SKEPTICISM AND POLITICAL ECONOMY: SMITH, HUME, AND ROUSSEAU

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Summary

Skeptical arguments and a Ciceronian way of arguing in utramque partem are at the core of Smith’s reflections on the foundations of political economy. Hume had speculated on why utility pleases—against the “skeptics” (Mandeville and Rousseau) who had argued that the constitution of the social order was utility-based (artificial invention of clever politicians in order to turn asocial beings into social ones).

According to Hume, the public utility of social virtues pleases (in other words, we like what is good for the public, irrespective of what’s in it for us). Smith appropriates this argument and takes it further. Utility pleases for non-utilitarian reasons, as it were; it is good in itself, irrespective of its consequences.

Rousseau criticized the modern economy as generating artificial needs and artificial ways of meeting these needs. This critique is true in a way, but in a different perspective the beauty of the modern economy is not about outcomes, it is in the goodness of the system itself. The skeptical critique of the social order is true. The critique of the critique is true as well. This, paradoxically, is the skeptical foundation of political economy, and this ambivalence is at the heart of Smith’s entire system.

Skepticism in Adam Smith has rarely been studied. When it has been analyzed, the focus has been on cognition, natural philosophy, or religion.¹ There has been relatively little work on the function of skepticism in the moral and political philosophy of Smith.² I would like to argue here that skeptical arguments play a fundamental role in all discussions about justice and utility and suggest even further

that skeptical arguments play a foundational role for political economy itself. My analysis of Smith will lead to a discussion of Hume and then will come back to Smith.

1. Smith on why utility pleases

Let us begin with the famous chapter in the *Theory of Moral Sentiments* that includes the analysis of “the economy of greatness” and the invocation of an “invisible hand” that makes “nearly the same distribution of the necessaries of life, which would have been made, had the earth been divided into equal portions among all its inhabitants.” This analysis is itself part of a broader discussion of utility, or rather an inquiry into the reasons why utility, or the appearance of utility, is pleasing to us. Smith breaks down the reasons into three categories going from the most obvious to the least often observed. First, “the fitness of any system or machine to produce the end for which it was intended, bestows a certain propriety and beauty upon the whole, and renders the very thought and contemplation of it agreeable.” This fact, Smith adds, “is so very obvious that nobody has overlooked it.” Second, as Hume has observed, the pleasure generated by utility is contagious, so to speak, because we sympathize with it. When we see someone who owns a beautiful and comfortable house, we share the feelings of satisfaction of the owner:

The spectator enters by sympathy into the sentiments of the master, and necessarily views the object under the same agreeable aspect. When we visit the palaces of the great, we cannot help conceiving the satisfaction we should enjoy if we ourselves were the masters, and were possessed of so much artful and ingeniously contrived accommodation. The third reason is the least obvious one, and Smith proudly stresses the fact that no one before him has ever mentioned it. What gives pleasure in the appearance of utility is not the contemplation of benefits or good outcomes. It is the contemplation of the very system that leads to these good outcomes:

But that this fitness, this happy contrivance of any production of art, should often be more valued, than the very end for which it was intended; and that the exact adjustment of the means for attaining any conveniency or pleasure, should frequently be more regarded, than that very conveniency or pleasure, in the attainment of which their whole merit would seem to consist, has not, so far as I know, been yet taken notice of by any body.

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4 TMS, IV.i.2.
5 TMS, IV.i.3.
In order to understand why this point is new and paradoxical, one should go back to the three classical categories: *utile, honestum, dulce* (the useful, the honorable, the pleasurable), which originated in Aristotle\(^6\) and had broad currency in ancient moral philosophy. In the passage from *The Theory or Moral Sentiments* quoted above, Smith collapses *utile* and *dulce* into one category by referring to “conveniency or pleasure.” The paradoxical point of the passage concerns the relationship between the useful and the honorable. In *De Officiis*, Cicero, following the Stoics, had established a hierarchy between the useful and the honorable, and argued that the honorable should be sought for its own sake, even though its consequences are also beneficial.\(^7\) He had further argued that there can be no conflict between the useful and the honorable, because what is honorable is always useful, while nothing truly useful can be dishonorable.\(^8\) Here Smith argues that we like what is useful for the same reasons we like what is honorable. A machine that produces well-made objects is admirable not because of the objects it produces, but because it is perfectly suited for its end. From this point of view, the useful pleases us as the honorable does, because it finds its own end in itself. There is a way in which the useful and the honorable can be said to be the same, but this is different from the Stoic solution that subordinates the useful to the honorable. Here, there is a certain way of looking at the useful that makes it good absolutely. The useful is good in itself, and not simply for its consequences.

