



*Econ Journal Watch,
Volume 1, Number 3,
December 2004, pp 381-412.*

Adam Smith's Invisible Hands

PETER MINOWITZ*

A COMMENT ON: WILLIAM D. GRAMPP. 2000. WHAT DID ADAM SMITH MEAN BY THE INVISIBLE HAND? *JOURNAL OF POLITICAL ECONOMY* 108 (3): 441-465.

[Abstract](#), [Keywords](#), [JEL Codes](#)

“WHAT DID ADAM SMITH MEAN BY THE INVISIBLE HAND?”

William D. Grampp poses this long-disputed question and answers it presumptuously via his article in the *Journal of Political Economy*. In trying to constrain the reach of Adam Smith's invisible hand, Grampp offers this summary of what it is, and what it is not.

True, the invisible hand does have a consequence that is unintended, but the consequence is not a beneficial social order. It is a benefit that, while important, is of a lesser order. It is to contribute to the defense of the nation. It is nothing so complex and so grand as the social order or the price mechanism within it. (Grampp 446)

Grampp merits approbation for his sensitivity to sometimes-neglected puzzles in Smith and for warning against the common tendency to “see” an invisible hand any time Smith argues against governmental regulation. Grampp imaginatively confronts some widely held views, wisely reminds us of Smith's departures from *laissez-faire*, and courageously accuses

* Political Science Department, Santa Clara University.

I would like to thank Murray Dry, Joan Robins, and William Sundstrom for their helpful comments.

Smith of forgetfulness, inconsistency, implausibility, irrelevance, and other shortcomings.

Unfortunately, Grampp also conveys oversimplifications, exaggerations, and distortions that represent a long backward step in Smith studies. Grampp attempts to trivialize the invisible hand and to belittle the competence of its creator. By publishing this article at the dawn of the new millennium, the *Journal of Political Economy* suggests how far the discipline of economics may be from fathoming its origins and even its presuppositions.

To combat Grampp's iconoclastic agenda, I shall present a detailed elaboration of Smith's three references to an invisible hand. After criticizing Grampp's attempt to narrow the grasp of the invisible hand within *The Wealth of Nations* (W_N), I turn to his account of the invisible hand in Smith's other book, *The Theory of Moral Sentiments* (T_MS). Although Grampp's interpretation of this book errs palpably, it raises questions that can help us fathom the long-disputed tension—about the worthiness of wealth and the plight of the poor—between *The Theory of Moral Sentiments* (1759), which extols God along with love and benevolence, and *The Wealth of Nations* (1776), which expels God and emphasizes self-interest. I conclude by addressing the posthumously published essay in which Smith attributes belief in invisible hands to superstitious “savages” and thus seems to impugn the appeals to an invisible hand in his own books.

“IN MANY OTHER CASES”

However tempting it is to regard the invisible hand as a metaphor/simile for Smith's whole project, Grampp prudently focuses our attention on the precise context in which the invisible hand manifests itself. He concludes that the invisible hand does *not* have “a principal place” or even a “salient” one in *Wealth of Nations* (442).

The key chapter—“Of Restraints upon the Importation from foreign Countries of such Goods as can be produced at Home” (IV.ii)—is the first of a series in Book IV that criticize mercantilist policies. Here are the three sentences that launched the invisible hand.

As every individual . . . endeavours as much as he can both to employ his capital in the support of domestick industry, and so to direct that industry that its produce may be of

the greatest value; every individual necessarily labours to render the annual revenue of the society as great as he can. He generally, indeed, neither intends to promote the publick interest, nor knows how much he is promoting it. By preferring the support of domestick to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. (*WN* 456)

For Grampp, the unintended public benefit the invisible hand promotes is the *domestic* build-up of capital (Grampp 452). His Abstract goes so far as to assert that Smith's invisible hand is "simply" the "inducement a merchant has to keep his capital at home, thereby increasing the domestic capital stock and enhancing military power" (441).

Earlier in the chapter, Smith laments that import restrictions create monopolies (for domestic producers) that channel a society's capital in sub-optimal ways. The typical reader of *Wealth of Nations* understands Smith's point that a capital owner, by directing his industry "in such a manner as its produce may be of the greatest value . . . intends only his own gain." Grampp is right to observe that this chapter emphasizes the owner's incentives to deploy capital domestically. Smith states that, upon "equal or nearly equal profits," any wholesale merchant "naturally prefers the home-trade to the foreign trade of consumption, and the foreign trade of consumption to the carrying trade." Smith offers several plausible reasons in explaining the merchant's posture: among other things, the merchant can more easily know "the laws of the country from which he must seek redress" and "the character and situation" of the people he has to rely upon (*WN* 454).

