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ARTICLE



Adam Smith and the conspiracy of the merchants

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ABSTRACT

Adam Smith famously declared that ‘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’. Although Smith’s hostility to the merchants and the mercantile system is well known, what has not hitherto been appreciated is the full extent to which Smith believed such a ‘conspiracy’ to obtain, how he believed that it came about, and why it would likely prove highly resistant to effective political control. To appreciate this, it is necessary to situate *The Wealth of Nations* in relation to Smith’s wider assessment of the origins of modern European commercial societies, connecting his critique of mercantilism to his history of law and government, as well as to his late interventions regarding the problematic centrality of political judgement to managing affairs of state. Once this is done, we see that the famous attack on mercantilism in *The Wealth of Nations* must ultimately be read as Janus-faced, given Smith’s wider assessment of modern European conditions as revealed in the student lecture notes of the 1760s, and the final edition of the *Theory of Moral Sentiments*.

KEYWORDS

Adam Smith; merchants;
India; *Wealth of Nations*;
history; Empire

1. Introduction

In *The Wealth of Nations*, Adam Smith famously declared that ‘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’.¹ Given the rhetorical combativeness of this most forthright of accusations, it is unsurprising that it is well known. What is less well known, however, is the full extent to which Smith believed such a ‘conspiracy’ to obtain, how he believed it came about, and why it would prove highly resistant to effective political control. The goal of the following is to bring this more clearly into view.² For whilst nobody even passingly familiar with Smith’s works will be surprised to hear that he exhibited a profound hostility to the merchant classes, what remains unexplained in the specialist literature is *why and how* Smith thought the merchants were able to exert such disproportionate influence in modern societies. To understand this better, we need to place Smith’s hostility to the merchants in the context of his account of psychological authority, and the development of different forms of political organization as generated by the convoluted social and economic developments of not just European, but global, history. In turn, however, we must also come to recognize Smith’s condemnation of the

merchants as ultimately Janus-faced: his hostility is qualified when placed in the context of disastrous political failures, as experienced in both the ancient world and more recent European imperial expansionism. In other words, when it comes to Smith and the merchants we must take a deeper look at what appears already familiar. In doing so we come to see that much more is going on in his thought than has yet been appreciated.

Smith's accusation of conspiracy appears not in Book IV of the *Wealth of Nations* – where the bulk of his self-described 'very violent attack' on the whole commercial system of Great Britain takes place – but in Book I's technical discussion of labour and stock accumulation.³ This by itself is not especially remarkable: the immediate context is Smith's critique of apprenticeships and incorporation, part of his analysis of why the 'Policy of Europe' has generated artificial inequalities in the division of labour and stock, and which he is explicit he will go into more detail regarding after Book III's explanation of the unnatural and retrograde development of modern European economic development. More remarkable, however, is what Smith immediately goes on to say in Book I about what might be done regarding the merchants' conspiratorial activities:

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.⁴

Smith follows this up with a series of apparently straightforward recommendations for altering policy so as not to provide needless opportunities for the merchants to conspire – principally the abolishing of corporations, and the promoting of genuine competition. Yet he then immediately leaves the subject, turning to discuss the distortion of the market via educating too many people in oversubscribed trades. This turning away might be puzzling, however, to those who know what is coming in Book IV. For in Book I, Smith appears to suggest that the conspiracy of the merchants can be relatively easily ameliorated: political decision-makers should simply reduce opportunities for the merchants to conspire, even if considerations of practicality, as well as 'liberty and justice', mean that total prevention is impossible. But as is well known, in Book IV Smith is highly *sceptical* of the capacity of legislators to do precisely this. Rather than breaking up the corporations and other monopolistic structures, governments have tended to *side with* the merchants, turning state policy to their bidding, against the welfare of ordinary people, thus violating 'that justice and equality of treatment which the sovereign owes to all the different orders of his subjects'.⁵ But *why*? Why don't agents of government – for the good of the broader public, whom it is their principal job to serve – see what the merchants are up to and stop them, in just the sorts of ways recommended in Book I?

A full answer to this question is complex. This is because Smith's account of the conspiracy of the merchants is embedded in his wider assessment of the political condition of modern Europe. The result is an intricate account of why political rulers are systematically liable to capture by special interests, with entire states potentially captured in turn. Recognizing the full scope of Smith's assessment, however, requires us to pull together many threads of his thought, which are woven not just into his two published books, but also the student lecture notes on jurisprudence and rhetoric dating from the 1760s. Accordingly, the following paper begins by examining what Smith has to say in *The Wealth of Nations* regarding the disproportionate influence that merchants exercise over the

policy of Europe, as well as the pernicious effects that this has had upon wider society. The focus is then broadened to consider Smith's claims about the capacity of wealthy elites to psychologically dominate political decision-makers, the crucial underlying factor in his explanation of why merchant conspiracies have proved so successful in modern commercial societies. It next examines Smith's analyses of Athens and Rome, regimes which on Smith's view counted as commercial societies, but which he believed had been destroyed by worsening misalignments between power and wealth. Yet on Smith's account the subsequent advent of the rule of law ensured a different playing out of political contestation in modern European states, and the activities of the merchants had to be understood in that very precise context. In turn, Smith's blistering attack on Britain's imperial exploitation of India is presented as in part a dire warning about just how far merchant conspiracies might go if not subjected to meaningful political control. The argument concludes by emphasizing the Janus-faced nature of Smith's final assessment, connecting this to the late additions made to the final edition of the *Theory of Moral Sentiments* regarding the problem of political judgement. The overall aim is to show that if Smith's famous condemnation of the merchants, and ultimately the mercantile system, in the *Wealth of Nations* is to be fully understood, it must be read both backwards and forwards. Backwards, to see how it is embedded in Smith's underlying conceptualization of European history and the rise of modern commercial society. Forwards, to his final interventions regarding the centrality of good judgement to the 'science of the statesman or legislator'.⁶

2. From private conspiracy to state policy: the merchants and the mercantile system

Smith's condemnation of the merchant classes is one of the most prominent features of Book IV of the *Wealth of Nations*. In particular, he there accuses the merchants of being responsible for the invention of the specious doctrine of the 'balance of trade' – i.e. that a nation would grow wealthiest if its exports outstripped imports, so as to accrue favourable reserves of money – which, despite its economic absurdity, constituted the lynchpin of the entire mercantile system. Already debunked by Hume as a self-serving chimera, Smith maintained that the merchant classes had propagated the notion of a 'balance of trade' precisely because it enabled them to deceive political rulers into granting vast networks of monopolies, drawbacks, and bounties, that enriched the merchants whilst impoverishing the rest of the nation.⁷ Smith likewise located the primary blame for the rise of what Hume termed 'jealousy of trade' – the introduction of commerce into the arena of reason of state, with decisions about economic production subordinated to political calculations regarding international competition – as lying squarely with the merchants:

Commerce, which ought naturally to be, among nations, as among individuals, a bond of union and friendship, has become the most fertile source of discord and animosity. The capricious ambition of kings and ministers has not, during the present and preceding century, been more fatal to the repose of Europe, than the impertinent jealousy of merchants and manufacturers.⁸

In other words, the two most pernicious aspects of the mercantile system, when considered both domestically and internationally, could be traced back to the conspiring activities of the merchant elites.

