so they must “endeavour to destroy, or subdue one another” (Hobbes 1985:186). John Locke’s liberal political philosophy is developed from the insights in into human nature, and his *Essay Concerning Human Understanding* (1690) is a systematic attempt to describe the workings of the human mind. David Hume, whom McShea (1978:664) describes as the “[pre-eminent] human nature theorist”, wrote the *Treatise of Human Nature* in 1739, and was an important influence on the Scottish Enlightenment.

When Smith and Burke began their writings in the 18th century, they were therefore participating in a long tradition of philosophical inquiry into human nature. This tradition encompassed not only the enlightenment theorists, but stretched all the way back to Plato, with his distinction between the competitive, appetitive and reflective functions of human beings. There are good reasons why so many social and political thinkers have been interested in the idea of human nature. Political systems are social systems, with human beings as their smallest individual components. Just as we might analyse a machine by studying the operation of its smallest parts, political thinkers have invariably been drawn to study the human components from which political systems are constituted.

Thus, to reckon with the nature of human beings, broadly defined, it is an inescapable task for anyone who wishes to theorise about politics. McShea (1978:659) argues that “[p]olitical philosophy needs a determinate object of study and a meta-ethic. ‘Politics’ is not such a

determine object... [because] it has no explanatory basis outside of itself.” This is true regardless of whether one adopts a classical approach to human nature in the manner of Plato and Aristotle, a reductionist approach in the manner of neoclassical economics, or a sceptical approach that denies the possibility of knowing the answer. No less ardent a critic of the concept of human nature than Jean-Paul Sartre allows that there does exist a “universal human condition” (Wood 2005:73). As with most other philosophical debates, the question of human nature can be traced back to first principles that remain unproven, but the rich history of philosophical speculation on the topic suggests that it can nevertheless be profitably discussed.

Like many other Enlightenment theorists, Burke and Smith both wrote tracts that dealt in large part with human psychology in the early stages of their careers. In Burke’s case, it was *A Philosophical Enquiry into the Origin of Our Ideas of the Sublime and Beautiful*, published in 1757. In Smith’s case, it was the *Theory of Moral Sentiments*, published four years later. Burke’s treatise deals primarily with aesthetics, and Smith’s with moral psychology, but both works give significant clues as to what their respective authors thought about human nature.

Later on in their careers, both authors further developed these ideas about humans and human society, and used them as a foundation on which to build more concrete ideas on how states should be constituted and how economic policy should be conducted. To the extent that these foundational ideas shape more complex ideas on politics and economics, it is significant that Burke and Smith’s views on human nature share several striking similarities.

2.2 The Origin of Moral Sentiments

Smith’s *Theory of Moral Sentiments* is by far the more comprehensive of the two works. In this book, Smith does not attempt to construct an ethical system, based on human reason, which can provide the “correct” answer to moral problems. Smith specifically states that “this present inquiry is not concerning a matter of right... but a matter of fact” (TMS 362). He is less concerned with ethics than he is with moral psychology (Morrow 1927:336-337), and his writing tends towards being descriptive rather than prescriptive (Forman-Barzilai 2005:191). Smith makes the empirical observation that people frequently do act in a manner that is benevolent, and the task he sets himself is to discover the mechanism by which this occurs. The first paragraph of the book succinctly describes this problem:

How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortunes of others, and render their happiness necessary to him, though he derives nothing from it, except the pleasure of seeing it... The greatest ruffian, the most hardened violator of the laws of society, is not altogether without it (TMS 60).

How is it that we are capable of transcending our self-interest in this manner? The answer that Smith provides is sympathy. Like all other animals, humans gain knowledge of the world through their five senses. Humans, however, are unique in that they possess the faculty of imagination. It is impossible for us to literally feel the pain or pleasure that another person experiences, but by using our imagination, we can speculate as to how we would feel in their circumstances. This produces a sympathetic response, a copy of the original sensation that is less intense than the original, but similar in type (Coase 1976:529). Smith gives the example of a man watching his brother being tortured on the rack, who experiences an exquisite form of anguish even though he is physically incapable of experiencing the same sensations (TMS 60). The sympathetic response, according to Smith, allows the observer to “enter as it were into his body, and become in some measure the same person” (TMS 60).

Smith insists that sympathy is a normal social process that is common to all human beings. The ability to sympathise transcends cultural and historical categories, and does not depend on “coercion, philosophy, religion, or formal education” (Forman-Barzilai 2005:192). Nor does it necessarily depend on reason. Morrow (1927:338) observes that we often experience a sense of vertigo when we watch a tight-rope walker, or cringe defensively when we see someone being struck on the arm or leg. These reactions are instinctive, emotional, and automatic.

Sympathy is also, in many cases, a source of pleasure (Coase 1976:530). We consume fiction, read biographies, and form close social relationships in part because sympathy is a unique form of enjoyment. We also enjoy being the object of sympathy in others. Smith observes that “nothing pleases us more than to observe in other men a fellow feeling with all the emotions of our own breast; nor are we ever so much shocked as by the appearance of the contrary” (TMS 64). Smith suggests that sympathy can act as a type of force-multiplier for human psychological happiness: it “enlivens joy and alleviates grief” (TMS 64). In particular, we desire sympathy for our negative emotions: Smith observes that “we are not half as anxious that our friends should adopt our friendships, as that they should enter into our

resentments... The bitter and painful emotions of grief and resentment more strongly require the healing consolation of sympathy” (TMS 65).

There are additional subtleties in the Smithian account of sympathy. Because the sympathetic response is a reaction to an agent’s circumstances and not to their sentiments, sympathy entails an element of judgement. Thus we are capable of sympathising with a lunatic who has lost his capacity for reason, or even with the dead (TMS 62-63). While the lunatic may be perfectly happy in his condition, and the dead are incapable of experiencing any form of sentiment at all, we evaluate their circumstances from the vantage point of our own reason, and conclude that their situation is pitiable even if the agents themselves do not sense this (Broadie 2009:11). In the Smithian system, the observer need not accept the legitimacy of the sentiments of the agent, and may substitute them with different sentiments that the observer deems to be more correct.

By contrasting the response that is aroused in us by sympathy with the actual emotions that we observe in others, Smith derives the concept of propriety. We use our imagination to project how we would feel if we were in the same circumstances as another person, and if we observe that their behaviour differs dramatically from what we speculate our own behaviour would be, we judge it to be improper. In doing so, sympathy transcends its original character as reciprocal exchange between two human beings, and acquires a social dimension. Humans live in a world in which they are continually seeking the sympathy of others and judging the propriety other people’s behaviour. The habit of judging others makes us sensitive to the idea that we are also being judged. Because mutual sympathy is pleasurable, and because we seek the approval of others, we learn to adjust our passions so that others will accord us a sense of propriety (Forman-Barzilai 2005:209). For the most part, this involves regulating or lowering our passions, but in other situations it may involve the reverse. (Consider the example of someone who meets with social disapproval because they are insufficiently perturbed by the death of a close relative.) This process, by which the pursuit of mutual sympathy encourages all people to adjust their passions toward a mutually acceptable median, creates a level of harmony that allows people to live together in a closely-knit society.

However, neither sympathy on its own, nor the social approbation of others, is a sufficient basis for morality. Social approbation is a useful indicator, but it cannot be fully trusted because it is tainted by self-interest and warped by individual perspective. Rather, in Smith’s

view, humans behave in a moral manner because the habit of sympathy forces us to consider our actions through the eyes of an *impartial* spectator (TMS 74-75). The impartial spectator is an imaginary device that people use to determine whether their actions are right or wrong. We conceive of this impartial spectator as having the same capacity for sympathy that human beings do, but also having perfect knowledge of our intentions and circumstances, and no interests of its own that might distort its perspective. To consider ourselves from the vantage point of an impartial spectator is an attempt to step outside of ourselves, and consider our actions from a distance where we are unimpeded by our own passions or our interests. In practice, of course, this is not an easy thing to do. Not everyone is equally susceptible to the impartial spectator's dictates. Yet the sense of being judged by an impartial spectator is nevertheless a powerful constraint on human freedom of action. Smith observes that people who do bad things often experience intense feelings of guilt and remorse afterwards, even if there is no possibility of their misdeeds being uncovered:

We dread the thought of doing any thing which can render us the just and proper objects of the hatred and contempt of our fellow-creatures; even though we had the most perfect security that those sentiments were never actually to be exerted against us. The man who has broke through all those measures of conduct, which can alone render him agreeable to mankind, though he should have the most perfect assurance that what he had done was for ever to be concealed from every human eye, it is all to no purpose... His imagination, in this case too, anticipates the contempt and derision from which nothing saves him but the ignorance of those he lives with. He still feels that he is the natural object of these sentiments, and still trembles at the thought of what he would suffer, if they were ever actually exerted against him (TMS 154).

This is the mechanism by which Smith makes sympathy the basis for human moral behaviour. Yet he also acknowledges that humans are not merely sympathetic creatures. There is a powerful countervailing tendency in human nature: the human predisposition towards self-interest and self-love.

2.3 Self-Interest, Proximity & the Limits of Sympathy

Smith was not unfamiliar with the darker aspects of human nature. The idea that human beings are motivated principally by self-interest is typically ascribed to the *Wealth of Nations*, but it is clearly visible in his earlier work. As Coase (1976:533) argues, “[t]he picture which emerges from Adam Smith's discussion in the *Theory of Moral Sentiments* is of man suffused

with self-love”. Smith admits “it may be true... that every individual, in his own breast, naturally prefers himself to all mankind” (TMS 126) (although he adds, as a proviso, that the human desire for approbation usually prevents people from acting on this belief). He writes that “we are not ready to suspect any person of being defective in selfishness” (TMS 299) and speaks of the “natural selfishness and rapacity” of the rich (TMS 203). Echoing these thoughts in *Wealth of Nations*, Smith notes that in “commercial countries”, where a rich man “can spend the greatest revenue upon his own person, he frequently has no bounds to his expense, because he frequently has no bounds to his vanity, or to his affection for his own person” (WN1 333).

Yet Smith famously does not view the pursuit of self-interest in wholly negative terms. His work is clearly influenced by Bernard Mandeville’s (1724) *Fable of the Bees*, which made the then-scandalous argument that private “vices” such as consumption, luxury and ambition had the beneficial effect of stimulating production in society at large. Mandeville’s work attacked the Christian asceticism of the day, which equated virtue with self-denial. Smith accepts the economic logic that underpinned Mandeville’s arguments, but rejects his conclusion that virtue itself is a problematic category. Instead, Smith’s theories of sympathy attempt to recast virtue in terms other than self-denial (Clark 1992:188).

Smith nevertheless accepts that self-interested motivations can have beneficial consequences; not only for the economy of the nation, but for the moral health of the individual. Smith argues that “regard to our own private happiness and interest, too, appear upon many occasions very laudable principles of action”. Self-interest, when properly channelled towards productive ends, encourages the virtue of prudence, which he describes as a combination of foresight and self-command. Foresight is our talent for “discerning the remote consequences of all our actions, and of foreseeing the advantage or detriment which is likely to result from them”, and self-command is ability “by which we are enabled to abstain from present pleasure or to endure present pain, in order to obtain a greater pleasure or to avoid a greater pain in some future time” (TMS 208). A man who has the foresight to realise that he will need money in the future, and has the self-discipline to save part of his income rather than spending it on luxuries, is displaying both attributes of prudence. These are both virtuous traits, and both are encouraged by self-interest. Smith observes that self-interest is responsible for encouraging the virtues of “oeconomy, industry, discretion, attention, and application of thought” (TMS 299), and suggests that we look down on those who are careless with their

money, even though they do not harm anyone else, because inattention to self-interest is seen as a vice in its own right (Hollander 1977:139).

Smith's views on the potentially positive effects of self-interest are more keenly developed in the *Wealth of Nations*. In this book, Smith describes "self-interest" as "that general principle which regulates the actions of every man, and which leads men to act in a certain manner from views of advantage, and is as deeply implanted in an Englishman as a Dutchman" (WNI 434). The *Wealth of Nations* is infused with the incentives analysis, now commonplace in mainstream economics, in which human behaviour is seen as the predictable pursuit of self-interest. Self-interested motivations are ascribed to various actors throughout the book, including merchants, workers, governments, slave-owners, college professors, and others. In the context of the marketplace, Smith argues, we are better off appealing to people's self-love than to their benevolence, for "man has almost constant occasion for the help of his brethren, and it is in vain for him to expect it from their benevolence only. He will be more likely to prevail if he can interest their self-love in his favour, and shew them that it is for their own advantage to do for him what he requires of them" (WN1 70).

To what extent can the self-interested account of human nature found in the *Wealth of Nations* be reconciled with the more sympathetic account of human nature in the *Theory of Moral Sentiments*? The debate over this question is commonly referred to as "Das Adam Smith Problem", but most scholars of Smith now agree that the problem has been solved (Bishop 1995:169). Smith's explication of human nature is sufficiently nuanced that it can account for both sympathy and self-interest. But which value takes precedence? In a thought-experiment, Smith imagined that the destruction of China and all its population would cause less distress to the average European than the loss of a little finger:

Let us suppose that the great empire of China, with all its myriads of inhabitants, was suddenly swallowed by an earthquake, and let us consider how a man of humanity in Europe, who had no sort of connection with that part of the world, would be affected upon receiving intelligence of this dreadful calamity. He would, I imagine, first of all express very strongly his sorrow for the misfortune of that unhappy people, he would make many melancholy reflections upon the precariousness of human life, and the vanity of all the labours of man, which could thus be annihilated in a moment. He would, too, perhaps, if he was a man of speculation, enter into many reasonings concerning the effects which this disaster might produce upon the commerce of Europe, and the trade and business of the world in general. And when all this fine philosophy was over,

when all these humane sentiments had been once fairly expressed, he would pursue his business or his pleasure, take his repose or his diversion, with the same ease and tranquillity as if no such accident had happened. The most frivolous disaster which could befall himself would occasion a more real disturbance. If he was to lose his little finger to-morrow, he would not sleep tonight; but, provided he never saw them, he will snore with the most profound security over the ruin of a hundred millions of his brethren, and the destruction of that immense multitude seems plainly an object less interesting to him than this paltry misfortune of his own (TMS 166).

This thought-experiment reveals one of the weaknesses of sympathy in the Smithian system. Sympathy depends on proximity, and is weakened by distance. Smith accepts Hume's (1983:49) view that "sympathy with persons remote from us [is] much fainter than that with persons contiguous", but he develops this idea further. According to Smith, our ability to sympathise depends on physical immediacy, affective partiality, and historical or cultural familiarity (Forman-Barzilai 2005:198-209). On a sliding scale, we find it easiest to sympathise with ourselves, then with our friends, neighbours and colleagues, then with our fellow citizens, and only then with people from other countries (Coase 1976:534). This is why people find it so easy to dehumanise the enemy during war: our partiality for our fellow citizens overwhelms our sympathy for the enemy. Smith writes that, in times of war, a citizen's "whole ambition is to obtain the approbation of his own fellow-citizens; and as they are all animated by the same hostile passions which animate himself, he can never please them so much as by enraging and offending their enemies" (TMS 179).

Despite this, Smith concludes his "China" thought-experiment on an optimistic note. Though he maintains that almost all Europeans would feel more aggrieved by the loss of a little finger than the loss of a hundred million Chinese lives, he maintains that if this question were reformulated as a choice – that is, if the European were given the option to save China by sacrificing his little finger – he would do so. "[T]he world, in its greatest depravity and corruption, never produced such a villain as could be capable [of choosing otherwise]" (TMS 166). It is telling that Smith ascribes this choice, not to sympathy for the Chinese, which is dulled by distance and unfamiliarity, but to the "the love of what is honourable and noble, of the grandeur, and dignity, and superiority of our own characters" (TMS 166). We see ourselves through the eyes of an impartial spectator. If we were inclined to sacrifice millions of lives for the sake of a finger, we would thereafter be forced to see ourselves as small, petty ignoble. By sacrificing the finger and saving the Chinese, we have permission to see

ourselves as noble and superior. Even in its description of benevolence, the Smithian description of moral sentiments is ultimately a self-centred one (Coase 1976:533).

2.4 Burke's Views on Sympathy

It is intriguing to compare Smith's description of human nature with the account in Burke's *Philosophical Enquiry*. Burke suggests that humans are motivated by curiosity, pleasure and pain (Harris 2008:3). Curiosity drives people to seek out novelty, in the form of new things and new experiences. Pain and danger are the most powerful human sensations, and excite the desire for self-preservation. Pleasure is a less powerful sensation, and creates the need for various forms of human society. From these sensations, we derive our sense of beauty. Burke makes an aesthetic distinction between the "sublime" and the "beautiful", of which the former is said to arise from our experience of danger and pain, and the latter from our experience of pleasure (SB 29-37).

Burke, much like Smith, considers sympathy to be an emotion of central importance in human conduct. In a passage that could easily be mistaken for an extract from the *Theory of Moral Sentiments*, Burke writes:

It is by [the passion of sympathy] that we enter into the concerns of others; that we are moved as they are moved, and are never suffered to be indifferent spectators of almost anything which men can do or suffer. For sympathy must be considered as a sort of substitution, by which we are put into the place of another man, and affected in many respects as he is affected... (SB 39-40).

Burke also considers the sympathetic response to be instinctive and automatic, rather than one that is reasoned through. Sympathy, he argues, arises from the "the mechanical structure of our bodies" or "the natural frame and constitution of our minds", and it would be a mistake to attribute it to "the reasoning faculty" (SB 40). Burke's ideas on sympathy are tied to his overall theory of aesthetics. By exciting our instinct for self-preservation or our desire for human society, sympathy is capable of creating a sense of the beautiful or the sublime. It is for this reason that humans find enjoyment in the "affecting arts" of poetry and painting; to which the modern reader might add film and television.

Burke's treatment of sympathy is not nearly as comprehensive and well-defined as Smith's, and Burke certainly does not arrive at any conclusions as original as Smith's impartial spectator. Nevertheless, he adds additional details to the concept of sympathy that are of interest. For instance, he observes that the reciprocal nature of sympathy is complicated by the human propensity for *schadenfreude*. This propensity is visible, in a limited sense, in the widespread appreciation that is displayed for fictional accounts of tragedy and disaster. Burke considers whether this might stem from benign motivations, such as the sense of relief we feel when we realise that such accounts are fictional and that we are unaffected by them. However, Burke points out that real tragedy has a similar effect. "I am convinced," he writes "that we have a small degree of delight, and that no small one, in the real misfortunes and pains of others" (SB 40). Tragedy, he writes, "does not make us shun such objects... on the contrary, it induces us to approach them". No-one who has witnessed the fascination that surrounds a public execution (in Burke's day) or a fatal car accident (in ours) need doubt the accuracy of Burke's observation. This does not invalidate Smith's theory, but it does complicate his system by introducing a new impediment to the exercise of sympathy in addition to the ones that Smith already identifies.

Burke, like Smith, appreciates the effect of proximity and distance on sympathy. This does not particularly trouble Burke, who advocates localism over cosmopolitanism, and was more concerned that people should love what is near and familiar than that which is far away. He is therefore inclined to view the affective partiality that leads us to sympathise with those around us in a positive light. Burke writes that "[t]o be attached to the subdivision, to love the little platoon we belong to in society, is the first principle (the germ as it were) of public affections... It is the first link in the series by which we proceed towards a love to our country and to mankind" (RRF 90).

Smith similarly rejects cosmopolitanism, and criticises the moral philosophy of Stoicism for its idea that people should regard themselves as "citizen[s] of the world" (TMS 168). Smith writes approvingly of the natural partiality of the family, noting that "[e]very man... is first and principally recommended to his own care... after himself, the members of his own family, those who usually live in the same house with him, his parents, his children, his brothers and sisters, are naturally the objects of his warmest affections" (TMS 230). This is very similar to Burke's observation that "we begin our public affections in our families... we pass on to our neighbourhoods" (RRF 181). Smith considers the cosmopolitan ethic to be incompatible with

the social and political communities in which people actually live, and he criticises it for seeking to “eradicate all our private, partial, and selfish affections, by suffering us to feel for whatever can befall ourselves, our friends, our country” and “render us altogether indifferent and unconcerned in the success or miscarriage of every thing which Nature has prescribed to us as the proper business and occupation of our lives” (TMS 289). This view also informs Smith’s ideas on education, prompting him to oppose sending children to foreign schools, and advising university students not to travel abroad (Forman-Barzilai 2005:209).

2.5 Are People Good or Bad?

On the broad question of whether human beings are fundamentally good or bad, Burke takes a nuanced position. He rejects both Hobbes’ view that human beings are power-seeking and self-interested, and Rousseau’s contrary view that humans are intrinsically good but are corrupted by civilisation and society (Pappin 1993:119-120). Rather, human beings are envisioned as infinitely complex and intricate creatures whose behaviour cannot be reduced to a single underlying principle or formula. In his *Thoughts on the Present Discontents* (1770), written at the time of the American Revolution, Burke adopts a middle position on human virtue: “We must soften into credulity below the milkiness of infancy, to think all men virtuous. We must be tainted with a malignity truly diabolical, to believe all the world to be equally wicked and corrupt” (TPD 8).

Though Burke believes that Hobbes’ position on human nature does not adequately capture all its nuances and complexities, he is not blind to human imperfection, and he ultimately has more common ground with Hobbes than he does with Rousseau. Unlike Rousseau, Burke is clear that imperfection is an intrinsic feature of the human condition, and one which persists despite the civilising influence of lawful society rather than because of it. Just as Hobbes’ view of humanity was coloured by the experience of the English Civil War, the darker and more pessimistic shades of Burke’s psychology are most visible in his responses to the French Revolution. In his *Letters on a Regicide Peace*, perhaps the most pessimistic of all of Burke’s works, he is almost indistinguishable from Hobbes:

[We are] made to be full of a blind elevation in prosperity; to despise untried dangers; to be overpowered with unexpected reverses; to find no clue in a labyrinth of difficulties; to get out of a present inconvenience, with any risque of future ruin; to follow and to bow to fortune; to admire

successful though wicked enterprize, and to imitate what we admire; to condemn the government which announces danger from sacrilege and regicide, whilst they are only in their infancy and their struggle, but which finds nothing that can alarm in their adult state, and in the power and triumph of those destructive principles. In a mass we cannot be left to ourselves (LRP 48).

Burke suggests that life within the ambit of laws and civilisation can suppress these unfortunate tendencies, but it cannot eliminate them completely.

How would Smith have reacted to the above characterisation of human nature? Smith's moral psychology is often considered to fall within the Enlightenment tradition of optimistic liberalism, but the picture that Smith paints of "so weak and imperfect a creature as man" (TMC 362) is more complex. Smith presents human beings as sympathetic animals that can and often do act with benevolence, but also ones deluded by self-deceit and self-love, driven by self-interest, and tugged at by numerous partial loyalties, to the degree that Coase (1976:535) finds the *Theory of Moral Sentiments* to be "a very unflattering account of human nature". Though Smith's unassuming prose is very different to the polemical style favoured by Burke, most of the arguments expressed by Burke appear, with varying degrees of intensity, in Smith's own work. In all likelihood, Smith would have considered Burke's views in the *Regicide Peace* unremarkable, and would have found relatively little to disagree with.

Nor would Smith have found reason to hope that changes in education, culture or politics might remove the fundamental imperfections in human character. Burke and Smith are both "conservative" in their approach to human nature, in the sense that they both see human beings as having certain innate characteristics that do not change over long periods of time. In the *Reflections*, when discussing the English national character, Burke writes that "four hundred years have gone over us; but I believe we are not materially changed since that period" (RRF 113), and later refers to "the causes of evil, which are permanent" (RRF 147). A similar view on the permanence of human nature is explicitly stated in the writings of Smith's mentor Hume, and is never rejected by Smith: "It is universally acknowledged, that there is a great uniformity among the actions of men, in all nations and ages, and that human nature remains still the same, in its principles and operations... Mankind are so much the same in all times and places that history informs us of nothing new or strange in this particular" (Coase 1976:540). The degree to which Smith would have endorsed this view is an interesting question to ponder, but it is notable that Burke's own interpretation of Smith's

work placed him squarely within the Humean tradition. In his first letter to Adam Smith, Burke specifically praises the *Theory of Moral Sentiments* for its insights into the immutable nature of human beings: “A theory like yours founded on the Nature of man, which is always the same, will last, when those that are founded on his opinions, which are always changing, will and must be forgotten” (CAS 88).

However, Burke does not disregard the role of history, culture and the environment in shaping human behaviour. A crucial part of Burke’s view on human beings is that people possess both a fundamental human nature, and a “second nature”. This “second nature” is added over time, like a layer of dust that accumulates on an old window, by the society in which we live. It is necessary that political arrangements take into account both layers of human nature if they are to be successful. In his *Speech On The Reform Of The Representation In Parliament*, Burke warns that political theorists should always ask themselves two questions when evaluating the strength of their own proposals: “does it suit [man’s] nature in general”, and “does it suit his nature as modified by his habits” (SRP 22). In Freudian terms, we might say that our “human nature” corresponds roughly with the id, and our “second nature” with the ego. During the trial of Warren Hastings, Burke described this concept as follows: “Man, in his moral nature, becomes, in his progress through life, a creature of prejudice, a creature of opinion, a creature of habits, and of sentiments flowing out of them. These form our second nature, as inhabitants of the country and members of the society in which Providence has placed us” (SWH 274).

An important question remains: given the complexity of human nature and the constraints of human rationality, on what basis should we make ethical decisions?

2.6 Moral Reasoning versus Moral Sentiments

Kilcup (1977:397) notes that “the formal theory of ethics to which [Burke] enthusiastically subscribed was the descriptive account of the sources of moral sentiment developed in Adam Smith’s *Theory of Moral Sentiments*”. Burke and Smith share a belief that moral behaviour can be better explained by a combination of reason and sentiments than by reason alone. In the *Theory of Moral Sentiments*, Smith is sceptical of the idea that human beings can reason their way through ethical dilemmas with anything approaching perfect accuracy, and argues in favour of moral intuition:

Though man, therefore, be naturally endowed with a desire of the welfare and preservation of society, the Author of nature has not entrusted it to his reason to find out that a certain application of punishments is the proper means of attaining this end; but has endowed him with an immediate and instinctive approbation of that very application which is most proper to attain it... Mankind are endowed with a desire of those ends, and an aversion to the contrary; with a love of life, and a dread of dissolution; with a desire of the continuance and perpetuity of the species, and with an aversion to the thoughts of its intire extinction. But though we are in this manner endowed with a very strong desire of those ends, it has not been intrusted to the slow and uncertain determinations of our reason, to find out the proper means of bringing them about (TMS 363).

A strikingly similar passage appears in Burke's *Philosophical Enquiry*:

Whenever the wisdom of our Creator intended that we should be affected with anything, he did not confide the execution of his design to the languid and precarious operation of our reason; but he endued it with powers and properties that prevent the understanding, and even the will; which, seizing upon the senses and imagination, captivate the soul before the understanding is ready either to join with them, or to oppose them (SB 97).

Both of these passages go beyond the descriptive origins of the *Theory of Moral Sentiments*, and venture towards the idea that human nature is morally prescriptive. Since both writers would have been familiar with Hume's famous dictum that an "is" cannot be used to prove an "ought", both passages invoke divine authority in order to justify this normative leap (though Christianity is far more important in Burke's thought than it is in Smith's). Both writers, especially Burke, situated their defence of moral intuition within the context of their religious views. For Burke, the universe has an intelligible moral order, and human sentiment has value because human beings are created by God with an instinctive knowledge of what is right and what is wrong. The fact that our moral sentiments are generally reliable in practice stands as proof of their divine inspiration. It is this view of a morally-ordered cosmos, not Smith's descriptive account of sympathy, which gives Burke's view its force. Indeed, Burke is more aggressive than Smith in his belief in the prescriptive power of moral sentiments, going so far as to say that in certain situations "our feelings contradict our theories; and when this is the case, the feelings are true, and the theory is false" (ANW 63).

It is within the context of Burke's support for Smith's moral psychology that we should consider the moral debate in his most well-known work, the *Reflections on the Revolution in France*. Burke's *Reflections* is formally structured as a rebuttal to the arguments of Dr.

Richard Price. Price was a nonconformist minister and a critic of the moral sentimentalism of Scottish “moral sense” philosophers, including Smith. He was also a Christian Platonist and a moral rationalist, who argued that it is possible to determine right from wrong by reasoning our way through issues until we are able to discover the underlying moral order of the universe. Price’s philosophical project was an attempt to “trace the obligations of virtue up to the truth and the nature of things” (Price 1767:5). In the Platonic tradition, he argues against the dominant empiricist currents of British philosophy, and states that moral ideas are “objects not of sense but of understanding” (Zebrowski 1994:20).

Dreyer (1978:471) describes the debate between Price and the Scottish philosophers as a contest between metaphysics and psychology. Price believed that abstract concepts such as right and wrong have a metaphysical nature that is immutable and has been fixed since the creation of the universe. For Price, morality is absolute and not even God has the ability to change an immoral action into a moral one: “No will, therefore, can render any thing good and obligatory, which was not so antecedently and from eternity” (Price 1776:75). In order to determine truth and falsity, humans rely on the faculty of reason, and this is the same faculty that they should use to determine the truth and falsity of moral propositions. When endeavouring to determine right from wrong, sentiment is at best unnecessary, and at worst a motivation to do evil. Price memorably argues that even a parent’s love for their child, a sentiment that appears to be uncontroversially beneficial in the majority of cases, would be unnecessary if parents were able to recognise that caring for their children is the rational and correct course of action (Price 1776:508).

Burke’s attack on Price in the *Reflections* is primarily political: a reaction to Price’s sermon on the French Revolution, and not his moral philosophy. But it is clear that Burke attributes their conflicting interpretations of the French Revolution in part to their underlying differences on matters of morality and human nature. Burke believes that Price’s moral rationalism has led him down the wrong path: it has caused him to adopt a cold and indifferent stance towards the human victims of the Revolution.

Dreyer (1978:471) suggests that this is context in which Burke’s infamous passage on Marie Antoinette in the *Reflections* should be read. Burke’s effusive praise of the French queen (“surely never lighted on this orb, which she hardly seemed to touch, a more delightful vision” [RRF 107]) seems embarrassingly sycophantic, and his account of her capture and

transport from Versailles to Paris was viewed by many of Burke's contemporaries as a form of sophistry. However, Burke's comments on Marie Antoinette become intelligible as serious argument when interpreted as a criticism of Price's moral philosophy. Indeed, Smith himself anticipates Burke's argument, writing in the *Theory of Moral Sentiments* that:

Every calamity that befalls [a king], every injury that is done them, excites in the breast of the spectator ten times more compassion and resentment than he would have felt, had the same things happened to other men. It is the misfortune of kings only which afford the proper subject for tragedy (TMS 100).

Burke is appalled by what he perceives as Price's willingness to employ the principles of moral philosophy to justify the excesses of the French Revolution, but he also argues that there is something fundamentally unnatural about Price's unsympathetic indifference towards the King and Queen. Noting that "the theatre is a better school of moral sentiments than churches, where the feelings of humanity are thus outraged", and praising the "natural sense of wrong and right", Burke goes on to say:

Why do I feel so differently from the Reverend Dr. Price, and those of his lay flock who will choose to adopt the sentiments of his discourse? For this plain reason—because it is *natural* I should; because we are so made as to be affected at such spectacles with melancholy sentiments upon the unstable condition of mortal prosperity, and the tremendous uncertainty of human greatness; because in those natural feelings we learn great lessons... (RRF 110-111).

Once again, we should note that while Smith would not have expressed himself in Burke's polemical style, the general outlook expressed in this passage would have almost certainly been agreeable to him.

2.7 Conclusion

Burke and Smith's views on human nature overlap to a significant degree, and both writers likely had some influence on the other. The high degree of commonality in their views on human nature suggests that Smith and Burke share similar views at the highest level of generality and abstraction, and this suggests the possibility that their writings on more specific issues can also be reconciled. In particular, the *Theory of Moral Sentiments* and the moral sentimentalism it contains is explicitly adopted by Burke as his own, and references to

sympathy and moral sentiments exist in various writings by Burke. In cases where they differ, such as Smith's account of the impartial spectator, or Burke's distinction between underlying human nature and our "second nature", they do so in ways that tend to complement and add value to the other rather than contradict them.

If we attempt to synthesise the Smithian and Burkean conception of human beings, we arrive at an image of the human species that is both rich and complex. Human nature is nuanced: people are neither wholly good, nor evil and domineering. On the contrary, we are social creatures that attain virtue in a social setting, and are enhanced by civilisation rather than corrupted by it. We possess both an underlying human nature and a "second nature" that is informed by habits, custom and society. However, civilisation cannot entirely moderate the underlying nature of human beings: we remain self-interested creatures that seek to attain power and pleasure, and are especially driven to avoid pain and preserve our own lives. We are capable of reason, and reason is an irreducible part of what makes us human, but we are also excited by our passions and frequently driven by them. Humans are sympathetic creatures: we are capable of sympathy; we enjoy being the object of sympathy and sympathising with others. This encourages us to consider the interests of other people in addition to our own, and allows us to live together in harmony and create complex social structures. By considering our actions through the eyes of an impartial observer, we can attain something approaching an objective understanding of whether our actions are right or wrong. But there are many obstacles that interfere with the exercise of sympathy: self-love, self-deceit, distance, *schadenfreude*, and pride. Despite this, our moral intuition generally provides a sound guide to action, and creates the possibility of collective action.

Burke and Smith's keen appreciation of the moral limitations of human beings forms the basis for their political and economic theorising, and informs their beliefs about the proper role of governments in relation to civil society and the economy. However, they also believe that people have intellectual limitations in addition to moral limitations, and are sceptical of the possibility of attaining perfect knowledge of the intricate social structures in which we ourselves live. They believe that human social institutions are extremely complex and difficult to comprehend in their entirety, and propose different methods of dealing with this complexity. It is to this subject that we now turn.

Chapter 3: **“The Languid and Precarious Operation of Reason”**

Burke and Smith’s Empiricist Epistemology

3.1 Introduction

In the previous chapter we saw that Smith and Burke held complementary views on human psychology. These ideas are developed in greater detail by Smith, but Burke explicitly subscribed to them. There are three main points of commonality between the two writers: they agree that human beings are nuanced, inclined towards benevolence but also deeply flawed and intrinsically imperfectible; they agree that human beings are extremely complex; and finally, they agree that sentiment can offer valuable insights, and is not merely an obstacle to be overcome by reason.

These core ideas on human nature - especially the shared emphasis of complexity and the limits of reason – are not incidental features of Smith and Burke’s thought. They are the intellectual thread that binds together their respective philosophies, and allows us to draw out a coherent “liberal conservative” approach to politics and economics from their writings. Burke and Smith are important early theorists of complexity. They are, in this sense, the intellectual antecedents of Popper, Hayek, Oakeshott, Morgenthau, and other 20th century critics of rationalism (Letwin 1953:367). They disagree on certain aspects of government policy, constitutional questions, and theology. What unites them is a shared understanding of human beings as complex creatures who create social institutions of exponentially increasing complexity, and who, being embedded within those institutions themselves, face serious limitations when attempting to use reason as a mode of understanding their intricacies. To a great extent, Burke and Smith’s common project is finding ways to cope with social complexity: to reform states and markets while minimising the danger of the cure being worse than the disease.

In order to understand why they proposed the reforms they did, however, it is necessary to understand what they thought about knowledge itself, and the different paths they took

towards their respective conclusions. The most obvious starting point for such an inquiry is with the epistemology of Edmund Burke.

3.2 Burke's Empiricist Epistemology

One of the most basic questions in philosophy is: how do we obtain knowledge about the world? Like all philosophical inquiries, this can be traced back to foundational questions that are unanswered and ultimately unanswerable. To grapple with epistemological questions, the philosopher must attempt to step outside of himself, and establish an objective, foundational basis for knowledge that does not depend on knowledge he has already acquired. When Burke began writing his *Philosophical Enquiry into the Origin of our Ideas of the Sublime and Beautiful* in 1757, at the age of 19, the chief fault line in European epistemology was the division between rationalism, associated with France and with Descartes, and empiricism, associated with England and with John Locke. At its most basic, this was a dispute between those who argued that the best way to obtain knowledge is with the five senses, and those who argued that information acquired through the senses is unreliable, and that true knowledge of the world is obtained through reasoning. However, this debate was not simply about knowledge; it has important implications for other aspects of human affairs, including politics.

In this debate, Burke lies firmly within the empiricist camp (Dreyer 1978:470). Burke's aesthetic theory is grounded on a foundation of sensationism and physiologism, in which he argues that qualities such as "beautiful" and "sublime" are things that humans experience directly with their senses (Ryan 2001:270). Within this framework, the role of reason is consistently downplayed. Burke classifies feelings into those that arise directly, due to sensations affecting the body, and those that arise indirectly through reasoned reflection (Wood 1964:45). Our passions may be stimulated by reason, but they are much more likely to be excited directly, by the physical nature of the body itself. Our appreciation of the sublime and beautiful is linked to the human passion for self-preservation and society, neither of which stem from rational reflection (Wood 1964:45). Human beings instinctively avoid danger and seek out the society of others, without requiring a rational basis to motivate them to do so.

The argument that feelings arise primarily from sensations, without the intervention of reason, is starkly articulated in Burke's theory of the sublime, which holds that "sublime" experiences are produced by a feeling of terror and awe that stem from the senses. Ryan (2001:271) argues that Burke's "physiological explanation" for human emotions and "consequent limitation of the role of reason" is his outstanding contribution to the 18th century debate on the sublime. Burke does not merely argue that the faculty of reason is not *necessary* to experience the sublime; he goes further, and sets these two principles at odds with each other. He argues that we experience the sublime when objects and circumstances overpower and exclude our faculty of reason. In effect, Burke defines the negation of reason as the essential feature of the sublime:

The passion caused by the great and sublime in *nature*, when those causes operate most powerfully, is astonishment; and astonishment is that state of the soul, in which all its motions are suspended, with some degree of horror. In this case the mind is so entirely filled with its object that it cannot entertain any other, nor by consequence reason on that object which employs it. Hence arises the great power of the sublime, that far from being produced by them, it antiquates our reasonings, and hurries us on by irresistible force (SB 49).

Sublime objects impress upon the human mind its own insignificance (Wood 1964:44). When we see a towering structure or a fierce animal, our instinct for self-preservation instinctively causes us to consider the possibility of falling from a great height or being torn apart by the animal's claws. This is similar to the sympathetic reaction that Adam Smith describes in his *Theory of Moral Sentiments*, which also occurs automatically and without the intercession of deliberate thought. Knowledge of the possibility of pain, combined with relief at the absence of physical pain, produces a sense of delight in the viewer; but also a sense of admiration and respect for the object in question, which is the fundamental characteristic of the sublime. Ryan (2001:270) notes that Burke's theory of the sublime has been subjected to considerable criticism; in particular, the idea that delight is produced by terror is controversial, and has been attacked by various readers almost since it was published. Nevertheless, she argues, "Burke's physiologism... is at the heart of his aesthetic theory; it provides the basis for his most fundamental assumption that the manner in which man is affected is uniform".