Grampp carefully summarizes nine ways that scholars have interpreted the invisible hand; he faults all of them for perceiving an invisible hand in other situations Smith describes whereby someone "intends only his own gain" but ends up producing benefit to others. For Grampp, by contrast, an invisible hand "guides a merchant only when circumstances induce him to keep his capital at home" (447). One prominent obstacle Grampp must confront is Smith's statement that an invisible hand operates "in many other cases" to promote an end that the

relevant agent did not intend. Grampp's response is unpersuasive, not least because it is convoluted.

Does the word "cases" mean there are transactions, other than placing capital in competitive domestic trade, that add to domestic wealth and to defense? Or does "cases" mean that transactions that place capital in domestic trade contribute to something other than defense, for example, to what he calls elsewhere the "greatness" of the nation? Or does the word have all three meanings? (Grampp 452)

Let me offer a guess about what Grampp here envisions as the *three* "meanings" that "cases" can have: capital allocated to competitive domestic trade; other "transactions" that promote domestic wealth and defense; capital, allocated to competitive domestic trade, that contributes to national greatness or another public end (beyond national defense).

I credit Grampp for emphasizing the rhetorical weight Smith puts, in the build-up to the invisible hand, on fear of capital flight, but Grampp neglects three aspects of the chapter that inspire many readers to conceive the invisible hand more broadly. First, although the paragraph emphasizes the allocation of capital—an activity that some people, e.g., "those who live by wages" (*WN* 86, 266) are not equipped to undertake—the quoted section begins with two references to "every individual," including the remarkable claim that "every individual" (not just every merchant or investor) "necessarily labours to render the annual revenue of the society as great as he can." Second, the paragraph concludes with Smith stating, "I have never known much good done by those who affected to trade for the publick good" (456). If Grampp's interpretation were correct, the paragraph should instead conclude with Smith saying, "I have never known much good done by those who affected to trade to augment domestic capital and thereby promote national defense." By here questioning the accomplishments of individuals who claimed that they were trading to promote "the publick good" generally, Smith suggests that an invisible hand may operate to produce a *variety* of public benefits.¹ The conclusion of the paragraph

¹ When Smith, via the pronoun "I," makes himself conspicuous in his paragraph on an *invisible* hand—and when he invokes what he *knows* about consequences of which the immediate actors are *ignorant*—he encourages readers to pay special attention. It remains true that the *clause* containing the invisible hand refers to "an end that was no part of his intention" without specifying that this end involves benefit to the *public*. This fact, however,

establishes a contrast between the failure of merchants who intended to promote the common interest and the success of merchants who intended to promote only their own interests. Third, a few pages earlier the chapter seems to anticipate the invisible hand with a paragraph that ignores the distinction between domestic and foreign investment.

Every individual is continually exerting himself to find out the most advantageous employment for whatever capital he can command. It is his own advantage, indeed, and not that of the society, which he has in view. But the study of his own advantage naturally, or rather necessarily leads him to prefer that employment which is most advantageous to the society. (*WN* 454)

Smith does proceed to elaborate the two prongs that Grampp stresses: that “home” is “the center, if I may say so, round which the capitals of the inhabitants of every country are continually circulating, and towards which they are always tending” (*WN* 455); and that in pursuit of profit the owner will seek to maximize the productivity of his capital.

In the paragraph that immediately follows the invisible hand, Smith provides another strongly worded claim that reinforces his commitment to economic liberty.

What is the species of domestick industry which his capital can employ, and of which the produce is likely to be of the greatest value, *every* individual, it is evident, can, in his local situation, judge *much* better than *any* statesman or lawgiver can do for him. The statesman [*sic*], who should attempt to direct private people in what manner they ought to employ their capitals, would not only load himself with a most unnecessary attention, but assume an authority which could safely be trusted, not only to no single person, but to no council or senate whatever, and which would nowhere be so dangerous as in the hands of a man who had folly

supports the common view—that the invisible hand is a pivotal concept in *WN*—rather than Grampp’s attempt to narrow the hand’s reach.

and presumption enough to fancy himself fit to exercise it.
(WN 456, emphasis added)²