Smith in turn famously described the entire British colonial enterprise in North America as establishing a 'great empire ... for the sole purpose of raising up a nation of customers who should be obliged to buy from the shops of our different producers'. The vast expense of the recently-concluded Seven Years War – indeed, the interest on the war debt alone – easily outstripped the entire profit that monopoly trade with the colonies could ever hope to secure. And yet all of this was to be paid for by the 'home-consumers' who had been 'burdened with the whole expense of maintaining and defending that empire', all for the paltry 'little enhancement in price' which the American monopoly might afford British merchants.⁹ In Smith's final judgement, the entire North American colonial enterprise – the consequences of which were of course exploding spectacularly as Smith was first going into print in 1776 – was not fit even for a pathetic nation of shopkeepers, but for something worse: 'a nation whose government is influenced by shopkeepers'. Politicians had come to believe it acceptable to sacrifice 'the blood and treasure of their fellow citizens' to the interests of an elite minority who had captured state policy.¹⁰ As Muthu has shown, the result was that the influence of the merchants – in particular through the rise of joint stock companies and the pivotal role that these played in the imperial affairs of Europe both in the West and East – had become so extensive that 'In Smith's view, by the mid-eighteenth century, a state-driven mercantilist system of international political economy had been largely transformed into a company-driven mercantilist system'.¹¹ Smith's hostility to institutional power structures, and their distorting effect upon commerce and international relations, is thus trained not only on government agents, but also upon the vested private interests who have 'not only colluded with states, but captured state power'.¹² The result was that the laws perpetuating the mercantile system 'Like the laws of Draco ... may be said to be all written in blood'.¹³

It is, of course, in Book IV that Smith introduces his now (in)famous metaphor of the invisible hand. Yet what remains underappreciated is the extent to which he used the invisible hand to single out the activities of the merchant classes for special opprobrium.¹⁴ Smith employs the 'invisible hand' to argue two connected points. First, that individuals often promote the good of wider society by performing actions that seek only to improve their own private lot, and this (surprisingly) tends to be a *more* effective way of promoting collective prosperity than setting out with that latter goal specifically in mind. Second, that because each individual knows his own interests better than a central administrator ever can, it is folly for 'the statesman or lawgiver' to try and make decisions about how to employ capital in domestic industry on behalf of private individuals.¹⁵ What Smith finds notable about the monopolies that the merchants have accrued to themselves is that such measures violate *both* of the maxims attaching to the invisible hand. Whilst aiming to promote the general good, political decision-makers inadvertently retard it, making the mistake of thinking that their interference (undertaken on behalf of the merchants) can be more effective than letting free competition do its work by allowing each to enter and exit competitive markets as directed by private interest. The result is that

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.¹⁶

Again, this situation was brought about by dominant market actors seeking to rig markets in their own favour. Smith's appeal to the 'invisible hand' was thus directed not simply at

overweening governmental administrators – as is often supposed¹⁷ – but against the merchants who had persuaded policy-makers to do their private bidding at the expense of wider society. The invisible hand was introduced not simply to make a point about the limits of the knowledge held by administrators, especially as compared to the relative efficiency of the price mechanism (as more recent Hayekian approaches tend to emphasize), but to draw attention to the problem of special-interest lobbying and rent-seeking by those in dominant market positions.

Given all of this, it is not surprising that Smith's general hostility towards the merchant classes is already well known. What has not received sufficient attention, however, is the more fundamental question of *why* the merchants are able to succeed with such apparent ease in perpetrating their conspiracies. If, as Smith claims, the doctrine of the balance of trade is so obviously specious; if predictions of national impoverishment should a favourable balance not be maintained have (as he notes) always been proven wrong by the experience of countries and port towns who have opened themselves to trade; and if the interest of a nation is evidently harmed rather than helped by adopting the policies demanded by the merchants, why don't rulers see what is afoot, and put a stop to such matters? As Smith himself states in his discussion of jealousy of trade,

The violence and injustice of mankind is an ancient evil, for which, I am afraid, the nature of human affairs can scarce admit of a remedy. But the mean rapacity, the monopolizing spirit of the merchants and manufacturers, who neither are, nor ought to be the rulers of mankind, though it cannot perhaps be corrected, may very easily be prevented from disturbing the tranquility of any body but themselves.¹⁸

If it is indeed 'easy' to prevent the disturbances affected by the merchants, why do rulers nonetheless frequently fail to do so, with states instead being captured by their own mercantile elites?

The most immediate and obvious part of Smith's answer, presented most prominently in *The Wealth of Nations*, focuses on the structural advantages possessed by the merchants. As the close of Book I makes clear, when discussing the 'three great, original and constituent orders of every civilized society, from whose revenue that of every other order is ultimately derived', those who live from labouring (i.e. the vast bulk of the population) typically lack the education to understand national affairs, and more especially lack the influence and opportunity to have their voices heard at a decision-making level.¹⁹ The owners of land ought to possess more clout, but

their indolence, which is the natural effect of the ease and security of their situation, renders them too often, not only ignorant, but incapable of that application of mind which is necessary in order to foresee and understand the consequences of any publick regulation.²⁰

Typically, the final of the great orders – merchants and manufacturers – in fact know no more about the good of the nation as a whole than the other classes of society, but because they spend their lives engaged in 'plans and projects' aimed at furthering their own interests, they understand *those* very well, and much better than the other two orders. As a result, the merchants'

superiority over the country gentleman is, not so much in their knowledge of the publick interest, as in their having a better knowledge of their own interest than he has of his. It is by this superior knowledge of their own interest that they have frequently imposed upon

his generosity, and persuaded him to give up both his own interest and that of the publick, from a very simple but honest conviction, that their interest, and not his, was the interest of the publick.²¹