Burke's theory of the sublime and beautiful allows him to arrive at a Lockean theory of knowledge, taking an entirely different route from the one used by Locke himself. The implication of the Burkean theory of aesthetics is that qualities such "sublime" and

“beautiful” have no objective existence outside of human experience. They are real only in the sense that they affect human beings, and their affective power stems from their association with actual, remembered sensations. The comic-book character Superman would be incapable of experiencing the sublime. He is supernaturally protected from harm and has never experienced pain or fear, and would therefore have no memory of real sensations to copy. Similarly, an observer who had never known love or human society would be unable to appreciate beauty. Both beauty and the sublime are thereby reduced to a set of emotions arising, ultimately, from nothing more than “a tension of the nerves” (SB 163). This might seem a curiously materialistic position for a famously theistic author to adopt, but it is one that is perfectly consistent with his philosophical empiricism.

In keeping with this position, Burke adopts the Lockean position that the human imagination is incapable of inventing anything wholly new. He writes that “the senses are the great originals of all our ideas, and consequently of all our pleasures” (SB 34). The human imagination is only creative in the sense that it is able to “vary the disposition” (SB 26) of ideas that we have learned from experience. Burke writes that the imagination is capable of “representing at pleasure the image of things in the order and manner in which they were received by the sense, or in combining those images in a new manner in which they were received by the senses, or in combining those images in a new manner, and according to a different order” (SB 25). However, though we are capable of collecting and organising experiences and recombining them to create interesting new variations, the human mind is ultimately incapable of creating anything that is genuinely original (Dreyer 1978:470). Therefore, true knowledge is absolutely dependent on experience. The imagination is “only the representative of the senses... [and] can only be pleased or displeased with the images from the same principle on which the sense is pleased or displeased with reality”.

In his political writings, Burke frequently emphasises the importance of practical experience over speculative reasoning. This is sometimes portrayed as a self-serving complaint by a career politician, who resented the criticism of “preachers” and “metaphysicians” and others outside the political class. However, Burke’s writings on knowledge and experience in his *Philosophical Enquiry*, long before his career in the House of Commons began, laid down the philosophical groundwork for these later arguments. It is Burke’s philosophical empiricism that allows him to accuse his critics not merely of being wrong on contemporary issues, but of committing an epistemological error. If experience is the basis of all knowledge, then any

attempt to reform public institutions on the basis of abstract theory, in the absence of experience with the practical reality of politics, will necessarily rely on knowledge that does not really exist.

In the context of Burke's epistemology, it is worthwhile to return to the *Reflections on the Revolution in France*, and in particular Burke's attack on Richard Price. Burke's conflict with Price over moral psychology, in which Burke sided against Price in favour of Hutcheson, Hume and Adam Smith, is described in Chapter Two. It is significant, however, that they also clashed on questions of epistemology. Dreyer (1978:469) observes that "Price held to a pre-Lockean theory of knowledge that was Platonic and Cartesian in its derivation. Broadly speaking, he denied that knowledge consisted in what the senses perceived. Knowledge, rather, was what man understood through the operation of reason."

Price (1767:74), following Plato, argues that objects possess an "indivisible and invariable" essence. While the senses are capable of appreciating the external properties of an object, the only way to comprehend an object's metaphysical essence is with reason. With our senses, we can look at a writing desk, touch it, and determine its shape, weight and material composition. It is only with the faculty of reason, however, that we can appreciate the Platonic idea of a desk: the essential nature of an object that makes it different from other pieces of furniture, and makes it similar to other desks. Where Burke argued that ideas are merely copies of sensations that have already been experienced, Price argued that experience and observation were mere substitutes, and often inferior ones, for the deeper truths that can be gleaned through abstract reasoning (Dreyer 1978:470). He praises "the fecundity of reason", and resented the "injury done to it, by confining it within the narrow limits of sense, fancy or experience" (Price 1767:47).

Burke does not completely reject Price's essentialism, but he disputes Price's belief that reason can obtain knowledge of the metaphysical essence of an object. For Burke, essential knowledge is the province of the divine, not of human beings: "When we go but one step beyond the immediate sensible qualities of things, we go out of our depth. All we do after is but a faint struggle, that shows we are in an element which does not belong to us" (SB 148). For Burke and Price alike, the debate over contemporary political issues such as the French Revolution was foreshadowed by the deeper philosophical dispute over knowledge and human nature.

3.3 Adam Smith's Theory of Knowledge

Adam Smith does not lay down his epistemological views in any explicit or self-contained form. He also does not specify his own methodology in his writings on economics or moral philosophy: neither the *Theory of Moral Sentiments* nor the *Wealth of Nations* contain any introductory remarks to provide clues as to the author's method or intent. If we wish to understand Smith's theory of knowledge, we therefore have to infer it from his methods, in combination with clues from his various minor essays. Nevertheless, there are some things that can be said about Smith's epistemological views with reasonable certainty. Like Burke and the majority of British philosophers during the 18th century, Smith was an empiricist in the broad sense. Bitterman (1940:497), in an early influential essay on the topic, argued that "Smith's methodology was essentially empirical, deriving inspiration from Newton and Hume", and noted that Hume regarded much of his own work as an attempt to apply the Newtonian experimental method to problems of epistemology and moral philosophy.

Elements of empiricist thinking are visible in his essay, *Of The External Senses* (1761). Written at an undetermined point in Smith's career and utilising language and concepts drawn from Locke, the essay deals predominantly with the psychology of sensation rather than philosophy. Importantly, it does not make the more specific claim that Locke (and Burke) did: that all human ideas are merely new combinations of information that has been gleaned through the senses, and that human beings are incapable of creating new information from nothing. Nevertheless, Smith frequently emphasises the importance of learning through experience rather than through rational reflection or *a priori* knowledge (OES 115, 116, 117). For instance, in his discussion of the way in which human beings perceive complex sensations (such as a variety of musical sounds combined in a concert, or a variety of tastes combined in a recipe), Smith asks whether it is "by nature, or by experience, that we learn to distinguish between simple and compound Sensations of this kind?" (OES 118). The answer he provides is typical of his preference for the latter explanation over the former: "I am disposed to believe that it is altogether by experience; and that naturally all Tastes, Smells, and Sounds, which affect the organ of Sensation at the same time, are felt as simple and uncompounded Sensations" (OES 118). In the *Theory of Moral Sentiments*, Smith argues that it is impossible to ascertain by means of reason whether objects are good or bad: "[R]eason cannot render any particular object either agreeable or disagreeable to the mind for its own sake... [N]othing can be agreeable or disagreeable for its own sake, which is not rendered

such by immediate sense and feeling” (TMS 313). Notably, if we apply this position to political theory and define “objects” as political systems, we end up with something remarkably similar to the Burkean principle that political systems cannot and should not be judged according to their rationality or other abstract virtues, and should instead be evaluated only by the experience of people who live within them.

Like Burke, Smith is sceptical of metaphysics and ontology, and is sharply critical of the claim that it is possible to obtain useful knowledge by rational reflection alone (Griswold 1991b:225). His account of the historical development of Western philosophy in Book Five of the *Wealth of Nations* is particularly instructive in this regard. Smith begins his remarks with a discussion of Greek philosophy, in which he signals his approval of the Greeks’ tripartite division between physics, ethics and logic. This typology is described as “perfectly agreeable to the nature of things” (WN2 160). Like his contemporaries, Smith does not make the modern distinction between philosophy and science. Though he equates “physics” with “natural philosophy”, he includes within its ambit fields such as astronomy, climatology, and biology, none of which we would properly consider to be philosophical. Nevertheless, Smith points out that a great deal of useful knowledge was gained from the empirical study of the natural world, and he argues that classical philosophy impoverished itself when it abandoned these pursuits. In an older essay, *The History of Astronomy* (1795), written when Smith was a graduate student at Oxford, he describes the beginnings of the process by which philosophy became divorced from empirical science:

Philosophers, long before the days of Hipparchus, seem to have abandoned the study of nature, to employ themselves chiefly in ethical, rhetorical, and dialectical questions... That supercilious and ignorant contempt too, with which at this time they regarded all mathematicians, among whom they counted astronomers, seems even to have hindered them from enquiring so far into their doctrines, as to know what opinions they held. Neither Cicero nor Seneca, who have so often occasion to mention the ancient systems of Astronomy, take any notice of that of Hipparchus... Such profound ignorance in those professed instructors of mankind, with regard to so important a part of the learning of their own times, is so very remarkable, that I thought it deserved to be taken notice of, even in this short account of the revolutions of philosophy (HOA 67-68).

During the Middle-Ages, Smith argues, this process continued and accelerated. In European universities, “philosophy was taught only as subservient to theology” (WN2 162), and empirical science was further reduced in importance. Over time, the tripartite division of the

Greeks was replaced with a new five-fold division, with metaphysics and ontology being added to the list of philosophical subjects. The intellectual life of Europe became dominated by the “cobweb science[s]” (WN2 162) of metaphysics and ontology, in partnership with an ascetic brand of moral philosophy which taught that “heaven was to be earned only penance and mortification, by the austerities and abasement of a monk; not by the liberal, generous, and spirited conduct of a man” (WN2 162). The results of this process were as follows:

[A]t last the doctrine of spirits, of which so little can be known, came to take up as much room in the system of philosophy as the doctrine of bodies, of which so much can be known. The doctrines concerning those two subjects were considered as making two distinct sciences. What are called Metaphysicks or Pneumaticks were set in opposition to Physicks, and were cultivated not only as the more sublime, but, for the purposes of a particular profession, as the more useful science of the two. The proper subject of experiment and observation, a subject in which a careful attention is capable of making so many useful discoveries, was almost entirely neglected. The subject in which, after a few very simple and almost obvious truths, the most careful attention can discover nothing but obscurity and uncertainty, and can consequently produce nothing but subtleties and sophisms, was greatly cultivated (WN2 162).

There are several aspects of Smith’s account of the development of Western philosophy which deserve consideration. First, we might reasonably question the historical accuracy of Smith’s narrative, which relies heavily on the idea—popular among Smith’s enlightenment-era contemporaries, but questioned by modern historians (see for example Grant 2001)—that the Middle Ages were a period of intellectual darkness and superstition, in which the natural sciences and secular philosophy were effectively proscribed by the Church. Nevertheless, Smith’s description is interesting, regardless of its accuracy, for what it tells us about Smith’s own beliefs about the philosophy of knowledge. Placed within its immediate context in the *Wealth of Nations*, his account seems to indicate that he is taking sides in the dispute between science and religion. However, it is also possible to see his remarks, especially his criticism of the “doctrine of spirits” and the unfavourable contrast with the “doctrine of bodies”, as an attack on the Platonic belief in essentialism and the rationalist schools of European philosophy that took Plato as an antecedent. Considered in this light, it is not difficult to see why an empiricist and a moral sentimentalist such as Smith clashed with a Christian Platonist such as Richard Price.

There are some points in his writings in which Smith's quarrel with Plato is made explicit. In one early essay, the *History of Ancient Logic and Metaphysics* (1795), he attacks the "fallacious experiment" of Plato and Socrates, which falsely attempted to show that "a person might be led to discover himself, without any information, any general truth, of which he was before ignorant, merely by being asked a number of properly arranged and connected questions concerning it" (HLM 106). Here, as in his later writings, Smith's criticism of the dialectic method is couched in empiricist epistemology. Smith and the classical Greeks are in agreement that scientific knowledge is derived from the human memory. Where Plato and Socrates erred was in supposing that human beings can access the memory of forms or "universals": objects which are the "eternal exemplars" of terrestrial objects that human beings can perceive with their senses (HLM 105). Smith is sceptical that the memory of universal categories exists and is accessible by humans, and suggests we must be satisfied with the memory of real sensations that we have experienced ourselves. In the *Theory of Moral Sentiments* he applies this principle to the moral philosophy, writing that "all... general maxims", including those pertaining to morality, "are formed from experience and induction" (TMS 312).

However, while Smith is indeed an empiricist, he has heterodox and unusual ideas that set him apart from many of the English empiricists who preceded him. Thomson (1965:219) argues that Smith, despite self-identifying as an empiricist, was unwilling to embrace the purely inductive empiricism of Bacon, Hobbes and Locke due to the "excesses" of these earlier scholars. The English empirical school had made a distinction between the "primary qualities" of objects and their "secondary qualities" (such as colour, sound and taste), and Smith was persuaded by Berkeley that this distinction was untenable (Yellor 2002:333). Bitterman (1940:509) notes that Smith also departs from Locke's views on human nature: he believes that the human mind does not start out as a *tabula rasa*, but is equipped with certain instincts (such as the desire for food and sex, and the fear of physical pain) that are innate rather than learned.

More importantly, Smith's empiricism is qualified by Humean scepticism, and it is this element of his thinking that sets him apart from both the more optimistic scholars of the European enlightenment and the 19th century positivists. David Hume is arguably the most important figure of the Scottish enlightenment, and he was also a close friend and mentor to Smith. In the *Wealth of Nations*, Smith described Hume as "by far the most illustrious

philosopher and historian of the present age” (WN2 174). The influence of Hume on Smith is particularly significant in light of the radicalism of Hume’s philosophy. Hume was sceptical of reasoning by means of abstraction, criticised excessive faith in human rational faculties, and wrote in a manner that is somewhat reminiscent of “today’s postmodern theorists” (Yellor 2002:331). His main achievements as a philosopher were to “upset a rationalist epistemology involving self-evident ideas, to question the assumptions commonly made about causation, and to attack with telling blows the arguments of natural theology” (Bitterman 1940:491). Thomson (1965:222) notes that Smith was reprimanded for reading Hume’s *Treatise on Human Nature* when he was studying at Oxford, and that in later life, both Hume and Smith tended to read each other’s manuscripts prior to publication and discussed each other’s ideas. In particular, the sentimentalism of Smith’s moral philosophy is strongly influenced by Hume, who writes that “reason is and ought to be the slave of the passions” (Hume 1898:198).

To be sure, Smith does not explicitly endorse every aspect of Hume’s epistemology. However, Bitterman (1940:491) makes a convincing argument that in cases where Smith is silent, we should assume he sided with Hume rather than against him. Smith was familiar with Hume’s theories, and was fully aware of the radicalism of his epistemology. In those areas where he disagreed with Hume, he said so explicitly. Similarly, Hume criticised several aspects of Smith’s moral philosophy and economics, but he did not criticise the epistemological basis of Smith’s claims. Given the absence of disagreement from either party, it is reasonable to assume that in this area they are in substantial agreement.

There are some passages in his writings that suggest that Smith embraced Hume’s view of causality. Thomson (1965:22) argues that Smith “shared the sceptical metaphysical views of Hume”, including his “belief that causal connections, however well substantiated they might seem in practice, have their existence only in the imagination”. Similarly, Lindgren (1969:901) points out that Smith denied the possibility of humans obtaining knowledge of the ways in which objects or people are related to each other outside of the conventional schemes that we create for ourselves, a position that is supported by Hume’s views of causality and is at odds with Platonic essentialism. He notes that “Smith’s insistence on this is consistently borne out, especially in his essay on the history of astronomy”, and points to several of Smith’s remarks in this essay to substantiate the point. Perhaps the starkest example is in the concluding remarks of the essay, where Smith writes the following: “Even we, while we have

been endeavouring to represent all philosophical systems as mere inventions of the imagination, to connect together the otherwise disjointed and discordant phenomena of nature, have insensibly been drawn in, to make use of language expressing the connecting principles of this one, as if they were the real chains which Nature makes use of to bind together her several operations” (HOA 94).

This blend of empiricism and scepticism – in particular the belief, taken from Hume, that an empiricist epistemology *requires* scepticism about the limits of knowledge rather than confidence – is evident in Smith’s own writings on the social sciences. Smith’s methodology in the *Wealth of Nations* is descriptive and inductive, drawing in observational evidence from a wide variety of historical and statistical sources. His methods are empirical rather than rationalist, in the sense that he does not merely assume premises and then logically construct a series of abstract deductions that flow from them (Bitterman 1940:504, Hutchison 1976:514). Smith did make certain *a priori* assumptions (including, most notably, the belief that human action in the marketplace stems from the pursuit of self-interest). However, Smith generally chose to substantiate his arguments with concrete case studies rather than abstract speculation. These case studies are impressively broad: the analysis in the book ranges “over every variety of society, economy and human specimen” (Hutchison 1976:523). Smith fortifies his arguments by citing examples from geographic areas and historical epochs as diverse as contemporary Scotland, China, Peru, the indigenous tribes of the Cape Colony, the English colonists in North America, and classical Greece and Rome. He did not think in terms of “fictitious individuals” (Hollander 1977:141), and he did not utilise the model of the “economic man”: man reduced to his acquisitive instincts for the purpose of aggregate analysis. Instead, when Smith wished to illustrate a point, he usually made use of actual, historical examples rather than conjectural history or simplified models.

This is not to say that Smith’s methods were “scientific”, at least as we would understand the term. There are cases in which Smith uses examples in an “illustrative” manner, attempting to prove axioms that he has already developed, rather than building up a coherent theory grounded in systematic observation of the world (Hollander 1977:133). Furthermore, as Bitterman (1940:504-505) points out, Smith’s science is questionable by modern standards: his data was often “not explicitly stated” and “inadequate to support some of his conclusions”, he “depended on casual observation” in areas where data was limited or unavailable, and his “statistical technique was primitive”. However, “[t]he important point, methodologically is

that he used such facts as he had; he believed that his conclusions were valid inferences from his data; he attempted to check his theories by factual observation... he was scientific for his day” (Bitterman 1940:505).

3.4 Burke on Social Complexity

The particular difficulty of obtaining accurate knowledge in the social sciences, and the degree to which these activities can be truly scientific in the sense of producing information that can be known with a high degree of confidence, is a problem that arises frequently in the writings of Edmund Burke. Unlike Smith, Burke approaches this problem from the perspective of a parliamentarian rather than an academic, which gives his work a stronger emphasis on the problems of governance and order in a human social environment that is characterised by uncertainty. We have already seen the seeds of these ideas in Burke’s earlier writings. His embrace of Smith’s moral psychology causes him to be sceptical of our ability to reason our way towards the “correct” answer to moral questions, and his epistemological empiricism leads him to value knowledge gained through practical experience over insights gleaned from abstract speculation. However, Burke is remembered chiefly as a political theorist who was opposed to the setting of political life on speculative grounds, and it is in the realm of political philosophy that he adds an additional argument in support of this position: the idea of complexity.

While Burke’s epistemology draws heavily from Locke, his views on complexity are influenced by Montesquieu. Montesquieu was a liberal critic of the French monarchy, who viewed society as a complex plurality of interests that could not be adequately represented by a single governing authority. His solution was to separate the power of the state into competing units which would prevent one faction from exercising permanent rule over another, an idea that prefigured the constitutional theory of James Madison and the rest of the American founders. Burke was an admirer of Montesquieu’s political writing, and largely agreed with his criticism of royal absolutism and his belief in the separation of powers. To the extent that Montesquieu was cited as an intellectual influence by the leaders of the French Revolution, Burke believed that the revolutionaries had misunderstood Montesquieu’s ideas, and thought that had he lived to see the Revolution for himself, Montesquieu would have been one of the first *émigrés* (Mosher 1991:407). Weston (1961:112) suggests Burke’s most important intellectual achievement was to add a theory of constitutional development,

grounded in “his study of law and history”, to “Montesquieu’s unhistorical and static view of society”.

The Burkean view of complexity begins with the complexity of individual human beings. “The nature of man is intricate”, he writes (RRF 99). Later, he speaks of the “infinite variety of human concerns” (RRF 119). Human beings are a complex mixture of natural and artificial characteristics, of primordial “human nature” modified by habits, customs, history and circumstance (SB 129). Whether human nature or the socially modified “second nature” takes priority is a question that Burke himself occasionally seems confused about. At times he is optimistic, declaring that “[a]rt is man’s nature” (ANW 109). At other times, Burke seems to adopt a darker and more pessimistic view. He argues that “men are not changed” in the absence of the law, “but remain always what they always were... what the bulk of us must ever be, when abandoned to our vulgar propensities” (LRP 48). This apparent inconsistency may be partially resolved by the fact that, for Burke, human behaviour is radically contingent on circumstances. Wood (1964:53), remarking on the tension between “civilised man” and “natural man” inherent in Burke’s political thought, observes that “the process by which brutes become men and men learn to live in a sociable fashion is a lengthy and delicately balanced affair which differs with the time, the place and the people.” The idea that human behaviour can be attributed to a single underlying principle, or even a multiplicity of principles, ignores the impulsiveness and unpredictability that is an essential feature of human behaviour, which ensures that even the same person in the same situation might not make the same decision twice.

When human beings combine with each other to form social institutions, the complexity of these institutions increases geometrically. The intricate nature of human beings ensures that “the objects of society are of the greatest possible complexity; and therefore no simple disposition or direction of power can be suitable either to man’s nature, or to the quality of his affairs” (RRF 99). Burke compares human beings who enter into social arrangements to “rays of light which pierce into a dense medium”, which are “by the laws of nature, refracted from their straight line” (RRF 99). This is an implicit attack on writers such as Rousseau, who believes that political arrangements could be improved by understanding the pre-modern and pre-civilisational nature of human beings. For Burke, society is both an effect and a cause of human nature. Within the social milieu, “the gross and complicated mass of human passions and concerns, the primitive rights of men undergo such a variety of refractions and

reflections, that it becomes absurd to talk of them as if they continued in the simplicity of their original direction” (RRF 99).

A crucial component of Burke’s views on complexity is the idea of trade-offs. He repeatedly insists that political life consists of the pursuit of multiple goods rather than a single good, and warns against excessive attachment to a single political principle. In Burke’s view, political life is conceived as a delicate balancing act in which numerous priorities compete for attention, and political leaders should have the discipline to refrain from pursuing any single good too vigorously. For example, Burke suggests that “freedom”, on its own, is an inadequate measure of political success, and one which may harm other political goods if maximised too heavily: “I should therefore suspend my congratulations on the new liberty of France, until I was informed how it had been combined with government; with public force; with the discipline and obedience of armies; with the collection of an effective and well-distributed revenue; with morality and religion; with the solidity of property; with peace and order; with civil and social manners. All these (in their way) are good things too; and, without them, liberty is not a benefit whilst it lasts, and is not likely to continue long” (RRF 67).

Perhaps, if it were possible to predict with certainty the trade-offs that would result from any particular action, then it would be feasible to rationally calculate the costs and benefits of any particular policy and govern in a purely technocratic manner. Unfortunately, in reality the manner in which different goods interact with each other and relate to the general welfare is sometimes hidden, and the information necessary to make correct decisions is incomplete. Burke observes that the problem of limited information poses significant difficulties for policymakers who attempt to calculate trade-offs: “there are often some obscure and almost latent causes, things which appear at first view of little moment, on which a very great part of its prosperity or adversity may most essentially depend” (RRF 99). This results in the phenomenon of unintended consequences. Even decisions that have been carefully considered and calibrated run the risk of injuring other goods in ways their authors did not intend. History provides plentiful examples of well-intended reform that nevertheless failed: “very plausible schemes, with very pleasing commencements, have often shameful and lamentable conclusions” (RRF 99).

Given the choice between perfection in one area or the imperfect pursuit of multiple goods, Burke far prefers the latter: “[I]t is better that the whole should be imperfectly and

anomalously answered, than that, while some parts are provided for with great exactness, others might be totally neglected, or perhaps materially injured, by the overcare of a favourite member” (RRF 99). The problem is not simply the neglect that stems from inattention, but the fact that some good may have a directly detrimental effect on other goods. Due to the multiplicity of hidden causal relationships that pervade human society, it may well be impossible to fix something without inadvertently breaking something else:

There is not, there never was, a principle of government under heaven that does not in the very pursuit of the good it proposes, naturally and inevitably lead into some inconvenience, which makes it absolutely necessary to counterwork and weaken the application of that first principle itself; and to abandon something of the extent of the advantage you proposed by it, in order to prevent also the inconveniences which have arisen from the instrument of all the good you had in view... It is wise to compass as many good ends as possibly you can, and seeing there are inconveniences on both sides, with benefits on both, to give up a part of the benefit to soften the inconvenience. The perfect cure is impracticable, because the disorder is dear to those from whom alone the cure can possibly be derived (SDP 352-353).

The manner in which goods are balanced against each other varies radically from one society to another. Despite Burke’s views on the constancy of underlying human nature, he argues that governments can and do take on an almost infinite variety of forms: “There are some fundamental points in which Nature never changes, but they are few and obvious and belong rather to morals than to politics. But so far as regards political matters, the human mind and human affairs are susceptible to infinite modifications, and of combinations wholly new and unlooked for” (RPA 135).

Nor is Burke too eager to pronounce the superiority of one particular form of government over another. This tendency in his thought is visible in one of his disagreements with Montesquieu, over the pre-colonial government of India. Where Montesquieu condemns the “oriental despotism” of the Indian princes, Burke sees value in political arrangements that allowed the Indians to continue their traditional way of life (Mosher 1991:408). Burke, of course, has his own views on the proper role and constitution of the state. Nevertheless, the criteria for measuring the success of a particular government are heavily contingent on circumstances. In the *Reflections*, Burke describes government as “a contrivance of human wisdom to provide for human wants” (RRF 90). Since human wants tend to vary greatly in

different times and places, perhaps the best thing that can be said for any political arrangement is that it does a good job of providing what people desire from it.

3.5 Adam Smith and the Complex Economy

The idea of the complex society also finds expression in the writings of Adam Smith. In fact, it is the contention of this study that the single most important point of commonality between Burke and Smith is their appreciation for the complexity of life and social organisation within the context of the modern state. Both adhere to an understanding of human society as something that is complex and unpredictable, and resistant to the imposition of top-down rationalistic planning. However, where Burke is interested in culture, society, and the legitimacy of political authority, Smith is primarily interested in political economy, and his comments on the subject deserve special attention.

Smith's analysis of the complexity of political economy begins on the first page of Book One of the *Wealth of Nations*, with the discussion of the division of labour. Division of labour was an old idea even in Smith's day, and was perhaps first articulated by Plato (1993:59) with his observation that "people trade goods with one another, because think they will be better off if each gives or receives something in exchange". Smith, however, was the first writer who truly appreciated the extent to which mechanisation, specialisation and the increasing size of the human population had complicated what had previously been a relatively simple exchange economy. "Observe the accommodation of the most common artificer or daylabourer in a civilized and thriving country," he writes, "and you will perceive that the number of people of whose industry a part, though but a small part, has been employed in procuring him this accommodation, exceeds all computation" (WN1 68). Smith's intellectual achievement was to understand the multiplicity of dependencies that are required for the production of even the simplest goods in an economy characterised by specialised division of labour, and to glimpse the hidden forces that allow these obstacles to be traversed.

The example Smith provides is the act of purchasing a simple woollen coat. If we attempt to make a list of even the primary economic actors – the tradesmen who are directly responsible for the coat's design and manufacture – we soon end up with an impressively large list of people. "The shepherd, the sorter of the wool, the wool-comber or carder, the dyer, the scribbler, the spinner, the weaver, the fuller, the dresser, with many others, must all join their

different arts in order to complete even this homely production” (WN1 68). Expanding this analysis to the next level, Smith considers the distribution network on which these primary actors depend: the merchant who sells the coat to the buyer, and the middle-men who buy and sell raw materials and transport them from different parts of the country so that they can be assembled into the finished product. Then there is the economic activity upon which these actors depend: the sailors who physically transport the goods across vast distances, the shipwrights who build the ships on which they sail, the people who harvest the raw materials for the ships and build the mill for the fuller and construct the loom that allows the weaver to manufacture the coat, and so it goes on.

The production and sale of a coat, achieved with the level of speed and economy that we have come to take for granted, would not be possible without the indirect cooperation and assistance of all these actors. Smith estimates, probably conservatively, that the production of even rudimentary consumer goods would impossible “without the assistance and cooperation of many thousands” (WN1 68). Smith marvels at the fact that, due to the increased quantity of production that is dependent on this complex division of labour, an industrious peasant in contemporary Europe can attain a higher standard of living than a king in economy where division of labour is poorly developed. More importantly, the level of complexity in a developed economy serves as a practical illustration of Hume’s theoretical arguments on the limits of knowledge and the appropriateness of scepticism. It is Smith’s belief that “significant social and philosophical, including economic truth, [is] always a very scarce commodity and especially so in relation to the extravagant needs for it implicitly postulated by, although often not explicitly understood to be an essential prerequisite for, the plans and projects for reformers and revolutionaries” (Hutchison 1976:515).

The problem is not simply the quantity of the information that exists, but the fact that information is highly dispersed amongst a large group of actors. Smith hints at this problem, and the various ways in which the market mechanism copes with it, in his comments on pricing (WN1 99-101). People who produce goods do not know precisely how much demand they will face when they bring their products to market. In response, the market mechanism causes prices to rise in cases where demand exceeds supply, encouraging more producers to enter the market and stimulating further production, and lowers prices in cases where demand is low, causing producers to focus their attention elsewhere. Similarly, in the section on wages and labour, Smith discusses the difficulty of regulating wages, which stems from the

fact that the price of labour varies so greatly from place to place according to criteria such as the hardness of the workers, the liberality of the employers, and the relative expense of obtaining various consumer goods, that it “cannot be ascertained very accurately anywhere” (WN1 114). It is notable that while some of the problems that Smith identified have since been solved by the development of information technology and modern statistical techniques, there are still certain categories of information that will likely remain dispersed due to their temporary, almost ethereal nature: for example, information about the tastes and preferences of individual consumers at particular points in time.

The twin problems of complexity and information dispersal combine to create the problem of unintended consequences. Smith, like Burke, worries that well-meaning but impractical reforms could have the opposite of their intended effect, especially if they ignore underlying human nature. One example that Smith cites is the history of English governments attempting to impose unrealistic restrictions on credit markets. He notes that under the reign of Henry VIII, the rate at which creditors could charge interest was legally capped at ten percent. Then, under the reign Edward VI, a literal interpretation of the biblical pronouncements caused the government to outlaw the practice of charging interest on loans altogether. Smith remarks on the absurdity of this policy: “this prohibition... like all others of the same kind, is said to have produced no effect, and probably rather increased than diminished the evil of usury” (WN1 122). The problem Edward VI faced is that credit markets are a necessary prerequisite for the functioning of any sufficiently advanced economy. As such, attempts by governments to proscribe their existence will typically lead to the creation of illegal black markets for credit, which may charge higher rates of interest than the legal markets that preceded them.

In this section, Smith also describes several additional changes in regulation of interest rates by subsequent British monarchs. After Edward’s reign the cap was restored to ten percent under Elizabeth I, then lowered to eight percent under James I, and then lowered further to five percent under Queen Anne. However, Smith does not criticise these regulations for creating harmful unintended consequences, and describes them as having been “made with great propriety” (WN2 123). The distinction Smith makes is that in these latter cases, policy decisions lagged behind the natural fluctuations of the market, where as Edward’s regulations attempted to impose an entirely new set of prices on the market. Phrased slightly differently, Smith’s point is that policy makers who attempted to substitute their own knowledge for the dispersed knowledge of the marketplace failed to achieve their own stated aims, where as

policymakers who adopted a more sceptical approach to the limits of their own knowledge, and were willing to accept the broad outline of market pricing (while nevertheless attempting to curb abuses at the margins) were more successful.

One further example will suffice to establish the point. In his section on foreign trade in Book Four of the *Wealth of Nations*, Smith is scathing in his criticism of the contemporary mercantile state and its policy of promoting exports and curbing imports. One such policy tool was the practice of paying “bounties” (ie. export subsidies) on corn that was exported by farmers. This policy was successful in its narrow aim of stimulating corn exports from Great Britain, but it failed to achieve its broader goal of improving the welfare of the nation. Smith observed that the payment of subsidies interfered with the normal allocation of capital by the market, causing it to be allocated less efficiently than would otherwise have been the case: “the bounty... is the smallest part of the expence which the exportation of corn really costs the society. The capital which the farmer employed in raising it must likewise be taken into the account. Unless the price of the corn when sold in the foreign markets replaces, not only the bounty, but this capital, together with the ordinary profits of stock, the society is a loser by the difference” (WN1 391). By artificially subsidising the exportation of corn, the policy also had the unintended effect of pushing up prices for domestic consumers: “every bushel of corn which is exported by means of the bounty, and which would not have been exported without the bounty, would have remained in the home market to increase the consumption, and to lower the price of that commodity” (WN1 392). Export subsidies, Smith argues, constitute an insidious form of double taxation. Consumers are forced to pay taxes to fund the subsidy, and must also pay higher prices for commodities on the domestic market. In effect, wealth is transferred from domestic consumers to foreign consumers, which is the exact opposite of what mercantile policies are designed to achieve.

Throughout the *Wealth of Nations*, Smith piles up similar examples of government policies that had harmful unintended consequences, arriving at a conclusion not dissimilar to Burke’s arguments on the necessity of complex trade-offs in politics. Smith’s argument is not restricted to government policymakers and extends to individual economic actors which, he insists, sometimes misjudge their own interests due to their intellectual limitations and irrational psychological propensities (Winch 1992:106). Some difficulty in interpretation arises in that Smith’s writing is technocratic, in the sense that he aims to correct these mistakes and he hopes that well-informed policymaking can undo many of the errors he

identifies. Nevertheless, Smith consistently retains his scepticism and his belief that the scope of successful government policy has natural limitations that stem directly from the limited knowledge of human beings. Smith's premises are strongly reminiscent of Burke in this regard, and his conclusions are similarly pragmatic and anti-utopian: he writes that the purpose of government is nothing more than to provide "the best [system of laws] that the people can bear" (TMS 243).

3.6 Conclusion

Smith and Burke's intellectual scepticism is the foundation of their political and economic philosophy. Their shared appreciation for the limits of human reason stems from two sources. The first of these is the moral philosophy of Smith, which was influenced by Hutcheson and Hume and the rest of the Scottish common-sense school, and which in turn was an important influence on Burke. In his writings on morality and ethics, Smith emphasises sentiments and intuition over moral theories grounded in abstract rationality. The second of these sources is the empiricist epistemology that Burke and Smith share, which states that our primary knowledge of the world is obtained directly through our senses and not through rational reflection. Burke extends this argument further, arguing that the human imagination can only combine old experiences and not create material that is wholly new. Burke and Smith are both critical of metaphysics and ontology; both are sceptical of the ability of human beings to obtain useful knowledge about the ultimate reality of the universe; both are critics of the Platonic doctrine of essentialism. Burke emphasises the importance of practical knowledge over abstruse speculation, and Smith similarly couches his economic arguments in historical and empirical arguments rather than deduced logical premises.

In the realm of the human sciences, including the fields of politics and political economy, our ability to comprehend social structures through rational reflection is limited further by the additional problem of the sheer complexity of human society. Burke emphasises the multiplicity of individual human wants and needs, and the exponential increase in complexity that occurs when human beings combine to form social structures and must negotiate with each other in order to achieve shared outcomes. Smith emphasises the complexity of the modern economy, with its multiple layers of dependencies in which even basic economic activities depend on the indirect cooperation of thousands of other actors. Though the concern manifests itself differently within their respective spheres, Smith and Burke are both acutely

aware of the problem of information dispersal in a complex and decentralised society. Furthermore, both deny that it is possible for any centralised authority to obtain enough information to make decisions in a purely efficient and technocratic manner. Burke and Smith also share a belief in the inevitability of trade-offs and unintended consequences in policymaking. This is due to several insurmountable problems: the problem of insufficient information, the problem of the limited resources of policy-makers, and the great variety of human interests and human wants that exist. These problems inevitably combine to ensure that even the most carefully calibrated policies will always produce harms as well as benefits, and in many cases will have the opposite of their intended effects.

There are, of course, several nuances and argumentative turns that are unique to each. Nevertheless, the reason their work can be said to be complementary on this fundamental level, and the reason it is possible to treat Burke and Smith as the originators of a reasonably coherent “liberal conservative” style of politics, is their shared understanding of the information problem that exists in all human societies that have advanced beyond their early stages of development. Burke and Smith are in broad agreement that human beings are being inherently limited in terms of the knowledge they can obtain. They also share an understanding of human political and economic society as something that is intricate, which defies any attempt to reduce its operation to simple causal principles, and which is characterised by complex trade-offs in which multiple goods affect each both adversely and beneficially in a multitude of ways, many of which are hidden from us.

This, however, raises an important question. Neither Burke nor Smith would be remembered as significant political and economic theorists if, in the face the complexity they identified, they advocated surrender and meek acquiescence towards the *status quo*. Though both writers are aware of the extent to which the limitations of human knowledge shape the boundaries of what is possible, their project was finding ways of managing complexity, and building resilient political and economic institutions that would not be perfect, but would do at least do a sufficient job of promoting the happiness of people living within them. In the next chapter, we shall consider in more depth how Smith and Burke proposed to overcome the problems they identified.

Chapter 4: **“A Fixed Rule and an Occasional Deviation”**

Coping with the Complex Society (Part I)

4.1 Introduction

In Chapter Three, we examined Burke and Smith’s respective theories of knowledge. They are both empiricists in the broad sense, and they are particularly sceptical of obtaining accurate knowledge in the study of human societies. They argue that society is too complex to understand in terms of simple cause and effect, and there is too much information, dispersed across too many individuals, to compute as we would a scientific or mathematical problem. Nevertheless, they hold important positive views on politics and economics, and they both argue that it was possible to change society in important ways for the better.

They do not merely theorise the existence of a complex society; they propose means by which political and economic decision-makers can overcome this problem. In order to trace the connection between Burke and Smith’s epistemological views, and their views on economic and political issues, we have to understand the solutions that they proposed to the information problem they identified. Formulated mostly simply, their argument is that policy-makers should take into account sources of knowledge other than their own.

In this chapter, I shall examine Burke’s views on the task of coping with complexity. In Chapter Four, part two of this topic, I shall expand this analysis to consider to the ideas of Smith.

4.2 Burke’s View of Rationalism in Politics

We can begin this investigation at a curious juncture in Burke’s thought. Burke, we have seen, adheres to a Lockean epistemological view that emphasises the importance of knowledge gained through experience, and diminishes the importance of knowledge gained through abstract reasoning. He also adheres to the Smithian view of moral psychology that treats sympathy and sentiment as the foundation for moral action, and distrusts the moral

rationalism of philosophers such as Richard Price. Finally, he follows Montesquieu in viewing individual human beings as creatures that are complex and difficult to predict, and human society as something that is expansive and full of complicated trade-offs, where the pursuit of some goods will inevitably have a negative effect on others.