Thus, even in the immediate context that Grampp emphasizes,³ Smith provides ample provocation for extending the application of the invisible hand. At several points, ironically, Grampp himself offers a ridiculously universalized statement, as if led by Smith's authorial hand to overuse the word "every" and thus exaggerate the scope of the invisible hand's benevolence. According to Grampp, Smith summons the invisible hand when describing a "condition . . . in which a man who intends to benefit only himself in a particular way may, in the act of procuring that benefit, produce a benefit of a different kind for *everyone* including himself" (Grampp 443, emphasis added).⁴ Even confining our attention to the domestic front, it is difficult to specify a commercial transaction that would yield a benefit for a nation's entire population. Smith in IV.ii does use a variety of terms in describing large groupings of people,⁵ and praise what "every" *individual* can contribute by seeking profitable investments.⁶ But the

² Smith uses similar terminology later in Book IV when he states that "the law ought always to trust people with the care of their own interest, as in their local situations they must generally be able to judge better of it than the legislator can do" (531). His main targets here, however, are laws that required farmers to sell their grain directly, without the intermediation of dealers; there's nothing about a merchant keeping his capital at home (Grampp 447) and thus promoting national defense (Grampp 441, 443). Contra Grampp, it seems natural for the reader here to recall the invisible hand that Smith earlier invoked to discourage legislators from meddling.

³ While Grampp concedes that many common reflections about the invisible hand are "related to" ideas that are "in the *Wealth of Nations*, somewhere or other," he complains that these ideas typically are not "ideas that Smith himself made a part of it" (Grampp 442). I'm not sure how one can definitively specify the ideas that Smith "made a part of" the invisible hand, but one should at least scrutinize the chapter in which the invisible hand appears. When Grampp turns to *The Theory of Moral Sentiments*, as I'll shortly elaborate, his reading of its "invisible hand" passage is embarrassingly lazy, in part because he ignores the profound questions Smith poses nearby.

⁴ Grampp similarly misuses the term "everyone" on pp. 450, 451, and perhaps 459, though he provides a subtler overview on p. 444.

⁵ In WN IV.ii, Smith refers to the proper names of several European nations and peoples; he also employs the following "collective" terms: kingdom, society, country, state, "the interest of a nation," "the publick interest," "the publick good," "the circumstances of the people," "the general good," "our manufacturers," and "us." The last two phrases refer to Britain; Smith laments the "monopoly which our manufacturers have obtained against us" (WN 471).

⁶ In the previously discussed passage from WN IV.ii that anticipates the invisible hand, Smith himself exaggerates the public benefit that "every" investor brings. We read that every individual is continually striving to discern "the most advantageous" employment for his

words “everyone” and “everybody” never appear. The chapter ends, moreover, with Smith lamenting that the “private interests of many individuals”—along with “the prejudices of the publick”—constitute an insuperable obstacle to “the freedom of trade” being fully “restored” in Great Britain (*WN* 471).

Grampp returns a step toward reality later when he states that the merchant who keeps his capital at home promotes the “interest of everyone” because “domestic wealth is a resource on which the nation can draw to defend itself” (450). The exaggeration remains—aren’t there usually *some* inhabitants in a society whose “interests” are promoted when it is *less* able to defend itself?—but Grampp’s emphasis on national defense can remind us of a more important point. Nations often wield their military strength to devastate *foreigners*.

“THE ORDINARY REVOLUTIONS OF WAR AND GOVERNMENT”

Although Grampp ignores the destructiveness of war when he repeatedly invokes the benefit the invisible hand brings to “everyone,” military considerations are (as noted above) central to his argument. He elaborates that the individual profiled in the invisible-hand paragraph *would* understand how keeping his capital at home boosts domestic employment and output. The consequence the capital-owner would *not* fathom is the possible augmentation of his nation’s *power* (Grampp 454).⁷ How does

capital, and that his quest to promote his *own* advantage “necessarily” directs him to the employment that is “most advantageous” to the society (*WN* 454). Let me suggest a dramatic contemporary counterexample. If a methamphetamine dealer earns a windfall by hatching brilliant new techniques for production and distribution, does his contribution to the proliferation of “crank” addicts constitute a major contribution to American society? On *WN*’s tendency to deploy terms such as advantageous, proper, improved, interest, greatness, and justice in a materialistic or “economistic” fashion, see Minowitz 1993, 15-17, 34, 37-39, 46.