In practice this structural asymmetry between the orders has been extensively compounded by the very success that the merchants have enjoyed in capturing state policies for their own interests. As Smith explains after his remark that ‘To expect, indeed, 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’, this is precisely because ‘Not only the prejudices of the publick, but what is much more unconquerable, the private interests of many individuals, irresistibly oppose it’.²² The violence with which the merchants oppose the removal of their privileges and the overturning of mercantilist policies is, Smith says, so ferocious that it would be just as dangerous to systematically oppose the merchants as to dismantle Britain’s standing army and turn its leading officers out of doors. Explicitly comparing the ‘tribes’ of merchants to an ‘overgrown standing army’, Smith explains that this class has entrenched its power so as to become ‘formidable to the government, and upon many occasions intimidate the legislature’. The predicament for politicians is that anybody who goes against the merchants will suffer ‘the most infamous abuse and detraction, from personal insults’ as well as ‘real danger, arising from the insolent outrage of furious and disappointed monopolists’. By contrast, politicians who cozy up to the mercantile classes will not only get an easy ride, but acquire ‘the reputation of understanding trade’ as well as ‘great popularity and influence with an order of men whose numbers and wealth render them of great importance’.²³ This process of power consolidation was supplemented by jingoistic tub-thumping: merchants ensured that it was against foreign economic competition that ‘national animosity’ was ‘most violently inflamed’, further extending their pernicious influence over the policy-making of nations.²⁴

Yet in addition to these direct answers in *The Wealth of Nations* regarding how the merchants had managed to turn their private conspiracies into the foundations of national political economy and international strategy, Smith had a deeper story to tell. We are pointed in its direction by his remarks that the merchants ‘by their wealth draw to themselves the greatest share of the publick consideration’, and that it is precisely their ‘numbers and wealth’ that renders them ‘of great importance’.²⁵ For in Smith’s underlying psychological account of the foundations of political societies, it was precisely wealth that had an especially important – and dangerous – role to play.

3. Lessons from history: wealth, power, law

In order to understand why Smith thought that the merchants were so successful in capturing state policy in modern Europe, it is necessary to locate the analysis of the *Wealth of Nations* in reference to his wider political thought, which is itself dependent upon Smith’s assessment of the historical conditions from which differing political conditions arose. In particular, we must pay attention to Smith’s account of the fates of Athens and Rome, as well as the subsequent rise of Europe’s modern monarchies. This, however, first requires us to consider Smith’s ‘stages’ theory of economic development, his account of how authority operates in the psychologies of the ruled, and his explanation of how politics plays

out in different socio-economic contexts. Once this is done we will be in a position to appreciate the full extent of the ‘conspiracy’ Smith believed the merchant classes to have perpetrated.

In Chapter IV of Book I of the *Wealth of Nations*, Smith states that once the division of labour has been widely enough established, ‘Every man thus lives by exchanging, or becomes in some measure a merchant, and the society itself grows to be what is properly a commercial society’.²⁶ This is Smith’s technical definition of ‘commercial society’, a phrase he uses only twice in the entire published works, but which is now widely read as constituting the fourth and final ‘stage’ in his account of the natural progress of economic development.²⁷ Yet focusing tightly on this definition proves to be highly revealing when put into the context of Smith’s account of earlier stages of economic development.²⁸

In the first of Smith’s stages, people survived in small bands by hunting and foraging. They had no notions of property, and barely any of government.²⁹ In the second, that of nomadic shepherds, subsistence came from the maintenance of large pastoral flocks, and subsequent explosions of inequality arising from increases in wealth led to the invention of notions of property, government, and third-party judicial arbitration as initially dispensed by local chieftains.³⁰ The third stage involved a shift towards geographically static populations, the bulk of whom were maintained by the direct cultivation of land and non-nomadic pasturage. (Legislative assemblies likely originated around this time, as checks were needed to control the arbitrariness of judges grown dangerous from their power to extract tribute.³¹) The fourth stage – commercial society – consists by contrast of a highly advanced point of economic development where the majority of individuals do not themselves need to directly secure their means of subsistence (i.e. hunter-gathering, pasturage, or farming) via personal toil. Instead they secure their means of subsistence (and beyond, into the realm of above-subsistence goods, the technical term for which remains ‘luxury’, albeit stripped of its earlier negative moral connotations) via the exchanging of relatively refined goods and services. These are the results of the widespread advent of the division of labour, the motor of all advanced economic progress, or in Smith’s term, ‘opulence’.³²

The first thing to note is that on Smith’s account commercial society is not simply characterized by trade, either internally or externally. All human societies will have engaged in material exchange to varying degrees, both with fellow members and with neighbouring groups. What sets commercial society apart is specifically *how most individuals secure their personal subsistence*. Second – and crucially – commercial society for Smith is therefore by no means a uniquely modern, post-feudal European phenomenon. On the contrary, pre-modern societies where most individuals ‘lived by exchange’ eminently qualified as commercial societies, and Smith thought that Athens and Rome were paradigm cases, as were the economically and technologically advanced Chinese dynasties periodically ravaged by Mongol invasion from the eastern steppe, before the invention of gunpowder neutered the capacity of nomadic shepherd barbarians to reset the progress of civilization.³³ We shall return to this point about predecessor forms of commercial society momentarily, for it is of considerable significance to understanding Smith’s assessment of the place of the merchants in the peculiar instantiation of commercial society that arose in post-feudal Europe.

Before doing so, however, we must also note that Smith, like Hume, took to heart James Harrington’s dictum that in political affairs, ‘the balance of power depends on that of

property'.³⁴ And also like Hume, Smith founded his political theory on the basis of 'opinion': that all large-scale political processes had to be understood through the predominantly voluntary submission of the ruled to rulers (the former always outnumbering the latter in strength and number).³⁵ Smith went beyond Hume, however, in detailing the mechanics of how authority operated in the minds of the ruled, leading them to submit to the commands of those who became successfully established as superiors, the phenomenon which the *Theory of Moral Sentiments* described as 'the habitual state of deference' that individuals paid to 'those whom they have been accustomed to look upon as their natural superiors'.³⁶

The two most basic mechanisms of natural authority were superiority of individual abilities, and superiority of age.³⁷ In the primitive hunter stage these were the entire basis of all political authority. But with the advent of shepherding societies, dramatic increases in the wealth possessed by chieftains meant that *wealth itself* emerged as a predominant source of authority.³⁸ Finally, hereditary lineage – which presupposed economic inequality, and hence authority based in wealth – arose as a claim to other men's submission, something proved by the fact that the histories of most shepherding peoples consisted almost entirely of genealogies.³⁹ In all societies advanced beyond the stage of hunters, more immediately visible and permanent external signs of authority were needed than the nebulous qualities of age and ability, not least thanks to the rise of the need for government due to increases in wealth inequality and the invention of laws as a way of protecting the rich from the depredations of the poor.⁴⁰ Hence wealth and lineage became entrenched in shepherding, but also agricultural, societies, as sources of authority. For the most part, however, these were attached to the present possessors of political office, and therefore of established political power.