Given these principles, we might expect that Burke's philosophy of politics, like his views on morality, would tend towards sentimentalism, and that he would emphasise the importance of instinct, decisiveness and the will to power over reasoned reflection and judgement. In fact, this is not the case at all. In his *Speech On The Reform Of The Representation Of The Commons In Parliament* (1782), Burke insists that he "does not vilify theory and speculation—no, because that would be to vilify reason itself" (SRP 22). In his *Speech to the Electors of Bristol* (1774), Burke pronounces that the highest duty of the legislator is to offer "his unbiassed opinion, his mature judgement, [and] his enlightened conscience" (SEB 16). In the same speech, Burke explicitly rejects the idea that politics can be reduced to mere power relations, and advances a conception of politics that is based on careful discretion and reason: "My worthy Colleague says, his Will ought to be subservient to yours. If that be all, the thing is innocent. If Government were a matter of Will upon any side, yours, without question, ought to be superior. But Government and Legislation are matters of reason and judgement, and not of inclination" (SEB 17).

These themes continue more forcefully in the *Reflections*, in which Burke portrays himself as a defender of prudence, reason, and an Aristotlean reduction of the passions toward a mean, in opposition to the intemperance and hot-headedness of his French and English political opponents. In one section, Burke laments the tendency of "[r]age and phrenzy" to tear down "more in half an hour, than prudence, deliberation, and foresight can build up in an hundred years" (RRF 162). In another passage, discussing members of the aristocracy who threw the *ancien régime* into chaos and then subsequently joined the revolutionaries, Burke describes them as "confounded by the complication of distempered passions... their reason is disturbed; their views become vast and perplexed; to others inexplicable; to themselves uncertain" (RRF 90).

These initially appear to be strange arguments, coming as they do from a writer who also remarks that political institutions "ought to be adjusted, not to human reasonings, but to human nature ; of which the reason is but a part, and by no means the greatest part" (OSN

144). Burke distinguishes himself with his repeated criticism of the “metaphysical” approach to politics, and he frequently adopts the mien of a plain-spoken, practical man in opposition to the abstruse speculations of the *philosophes*. In his *Letter to the Sheriffs of Bristol* (1777), which anticipates many of the arguments in the *Reflections*, Burke protests that he does not “pretend to be an antiquary, a lawyer, or qualified for the chair of professor in metaphysics... I never ventured to put your solid interests upon speculative grounds” (LSB 177). As Dreyer (1978:469) observes, Burke is being somewhat disingenuous here. His work on aesthetics gives lie to the claim that Burke has no interest in philosophy, and as we have seen, his writing on politics is built on a clear intellectual foundation. Nevertheless, in the *Reflections* Burke’s hostility towards philosophy reaches an almost absurd degree of belligerence: we witness Burke complaining about “metaphysicians” with their “airy speculations”, who have nothing to offer but their “prattling about the rights of men” (RRF 208).

How do we account for this discrepancy? Is Burke a political rationalist, or a political irrationalist? One option is to dismiss Burke as a mere propagandist, who has no coherent set of views of his own and simply reaches for any weapon he can find in order to attack his enemies. This is, for example, the opinion of Hutchins (1943:155), who argues that “Burke developed... not so much a philosophy of conservatism, for a philosophy is a reasoned and coherent view of the universe or some aspect of it, as a series of specious arguments, rhetorical flourishes, and quotable lines which Tories of all later generations have hurled at the heads of those who sought social improvement”. On this account, when Burke thinks that he can tar the Jacobins as frenzied and unthinking firebrands, he does so, and when he thinks he can tar them as cold-hearted rationalists indifferent to human suffering, he does that too. Undoubtedly, this view captures a partial truth about Burke’s political writing, which takes place within in the context of actual political events about which Burke holds very deep convictions. Like Karl Marx, Burke is not content merely to understand the world; he wishes to change it. There is a sense, then, in which Burke can be fairly called propagandist, and his use of rhetoric and the principles he chooses to emphasise are undoubtedly informed somewhat by his choice of targets.

To ascribe all of the apparent inconsistencies in Burke’s writing to mere political expediency, however, is both uncharitable and unfair, and does injustice to an important distinction that Burke makes. There is another way to read Burke’s comments, which is able to reconcile this apparent inconsistency. When Burke criticises political rationalism, he is criticising a

particular *type* of rationalism: deductive rationalism, which is concerned primarily with the logical truth and falsehood of abstract principles, and which then seeks to apply these principles to the reality of the political landscape. It is this form of deductive rationalism that Rousseau appeals to when he writes the following in his *Discourse On Inequality* (1754):

In spite of the endeavours of the wisest legislators, the political state remained imperfect, because it was little more than the work of chance; and, as it had begun ill, though time revealed its defects and suggested remedies, the original faults were never repaired. It was continually being patched up, when the first task should have been to get the site cleared and all the old materials removed, as was done by Lycurgus at Sparta, if a stable and lasting edifice was to be erected (Rousseau 2004:54).

By contrast, the rationalism that Burke considers both good and necessary is a different type of rationalism: prudential rationalism, informed by history and experience, cognisant of human intellectual limitations, and inductive in its logic. The distinction between inductive and deductive rationality in politics is extremely important in Burke's political thought, and serves to explain many of the distinctions in his writings on political reform: for example, why he favoured the reform of British imperial rule in India and Ireland, but rejected the revolution in France. In Burke's view, the only reliable way of ascertaining the merit of a political system is to consider the outcomes it creates. Though Burke is not a utilitarian in a formal sense, he insists that existing political arrangements should be judged according to a pragmatic, utilitarian calculus. "Old establishments", he argues "are tried by their effects. If the people are happy, united, wealthy, and powerful, we presume the rest" (RRF 165).

The opposite approach to politics, which Burke accuses the French revolutionaries of having adopted, is to formulate a set of principles first, and then use these to adjudicate existing political arrangements. The goal of the French revolutionaries, he argues, was not merely the reform of France's political institutions, but the imposition of a completely new standard according to which the success of political institutions should be judged. They wished to "set up a scheme of society on new principles" (RRF 160). Burke is particularly scathing of the idea that pragmatic concerns, such as the happiness of the people, should be considered less important than a government's adherence to abstract principles such as the extent to which it promotes freedom or natural rights:

It seems to me a preposterous way of reasoning, and a perfect confusion of ideas, to take the theories, which learned and speculative men have made from that Government, and then supposing it made on those theories, which were made from it, to accuse the Government as not corresponding with them (SRP 21).

On the contrary, in order to understand the nature of a good government, we should look at successful governments that exist in the real world, and develop theories on the basis of this experience. Burke is well versed in the writings of Hume, and he is aware of the dictates of formal logic which stipulate that only deductive reasoning has validity. However, Burke's epistemological principles hold that the intrinsic or essential features of an object cannot be discerned by human beings. It is therefore impossible to say that there are intrinsic or metaphysical qualities that make, for example, a republican system superior to a monarchy or despotism. Perhaps this is the case, but even if it is, this knowledge is accessible only to God and not to us. Therefore, inductive reasoning, despite its logical imperfections, is the best tool that is available. We cannot say that republicanism is intrinsically better than despotism, but if we were to observe republican forms of government in the real world, and see that they have a general tendency to create happier, more powerful and more cohesive states, then we would be justified in preferring the former to the latter.

In Burke's view, the appeal of deductive rationalism is that it holds out the possibility of obtaining true knowledge of politics using methods similar to the ones we use to understand science or mathematics. Political events frequently appear to defy the laws of cause and effect that are readily observable in physics or chemistry: "[i]t is often impossible, in these political enquiries, to find any proportion between the apparent force of any moral causes we may assign, and their known operation" (LRP 41). Deductive reasoning about politics is similar to mathematics in the sense that it takes place within a closed system, and is therefore capable of making absolute truth statements within this system. This is a level of confidence that far exceeds Burke's preferred prudential rationalism, which must deal in probabilities, preferences and likelihoods rather than certainties. However, hermetically-sealed knowledge systems such as mathematics are not analogous to political knowledge. This is what Burke referred to when he criticised "sophisters, economists and calculators" (RRF 107), and he praised the republics of classical antiquity for understanding this principle. Regardless of whether this is an accurate historical view of the classical city-states, it certainly presents a

vision of a political arrangement that Burke considers superior to the contemporary French experiment:

The legislators who framed the antient republics knew that their business was too arduous to be accomplished with no better apparatus than the metaphysics of an undergraduate, and the mathematics and arithmetic of an exciseman. They had to do with men, and they were obliged to study human nature. They had to do with citizens, and they were obliged to study the effects of those habits which are communicated by the circumstances of civil life (RRF 173).

There are various political issues where, according to Burke, we are liable to get the wrong answer if we approach the question as we would a mathematical problem. One such issue is the extent to which large majorities should be able to wield power within a state, and the related questions of democratic legitimacy and the extension of the franchise which this implies. On the question of whether large majorities should wield power by virtue of the fact that they constitute a majority, Burke is confident that they should not: “It is said, that twenty-four millions ought to prevail over two hundred thousand. True; if the constitution of a kingdom be a problem of arithmetic... to men who may reason calmly, it is ridiculous” (RRF 93).

Passages such as these sound strange to the modern reader, living in a time where the legitimacy of democratic political arrangements is usually taken for granted. Certainly, the idea that 24 million peasants should be able to outvote 200,000 aristocrats no longer seems intuitively ridiculous in our day, if indeed it did in Burke’s. Seen within the context of Burke’s opposition to the application of metaphysical principles to politics, however, it is consistent with his epistemology. In the modern world, we tend to support mass-franchise democracy, a system that did not exist anywhere in the world in Burke’s day, because we have practical experience with it and we have found that it generally produces satisfactory results. Burke merely argues that these results ought to guide our preferences rather than a principled affinity for democracy itself, and he raises legitimate questions about whether we ought to continue supporting democracy in situations where it could be empirically demonstrated that some form of non-democratic rule would produce superior outcomes for the entirety of the state. We should therefore consider the possibility that Burke’s reasoning on this point is correct, even if his conclusions are not.

Another example that Burke cites of government policy derived from mathematical principles is the proposal by the Abbé Sièyès to eliminate the existing administrative regions of France, and divide the country like a chessboard into a series of square *départements* (Margadant 1992:95-99): “eighty-three pieces, regularly square, of eighteen leagues by eighteen” (RRF 166). Sièyès original proposal, which would have disregarded mountains, rivers, and existing population settlements in its quest for geometric precision (see Fig. 1), was considered impractical even by the radicalised standards of post-revolutionary discourse, and was modified into the more organic *départements* that are familiar from the current map of France (Jacobs 2007).

Today, Sièyès proposal is remembered as an historical oddity, if it is remembered at all, and is certainly not considered a central event of the French Revolution. However, in the early stages of the Revolution when Burke wrote the *Reflections*, it captured his imagination and he devotes several pages to discussing it. It seemed to vindicate Burke’s view that the Revolutionaries had chosen to pursue highly abstruse philosophic logic at the expense of basic common sense. The idea of overlaying a square grid on the map of France and expecting existing settlement patterns to conform to this geometry, rather than drawing the map to conform with human settlement, seemed to Burke to be the literal embodiment of Revolutionary desire to impose abstract, mathematical reasoning on political life while disregarding history and circumstance. Burke uses the opportunity to observe that mathematical reasoning is inappropriate for politics, because politics deals with social organisation and must therefore consider the emotional and sentimental components of human nature, such as the human affection for concentric groupings such as family, community, region and country:

It is boasted, that the geometrical policy has been adopted, that all local ideas should be sunk, and that the people should no longer be Gascons, Picards, Bretons, Normans, but Frenchmen, with one country, one heart, and one assembly. But instead of being all Frenchmen, the greater likelihood is, that the inhabitants of that region will shortly have no country. No man ever was attached by a sense of pride, partiality, or real affection, to a description of square measurement (RRF 181).

Burke also argues that mathematical reasoning is inappropriate for politics because politics frequently considers questions of morality, and moral questions are too complex to address through the application of universal principles. “Political reason,” writes Burke, “is a

computing principle; adding, subtracting, multiplying, and dividing, morally and not metaphysically or mathematically, true moral denominations” (RRF 99). When dealing with moral questions, it is extremely difficult to devise universal principles that hold true in every instance, without the need for modification. No matter how all-encompassing our moral principles, it is usually within the power of human imagination to devise scenarios in which it would be unjust to apply them. “The lines of morality”, Burke insists, “are not like the ideal lines of mathematics. They are broad and deep as well as long. They admit of exceptions; they demand modifications. These exceptions and modifications are not made by the process of logic, but by the rules of prudence” (ANW 64).

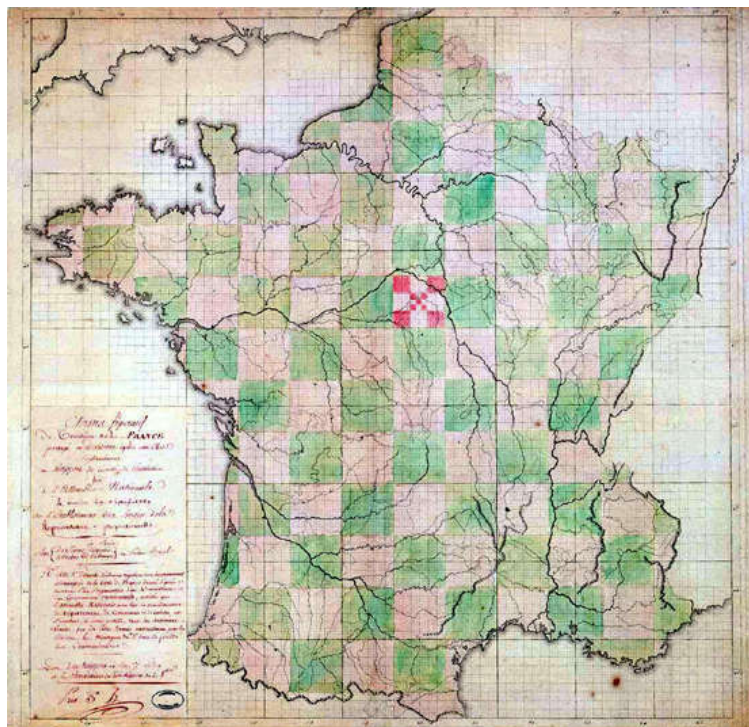


Fig. 1: Abbé Sièyès’ proposed division of France into a series of square, geometric *départements* (Jacobs 2007)

4.3 Coping with Social Complexity

How should political institutions cope with the complexity of human society, if not by means of deductive rationality? Part of the answer that Burke supplies has already been discussed: inductive rationality, in which our conception of a good government is derived from

experience. However, Burke suggests several other mechanisms by which governments and legislators may attempt to deal with complexity.

In the first place, Burke emphasises the importance of practical experience as a quality among legislators: “The science of constructing a commonwealth,” he writes, “or renovating it, or reforming it, is, like every other experimental science, not to be taught *à priori*” (RRF 99). This is an argument that relates to Burke’s view of political rationality more generally. When Burke criticises political rationalism, it is almost always within the context of his frequent attacks on “metaphysicians” and speculators. Burke is critical of the claim that it is possible, by means of human rationality alone, to reconceptualise the state in a form that is superior to the *status quo*, disconnected from its historical context and unsullied by the compromises and corruption necessitated by governing. As his remarks in his *Speech to the Electors of Bristol* make clear, however, Burke is not opposed to the application of rationality by legislators and statesmen. He believes that rational political decision-making is vital to the health of the state, but he believes that political rationality must be informed by experience.

From Burke’s writings, it is clear that the understanding he expects statesmen to gain from experience is a particular type of knowledge. It is not reducible to knowledge of technical subject such as economics or warfare, though this in an important benefit of experience in its own right. Rather, Burke expects experienced politicians to gain, over time, an insight into human nature that is intuitive, and helps them navigate the multifarious trade-offs that are an inherent feature of political life:

The moment you abate any thing from the full rights of men, each to govern himself, and suffer any artificial positive limitation upon those rights, from that moment the whole organization of government becomes a consideration of convenience. This it is which makes the constitution of a state, and the due distribution of its powers, a matter of the most delicate and complicated skill. It requires a deep knowledge of human nature and human necessities, and of the things which facilitate or obstruct the various ends which are to be pursued by the mechanism of civil institutions (RRF 98).

Clearly, politicians frequently fail in their efforts despite the experience they have accumulated. Burke attributes such failure not to weaknesses of experiential knowledge, but rather to the general difficulty of understanding complex institutions, to which experience is a solution but only a partial one. In a memorable passage, Burke suggests that the complexity

of human political institutions is so vast that the experience required to fully understand them would exceed any single human lifetime: “[t]he science of government being therefore so practical in itself, and intended for such practical purposes, a matter which requires experience, and even more experience than any person can gain in his whole life...” (RRF 98-99). In the absence of an immortal ruling class, the limited degree of experience that politicians are capable of acquiring is still a net positive and, all else being equal, should be deferred to.

Burke’s views on this issue can be fairly described as elitist. He takes a fairly dim view of the ability of ordinary citizens to understand difficult policy questions and participate constructively in politics. He has faith in a skilled class of professional politicians, whose habits and modes of thinking he considers to be informed by practical experience (Conniff 1993:297). As such, he is willing to entrust these questions to the government, provided it is honest and commands some measure of popular legitimacy (Conniff 1993:306). Just as Burke advises his readers to “call in the aid of the farmer and the physician, rather than the professor of metaphysics” (RRF 99) if they wish to acquire food and medicine, so too should we allow the professional political classes a wide degree of latitude in determining policy. The analogy between politician and physician is one that Burke had used ten years earlier, in his *Speech on the Economical Reform*, along with another analogy in which politicians are compared to “expert artists”:

The people are the masters. They have only to express their wants at large and in gross. We are the expert artists; we are the skilful workmen, to shape their desires into perfect form, and to fit the utensil to the use. They are the sufferers, they tell the symptoms of the complaint; but we know the exact seat of the disease, and how to apply the remedy according to the rules of art (SER 254).

This view is, of course, somewhat condescending to the voters, but if we take seriously studies that attempt to gauge the depth of public understanding on complex policy issues and measure voter ignorance and political misperception (Bennett 1996:224-225, Bennett 2003:320, Nyahn & Reifler 2010:232, Gilens 2001:382-383) we must acknowledge that this statement contains at least some degree of truth. Indeed, this is a fairly accurate description of the way in which democracy functions in both our time and in Burke’s: the people set the broad agenda, and the elite determine policy. If Burke erred, it was perhaps not in taking too

low a view of the common citizen, but in taking too high a view of the political classes: in particular, of the wisdom of the enlightened Whiggish politicians who were Burke's allies in the House of Commons.

A second method that Burke proposes for coping with complexity is the acceptance of contingency in politics. Burke is comfortable with contradiction: he believes both in political principles, and the necessity of sometimes violating those principles. He writes: "It is far from impossible to reconcile, if we do not suffer ourselves to be entangled in the mazes of metaphysic sophistry, the use both of a fixed rule and an occasional deviation" (RRF 74). Burke's acceptance of the utility of "fixed rules" in this passage is significant, for it evidences the fact that, notwithstanding the frequency with which he adopts the rhetoric of pragmatism, Burke does not reject a principled approach to politics. Letwin (1952:375) argues that, in fact, Burke takes a fairly nuanced approach to political principles: he recognises that different principles lay claim to differing levels of specificity and generality, and that it is possible to reject generalised principles while accepting those same principles in a more specific form. To attempt to grapple with politics without formulating principles is to deny ourselves the benefits of hindsight and experience. Principles developed from historical example and inductive logic are useful sources of accumulated wisdom.

However, Burke is equally clear that we should not be held prisoner by our principles. Just as he insists that principled answers to moral questions must nevertheless "admit of exceptions" and "demand modifications" (ANW 64) in order to cope with the real world, so too must political principles occasionally be bent in recognition of circumstances. Burke notes that on account of "[c]ircumstances perpetually variable, directing a moral prudence and discretion, the general principles of which never vary, must alone prescribe a conduct fitting on such occasions" (RPA 155). The problem Burke identifies, stemming directly from his sensationist epistemology, is the limitation of the human imagination. Our ability to predict the future is limited, and we are unable to anticipate all the possible permutations in which principles will inform future decision-making:

The world of contingency and political combination is much larger than we are apt to imagine. We never can say what may, or may not happen, without a view to all the actual circumstances. Experience upon other data than those, is of all things the most delusive. Prudence in new cases

can do nothing on grounds of retrospect. A constant vigilance and attention to the train of things as they successively emerge, and to act on what they direct, are the only sure courses (TFA 145).

Burke's epistemological scepticism therefore compels him to acknowledge both the utility of principles in politics and the necessity of admitting exceptions. In a different context, Burke observes that "[r]eason can furnish nothing to reconcile inconsistency; nor can partial favour be accounted for upon equitable principles... [b]ut the contradiction and partiality which admit no justification, are not the less without an adequate cause" (RRF 128). Even if we cannot justify our occasional deviations from principle by means of logic, acceptance of the contradiction is nevertheless better than the alternative, which is to attempt to answer all practical political problems that arise with recourse to first principles. In doing so, we would constrain our freedom to engage in creative problem-solving in response to any new circumstances that arise.

Two examples will serve to illustrate Burke's views on contingency in politics. The first is Burke's commentary on the liberty that French citizens enjoyed in the aftermath of the French Revolution (RRF 68). Burke takes it for granted that liberty, in principle, is of benefit to human beings. Nevertheless, he notes that we can easily conceive of situations where an increase in liberty would have undesirable consequences. He gives the examples of a madman who has escaped from a lunatic asylum, and a highwayman who has escaped from jail. In the first case, liberty is restrained in order to protect the person who is being restrained from the outside world; in the second, it is restrained in order to protect them from harming others. It is this discussion that prompts Burke to observe that circumstances "give in reality to every political principle its distinguishing colour, and discriminating effect... [t]he circumstances are what render every civil and political scheme beneficial or noxious to mankind" (RRF 66). Neither of the examples that Burke cites invalidates the general principle that liberty is good, although they might allow us to derive countervailing principles of greater particularity.

A second, non-theoretical example that Burke provides is the Glorious Revolution that took place in England in 1688 (see RRF 74). The principle that Burke discusses in this case is the hereditary succession of kings, which was a fundamental element of the existing British constitutional order. Burke is firmly convinced that the principle of hereditary succession has important beneficial effects, and he describes the hereditary monarchy as "a right... a

benefit... a security for [English] liberty” (RRF 77). In 1688, the House of Commons violated this principle, declaring that James II had abdicated the crown and bestowing it on William of Orange. Nevertheless, Burke insists that it is possible to support both the Glorious Revolution and the principle of hereditary succession simultaneously:

At no time, perhaps, did the sovereign legislature manifest a more tender regard to their fundamental principle of British constitutional policy, than at the time of the Revolution, when it deviated from the direct line of hereditary succession. The crown was carried somewhat out of the line in which it had before moved; but the new line was derived from the same stock. It was still a line of hereditary descent; still an hereditary descent in the same blood, though an hereditary descent qualified with protestantism. When the legislature altered the direction, but kept the principle, they shewed that they held it inviolable (RRF 75).

In the view of Burke and his fellow Whigs, James II’s actions necessitated Parliament’s departure from established principles. James, according to both Burke and the contemporary Parliament, was guilty of “design, confirmed by a multitude of illegal overt acts, to subvert the Protestant church and state, and their fundamental, unquestionable laws and liberties” (RRF 78). Whatever the merits of the principle of hereditary succession, adherence to this principle was temporarily outweighed by the necessity of removing from the throne a king who threatened the Protestant character of the British state. Nevertheless, Burke insists that his removal by parliament did not establish a new precedent for the popular selection of kings. The violation of an important principle during an emergency does not set a new precedent invalidating the original principle. On the contrary, such a step should be seen as a mere aberration, borne of contingent circumstances: “[a]n irregular, convulsive movement may be necessary to throw off an irregular, convulsive disease” (RRF 76).

In addition to Burke’s preference for epistemological humility and acceptance of contingency in politics, he has one final method for coping with complexity: an emphasis on tradition as a source of information on political institutions that have existed for long periods of time.

4.4 Tradition as an Evolutionary Mechanism

The most important practical recommendation that Burke proposes to handle complexity in politics is recourse to tradition. Respect for tradition should prejudice us in favour of settled arrangements and existing institutions, against the new and untried. It appeals to “a precedent

or judgement based on previous decisions experiences” (Vincent 1984:208). This presumption is not final, as Burke’s comments on contingency and circumstance make clear. Like all political principles, the principle of not departing too radically from the past may need to be adjusted if contingency demands it: “[a] state without the means of some change is without the means of its conservation” (RRF 75). Prejudice nevertheless obliges a higher burden of proof upon those who argue for innovation than those who argue for the *status quo*. The greater the proposed departure from the *status quo*, the higher the burden of proof that we should demand. Burke’s most striking and forceful defence of tradition occurs in the *Reflections*:

We are not the converts of Rousseau; we are not the disciples of Voltaire; Helvetius has made no progress amongst us. Atheists are not our preachers; madmen are not our lawgivers. We know that we have made no discoveries, and we think that no discoveries are to be made, in morality; nor many in the great principles of government, nor in the ideas of liberty, which were understood long before we were born, altogether as well as they will be after the grave has heaped its mould upon our presumption, and the silent tomb shall have imposed its law on our pert loquacity (RRF 114).

To what extent does this presumption in favour of the *status quo* clash with Burke’s own advocacy of reason and judgement in politics, and his admonition that our actions be determined by circumstances? Taken to its logical extreme, the desire to submit political decision-making to the court of historical precedent would prevent any form of progress whatsoever. Even in its milder form, prejudice in favour of settled arrangements would seem to constrain our ability to deal with contingencies in precisely the way that Burke wishes to avoid. Burke, however, would reject these characterisations. As is the case with Burke’s politics in general, his belief in this importance of tradition and prejudice stems from his epistemological scepticism, which demands that we not think too highly of our own ability solve moral and political problems.

Given the readily observable tendency of human beings to err in their judgements, sometimes spectacularly so, it is both reasonable and prudent to defer some of our judgement to other human beings, rather than rely on the rationality of any single individual. To this social dimension of rationality, Burke adds an additional, historical dimension. He cautions the reader that “however sagacious and observing he may be, it is with infinite caution that any man ought to venture upon pulling down an edifice which has answered in any tolerable

degree for ages the common purposes of society, or on building it up again, without having models and patterns of approved utility before his eye” (RRF 99). In essence, the Burkean conception of tradition demands that we not only defer some of our judgement to other human beings, but to other generations as well.

Burke’s writings repeatedly reject the notion that there is a simple dichotomy between reasoned decision-making and irrational appeals to tradition, and argues that in fact these two modes of decision-making are complementary. Both modes of understanding have epistemological weaknesses, but they can be used in concert to strengthen each other and obviate their individual weaknesses. In the *Reflections*, Burke uses the metaphor of a multi-layered fortification to describe the complementary nature of reason and tradition, noting that “by calling in the aid of her unerring and powerful instincts, to fortify the fallible and feeble contrivances of our reason, we have derived several other, and those no small benefits, from considering our liberties in the light of an inheritance” (RRF 82). Elsewhere, he argues that tradition is “not a prejudice destitute of reason, but involving in it profound and extensive wisdom” (RRF 117), and that it is “wise to continue the prejudice, with the reason involved, than to cast away the coat of prejudice, and to leave nothing but the naked reason; because prejudice, with its reason, has a motive to give action to that reason, and an affection which will give it permanence” (RRF 114).

There is another question that deserves consideration. Given Burke’s moral and political scepticism, why should he accord any legitimacy to tradition at all? Why should the living agree to be bound by the whims of the dead who, after all, have no greater claim to epistemological certainty than the rest of us? The answer is that Burke conceives of existing human society as the product of decentralised, bottom-up complexity. In his *Letters on a Regicide Peace*, Burke reflects on the passage of history, and observes that “[t]he death of a man at a critical juncture, his disgust, his retreat, his disgrace, have brought innumerable calamities on a whole nation... [a] common soldier, a child, a girl at the door of an inn, have changed the face of fortune, and almost of Nature.” In essence, Burke is pointing out that society is not the product of top-down design, in which we are the recipients of blueprints handed down by great architects of the past. If this were the case, we might question and critique the rationality of those architects just as we would our own. In reality however, when we survey our society and political arrangements as they stand today, we are witnessing a leading edge: the continuously-evolving product of innumerable decisions made by millions

of people over long periods of time. These decisions have taken into account a vast quantity of information that we ourselves do not have access to. With our own limited stock of information and our narrow frame of historical experience, we should operate from the presumption that these multitudinous decisions are more likely to have been correct than incorrect.

Burke died 62 years before the publication of Charles Darwin's *Origin of Species* (1859), so we unfortunately do not know what he would have thought of the theory of evolution. I suspect, however, that Burke would have seen a clear parallel between Darwin's theory of organisms becoming increasingly complex due to random mutation and natural selection, and his own view of how societies evolve and establish precedents over time. Tradition, in the Burkean view, is the outcome of an evolutionary process. The longer the time horizon for decision-making, the more likely it is that people will make the right choice. Burke phrases the point as follows: "The individual is foolish. The multitude, for the moment, is foolish, when they act without deliberation; but the species is wise, and when time is given to it, as a species it almost always acts right" (SRP 21). Over time, successful societies develop customs and procedures, and customs that have beneficial effects, like the mutated DNA of a biological organism, will survive because the societies to which they are attached are strengthened. Therefore, principles handed down from antiquity have their own logic and their own rationale, even if it is not readily discerned by human reason. The fact that practices are old is in itself an argument for their retention. Certainly, we should demand a very high standard of proposals that would deviate substantially from the *status quo*. Burke expresses "an insuperable reluctance in giving my hand to destroy any established institution of government, upon a theory, however plausible it may be" (SFI 65).

4.5 Conclusion

Burke is an advocate of rational decision-making in politics. He believes that political decisions should be informed by judgement, reason and prudence rather than intuition and sentiment. But this is a particular type of political rationality: the reasoned judgement of a skilled class of professional politicians, informed by practical experience and applying principles arrived at through inductive logic. This is a far cry from the intellectual purity of abstract reasoning and principles arrived at through deductive logic, which are then overlaid on the real world: a pattern which Burke considers to be incredibly pernicious and destructive.

Burke also maintains that politics cannot be understood using the same methods as science and mathematics, and insists that any attempt to do so will fail.

Burke, however, proposes several methods by which policy-makers can deal with the problem of complexity and their own limited understanding. The first method is acquiring practical experience with politics over long periods of time, during which policymakers will obtain a shrewd and instinctive understanding of human nature, and will be better equipped to estimate how proposed policies will operate in practice. Secondly, Burke insists on the importance of contingency with respect to principles: he argues that we can temporarily abandon political principles in those rare situations where circumstances render them moot, without abandoning the guiding of principles altogether. Finally, and most importantly, Burke believes in the prescriptive power of tradition and prejudice, which offer an important guide to present-day conduct. This is related to Burke's view of society as the product of bottom-up complexity rather than top-down design. Tradition is a mechanism by which we are able to take advantage of information distributed across large multitudes of people and over long periods of time, and engage in more effective decision-making than we could with the limited access to information we possess as individuals.

However, Burke is not alone in proposing the use of decentralised mechanisms to reveal information held by large groups of people. Adam Smith advocates the use of market and pricing mechanisms in order to manage complex economic systems, allocate resources, and satisfy the needs of individuals. Smith's market mechanism shares certain similarities with, and is in important ways complementary to, Burke's evolutionary mechanism of tradition. In addition, Smith's preferred approach to governance in the *Theory of Moral Sentiments*, his pragmatic approach to policymaking, and criticism of the French physiocratic school, would all seem to indicate that Smith shares many of Burke's core assumptions. The following chapter will examine in more detail Smith's views on social complexity, and the extent to which they resemble Burke's.

Chapter 5: “Led By an Invisible Hand”

Coping with the Complex Society (Part II)

5.1 Introduction

As we have seen in Chapter Three, Adam Smith (no less so than Burke) identified the intellectual constraints that prevent human beings from attaining a complete and rationalistic understanding of the society in which they live to be one of the chief obstacles in policymaking. In this chapter, we shall investigate the ways in which Smith proposes to mitigate this problem, and the extent to which his solutions complement those offered by Burke.

5.2 Adam Smith and the ‘Man of System’

The best place to begin such an enquiry is with Smith’s comments on ‘the man of public spirit’ and the ‘man of system’ in the *Theory of Moral Sentiments*. This distinction is made in Chapter Two of Section Two, titled *Of The Order In Which Societies Are By Nature Recommended To Our Beneficence*, which is organised around the idea of political loyalty. Smith begins with a discussion of the interaction between the numerous layers of loyalty that most people experience: loyalty to humanity as a whole, to the state, to classes and orders of people within the state, and to “systems” or ideas that transcend national boundaries (TMS 239-242). Halfway through this chapter, however, Smith switches posture and offers some thoughts on political reform. Here, Smith strikes a Burkean note, arguing that people living within a state should operate from a default presumption of loyalty to the *status quo*: “in peaceable and quiet times... the established government seems evidently the best expedient for maintaining the safe, respectable, and happy situation of our fellow-citizens” (TMS 242). In times of war or civil strife, however, it may be necessary to engage in constitutional reform. Here, Smith makes a conceptual distinction between two approaches towards reform, beginning with the ‘man of public spirit’:

The man whose public spirit is prompted altogether by humanity and benevolence, will respect the established powers and privileges even of individuals, and still more those of the great orders and societies, into which the state is divided. Though he should consider some of them as in some measure abusive, he will content himself with moderating, what he often cannot annihilate without great violence. When he cannot conquer the rooted prejudices of the people by reason and persuasion, he will not attempt to subdue them by force; but will religiously observe what, by Cicero, is justly called the divine maxim of Plato, never to use violence to his country no more than to his parents. He will accommodate, as well as he can, his public arrangements to the confirmed habits and prejudices of the people; and will remedy as well as he can, the inconveniencies which may flow from the want of those regulations which the people are averse to submit to. When he cannot establish the right, he will not disdain to ameliorate the wrong; but like Solon, when he cannot establish the best system of laws, he will endeavour to establish the best that the people can bear (TMS 243).

There are several interesting aspects to this passage. Firstly, Smith suggests that the goal of political action should be the moderation and amelioration of existing harms, rather than the pursuit of abstract perfection. Secondly, Smith takes a strongly-worded position against revolutionary politics, saying that violence should “never” be used as a political tool, and that domestic politics should always take place within a constitutional framework. (Presumably Smith does believe that there are some exceptions to this principle, but he does not explicitly state them in this passage.)

Most significantly, Smith warns of the dangers of attempting to make policies that conform to a deductive standard of rationality. Instead, he writes that policy should attempt to conform itself to the “confirmed habits and prejudices of the people”, implicitly suggesting that seemingly irrational prejudices held by the people may have some value or utility that is not immediately apparent to technocratic policymakers. According to Winch (1983:503), Smith suggests that “true wisdom” often consists of “respecting the superior knowledge that actors in the social drama have of their own affairs, and in recognising the limits or constraints on legislative action posed by entrenched habits and privileges, including those that arose out of ignorance or prejudice”. The general tenor of these remarks is so strongly reminiscent of Burke that, one imagines, this passage could have easily have appeared in the *Appeal from the New to the Old Whigs* (1791).

The second approach that Smith describes is that of the ‘man of system’, who follows an approach to political reform that Smith sets diametrically apart from his own:

The man of system, on the contrary, is apt to be very wise in his own conceit; and is often so enamoured with the supposed beauty of his own ideal plan of government, that he cannot suffer the smallest deviation from any part of it. He goes on to establish it completely and in all its parts, without any regard either to the great interests, or to the strong prejudices which may oppose it. He seems to imagine that he can arrange the different members of a great society with as much ease as the hand arranges the different pieces upon a chess-board. He does not consider that the pieces upon the chess-board have no other principle of motion besides that which the hand impresses upon them; but that, in the great chess-board of human society, every single piece has a principle of motion of its own, altogether different from that which the legislature might chuse to impress upon it. If those two principles coincide and act in the same direction, the game of human society will go on easily and harmoniously, and is very likely to be happy and successful. If they are opposite or different, the game will go on miserably, and the society must be at all times in the highest degree of disorder (TMS 243-244).

The ‘man of system’ critique is the point where Smithian epistemology intersects with Smithian politics. We have seen in Chapter Three that Smith was sceptical of the truth-claims of metaphysics and ontology, and embraced Hume’s epistemological scepticism. In this passage, it is evident that Smith also considers scepticism to be an appropriate outlook for the political authorities within a state. Authorities should not put too much faith in the power of their own rationality; and should instead be mindful of the possibility that their plans are ill-informed or simply wrong. When Smith analogises human society to a chessboard in which the individual pieces have a “motion of their own”, he is not simply referring to the will of individual human beings, but to the broader array of sometimes-mysterious forces that drive society in a particular direction: cultural traditions, historical accidents, the impersonal forces of the marketplace, and so on. The prudent policymaker, Smith argues, is one who acknowledges the existence of these forces and the fact that they constrain our freedom of action. The probability of success is increased when reforms attempt to work within these currents rather than pushing up against them.

5.3 Pragmatism & Contingency in the *Wealth of Nations*

Smith’s comments on the “man of system” occur in the *Theory of Moral Sentiments*. This particular work is mostly unconcerned with politics and almost completely free of policy prescriptions, which gives Smith some freedom to speak in terms of generalities. In the *Wealth of Nations*, a book that Smith describes in his correspondence as a “very violent attack... upon the whole commercial system of Great Britain” (CAS 334), no such luxury is

afforded. Smith is forced to lay out, in considerable detail, both his preferred economic policies and the deficiencies with the *status quo*. In the process, the measured, gradualist, conservative style of political reform that Smith advocates in the *Theory of Moral Sentiments* is seemingly jettisoned. Winch (1983:505) notes that “it has even been suggested recently that in the *Wealth of Nations* Smith himself was not ‘totally free from the vice’ of the man of system which he had criticised in the *Theory of Moral Sentiments*. Thus, in a different venue, we return to “Das Adam Smith Problem”: the purported inconsistency between *Moral Sentiments* and *Wealth of Nations*.

It would, however, be a mistake to overlook the pragmatism and anti-utopianism that underpins Smith’s economic project. In particular, we need to make a distinction between Smith’s negative critique of the contemporary European *status quo*, and his positive proposals for economic reform. Smith’s criticism of the mercantile system is indeed “very violent” (in all likelihood, Smith believed that this was the only approach that might shock Europe’s elites out of their complacency). When he turns to his proposals for reform, however, Smith is consistently a gradualist and an incrementalist. Throughout the *Wealth of Nations*, he maintains that it is not necessary to have perfect solutions in order to improve the *status quo*, and he frankly admits on several occasions that any solutions that are adopted will be heavily shaped by political factors. The necessity of political compromise will typically make it impossible to adopt the policies that are the “best” in a technocratic sense.