2. **Hume’s refutation of “sceptics ancient and modern”**

Smith’s discussion of the reasons why utility pleases presents itself as the continuation of a discussion started by Hume: “The cause too, why utility pleases, has of late been assigned by an ingenious and agreeable philosopher, who joins the greatest depth of thought to the greatest elegance of expression.”\(^9\) In order to understand the meaning and implication of Smith’s thesis we must therefore go back to Hume’s argument. The chapter of the *Enquiry Concerning the Principles of Morals* entitled “Why utility pleases” is a refutation of the “sceptics both ancient and modern”\(^10\) who saw in utility the only foundation of morality and politics:

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\(^8\) *De Officiis*, III.30.

\(^9\) TMS, IV.i.2.

From the apparent usefulness of the social virtues, it has readily been inferred by sceptics, both ancient and modern, that all moral distinctions arise from education, and were, at first, invented, and afterwards encouraged, by the art of politicians, in order to render men tractable, and subdue their natural ferocity and selfishness, which incapacitated them for society.  

Who are these “sceptics ancient and modern”? The modern skeptic is clearly Mandeville, who famously ascribed the constitution of the political order to the ruse of politicians. In the chapter of the *Fable of the Bees* entitled “Origins of Moral Virtue,” Mandeville had narrated the origin of society as the passage from a savage state to a semi-civilized state in which a small group of people used morality to organize and control others:

This was (or at least might have been) the manner after which Savage Man was broke; from whence it is evident, that he first Rudiments of Morality, broach’d by skilful Politicians, to render Men useful to each other as well as tractable, were chiefly contrived that the Ambitious might reap the more Benefit from, and govern vast Numbers of them with the greater Ease and Security.  

Regarding the ancient skeptics, one may recall the famous speech by Carneades against justice. If we think about references Mandeville himself would have been very familiar with, we can mention the account of this speech by Bayle. In his article on Carneades in the *Dictionnaire historique et critique*, Bayle summarizes it in the following way:

If there were such a thing as justice, it would be based either on positive right or on natural right. Yet it is not based on positive right, which varies according to time and place and is redefined by each nation according to its interests and benefit. It is not based on natural right either, because such right is nothing but an inclination given by nature to all kinds of animals leading them to seek what is useful to them.  

In other words, what we call justice, positive or natural, is always derived from utility.

Hume’s discussion begins with an acknowledgment of the fact that utility plays a large part in our feeling of approbation of certain types of behavior as opposed to others. In that sense, according to Hume, it is an error to try to exclude utility entirely from a definition of morality:

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11 Ibid.
13 “S’il y avait de la justice, elle serait fondée ou sur le droit positif, ou sur le droit naturel. Or, elle n’est fondée ni sur le droit positif, qui varie selon les temps et les lieux, et que chaque peuple accommode à ses intérêts et à son utilité ; ni sur le droit naturel, car ce droit n’est autre chose qu’un penchant que la nature a donné à toutes sortes d’animaux vers ce qui leur est utile.” Bayle, *Dictionnaire historique et critique*, 5th edition, Amsterdam: Brunel, 1740, vol. 2, art. “Carnéade.”
But perhaps the difficulty of accounting for these effects of usefulness, or its contrary, has kept philosophers from admitting them into their systems of ethics, and has induced them rather to employ any other principle, in explaining the origin of moral good and evil. But it is no just reason for rejecting any principle, confirmed by experience, that we cannot give a satisfactory account of its origin, nor are able to resolve it into other more general principles.\textsuperscript{14}

Because selfishness, or the drive toward private utility, seems inconsistent with the public good, many philosophers have invoked everything but utility when trying to identify the first principles underlying morality. This is an error, because we know from experience that utility plays a role, and we should make a greater effort to determine what exactly this role should be in the theory.