Although Smith does not state the point explicitly – and for this reason, perhaps, it has hitherto not been recognized in specialist treatments of his work – it is central to Smith's analysis of the politics of commercial societies that at this, the most advanced stage of socio-economic development, things become different with regards the conjunction between wealth, political office, and power. This is because in commercial societies the division of labour, and the resulting processes of exchange from which most individuals live, inaugurate the possibility for individuals who are not the traditional holders of political office to become extremely wealthy. But this means that the newly rich are able to use their wealth in order to exercise authority over the minds of peers – something that was traditionally the preserve of established political leaders.⁴¹ And the reconfiguration of power's relation to property, through the growth of wealth held by non-traditional elites was, Smith believed, potentially explosive – as the historical record made clear.

To see this we must look not only to Smith's more famous account in the *Lectures on Jurisprudence*, but to his little-remarked discussion of the socio-economic conditions of Athens and Rome in the *Lectures on Rhetoric and Belles Lettres*. Smith there claimed that although the dynamics played out differently, both Athens and Rome were fundamentally destabilized by the growth of wealth amongst non-traditional elites, who did not have direct access to political office, and so subverted the authority of established power-holders. In Athens, the nobility originally dominated: 'The Ballance of Wealth and Rank on their side gave them also the Ballance of Power'.⁴² Expanding economic prosperity, however, meant that in time 'Commerce gave the lowest of the people an opportunity of raising themselves fortunes and by that means power'. Because democracy

opened offices to all individuals, the *nouveaux riche* grasped for power, their wealth enabling them to have ‘equal weight with the People’.⁴³ This ultimately resulted in a loss of martial capacity, as lazy citizens were paid to attend the public law courts and forsook military endeavours and genuine civic engagement, becoming easy prey for the flattery of ambitious orators. When Philip of Macedon threatened the republic, it by that point lacked the capacity to adequately offer resistance. The result was the subjugation of what had been the greatest and most formidable commercial society in all of Attica.⁴⁴

The case of Rome was more complex, and played out over a longer period, but Smith’s assessment was that the origins of the Republic’s destruction lay in the rise of the ‘Populares’, demagogues who cynically appealed to those citizens left behind by the explosion of wealth generated by successful foreign conquest, but subsequently monopolized by the ‘Optimates’.⁴⁵ The internal unrest unleashed by the conflict between these two groups eventually led to the dictatorship of Sulla, and later Caesar’s abolition of the Republic after the collapse of the Triumvirate. Thus, alongside Smith’s more famous analysis from the *Jurisprudence* lectures that it was luxury that eventually brought down the Roman Empire due to its enfeebling of military capacity and the rapacious attentions of the German barbarians that it generated, he maintained that the Roman *Republic* was first destabilized, and ultimately destroyed, by the centrifugal political forces unleashed by advanced economic development – or in Smith’s technical taxonomy, by ‘commercial society’.⁴⁶

Modern Europe, however, was different. This was due to accidents of history having ensured that the dynamics of politics in modern commercial societies played out differently to those of the ancient world. Once we see this, the nature of the merchants’ modern conspiracies comes more clearly into focus – but also takes on a different aspect. As Smith made clear in Book III of the *Wealth of Nations*, the economic and political development of modern Europe had been ‘unnatural and retrograde’.⁴⁷ This was because modern Europe had grown out of the feudal regimes founded on the ruins of Rome. In particular, that in economic terms European states had not followed a ‘natural’ (i.e. analytically logical, without the influence of real-world contingent historical accidents) process of development, which presupposed a solid agricultural base being established prior to the development of refined manufactures in the towns. Things had instead been the other way around, a product of modern Europe starting mid-stream in its economic development due to the collapse of Rome having left behind pockets of advanced manufacturing in southern European city-states. These outposts of economic advancement had injected their refined manufactured goods into the rising feudal, agricultural-based, monarchies erected by the descendants of the Germanic shepherd conquerors, generating the retrograde progression of modern European development.⁴⁸ This led to serious problems of imbalance in European economies – but these had to be lived with and worked around (rather than, as the French Physiocrats hubristically supposed, being forcibly reversed by the hand of the legislator).⁴⁹

In political terms, modern Europe was therefore a story not of ancient republics, but the legacy of gothic Shepherd nations, who had settled on the rubble of Rome. Here Smith agreed with Montesquieu’s basic analysis in his 1748 *Spirit of the Laws*: the future of European politics was northern and modern, not southern and ancient.⁵⁰ Isolated city-states of the sort found in Italy and Switzerland were not models of correct political formation, but chance survivors of the barbarian holocaust; ancient relics in a modern world, soon to be

swept away. The future of European politics was not small republics concentrated in individual cities, but large modern monarchies spread across great territories, characterized by large internal inequalities of rank and fortune, whilst operating large commercial trading economies.⁵¹

This mattered enormously. As is well known, Smith saw modern liberty as having arisen via the ironic and unintended effects of luxury. Although luxury brought down the Roman Empire, it later ended the backwards and stagnant feudal societies of western Europe after the barons shortsightedly traded all of their political influence for ‘trinkets and baubles’, i.e. swapping the capacity to hold thousands of retainers for the chance to purchase inane status goods.⁵² The result was the rise of absolute monarchies across Western Europe, which were actually an *improvement* in terms of liberty for most subjects, insofar as distant kings were typically less oppressive than local baronial tyrants.⁵³ England was a peculiar exception to this general story, as its situation as a united island after 1603 meant it could do without a standing army, whilst the unique consequences of its mid-seventeenth century civil war led to the rapid rise of Parliament, and in turn to the innovation of a constitution which was mixed in form and orientated towards preserving the liberties of subjects. England was politically unique, but this was a recent development. Prior to the Stuarts, it had been as much an absolutist regime as its monarchical neighbours still were.⁵⁴

This was the political situation of Europe by the time the merchants rose to prominence and began to use their increasing wealth to influence the political decision-makers of European states. From this, however, we can infer the following to be unstated, but crucial, tenets of Smith’s background assumptions regarding the place of the merchants in contemporary commercial society. First, the radically non-ancient political landscape of modern Europe had proved – completely ironically and without design – to be a relatively *stable* habitat within which the merchants could undertake their nefarious activities. The collapse of the power of the barons, and the undisputed preeminence of absolutist rulers in the wake of the end of feudalism, meant that their private wealth notwithstanding, the merchants could neither replace the barons as alternative sources of domestic power, nor appeal directly to the general population as a way of contesting the authority of the monarch (or in Britain’s case, Crown in Parliament). Instead, the ambition of the merchants had to be directed to attempts at influencing established holders of political power, encouraging them to adopt policies that would benefit the merchant classes. Using wealth as a psychological lever with which to dazzle those who made state policy, as well as exploiting their structural position of advantage with regard to knowledge of their own interests, the merchants ultimately achieved great success in this regard, as Smith made damningly clear in *The Wealth of Nations*. Crucially, however, they did so whilst working with and through, rather than against, established political officeholders. This entailed a sharp contrast with the ancient world, which lacked merchant conspiracies in the modern mode, but where growing misalignments between wealth and power led to the subversion and destruction of liberty-promoting republican institutions.