Winch (1983, 1992) has written extensively on Smith’s approach to policymaking. He provides two examples that deserve further examination: Smith’s arguments on the Corn Laws, and Smith’s writing on international trade in general. On the subject of the corn trade, Winch (1983:506) notes that Smith’s arguments deserve special consideration due the centrality of corn in the contemporary British economic debate, and the importance accorded to Smith’s arguments in that debate for decades to come. He notes that Smith himself is in favour of complete free trade in corn, both in the British domestic market and when trading with other countries. Nevertheless, Smith’s analysis of possible reforms “consistently proceeds from the existing state of legislation and public opinion on the subject” (Winch 1983:506). Smith assumes that legislators are hemmed in by political factors, such as interest groups with a stake in the *status quo*, and emotional antipathy towards corn dealers on the part of the public.

Winch (1983:506) describes Smith's policy alternatives as a comparison of "second-best alternatives". Smith makes a conceptual distinction between inland, import, export and re-export trade in corn. He does not follow this approach because it yields valuable economic insights (in reality, it obscures the fact that all these trades were heavily interlinked), but to examine the ways in which corn dealers' interests intersect with those of the public at large, and make an essentially political argument that a harmony of interests existed between them. Throughout his discussion on the corn trade, Smith attacks the policies of export subsidies and duties on imports. These attacks are generally effective, even though, as Winch (1983:507) notes, they depend partially on the untenable idea of corn as an objective indicator of value, rather than merely a commodity which fluctuates in price according to the normal operation of the market mechanism (WN 397). Nevertheless, Smith makes a convincing argument that national policies which were designed to stimulate domestic corn production had, in reality, raised prices for British consumers.

Smith's conclusions are qualified in several interesting ways, however. First, Smith notes that the regulation of corn sales by governments has historically reduced efficiency, resulted in famine, and created unpredictable swings in demand. For this reason, unilateral free trade might be too risky a policy in the face of protectionism by larger countries, for it would link the domestic price of corn to potentially destabilising fluctuations in larger markets. Thus, external political factors may render it necessary for states to pursue sub-optimal economic policies: "[t]he very bad policy of one country may thus render it in some measure dangerous and imprudent to establish what would otherwise be the best policy in another" (WN 413). Smith insists that for larger economies, such as those of Britain and France, such concerns are unimportant. He also suggests that concern for individual justice ought to bias policymakers in favour of giving farmers the freedom to sell their product at the best prices they can achieve, and that any decision to interfere with this freedom for reasons of state ought to be undertaken only with great reluctance and in cases of "most urgent necessity" (WN 413). Thus Smith attempts to balance his own inclination towards individual autonomy and economic rationality with the imperatives of state, concluding that the former considerations ought to take precedence but that actual policy formulation is always dependent on contingent circumstances.

A second contingent factor that Smith admits into the economic decision-making process is public opinion. In contemporary England, corn was a staple foodstuff of vital importance, and

a shortfall in corn supply could lead to starvation on a large scale. As such, the public were inclined not to trust the corn supply to the vagaries of the market fluctuations, and demanded that governments adopt policies to ensure food security. Smith believes that such views are objectively mistaken, but he nevertheless argues that the intensity of public opinion on the food security issue (which Smith compares to public attitudes towards religion) carries a logic and legitimacy of its own, which policymakers cannot simply ignore. In order to “preserve the public tranquillity”, he writes, “government must yield to [public] prejudices” even if these prejudices are mistaken, and “establish that system which [the majority] approve of” (WN1 413).

Smith does not applaud this model of policy formulation; on the contrary, he regrets that “we so seldom find a reasonable system established” (WN 413) on account of public prejudice. He merely acknowledges the reality that public opinion is a constraint, within which the best available options should be pursued. However, Smith suggests that there is a reciprocal relationship between public opinion and economic policy. Just as public opinion shapes economic policy, so too does the structure of the economy shape popular opinion. For example, Smith predicted that the removal of restrictions on the internal corn trade would improve the public’s perception of corn dealers by removing an artificial source of enmity between them (Winch 1983:507). Smith thereby sets up a model for incremental reform in which progressive changes in policy and public opinion are mutually-reinforcing and create the space for further reforms in future.

The importance that Smith accords to contingency and practical circumstances is also evident in Smith’s larger treatment of free trade. Smith is famously an advocate of free trade, which forms perhaps the single most important policy principle in his economic doctrine. However, Smith is willing to countenance a surprisingly large set of exceptions to this principle, in accordance with circumstances that may arise. Most significantly, Smith allows for a strong role for the state in defence and shipping, and is willing to subordinate the principle of economic efficiency to the broader goal of maintaining national power. In this regard, Smith is a strong defender of the 17th-century Navigation Acts, which had imposed a British monopoly on commercial shipping between Britain and her colonies. Interestingly, Smith writes cogently on the adverse economic impact of these regulations, using the principles of supply and demand to illustrate that “[t]he act of navigation is not favourable to foreign commerce, or to the growth of that opulence which can arise from it” (WN1 360). He also

notes the climate of jingoism and national antipathy that existed during the formulation of these laws, noting the Navigation Acts “may have proceeded from national animosity [between England and Holland]” (WN1 361).

This is not generally the type of national discourse that results in wise legislation. Nevertheless, Smith’s final cost-benefit analysis claims that any decrease in British welfare resulting from the Acts was more than offset by the increase in British sea power. He even offers praise for the aggressive nationalism that informed the acts: “[n]ational animosity at that particular time aimed at the very same object which the most deliberate wisdom would have recommended, the diminution of the naval power of Holland, the only naval power which could endanger the security of England” (WN1 361-362). In closing, he suggests that since “defence... is of much more importance than opulence, the act of navigation is, perhaps, the wisest of all the commercial regulations of England” (WN1 362).

Smith’s underappreciated willingness to sacrifice economic efficiency for the sake of strategic national goals is also evident in his approach to trade negotiations. Smith is “ready to support an export duty on wool and moderate import duties for the purposes of revenue and retaliation or bargaining” (Hutchison 1976:518). As in most cases, Smith’s arguments on the subject are fairly nuanced: he is willing to countenance retaliatory trade restrictions in a minority of cases, but only if these measures can cross a high threshold in terms of their probability of rapid success. He also notes that such measures are problematic from the perspective of economic justice, since they entail costs that are evenly spread throughout the economy, while the potential benefits they offer tend to be concentrated in particular sectors (Winch 1983:509). Smith is also a gradualist in his legislative approach towards lowering trade barriers:

The case in which it may sometimes be a matter of deliberation, how far, or in what manner it is proper to restore the free importation of foreign goods, after it has been for some time interrupted, is, when particular manufactures, by means of high duties or prohibitions upon all foreign goods which can come into competition with them, have been so far extended as to employ a great multitude of hands. Humanity may in this case require that the freedom of trade should be restored only by slow gradations, and with a good deal of reserve and circumspection. Were those high duties and prohibitions taken away all at once, cheaper foreign goods of the same kind might be poured so fast into the home market, as to deprive all at once many thousands of our people of their ordinary employment and means of subsistence (WN1 365).

In this section, Smith provides several practical guidelines on how states should pursue a policy of trade liberalisation. He suggests measures such as beginning with industries that are unlikely to be adversely affected by foreign competition, and allowing the free movement of labour within the economy so that workers in sectors that shrink can be absorbed more easily by sectors that grow. He also suggests that structural changes in employment might occur with greater speed and ease than we might intuitively expect, noting that in the aftermath of war, large numbers of soldiers are often reintegrated into the civilian economy with surprisingly little disruption. Nevertheless, he expects that trade liberalisation, which is essentially a process in which a theoretical ideal is overlaid on top of real-world economic patterns, will be difficult, complex and take a very long time to complete (WN2 52). With the benefit of more than two centuries of hindsight, we can say that Smith was certainly correct on this point.

5.4 Smith's Dispute with the Physiocrats

Smith is willing to set aside important principles of his economic theory in response to contingent circumstances, practical concerns, and political limitations. We have seen several examples of this in Smith's writings on economic policy, including his treatment of the corn trade, the shipping industry, and trade negotiations. Extrapolating from these examples, it is important to appreciate that Smith's pragmatism is not simply a persuasive strategy or rhetorical trick, designed to make Smith's "very violent attack" more palatable to political elites. On contrary, pragmatism and flexibility is an intrinsic element of Smith's economic philosophy. This is the basis of his theoretical dispute with the French physiocrats.

The French physiocratic school developed the first well-defined theory of economics during the 18th century (Charbit 2002:856). For our purposes, there are three aspects of the physiocrats' approach to economics that merit attention. As their name suggests, the physiocrats were an economic school that evolved from the discipline of medical science. Their leaders, such as François Quesnay, were physicians, and they attempted to apply the analytical methods of medicine to the study of economics. The distinguishing feature of the physiocratic approach to economics is that it was an agricultural theory. Where the mercantilists assumed that the wealth of nations was determined by balance of trade, the physiocrats believed that national wealth is determined exclusively by the quantity and quality of agricultural land that a state possesses (Charbit 2002:858). They almost completely

disregarded the economic impact of manufacturing, artisanal trades, resellers, and other secondary economic activities. In terms of their policy preferences, the physiocrats are associated with liberal political economy. They tended to favour relaxation of rules on trading, private property ownership, and other principles that are broadly similar to Smith's. These similarities on policy, combined with the fact that Smith was a personal friend of Quesnay while he was staying in France, gives the section on the physiocrats in the *Wealth of Nations* a warm tone. In some passages, Smith heaps considerable praise on the physiocrats:

This system... with all its imperfections is, perhaps, the nearest approximation to the truth that has yet been published upon the subject of political oeconomy... Though in representing the labour which is employed upon land as the only productive labour, the notions which it inculcates are perhaps too narrow and confined; yet in representing the wealth of nations as consisting, not in the unconsumable riches of money, but in the consumable goods annually reproduced by the labour of the society; and in representing perfect liberty as the only effectual expedient for rendering this annual reproduction the greatest possible, its doctrine seems to be in every respect as just as it is generous and liberal... [The physiocrats] have certainly been of some service to their country, not only by bringing into general discussion, many subjects which had never been well examined before, but by influencing in some measure the publick administration in favour of agriculture. It has been in consequence of their representations, accordingly, that the agriculture of France has been delivered from several of the oppressions which it before laboured under (WN2 103).

Smith praises the physiocrats for developing a “liberal and generous system”, and for their belief that governments should “grant the perfect freedom of trade to the artificers, manufacturers and merchants of all other nations” (WN2 98). Smith also refers to Quesnay himself as “the very ingenious and profound author of this system” (WN2 99). It is evident that Smith regards the physiocrats as ideological allies, and approves of their political project to introduce liberal economic reforms in France.

Smith is nevertheless quite critical of physiocrats, for two main reasons. His most significant criticism relates to the physiocrats' untenable distinction between agriculture and manufacturing. In particular, Smith (WN2 100) decries their “representing the class of artificers, manufacturers and merchants, as altogether barren and unproductive”, which he describes as the “capital error” of the physiocratic system. More importantly for our purposes, however, Smith has an additional objection to the physiocrats. He regards the physiocrats as unduly idealistic; their methodology too reliant on deductive rationality. Quesnay had developed a macroeconomic model, the *Tableau Économique* or Economic Table, which was

purported to be an accurate representation of the functioning of an economy, and which was the foundation of the physiocratic economic theories. In Smith's view, the physiocrats, like the 'man of system' described in the *Theory of Moral Sentiments*, were too ideological, too rigid in their application of theory. They were excessively attached to the aesthetic elegance and simplicity of their own economic model, sometimes to an absurd degree:

The admiration of this whole sect for their master, who was himself a man of the greatest modesty and simplicity, is not inferior to that of any of the antient philosophers for the founders of their respective systems. "There have been, since the world began," says a very diligent and respectable author, the Marquis de Mirabeau, "three great inventions which have principally given stability to political societies, independent of many other inventions which have enriched and adorned them. The first, is the invention of writing, which alone gives human nature the power of transmitting, without alteration, its laws, its contracts, its annals, and its discoveries. The second, is the invention of money, which binds together all the relations between civilized societies. The third, is the Oeconomical Table, the result of the other two, which completes them both by perfecting their object; the great discovery of our age, but of which our posterity will reap the benefit" (WN2 104).

As a result of their unwarranted faith in deductive economic models and abstract theorising, some of the physiocrats' policy recommendations had become skewed. Unlike Smith's programme of incremental improvement, in which successive reforms lay the ground for future gains, the physiocrats believed that the task of economic reformers was to steer the economy towards a singular condition of perfect freedom. Smith writes:

Some speculative physicians seem to have imagined that the health of the human body could be preserved only by a certain precise regimen of diet and exercise, of which every, the smallest, violation necessarily occasioned some degree of disease or disorder proportioned to the degree of the violation... Quesnai, who was himself a physician, and a very speculative physician, seems to have entertained a notion of the same kind concerning the political body, and to have imagined that it would thrive and prosper only under a certain precise regimen, the exact regimen of perfect liberty and perfect justice (WN2 100).

For Smith, the physiocrats' emphasis on altering policy to accord with an abstract ideal was a distraction from the real tasks of political economy. It was also an ideal that, in Smith's view, would never be achieved. In an earlier section of the *Wealth of Nations*, Smith writes that "[t]o expect... that the freedom of trade should ever be entirely restored in Great Britain, is as absurd as to expect that an Oceana or Utopia should ever be established in it". Human society

is too complex; there are too many interest groups with a stake in policy outcomes that are, from a technocratic perspective, sub-optimal. Idealistic reformers must contend with countervailing forces such as “the prejudices of the publick” and “[that which] is much more unconquerable, the private interests of many individuals” (WN1 366). Smith was, nevertheless, optimistic that these forces could be at least partially tamed, and that progress towards a more just, humane and reasonable trade policy was possible. Smith is particularly impressed by the ability of states to “muddle through”, and make progress even in the face of bad decisions by policymakers. In his response to Quesnay, Smith adopts the latter’s analogy between an economy and the human body, but he advances the argument in a different direction:

Experience... would seem to show that the human body frequently preserves, to all appearance at least, the most perfect state of health under a vast variety of different regimens; even under some which are generally believed to be very far from being perfectly wholesome. But the healthful state of the human body, it would seem, contains in itself some unknown principle of preservation, capable either of preventing or of correcting, in many respects, the bad effects even of a very faulty regimen... [Quesnay] seems not to have considered that in the political body, the natural effort which every man is continually making to better his own condition, is a principle of preservation capable of preventing and correcting, in many respects, the bad effects of a political œconomy, in some degree, both partial and oppressive. Such a political œconomy, though it no doubt retards more or less, is not always capable of stopping altogether the natural progress of a nation towards wealth and prosperity, and still less of making it go backwards. If a nation could not prosper without the enjoyment of perfect liberty and perfect justice, there is not in the world a nation which could ever have prospered (WN2 100).

There is an important tension in Smith’s thought that passages such as these help to explicate: the tension between realism and optimism. This tension is not confined to Smith’s writings on economic issues, and extends to his thought on constitutional matters. Particular institutions and particular constitutional arrangements are not inevitable, but are contrivances of human society that are, if necessary, subject to revision and change (TMS 204). Yet as Samuels (1977:201) notes, in Smith’s thought we can detect both a keen understanding of the historical and institutional limits that are placed on human action, and a fervent desire to improve the human condition within those limitations.

In his dispute with the physiocrats, Smith demonstrates that he is a nuanced and sceptical thinker. Smith is an economic liberal in the sense that he favours the relaxation of restrictions

on trade and the dismemberment of great monopolies. Nevertheless, the physiocrats were also liberals, and for all the analytical weaknesses inherent in their agricultural system, their liberalism was arguably of a purer variety than Smith's own. With his critique of the physiocrats, Smith demonstrates that he is not merely an economic liberal who is intent on vanquishing those (such as adherents of mercantilism) who embraced opposing viewpoints. He is also, more generally, a critic of rigid and inflexible economic theory, and an opponent of abstruse and rationalistic planning—even when these plans were designed to push society in a liberal direction.

5.5 Markets and the Problem of Information Dispersal

If Smith were merely an economic theorist who, in response to certain problems, saw fit to modify or abandon his own principles, and justified these modifications with a theoretical defence of incrementalism in economic reforms, he would have been far less influential than he actually was. Smith's larger achievement was to develop an explanation of how markets function, even under sub-optimal political conditions, and in spite of their own size and complexity. This explanation has both descriptive and prescriptive elements: it is intended primarily as a factual account of how markets function in practice, but it also holds important positive implications for policymakers.

Thus we return to the epistemological problem identified in Chapter Four: markets consist of very large groups of autonomous actors, with multiple linkages and unpredictable dependencies between them. Furthermore, information about the economy is decentralised and dispersed throughout this set of actors, making it difficult for any central authority to engage in rational decision-making. Despite this problem of information dispersal, Smith recognises as an empirical fact that opulence grew steadily through the world in the centuries preceding him (and we may note that this pattern has continued more rapidly in the years after his death). The mechanism by which Smith accounts for this historical pattern of long-term economic growth is the decentralised operation of the marketplace, in which the individual efforts of large numbers of individuals to improve their own economic welfare results in cumulative progress for society at large. The particular subset of the market process that deals with information is the price mechanism. Smith does not actually use the term "price mechanism", and by the standards of modern economics his analysis of pricing is rudimentary. In the centuries after the publication of the *Wealth of Nations*, the idea of

markets as a mechanism for transmitting information, rather than simply allocating goods and services, was developed further by economic theorists such as Hayek (1948), Grossman (1976) and Loasby (1976). Today, it is associated primarily with those thinkers rather than Smith. Nevertheless, an awareness of markets as a tool for coping with information dispersal is very much an element in Smith's thinking, and this idea recurs frequently in his economic writings.

This is an idea that, for example, appears in Smith's section on the price of labour. The problem, Smith points out, is that it is impossible to determine the "true" value of labour in a philosophical sense. Different people will take different lengths of time to complete the same task. The same forms of work will exert different hardships on different people. Some people are able to exercise skills and ingenuity that allow them to complete a particular task very quickly, while others will struggle for a protracted length of time (WN1 82-83). How then do we place an accurate monetary value on labour? Smith's answer is that we cannot, but fortunately we do not need to. Thousands of individual negotiations between employers and employees set the price of labour at a level that is broadly reflective of the level of hardship involved, the level of prestige attached to the job, the level of demand and the rarity of the skills that are needed. It is not necessary for any single actor to acquire all the dispersed knowledge in the labour market, nor is it necessary for any actor to know the "true" value of even a single unit of labour. The price of labour "is adjusted... not by any accurate measure, but by the higgling and bargaining of the market, according to that sort of rough equality which, though not exact, is sufficient for carrying on the business of common life" (WN1 83). Note that Smith, as in his section on the labour theory of value, does not maintain that the market price of wages represents the real, metaphysical value of labour. His claim is merely that such knowledge is not necessary in order to have a functional labour market.

Smith's analysis of the pricing mechanism also deals with the markets for goods. Here too, Smith is impressed by the ability of the pricing mechanism to rapidly transmit information to disaggregated actors throughout the economy. "When the quantity brought to market exceeds the effectual demand... [t]he market price will sink more or less below the natural price, according as the greatness of the excess increases more or less the competition of the sellers" (WN1 100). Falling prices have the effect of transmitting information to producers, telling them that there is an excess of a particular commodity and that labour and capital should be reallocated towards more useful ends. For example, when the demand for (and hence the

price of) cattle is higher than the demand for agricultural foodstuffs, we may expect to see agricultural land being reallocated towards the production of cattle feed (WN1 211). Rising prices transmit the opposite message, informing producers that a shortage exists and providing them with an incentive alleviate it. In neither situation is it necessary for any actor to know the cause of changing prices; the change in price will itself act as an incentive to restructure their production in ways that improve the efficiency of the overall economy.

Price signals are the means by which the marketplace is able to manage the multiplicity of dependencies that exist between suppliers of different goods. The prospect of future demand causes suppliers to stockpile goods that they anticipate will be sold later: “A weaver cannot apply himself entirely to his peculiar business, unless there is beforehand stored up somewhere, either in his own possession or in that of some other person, a stock sufficient to maintain him, and to supply him with the materials and tools of his work, till he has not only completed, but sold his web” (WN1 237). Once again, this is accomplished through a decentralised process. No single authority determines the total level of supplies and raw materials that are required by every industry; nevertheless, most sectors of the economy are able to obtain the materials they need without suffering crippling shortfalls or delays. This in turn permits increased specialisation in the economy, and increases the overall level of production (WN1 238). Changes in prices may also result in the reallocation of resources between labour and raw material: “When an independent workman... has got more stock than what is sufficient to purchase the materials of his own work, and to maintain himself till he can dispose of it, he naturally employs one or more journeymen with the surplus, in order to make a profit by their work. Increase this surplus, and he will naturally increase the number of his journeymen” (WN1 109).

Smith is particularly concerned about artificial constraints that may block pricing signals, interrupt the information-transmission function of the marketplace, and reduce the overall efficiency of the economy (WN1 103-104). He discusses on several occasions the manner in which the “police” (that is to say, political regulation) can push prices above their normal level. “[P]articular regulations of police,” he notes, “may in many commodities, keep up the market price, for a long time together, a good deal above the natural price” (WN1 102). Aggressive forms of political interference in the market mechanism can be extremely harmful: at one point, Smith cites the example of labour regulations in ancient Egypt, where every man was expected to follow the same trade as his father, thereby preventing the

development of new forms of labour and holding the economy in stasis (WN1 104). Smith then argues that restrictive apprenticeship laws and guilds in Europe had a similar (though less severe) effect, interfering with price and preventing labour from being utilised more efficiently. Most destructive of all are monopolies, which completely insulate producers from price signals: “The [price charged by a monopoly] is upon every occasion the highest which can be squeezed out of the buyers, or which, it is supposed, they will consent to give: The other is the lowest which the sellers can commonly afford to take, and at the same time continue their business” (WN1 103).

5.6 The Economy as the Product of Bottom-Up Complexity

Smith’s analysis of the price mechanism takes place within the context of his broader analytical framework for understanding the economy. Smith views the economy as a decentralised system in which large numbers of autonomous actors interact with each other in a way that produces an ordered system. These actors pursue different goals, but they are each trying to advance their self-interest in different ways. Smith’s conception of the economy, like Burke’s conception of political society, treats the *status quo* as the product of bottom-up complexity rather than top-down design.

On some occasions, Smith’s use of mechanistic terminology obscures this facet of his thinking. In the *History of Astronomy*, Smith suggests that “[s]ystems in many respects resemble machines” (HOA 68) (although it should be noted that in this context, Smith was writing about philosophical and scientific theories, not social systems). In the *Theory of Moral Sentiments*, Smith observes that “human society, when we contemplate it in a certain abstract and philosophical light, appears like a great, an immense machine, whose regular and harmonious movements produce a thousand agreeable effects” (TMS 309). To some extent, this choice of language is unfortunate, and conveys a misleading impression of Smith’s thought. Machines have a designer, a purpose, and a *telos*. There is little evidence that Smith believed this to be true of human social or economic systems. Nevertheless, this analogy does capture something of substance about Smith’s views. Machines are complex; and altering the operation of individual parts can have unpredictable results, just like the unintended consequences that sometimes flow from policy decisions. More importantly, machines are made up of components, and if we wish to understand how a machine works, it is these components that we must study. Human society is an un-designed machine, and Smith was

fascinated by the constituent units that make up this society, and the manner in which they interact with each other to produce certain outcomes and not others.

This analytical framework is laid out in Chapter Two of the *Wealth of Nations*, which contains many of the book's better-known passages. Smith begins this chapter by arguing that division of labour is not the product of design, and is instead an example of a complex system created by constituent units following relatively simple principles that are grounded in human nature:

This division of labour, from which so many advantages are derived, is not originally the effect of any human wisdom, which foresees and intends that general opulence to which it gives occasion. It is the necessary, though very slow and gradual consequence of a certain propensity in human nature which has in view no such extensive utility; the propensity to truck, barter, and exchange one thing for another (WN1 70).

The idea of society as an un-designed but orderly system can be illustrated by Smith's example of a simpler decentralised system: two greyhounds chasing after a hare. Each dog is operating according to its own set of rules, but a form of order springs from their interaction. They have the "appearance of acting in some sort of concert. Each turns her towards his companion, or endeavours to intercept her when his companion turns her towards himself" (WN1 70). Human beings, Smith argues, form systems that are exponentially more complicated than this because we possess an entire range of interactions that animals do not: the ability to make contracts, bargain, and exchange one good for another. In hunter-gatherer societies, human beings are able to attain some measure of individual autarky, in the sense that they can provide for themselves the bare minimum of goods that is required for survival. Even in the simplest economies, however, specialisation tends to occur, and people soon find themselves in need of goods made by others. In an advanced economy, characterised by the development of agriculture and manufacturing, these links become widespread. Therefore, human beings in developed economies find themselves in a curious position of dependency:

In civilized society he stands at all times in need of the co-operation and assistance of great multitudes, while his whole life is scarce sufficient to gain the friendship of a few persons. In almost every other race of animals each individual, when it is grown up to maturity, is intirely independent, and in its natural state has occasion for the assistance of no other living creature. But man has almost constant occasion for the help of his brethren, and it is in vain for him to expect it

from their benevolence only. He will be more likely to prevail if he can interest their self-love in his favour, and shew them that it is for their own advantage to do for him what he requires of them (WN1 70).

In this way, the complexity of the economy arises from the demands and necessities of individuals. Prices are negotiated, contracts are formed, and the price mechanism transmits information about shortages, excesses and demands throughout the economy, causing resources such as labour and capital to be allocated in the most productive way. The marketplace permits collective action: individual buyers are able to indirectly marshal great swathes of the economy, taking advantage of long chains of production and distribution that would be impossible for all but the richest among us to create for their own use. Unsurprisingly, much of Smith's recommendations on policy questions can be reduced to the principle that individual actors in the economy should be given as much freedom as possible to pursue whichever options they choose. It is in these arguments that Smith comes closest to Mandeville's (1724) argument that private vices have public benefits. This type of argument is exemplified by Smith's famous comment on the "invisible hand":

As every individual, therefore, endeavours as much as he can both to employ his capital in the support of domestick industry, and so to direct that industry that its produce may be of the greatest value; every individual necessarily labours to render the annual revenue of the society as great as he can. He generally, indeed, neither intends to promote the publick interest, nor knows how much he is promoting it. By preferring the support of domestick to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention (WN1 356).

Smith does not really embrace Mandeville's licentiousness. Where Mandeville speaks of "vices", Smith refers to the prudential pursuit of self-interest within the framework of a law-abiding society, which Smith does not consider a vice at all. Moreover, we have to recognise that Smith is not really making an argument about vices and virtues, but about information. In a section on slavery (WN1 116-117), Smith argues that slaves are actually more expensive to maintain than free workers, because their needs and sustenance are provided for by their masters, who spend the money inefficiently. Free men, by contrast, earn a wage for themselves, and they can choose how to allocate these funds and which of their needs should be prioritised. When people spend their own money, they adopt "frugality and parsimonious

attention” (WN1 117) that does not occur when other people spend money on their behalf. Smith’s argument is that every economic actor has important information about their own needs, preferences and constraints, which allows them to employ resources more efficiently. Smith is making an argument for the principle of subsidiarity: that economic decision-making should, as a general principle, be handled by the smallest constituent units in any system.

5.7 Conclusion

It is clear that Smith is not a rigid ideological thinker. This element of Smith’s thinking is stated most clearly in his critique of the ‘man of system’. Here, he warns against the temptation to use violent means to enforce policies which are internally coherent, but which would be rejected by the body politic. Furthermore, Smith attempts to follow his own guidelines when laying out his positive programme for economic reform in the *Wealth of Nations*. In his proposals for the liberalisation of the corn trade, and for international free trade in general, Smith assumes that the temperament and prejudice of the public is a constraint on technocratic policymaking, and that reformers should be willing to pursue incremental improvements within this constraint. Smith contrasts his own approach with that of the physiocratic school, which he regards as being excessively enamoured with its own economic theory, and insufficiently willing to make compromises and concessions in order to achieve incremental progress.

Smith’s own approach to economic reform tends to rely on markets and the pricing mechanism, which is used to solve the problem of information dispersal. The market mechanism, like Burke’s evolutionary mechanism of tradition, is the result of bottom-up complexity. It is an un-designed machine that transmits information, allocates resources, and creates complex supply chains between widely dispersed actors. It is created by the cumulative actions of individuals, who need to cooperate with each other in order to survive, and who therefore exchange goods, form agreements, and set prices at levels that reflect scarcity and demand. Prices communicate useful information to participants in the market and also to the policymakers setting the rules. For example, the “true” value of labour is difficult to compute rationally, but knowledge of the market pricing of labour is sufficient to allow economic activity to occur. Pricing information allows for cooperation and collective action between widely dispersed groups of actors. Changes in prices cause resources to be reallocated towards sectors where they are most in demand, and restructure production in

ways that benefit society as a whole. Political attempts to block pricing signals (for example, the guild system in Europe which blocked labour pricing signals by making it difficult for individuals to move from one profession to another) usually create harmful unintended consequences.

It should be apparent by now that there are several important and fundamental similarities between Smith and Burke's approach to the problem of complexity in society. There are differences too, but these are mostly differences in scale. Burke is trying to explain the evolution and management of human political society, while Smith seeks to understand the management of the economy within a framework of laws. This gives Burke a greater emphasis on constitutional questions, and Smith a greater emphasis on policy. There is a sense in which Smithian policy solutions are assumed to be taking place, and can only take place, within the sort of legal and constitutional framework already envisioned by Burke.

Despite these differences in degree, there are several fascinating similarities between Burke and Smith's approach to social institutions. They deal with different spheres of human activity, but the problems they identify are remarkably similar: they argue that human institutions, whether political or economic in nature, are too large and complex to understand mechanistically, and are shaped by an intricate web of cultural and psychological forces. As a result, attempts to reform these institutions often have the opposite of their desired effect, creating the problem of unintended consequences. There are three main ways in which Smith and Burke propose to deal with social complexity. Firstly, they emphasise virtues and qualities in leadership that are suitable for the management of complex societies. Secondly, they emphasise the importance of contingency and circumstance, accepting both the need for both good principles to serve as policymaking and constitutional guidelines, and the need to occasionally violate those principles when particular circumstances necessitate that we do so. Thirdly, they advocate the use of decentralised mechanisms to deal with information dispersal. In doing so, they attempt to visualise complex systems from a bottom-up rather than a top-down perspective, attempting to understand systems through the behaviour of the constituent units rather than the rules that govern them.

With regard to leadership, both Smith and Burke emphasise the importance of virtues such as humility and prudence. The prudential policymaker that Burke writes of, who has built up intuitive knowledge of politics and the affairs of state through long experience, bears more

than a passing resemblance to Smith's 'man of public spirit', who has the temperance and judgement to appreciate the limits of political action. Conversely, Smith's remarks on the "man of system" call to mind Burke's critique of French revolutionaries, such as his criticism of Thoret's proposal to redraw the map of France. Smith and Burke are both critical of deductive rationality in politics, and they argue against a style of politics in which the development of good principles is seen as prior to the organic development of society itself, and in which it is seen as the job of statesmen to impose the former on top of the latter. This is the foundation of Smith's criticism of the physiocrats, whose deductive rationality sets them apart from his own philosophy even though they agree on many questions of public policy.

As for contingency, and the delicate balance between principles and circumstances, we have seen several examples from both sides. Burke is deeply attached to the principle of hereditary succession in the English monarchy, but he is nevertheless a supporter of the Glorious Revolution, in which Parliament temporarily suspended that principle in order to protect the Protestant character of the English state. Smith is a strong supporter of free trade between different states, but he is mindful of the interest-group politics and intense public opinion that formed the political context to the reform of the Corn Laws. He is also willing to defer free trade and competition for the sake of security in the case of the Navigations Acts, and recommends that the process of trade liberalisation should be carried out gradually, and with care to prevent too much disruption to the economy.

However, the most important similarity between Burke and Smith is their shared advocacy of decentralised mechanisms as a means of coping with the problem of information dispersal. Smith appeals to the market and the price mechanism, while Burke appeals to tradition and prejudice. These mechanisms function in different ways, but they are alike in the sense that they both aim to increase the information available to the policymaker beyond what he or she can acquire personally. Through the market mechanism, policymakers can take advantage of the revealed preferences of thousands or even millions of economic actors. These actors are spread throughout the market, but the knowledge they have available to them informs their decisions to buy and sell goods and form contracts. These decisions are cumulatively revealed by means of the price mechanism. Tradition is a far less precise instrument, but it operates in a broadly similar manner: as states and political societies evolve over long periods of time, they adopt certain customs and practices and retain those which are successful.

Longevity therefore has its own rationale, which implies that greater value should be assigned to long-standing customs.

In essence, both tradition and the market are evolutionary mechanisms that free decision-makers from having to rely exclusively on their individual rationality. The market allows them to take into account the preferences and knowledge of other actors in the economy, while tradition allows them to take into account the accumulated knowledge of other generations. Both of these mechanisms are accorded importance because of Burke and Smith's shared understanding of institutions as the product of bottom-up complexity. By visualising the *status quo* as the outcome of decisions made by large groups of people, spread out through space and time, we give shape and meaning to established arrangements. This necessarily sets up a higher threshold that must be crossed if we then decide that these arrangements must be changed. This threshold is not impassable: both Smith and Burke favour considerable reforms, most notably of the British economy and its relations with its colonies. However, they also argue that reforms are more likely to be successful if they are undertaken with an awareness of the value of received arrangements. They view the *status quo* as a foundation to be built upon, rather than an obstacle to be torn down.

Chapter 6: **“A Controlling Power upon Will and Appetite”**

Freedom and Power (Part I)

6.1 Introduction

This study is concerned with the extent to which Burke and Smith can be regarded as complementary political and economic theorists. We are not only interested in establishing the degree to which their ideas overlap, but the degree to which they extend each other's thought and fill in the holes in each other's works. The four preceding chapters were concerned with the aspects of Burke and Smith's thinking that might be considered their “philosophy”: their ideas about human nature and human knowledge, which are situated at a high level of abstraction.

At this level, several important similarities emerge. Burke and Smith emphasise human limitations in both the moral and intellectual realms. They argue that people obtain knowledge of the world through their senses, and they deny that true knowledge can be obtained by human rationality operating in isolation. In the realm of social science, they argue that the difficulty of obtaining experiential knowledge is multiplied by the complexity of human institutions. They both suggest that decision-makers should avoid relying too heavily on their own knowledge and rationality in formulating policy. Instead, they argue that policymakers should take advantage of distributed information networks and evolutionary mechanisms: the free market and the price mechanism in Smith's case, and prejudice in favour of settled political arrangements in Burke's.

There are also several ways in which Smith and Burke's foundational philosophies could be considered complementary. Smith's analysis of human nature and moral psychology is richer and more extensive than Burke's, while Burke states his epistemological assumptions more clearly than Smith does. Their analysis of human institutions differs in emphasis and scope: Smith's proposed economic reforms assume the existence of a stable constitutional framework of the sort envisaged by Burke. Most importantly, Smith's conception of the marketplace depicts a network in which information is distributed across space: different

people, living in different parts of the world, have specialised knowledge about their own material needs and preferences. This information is communicated over long distances by means of the price mechanism, which allows producers and consumers to coordinate their actions and make rational decisions. By contrast, Burke's mechanism of tradition operates not on the spatial level, but on the historical level. In Burke's system, the problem is not that knowledge is distributed over large parts of the world, but across multiple generations in time. By overlaying these two systems on top of each other, we get a fuller understanding of the problem of information dispersal than we would from either theorist alone.

In Chapter Eight, we shall explore the ways in which these concepts were applied to matters of government policy. First, however, I wish to consider Burke and Smith's work from a different angle: in terms of their writings on freedom and power.

Freedom and power are the two basic ingredients that, in varying mixtures, constitute every political system in the world. Oakeshott (2004:235) describes freedom and power as "the positive and negative poles of social life", and observes that "both forms of activity appear in social life; and both are unavoidable... almost every occasion presents itself as a mixture of freedom and submission". These concepts are connected to both abstract ideas about politics and to the concrete business of governance, and can therefore be said to exist in a sort of middle-ground between philosophy and policy. "Freedom" and "power" are, in one sense, idealised abstractions that are used to describe very broad categories of human behaviour. But they are also concepts that exert a strong hold on the imagination, and shape the way we think about matters of policy. Revolutions have been rallied by calls for freedom, and wars have been waged with an eye towards extending and entrenching power. In both cases, the aim is to change the practical circumstances under which people live.

In the 18th century, more so than in many other periods of history, the meaning of these ideas was contested. Revolutions were fought under the banner of liberty in North America and France, but there were important differences in the way in which the idea of freedom was understood. Europeans valued "liberty", in its various forms, in their own societies, but they were less willing to extend these privileges to the colonies they controlled abroad. At the same time, the emergence of capitalism as the dominant form of economic organisation created perplexing new questions: How much freedom should landed aristocracy give to the rise of the new commercial middle-class? To what extent should government regulate the

freedom to own property or conduct transactions? It is necessary to understand what Smith and Burke thought about these issues, which were some of the most important and disputed political questions of the time.

In this chapter, we shall consider Edmund Burke and his writings on questions of freedom and power. In Chapter Seven, we shall consider Adam Smith's views on the same issues, and compare them to each other.

6.2 Edmund Burke's Conception of Freedom

Burke is not primarily known as a philosopher of freedom. When Europe was propelled into a state of revolution by the call for liberty, Burke was among those who tried to push back the tide. In doing so, he aligned himself with princes, aristocrats, and other crowned heads of Europe who were committed to absolutism. Nevertheless, Burke's whiggish belief in human freedom pre-dated his opposition to the French Revolution, and continued to exert a powerful influence on his thinking in the Revolution's aftermath. Burke's writings, including those that were authored post-1798, are heavily suffused with appeals to liberty as a positive virtue. Perhaps the most striking example of this tendency is found in the final paragraphs of the *Reflections*. In his summation, Burke steps outside of his own authorial voice and briefly describes himself in the third person. From this paragraph, it would appear that liberty (and the idea of himself as an advocate of political liberty) was an important part of Burke's self-image:

I have little to recommend my opinions, but long observation and much impartiality. They come from one who has been no tool of power, no flatterer of greatness; and who in his last acts does not wish to belie the tenor of his life. They come from one, almost the whole of whose public exertion has been a struggle for the liberty of others; from one in whose breast no anger durable or vehement has ever been kindled, but by what he considered as tyranny; and who snatches from his share in the endeavours which are used by good men to discredit opulent oppression, the hours he has employed on your affairs; and who in so doing persuades himself he has not departed from his usual office (RRF 212).