⁷ I feel compelled to point out that *WN*’s invisible-hand paragraph refers only once to what the agent *knows*, but four times to what he *intends*—and once to his intention. Grampp similarly stumbles later when he implies that the invisible hand has only one unintended consequence, “to contribute to the defense of the nation” (Grampp 446). Even if the benefit to domestic employment is easy to *know*, that benefit is also *unintended*, and Smith does not

Grampp make military power so important, given the absence of any reference to military affairs in the passages from *Wealth of Nations* we have examined?

One key premise is the claim, issued later in the invisible-hand chapter, that defense is “of much more importance than opulence” (*WN* 464-5), which Smith provides in defending trade-restrictions that promote an industry “necessary for the defence of the country.” Smith here defends the Navigation Act, which, although economically harmful, boosted the number of Britain’s sailors and ships (463); in his later chapter on government’s expenses/duties (V.i), Smith emphasizes that “the great expence of firearms gives an evident advantage to the nation which can best afford that expence” (708) and he laments the decay of “martial spirit” in commercial societies like Britain. To these passages (and others like them),⁸ Grampp adds considerations he admits are only inferences. Apparently drawing on the invisible-hand paragraph’s invocation of the capital owner’s “security,” Grampp infers that domestic capital is more “secure” than capital held abroad because it can more easily or reliably be marshaled to “support” defense (by funding military expenditures, I presume).⁹ But when Smith in his earlier chapter on “the natural progress of opulence” describes the differences in security among capital invested in land (highest), manufacturing (middle), and foreign commerce (lowest), his focus is on the situation of the *owner*, not the nation.¹⁰

Although Grampp may here go astray by confounding the nation’s security with the merchant’s, he is on much firmer ground when he invokes the grim conclusion of *Wealth of Nations*, Book III (Grampp 459). Smith here says that the capital “acquired to any country” via either manufacturing or foreign commerce is a “very precarious and uncertain possession” until

value it merely as a prop to national defense. Smith’s emphasis in IV.ii on unintended consequences figures prominently in many of the nine interpretations Grampp attacks.

⁸ Grampp usefully cites Smith’s claim “the great object of the political oeconomy of every country, is to encrease the riches and the power of that country” (*WN* 372). Also crucial are Smith’s statement that defense is “the first duty of the sovereign” (689) and his incorporation of societal “greatness” (along with wealth) within “the great purpose” that every political economy “system” intends to promote (687).

⁹ Grampp also hypothesizes that boosting domestic employment promotes national defense because workers abroad would be harder to summon for military service (Grampp 453).

¹⁰ *WN* 377-79. The capital of the landlord is “fixed in the improvement of his land” and “seems to be as well secured as the nature of human affairs can admit of” (*WN* 378); the “planter who cultivates his own land...is really a master, and *independent of all the world*” (emphasis added); the capital of the manufacturer, “being at all times within his view and command, is more secure than that of the foreign merchant” (379).

part of it has been “secured and realized in the cultivation and improvement of its lands” (*WN* 426). As Grampp highlights, Smith’s focus here is on *national* security; Smith proceeds to remind his readers that a merchant “is not necessarily the citizen of any particular country” and to assert that “a very trifling disgust” will cause a merchant to move his capital (and the industry it supports) from “one country to another.” The “ordinary revolutions of war and government easily dry up the sources of that wealth which arises from commerce only.” Yet even the “more solid improvements of agriculture” can be destroyed, as happened during the fall of the Roman Empire, by “a century or two” of barbarian depredations. The development of firearms ameliorates this danger, but leaves others in its wake.¹¹