Second, modern European politics exhibited a vitally important further stabilizing factor that helped to ensure that political forces in modern commercial societies were centripetal rather than (as in the ancient world) centrifugal. This was the – again ironic and unintended – emergence of the rule of law.⁵⁵ In the *Lectures on Jurisprudence* and *The Wealth of Nations*, Smith posited that in the earliest stages of society judging was

undertaken by political leaders not out of a sense of public duty, but to extract gifts from those seeking redress, with predictably problematic results.⁵⁶ With the innovation of legislatures to control such practices, and the resulting evolution of standards of equitable and impartial treatment in matters of law, judges became upholders of individual liberty, as well as acting as checks to sovereign power, rather than being the ‘terrible sight’ signalling extractive demands in return for crooked justice that they were to primitive peoples.⁵⁷ The phenomenon of the rule of law – the long-run outcome of judicial independence – was, however, largely unknown in the ancient world, where justice was much more unreliable and irregularly dispensed, and where the courts were frequently extensions of, rather than restraints on, executive power. Yet as Smith made clear in the *Wealth of Nations*, for each individual to be secure in his or her liberty, ‘it is not only necessary that the judicial should be separated from the executive power, but that it should be rendered as much as possible independent of that power’.⁵⁸ This was an innovation only perfected under modern European conditions.

The nation where the securing of liberty via the rule of law had progressed the furthest was, again, Britain. This was another accident of history. As Smith explained in the section of his *Rhetoric* lectures dealing with modern judicial eloquence, British monarchs had, like their continental counterparts, quickly grown uninterested in the tedious task of the administration of justice, and so had delegated it to paid individuals. Over time the stature and status of such individual judges had grown dramatically, and they in turn vigorously asserted their independence from sovereign direction. What was unique to Britain was emergence of the practice of ruling on cases based on precedent. This was the birth of the English common law, which turned out to be a remarkably effective restraint on executive decision-making, whilst providing a stable framework of evolving rules within which all of society could operate predictably and transparently. Smith thus declared that the common law

may be looked on as one of the most happy parts of the British Constitution tho introduced merely by chance and to ease the men in power that this Office of Judging causes is committed into the hands of a few persons whose sole employment it is to determine them.⁵⁹

Yet whilst Britain was most advanced in this regard, the benefits of living under impartial systems of justice were not confined to Britain alone, insofar as judiciaries separate from the direct control of executive powers also existed in the continental monarchies:

This Separation of the province of distributing Justice between man and man from that of conducting publick affairs and leading Armies is the great advantage which modern times have over antient, and the foundation of that greater Security which we now enjoy both with regard to Liberty, property, and Life. It was introduced only by chance and to ease the Supreme Magistrate of this the most Laborious and least Glorious part of his Power, and has never taken place until the Refinement and the Growth of Society have multiplied business immensely.⁶⁰

The rule of law was a central plank of modern liberty, and yet it was a historical accident found only in modern – and crucially, not ancient – commercial societies. It was in *this* context that modern merchants had needed to operate. The result, however, is that Smith’s wider analysis of the conspiracy of the merchants is ultimately Janus-faced.

Whilst there was no doubt that the merchants had degraded the policies and politics of modern Europe through their conspiracies against the public, it was also the case that

modern Europeans had gotten off comparatively lightly. Furthermore, although the merchants served to degrade the quality of much political decision-making, they had also inadvertently helped promote the shift in power that enabled the rule of law to operate by supplying the luxury goods that the barons traded for power, and thus promoted a wider social system of decentralized legal arbitration that ultimately kept their own degradations from becoming politically destabilizing. The unnatural and retrograde path of the historical development of modern European states had chanced to create political and legal structures within which the potentially destructive effects of wealth's becoming separated from established political power could be effectively contained. The merchants certainly used their wealth and structural informational and positional advantages to dazzle and manipulate policy-makers, using the power of wealth-generated authority to bend national policy to their sectional demands. But they did so by operating broadly within the rule of law, and thus not undermining the stability of post-feudal commercial societies. This was no small blessing, as the fates of independent Athens and republican Rome proved.

4. Warnings from India: when merchants turn sovereign

Such was the situation of modern Western Europeans. Alas, by the close of the eighteenth century the merchants had not confined their attentions to Western Europe. Non-European, peoples had not gotten off so lightly, and the *Wealth of Nations* accordingly contains Smith's blistering, and justly famous, condemnation of British imperial policy in India. In the light of the above, however, we can read his polemic as not only a denunciation of imperial exploitation (which it certainly was), but also as a *warning* about what the merchants were capable of, if left to their own devices.⁶¹ India represents, in Smith's thought, a limit case regarding how far the conspiracy of the merchants against the wellbeing of the public could be taken, absent the stabilizing controls provided by the rule of law.

Smith was under no illusions about the destructive and oppressive nature of European imperial projects.⁶² The consequences of the British East India Company for the territories it governed were listed in Book I as 'Want, famine, and mortality', themselves the results of 'tyranny' and 'calamity' (WN I.viii.26). In Book IV, Smith described the mercantile system's manifestation in the East Indies as constituting an 'oppressive authority' based on force and injustice, which 'deranged' the allocation of stock both at home and abroad, and whose joint stock companies (the principle engine of mercantile colonialism) operated exclusive monopolies that were 'destructive' to those countries 'which have the misfortune to fall under their government'.⁶³ Smith was well aware that the *western* territories not had gotten off any lighter – indeed, arguably the reverse. This was easily forgotten by contemporary observers, thanks to the differing histories of colonialism having produced different results and states of oppression in the observable present. But remembering these differing histories was crucial to understanding why the experiences of the East and West diverged by the late eighteenth century.