How seriously should we take Burke's evaluation of himself as an advocate of political liberty? To a large extent, this depends on how the concept of liberty is defined, but Burke himself usually evades this question. Kriegel (1980:341) suggests that Burke's reluctance to

define the concept of liberty too precisely is in keeping with his general distrust of abstract ideas in politics. “Abstract Liberty,” Burke writes, “like other mere abstractions, is not to be found” (TPD 142). In Burke’s initial *Letter to Charles-Jean-François Depont* (1789) (to whom he would later address the *Reflections*), he observes that “of all the loose terms in the world, liberty is the most indefinite” (LCD 16). As is the case with many concepts that Burke employs in his writings, liberty is understood as a contingent value rather than a fixed principle, and its value is heavily coloured by the circumstances in which it is used (RRF 66).

Nevertheless, several significant aspects of Burke’s views on individual liberty can be discerned. Burke was a member of the Whig Party, and within the framework of Whig political theorising liberty was generally conceived as the absence of an arbitrary power within a society (Raeder 1997:71). Whig opposition to arbitrary power had evolved over more than a century, was crystallised by the Glorious Revolution of 1688, and eventually became one the party’s more significant unifying political principles. Raeder (1997:71) suggests that much of Burke’s political activity as a member of parliament consisted of attempts to translate these Whig ideals into practical policy reforms. In light of this, she argues, Burke’s political theory must be understood within the context of the “Whig conception of liberty”, which she describes as “freedom from arbitrary (that is, ‘ruleless’) coercion, whether emanating from the crown, the parliament, or the people” (Raeder 1997:71).

There is ample textual evidence of Burke’s opposition to arbitrary power. In *Reflections*, Burke writes that “[t]he vice of the antient democracies, and one cause of their ruin, was, that they ruled, as you do, by occasional decrees, *psephismata*. This practice soon broke in upon the tenour and consistency of the laws; it abated the respect of the people towards them; and totally destroyed them in the end” (RRF 187). Elsewhere, he observes that “arbitrary power is so much to the depraved taste of the vulgar” (ANW 104), and states “I do not believe that men ever did submit, certain I am that they never ought to have submitted, to the arbitrary pleasure of one man” (LCD 17). The accusation of “arbitrary tyranny” is one that Burke repeatedly levels against the French revolutionaries (RRF 113, 162, 172, 189). From Burke’s perspective, the French Revolution created a system of “popular arbitrary power”, which he regards as no less dangerous and no more legitimate than the “single arbitrary power” of an absolute monarch (RRF 77-78).

For Burke, the concept of liberty is therefore linked to the principle of rule of law. In several important respects, this is a rather narrow conception of liberty. Certainly, Burke does not seek to remove coercive authority from society altogether. Nor does he adhere to a “positive” definition of liberty which aims to fulfil human potential, or to give as many people as possible a share of the sovereign power of the state (Raeder 1997:72). He also does not believe that it is possible or desirable to lay out a set of ahistorical freedoms that human beings are entitled to by virtue of being human. For Burke, a society that preserves liberty is one where coercive authority is bounded by a set of rules that are predictable, consistent and just. The establishment of rules and procedures is the process by which sovereign power is rendered safe, and citizens are liberated from the whims of both individual rulers and popular majorities.

An important element of the Whig conception of liberty was legal equality: the idea that in a society governed by rules, these rules should apply to everyone. In his *Letter to the Sheriffs of Bristol*, Burke makes a discussion between “partial” and “general” forms of liberty. While Burke does not believe that liberty should be absolute and unrestricted, he does make the argument that liberty should be “general”: something that is enjoyed by all the subjects of a state, and not selectively deprived from certain classes of citizens. The political context for this argument was the Suspension Clause of 1777, which sought to suspend the protections of *habeas corpus* from sailors who had travelled out of the country. From the perspective of Lord North’s government, this was a necessary measure in order to prosecute the burgeoning war in North America, and the restriction on liberty that it entailed was not particularly onerous since it fell upon only a small group of people (Halliday & White 2008:650). Burke strongly disagrees with this:

Liberty, if I understand it at all, is a *general* principle and the clear right of all the subjects within the realm or of none. Partial freedom seems to me a most insidious mode of slavery. But, unfortunately, it is the kind of slavery the most easily admitted in times of civil discord, for parties are but too apt to forget their own future safety in their desire of sacrificing their enemies. People without much difficulty admit the entrance of that injustice of which they are not to be the immediate victims (LSB 146).

Burke’s concern for “general” liberty is ultimately a political argument, not a philosophical one. Burke is not concerned with the precise form that liberty should take within a society; however, he is very concerned with the manner in which existing customary liberties (such as

habeas corpus) should be preserved and protected against hostile political coalitions. Having observed that people are more likely to consent to the reduction of other people's liberty than their own, Burke concludes that it is beneficial for a state to be constituted in such a way that the same liberties apply to all. Such a legal regime ensures that in most situations there will be a majority faction that will be incentivised to oppose any reduction in liberty. Thus, the aspect of the Suspension Clause that Lord North considered to be its chief virtue – the fact that it affected only a small group of people – was in Burke's eyes its chief evil.

Indeed, in Burke's view, if the necessities of war truly demanded that *habeas corpus* be temporarily suspended, it would be preferable to apply this suspension to the entire population of England rather than surrender the principle of formal equality and establish a system of "partial liberty" (Halliday & White 2008:651). The former would at least generate political opposition that would eventually return the country to a stable equilibrium: it would be a cause for "universal alarm" and "would become every man's immediate and instant concern" (LSB 147). By contrast, Lord North's proposal would set a dangerous precedent, which would eventually result in the erosion of liberties in piecemeal fashion. "[T]he true danger," Burke argues, "is when liberty is nibbled away for expedients and by parts" (LSB 147).

Burke's views on rule of law and the perils of arbitrary power are closely linked to his views on human nature and morality. As we saw in Chapter Two, these views share important similarities and influences with the moral-sense theories of Scottish enlightenment philosophers such as Adam Smith. The picture of human nature that Smith paints in the *Theory of Moral Sentiments* and the *Wealth of Nations* is one of human beings driven by self-interest and self-love, instincts which are only partially tempered by sympathy and moral imagination. If this is the view of human nature that inspires Burke, it is not surprising that he regards the existence of arbitrary power as a corrupting influence, both on society and those who wield it. Burke is simply not willing to trust anyone, including a legitimate hereditary monarch, with the ability to wield political power on a whim. For Burke, this issue sometimes takes on a religious dimension:

It would be hard to point to any error more truly subversive of all order and beauty, of all the peace and happiness, of human society, than the position, that any body of men have a right to make what laws they please; or that Laws can derive any authority from their institutions merely

and independent of the subject matter. No arguments of policy, reason of State, or preservation of the Constitution, can be pleaded in favour of such a practice... All human Law are, properly speaking, only declamatory; they may alter the mode of application, but have no power over the substance of original justice (TP 350-351).

In this context, Burke identifies and explicitly rejects the power politics of Hobbes, which he describes as having been “frequently and... ably refuted” (TP 350). By contrast, he associates his own views with the Ciceronian doctrine of natural law. “[O]f all things”, he writes the “most truly absurd” was “to fancy that the rule of justice was to be taken from the Constitutions of Commonwealths or that Laws derived their authority from Statutes of the People the edicts of Princes or decrees of Judges”. There is no power on earth which is capable of making just that which is unjust.

Burke’s views on natural rights is an interesting topic in its own right, and one which we shall return to. However, it is important to locate Burke’s rules-based liberalism and his opposition to arbitrary power within the context of his political career, and for this we must look to Burke’s writings on the British colonies: Ireland, India, and North America.

6.3 Colonial Liberty and Reform

Prior to the French Revolution, Burke’s most important contribution to British politics was his consistent defence of the liberty of the colonies. Burke was not an anti-colonialist; on the contrary, according to Lakoff (1998:449), he “believed that colonialism was a legitimate enterprise” that “contributed to the strength” of the nation. In the context of 18th century British politics, opposition to the empire itself was a position far outside of the mainstream political consensus. Nevertheless, Burke argued tirelessly (and usually unsuccessfully) for a more “civil” and moderate form of imperial governance, which would take more cognisance of local traditions and offer more autonomy to colonised peoples. Burke argued throughout his political career that Empire’s own self-interest would be best-served by adopting a more enlightened form of governance; that the failure to do so would lead inevitably to resistance and war (Bourke 2000:455).

One of the main differences between Burke and his fellow members of the English political establishment was that Burke, having grown up in Ireland, had first-hand experience with the

reality of imperial governance. Burke had a keen sense of sympathy for his fellow Irishmen, who had been deprived of many of their basic liberties by the Penal Laws of 1694 (Attarian 1997:37). Gibbons (2003:22-23) argues that the political tensions in Ireland during the period in which he wrote his *Philosophical Enquiry into the Sublime and Beautiful* had a strong psychological impact on Burke's later works. In particular, Gibbons argues that the heavy-handed tactics employed by the Irish authorities, including the widespread and relatively indiscriminate use of public executions, inspired Burke's account of the primacy of pain over pleasure in his *Philosophical Enquiry* and instilled in him a longstanding revulsion against the use of violence as a tool in politics that would later inform Burke's criticism of the Jacobins.

Burke lays down his comprehensive views on the Irish question in his *Tracts on the Popery Laws* (1765), which can be seen as an early example of anti-imperialist political writing. Though Burke does not attack the legitimacy of British imperial project itself, he does argue that specific form of imperial governance that existed in Ireland had degenerated into a corrupted form of imperialism that was urgently in need of repeal. Burke's main argument against the Irish administration was that it had failed to pursue the general advantage of everyone in society (Bourke 2000:454). This argument is premised on Burke's view of the proper role of government, which Bourke (2000:455) contrasts with those of Hobbes. Whereas Hobbes regards government as a conglomeration of power both in form and in purpose, Burke believes that the proper and legitimate purpose of government is to pursue the common interest of society. This is a theme to which Burke returns to on several occasions throughout his work. In the *Reflections*, for example, Burke rejects the argument that the British constitution allows kings to be cashiered for misconduct, on the grounds that this would lead to perpetual instability in government (RRF 78). However, Burke nevertheless acknowledges that "Kings, in one sense, are undoubtedly the servants of the people, because their power has no other rational end than that of the general advantage" (RRF 79).

According to Burke, it is this "general advantage" that the Irish Parliament in Dublin had failed to pursue. Instead, it had enshrined the particular interests of the Protestant political establishment in the constitution of the state itself. The result was that a "factional interest became the occasion for a radical subversion of all public benefit: the security of the established religion was pleaded against the security of the Catholic landed interest, a partial good set against the general good, and fundamental equity... suspended" (Bourke 2000:455).

Burke's sympathy for colonised peoples, coloured by his experiences in Ireland, ultimately led him to commit to an epic political battle: his seven-year attempt to impeach Warren Hastings, the British Governor-General of India (Attarian 1997:39). British imperial governance in India had been established under the auspices of the East India Company, and in Burke's opinion its rule had devolved into undisguised mercantile despotism (Bourke 2000:459). In this regard, the Company's administration was worse than the rule of the Irish Parliament in Dublin; it could not even be said to be pursuing the partial advantage of any part of Indian society, and instead engaged in governance with a purely instrumental regard to its own enrichment. Burke spent years trying to reform this system, attempting to strengthen Parliamentary oversight of the Company and proscribe its worst excesses (Greenburg 2002:10). He exerted a major legislative influence on Charles Fox's East India Bill of 1783, which was designed to "convert the management of Indian affairs from a commercial to a judicial administration" (Bourke 2000:459). He argued in its defence: "If we are not able to contrive some method of governing India *well*, which will not of necessity become the means of governing Great Britain *ill*, a ground is laid for their eternal separation" (SFI 62).

Ultimately, Burke's arguments did not persuade his peers, and the East India Bill failed to secure passage. This triggered the collapse of the Fox-North coalition, and prompted Burke to shift from a legislative strategy to a legal one. He waged a long and unrelenting campaign to prosecute Warren Hastings, the individual who had done more than any other to extend and entrench the Company's political control in the subcontinent, for corruption and mistreatment of the local population (Lakoff 1998:449). Burke's grievances were numerous (Bourke 2000:459). He argued that the East India Company had reversed the normal course of constitutional development, in which commerce takes place and grows within a sphere that is protected by politics, and replaced it with a perverted system in which the political governance was made subordinate to the interests of a commercial monopoly. It had no effective checks or balances on its administrative power. Its members had no spirit of public interest to guide them towards benevolent rule; they were wholly motivated by private advantage (Bourke 2000:460). Burke's closing speech in the House of Commons lasted four days, and was reputedly Ciceronian in its oratorical power (Attarian 1997:39). Nevertheless, the House of Commons once again refused to countenance any restriction upon the imperial project in India, and Hastings was acquitted (Greenburg 2002:10).

Burke's efforts to promote reform and restraint in colonial governance were likewise unsuccessful in the case of North America. On the North American question, as in the cases of Ireland and India, Burke's role is somewhat ambiguous. As an imperialist and a member of the British Parliament, Burke accepts the legitimacy of British imperial rule and regards British sovereignty as being, in principle, absolute (Lakoff 1998:449). In practice, however, Burke had considerable sympathy for the Americans (Hart 1967:222, Greenburg 2002:9), and his stance on British sovereignty is tempered by his overriding concern for practicality and contingent necessities in politics (Bourke 2000:455). In his *Speech on Conciliation with America* (1775), Burke argues that abstract rights of sovereignty are a poor basis for practical policymaking:

Perhaps, sir, I am mistaken in my idea of an empire, as distinguished from a single state or kingdom. But my idea of it is this: that an empire is the aggregate of many states, under one common head, whether this head be a monarch or a presiding republic. It does, in such constitutions, frequently happen (and nothing but the dismal, cold, dead uniformity of servitude can prevent its happening) that the subordinate parts have many local privileges and immunities [...] The question with me is, not whether you have a right to render your people miserable, but whether it is not your interest to make them happy. It is not what a lawyer tells me I may do, but what humanity, reason, and justice tell me I ought to do (SCA 45-49).

The political context for the war in North America was the British conquest of Canada, which depleted the British treasury and encouraged the government of George III to recoup its expenses by taxing the American colonies (Attarian 1997:38). Parliament passed a series of taxes, beginning with the Stamp Act of 1765, which were bitterly resented by the colonists and resulted in civil disobedience. When Parliament tried to enforce these measures through the use of military power, it triggered an armed rebellion in New England.

Throughout this period, Burke argued in favour of conciliation, moderation, and the preservation of what the colonists considered to be their traditional liberties and privileges. In Burke's view, sensible policymaking must take into account the history, manners, established tastes and preferences, and culture of the society that it aims to serve. The culture that prevailed in the North American colonies was, in Burke's view, a culture that valued liberty, and British imperial policy ought to respect these circumstances:

[T]here is still behind a third consideration concerning this object, which serves to determine my opinion on the sort of policy which ought to be pursued in the management of America, even more than its population and its commerce—I mean its temper and character. In this character of the Americans a love of freedom is the predominating feature, which marks and distinguishes the whole; and, as an ardent is always a jealous affection, your Colonies become suspicious, restive, and untractable, whenever they see the least attempt to wrest from them by force, or shuffle from them by chicane, what they think the only advantage worth living for. This fierce spirit of liberty is stronger in the English Colonies, probably, than in any other people of the earth, and this from a variety of powerful causes, which, to understand the true temper of their minds, and the direction which this spirit takes, it will not be amiss to lay open somewhat more largely (SCA 32).

Furthermore, this spirit of liberty tended to manifest itself, primarily, in the form of political opposition to unjust forms of taxation:

The Colonists emigrated from you when this part of your character was most predominant; and they took this bias and direction the moment they parted from your hands. They are, therefore, not only devoted to liberty, but to liberty according to English ideas and on English principles. Abstract liberty, like other mere abstractions, is not to be found. Liberty inheres in some sensible object; and every nation has formed to itself some favorite point which, by way of eminence, becomes the criterion of their happiness. It happened, you know, sir, that the great contests for freedom in this country were, from the earliest times chiefly upon the question of taxing (SCA 32-33).

For Burke, liberty and custom often go hand in hand. Indeed, the freedom to maintain valued customs and traditions is an important form of liberty in its own right. In Ireland, this meant religious liberty; in India, it entailed freedom from the arbitrary power of the East India Company; and, in North America, it meant freedom from unrepresentative taxation.

6.4 Self-Restraint and the Limits of Freedom

When Burke's public record is viewed in totality, there is much to support his assessment of himself as one "whose public exertion has been a struggle for the liberty of others". Burke was indeed an exponent of liberty in his political writings, and while his arguments in this regard are not nearly so rigorous as those of other theorists such as Locke, Rousseau, or the English utilitarians, there is more than ample evidence that Burke shared the Whig Party's distaste for arbitrary power. In terms of public policy, Burke was a strong and consistent advocate of liberalising reforms for the various colonies that found themselves under British

imperial governance, often in the face of overwhelming opposition from the English political establishment.

Altogether, this is arguably enough evidence to situate Burke within the liberal tradition of European political philosophy, as his party affiliation would tend to suggest. Nevertheless, Burke's position within the liberal tradition is not an uncomplicated one. The reason for this is Burke's body of writings in the aftermath of the French Revolution, in which he critiqued the revolutionaries' conception of liberty and increasingly explored the limits of freedom. In reality, Burke's conception of freedom was always tempered by his epistemological scepticism, the full implications of which were probably not appreciated by Burke's colleagues on either side of the House of Commons until after 1789. This is why Burke is able to support the principle of liberty in his speech on American taxation, while still claiming that liberty as an abstract concept does not really exist. Despite this, the sight of Burke opposing the French Revolution was a jarring one to his political allies, and Burke became increasingly isolated from his own party. In 1791, after a debate in the House of Commons degenerated into an ugly argument over the French Revolution, Burke dramatically broke ranks with the Whig Party and permanently severed his friendship with Charles Fox (Hart 1967:222).

From Burke's perspective, he had remained consistent; the world had moved around him. His erstwhile allies had merely failed to perceive the world-historical consequences of the French Revolution. But while Burke was probably correct in this assessment, there is undeniably a shift in emphasis in his post-Revolution writings. In his earlier texts, Burke seems to take his own conception of liberty almost for granted, and only on rare occasions does he argue from philosophical first principles. By contrast, in his later writings Burke faces a different conception of liberty that rivals his own, which has the effect of forcing him to defend his own conception more explicitly. In addition, Burke's later writings are more strongly informed by his scepticism of human rationality, and are therefore more concerned with limitations and qualifications that are necessary for liberty to survive. In order to have a full understanding of Burke's views on liberty, it is necessary to elaborate upon these qualifications.

In the first place, liberty is qualified by duty. Burke observes that marriage, for example, is an agreement that we enter into voluntarily, but once we do so we acquire duties that ought to be

performed faithfully (Pappin 1993:157-158). Marriage is not perfectly analogous to citizenship, not least because marriage is explicitly a contract, while citizenship is at best an implied contract that is renewed by our continued acquiescence to the *status quo* (Kirk 1951:445). Nevertheless, Burke does regard citizenship as an arrangement that entails positive duties of its own. Notably, Burke places a great deal of emphasis on self-restraint; the ability of human beings to temper their passions and will to power, and behave civilly towards one another (Pappin 1993:161). Burke does not consider self-restraint to be an onerous loss of freedom, but rather as a necessary precondition for liberty to exist in a social setting. Unlike later thinkers such as Freud, who equates self-restraint with repression (Hart 1967:229-230), Burke regards it as a form of human rationality which enables human beings to live together in diverse and free societies without collapsing into disorder and violence. The clearest statement of this view can be found in Burke's *Letter to a Member of the National Assembly* (1791):

Men are qualified for civil liberty, in exact proportion to their disposition to put moral chains upon their own appetites; in proportion as their love to justice is above their rapacity; in proportion as their soundness and sobriety of understanding is above their vanity and presumption; in proportion as they are more disposed to listen to the counsels of the wise and good in preference to the flattery of knaves. Society cannot exist unless a controlling power upon will and appetite be placed somewhere, and the less of it there is within the more there must be without. It is ordained in the eternal constitution of things that men of intemperate minds cannot be free. Their passions forge their fetters (LMN 585).

This is not a new argument: Burke is one of many philosophers, in a tradition stretching back to Plato, to make a normative judgement that human beings ought to temper their appetites for pleasure with reason, restraint and prudence. It is significant, however, that Burke associates self-restraint, not merely with virtue or justice, but with liberty. The liberty that Burke refers to is liberty from the coercive power of the state, especially when exercised in an arbitrary fashion, rather than liberty from social rules and restraints altogether. Burke assumes that some degree of restraint of human passions is necessary for society to function, and the only viable alternative to self-restraint is therefore the exercise of control over the population through coercive means. He regards the former alternative as the liberty-maximising option.

Why does Burke consider a “controlling power upon will and appetite” to be necessary for the existence of society? Burke is concerned with the same fundamental problem that animated Hobbes: the danger that the citizens of a state, freed from the restraints of government and society, might exercise their liberty in a manner that infringes on the liberty of other citizens. In this context, it is worthwhile to consider the more precise definition of freedom that Burke offers in his *Letter to Charles-Jean-François Depont*:

The liberty I mean is social freedom. It is that state of things in which liberty is secured by the equality of restraint. A constitution of things in which the liberty of no one man, and no body of men, and no number of men, can find means to trespass on the liberty of any person, or any description of persons, in the society. This kind of liberty is, indeed, but another name for justice (LCD 18).

By “equality of restraint”, Burke refers once again to the rule of law. By subjecting every member of society to the same set of basic restrictions, everyone is able to enjoy a minimum standard of liberty. This compares favourably to life in a hypothetical state of nature, in which some individuals would enjoy considerably more liberty due to their innate personal characteristics, but most would possess far less real liberty than they enjoy under a system of organised law. In *Reflections*, Burke describes a state of nature as a society in which human beings have the freedom to serve as their own judges, rather than being constrained by administrative justice (Kirk 1951:446). By necessity, participation in society requires that we surrender this liberty:

One of the first motives to civil society, and which becomes one of its fundamental rules, is that no man should be judge in his own cause. By this each person has at once divested himself of the first fundamental right of uncovenanted man, that is, to judge for himself, and to assert his own cause. He abdicates all right to be his own governor. He inclusively, in a great measure, abandons the right of self-defence, the first law of nature. Men cannot enjoy the rights of an uncivil and of a civil state together. That he may obtain justice he gives up his right of determining what it is in points the most essential to him. That he may secure some liberty, he makes a surrender in trust of the whole of it (RRF 98).

Thus, Burke’s conflation of liberty with justice in his *Letter to Charles-Jean-François Depont* is rendered intelligible: a just society is one that preserves a minimum standard of liberty for each citizen by preventing the encroachments of other citizens. Such encroachments may take various forms, and in the most extreme sense in which citizens can

be said to infringe upon the liberty of each other, the case of violent crime, Burke's observations appear to be obviously and trivially true. There is no society on earth that does not at least attempt to restrict the freedom of its citizens to inflict physical violence or harm upon each other. However, it is fair to speculate that Burke means something more than mere crime prevention when he says that society requires a "controlling power" to be placed on human "will and appetite" (LMN 585). In *Letters on a Regicide Peace*, Burke observes that human society is structured in such a complex and tightly-knit fashion that any course of action by any individual will inevitably have some effect on other people:

As to the right of men to act any where according to their pleasure, without any moral tie, no such right exists. Men are never in a state of total independence of each other. It is not the condition of our nature: nor is it conceivable how any man can pursue a considerable course of action without it's having some effect upon others; or, of course, without producing some degree of responsibility for his conduct. The situations in which men relatively stand produce the rules and principles of that responsibility, and afford directions to prudence in exacting it (LRP 79-80).

This potential for harm is the reason Burke insists that "liberty without wisdom, and without virtue" is "the greatest of all possible evils; for it is folly, vice, and madness, without tuition or restraint" (RRF 210). All decisions that are exercised without restraint in a complex and interdependent society have the potential to cause unforeseen harm. The implications of this argument are potentially authoritarian, even totalitarian; if every action is a potential source of harm, then every action is a legitimate object of regulation or restriction by the community. But this is not Burke's object; as we have seen in Chapter Four, Burke emphasises the complexity of society and is sceptical of the rationality of individual decision-makers. Furthermore, Burke's remarks in his *Letter to a Member of the National Assembly* reveal that he is concerned not only with legal restrictions on liberty, but with cultural norms and self-restraint.

The implication is that good citizenship permits the exercise of negative liberty, but also requires a positive duty of politeness, civility, and respectful manners towards fellow citizens. If the majority of citizens accept the legitimacy of these duties and agree to be bound by them, then a free society is capable of tolerating a small minority that is less inclined towards self-restraint. This is the situation that Burke considers ideal, for it combines both liberty and order. However, in order to persist, this balanced approach to liberty requires both the careful maintenance of the state's social norms, and the widespread acceptance of those norms by the

citizens (Graham 1972:33-34). If this consensus breaks down and loses legitimacy, the state may respond by mandating compliance with rules that were previously voluntary. In extreme cases, such a breakdown may signal the failure of the state itself.

In the period of history since Burke wrote his *Reflections*, history has witnessed the establishment of several highly-authoritarian political systems, and the breakdown of several existing political systems into failed states. In some cases, both circumstances have befallen the same states. Several historians and political theorists have noted the tendency of states, once social order has broken down, to swing wildly between chaotic and anarchic liberty, and highly restrictive forms of authority (see for example Kokaz 2001:10, Adam 1992:19-20, Mazrui 1980:44-45, Hu 2000:2). Such events would not have surprised Burke, whose own writings and reforms are focussed on avoiding such an outcome. His goal is the establishment and maintenance of a “free government”, a constitutional order that would “temper together these opposite elements of liberty and restraint in one consistent work” (RRF 210). This goal was pursued in the English Parliament, where Burke argued for reforms and policies that would increase liberty in both England and the colonies. In terms of political theory, however, Burke’s arguments on the relationship between liberty and restraint remain his most important and original contribution to liberalism.

6.5 Burke on Power and Prescription

In all of this, there still remains the other side of the equation: political power, which forms the “negative pole” of social life in Oakeshott’s turn of phrase. To some degree, all political theorists have been forced to grapple with existence of political power, and the questions this raises: Where does it come from? Why does it exist? How should it be limited?

Both Burke and Smith, like all their contemporaries and perhaps everyone since then who has had reason to consider these issues, were influenced by the work that is arguably the most important book on political power ever written: *Leviathan*, by Thomas Hobbes. Burke’s *Reflections* were written more than a century after *Leviathan* was published, but as the first political theorist to create a comprehensive justification for the state that was grounded in purely secular arguments, the shadow of Hobbes’ continued to loom large. This is not to say that Burke himself is a Hobbesian. Raeder (1997:84) points out that Burke’s belief in natural law (TP 351) sets him at odds with Hobbes’ legal positivism. In his earliest published work,

A Vindication of Natural Society, Burke praises Machiavelli and Hobbes, and produces a long list of casualties from various wars to prove that violence and power politics are the essence of international relations (Vincent 1984:208). However, since the *Vindication* is generally considered to have been a parody of Bolingbroke rather than a sincere statement of Burke's own views (Taylor 2001:221, Pagano 1985:441), it serves as "a guide perhaps only to where Burke did not stand" (Vincent 1984:206).

Burke does, however, acknowledge the role of violence and power in human affairs. In the late stage of his own political career, he was an enthusiastic advocate for war against Revolutionary France (Vincent 1984:209). Burke admits that war is sometimes necessary, and argues strenuously that the war against Revolutionary France is such a case. From Burke's perspective, it is the ideology of the Jacobins that represents the greatest threat. It is a "Colossus which bestrides our channel. It has one foot on a foreign shore, the other upon the British soil. Thus advantaged, if it can at all exist, it must finally prevail" (LRP 48). In this account, the mere existence of a Revolutionary regime in France is a threat to the existing constitutional order in Britain, which justifies the use of coercive force.

Just as international politics sometimes requires the use of coercive force, so too does the existence of a domestic political order require the capacity for coercive policing power. As we have seen, Burke emphasises the civic virtues of self-restraint and politeness, arguing that a society in which these virtues are inculcated is less likely to fall victim to arbitrary rule. Nevertheless Burke does acknowledge, in every state, the necessity of some degree of coercive power:

Society requires not only that the passions of individuals should be subjected, but that even in the mass and body, as well as in the individual, the inclinations of men should frequently be thwarted, their will be controlled, and their passions brought into subjection. This can only be done by a power outside of themselves (RRF 98).

To speak of coercive power, however, is to raise new questions. Where does this power come from, and more importantly, how is it legitimated? Is there any reason to conceive of the state as something more than merely the largest and most well-armed of criminal gangs? Burke has a novel answer to these questions: he believes that the state derives its power and legitimacy from prescription. Burke is not a social contract theorist, at least not in the conventional sense.

He is uncomfortable with the Lockean idea that the state receives its authority from the rational consent of the governed. Instead, Burke believes that political institutions acquire legitimacy over time, from the force of history itself.

In doing so, Burke created the theory of political obligation that arguably fits best with the psychological reality of how people actually experience life within a sovereign state. All existing forms of political power begin with an act of usurpation if we go back far enough in time. Every legitimate king is the descendent of one who seized his crown by force; every elected government has a predecessor that was established by war, revolution, constitutional convention, or some combination thereof. And yet, Burke argues that if enough time passes and ownership is not challenged, then this power is transformed into authority, and it takes on a legitimate character. In one of his letters, Burke makes this argument with respect to private property: “Prescription gives right and title. It is possible that many estates were obtained by arms; [...] but it is old violence; and that which might be wrong in the beginning is consecrated by time and becomes lawful” (CEB 577). In *Reflections*, he takes this reasoning one step further by applying it to the state as a whole: “prescription... through long usage, mellows into legality governments that were violent in their commencement” (RRF 161).

In his *Speech On the Reform of the Representation of the Commons In Parliament*, Burke comes close to suggesting that prescription is the only claim to legitimacy that the British constitution enjoys. “Our Constitution,” Burke writes, “is a prescriptive Constitution; it is a Constitution, whose sole authority is, that it has existed time out of mind... Prescription is the most solid of all titles, not only to property, but, which is to secure that property, to Government” (SRP 20). To be sure, Burke’s theory of prescription achieves this solidity largely by ignoring the most difficult and perplexing question that attends any form of ownership, namely: how do we establish justice in the act of initial acquisition? Burke implicitly acknowledges that there is no truly satisfactory answer to this question; only that the alternative would leave human society without any functioning government at all.

Burke argues that at some point, a political system reaches a sufficiently advanced stage that the legitimacy of its founding is of little more than antiquarian interest. In one speech, Burke asserts that “The foundations, on which obedience to government is founded, are not to be constantly discussed” (SPU 49). Similarly, in the *Reflections*, Burke argues that the method by which the monarchies in Britain and France were established tells us nothing that is of

practical value in politics: “[W]hatever kings might have been here or elsewhere, a thousand years ago, or in whatever manner the ruling dynasties of England or France may have begun, the King of Great Britain is at this day king by a fixed rule of succession...” (RRF 71).

It is important to appreciate how innovative this theory was. Among Burke’s contemporaries, the concept of prescription was familiar, but the way in which Burke employed it was not. Most philosophers and legal theorists believed that prescription could only legitimate the transfer of powers or titles that were acquired legally and in good faith. According to Lucas (1968:40), the idea that, given enough time, prescription could also be used to legitimate the titles of usurpers and those acquired in bad faith was unique. He compiles an exhaustive list of almost every major thinker to have considered the issue prior to or contemporary with Burke – Pufendorf, Grotius, Catholic natural law theologians, French legal theorists, English utilitarians, the Scottish common-sense school (including, notably, Adam Smith) – and finds that all of them insist on “good faith” and “just title” as a precondition for prescription (Lucas 1968:41-47). It may be the case, of course, that Burke was simply reacting to unfolding political exigencies more rapidly than contemporaries; that he appreciated the extent to which prevailing political and intellectual trends were calling into question the legitimacy of what had previously been considered solid claims to authority, and sought to strengthen the claims of prescription by widening their scope. Nonetheless, the fact remains that “Burke did indeed write a revolutionary book – one, at least, that revolutionised the meaning of prescription” (Lucas 1968:36).

There are still qualifications that apply even to this widened form of prescription. As Canavan (1973:467-468) notes, Burke’s theory of prescription can legitimate the authority of a good government that inherited its power from an illegitimate government in the distant past, but it does not excuse despotism merely on the grounds that it has existed for a long time. Thus, Warren Hastings claimed that he had acquired arbitrary power legally, from the existing potentates in India, but Burke rejected this argument on the grounds that arbitrary power is an inherently illegitimate form of political rule that cannot be validated by prescription (Canavan 1973:466).

Canavan (1973:465) argues that Burke’s theory of prescription is primarily designed to solve the epistemological problem of uncertain origins that might otherwise threaten the

foundations of stable and beneficial governments. He emphasises the following paragraph, in which Burke explicitly invokes prescription as a solution to a problem of knowledge:

That we are here, supposes the discussion already and the dispute settled. We must assume the rights of what represents the public to controul the individual, to make his will and his acts to submit to their will, until some intolerable grievance shall make us know that it does not answer its end, and will submit neither to reformation nor restraint (SPU 49).

Canavan (1959:465) also summarises Burke's view as arguing that length of time does not imply automatic obedience to every government that is sufficiently old, but it does provide "sufficient proof that the nation has already decided where political authority is to be lodged. This decision is not to be reopened with every new generation, but must be taken as right and binding until an intolerable and irremediable grievance shows the opposite". Canavan views Burke as being fundamentally a natural law theorist, and situates these remarks within a larger theistic framework. But we can just as easily view these remarks as an expression of Burke's evolutionary mechanism for coping with complexity. In the absence of perfect information, Burke suggests, we can safely defer our judgement to previous generations. In response to the question, "Why does a particular government have a legitimate right to use coercive force?"; perhaps the best we can say is that very many people, over numerous generations, have *believed* that it was legitimate, and that must be enough for us.

6.6 Prescription & Individual Rights

In Burke's view, the state is not the only agent in society that possesses rights. Individuals also possess rights, although they are "inherited" rights rather than "natural" rights. Burke is extremely sceptical of the idea that human beings possess abstract and unhistorical natural rights, which exist in every time and place. To create such rights is, in the words of Hart (1967:224), to "construct a battering ram against all normal social relationships". For Burke, the rights of individuals emerge from the same source as the rights of the state: prescription. Political reforms create new liberties which harden into rights over time, and eventually become embedded within the constitutional fabric of the state. Thus Burke supports the Glorious Revolution, which he regards as having been undertaken in order to recover inherited rights which had been unconstitutionally arrogated:

We wished at the period of the Revolution, and do now wish, to derive all we possess as an inheritance from our forefathers. Upon that body and stock of inheritance we have taken care not to inoculate any cyon alien to the nature of the original plant. All the reformations we have hitherto made, have proceeded upon the principle of reference to antiquity; and I hope, nay I am persuaded, that all those which possibly may be made hereafter, will be carefully formed upon analogical precedent, authority, and example (RRF 80-81).

What do these prescriptive rights consist of? Since Burke regards the prescriptive rights of humans as being intrinsically embedded within history and contingent circumstance, he is characteristically unwilling to specify what they are with too much detail (Kirk 1951:445). “[T]he liberties and the restrictions,” he writes, “vary with times and circumstances, and admit of infinite modifications, they cannot be settled upon any abstract rule; and nothing is so foolish as to discuss them upon that principle” (RRF 98). Nevertheless, “[t]he rights of men are in a sort of middle, incapable of definition, but not impossible to be discerned” (RRF 99). Human rights, Burke, suggests, are in reality formalised institutional conventions that are designed to promote the general welfare of society: “If civil society be made for the advantage of man, all the advantages for which it is made become his right” (RRF 97).

If human rights are defined as institutions that promote the general advantage of human beings, it should be possible to identify common principles across different constitutional systems that meet this standard and have attained the status of prescriptive rights. Burke discusses some of these principles in a paragraph that is, perhaps, the closest he comes to laying down a “universal” set of rights that he believes should apply everywhere:

Men have a right to live by that rule [of law]; they have a right to justice; as between their fellows, whether their fellows are in politic function or in ordinary occupation. They have a right to the fruits of their industry; and to the means of making their industry fruitful. They have a right to the acquisitions of their parents; to the nourishment and improvement of their offspring; to instruction in life, and to consolation in death. Whatever each man can separately do, without trespassing upon others, he has a right to do for himself; and he has a right to a fair portion of all which society, with all its combinations of skill and force, can do in his favour. In this partnership all men have equal rights; but not to equal things. He that has but five shillings in the partnership, has as good a right to it, as he that has five hundred pound has to his larger proportion. But he has not a right to an equal dividend in the product of the joint stock; and as to the share of power, authority, and direction which each individual ought to have in the management of the state, that I must deny to be amongst the direct original rights of man in civil society; for I have in my contemplation the civil social man, and no other (RRF 97-98).

We can identify several concrete principles here. As we have seen previously, Burke consistently identifies the rule of law as the most fundamental and important of human rights. He regards it as being intrinsically just that human beings should be governed by the same set of rules that govern their neighbours, and that these rules should be constituted by formal legal processes rather than the whims of an individual. Beyond this basic standard of justice, Burke identifies several other principles in this passage that, he believes, rise to the level of prescriptive rights. Perhaps the most important of these is the right to own property: to inherit possessions, pass them on to others, and buy or sell goods and land without fear of expropriation. A thorough defence of the right to own property, stemming from philosophical first principles, is notably absent from Burke's writings. Nevertheless, Burke clearly considers property to be amongst the most important of human rights, mentioning it numerous times in his political writings (Lakoff 1998:451, Hart 1967:233). We must assume that he considers prescription to provide sufficient justification for the existence of property rights.

By contrast, Burke rejects the egalitarian assumption that human beings have a right to a share of the overall domestic product of the state – a position that accords with his broader scepticism of the state as an agent of distributive justice (Raeder 1997:78). He also draws a sharp distinction between rights and power in a more general sense. Instead, Burke perceives rights in the negative sense, as creating spheres of life in which the power of the state may not intrude. Burke explicitly rejects the alternative conception (which can be traced back to the classical Greeks and which Burke associates with the French revolutionaries) that views rights and liberty as consisting of a share in the sovereignty of the state. Burke worries that widespread exercise of sovereignty by everyone in society will eventually lead to the destruction of other rights, as individuals will rush to exercise their power over each other. Eventually, in a state where such an understanding of rights prevails, the rule of law itself will steadily be eroded, for it will come to be seen as an inconvenience and an impediment on the exercise of personal sovereignty (Kirk 1951:448).