Some philosophers, on the other hand, namely the skeptics, have taken the opposite stance, as we have seen, and made utility the sole explanatory principle. But even though the analysis of the skeptics contains a large part of truth, public utility is agreeable to us for reasons that are a combination of private utility and other, non-selfish motives. What Hume, in another passage, calls the “selfish hypothesis”\textsuperscript{16} cannot be the whole story. This, according to Hume, is because we regularly sympathize with ends that have little or no connection with our private utility:

In general we may remark, that the minds of men are mirrors to one another, not only because they reflect each others emotions, but also because those rays of passions, sentiments and opinions may be often reverberated, and may decay away by insensible degrees. Thus the pleasure, which a rich man receives from his possessions, being thrown upon the beholder, causes a pleasure and esteem; which sentiments again, being perceiv’d and sympathiz’d with, increase the pleasure of the possessor; and being once more reflected, become a new foundation for pleasure and esteem in the beholder.\textsuperscript{17}

Hume describes human relations as an infinite game of mutual reflections. Private utility is the primary reason why a man enjoys his possessions, but this is only the beginning of a long chain of reflections. A beholder will sympathize with these feelings of enjoyment, and the owner will enjoy being looked at with sympathy:

There is certainly an original satisfaction in riches deriv’d from that power, which they bestow, of enjoying all the pleasures of life; and as this is their very nature and essence, it must be the first source of all the passions, which arise from them. One of the most considerable of these

\textsuperscript{14} Enquiry Concerning the Principles of Morals, 214.
\textsuperscript{16} Enquiry Concerning the Principles of Morals, 298.
passions is that of love or esteem in others, which therefore proceeds from a sympathy with the pleasure of the possessor. But the possessor has also a secondary satisfaction in riches arising from the love and esteem he acquires by them, and this satisfaction is nothing but a second reflexion of that original pleasure, which proceeded from himself. This secondary satisfaction or vanity becomes one of the principal recommendations of riches, and is the chief reason, why we either desire them for ourselves, or esteem them in others. Here then is a third rebound of the original pleasure; after which 'tis difficult to distinguish the images and reflexions, by reason of their faintness and confusion.18

What is interesting for Hume in this game of mirrors is that it is potentially infinite, and the connection with private utility becomes increasingly tenuous as the original pleasure is reflected, and reflected again, by the power of sympathy. In the end, it is virtually impossible to tell the difference between private utility and its images. Hume criticizes the “selfish hypothesis” as having been proposed by ancient and modern skeptics, but his refutation of such hypothesis is skeptical both in its spirit and its method. In the end, one must suspend judgment as to what role private utility plays in the feelings of approbation for public utility or the utility of others. One finds the same skeptical stance regarding first principles. Everyone wants to know to what degree human beings are selfish or selfless at the core. This, however, is a question that should be left open:

It seems a happiness in the present theory, that it enters not into that vulgar dispute concerning the degrees of benevolence or self-love, which prevail in human nature. A dispute which is never likely to have any issue, both because men, who have taken part, are not easily convinced, and because the phenomena, which can be produced on either side, are so dispersed, so uncertain, and subject to so many interpretations, that it is scarcely possible accurately to compare them, or draw from them any determinate inference or conclusion.19

For Hume, therefore, it is important to have a skeptical take on the “selfish hypothesis”20 in order to ground a science of morals and a political economy. The degree to which we act selfishly or selflessly has long been debated by philosophers, but it is not necessary to solve this riddle in order to understand how morality and society work. The question of first principles should be bracketed out.