When the Europeans discovered North America, they found a people who were less economically advanced than those of the East Indies. The Native Americans were, in Smith's schema, mostly in the condition of hunters, the Indians mostly shepherds – 'and the difference is very great between the number of shepherds and that of hunters whom the exact same extent of equally fertile territory can maintain'.⁶⁴ The result was

that Europeans were able to apply their superior military force against the indigenous North American populations, rapidly committing genocide whilst forcing survivors west, clearing indigenous lands for settlement by white populations. In the East, by contrast, larger and more robust native populations could not be so easily wiped out or displaced, and instead had to be ruled over. This led to the different ‘genius’ of the mercantile system’s colonial manifestations in West and East under British rule, founded on different species of original injustice.⁶⁵ In the former, the initial injustice of the ‘savage’ policy of murder and displacement paradoxically gave way to a more gentle (if highly economically inefficient and unjustifiable) form of colonial settler rule, where the European merchants and sovereigns saw these colonial populations as fellow citizens of the mother country, entitled thereby to comparable levels of defence and care.⁶⁶ By contrast, the subjugated populations of the East were viewed not as fellow citizens deserving equitable treatment, but as mere resources for the extraction of gain by the merchant monopolies granted authority over conquered territories. The results were catastrophic for indigenous populations.

Part of the problem was an outgrowth of the general misalignment between the interests of the wider people versus that of the merchants. Employees of the East India Company – i.e. private merchants – aimed simply to extract as much short-term profit from their administrations as possible. What they failed to realize was that in ruling over subjugated populations they ceased to be just merchants, and instead became *de facto* sovereigns. This meant that their real interest was in improving the value of land, and thus in turn the growth of wages and stock, so that the territory that they ruled over could prosper, and they in turn reap the benefits of an economy in which opulence was increasing. Yet because the merchants saw themselves as British, and India as simply a foreign place to extract profit before leaving for home, they never made this connection. For this reason in particular, ‘a company of merchants are, it seems, incapable of considering themselves as sovereigns, ever after they have become such’.⁶⁷ This incapacity to switch from a merchant perspective to that of a sovereign virtually guaranteed the unjust exploitation of subject populations, who were viewed not as fellow citizens, or even humans, but merely resources.

In fact the problems ran yet deeper. In the first place, because the administrators of the East India Company were precisely ‘a council of merchants’, and not a genuine political organization, they found it virtually impossible to exercise legitimate authority over the eastern territories.⁶⁸ The merchants may have possessed wealth, but they shipped this straight home, or kept it conspicuously apart from those they ruled over, making no pretence that its basis was in anything other than rapine targeted at the ruled. As the operatives of the East India Company held no office other than that granted through superior force, their authority could not extend beyond naked power – making it barely authority at all. The result was that the entire colonial system could ultimately be sustained *only* by violent oppression, meaning its rule was ‘necessarily military and despotical’.⁶⁹ Even worse, there were further structural predicaments ensuring that corruption and exploitation were virtually inevitable in colonies ruled this way. Whilst leading administrators, or indeed the British government, might from afar command a more equitable policy towards the Indians, company servants located in the territories would always find – in their private or official capacities – opportunities and excuses to secure themselves monopolies and unfair advantages, employing force to maintain their profits, and extracting what they could from those they found themselves in a position of domination

over. Because the merchants had no connection with the territories they administered beyond the seeking of profit, even well-meaning directives from above (which were in practice anyway lacking) would come to little, as the individual imperative at street level was to seek private gain, in a context untethered by any proper system of domestic justice enforced by a meaningful sovereign authority.⁷⁰ The result was an abomination:

a very singular government in which every member of the administration wishes to get out of the country, and consequently to have done with the government, as soon as he can, and to whose interest, the day after he has left it and carried his whole fortune with him, it is perfectly indifferent though the whole country was swallowed by an earthquake.⁷¹

No wonder Smith's famous remark that 'The government of an exclusive company of merchants is, perhaps, the worst of all governments for any country whatsoever'.⁷²

Whilst Smith's assessment of the condition of India has long been recognized for its condemnation of oppression and injustice, what also needs to be appreciated is that India served as a limit case in Smith's analysis of the merchants as a central, albeit highly problematic, feature of commercial modernity. Due to the Indians being viewed not as citizens in need of defence and maintenance by regular sovereign authority, but as mere resources for exploitation, the merchants were structurally and psychologically enabled to prey upon them, with no institutional or normative system in place to impose meaningful restraint. In a state like Britain, by contrast, administered by domestic sovereign authority operating under the rule of law, such behaviour could occur only on much smaller scales, and where meaningful (if imperfect) mechanisms for redress existed thanks to the accidents of preceding history. Nonetheless, one way to read Smith's polemic against the injustices committed in the East is to see that there but for the grace of history, and the benefits reaped from past injustices committed, go we – and might go ourselves to greater degrees if vigilance is not maintained.

Yet once again Smith's final position is replete with complexity. For when he wrote that 'No two characters seem more inconsistent than those of trader and sovereign', this point was intended to cut both ways.⁷³ Whilst merchants made for terrible sovereigns, it was also the case that *sovereigns are in general very poor merchants*. On the one hand this was a product of the structural predicament of 'Princes', whom Smith claimed have 'scarce ever succeeded' in becoming 'adventurers in the common branches of trade', despite often having been tempted to try, and from a genuine desire to better their nation's condition.⁷⁴ In the first place, 'The profusion with which the affairs of princes are always managed, renders it almost impossible' that sovereigns should be capable of dedicating themselves with the singularity of purpose, and narrowness of focus, required to secure reliable profits in commercial endeavours. Furthermore, their own servants were highly unreliable agents of commerce: they 'regard the wealth of their master as inexhaustible; are careless at what price they buy; are careless at what price they sell; are careless at what expence they transport his good from one place to another'.⁷⁵ And of course behind this lay the ironical workings of the invisible hand: sovereigns were much poorer judges of where and how to allocate resources so as to secure national prosperity than the aggregated but uncoordinated outcome of disparate judgements of utility made by individual agents themselves. In other words, sovereigns in modern commercial societies could not help but rely upon merchants to a significant degree if they were to genuinely attempt to secure the *salus populi* it was their duty as rulers to pursue.

5. Conclusion: political judgement in commercial conditions

In Smith's final analysis, merchants are dangerous to a modern commercial society and yet also entirely necessary to its continued operation and flourishing. It was commercial activity that generated opulence and freedom, and so the true 'science of the statesman or legislator' consisted in deciding how best to govern the merchants' activities, striking a balance between granting them liberties to pursue legitimate commercial pursuits that promoted the general wellbeing of the nation, yet applying control when such activities became vehicles for sectional private gain at public expense.⁷⁶ We thus find a direct point of synthesis between Smith's complex evaluation of the conspiracy of the merchants in the *Wealth of Nations*, and his striking addition to the sixth and final edition of the *Theory of Moral Sentiments* in 1790, where he discusses the ineliminable role of judgement in good statecraft. Although often read as Smith's late-in-life response to the French Revolution – which it may well be – Smith's argument about the intractability of judgement goes beyond a passing commentary on contemporary events.