6.7 Gentle Power and the Revolutionary State

We have thus far seen that Burke acknowledges the necessity of a powerful and coercive state, which he regards as being legitimated by prescription. As a counterweight to this, he believes that individuals also possess rights – though they are negative rights rather than

positive rights, with the rule of law chiefly among them – and that these rights are also hardened by prescription. However, there is another sense in which he believes that individuals should be protected against the abuses of power by the state, and this is the characteristically Burkean idea that power should be made “gentle”.

Burke defines “gentleness” in this sense not as a quality of power itself, but rather as the way in which power is perceived by its subjects. “Gentle power” for Burke, is power that has been legitimated by good governance and prescription, is perceived as being valid and authoritative, and is therefore obeyed willingly. Since it is able to secure willing obedience, it need not depend on violent coercion except in unusual and extraordinary cases. For this reason, “gentle power” is not experienced as intrusive or coercive by its subjects, but rather as a set of natural and invisible limitations. Burke emphasises the point that the survival of any state depends on its ability to convert hard power into this form of willing obedience:

Nations are not primarily ruled by laws; less by violence. Whatever original energy may be supposed either in force or regulation; the operation of both is, in truth, merely instrumental. Nations are governed by the same methods, and on the same principles, by which an individual without authority is often able to govern those who are his equals or his superiours; by a knowledge of their temper, and by a judicious management of it [...] (TPD 47-48).

Burke acknowledges that such “gentility” of power is, strictly speaking, an illusion. Whatever pleasing facades are erected to hide the true nature of government, behind it lies the mailed fist of the coercive state. Citizens who do not pay their taxes are arrested and sent to jail; those who resist arrest may be killed. Nevertheless, Burke insists that the idea of a gentle state, illusory though it may be, is a “pleasing” illusion that deserves to be defended. It is this illusion that he accuses the French Revolutionaries of having destroyed:

Never, never more, shall we behold that generous loyalty to rank and sex, that proud submission, that dignified obedience, that subordination of the heart, which kept alive, even in servitude itself, the spirit of an exalted freedom. [...] It was this opinion which mitigated kings into companions, and raised private men to be fellows with kings. Without force, or opposition, it subdued the fierceness of pride and power; it obliged sovereigns to submit to the soft collar of social esteem, compelled stern authority to submit to elegance, and gave a domination vanquisher of laws, to be subdued by manners. But now all is to be changed. All the pleasing illusions, which made power gentle, and obedience liberal, which harmonized the different shades of life, and which, by a bland

assimilation, incorporated into politics the sentiments which beautify and soften private society, are to be dissolved by this new conquering empire of light and reason (RRF 108).

The consequences of removing this “pleasing illusion” are far-reaching. One of the themes that Burke returns to frequently in *Reflections* is his belief – which was ultimately proven to be correct – that the eventual result of the French Revolution would be the establishment of a dictatorship. Burke’s views on power give some indication of why this is the case. From Burke’s perspective, all states must wield some form of power, including a revolutionary state. (Indeed, we might speculate a revolutionary state is probably *more* likely to require power, since it must deal with counter-plots by the remnants of the regime it has displaced.) Furthermore, like any every other state, the revolutionary government of France had to fulfil certain basic functions in order to perpetuate its own existence, such as the levying taxes and maintaining law and order. But the newness of the state made this difficult, as Burke points out in his discussion of the role of the French army in the new state:

The people of Lyons, it seems, have refused lately to pay taxes. Why should they not? What lawful authority is there left to exact them? The king imposed some of them. The old states, methodised by orders, settled the more antient. They may say to the assembly, Who are you, that are not our kings, nor the states we have elected, nor sit on the principles on which we have elected you? [...] To this the answer is, We will send troops. The last reason of kings is always the first with your assembly (RRF 198).

The problem facing the revolutionary state is that, having been newly created and stripped of the prescriptive authority that accumulates over long periods of time, it has no option to be “gentle”. Its power has not yet “mellowed” into authority (RRF 161). When it needs to exercise its power, it cannot do so without making the coercive and violent nature of that power visible for all to see. Thus, according to Burke, the destruction of traditional bonds of authority inexorably forces the state to rely increasingly on coercive force:

Every thing depends upon the army in such a government as yours; for you have industriously destroyed all the opinions, and prejudices, and, as far as in you lay, all the instincts which support government. Therefore the moment any difference arises between your national assembly and any part of the nation, you must have recourse to force. Nothing else is left to you; or rather you have left nothing else to yourselves (RRF 196).

This understanding of power is a large part of why Burke almost invariably prefers the reform of even very problematic political institutions to their complete dissolution. Burke acknowledges that the French monarchy was guilty of “abuses” and had numerous “faults and defects”, but nevertheless argues that it was not “incapable or undeserving of reform” (RRF 138). In Burke’s view, the careful maintenance of the prescriptive authority of the French monarchy would have helped rather than hindered reform, as it would have cemented the legitimacy of the reformist project and reduced the need for violence.

6.8 Conclusion

There are two prominent lines of argument that run through all of Burke’s writings on freedom and power. The first of these is his consistent and deeply-held support for the rule of law. For Burke, “freedom” is defined chiefly as freedom under the rule of law. He considers the right to be judged according to formal and legal processes to be the foremost of all human rights, and considers a good society to be one that practices “equality of restraint” rather than allowing some citizens to exercise coercion over others. The opposite ideal of arbitrary power is considered by Burke to be deeply destructive. He regards existence of arbitrary power as a force that corrodes the state, oppresses those who are subject to it, and corrupts those who wield it. Burke’s critique of British colonial institutions in Ireland and India was, in large part, grounded in his conviction that the rule of law had been subverted in these territories.

The second distinguishing feature of Burke’s writings on freedom and power is the subjective, and indeed almost postmodern, way in which he treats the topic. Burke keenly understands that “freedom” and “power” are not physical objects that can be quantified or measured, but are instead psychological concepts that exist within minds of the individuals who experience them. It is the experienced, lived reality of these concepts that is the primary focus of Burke’s interest, rather than their more concrete expressions that are written down in laws and constitutions of particular states.

Thus we see that Burke is careful to avoid defining either freedom or natural rights too precisely, for fear of losing nuance and context. For Burke, both liberties and individual rights are given meaning by the history and circumstances of the society in which they are exercised. This tendency is clearly visible in his writings on North America. Burke never disputes the prescriptive rights of the British government to levy whatever taxes it pleases on

the colonists, but he argues that the legal rights of the state are of only passing relevance in the dispute. What really matters, Burke says, is the way in which rights and liberties are perceived by those who are affected: whether the colonists believe that they enjoy a freedom from unjust and oppressive taxation; whether such a belief is rational and advances the common good of society; and whether it is prudent for the Parliament to accede to this belief. To all these questions, Burke answers in the affirmative.

Burke argues that the source of all rights and powers, including the rights of individuals and parliaments alike, is prescription. Once again, we may note Burke's keen awareness of how political institutions are experienced by those embedded within them. He avoids relying on abstract, philosophical, theological or power-based theories of political obligation. He is uninterested in the detailed particulars by which regimes were established in the distant past. Instead, he argues that long-standing regimes have legitimacy because people living under them perceive them to have legitimacy. Long-standing regimes in particular are seen as legitimate because they have existed for such a long time that it is impossible for anyone within them to imagine acting outside of existing political institutions. Prescription is also Burke's answer to the epistemological problem of how we obtain knowledge about whether a particular political arrangement is legitimate. In typical fashion, his answer is that we should avoid relying exclusively on individual rationality, and take into account the opinions of successive generations that have lived before us.

Burke argues that individual rights are also determined by prescription, rather than by abstract natural law. To the extent that we can make generalised statements about universal human rights, we should do so by assuming rights are formalised institutions that advance the general welfare of society, and asking ourselves how best this might be achieved. We need not speculate on the rights that individuals would enjoy in a hypothetical utopian society, or try to carve up the sovereignty of the state into small shares that everyone can wield.

Finally, Burke's subjective approach to freedom and power is most visible in his discussions of the limitations and restraints on freedom. For Burke, the existence of a formally free society paradoxically requires that its citizens practice some degree of humility and voluntary self-restraint, which goes beyond the strict legal limitations imposed by the government. Self-restraint is good because it brings stability and cohesion to a society without being perceived as an onerous loss of freedom. This in turn is necessary because a flourishing society

requires good manners and good citizenship, and not merely strict adherence to the letter of the law. The opposite side of the coin is “gentle power”: power that is obeyed willingly because it is seen as legitimate, and is therefore not perceived as invasive. In a state without such a resource, Burke warns, rulers will be continually tempted to rely on violent coercion. This temptation is multiplied in a newly-formed or revolutionary state, which cannot draw upon the wellsprings of prescription.

Burke is not a relativist: he never surrenders his opposition to arbitrary power, even in the face of arguments from prescription not unlike his own. But this is a minimal standard of liberty. Whenever Burke ventures beyond this minimal standard, he almost always argues from the position that the meaning of freedom and power is created by perception, history and circumstance. This subjective understanding of freedom and power contrasts with the views of Adam Smith, which we shall explore in the following chapter.

Chapter 7: “Free In Our Present Sense of the Word”

Freedom and Power (Part II)

7.1 Introduction

In the previous chapter, we explored Edmund Burke’s thinking on the matters of freedom and power. Adam Smith is, of course, also a theorist of liberty, and more straightforwardly so than Burke. Smith was an early and powerful advocate of a particular type of freedom, and one which is still controversial today: economic freedom within the context of the marketplace. With some qualifications, Smith argues that individuals ought to have the freedom to form contracts, buy and sell goods, choose their own profession, dispose of inherited land as they see fit, and import goods from other countries. A well-functioning government, he suggests, will tax the people at tolerably low rates, provide for the common defence, and maintain the legal framework within which the economic system operates.

Smith is of particular interest because so many of his preferred policies were eventually implemented, first in England and later in numerous other states. As is the case with Karl Marx, the ideas of Smith are still with us, and for this reason they are still heavily debated. The translation of Smith's ideas into policy coincided with the origin of what is today referred to as the free market system, which is the dominant paradigm by which economic systems are currently organised. To the extent that the free market system remains a source of political dispute, it can be difficult to extricate him from contemporary debates and situate him in his own time and place.

It is therefore important to appreciate that Smith is not a doctrinaire defender of *laissez-faire* economics. He is something more interesting: a principled defender of economic liberalism who is willing to countenance numerous exceptions to his own principles. These exceptions frequently reveal interesting facets of Smith’s economic and political philosophy, and many of them are deserving of study in their own right. Indeed, many later commentators on Smith have observed that these deviations, taken cumulatively, seemingly have the effect of putting him in conflict with his own acolytes (Rothschild 1992:88-89, Griswold 1991a:53).

Nevertheless, the overall thrust of Smith's argument is undeniably in favour of greater liberty, in both the economic and political spheres. In this chapter, we shall explore these ideas in greater detail, and evaluate the extent to which they are compatible with and complementary to Burke's ideas as presented in Chapter Six.

7.2 Adam Smith's Simple System of Natural Liberty

Smith advocates an extraordinary variety of different economic policies, principles and reforms in the *Wealth of Nations*. While some of these proposals cut in different directions, together they add up to a particular way of thinking about the economy, and a particular plan for improving the well-being of society. Smith refers to this overall system as the "simple and obvious system of natural liberty" (WN2 109). Hutchison (1976:517) argues that this is Smith's terminology for what we could call a "freely-competitive, self-adjusting market model", and that this model forms a "secure but flexible thread" that binds together all of the disparate arguments in the *Wealth of Nations*. In the process, Hutchison makes several other characterisations about this "simple and obvious system" that Smith proposes. First, that *Wealth of Nations* does in fact propose a "system", rather than a set of *ad hoc* policy proposals to address a variety of similar but ultimately unrelated public problems. Secondly, that this system posits that there are "natural" levels of prices and wages that are revealed when competing interests reach equilibrium. Finally, that this system allocates resources more efficiently, and produces higher levels of prosperity, than alternative systems that seek to control prices to a greater degree (Hutchison 1976:517-518).

Hutchison's characterisation of the *Wealth of Nations* as an exercise in system-building might appear to contradict Smith's own critique of the "man of system" in the *Theory of Moral Sentiments*. And indeed, some commentators have argued on these grounds that Smith's two most important works contradict each other (Winch 1983:505). However, it is important to emphasise that Smith's conception of a market-based system of exchange is directly derived from his epistemological views (as described in Chapter Three) and his views on managing human social complexity (as described in Chapter Five). In Smith's view, the system he describes is not a utopian ideal that must be enforced by a controlling power, but is instead the outcome of its constituent actors pursuing their own interests and creating complexity from the bottom up. It is a system brought about by the *absence* of control:

[E]very system which endeavours, either, by extraordinary encouragements, to draw towards a particular species of industry a greater share of the capital of the society than what would naturally go to it; or, by extraordinary restraints, to force from a particular species of industry some share of the capital which would otherwise be employed in it; is in reality subversive of the great purpose which it means to promote. It retards, instead of accelerating, the progress of the society towards real wealth and greatness; and diminishes, instead of increasing, the real value of the annual produce of its land and labour.

All systems either of preference or of restraint, therefore, being thus completely taken away, the obvious and simple system of natural liberty establishes itself of its own accord. Every man, as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest his own way, and to bring both his industry and capital into competition with those of any other man, or order of men (WN2 108-109).

Hutchison (1976:517) observes that this is an appealing idea, in part because it seems to suggest a solution to the pattern of class conflict that has afflicted almost every society throughout history. If Smith is correct, and individual liberty is causally linked to an increase in the general prosperity of society, then it may be said that a natural harmony of economic interests exists between different social classes. This harmony of interests is what Smith's idea of the "invisible hand" appears to suggest. However, other observers have pointed out that this is an overly simplified view of Smith's economic model, and that in actuality Smith emphasises conflict and competition of interests more than he does harmony (Samuels 1973, Bitterman 1940).

Bitterman (1940:518) points out several areas where "Smith did not postulate a harmony of interests but rather emphasised their conflict". For example, the desire of businessmen to establish monopolies conflicts with the interests of consumers and investors; the interests of merchants conflict with other classes; guilds create an artificial scarcity of skilled workers which inflates the price of their labour while harming those who are trapped outside of the guild system; more generally, the interests of workers and employees are at odds with each other. Certainly, Smith does not assume that economic liberty will abolish these conflicts of interest. However, his "obvious and simple" system of natural liberty suggests that a complex economy created by individual actors in conflict with each other will nevertheless produce a fairer and more just outcome than any attempt by the state to pick winners and losers. The restrictions on economic liberty that Smith criticised, such as guilds, entailments, and the various limitations on trade that constituted the mercantile system, were all maintained by

well-organised interest groups that had convinced the government to advance their interests at the expense of the general welfare of the state. As a keen observer of the perverse incentives that characterised the *status quo*, it is unsurprising that Smith would prefer the state to remain impartial in economic matters (Bitterman 1940:518).

7.3 Self-Interested Liberty in the Marketplace

In his writings on economics, Smith's aim is the improvement of the whole of society. This emphasis gives his work a strong, and under-appreciated, element of egalitarianism. Smith argued strenuously in favour of high wages for workers, and against the tendency of businesses to form monopolies and cartels (Winch 1992:110, Rothschild 1992:84-85). He pointedly observed that “[n]o society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable”, and that “they who feed, cloath and lodge the whole body of the people, should have such a share of the produce of their own labour as to be themselves tolerably well fed, cloathed and lodged” (WN1 115). And yet, the “liberty” that Smith describes is negative liberty. Smith's ideal system is one in which “[t]he sovereign is completely discharged from [...] the duty of superintending the industry of private people, and of directing it towards the employments most suitable to the interest of the society” (WN2 109).

Smith is reluctant to support positive discrimination even in cases where previous intervention by the state has had deleterious effects. In his section on the physiocrats, Smith harshly criticises the French government for attempting to increase the wealth of the towns by depressing that of the countryside (WN2 92). This is precisely the sort of unfair and unjust intervention in the economy that Smith criticises throughout the book, but he nevertheless rejects the corrective ideas of the physiocrats, which would favour agriculture over industry. According to Winch (1992:111), Smith believes that his “system of natural liberty” would produce a more egalitarian outcome than *status quo* arrangements, since individuals would be free to choose their profession, move freely from one place to another as opportunities arise, and employ their own capital freely to better their condition. However, Winch argues that “Smith only seeks to remove existing forms of intervention: he does not espouse a positive programme of redistribution” (although he does note that Smith's proposal to tax luxury goods at higher rate than mass-market goods is a partial exception to this principle).

A crucial element of Smith's writings on liberty is the idea that the freedom of individuals to make decisions in the marketplace increases the efficiency and growth of the economy at large. For example, he observes that the freedom to choose a profession allows individuals to pursue the most advantageous form of employment (WN1 130), and argues that it is impossible for the law to lower the rate of interest below equilibrium levels without creating unintended consequences and perverse incentives (WN1 295).

Smith was one of the first writers to realise that, in the absence of a controlling authority, markets often reach a state of equilibrium by themselves. His discussion on the price of cattle provides an illustration of how markets function without government intervention. He observes that since corn and butcher's meat are functional substitutes, and are both produced on a finite quantity of land which can be allocated to either one or the other, a pricing relationship exists between them. As an economy develops, expansion of agriculture reduces the supply of land for the cultivation of cattle, increasing the price of meat and reducing the price of corn. This process continues until it becomes profitable to feed cattle with corn intended for human consumption, at which point the price of both commodities reaches a stable equilibrium (WN1 211-212). In this way, the price of both goods is regulated without the need for external intervention. By contrast, in his section on the physiocrats, Smith explicitly argues that the most significant threat to economic growth comes from government policies that artificially allocate resources to favoured sectors at the expense of the judgement of the market:

[E]very system which endeavours, either, by extraordinary encouragements, to draw towards a particular species of industry a greater share of the capital of the society than what would naturally go to it; or, by extraordinary restraints, to force from a particular species of industry some share of the capital which would otherwise be employed in it; is in reality subversive of the great purpose which it means to promote. It retards, instead of accelerating, the progress of the society towards real wealth and greatness; and diminishes, instead of increasing, the real value of the annual produce of its land and labour (WN2 108-109).

As we have seen in Chapter Three, Smith takes a fairly negative view of human nature in the *Theory of Moral Sentiments*: he views human beings as motivated by self-interest and self-love, our worst instincts being held in check mostly by our fear of disapprobation as seen through the eyes of an impartial spectator. But Smith also recognises that self-interestedness – and in political terms, the liberty to pursue self-interest within the framework of the state –

is a force that drives economic growth. He arrives at this position from inductive reasoning; Viner (1927:210) notes that Smith does not make an *a priori* assumption that the self-interested exercise of liberty is always beneficial to society. Instead, Smith always marshals empirical evidence related to whichever aspect of the economy he is studying at any given time. Nevertheless, he occasionally states this principle in a more generalised fashion. In one particularly famous example, Smith points out that the self-interestedness of businessmen is what provides society at large with the basic necessities of life:

Whoever offers to another a bargain of any kind, proposes to do this. Give me that which I want, and you shall have this which you want, is the meaning of every such offer; and it is in this manner that we obtain from one another the far greater part of those good offices which we stand in need of. It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages (WN1 70-71).

The implication here is that things such as distribution networks for goods and services, competition among businessmen, and the allocation of capital towards new investment projects are all, properly understood, public goods. By giving tradesmen and investors the liberty to pursue their self-interest, the market system allows and incentivises them to produce these public goods. Smith acknowledges, and indeed predicates his analysis upon, the reality that interests of these parties may conflict with each other (Viner 1927:209). Nevertheless, Smith frequently (though not exclusively) returns to the idea that a position of formal neutrality by the state is both the liberty-maximising and efficiency-maximising policy option. For instance, in his discussion on the merits of land taxes, Smith acknowledges that the interests of landlords and farmers are in conflict (Viner 1927:230), but argues that the state's proper role is not to take sides. He argues that the state ought to provide a legal framework within which both parties have the liberty to negotiate and pursue their interests as they see fit:

The principal attention of the sovereign ought to be to encourage, by every means in his power, the attention both of the landlord and of the farmer; by allowing both to pursue their own interest in their own way, and according to their own judgment; by giving to both the most perfect security that they shall enjoy the full recompence of their own industry [...] (WN 2:206).

Beyond these general principles, many of the specific freedoms that Smith advocates are particular to his own time period and legal framework. Smith advocates a variety of policy reforms in order to extend and entrench his system of natural liberty, which Viner (1927:213) argues can be reduced to four broad freedoms: the freedom of individuals to pursue an occupation of their own choosing; the freedom to buy and sell land (including great estates that were held under entail); internal free trade, and most importantly, external free trade (to be brought about by the elimination of the mercantile system). It is interesting to note that Smith's system of natural liberty, stated in these narrow terms, has mostly been implemented. International free trade is an important partial exception, but the other three principles have attained the status of conventional wisdom in most economic systems throughout the world.

There is a lesson here, perhaps, on the dangers of drafting Smith too heavily into present-day debates over economic freedom. Smith does not speak directly to current issues such as the proper rate of marginal taxation; the size and scope of the modern welfare state; the degree to which complex financial instruments should be regulated; the level of protection that the state should afford to intellectual property, and so on. He states general principles, many of which are important and useful; but like Burke, he is willing to make *ad hoc* exceptions in view of particular circumstances. Furthermore, it is also important to recognise that Smith is not exclusively concerned with *economic* liberty. The *Wealth of Nations* is concerned with a broad set of human institutions, not merely economic ones, and Smith is deeply interested in the issue of liberty as it pertains to politics and morality. It is here that many of the nuances in Smith's writings on liberty begin to emerge.

7.4 Liberty in the Realm of Morality and Politics

Rothschild (1992) argues that the economic dimensions of Smith's writings on liberty have been systematically overstated, and that his broader conception of liberty has been incorrectly downplayed. She traces this interpretation to the years immediately after Smith's death in 1790, when England was at war with the revolutionary government in France and the very idea of political liberty was treated with suspicion. In this climate, she argues, Smith was co-opted by the conservative English political establishment (including William Pitt the Younger) (Rothschild 1992:85) that had come to embrace *laissez-faire* economics but was uninterested in Smith's larger programme of political reform. Nevertheless, Smith's support for a wide array of personal and political freedoms is plainly apparent in his writings. She

sums up Smith's view of freedom thus: "Freedom consists... in not being interfered with by others: in any aspect of life, and by any outside forces (churches, parish overseers, corporations, customs inspectors, national governments, masters, proprietors)" (Rothschild 1992:94).

Rothschild, perhaps, exaggerates the extent to which Smith's broad conception of freedom conflicts with that of Burke. And her speculation that Smith, had he lived longer, might have been sympathetic to the French Revolution does not fully take into account the depth of contemporary English revulsion at the reign of terror. Nevertheless, her argument does capture an important truth about Smith's conception of freedom. Earlier writers have made similar observations. For example, Viner (1927:200) observes that Smith believes in "natural liberty" as a moral principle, as well as an efficient one.

There are, however, important intersections between Smith's views on economic and political liberty. It is arguably one of Smith's more important contributions to political thought that he was able to marshal the arguments we associate with microeconomics – the language of incentives and disincentives – to construct a moral and political case for freedom. Smith's defence of smugglers, which occurs within the context of his discussions on import taxes and their effects on trade, serves as a good illustration of his approach to personal and economic freedom:

The high duties which have been imposed upon the importation of many different sorts of foreign goods, in order to discourage their consumption in Great Britain, have in many cases served only to encourage smuggling... [T]he hope of evading such taxes by smuggling gives frequent occasion to forfeitures and other penalties, which entirely ruin the smuggler; a person who, though no doubt highly blameable for violating the laws of his country, is frequently incapable of violating those of natural justice, and would have been, in every respect, an excellent citizen, had not the laws of his country made that a crime which nature never meant to be so (WN2 241-253).

This argument contains all the elements of liberal Smithian political analysis: the analysis of incentives to explain how the state had effectively encouraged the very behaviour that it then sought to punish; the assertion that this violation of liberty contradicts the principles of natural law and justice; finally, a utilitarian argument explaining how the violation of liberty has harmed the interests of society at large. Each of these elements can stand individually, but together they create a more compelling case for social reform.

A similar dynamic is at work in Smith's criticism of slavery (Darwall 1999:152). The force and frequency with which Smith criticises slavery leaves little doubt that he regards it to be a violation of natural justice. For example, he considers the accomplishments of the ancient Greeks to have been blemished by their practice of slavery:

During the age in which flourished the founders of all the principal sects of ancient philosophy... [all the Greek republics were] involved in the most sanguinary wars, in which each sought, not merely superiority or dominion, but either completely to extirpate all its enemies, or, what was not less cruel, to reduce them into the vilest of all states, that of domestic slavery, and to sell them, man, woman, and child, like so many herds of cattle, to the highest bidder in the market (TMS 281).

Smith is similarly harsh when discussing the contemporary institution of European enslavement of Africans:

Fortune never exerted more cruelly her empire over mankind, than when she subjected those nations of heroes to the refuse of the jails of Europe, to wretches who possess the virtues neither of the countries which they come from, nor of those which they go to, and whose levity, brutality, and baseness, so justly expose them to the contempt of the vanquished (TMS 221).

These passages leave us with little doubt of how Smith feels about slavery on a moral level. But as we have already seen in Chapter Five, Smith does not confine himself to the moral dimensions of slavery; he also argues that slavery is economically inefficient and contrary to the interests of the slaveholders. Once again, he uses the language of microeconomics to make this argument. Slave labour appears to be cheap to those who use it, but "is in the end the dearest of any" (WN1 315). Smith continues:

A person who can acquire no property, can have no other interest but to eat as much, and to labour as little as possible. Whatever work he does beyond what is sufficient to purchase his own maintenance, can be squeezed out of him by violence only, and not by any interest of his own. In ancient Italy, how much the cultivation of corn degenerated, how unprofitable it became to the master when it fell under the management of slaves, is remarked by both Pliny and Columella (WN1 315).

It is doubtful that Smith really believes that economic inefficiency is the worst aspect of the slave trade; clearly he is more concerned with the intrinsic immorality of the institution. As a

result, we might even wonder whether Smith is making a cynical argument that he does not really believe, albeit in support of a good cause. After all, if slavery is inefficient and expensive for the slaveholders, why did those slaveholders fight so hard to preserve it? Nevertheless, it is also true that within three generations after Smith's death, slavery had been abolished in both Europe and the United States. Perhaps the changing economic climate and the impact of industrialisation rendered Smith's analysis correct in retrospect. Or perhaps Smith was correct even in his day, but the capitalist system of production, then in its infancy, needed more time to develop in order for the inherent inefficiencies in slavery to become visible. Ultimately, whatever the precise combination of factors that resulted in the eventual success of the abolitionist cause, it seems likely that the acceptance of both the arguments from natural justice and self-interest, as propounded jointly by Smith, was a necessary precondition for victory.

Smith's concern for the liberty of colonised peoples is evident not only in his attack on the slave trade, but also in his criticism of the East India Company. Here we see a direct parallel between Smith's views on contemporary politics and those of Burke. While Smith's criticism of the East India Company does not have the same intensity as Burke's (Smith did not spend seven years of his life trying to impeach Warren Hastings), he nevertheless makes an important contribution to the contemporary political debate over the Company's role in politics and the character of British rule in India (Robins 1997:36-38). Once again, Smith uses a microeconomic model to explain the structural forces that resulted in the Company's abuses and corruption. Instead of blaming the individual employees of the Company itself, Smith criticises the incentive structure in which it operated, which was in turn a creation of the British government (Robins 1997:36).

Smith argues that monopoly in general is "a great enemy to good management" (WN1 163), since monopolies do not have the threat of competition to disincentivise waste, fraud and abuse. In his discussion of the East India company specifically, Smith points out that its legal monopoly was harmful to the inhabitants of England, due to its control over imports from Asia. The company's monopoly allowed it to artificially inflate the prices of its goods, effectively extracting rents from its customers in England to subsidise the abuses and corruption of its managers (WN2 69). Smith also points out that the agent-principal problem that, to some extent, afflicts all publically-traded corporations due to their separation of management and ownership, was particularly burdensome in the case of the East India

Company. This was because many of the owners did not particularly care about the value of their own stock, having bought shares in order to achieve political influence rather than profit from dividends (WN2 150). As a result, Smith argues that “[n]o other sovereigns ever were, or, from the nature of things, ever could be, so perfectly indifferent about the happiness or misery of their subjects, the improvement or waste of their dominions, the glory or disgrace of their administration; as... the greater part of the proprietors of such a mercantile company are, and necessarily must be” (WN2 151).

Smith’s analysis of the perverse incentives that encouraged the Company’s mismanagement does not lead him to excuse its misdeeds. He is particularly scathing in his discussion of the Indian famine that, in his view, the company’s mismanagement had created:

Want, famine, and mortality would immediately prevail... This perhaps is nearly the present state of Bengal, and of some other of the English settlements in the East Indies. In a fertile country which had before been much depopulated, where subsistence, consequently, should not be very difficult, and where, notwithstanding, three or four hundred thousand people die of hunger in one year, we may be assured that the funds destined for the maintenance of the labouring poor are fast decaying. The difference between the genius of the British constitution which protects and governs North America, and that of the mercantile company which oppresses and domineers in the East Indies, cannot perhaps be better illustrated than by the different state of those countries (WN1 111-112).

And:

The drought in Bengal, a few years ago, might probably have occasioned a very great dearth. Some improper regulations, some injudicious restraints imposed by the servants of the East India Company upon the rice trade, contributed, perhaps, to turn that dearth into a famine (WN1 404).

Thus we once again see the Smithian liberal trifecta of incentives analysis, public interest arguments, and moral arguments used in support of greater political liberty; in this case, for colonial liberty in areas that were under the control of the East India Company’s mercantile misrule.

A final example will serve to illustrate this mode of analysis, and this is the matter of Smith’s views on religion and the proper relationship between churches and the state. This topic is of particular interest to us in light of Burke’s vocal establishmentarianism. Here, the contrast

between them is strong: while Burk holds deep religious beliefs and defends the Church of England (RRF 116-117), Smith describes religious explanations for natural phenomena as “superstition” (Coase 1976:539) and is generally supposed to have been a deist (Dunn 1941:335). Rothschild (1992:91) notes that the *Theory of Moral Sentiments* was read by some observers as a critique of “religious prejudice”. In light of these views, it is unsurprising that Smith was in favour of separating religious and political institutions, lest the state accrue too much of the moral authority that lends itself naturally towards religious leaders:

Articles of faith, as well as all other spiritual matters, it is evident enough, are not within the proper department of a temporal sovereign, who, though he may be very well qualified for protecting, is seldom supposed to be so for instructing the people (WN2 180).

Despite these views, Smith is reluctant to urge the outright disestablishment of the Church of England. He worries that a free market in religion will incentivise religious populism and extremism. Clerics may be forced to outdo each other by appealing to more radical doctrines in order to attract more devoted adherents: to “inspire them with the most violent abhorrence of all other sects, and continually endeavour, by some novelty, to excite the languid devotion of his audience” (WN2 175). However, Smith argues that if a new state were to be formed, it is preferable to allow small religious sects to proliferate, in order that they will balance against each other and prevent any single religious denomination from becoming sufficiently strong that it can use the political process to exert domination over the others:

[I]f politicks had never called in the aid of religion, had the conquering party never adopted the tenets of one sect more than those of another, when it had gained the victory, it would probably have dealt equally and impartially with all the different sects, and have allowed every man to chuse his own priest and his own religion as he thought proper [...] The teachers of each little sect, finding themselves almost alone, would be obliged to respect those of almost every other sect, and the concessions which they would mutually find it both convenient and agreeable to make to one another, might in time probably reduce the doctrine of the greater part of them to that pure and rational religion, free from every mixture of absurdity, imposture, or fanaticism, such as wise men have in all ages of the world wished to see established... (WN2 176).

In this manner, while making exceptions for circumstances such as those in England where a single church was already established, Smith is nevertheless able to weave together microeconomic arguments and public interest arguments to arrive at a political position in favour of religious liberty.

In light of Smith's views on issues such as smuggling, slavery, and freedom of religion, a central element of his thought on political liberty becomes more explicable: the idea that economic freedom has beneficial moral consequences for individuals. Darwall (1999:157) notes several examples of this in Smith's writings. Smith explains, for instance, that the increasing wealth of Roman society allowed women to achieve greater independence, becoming able to divorce their husbands and take advantage of new life possibilities that were previously not available to them. In general, he argues that a market economy is more likely to promote individual independence and self-reliance. Furthermore, he believes a society in which status is based at least in part on merit, as opposed to a feudal state in which status is inherited, is more likely to encourage character traits such as prudence and humility in those citizens living within it.

In a broader sense, Smith regards the entirety of the freedoms and liberties enjoyed by post-feudal Western societies as being, in some sense, the product of the market economy. In Chapter Three of the *Wealth of Nations*, Smith provides an account of the development of European political systems stretching from the collapse of the Roman Empire to his own present day. In this account, the development of market economies and political freedom is inextricably entwined. During the Middle Ages, Smith observes, traders began to congregate in towns, and paid tributes to noble lords in exchange for a modicum of freedom over their own affairs. Over time, the inhabitants of these merchant towns acquired new freedoms: the freedom to choose who to marry, and the freedom to bequeath their possessions to their children so that wealth could be accumulated over generations. From there, they developed their own institutions: magistrates, corporations, and the freedom to set their own laws. Eventually, these "free-burghers or free-traders" (WN1 321) became political actors in their own right, capable of supporting monarchs against the nobility in exchange for greater liberties still.

At each point in this process, economic and political freedom advanced in tandem. The economic shift towards commerce and manufacturing created a need for good governance and political liberty, whereas previously people had lived "almost in a continual state of war with their neighbours, and of servile dependency upon their superiors" (WN1 175). According to Smith, this is a key insight in explaining how it was that individuals "became really free in our present sense of the word freedom" (WN1 321).

7.5 Adam Smith and the Limits of Freedom

There are numerous reasons for which Smith can justifiably be considered a member of the liberal tradition in political thought. He advocates a “system of natural liberty” in the marketplace and liberalising reforms in politics; he uses the analytical tools of microeconomics to develop arguments for political liberty; he opposes slavery and supports religious freedom. Nevertheless, like Burke and various other contemporary thinkers, Smith also spends a fair amount of time considering the opposite question: the extent to which freedom can and should be limited by the state. These matters are, of course, connected. Authoritarian political systems are often controlled by ambiguous rules and the exercise of arbitrary power. By contrast, a liberal system should preserve order through a clearly-delineated system of laws. This leaves the question of where precisely these lines should be drawn, a question to which Smith gives a fair amount of consideration.

The clearest answer that Smith provides is also the simplest and most obvious: restrictions of liberty are valid in order to limit the ability of individuals to harm each other. Winch (1992:110) notes that this view stems from Smith’s negative conception of liberty, in which the primary duty of the state is not to allocate resources, but merely to prevent individuals from harming each other. This negative conception of justice implies a positive duty on the state “of protecting, as far as possible, every member of the society from the injustice or oppression of every other member of it” (WN 109). However, Smith develops these ideas further in his discussion of banking and finance, in which he departs from strict libertarianism (Viner 1927:224). For instance, Smith notes that it is permissible for the state to force property owners to construct firewalls on their property: “The obligation of building party walls, in order to prevent the communication of fire, is a violation of natural liberty” (WN1 272); but it is an acceptable violation due to the public interest benefits that it confers. In essence, Smith argues that it is acceptable to restrict liberty in cases where it threatens to harm the interests of the whole of society, and not just specific individuals. This is a principle that permits a broader variety of state interventions.

Going further, Smith concludes that it is acceptable to regulate the money supply, and prevent banks from issuing private currency, even if this is desired by banks and their customers alike. The risk of a rolling banking crisis, like the risk of fire, is a sufficiently serious danger to the health of a society that the state can legitimately prohibit it:

To restrain private people, it may be said, from receiving in payment the promissory notes of a banker, for any sum whether great or small, when they themselves are willing to receive them; or, to restrain a banker from issuing such notes, when all his neighbours are willing to accept of them, is a manifest violation of that natural liberty which it is the proper business of law, not to infringe, but to support. Such regulations may, no doubt, be considered as in some respect a violation of natural liberty. But those exertions of the natural liberty of a few individuals, which might endanger the security of the whole society, are, and ought to be, restrained by the laws of all governments; of the most free, as well as of the most despotical (WN1 272).

In these comments, we have the beginnings of an argument from pragmatism. As a general principle, Smith is opposed to the violation of liberty except in cases where it is necessary to prevent direct harms. But in this case, he is willing to make an exception based on several factors: the severity of the dangers that could be exacerbated in the event that liberty is not restricted; the relatively small group of people who will be harmed by the restriction; the relatively slight and benign nature of the restriction itself. Smith does not attempt to lay down a comprehensive set of principles that can explain precisely when the restriction of liberty is acceptable. Taking into account Smith's own views on the complexity of human society, he would likely have rejected any attempt to formulate such principles on epistemological grounds. In this regard, Smith once again echoes Burke's belief that "[i]t is far from impossible to reconcile... the use both of a fixed rule and an occasional deviation" (RRF 74).

Banking regulation is not the only area where Smith departs from a strict interpretation of economic liberty. Samuels (1977:197) notes that Smith qualifies considerably his remarks on the invisible hand, stating that freedom in the marketplace often produces the optimal outcome, but that this is certainly not always the case. Smith worries about the effects of excessive division of labour and specialisation on the human character (WN2 168). He even suggests that taxes on luxury goods might have a beneficial effect by discouraging the poor from foolishly buying luxury goods that they are unable to afford (WN2 233-234). (This last point is arguably not an example of Smith's Burke-like willingness to adapt his principles on account of unique circumstances, and merely an illustration of the fact that even an analytical thinker such as Smith was unable to completely extricate himself from the class prejudices of the society in which he lived.)

Ultimately, voluntary economic exchange takes place within a coercive legal framework, the existence of which is both presupposed and required by the market. The English economy, in

Smith's day, had experienced enormous growth because the "universal, continual, and uninterrupted effort [of individuals] to better their own condition" was "protected by law and allowed by liberty" (WN2 287). However, freedom of action within the market place is not only limited by legal coercion, but also by human moral impulses that restrain our self-love and hold us back from acting purely out of regard for self-interest.