18 Ibid.
19 Hume, Enquiry Concerning the Principles of Morals, 270.
20 Enquiry Concerning the Principles of Morals, 298.
3. Smith’s refutation of modern skepticism

Now I would like to show that Smith engages these issues in a very similar way. As we have seen above, in the *Theory of Moral Sentiments*, there is an extensive discussion of the reasons why utility pleases, which presents itself explicitly as a continuation of Hume’s treatment of the matter. The discussion ends with the remark that we enjoy owning watches not because watches give time, but because watches are perfectly and exquisitely made objects. What follows, surprisingly, is a long and vehement tirade that contradicts what has just been said:

> How many people ruin themselves by laying out money on trinkets of frivolous utility? What pleases these lovers of toys is not so much the utility, as the aptness of the machines which are fitted to promote it. All their pockets are stuffed with little conveniencies. They contrive new pockets, unknown in the clothes of other people, in order to carry a greater number. They walk about loaded with a multitude of baubles, in weight and sometimes in value not inferior to an ordinary Jew’s-box, some of which may sometimes be of some little use, but all of which might at all times be very well spared, and of which the whole utility is certainly not worth the fatigue of bearing the burden.\(^{21}\)

From this point of view, watches are not perfectly made objects that we enjoy because of their perfection, but mere trinkets and baubles of highly dubious utility. Smith then generalizes the point he has just made: owning watches is frivolous, but the same can be said of the pursuits of private and public life, from which we derive little or no utility. What follows is the famous passage about “the poor man’s son, whom heaven in its anger has visited with ambition,” who, “when he begins to look around him, admires the condition of the rich.”\(^{22}\) This young man sees that the rich and the powerful seem to live comfortable lives because they never have to walk or ride a horse. In order to achieve the same status, “he submits in the first year, nay in the first month of his application, to more fatigue of body and more uneasiness of mind than he could have suffered through the whole of his life from the want of them.”\(^{23}\) The whole enterprise takes a toll not only on the body but also on the soul, and the young man debases himself as he tries to climb the social ladder: “For this purpose he makes his court to all mankind; he serves those whom he hates, and is obsequious to those whom he despises.”\(^{24}\) This passage clearly echoes Rousseau’s satire of the “citizen” in the *Second Discourse*, not in some abstract way but literally. Here is the corresponding passage in Rousseau, translated by Smith himself:

\(^{21}\) *TMS*, IV.1.6.
\(^{22}\) *TMS*, IV.1.8.
\(^{23}\) Ibid.
\(^{24}\) Ibid.
The citizen, on the contrary, toils, bestirs and torments himself without end, to obtain
employments which are still more laborious; he labours on till his death, he even hastens it, in
order to put himself in a condition to live, or renounces life to acquire immortality. He makes his
court to the great whom he hates, and to the rich whom he despises.\textsuperscript{25}

Using Rousseau’s own words, Smith generalizes Rousseau’s proposition. While Rousseau had written:
“He makes his court to the great whom he hates, and to the rich whom he despises,” Smith writes: “he makes his
court to all mankind; he serves those whom he hates, and is obsequious to those whom he
despises.” The self-debasement that Rousseau had presented as a feature of the relation between the
rich and the poor is here portrayed as a characteristic of all human relations.

What does this have to do with skepticism? The word skepticism is not mentioned in the
chapter, but the passage rehearses precisely the same arguments that Hume had called arguments of
“the sceptics both ancient and modern.” In Hume’s chapter, the modern skeptic is Mandeville, who
argued that morality was invented by clever politicians to control the populace. In Smith, the part of the
modern skeptic is, intriguingly, played by Rousseau. But precisely, according to Smith, Rousseau’s
narrative about the origins of the social order had been borrowed from Mandeville. Smith had made this
point in a review article published shortly after the publication of the \textit{Second Discourse}: “Whoever reads
this last work with attention, will observe, that the second volume of the \textit{Fable of the Bees} has given
occasion to the system of Mr. Rousseau.”\textsuperscript{26} According to Smith, on the development of the arts and on
the origin of justice, Rousseau’s narrative and Mandeville’s narrative are entirely similar:

Both of them suppose the same slow progress and gradual development of all the talents,
habits, and arts which fit men to live together in society, and they both describe this progress
pretty much in the same manner. According to both, those laws of justice, which maintain the
present inequality amongst mankind, were originally the inventions of the cunning and the
powerful, in order to maintain or to acquire an unnatural and unjust superiority over the rest of
their fellow creatures.\textsuperscript{27}

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\item \textsuperscript{26} \textit{Letter to the Edinburgh Review}, 250.
\item \textsuperscript{27} Ibid.
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From this point of view, alluding to Rousseau has the exact same function as alluding to Mandeville. Smith rehearses the argument (made by both Mandeville and Rousseau) about the artificiality of the social order and the artificiality of the needs created by it: “Power and riches” are “enormous and operose machines contrived to produce a few trifling conveniencies to the body,” but they have little utility when it comes to the real needs and wants of a human being: “They keep off the summer shower, not the winter storm, but leave him always as much, and sometimes more exposed than before, to anxiety, to fear, and to sorrow; to diseases, to danger, and to death.”

Finally, after having rehearsed the Mandeville/Rousseau argument about the artificiality of the social order, Smith comes back to the earlier point about the pleasure we find in utility. The skeptical critique of the origins of the social order is an example of “spleenetic philosophy, which in time of sickness or low spirits is familiar to every man,” and “entirely depreciates those great objects of human desire.” However, “when in better health and in better humour, we never fail to regard them under a more agreeable aspect.” The implication here is that there is something misanthropic about the skepticism of Mandeville and Rousseau. Those who do not suffer from the same melancholy see utility in a different way:

If we consider the real satisfaction which all these things are capable of affording, by itself and separated from the beauty of that arrangement which is fitted to promote it, it will always appear in the highest degree contemptible and trifling. But we rarely view it in this abstract and philosophical light. We naturally confound it in our imagination with the order, the regular and harmonious movement of the system, the machine or oeconomy by means of which it is produced. The pleasures of wealth and greatness, when considered in this complex view, strike the imagination as something grand and beautiful and noble, of which the attainment is well worth all the toil and anxiety which we are so apt to bestow upon it.

It has been sometimes said (notably by the editors of the Oxford edition) that in putting forward this argument, Smith decisively rejected Rousseau’s critique of the origins of social order. I would argue that things are not so simple. Smith admits that Rousseau’s critique of utility is at least plausible in theory, or, as he puts in, in an “abstract and philosophical light.” The endeavors of modern commercial society seem entirely vain if, as Rousseau does, we relate them to a strict definition of utility. If, on the other

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28 TMS, IV.i.8.
29 TMS, IV.i.9.
30 Ibid.
31 Ibid.
32 TMS, p. 183, note 1.
hand, we put sympathy into the mix, we will have a much looser definition of utility, and the pursuit of images or phantoms of utility, rather than the thing itself, will be justified. This is not to say that there is true utility in the pursuit of power and riches, but the illusion of utility is necessary for the good order and prosperity of society: “And it is well that nature imposes upon us in this manner. It is this deception which rouses and keeps in continual motion the industry of mankind.”

The presence of skeptical arguments is quite remarkable here because this is a discussion about the very foundations of modern commercial society, which Smith and Hume take up in very similar ways. One could see it as an effort to overcome a skeptical critique of modern commercial society. However, and this is even more remarkable than the presence of skeptical arguments, the entire discussion is itself skeptical in its tone and in its method.

It has been shown by Thomas Olshewsky that, in his style of argument, Hume borrows from Academic skepticism, especially in its Ciceronian form. The same could be said of Smith, at least in passages like the one I have just analyzed. So far I have focused on “the sceptics both ancient and modern”, and their argument that private utility was the foundation of social order. This argument, in different contexts, has been associated with Rousseau, or Mandeville, or Carneades. What I have not yet mentioned is that the famous speech Carneades gave against justice was one of a set of two speeches, the first one being an encomium of justice. According to Cicero, what characterized Carneades and other Academic skeptics is that they philosophized by arguing on both sides of an issue. The purpose of this style of argument was not to make a final determination in favor of one side. Rather, it was to excite the mind to look further in the pursuit of truth. If we keep this in mind, we can have a better sense of what Cicero was trying to accomplish in a dialogue like De Officiis. The main discussion is about the connection between the useful and the honorable. A hierarchy is established between the two categories, because only the honorable should be sought for its own sake. Cicero upholds, or seems to uphold, the Stoic theory that the conflicts between the useful and the honorable are only apparent, and what is truly honorable is also useful, while nothing truly useful can also be dishonorable. Or perhaps, as Walter Nicgorski suggested, Cicero’s conclusions are more ambiguous, and contain an implicit critique of