Underlying his disdain for the 'man of system', who is 'apt to be wise in his own conceit', arrogantly believing that he can reorder society as though the individuals that compose it are mere pieces upon a chessboard, but failing to recognize that each 'piece' has its own principal of motion that inevitably upsets the system-maker's plan, Smith was drawing attention to problems facing any sovereign who aspired to govern well.⁷⁷ All good rulers, according to Smith, were animated by two principles. First, a 'certain respect and reverence for that constitution or form of government which is actually established'. But second, 'an earnest desire to render the condition of our fellow-citizens as safe, respectable, and happy as we can'.⁷⁸ When taken by the latter spirit of reform, however, the human psyche was apt to become enamoured with abstract plans promising to sweep away the complex problems of the real world, replacing these with an allegedly improved, putatively more rational and ethical, alternative. Unfortunately such plans were invariably chimerical: a preconceived system could never cope with the difficulties and complexities of the real world, and imposition would usually do more harm than good. Such chimeras were particularly dangerous due to their capacity to enrage party fanaticism and impose policy via the power of faction and groupthink mentality. 'The great body of the party are commonly intoxicated with the imaginary beauty of this ideal system', meaning that even individual leaders who were wise enough to appreciate the great difficulties and dangers of introducing reform 'dare not always to disappoint the expectation of their followers; but are often obliged, though contrary to their principle and their conscience, to act as if they were under the common delusion'.⁷⁹ The good political leader had to exercise judgement as to when reform was necessary versus a continuation of the existing order, whilst also attempting to hold themselves independent from the spirit not just of system, but of faction, which were both apt to distort or even subjugate good judgement – with potentially disastrous results.

When we recall Smith's analysis in the *Theory of Moral Sentiments*, however, the conspiracy of the merchants emerges as posing an even more acute problem than has already been noted. For the *Wealth of Nations* makes clear that it is precisely the merchant classes who are amongst those most likely to attempt to exercise power and influence over modern rulers. The mercantile elites form factions and cabals, attempting to direct government policy to their own private interests – and furthermore, are precisely the sorts of actors most likely to

celebrate the adoption of abstract plans that reorder society in ways that putatively serve the common good, but are in fact calculated to serve sectional mercantile interests. Smith's two prime threats to good political judgement – the spirit of system, and the spirit of faction – are thus particularly acute in the context of the influence exercised by merchant elites. Thus, whilst Smith may have had France and radical reform foremost in his mind when he wrote his late remarks, the depth of his insight suggests a longer period of gestation. In which case, his wider analysis of the capture of the British state by the mercantile class represents a plausible site of intellectual origin for his account of political judgement. In any case, for Smith, a good ruler in a modern commercial society – she who understands the 'divine maxim of Plato' that one is made for the state, not the state for oneself – will be faced with the extremely difficult task of not falling for the flattery and wealth-generated authority of mercantile power, and preventing state policy from being bent towards private interests.⁸⁰ On the other hand, a considerable degree of mercantile freedom would continue to be necessary to secure the prosperity of the nation, insofar as princes make for terrible merchants. On Smith's analysis, deciding where the balance falls is a task demanding an acute capacity for judgement, that cannot be taught through theory, is likely to be possessed only by a very few, and yet is essential for good statecraft in a world shaped by the turbulent currents of history, politics, and economic exchange.

The picture that finally emerges is of Smith's position as altogether less sanguine than the still common depiction of him as a relatively blasé believer in the inevitable conjunction of commerce with liberty, and the upwards progress of human civilization powered by the benign engine of market exchange.⁸¹ Likewise, the sheer complexity of Smith's analysis of commercial societies, the Janus-faced place he ascribes to the merchants within the historical development of European states, the further complicating factor of their behaviour beyond the metropole, as well as the demands and burdens of judgement imposed upon rulers, ought all to indicate that, as Craig Smith and Ryan Patrick Hanley have recently urged, Smith is not helpfully reduced to either side of a contemporary debate about whether politics is of the 'left' or the 'right'.⁸² Ultimately, Smith's thought is too subtle for such a crude binary to do justice to, whilst his emphasis on the necessity of careful judgement to good political decision-making is diametrically opposed to the prescriptive certainty that is the hallmark of ideology.⁸³

We no longer live under the mercantile system, having moved to something more like the 'system of natural liberty' that Smith himself supposed was a mere 'Utopia', both 'useless and chimerical'.⁸⁴ The story of how *that* happened has been debated elsewhere.⁸⁵ But even if we now live in something more closely approximating Smith's system of natural liberty – insofar as monopolies held by state-backed joint stock companies are no longer the 'genius' of our present commercial system – none ought to deny the continued outsized influence of mercantile, or as we now say, corporate, interests in political decision-making.⁸⁶ We are not as far removed from Smith's world, in this regard, as we might like to think. Politicians remain highly vulnerable to the influence of merchant elites, and whilst liberal capitalist democracies are dependent upon extensive commercial freedoms for their continued operation and success, it also remains true that – as Smith emphasized – the immediate interests of the merchants frequently diverge from those of the other 'orders' of society. Good political judgement regarding how to manage this state of affairs remains as desirable as ever. Smith, however, helps us to see why such judgement is nonetheless in acutely short supply, and why we have much to fear from that fact.