It is for this reason that Samuels (1977:199) observes that the "Smithian model is one of controlled freedom; freedom of behaviour and choice exists only within the socially established norms of conduct". The psychological theory that explains how these constraints operated was comprehensively developed by Smith in the *Theory of Moral Sentiments*. Sympathy causes human beings to view themselves through the eyes of an impartial spectator, which restrains their worst instincts and causes them to act with propriety. Due to the social nature of the impartial spectator, this can be seen as a form of internalised social control (Samuels 1977:199). There is an important symmetry here with Burke and his theories of self-restraint. Just as Burke argues that human beings are qualified for civil freedom "in proportion to their disposition to put moral chains upon their own appetites" (LMN 585), Smith implies that we are qualified for economic freedom in proportion to our willingness to reduce our self-interestedness to a level that an impartial spectator would consider proper.

7.6 Adam Smith on Power

As was the case with Burke, Smith's writings on the limitations of power bring us to the opposite side of the equation: the relationship between freedom and political power. It is interesting, though perhaps not altogether surprising, that Smith turns out to be a vocal defender of a powerful state that is capable of wielding coercive violence. We have already seen, in Chapter Five, that Smith supported the Navigation Acts, even though they violated his own principle of free trade, because he believed that national security concerns outweighed the desire for economic efficiency (WN 1362). Smith makes this point more explicitly in Book Four of the *Wealth of Nations*, in the context of his discussion of the physiocrats. In this section, Smith lays out his view of the proper functions of government, and concludes that there are primary responsibilities that government must fulfil. Echoing Hobbes, Smith considers the provision of physical security to be the most important function of the state:

According to the system of natural liberty, the sovereign has only three duties to attend to; three duties of great importance, indeed, but plain and intelligible to common understandings: first, the duty of protecting the society from the violence and invasion of other independent societies; secondly, the duty of protecting, as far as possible, every member of the society from the injustice or oppression of every other member of it, or the duty of establishing an exact administration of justice; and, thirdly, the duty of erecting and maintaining certain publick works and certain publick institutions... (WN2 109).

The third responsibility, that of creating public goods, is potentially very broad. In the absence of a further limiting principle, it could easily grow to contain much of the economic activity that takes place within a state, and indeed, much contemporary political debate revolves around disputes over what constitutes a public good, and which of these goods deserve to be funded from the public purse. As for the first two responsibilities, however, it is significant that two of the three tasks that Smith assigns to government involve the use of violent force. For Smith, the exercise of violence is not merely an incidental characteristic of the state; it is very nearly the state's only function.

Smith's views on international relations provide some further insight into why he emphasised the security function of the state. Smith's most important contribution to international politics is his theory of free trade which, in contrast the mercantile system that he criticises, posits that trade between states is mutually beneficial (WN1 303-305). The key insight here - that international politics can be a positive-sum game rather than a zero-sum game - is today associated with the liberal school of international relations, and has arguably done much to bring about peaceful relations (see for example Rosecrance 1986, Keohane and Nye 1977). It is therefore notable (and somewhat jarring) that Smith, while recognising the possibility of mutually beneficial exchanges in the economic sphere, nevertheless regards interaction in the political sphere as being conflictual and characterised by war and violence. Indeed, there are certain sections of the *Wealth of Nations* where Smith sounds very much like a classical realist.

For example, Smith states that weak countries are always at risk from conquest by more aggressive neighbours, and supports the creation of standing armies in order to deter aggression (WN2 120). He correctly argues that sovereign states, unlike the Roman Republic, should be able to manage and control their standing armies in such a way that their existence does not threaten civilian rule. Smith even argues the proliferation of more advanced and

expensive weaponry has made the world a better place, since it has tilted the global balance of power in favour of wealthy commercial states and away from nomadic tribes. “The invention of fire-arms”, he writes “which at first sight appears to be so pernicious, is certainly favourable both to the permanency and to the extension of civilization” (WN2 122). Reading this passage, one gets the sense that Smith would have approved of nuclear weapons, and the stabilising effect they have exerted on great power relations.

This requires some qualification, however. Smith is a realist in the sense that he acknowledges the conflictual nature of the international system, and he believes that the first duty of government is to protect against it. But he is not a militarist, and he certainly does not advocate an aggressive foreign policy (Rothschild 1992:92). He observes that “great nations” may be bankrupted by “public prodigality and misconduct”, including the maintenance of “great fleets and armies, who in time of peace produce nothing, and in time of war acquire nothing which can compensate the expense of maintaining them, even while the war lasts” (WN1 285). He is even more scathing in his analysis of the public sentiments that generate support for imperialism and military adventures. In classic Smithian fashion, he attributes the problem to one of misaligned incentives. The elites of powerful states, he writes, derive “amusement” from distant wars, and are insulated from the true costs of conflict. This leads them to support costly and irresponsible military action:

In great empires the people who live in the capital, and in the provinces remote from the scene of action, feel, many of them scarce any inconveniency from the war; but enjoy, at their ease, the amusement of reading in the newspapers the exploits of their own fleets and armies. To them this amusement compensates the small difference between the taxes which they pay on account of the war, and those which they had been accustomed to pay in time of peace. They are commonly dissatisfied with the return of peace, which puts an end to their amusement, and to a thousand visionary hopes of conquest and national glory, from a longer continuance of the war (WN2 269).

It is evident that, just as Smith has an awareness of the limits of liberty, he also has a keen understanding of the limits of national power. He warns that excessive military spending can imperil the long-term fiscal health of even the strongest of states (WN2 261-261). In most situations, he is sceptical of the utility of military force. He believes that any potential gains that states may accrue by waging war are almost invariably outweighed by the costs of conflict (WN1 285). In the *Theory of Moral Sentiments*, he specifically rejects the idea of international politics as a zero sum game, stating that for “either [Britain or France] to envy

the internal happiness and prosperity of the other, the cultivation of its lands, the advancement of its manufactures, the increase of its commerce, the security and number of its ports and harbours, its proficiency in all the liberal arts and sciences, is surely beneath the dignity of two such great nations” (TMS 269). But while Smith’s own preferences in foreign policy are clear, he is also realistic enough to acknowledge that his own preferences are far from universal. In the same paragraph, he observes that “[e]ach nation foresees, or imagines it foresees, its own subjugation in the increasing power and aggrandisement of any of its neighbours” (TMS 269). Thus, for Smith, the maintenance of power for the sake of self-defence is a duty that should be undertaken reluctantly, but is a duty nonetheless.

Furthermore, Smith’s analysis of political power extends beyond the realm of foreign policy. Samuels (1977) argues that Smith treats the economy itself as a system of power. In a market economy, competing sets of interests - workers and employers, landlords and farmers, businesses and their customers, and so on - are locked into an adversarial relationship with each other. It is impossible for the government to act as a truly neutral referee in these situations. Even if it limits itself to merely enforcing contracts and protecting property rights, the government necessarily becomes involved in these disputes, and workers and businesses alike therefore have every incentive to combine in order to influence the government and tilt the playing field towards their own side (Samuels 1977:129). In particular, the system of formal property rights is in reality a system of power, which uses the policing capacity of the state to protect private property from invasion by the poor. Smith eventually takes this logic to its ultimate conclusion:

Wherever there is great property, there is great inequality. For one very rich man, there must be at least five hundred poor, and the affluence of the few supposes the indigence of the many. The affluence of the rich excites the indignation of the poor, who are often both driven by want, and prompted by envy, to invade his possessions. It is only under the shelter of the civil magistrate that the owner of that valuable property, which is acquired by the labour of many years, or perhaps of many successive generations, can sleep a single night in security. [...] Civil government, so far as it is instituted for the security of property, is in reality instituted for the defence of the rich against the poor, or of those who have some property against those who have none at all (WN2 122-124).

Samuels (1977:134) is quick to point out that this does not make Smith a revolutionary critic of the state. Instead, he describes Smith as a realist. According to this view, Smith believes in

the necessity of both government and private property, and he believes that the “system of natural liberty” is morally and practically superior to the alternatives. But he is also not blind to power relationships that exist within a market economy; he recognises that voluntary transactions take place within a finite range of options that are shaped by the political and legal framework of the state; and he does not make the assumption that the state is a neutral actor in all of this. If this appears to contradict Smith’s economic liberalism, we can charitably attribute the purported contradiction to the magnitude of his task. Smith seeks to understand the functioning of economic systems, in all their facets and all their complexity. It is inevitable that he would identify certain principles that seem to cut in opposite directions.

Perhaps it should come as no surprise that Smith was able to juggle the seemingly contradictory principles of freedom and power. His writings are full of nuanced observations, and he does not accept the simple formula that any retreat by the state is automatically an advance for human freedom. For instance, in Book Five of the *Wealth of Nations*, Smith makes an important distinction between a limited government and a weak government. A government that is weak might nevertheless be ill-inclined to accept voluntary limitations on its own power; on the contrary, the weakness of the state may provoke it to shore up its own power by invading the private lives of its citizens. By contrast, a strong government may have the confidence and security to avoid intrusions into the private sphere:

Where the security of the magistrate, though supported by the principal people of the country, is endangered by every popular discontent; where a small tumult is capable of bringing about in a few hours a great revolution, the whole authority of government must be employed to suppress and punish every murmur and complaint against it. To a sovereign, on the contrary, who feels himself supported, not only by the natural aristocracy of the country, but by a well regulated standing army, the rudest, the most groundless, and the most licentious remonstrances can give little disturbance. He can safely pardon or neglect them, and his consciousness of his own superiority naturally disposes him to do so (WN2 121).

For Smith, as for Burke, security and stability is a necessary precondition for the existence of freedom.

7.7 Conclusion: Burke & Smith on Freedom and Power

Having explored Smith and Burke’s writings on freedom and power in depth, we can now

return to the question we began Chapter Six with: their complementarity as political and economic thinkers, and the extent to which they are joint progenitors of a shared “liberal conservative” school of political thought.

Certainly, a cursory overview of their writings on freedom and power reveals many similarities. They both adhere to a “negative” conception of liberty, preferring to treat freedom as the absence of external constraints. The specific constraints identified by each author differ, however. For Burke, liberty is defined primarily as the absence of arbitrary and unlawful policing power. For Smith, it is the absence of onerous personal and economic restrictions put in place by governments and other institutions. From Smith’s perspective, a negative conception of freedom blends seamlessly with his proposed economic “system of natural liberty”, which is created by the removal of preferences and restraints that distort the economy. In Smith’s view, the absence of state controls is likely to produce more efficient pricing, stimulate greater production, and instil moral virtues in the citizenry. By contrast, both theorists reject the alternative, positive conception of liberty as the capacity to achieve desired goals. Burke specifically rejects the idea that liberty should be conflated with individual power or a share in the sovereignty of the state, and he argues that individual liberty does not require a particular share in the total national produce. Smith similarly believes that liberty does not impose a positive burden of redistribution on the state, and is reluctant to endorse positive discrimination even in situations where previous intervention has distorted the economy.

Smith and Burke both approach their subject matter from a foundation of epistemological scepticism. They are therefore both reluctant to lay down absolute principles, and they share willingness to entertain *ad hoc* exceptions to their own principles when circumstances demand it. Burke is sufficiently nuanced that he is capable of defending the American Revolution while attacking the revolution in French, and Smith is willing to accept important modifications to his principles of free trade and natural liberty, such as the Navigation Acts. Their shared scepticism also influences their thought in other areas. Smith in particular supports negative liberty in the marketplace for epistemological reasons: he believes that human beings lack the knowledge to manage all the intricacies of the economic system in which we are ourselves embedded, and it is therefore unwise for a sovereign to second-guess the market by creating preferences and restraints. A similar concern is visible in Burke’s opposition to arbitrary power. Burke is convinced that no ruler, not even a legitimate one, has

sufficient knowledge and wisdom to wield arbitrary power without creating unintended harms and being corrupted by its influence.

Both Burke and Smith share a common interest in the question how whether liberty should be qualified and limited. Both agree that a functioning society requires the limitation of the freedom of individuals to actively harm each other. Furthermore, both agree that these limits should be worked out within the context of a formal legal framework. But there are some subtle differences in how this concept is developed. There are certain situations where Smith is willing to depart from a strict interpretation of the harm principle, and restrict liberty even in situations where no direct harms occur: for example, to regulate the creation of private currencies. In addition, Smith believes that the ability of human beings to act in perfect freedom is intrinsically limited by our own psychology, in the form of the impartial spectator. For Burke, liberty is qualified by duty and self-restraint. Citizenship, in his view, implies a positive but informal duty to act with politeness and restraint towards each other. Voluntary self-restraint among the majority of the population is liberty-maximising, because it removes the need for the state to convert informal conventions into formal commands.

There are also important similarities between their views on power, especially in the international sphere. While neither Burke nor Smith could be described as an uncomplicated realist, both acknowledge the necessity of power in international affairs. Burke is critical of the use of force in Ireland and North America, and his comments in the *Vindication* suggest pointed disagreement with the power theories of Hobbes and Machiavelli. He is nevertheless quite willing to advocate the use of power in situations where he regards genuine national interests as being at stake, and in his later writings he argues vociferously in favour of the war with France. Smith is similarly aware of the limits of national power: he is critical of reckless and ill-considered military adventurism, he believes that it is foolish to regard the economic progress of other states as threatening or dangerous, and he regards unconstrained military spending to be among the most self-destructive forms of behaviours that great powers may choose to engage in. Nevertheless, like Burke, he acknowledges that states throughout history have warred with their neighbour, his own policy preferences notwithstanding, and therefore considers the maintenance of a sound national defence to be the first duty of the sovereign.

There are also several respects in which Burke and Smith's writings on freedom and power could be said to be complementary. For instance, Burke's argument that liberty under the rule

of law should be a “general” principle, applying equally to everyone, makes use of incentives analysis in a manner that is very similar to Smith’s own arguments. While Smith does not tackle the precise policy question that animated Burke (the suspension of *habeas corpus* of sailors in 1777), one suspects that he would have almost certainly agreed with Burke’s reasoning on the issue.

Smith would have also most likely shared Burke’s views on colonial liberty. Prior to the French Revolution, Burke’s three great causes were Ireland, India, and North America. In the case of Ireland, Burke argues that that Irish government had violated the principle of “general” liberty by governing for the sake of a particular set of Protestant landed interests rather than the overall interests of society. In the case of India, he argues that Warren Hastings and the East India Company had assumed unlawful and arbitrary power, and finds value in the traditional political institutions of the subcontinent. In North America, Burke argues that the British Parliament did indeed have prescriptive rights to levy taxation, but that liberty requires governing in a way that suits the temperament of the governed.

By contrast, Smith is focussed primarily on economic issues. Smith is famously a supporter of economic liberalism. His system of natural liberty posits that there are natural prices, and that it is efficient to allow these prices to take effect. Markets reach a natural equilibrium on their own. He believes that the pursuit of self-interest encourages economic growth, and argues that people should be free to choose their own profession, sell land, and trade both internally and with people in other countries. He also regards political liberty and economic liberty as being intrinsically linked, and considers the expansion of the market economy during the Middle Ages to have been closely intertwined with the growth of the middle-class and expansion of political freedom. Since colonial issues and the early growth of capitalism were among the foremost contemporary issues in which liberty was debated, Burke and Smith’s different areas of emphasis add up to a more complete picture than either of their works alone.

There are other lines of complementary reasoning in their works, beyond these different areas of emphasis. Burke’s exploration of the subjective nature of freedom and power, as seen through the eyes their subjects, is sometimes more subtle than Smith’s treatment of the subject. Smith draws attention to the power structures that underpin a market economy, but he lacks a theory of political obligation to situate his market economics within a formally

coercive legal framework. Burke provides us with one, in the form of his theory of prescription. Smith also does not analyse the ways in which political power is perceived, or the relationship between the perception of power and his proposed market reforms. Once again, Burke is of assistance, providing such analysis with his idea that power should be made “gentle”. Gentle power is seen as legitimate and obeyed willingly by the majority of the population, which in turn releases the state from the necessity to govern by force and allows the pursuit of liberalising reforms.

Smith is not the only beneficiary of this type of joint analysis. Burke’s arguments on various political issues are strengthened when considered alongside Smith’s microeconomic analyses and arguments for political liberty. By illustrating the incentive structures at work in complex situations, Smith is able to create arguments for liberty that have practical as well as a moral dimensions. This is a valuable addition to Burke’s arguments, which tend to focus more on the moral dimensions of issues, and rely on tools such as prescription and natural law. Additionally, Smith’s system of natural liberty describes the economy as the product of bottom-up evolutionary processes, in a way that mirrors Burke’s own theories of historical political development.

And yet, this is also the level at which important differences in detail begin to emerge between Burke and Smith. While Smith did not live long enough to respond in depth to the French Revolution, it is certainly possible that he would have considered Burke’s attempts in its aftermath to create a more limited understanding of individual rights to be *too* limiting. While Burke is content to view liberty primarily as the absence of arbitrary power, and individual rights as being inherited rather than an intrinsic one, Smith sees liberty as something greater. For Smith, liberty is indeed an absence of restraints, but it is also a beneficial historical force that should be extended and entrenched in order to make the world a better place. There are also important differences in their understanding of prescription: unlike Burke, Smith says that prescription requires good faith and solid title, and he instead adheres to the somewhat dubious idea of improvement as a source of property rights.

Perhaps the most important discrepancy, however, is in their treatment of the religious freedom. Burke is in favour of religious establishment, while Smith, at least in principle, favours a “free market” in religion. It is significant that these are both valid manifestations of their shared framework of epistemological scepticism. Neither Burke nor Smith ground their

arguments completely on the basis of individual rationality. In typical fashion, both seek information from evolutionary mechanisms outside of themselves: through deference to long-established institutions in Burke's case, and respect for the outcome of competitive and market-based processes in Smith's. The core dispute here is really over which source of information we ought to weigh more heavily in our considerations: old institutions, or the market.

This points to the limitations of the Burke and Smith's mechanisms for coping with complexity. Though Burke and Smith's scepticism of individual rationality is a valuable cautionary principle, and their policymaking frameworks are useful, they do not provide a simple principle that can be used to determine the "correct" policy option in any given situation. In most cases, the best they can provide is a fairly nebulous set of suggestions of policies that are likely to be beneficial. These different options may cut in very different directions, and have different combinations of trade-offs. Deciding between them requires prudence on the part of policy-makers. These considerations will be discussed in the following chapter, where I will explore Burke and Smith's writings on questions of policy.

Chapter 8: “The Unrestrained Freedom of Buying and Selling”

Burke and Smith on Policy

8.1 Introduction

And so we arrive at the final stage of this inquiry. Throughout the previous chapters, we have examined Burke and Smith’s views on human nature and human intellect, their proposed evolutionary mechanisms for coping with complex societies, and their approaches to freedom and power. In this chapter, I intend to examine how these ideas were applied in practice, by comparing and contrasting Smith and Burke’s views on several different questions of government policy. This is where political theory meets political practice.

Before doing so, it is worthwhile to review their shared framework for policymaking. In Chapter Five, I argued that there are three main methods by which Smith and Burke both propose to deal with complexity of governance in a large and diverse society. Firstly, they suggest that there are certain virtues and qualities in leadership that are suited to the governance of complex societies, such as humility, prudence, and wisdom with respect to human nature. Secondly, they argue that policymakers ought to pay attention to contingent circumstances, and adjust their policies pragmatically in accordance with them. In their view, it is important to create good principles, and it is also important to recognise those rare but important occasions in which these principles should be violated. This is an idea that emerges more strongly in Burke’s writings, but it is also very much in evidence in the pragmatism and anti-utopianism that underpins Smith’s *Wealth of Nations*.

Thirdly, Burke and Smith both suggest that policymakers can cope with the problem of information dispersal by treating political and economic systems as the product of bottom-up complexity, and by assigning weight to the outcome of evolutionary processes that express the individual rationality of actors within these systems. Thus we have Burke’s view of constitutional reform, which argues reformers should be prejudiced in favour of settled traditions that have been maintained over long periods of time. Burke does not argue for political stasis, but he does believe that reforms should be incremental rather than

revolutionary, and should, if possible, attempt to build on pre-existing institutions rather than discarding them. We also have Smith's analysis of markets and pricing, which necessarily takes place within a stable constitutional framework of the sort that Burke envisions. Smith frequently argues that the optimal solution is for policy-makers to remove impediments and restraints on the operation of the market, thereby allowing a fairer and more productive "system of natural liberty" to come into existence. Such a system facilitates cooperation between very large numbers of actors that are spread throughout an economic system, and effectively allows policy-makers to take advantage of their dispersed rationality.

In this final chapter, I shall consider how this policy-making framework informs Burke and Smith's views on three policy issues: international free trade, the desirability of *laissez-faire* in the domestic economic system, and the relief of the poor. This is, by necessity, only a snapshot of their writings on contemporary issues. It leaves out a great deal: their views tax policy, education policy, banking and finance, monetary policy and inflation, the abolition of slavery, the American Revolution, and much else. I have chosen these particular issues for two reasons. Firstly, because they are areas of overlapping interest on which both Smith and Burke had much to say, and therefore permit us to compare and contrast their respective approaches. And secondly, because they are issues that are still with us today. The experience of the last two centuries has been that no human society has ever been able to devise an ideal relationship between the market and the state that was able to perfectly satisfy all of its members. It is therefore quite instructive to see how two deep and policy-oriented thinkers of the 18th century wrestled with these problems in their own time.

Coniff (1987:497) argues that the "most impressive similarity" between Burke and Smith is their "insistences on adopting a policymaking perspective, and their use of prudential standards for judging policies". In this chapter, we shall examine this policymaking perspective in action.

8.2 Free Trade

If there is one single piece of policy advice in Smith's *Wealth of Nations* that stands out above all others, it is his argument for free trade. Since Smith is a pragmatist, even his signature policy proposal is not made without caveats. As we have seen in Chapter Five, Smith is sometimes willing to sacrifice free trade for the sake of national security; he

observes that smaller economies that lower trade barriers unilaterally may be affected by market distortions in larger economies; on rare occasions he is willing to endorse retaliatory trade barriers in order to facilitate bargaining; and he is cognisant of the fact that market liberalisation has the potential to create economic disruptions. Nonetheless, in the overall picture these are relatively minor qualifications, and they should not distract from the strength and enthusiasm with which Smith advocates free trade.

Smith begins this argument early in the *Wealth of Nations*. The very first concept that Smith introduces in Book 1 is the idea of division of labour, which Smith considers a driving force responsible for the growth of the economies of European states. But Smith also notes that the extent of division of labour is limited by the size of the market. Larger markets allow for greater specialisation, which in turn generates greater levels of growth. In practice, this widening of markets has occurred as a result of advances in technology, which create new forms of transportation and communication. In Smith's time, the expansion of commercial shipping lanes allowed distant cities such as London and Calcutta to "carry on a very considerable commerce with each other", which, Smith notes, was the cause of "a good deal of encouragement to each other's industry" (WN1 74). In effect, division could now be expanded into the realm of international trade. Smith extols the virtues of this international division of labour: "[S]uch... are the advantages of water-carriage, it is natural that the first improvements of art and industry should be made where this conveniency opens the whole world for a market to the produce of every sort of labour" (WN1 74).

Smith's most sustained and forceful defence of free trade comes in Book 4 of the *Wealth of Nations*, in the context of his criticism of the mercantile system. In this section, Smith argues that countries that engage in foreign trade derive two distinct benefits. Firstly, it opens up new markets for surplus products of domestic industries, and prevents division of labour from being limited by the extent of the home market. Secondly, it allows citizens of the state to the import goods that "may satisfy a part of their wants" and "increase their enjoyments" (WN1 349). The second part is a key part of Smith's argument: though the value of exports was well understood in Smith's time, one of his most important contributions to the debate over commercial policy is the idea that imports also have great value, since they add utility to the country in exchange for fewer labour inputs than they would require if produced by domestic industries.

International division of labour allows different countries to specialise in those commodities that they can produce most efficiently, and buy whatever else they need. One hypothetical example that Smith gives is the production of wine in Scotland (WN1 358). He argues that, despite Scotland's cold climate, it would be at least theoretically possible to develop a wine industry through the use of greenhouses and other technological interventions, though the cost of production per unit would be roughly thirty times greater than simply importing an equivalent amount of wine from overseas. Would it therefore be reasonable, Smith asks, to restrict the importation of wine into Scotland in order to stimulate the creation of a domestic wine industry? Of course not: Scotland can obtain more value for its labour by producing commodities in which it has an advantage, and importing its wine from Spain or Portugal. Smith's insight is to realise that the same logic that applies to luxury goods such as wine can also be applied to mass-market goods such as corn.

In addition to illustrating the hidden value of imports, Smith attempts to shine a light on the hidden costs of import barriers. In Smith's view, attempts by policymakers to interfere with free trade inadvertently cause capital to be allocated inefficiently. In his discussion of the corn trade (WN1 391), Smith notes that the true cost of a "bounty" or export subsidy is not merely the cost of the subsidy itself. Instead, it is the opportunity cost that is incurred when capital that would have otherwise been allocated towards productive and efficient ends is allocated towards subsidised industries instead. Smith supports these arguments with empirical observations. He attributes the wealth of Holland (which he calculates to have been the richest country in Europe on a per capita basis) to its having "the greatest share of the carrying trade of Europe" (WN1 306), and attributes the relative economic success of England to the same cause. Furthermore, Smith observes that trade is not a zero-sum game. In war, having a rich neighbour can be dangerous, but in peacetime it is an advantage (WN1 382-383). A rich neighbour has money to spend on goods, and can be a profitable partner in commerce. Governments, he suggests, have spent centuries attempting to impoverish their neighbours, when they should have been seeking the opposite.

To what extent does Smith's support for free trade fit in with his overall policymaking framework, as described in the introduction and in Chapter Five? It fits in very well. In customary fashion, Smith begins his analysis of trade by considering the behaviour of the individual units that constitute the system; in this case, individual merchants, traders and consumers who import and export goods:

Every individual is continually exerting himself to find out the most advantageous employment for whatever capital he can command. It is his own advantage, indeed, and not that of the society, which he has in view. But the study of his own advantage naturally, or rather necessarily leads him to prefer that employment which is most advantageous to the society (WN1 354).

Smith argues that, as a result of this self-interestedness, most traders will tend to prefer doing business with partners in their own country than with their counterparts overseas. For reasons of convenience, timeliness, proximity, habit and so on, it is generally easier to buy goods from somebody nearby than somebody on the opposite side of the world. This is the immediate context for Smith's "invisible hand" metaphor (WN1 356). It is a defensive argument, against those who argued that free trade would impoverish the state by sending all its capital abroad. Smith counters by arguing that in fact, due to the predictable self-interest of its economic actors, the majority of a state's capital will continue to be employed within its borders irrespective of how liberalised its trading regime becomes. We may observe at this point that Smith did not fully anticipate the extent to which globalisation would eventually reshape international trade patterns. Nor did he predict the way in which trade liberalisation, inexpensive container shipping and economies of scale would eventually shift much of the world's manufacturing capacity to developing economies such as China. Nevertheless, Smith's fundamental point remains: in all likelihood, the majority of businessmen would indeed prefer to trade with partners nearby, were it not for the extraordinary efficiencies that can be achieved through international division of labour.

The obvious corollary of Smith's reasoning is that when merchants do go to the effort and expense of trading with other countries, they usually have a good reason for doing so. And thus we arrive at the crux of Smith's argument, which is that the collective judgement of these individual economic actors represents a form of rationality that ought to be respected. Smith starkly warns that policymakers who substitute their own judgement for that of the market are making a dire mistake, for they have greatly overestimated their own knowledge and rationality, and underestimated the dispersed rationality of their citizens:

What is the species of domestick industry which his capital can employ, and of which the produce is likely to be of the greatest value, every individual, it is evident, can, in his local situation, judge much better than any statesman or lawgiver can do for him. The statesman, who should attempt to direct private people in what manner they ought to employ their capitals, would not only load himself with a most unnecessary attention, but assume an authority which could safely be trusted,

not only to no single person, but to no council or senate whatever, and which would nowhere be so dangerous as in the hands of a man who had folly and presumption enough to fancy himself fit to exercise it.

To give the monopoly of the home-market to the produce of domestick industry, in any particular art or manufacture, is in some measure to direct private people in what manner they ought to employ their capitals, and must, in almost all cases, be either a useless or a hurtful regulation. If the produce of domestick can be brought there as cheap as that of foreign industry, the regulation is evidently useless. If it cannot, it must generally be hurtful (WN1 356-357).

This is why Smith favours free trade, and how it fits in with his broader approach to knowledge and complexity. But what of Burke?

A few cautionary points are in order here. While Burke considered himself to be learned on matters of political economy, and his expertise was acknowledged by his peers in government and politics (Barrington 1954:252-253), he did not write a comprehensive treatise on economics. The closest he came to doing so was his posthumously-published pamphlet, *Thoughts and Details on Scarcity*, and even this work should be used cautiously as a guide to understanding Burke's general principles. As Conniff (1987:503-504) points out, this essay was never published by Burke, and was intended more as a commentary on a specific economic issue at a specific point in time, rather than general statement of economic principles. In any case, it contains relatively little of direct significance to the issue of international trade.

Nevertheless, there is almost unanimous agreement among Burke scholars that Burke was, in fact, a strong supporter of free trade in the context of his political career. Macpherson (1980:53) observes that "Burke's preference in the matter of commercial policy was always for free trade, provided that diplomatic and strategic considerations did not call for some abatement from that principle". Barrington (1954:252) describes Burke as "the first great English statesman to preach Free Trade". Petrella (1963:54), pointing to Burke's dismissal of the concept of favourable balance of trade as a policy objective, argues that "Burke's greatest achievement as a political economist lay in the area of international trade, especially in the development of balance of payments accounting concepts".

Barrington (1954:254, 257) notes that on some occasions, Burke's advocacy of free trade came with political costs. In 1766, Burke was considered for the position of Lord Commissioner of the Board of Trade, but was rejected because his views on trade policy were considered "too unorthodox", and because he advocated the importation of raw materials from French and Danish colonies in addition to those of Britain. Barrington (1954:257) also argues that Burke lost his parliamentary seat in Bristol at least partially because he advocated free trade with Ireland.

Does this advocacy of free trade conflict with Burke's deeper policymaking framework? Smith's preferred evolutionary mechanism, the market, is easy to square with his support for free trade. However, in the case of Burke's own evolutionary mechanism, namely prejudice in favour long-established customs, some complications emerge. When Burke advocated these positions, free trade represented a significant reform and a substantial break with past policies. Nevertheless, Burke's support for free trade, like Smith's, is couched in pragmatism. Conniff (1987:494) argues that while "Burke usually favoured free trade and a free economy, he did so as a matter of pragmatic policy choice not one of abstract principle". He goes on to observe that "Burke advocated free trade but, on occasion - as in the case of the Navigation Acts - he made exceptions on the grounds of defence or administrative needs" (Conniff 1987:510). Smith makes the exact same compromise in the *Wealth of Nations*.

But perhaps there is a simpler explanation for Burke's advocacy of free trade. Though Burke does not state his underlying principles directly, we have seen that he is sceptical of the individual rationality of policymakers, especially those (as in the case of Revolutionary France) who would attempt to interfere with the operation of complex and organic social systems. It is surely not too difficult to imagine that Burke may have viewed the attempts of contemporary mercantilists to allocate the capital of the nation in a similar light. In fact, the opening paragraph of *Thoughts of Details* hints at precisely such a rationale:

Of all things, an indiscreet tampering with the trade of provisions is the most dangerous, and it is always worst in the time when men are most disposed to it: that is, in the time of scarcity. Because there is nothing on which the passions of men are so violent, and their judgment so weak, and on which there exists such a multitude of ill-founded popular prejudices.

It is tantalising to think that on questions of trade policy, whether deliberately or not, Burke may simply have been applying Smith's evolutionary mechanism rather than his own.

8.3 Domestic *Laissez-Faire*

Burke's support for *laissez-faire* economics is even more visible when we leave the realm of international trade and consider his views on the role of the state within the domestic economy. This is the primary argument of Macpherson (1980), who considers Burke to be a "bourgeois political economist". "[A]bout the virtue of *laissez-faire* at home, Burke had no doubt", he writes. "A competitive, self-regulating market economy was the ideal. It was the most efficient system of production. It was the most equitable system of distribution of the whole product. It was a necessary part of the natural order of the universe" (Macpherson 1980:53).

Macpherson's argument suggests that Burke, like Smith, begins his approach to political economy with an analysis of individual actors and their pursuit of self-interest. As early as the *Tracts on the Popery Laws*, Burke argues that self-interest is the driving force behind economic growth:

Those civil Constitutions, which promote industry are such as facilitate the acquisition, secure the holding; enable the fixing, and suffer the alienation of property. Every Law which obstructs it in any part of this distribution is in proportion to the force and extent of the obstruction a discouragement to industry... The desire of acquisition is always a passion of long views. Confine a man to momentary possession, and you at once cut off that laudable avarice, which every wise State has cherished as one of the first principles of its greatness (TP 386-387).

Decades later, in his *Letters on a Regicide Peace*, Burke returns to the same theme:

There must be some impulse besides public spirit, to put private interest into motion along with it. Monied men ought to be allowed to set a value on their money; if they did not, there could be no monied men. This desire of accumulation is a principle without which the means of their service to the State could not exist. The love of lucre, though sometimes carried to a ridiculous, sometimes to a vicious excess, is the grand cause of prosperity to all States (LRP 148).

According to Petrella (1963:58), Burke believes that the harmful effects of self-interest are mitigated when these interests are processed through a system of contracts. If a contract between a farmer and farm labourer is made freely and without coercion or fraud, then by definition it must advance the interests of both parties, or one of them would have refused to sign it. Burke regards the formation of contracts in a competitive marketplace as an avenue through which different interests are able to meet, adjust their demands, and arrive at mutually-beneficial outcomes. As we have seen in Chapter Three, Burke considers the existence of trade-offs and compromise to be an inescapable part of every political system, and this view is easily extended the operation of economic systems: “[E]very human benefit and enjoyment, every virtue, and every prudent act, is founded on compromise and barter” (TPD 166). This is what Burke has in mind when he echoes Smith’s “invisible hand” metaphor – although, as Macpherson (1980:59) notes, Burke’s formulation is explicitly theological:

[T]he benign and wise disposer of all things, who obliges men, whether they will or not, in pursuing their own selfish interests, to connect the general good with their own individual success (TDS 45).

Petrella (1963:55) observes that Burke has “great faith in the competitive market process unfettered by the consequences of an intervening government”. Burke considers the proper role of government to consist of the establishment of religion, the maintenance of courts, an army, and a system of revenue that is capable of supporting these public functions. He does not envision a significant role for the government in allocating resources within a state. The preface to *Thoughts and Details* makes a similar observation about Burke’s views on the harmful unintended consequences of intervention, stating that “[Burke] every day became more firmly convinced, that the unrestrained freedom of buying and selling is the great animating principle of production and supply” (TDS 38).

If Burke is an advocate of *laissez-faire* in domestic economics, to what underlying principles should we attribute this? Macpherson (1980:63) argues that, in this case at least, Burke’s defence of tradition is more useful as an explanatory principle. “[B]y Burke’s time”, he points out, “the capitalist order had in fact been the traditional order in England for a whole century”. However, Macpherson (1980:53) also argues that there is a strong theological element in Burke’s economic theorising: that Burke considers the market to be a “divinely ordained”

form of natural order, and that to interfere with the operation of the marketplace is, in effect, to interfere with God's law. Burke's primary achievement, he argues, was to enlist the aid of Christian natural law theology in defence of the still-fragile capitalist economic order.

Macpherson's argument would appear to represent a problem for the thesis that Burke's approach to economic policy is an extension of his broader, evolutionary approach to coping with complexity. And Burke's willingness to invoke religious arguments and natural law in relation to political economy is indeed striking. But Macpherson's overall argument is not universally accepted. Conniff (1987:494-495), for example, explicitly disputes Macpherson's conclusion, arguing that "Burke – like his friend Adam Smith – is, in fact, best seen as a moderate Whig... Burke believed that governmental social and economic policy should be based on prudential consideration rather than on some conception of natural economic laws". Indeed, if we are to accept that Burke viewed particular economic policies as being equivalent to divine commandments, this has the strange effect of making his views on economic issues appear to be very different from his views on everything else. One of Burke's recurring themes, as we have seen, is the importance of contingency and pragmatism in human affairs. Burke was willing to apply this insight to political and even (as in the case of the Glorious Revolution) constitutional questions. It would be strange if he were not willing to apply it to economic policy.

In fact, there is some evidence that Burke did precisely that. Petrella (1963:55-56) points out that Burke proposes two very significant forms of government intervention in the marketplace: the regulation of the East India Company, and the abolition of slavery. (Though it should be pointed out that East India Company's chartered monopoly was originally established by Parliament, so from a *laissez-faire* perspective the former at least could be seen as the removal of an obstacle to the free operation of the market that had already been created.) Nor does Burke argue that maximal economic efficiency should always take priority over other goals: he argues in the *Reflections* that some waste by the clergy, for instance, should be tolerated because "property and liberty, to a degree, require that toleration" (RRF 159). An even more striking example is Burke's attack on "gaming", financial capitalism, and speculative bubbles in the *Reflections*. In this section, Burke refers to the Mississippi Company and South Sea bubbles, and accuses French monetary policy of having created a system that we might refer to as casino capitalism. It is interesting and noteworthy that this critique is not grounded in natural law, but in concern over information asymmetry:

Who will labour without knowing the amount of his pay? Who will study to encrease what none can estimate? Who will accumulate, when he does not know the value of what he saves? [...] The truly melancholy part of the policy of systematically making a nation of gamblers is this; that tho' all are forced to play, few can understand the game; and fewer still are in a condition to avail themselves of the knowledge. The many must be the dupes of the few who conduct the machine of these speculations (RRF 170).

In an age where mass ownership of financial instruments through pension funds and mutual funds is taken for granted, Burke's criticism seems almost quaint. Nevertheless, Burke's concern that insiders will try to rig the game in their own favour is astute, and accurately predicts the underlying cause of many of the banking scandals in the 20th and 21st centuries (see for example Surowiecki 2012, Morgenson & Story 2009 and The Economist 2012). In any case, this critique underscores the role of information in Burke's analysis of the marketplace. Burke approves of contracts in which both parties have access to the relevant information, which he considers to be the case with employment contracts between farmers and farm labourers. He disapproves of contracts where there is information asymmetry, or where one party is able to coerce the other, as in the case of the East India Company's monopoly power or highly technical financial instruments. The former constitutes a form of rationality that should be respected by policymakers, while the latter does not.

In *Thoughts and Details*, Burke provides a Smithian analysis of the market, with an emphasis on the price mechanism as a form of information. In this paragraph, Burke explicitly argues that the price mechanism is valuable because it expresses knowledge that individual actors possess, and which governments cannot possibly have access to: knowledge of their own wants, preferences and capabilities:

The balance between consumption and production makes price. The market settles, and alone can settle, that price. Market is the meeting and conference of the consumer and producer, when they mutually discover each other's wants. Nobody, I believe, has observed with any reflection what market is, without being astonished at the truth, the correctness, the celerity, the general equity, with which the balance of wants is settled. They who wish the destruction of that balance, and would fain by arbitrary regulation decree, that defective production should not be compensated by increased price, directly lay their axe to the root of production itself (TDS 50).