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33 TMS, IV.i.10.
35 For an overview of Smith’s use of Cicero, see Gloria Vivenza, Adam Smith and the Classics. The Classical Heritage in Adam Smith’s Thought, Oxford: Oxford University Press, 2001.
36 “[Carneades] excitabat...ad veri investigandi cupiditatem,” Cicero, De natura deorum, I, II.
SKEPTICISM AND POLITICAL ECONOMY

Stoicism and a suggestion that there are goods other than the highest good. Common wisdom and the consideration of intermediate ends justify the pursuit of utility. These considerations offer a skeptical critique of a Stoic position that would bring philosophy into disrepute if held too strongly. According to this view Cicero would use skeptical arguments in order to put a check on the excessive claims of Stoicism regarding the value of the honorable. Pierre Bayle, in the *Dictionnaire historique et critique*, puts it in a slightly different way. According to him, Cicero was so afraid of Carneades’s critique of justice that he never tried to rebut it, but addressed it only in oblique ways:

He does not bother to account for the school of Epicurus, because it held that one should detach oneself from politics: thus he lets it have its retreat however it wishes, but he asks Arcesilas and Carneades for mercy. He fears that, if they were to attack him, they would open too many breaches in the building he thought he had constructed. He does not have the heart to repel them, thus he does not want to be subject to their wrath; he wishes to appease them; he wants no war with them.

What these two interpretations have in common is the realization that Cicero’s dialogue does not arrive at a univocal conclusion on the nature of the relationship between the useful and the honorable. This does not mean, however, that the dialogue is incoherent or futile. It can be an effective handbook on the duties and obligations of the statesman, even if some questions having to do with first principles or final ends are left pending. This is true of Smith as well. In the chapter of the *Theory of Moral Sentiments* that discusses utility, he argues on both sides of the issue. The skeptical critique of the social order is true. The critique of the critique is true as well. The question of what constitutes true utility is left pending. We are left with the notion that “the appearance of utility” rather than utility itself, provides a solid foundation for the social order. Similarly, in the chapter of the *Wealth of Nations* that discusses the origins of the division of labor (which is itself the cause of the increase in the wealth of nations) Smith deliberately sidesteps the consideration of first principles. The division of labor is ascribed to “the


38 “Il ne se met point en peine de l'école d'Epicure, car elle faisait profession de se tenir à l'écart de la politique : il la laisse donc dans cette retraite comme elle voudra mais il demande quartier à Arcésilas et à Carnéade. Il craint que, s’ils venaient l’attaquer, ils ne fissent de trop grandes brèches dans le bâtiment qu’il croyait avoir construit. Il ne se sent pas assez de courage pour les repousser, il souhaite donc n’être pas exposé à leur colère, il désire de les apaiser, il ne veut point de guerre avec eux.” *Dictionnaire historique et critique*, art. “Carnéade.”

39 *TMS*, IV.i.1.
propensity to truck, barter, and exchange one thing for another.” As to whether such propensity is a first principle or whether there is a more fundamental principle behind it, like the skeptics, we have to suspend judgment. Smith suggests that a more fundamental principle might be “the faculties of reason and speech.” However, this is something “it belongs not to our present subject to inquire.” When the analysis reaches first principles, Smith typically resorts to a sceptical mode of argument. This is not to say that his political economy is without foundations. Rather, it is to say that Smith’s political economy has skeptical foundations, and that ambivalence about the roots of modern commercial society is at the heart of his entire system.

WN, I.ii.1.