Notes

1. WN I.x.c.27. Citations to Smith's works are to the Glasgow Edition as published by Oxford University Press and reprinted by Liberty Fund, and take the following abbreviations: CAS = *Correspondence of Adam Smith*; LJ = *Lectures on Jurisprudence*; LRBL = *Lectures on Rhetoric and Belles Lettres*; TMS = *Theory of Moral Sentiments*; and WN = *Wealth of Nations*.
2. On the central hostility to the merchant classes evinced by Smith in the *Wealth of Nations*, see for example Winch, *Riches and Poverty*, chaps. 2–3; Arrighi, *Smith in Beijing*, chap. 2; Ahmed *Stillbirth of Capital*, chap. 4; Coats, "Mercantile System"; Muthu, "Smith's Critique"; Pitts, *Turn to Empire*, chap. 2. This paper seeks to go beyond these studies by grounding the analysis of the *Wealth of Nations* in Smith's wider history of law and government, in particular as found in both sets of student lecture notes from the 1760s, something which has not yet been done.
3. CAS, I, 251.
4. WN I.x.c.27.
5. WN IV.viii.30; Ahmed, *Stillbirth of Capital*, 110–16; Coats, "Mercantile System."
6. WN IV.Intro.I.
7. Hume, *Essays*, 308–26; WN IV.i.1–45.
8. WN IV.iii.c.9; Hume, *Essays*, 327–31; Hont, *Jealousy of Trade*.
9. WN IV.viii.53.
10. WN IV.vii.c.63.
11. Muthu, "Smith's Critique," 185.
12. *Ibid.*
13. WN IV.viii.17.
14. For a partial exception see Rothschild, *Economic Sentiments*, 126–8.
15. WN IV.ii.10.
16. WN IV.ii.11.
17. Otteson, "Great Mind Fallacy."
18. WN IV.iii.c.9.
19. WN I.ix.p.7. The exception to this, ironically, is when large numbers of labourers are manipulated by manufacturers and merchants into organised demonstrations of public outrage, but which are calculated to benefit the employers rather than the employees (WN I.xi.p.9).
20. WN I.xi.p.8.
21. WN I.xi.p.10.
22. WN IV.ii.43.
23. WN IV.ii.43.
24. WN IV.iii.c.10.
25. WN I.xi.p.10; WN VI.ii.43.
26. WN I.iv.1.
27. The only other occasion that Smith uses the term is in Book V's discussion of education (WN V.i.f.52). Meek, *Ignoble Savage*, remains the only dedicated treatment of Smith's stages theory in the literature of which I am aware – but suffers from numerous weaknesses of interpretation, whilst being mostly an exercise in textual assembly and exegesis. Subsequent studies by Hont (*Jealousy of Trade*, 159–84), Pocock (*Barbarism and Religion Vol. 2*, chaps. 20–1), Pitts (*Turn to Empire*, chap. 2); Sebastiani (*Scottish Enlightenment*) and Hanley ("Wisdom of the State") have improved this situation, but a dedicated analysis of the four stages theory is sorely outstanding. In particular, we need a much clearer understanding of how Smith's account of global history interacts with the four stages of economic development, meaning that in practice the latter rarely (if ever) unfolds cleanly in the ideal-type logical sequence initially described by Smith, not least due to the pressures exerted by international conflict between groups at different stage of economic development.
28. 'Earlier' here pertaining to an analytic sequence in what Smith called the 'natural' progress of opulence, i.e. a hypothetical logical progression of development, considered in isolation from external shocks. In actual history – as Smith frequently pointed out – things rarely, if ever,

proceeded so smoothly as the four stages model implied. In reality, stages were intermixed, whilst some groups had their progress re-set (or in the case of modern Europe, fast-forwarded) by the impact of contingent historical events, most especially violent invasion from (typically shepherd-stage) aggressors.

29. WN V.i.a.2–5; V.i.b.2–6, 10; see also LJ (A). iv.19–20.
30. WN V.i.a.3–10; V.i.b.7–20; see also LJ (A). iv.21–40.
31. WN V.i.a.8–10, V.i.b.17–25; see also LJ (B). 92–3.
32. WN III.i.1–9.
33. Hont, “History of Law and Government,” 156–62; *Commercial Society*, 3–4, 81; Hanley, “Wisdom of the State.”
34. Hume, *Essays*, 47; see also 33.
35. Hume, *Essays*, 33; Hont, “Commercial Society and Political Theory”; Sagar, “State without Sovereignty”; Sagar, *Opinion of Mankind*.
36. TMS I.iii.2.3. See also Levy, *Rationalism*, 174–7.
37. WN V.i.b.5–6; LJ (B). 12–13.
38. WN V.i.b.7, 10–12; see also LJ (B). 20–2.
39. WN V.i.b.8–13; LJ (A). iv.43–4.
40. WN V.i.b.12; LJ (B). 20.
41. WN IV.vii.c.61.
42. LRBL ii. 142–3.
43. LRBL ii.143.
44. LRBL ii. 148–50.
45. LRBL ii.153–66.
46. LJ (A). iv.87–91; (B). 36–43; see also Hont, “Commercial Society and Political Theory.”
47. WN III.i.9; see also Hont, *Jealousy of Trade*, 354–88; Ahmed, *Stillbirth of Capital*, 110–13.
48. WN III.iii.1–20; Hont, *Jealousy of Trade*, 354–88.
49. WN IV.ix.1–52.
50. Sagar, *Opinion of Mankind*, chap. 5.
51. Montesquieu, *Spirit of the Laws*; Hont, *Commercial Society*; Sonenscher, *Before the Deluge*, chap. 2; De Dijn, “Montesquieu’s Context”; “Liberal Republican?”; Douglass, “Modern Republicanism.”
52. WN III.iv.15.
53. LJ (A). iv.98–9.
54. LJ (A). iv.157–79, v.1–12, (B). 59–64.
55. WN V.i.b.13–25.
56. WN V.i.b.13–17; LJ (A). iv.15–19.
57. LJ (B). 92; see also LJ (A). 108; WN V.i.b.13–25.
58. WN V.i.b.25.
59. LRBL ii. 203; WN V.i.b.13–25.
60. LRBL ii. 203; see also WN V.i.b.24.
61. Pitts, *Turn to Empire*, chap. 2; Muthu, “Smith’s Critique.”
62. Ahmed, *Stillbirth of Capital*, chap. 4; Travers, “British India.”
63. WN IV.vii.c.80; WN IV.vii.c.92; WN IV.vii.c.108.
64. WN IV.vii.c.100.
65. WN IV.vii.c.100–1.
66. WN IV.vii.c.101.
67. WN IV.vii.c.102.
68. WN IV.vii.c.104; Bourke, *Empire and Revolution*, 524.
69. WN VI.vii.c.104.
70. WN IV.vi.c.105.
71. WN IV.vii.c.106.
72. WN IV.vii.b.11.
73. WN V.ii.a.7.
74. WN V.ii.a.6.

75. WN V.ii.a.6.
76. WN IV.Intro.I.
77. TMS VI.ii.2.17; Levy, *Rationalism*, 173–7.
78. TMS VI.ii.2.11.
79. TMS VI.ii.2.15.
80. TMS VI.ii.2.12.
81. On which see especially Muthu, “Smith’s Critique”; Ahmed, *Stillbirth of Capitalism*; Pitts, “Critical Global History.”
82. Against left or right readings of Smith, see C. Smith, “Left or Right?” and Hanley, “Wisdom of the State.” For a ‘left’ Smith, see Frazer, *Enlightenment of Sympathy* and Fleischacker, “Adam Smith and the Left.” For a ‘right’ Smith, see Otteson, “Great Mind Fallacy,” “Adam Smith and the Right.”
83. This does not make Smith a reactionary conservative, always in favour of the status quo. As he makes clear, *some* reform will always be required to promote *salus populi* – the difficulty is in knowing how and when to undertake it.
84. WN V.iii.68; Coats, “Mercantile System,” 231–6.
85. Brown, *Board of Trade*; Hilton, *Corn, Cash, Commerce*; Howe, *Free Trade*.
86. Fukuyama, *Political Order*; Hacker and Pierson, *Winner Takes All*; Gilens *Affluence and Influence*; Drutman, *Business of America*.

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