In summary, Burke does indeed favour lightly-regulated, *laissez-faire* domestic economy, though he does not support every aspect of the *status quo*. Undoubtedly, the idea of the

market as a form of natural order plays some role in his thinking, but so too does the more pragmatic and utilitarian idea of the market as a mechanism that reveals the dispersed knowledge of the actors within it, thereby increasing the productive capacity of the state as a whole.

And what of Smith? His views on economic liberty within the marketplace have already been discussed at some length in Chapter Seven. Suffice it to say that he was broadly in favour of the free market, and of giving individual actors the ability to form contracts, buy and sell goods, and so on.

Nevertheless, Smith is in many respects quite sceptical of capitalism. He worries about the cartel-forming tendencies of businesses, and argues that the government should at least refrain from facilitating such cartels even if it cannot ban them outright:

People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the publick, or in some contrivance to raise prices. It is impossible indeed to prevent such meetings, by any law which either could be executed, or would be consistent with liberty and justice. But though the law cannot hinder people of the same trade from sometimes assembling together, it ought to do nothing to facilitate such assemblies; much less to render them necessary (WN1 151).

He argues that the interests of businessmen are not the same as the interests of society at large, but perversely, businesses are better organised and more successful in lobbying government to have their interests protected:

The interest of the dealers, however, in any particular branch of trade or manufactures, is always in some respects different from, and even opposite to, that of the publick. To widen the market and to narrow the competition, is always the interest of the dealers. To widen the market may frequently be agreeable enough to the interest of the publick; but to narrow the competition must always be against it, and can serve only to enable the dealers, by raising their profits above what they naturally would be, to levy, for their own benefit, an absurd tax upon the rest of their fellow-citizens. The proposal of any new law or regulation of commerce which comes from this order, ought always to be listened to with great precaution, and ought never to be adopted till after having been long and carefully examined, not only with the most scrupulous, but with the most suspicious attention. It comes from an order of men, whose interest is never exactly the same with

that of the publick, who have generally an interest to deceive and even to oppress the publick, and who accordingly have, upon many occasions, both deceived and oppressed it (WN1 233).

It is important to recognise that Smith's criticism of capitalism is nonetheless grounded in economic liberalism. He is opposed to restraints on the economic liberty of individuals, but he recognises that such restraints are not necessarily the work of government. They might instead be the result of business colluding with government, or businesses colluding with each other. He is in favour of the free market, but he is not pro-business. This is broadly in accordance with his overall policymaking framework. Certainly, the market cannot fulfil its function as a distributed information system when supply has been artificially limited in order to raise prices, or when incumbent players use their connections with the political system to harass or regulate new entrants in the market. It is telling that in both of these passages, Smith argues that the solution is for government to do less: to refrain from encouraging or requiring cooperation between different businesses, and refrain from passing legislation that lobbyists demand.

In other sections of the *Wealth of Nations*, Smith advances his positive case for economic freedom. He writes favourably about entrepreneurship, arguing that independent workers and tradesmen who have the option to work for themselves tend to be more productive (WN1 119). He praises small businesses for expanding the supply of national capital, creating economic growth, and raising the wages of labourers (WN1 109). He praises competition: "if any branch of trade, or any division of labour, be advantageous to the public, the freer and more the general the competition, it will always be the more so" (WN1 276). He argues that the state should not be in the business of picking winners and losers – as it does, for example, when it adjusts the price of primary commodities to benefit either growers or manufacturers: "To hurt in any degree the interest of any one order of citizens, for no other purpose but to promote that of some other, is evidently contrary to that justice and equality of treatment which the sovereign owes to all the different orders of his subjects" (WN2 85). Smith regards government intervention, at least in his own time, as an obstacle to economic development: "[T]he profusion of government must, undoubtedly, have retarded the natural progress of England towards wealth and improvement, [but] it has not been able to stop it" (WN1 287).

Smith does not consider the market mechanism to be infallible, and he does not believe that a natural harmony of interests necessarily exists between business and the public. In situations

where the market is distorted by monopoly or collusion, he seeks alternatives. Smith does, however, believe that a freely competitive marketplace tends to create more efficiency, more just outcomes, and an overall higher standard of living than the alternatives.

8.4 The Relief of the Poor

As we have seen, Burke and Smith both adhered to a broadly liberal, market-oriented view of political economy. But what do they say about situations where the market fails? All modern capitalist economies provide at least a minimal “safety net”, designed to ensure a minimum sustenance for every citizen, and most of them provide extensive welfare systems over and above that. The social safety net of the 18th century was far less extensive, but it did exist, in a minimal fashion, in the form the Elizabethan Poor Law, which combined a system of poor relief at parish level with the threat of coercion against the able-bodied poor who were judged to be unable or unwilling to find work (Lees 1998:24).

Smith is highly critical of the coercive aspects of the Poor Law, especially the provisions contained in the Law of Settlement, which prevented indigent citizens from moving to different parishes, thereby frustrating labour mobility and making it difficult for those affected by it to find work (Winch 1983:513-514). Smith attacks the law for the “difficulty which a poor man finds in obtaining a settlement, or even in being allowed to exercise his industry in any parish but that to which he belongs” (WN1 156). Smith argues that the resulting economic distortion might be the single most important structural problem afflicting the English economy: “this disorder [is] the greatest perhaps of any in the police of England” (WN1 156).

As for the charitable component of the Poor Law, Smith is largely silent. However, it is clear from the overall thrust of arguments in the *Wealth of Nations* that Smith is deeply concerned with the condition of the working classes, and considers their advancement to be among the foremost tasks of political economy. One of Smith’s fundamental arguments is that continual economic growth results in a general increase in wages, and that this is a good thing:

The liberal reward of labour, therefore, as it is the necessary effect, so it is the natural symptom of increasing national wealth. The scanty maintenance of the labouring poor, on the other hand, is

the natural symptom that things are at a stand, and their starving condition that they are going fast backwards (WN1 112).

Having demonstrated to his satisfaction that wages in England had in fact steadily increased during the preceding century, Smith takes exception to those who worried that the rising wealth of the lower classes would lead to overconsumption:

Is this improvement in the circumstances of the lower ranks of the people to be regarded as an advantage or as an inconveniency to the society? The answer seems at first sight abundantly plain. Servants, labourers and workmen of different kinds, make up the far greater part of every great political society. But what improves the circumstances of the greater part can never be regarded as an inconveniency to the whole (WN1 115).

Taking these sentiments into account, it is not implausible that Smith favoured some degree of poor relief. Winch (1983:514) observes that Smith's "neutral mention of the original Elizabethan statute, particularly when taken in conjunction with his sharp criticisms of the Law of Settlement, might well be interpreted as benevolent silence on the principle of legal charity". In other words, Smith might well have been in favour of at least a minimal safety net.

If this is in fact Smith's view, does this not contradict his broader, market-based approach to policymaking? To some degree it does, but as we have already seen, Smith is not above making exceptions to his market-based framework when he feels that prudence demands it, or when market processes have become too distorted to yield reliable information. In the case of the wages of the labouring poor, Smith does indeed believe that there is at least one source of distortion that afflicts the market: the power asymmetry between employers and employees, and the relative ease with which employers may collude in order to artificially depress the price of labour:

It is not, however, difficult to foresee which of the two parties must, upon all ordinary occasions, have the advantage in the dispute, and force the other into a compliance with their terms. The masters, being fewer in number, can combine much more easily; and the law, besides, authorises, or at least does not prohibit their combinations, while it prohibits those of the workmen. We have no acts of parliament against combining to lower the price of work; but many against combining to raise it. In all such disputes the masters can hold out much longer. A landlord, a farmer, a master manufacturer, or merchant, though they did not employ a single workman, could generally

live a year or two upon the stocks which they have already acquired. Many workmen could not subsist a week, few could subsist a month, and scarce any a year without employment. In the long-run the workman may be as necessary to his master as his master is to him; but the necessity is not so immediate.

We rarely hear, it has been said, of the combinations of masters; though frequently of those of workmen. But whoever imagines, upon this account, that masters rarely combine, is as ignorant of the world as of the subject. Masters are always and everywhere in a sort of tacit, but constant and uniform combination, not to raise the wages of labour above their actual rate (WN1 107-108).

This passage is worded very strongly, but we ought to be careful about reading too much of Smith's policy preferences into it. Smith may believe that an asymmetry exists between workers and employers, but he also believes that economic growth will naturally cause the price of labour to rise anyway, and that this had in fact happened in England despite the sort of price-fixing that he deplors. Smith stops short of arguing that the state should actively take sides with workers, whether through wage subsidies or regulation or some other mechanism. Instead, Smith appears to believe that the proper role of the state in the labour market is to take a position of neutrality, as opposed to the *status quo* in which it favoured employers. The price signals emanating from the labour market were partially distorted, but not so much as to be disregarded.

Smith's position contrasts with that of Burke, who in *Thoughts and Details on Scarcity* reveals himself to be actively hostile to the idea of poor relief. The political context in which Burke wrote this essay was the grain scarcity of 1795, which resulted from the loss Britain's import trade during the Napoleonic Wars (Conniff 1987:499). Some local authorities in southern England had responded by introducing the so-called Speenhamland system, in which local parishes paid wage subsidies to rural labourers when the price of corn rose above subsistence levels. Burke was critical of the Speenhamland system, and addressed *Thoughts and Details* to William Pitt as an extended argument against the nationalisation of the system (Macpherson 1980:56).

In the essay, Burke evidences none of Smith's reservations about the about the reliability of market pricing of labour:

It is not true that the rate of wages has not increased with the nominal price of provisions. I allow it has not fluctuated with that price, nor ought it... The rate of wages in truth has no direct relation to that price. Labour is a commodity like every other, and rises or falls according to the demand. This is in the nature of things; however, the nature of things has provided for their necessities (TDS 43).

Several writers have attacked *Thoughts and Details* for its seeming indifference towards the poor. It forms the centrepiece of Macpherson's (1980:70) argument that Burke "put a new bourgeois content into Natural Law". Winch (1992:515) remarks on the "fanatical" tone in which it is written, and observes that it "lacks Smith's sympathy for the position of wage-earners when compared with that of employers". Rothschild (1992:76) describes *Thoughts and Details* as being "close, at several points, to being an open attack on Smith".

Conniff (1987:499) divide's Burke's argument into two main thrusts. The first is that poor relief was, at the time of writing, unnecessary. Burke argues that the effect of the scarcity had been exaggerated by alarmists, and that in fact the crisis was not so serious as to justify a nationwide response. He asserts that the condition of the poor had improved dramatically during the preceding century, to the point where "even under all the hardships of the last year, the labouring people did... in fact, fare better than they did, in seasons of common plenty, 50 or 60 years ago" (TDS 42) – a view, we may note, that is perfectly in accordance with Adam Smith's observations on the rising wages of labour. But Burke goes further, arguing that even in the case of a genuine famine, the government should not intervene:

But what if the rate of hire to the labourer comes far short of his necessary subsistence, and the calamity of the time is so great as to threaten actual famine? Is the poor labourer to be abandoned to the flinty heart and griping hand of base self- interest, supported by the sword of law, especially when there is reason to suppose that the very avarice of farmers themselves has concurred with the errors of Government to bring famine on the land.

In that case, my opinion is this. Whenever it happens that a man can claim nothing according to the rules of commerce, and the principles of justice, he passes out of that department, and comes within the jurisdiction of mercy (TDS 47).

This is an undeniably harsh position. From a writer such as Burke, it seems almost perplexing. How could Burke – who always insists that abstract principles should not take precedence over prudence and reality, and who shows such sympathy for the colonised peoples of Ireland

and India – insist on the abstract principle of non-intervention in the market even in the case of starvation?

To be fair, Conniff (1987:501-502) argues that Burke’s viewpoint is not quite as severe as it first appears. He makes several points to this effect. For instance, he points out Burke’s commitment to private charity is in fact deep and serious, rather than merely perfunctory. Burke describes charity as an obligatory duty in his private correspondence, and even in *Thoughts and Details* he asserts that “charity to the poor is a direct and obligatory duty upon all Christians, next in order after the payment of debts, full as strong, and by nature made infinitely more delightful to us” (TDS 47). However, Burke believes, in accordance with his Christian theology, that charity should be voluntary in order to be meaningful, and he also dislikes the creation of new rights. Conniff (1987:501) points out that when the issue was not framed in terms of rights, Burke did in fact support government intervention in the marketplace in order to mitigate the effects of the scarcity; for example, by subsidising imports in order to increase the supply of corn.

Conniff (1987:502) also argues that Burke’s other writings demonstrate sympathy and concern for the impoverished citizens of Ireland and for those imprisoned for debt, and that these texts need to be balanced against *Thoughts and Details* in determining Burke’s “true” views, especially given that Burke himself did not see fit to publish the essay and apparently did not think too much of its significance. Finally, he argues that Burke’s orientation as a pragmatist, rather than free market absolutist, can be demonstrated by his views on other issues, such as his plan for the gradual abolition of the slave trade (Conniff 1987:507).

For our purposes, there are certain aspects of *Thoughts and Details* that are particularly interesting. While it is true that this essay was not intended as a general statement of economic principles, it is nevertheless the publication where Burke most fully explicates his views on the operation of the market, and comes closest to explicitly describing the market as a mechanism for processing information. Burke correctly understands that the price of labour in the marketplace is communicating information about supply and demand, and that external attempts to raise the price above this level carry the risk of decreasing demand and creating unemployment: “If a commodity is raised by authority above what it will yield with a profit to the buyer, that commodity will be the less dealt in” (TDS 46). Furthermore, he believes

that labour contracts should be respected because they express information and preferences held by the contracting parties, which policymakers do not have access to:

The questions arising on this scheme of arbitrary taxation are these—Whether it is better to leave all dealing, in which there is no force or fraud, collusion or combination, entirely to the persons mutually concerned in the matter contracted for; or to put the contract into the hands of those, who can have none, or a very remote interest in it, and little or no knowledge of the subject (TDS 43).

When Winch (1983:515) argues that “the contrasts [between *Wealth of Nations* and *Thoughts and Details*] are far more significant” than the similarities, and Rothschild (1992:76) describes the latter as an “attack” on Smith, they are certainly correct in terms of the tone, emphasis, and theology of those respective works. In terms of actual policy, however, Burke and Smith are not quite so different. Smith, as we have seen, did not support the regulation or subsidisation of wages; neither did Burke. Perhaps Smith might have seen the grain scarcity of 1795 as a genuine national emergency, had he lived to see it, and perhaps he would have endorsed something not unlike the Speenhamland system in order to cope with it; but this is by no means certain.

Most importantly, there are striking similarities in terms of how Burke and Smith apply their underlying policy frameworks. Both of them view the market as a mechanism that processes dispersed information. Both of them believe that, all else being equal, policymakers ought to respect the outcomes that the market produces. There is one important difference: while Burke insists that contracts are only valid if they are made without coercion or fraud (TDS 43), and he is keenly aware that markets in general can be distorted power or information asymmetries, he does not apply these insights to the operation of the labour market. This is a nuance that does not escape Smith.

If Burke is to be faulted for inconsistency, it is for failing to apply his own principle of prudence in a scenario – widespread starvation – that would surely call for it. It seems strange indeed that Burke, the conservative, was unable to envision the ways in which poverty, inequality and scarcity might threaten the traditional order that he valued so dearly.

8.5 Conclusion

The fundamental point here is that there are strong similarities and convergences between Burke and Smith's underlying policy frameworks. Inevitably, this means that there are similarities between the actual policies that they support, but not always. Similar frameworks can be used to generate very different policies.

In the case of free trade, the similarities are strongest. Smith advanced the principles of free trade in his writings on economic theory, while Burke used his position as a politician to advance these principles in national policy, even though doing so was occasionally harmful to his own political career. Smith's theoretical argument, like much of his economic reasoning, begins with an analysis of the individual actors involved, and attempts to envision the complex system they create from the bottom up. In this case, Smith reconstructs the motivations of a trader who imports and exports good. Traders are motivated by self-interest, and will attempt to satisfy wants. Smith suggests that they would typically prefer to trade with partners nearby, but will trade with overseas partners if significant efficiencies can be achieved. In the process, markets are widened, international division of labour is achieved, and the entire economy is able to benefit from imports and exports. In effect, Smith argues that in a system of trade, the interests of individual actors are aligned with the interests of the system itself, and their actions reveal information can be used in policymaking.

Burke does not lay out his own theoretical case for free trade. However, since it sits uneasily with his own defence of tradition as an evolutionary mechanism, and in view of his endorsement of the idea of the market as an information-processing system in *Thoughts and Details*, perhaps the simplest explanation is that he supports free trade for the same reasons that Smith does.

On the issue of domestic economic policy, and the extent to which government should adopt a *laissez-faire* approach, some differences between Burke and Smith open up. In this case, Burke joins Smith in advocating an approach that explicitly uses the collective actions of individuals as a source of information. For Burke, economic growth is driven by the self-interest of individuals, who use their knowledge of their own wants, preferences and circumstances to form contracts with each other. If these contracts are entered into voluntarily and without fraud, then by definition they must be beneficial to both of the contracting parties.

The government should respect these outcomes, and refrain from regulating prices or subsidising wages. Some observers, taking note of Burke's heavy-handed religious rhetoric in *Thoughts and Details*, argue that Burke supported free markets as an absolute theological principle. But the fact remains that Burke's argument for *laissez-faire*, like Smith's similar argument for free trade, can stand on its own even if stripped of its natural law content entirely.

Smith has similar views, but he is less sanguine about the effects of unfettered capitalism. While he adheres to the basic idea of the market as a form of distributed rationality, he worries that the outcomes produced by market-based processes may become distorted. As businessmen become wealthier and more powerful, they may be tempted to collude with the government, or with each other, in order to short-circuit the market's checks and balances, such as competition. Despite these concerns, Smith is generally in favour of market-based policies: he supports entrepreneurship and competition, favours a wide variety of liberalising reforms, and generally considers intervention to be counter-productive. Even in the case of possible market distortions, his solutions are generally negative: he typically feels that withdrawal from the market is the best way to avoid the sort of nexus between business and government that he decries. It is notable that Burke shares some of Smith's concerns about market distortions, as is evidenced by his criticism of the East India Company's monopoly and the information asymmetries inherent in complex financial capitalism.

Finally, there is the issue of the relief of the poor, which is perhaps the most interesting of all the policy areas we have considered. It is here that we see the emergence of significant differences between Burke and Smith; though perhaps not so significant as some observers have suggested.

On the one hand we have Smith, who has scathing criticism for the settlement provision of the Poor Law; who maintains silence on (and may well have supported) the charitable component of the same statute; who strenuously argues in favour of rising wages for the working classes, and suggests that these rising wages are at least partially stymied by price-fixing and collusion among employers. On the other hand we have Burke, who acknowledges rising wages as a matter of fact but with little enthusiasm; who is overtly hostile to poor relief in the scarcity of 1795, and who argues that government should not intervene in the case of

serious famine. It is little wonder that the differences between their respective approaches have drawn so much attention.

Yet there are similarities too. Neither of them suggests direct intervention in order to raise the price of wages. Both of them believe that the price mechanism, including the price of labour, is a mechanism that transmits information. Both of them, by and large, feel that policymakers should respect the distributed rationality of the market. The differences are in the details. Which extraneous factors qualify as a distortion of the market? When does a particular distortion become so severe that it justifies intervention? Is intervention more likely to solve power asymmetries, or create them? In a sense, it is not surprising that Smith and Burke did not agree on every single one of these issues, for these are still questions that divide economists today.

Thus we return, in a different venue, to the same conclusions that characterised Burke and Smith's differing views on freedom of religion. Their preferred economic policies, including their policies on the relief of the poor, are both legitimate manifestations of their underlying approach to making policy. Furthermore, this underlying approach is one that in many respects they share. In its simplest formulation, it is an approach that is sceptical of the knowledge and individual rationality of policymakers, and suggests making use of the dispersed rationality inherent in markets and historical institutions. But while this approach can yield valuable insights, it cannot tell us precisely what to do in any given situation. There are simply too many possible variations. What if historical institutions suggest one policy, and a market-based solution suggests another, as in the case of religious establishment? What if market processes have become partially distorted? How far should incremental reforms depart from the *status quo*? Are there contingent circumstances that require the abandonment of evolutionary mechanisms as the basis for policy?

Neither Burke nor Smith give us any fixed principle that can settle these questions in advance. In fact, it is a recurring theme of Burke in particular that the creation of such principles is an epistemological impossibility. These questions can only be settled on a case-by-case basis, in view of contingent circumstances, by the rules of prudence. In truth, the specific content of Smith and Burke's policy proposals is not very important, except as a matter of historical inquiry and as a guide to their deeper, underlying principles. The thing that matters most is not *what* they thought about policy, but *how* they thought about policy.

Chapter 9: “The Species Is Wise”

Conclusion

Human beings create complex societies. These societies are our greatest achievement. They allow us to cooperate with millions of other human beings, the vast majority of whom we will never meet. They nourish us and protect us. They have generated untold levels of opulence, and spawned radically advanced new forms of technology. Still, we want even more. We find that we are painfully aware of all the dysfunctions that continue to plague our societies, and we sense intuitively that things could be better than they are now.

But here we have a problem. Our societies are larger than we are. They are the accumulated product of the behaviour of vast multitudes of people, separated from each other by great distance. Their actions are in turn filtered through a set of customs and institutions that have built up over very long periods of time. No human being could possibly claim to have complete knowledge of the society in which they live, in all of its detail and intricacy and complexity. How then do we fix the societies upon which we depend, without inadvertently breaking them in the process? How do we reform that which we do not fully understand? These are questions to which Adam Smith and Edmund Burke, in their own different ways, turned their attention.

At the outset of this study, the following question was posed: can Burke and Smith be regarded as compatible and complementary political theorists? Having examined their work in some detail, I believe the answer to this question is “yes”. However, we need to be precise about exactly what that means, and the resulting limitations of their system of thought. In this regard, three separate claims can be advanced:

Firstly, Smith and Burke are *similar*, because they are ultimately concerned with the same fundamental problem, and they arrive at the same basic solution: that human beings should improve their societies by using the information available to them through the distributed rationality of evolutionary mechanisms.

Secondly, they are *complementary* in the sense that Smith's spatial mechanism (the market) complements Burke's historical mechanism (tradition).

Thirdly, they can be reasonably regarded as joint progenitors of a "liberal conservative" style of politics because, when we combine these two evolutionary mechanisms, we arrive at a particular way of thinking about politics: one that shows deference to established political institutions and the market alike. And this is the style of politics that, in a very broad sense, still informs the positions of centre-right parties across the English-speaking world today.

How did we arrive at this point? Throughout this inquiry, the writings of Burke and Smith were considered on three separate levels. In Chapters Two and Three, their views were considered on the most abstract, fundamental and philosophical level. The two questions considered in these chapters are, firstly, What is the nature of human beings?, and secondly, How do human beings obtain knowledge about the world? With respect to the first question, Burke's answer is that human nature is infinitely complex and intricate. We possess both a "human nature", which is intrinsic and unchanging, and a "second nature", which is added over time by the customs and manners of the society in which we live. We are neither good nor evil, but we are self-interested; we seek to achieve pleasure and avoid pain, and we require laws, customs and society in order to mitigate the worst aspects of our nature. Society does not corrupt us, Burke argues. On the contrary, human beings are social creatures, and it is through society that we attain virtue and fulfilment: "Art is man's nature" (ANW 109). Furthermore, we are sympathetic and sentimental creatures. We can speculate about right and wrong, and we can construct rules and ethical theories, but we also experience morality on a sentimental level, and these sentiments are sometimes a more reliable guide than our theories.

Sympathy also occupies a central position in Smith's account of human nature. For Smith, this is the key to understanding why human beings behave, for the most part, in a moral fashion. As children, we learn to sympathise with others. We enjoy sympathy, which is why we take pleasure in fiction and the company of others. But as we begin to sympathise, we also begin to judge others, and we become used to the idea of being judged in turn. We develop a sense of propriety, and begin to modify our own sentiments in order to fit in with social norms. Eventually, we are trained to see our actions through the eyes of an impartial spectator. We therefore avoid committing immoral acts, in order to avoid being forced to see ourselves as being petty and ignoble. But sympathy is not infallible, Smith argues. It is dulled

by distance, perverted by war, and diluted by self-interest. Smith's account of human nature complements Burke's in several important ways. Perhaps most importantly, Smith's impartial spectator provides a more convincing explanation of *why* Burke's vaunted moral sentiments should be trusted than Burke himself is able to offer.

With respect to the second question – How do we obtain knowledge about the world? – several other intriguing parallels begin to emerge. Smith's moral sentimentalism supports Burke's viewpoint, from which he criticises Richard Price, that it is impossible to obtain correct answers to complex moral problems through reason alone. Furthermore, both Burke and Smith adhere to a broadly empiricist epistemology that argues that we obtain knowledge of the world through our senses rather than through abstract reason. Burke argues that we experience the sublime and beautiful as a result of sensory triggers rather than reasoned reflection, and that the experience of the sublime in particular results from the negation of reason by our external stimuli. He argues that we take these physical experiences and recombine them to form new ideas, but that human reason is incapable of creating something wholly new that has not already been received through experience.

From Chapter Three onwards, we encounter the problem that can be considered the central difficulty that both Smith and Burke seek to address: the problem of information scarcity in a complex society. However, they approach the problem in different ways, and they emphasise different aspects of society. Burke is focussed primarily on constitutional questions. Following Montesquieu, he argues that human nature is extremely complex, and that when multiple human beings combine to form a society, the complexity of the overall system increases exponentially. Society is shaped by human nature, but human nature is also shaped by the society in which it is situated. From the policymaker's perspective, the result is an intricate web of interaction where any change to the rules that govern the system itself will have unpredictable consequences. It is almost impossible to pursue unalloyed goods in a social system as complex as a sovereign state, since any changes will produce both positive and negative consequences. Policymakers must therefore attempt to continually weigh up different sets of trade-offs against each other, but even here they are stymied because the trade-offs associated with a particular course of action are not always visible from the outset. Unintended consequences are a constant concern, and some reforms end up exacerbating the very problems they were intended to solve.

Smith adopts a similar approach, but he is focussed on a particular area of social life: the methods by which people in a society satisfy their wants and needs; that is to say, political economy. Here, Smith identifies two problems: the sheer amount of information that exists in a modern economy, and the fact that it is dispersed among large numbers of actors. With regard to the former, Smith points out that the provision of even simple manufactured goods, delivered at a price and speed that make them affordable by ordinary people, requires the use of vast supply chains and the cooperation of huge numbers of actors. These supply chains are organic and come into existence through the pursuit of self-interest by large numbers of individuals; they would be impossible for any single human being to comprehend or design from scratch. With regard to the latter point, Smith argues that supply and demand cannot be known with perfect accuracy in advance, because it depends on knowledge of wants and preferences that is held only by individual buyers. The problem that this poses for policymakers is the same one that Burke identified: the risk of unintended consequences. Regulations can steer commerce towards illegal black markets; subsidies designed to increase production can end up pushing up prices, and so on.

How did Burke and Smith propose to cope with these complexities? This is the second level at which I examined their writings, in Chapters Four and Five. On this level, their arguments are less abstract and more concrete than in their writings on human nature, epistemology and complexity, since they are now dealing with problem-solving in the real world. However, this still tells us relatively little about what they considered to be the correct solutions to specific problems. Instead, it allows us to derive their broad policy frameworks: the set of underlying principles that inform their overall approach to policymaking. These frameworks are their most important contributions to political theory.

It became evident that Burke and Smith, each in his own way, arrived at three similar methods for coping with social complexity. The first proposal is to cultivate a particular style of leadership that is suitable for the management of complex systems. For Burke, this demands rationality, but a particular type of rationality: inductive rationality, which draws lessons from practical experience and applies them prudently. For Smith, the desirable model is the ‘man of public spirit’, who is aware of his own limitations, and does not sacrifice the good in order to achieve abstract perfection. Smith contrasts this approach with the ‘man of system’, who is untroubled by the constraints of history and custom, and imagines that society can be rearranged like the pieces on a chessboard. Both Burke and Smith heap

criticism upon those who, in their view, depart from the humility and prudence which they advocate. In this light Smith criticises the French physiocrats for their excessive faith in the abstract system they created, and for their belief that economic reforms that stop short of perfection should not be pursued. Burke, for his part, attacks the French revolutionaries for attempting to sweep aside all the existing social and cultural institutions of France, and for going so far as to try to wipe the existing lines off the map and replace them with rigid square measurements.

Their second proposal is that we accord due deference to contingency and circumstance in decision-making. This is an extension of Burke's inductive rationalism, which argues that real-world events are so complex that they cannot be decided by reductive principles formulated in advance. But Burke does not argue that we abandon principles altogether. Political principles are a form of wisdom that help us gain insight from the experience of history. Burke has several principles to which he is deeply attached: the principle that arbitrary power is wrong, the principle of hereditary monarchy, and so on. But Burke is sometimes willing to abandon even his most strongly-held principles in certain rare situations, such as the Glorious Revolution. The idea that societies gain value both from political principles *and* from making occasional deviations from those principles is one of Burke's more notable arguments. It is also a view that is echoed, though not always explicitly, by Smith. Smith is willing to carve out exceptions to his own economic principles in the *Wealth of Nations*, and his overall approach to policy always proceeds from the assumption that the best and most principled policy options are usually impossible to achieve in reality.

Their third proposal, and their most important one, is the use of what I have termed evolutionary mechanisms in order to gain additional information. For both Smith and Burke, this idea emerges from the view of society as the product of bottom-up complexity rather than top-down design. In Smith's account of political economy, the economy of a state is like a large and complex machine, except that it has no designer and springs into existence by itself. Individuals, in the pursuit of their own wants and need, end up exchanging goods with each other, and inadvertently create huge and complex supply chains. Information is transmitted throughout these supply chains by means of the price mechanism. Changes in price inform disparate actors about changes in scarcity, demands and applications. Individual actors are not necessarily aware of the underlying reasons for changes in price – the price of labour, for example, is affected by a vast array of inputs – but the price mechanism

nevertheless gives individuals sufficient information to make rational decisions and co-ordinate their actions with other actors in the economy. Ultimately, the cumulative actions of large numbers of individuals create a form of spontaneous order. By paying attention to price signals, and watching the market to see how it allocates resources within the economy, policymakers are able to take advantage of this dispersed rationality and add it to their own.

Burke begins from a similar set of assumptions in his analysis of the evolution of constitutional systems over long periods of time. No society is truly static, since the actions of individuals have unpredictable and significant effects. Changes bubble up from individuals, and sometimes these become solidified into customs and traditions, which in turn are sometimes hardened into law. Burke does not conceive of political society as having been designed, any more than Smith detects the hand of design in complex economic systems. Instead, political society is organic. Customs are slowly abandoned if they are detrimental, but are retained if they are useful. Burke argues that there is considerable wisdom embedded in the cumulative decisions of the species over long time horizons. Just as the price mechanism can give us information about scarcities or fluctuations that we would not otherwise be aware of, the existence of long-standing traditions can give us information about the hidden value of institutions. Policymakers can take advantage of this information, Burke argues, by adopting some degree of prejudice in favour of settled arrangements. This prejudice should not be an insurmountable barrier – states must be capable of reform – but reforms must be undertaken cautiously, and with an understanding that historically settled arrangements have a logic and purpose of their own.

Thus, Burke and Smith provide us with two different evolutionary mechanisms for dealing with information scarcity, both of which are grounded in the idea of bottom-up complexity. These mechanisms operate in different ways and deal with different aspects of society, but they also complement each other: Burke's method deals with the evolution of constitutional orders, while Smith's deals with the evolution of economic systems within those orders.

How are these two frameworks applied to the real world? This is the third level at which I considered the writings of Burke and Smith. It was the subject of Chapters Six, Seven & Eight, in which we first explored Burke and Smith's ideas on freedom and power, and then some of their concrete proposals on policy.

In their writings on freedom, both Burke and Smith reveal themselves to be strong advocates of liberty, albeit in different contexts. Burke, like his Whig compatriots, is a staunch opponent of arbitrary power, and a tireless advocate of greater liberty in Ireland, North America and India. Smith is an advocate of liberty in the marketplace, and a sharp critic of restrictions that prevent individuals from employing their labour and capital to the best of their ability. But, in keeping with their shared pragmatism and their awareness of human imperfectability, both suggest the stability of society is endangered if every individual exercises their liberty to its maximal extent. As a compromise, Burke suggests a culture of self-restraint, arguing that a cultural norm in which the majority of citizens refrain from intruding on each other allows the formal limits of liberty to be set at a higher level than otherwise be the case. He also argues that a gentle state, which has legitimacy and is obeyed willingly by its citizens, is a desirable alternative to a coercive state that achieves compliance through force. In keeping with his emphasis on historical processes, Burke argues that the legitimacy of the state is achieved through prescription: that all political orders begin in usurpation, but are mellowed out over time and eventually achieve the status of rightful authority.

Smith and Burke agree that it is both acceptable and necessary for the state to use coercion to prevent individuals from directly harming each other. Smith also discusses several specific cases where, in his view it is acceptable for the state to regulate liberty on the grounds of public interest: for example, the regulation of the money supply. Smith's "system of natural liberty" takes place within the rule of law, and Smith is quick to point out that the maintenance of a criminal justice system (along with national defence and the creation of public goods) is one of the three primary duties of the state. However, there is an intriguing contrast between Smith and Burke on the issue of freedom of religion. Smith, after considering the issue from several angles, ultimately decides that the maintenance of the religious establishment in Britain is probably for the best, but in principle at least he appears to prefer to favour the idea of a "free market" in religion similar to that of the United States. By contrast, Burke is unequivocally in favour of religious establishment, and considers it to one of the foremost duties of the state. Thus we see the first limitation of the shared liberal conservative framework: while Burke's historical mechanism and Smith's market mechanism are often complementary, their use in conjunction with each other can lead to very different outcomes depending on which mechanism is prioritised.

These limitations are even more visible when we consider Burke and Smith's writings on more concrete questions of policy. On the issue of free trade, Smith applies his market mechanism, and argues that the interests of individual traders who import and export goods align with the general interests of society. Burke also advocates free trade, and at least hints that he is applying a market mechanism that is similar to Smith's own policymaking framework. On the question of *laissez-faire* in the domestic economy, both Burke and Smith are largely supportive; though they do make some pragmatic exceptions in situations where the market's ability to process information has been distorted by outside forces. In this case, Burke explicitly adopts Smith's policymaking framework as his own, arguing that the contracts and agreements formed by individual actors in the economy constitutes a form of dispersed knowledge that should be respected. Finally, on the issue of the relief of the poor, we see more significant differences open up. Neither Burke nor Smith favour wage subsidies or wage regulations, but Smith writes favourably about increases in wages in a way that Burke does not. Compared to Burke, the overall tone of Smith's writings is more sympathetic to the poor, more distrustful of employers, and more willing to explore the possibility of market failure and market distortions.

To what extent are these debates still relevant? Macpherson (1980:74) concludes his book on Burke by arguing that the latter has no significance at all in modern politics: "Twentieth century democrats, both liberal and conservative, share with Burke, the non-democrat, the perception that what is at stake is the legitimating of the social order, and that this is ultimately a question of moral values... But if they heed Burke's warnings about the vital necessity of adjusting principles to concrete circumstances, they must think twice about recruiting him. By his insistence on the importance of circumstances Burke ruled himself out of court for the late twentieth century."

Macpherson goes too far in writing off Burke completely, but he nevertheless captures an important truth, which is that Burke's views on specific policy positions, and even his views on more abstract issues such as freedom and power, are not particularly relevant or important in the context of 21st-century political disputes. The same is arguably true of Smith, even if Smith's views on economic issues seem inherently more practical than Burke's. Both Smith and Burke offer policy frameworks that can be interpreted in numerous different ways; both insist on the importance of pragmatism and contingency; and if we are to take them seriously

on this point, we should indeed be wary about trying to draft either one of them too directly into our own policy debates.

This has important implications for the New Right; the coalition of economic liberals and political traditionalists that, by and large, constitutes the mainstream centre-right pole in the majority of English-speaking countries. If we assume that the New Right is faithfully applying the ideas of Burke and Smith (which is, of course, a matter of some dispute), the implication is that present-day liberal conservatism is best seen as an epistemological position, rather than a set of ideological policy positions which must be pursued at all costs. To pursue a set of principles for the sake of their own intrinsic beauty and coherence, and with little regard for changes in real-world circumstances that may render those principles obsolete, is the very antithesis of what Smith and Burke proposed.

Are modern conservatives, for example, obligated to support Burke's views on the welfare state? Of course not. Burke was reacting to problems of his own time; furthermore, we have access to an additional two centuries-worth of information that he did not possess. Smith's arguments for free trade are interesting, and still relevant to an extent, but even these arguments were quickly superseded by Ricardo, and economists since then have fleshed out the argument for trade in much greater detail. But this does not really matter. The truth is that we do not look to Adam Smith to tell us what our trade policy should be, or the rate at which we should tax the highest quintile of income earners. Nor do we look to Burke for his ideas on constitutional law. Even if we were to find ourselves in the strange position of having to write a new constitution, we would find thinkers such as Montesquieu or James Madison significantly more useful than Burke.

Instead, we look to Burke and Smith for something else. We look to them for a reminder that human beings are imperfect; that our individual rationality is limited; that our knowledge encompasses only a small portion of the societies in which we live. We look to them because they incisively analysed the complexity of our social milieu. Finally, we look to them for their insights on how to think about policy; because they counsel humility; because they warn us not to be too eager to place our own intelligence above the cumulative wisdom of history and the decentralised decision-making of multitudes. These insights constitute the foundation of liberal conservatism understood as an epistemological position rather than an ideological programme.

Throughout this inquiry, I have discussed Burke and Smith's work using terms such as complexity, information dispersal, bottom-up design, and evolutionary mechanisms. Burke and Smith, of course, did not use these words themselves. They are surprisingly modern thinkers in many respects, but they are not of the modern world, and they did not have access to convenient metaphors that spring from modern-era biology and information technology. But they understood these concepts intuitively, they described them using the language that was available, and the evidence of this understanding runs throughout their writings. They realised that society is a human creation that is deeply complex and potentially fragile. Nevertheless, they could sense the existence of grand knowledge-generating mechanisms that operated within the social system in which they lived, and they sought to make this knowledge accessible in order to better the human condition. It is for this reason that they can be considered complementary political thinkers.

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