I concede that it is easy to overlook some of the striking claims Smith makes on behalf of national-security issues, and that Grampp provides a major service by arguing for the connection between defense and the invisible hand. But if, as Grampp asserts, “the leading proposition of Smith’s economic policy” is that “defense is more important than wealth” (Grampp 442), why didn’t Smith title his book, *An Inquiry Into the Nature and Causes of the Defence of Nations*? If his main focus had been on military power, why would Smith offer his knowledge to all “nations” indiscriminately? It is possible, albeit unlikely, that most nations could be well defended, but military “power” also includes offensive capabilities; and millions of people have believed that economic liberty as touted by Smith serves to benefit some nations at the expense of other nations. Smith concedes that although “the wealth of a neighbouring nation” is “certainly advantageous in trade,” it is “dangerous in war and politicks” (*WN* 494). In Book IV, Smith persistently attacks what he alleges are the zero-sum aspects of mercantilism—its agendas for imperialism and colonization (588, 613, 626-7), its obsession with self-sufficiency (435, 456-7, 458, 493, 538-9) and “the balance of trade” (431-2, 450, 488-9, 642), its appeals to “national prejudice” and “national animosity” (474, 475, 494, 495, 496, 503), and its premise that trading nations advance their “interest” by “beggaring all their neighbours” (493). His alternative is the “freedom of trade” (433, 464, 469, 580) that would allow many nations, if not all, collectively to advance “the accommodation and conveniency of the species” (30) and “the business of mankind” (592) via “the mutual communication of knowledge and of all sorts of improvements which an extensive commerce from all countries to all countries naturally, or rather necessarily, carries along with it” (627). He

¹¹ See Minowitz 1989.

asserts, perhaps implausibly, that foreign trade is continually occupied in performing “great and important services” and providing “great benefit” to *all* of the participating countries (447). He once even describes the typical smuggler as a man who “would have been in every respect, an excellent citizen, had not the laws of his country made that a crime which nature never meant to be so” (898).

Departing from Grampp, most scholars would locate “the leading proposition of Smith’s economic policy” at the conclusion of Book IV. In here providing his most complete overview of the “system of natural liberty,” Smith proclaims that “no human wisdom or knowledge could ever be sufficient” to provide the “sovereign” with the capability of “superintending the industry of private people” and “directing it towards the employments most suitable to the interest of the society” (*WN* 687-8). For Grampp, Smith uses the invisible hand to discourage governments from trying to prevent merchants from investing their *capital* abroad. But Smith’s reference here to “the industry of private people” should remind us that Smith also vigorously tried to discourage governments from “directing” the allocation of *labor*. The following passage is particularly vivid.

The patrimony of a poor man lies in the strength and dexterity of his hands; and to hinder him from employing this strength and dexterity in what manner he thinks proper without injury to his neighbour, is a plain violation of this most sacred property. It is a manifest encroachment upon the just liberty both of the workman, and of those who might be disposed to employ him.... The affected anxiety of the law-giver lest they should employ an improper person, is evidently as impertinent as it is oppressive.¹² (*WN* 138)

According to Smith, the system of natural liberty would have a dramatic impact in harnessing “[t]he natural effort of *every* individual to better his

¹² Between two passages that tout the liberty of colonists “to manage their own affairs their own way” (*WN* 572, 584), Smith invokes “the most sacred rights of mankind” to condemn policies that prohibit “a great *people*” from “employing their stock and *industry* in the way that they judge most advantageous to themselves” (582; emphasis added). Also relevant are his enthusiasm for “the free circulation of labour” (135) and his criticism of institutions or policies that obstruct it: “exclusive corporations” (146), apprenticeships (151) and the Poor Laws (152).

own condition” (540), indeed, “the natural effort which *every* man is *continually* making to better his own condition” (674) [emphasis added]—not just the natural effort of merchants involved in foreign trade.

“THE ECONOMY OF GREATNESS”

Although the invisible hand surfaces only once in *Wealth of Nations*, the book is pervaded by the prospect of an unseen agency—perhaps an unseen intelligence—that constructively channels the behavior of self-interested individuals and should deter political elites from being overly intrusive. In passages I discuss above—and in countless others—Smith invokes *nature* as the principle or authority to which such leaders should defer.¹³ To the hordes who condemn Smith for speaking of “natural” liberty—and especially for painting it in such an optimistic light—*The Theory of Moral Sentiments* might be even more objectionable because it portrays nature as exuding both power and benevolent purpose. *Moral Sentiments*, like *Wealth of Nations*, includes one reference to an invisible hand. Only in *Moral Sentiments*, however, does Smith attribute the invisible hand to Providence and speak frequently of nature’s “wisdom,” which he links with God. Only

¹³ Friedrich Hayek and libertarians who highlight “spontaneous order” typically refrain from invoking any sort of non-human authority or intelligence. Hayek credits Smith (and other 18th-century Scots) for showing that “an evident order which was not the product of a designing human intelligence need not therefore be ascribed to the design of a higher supernatural intelligence.” Because “no human mind can comprehend all the knowledge which guides the actions of society,” Hayek exhorts us to conceive of “an effective coordination of human activities without deliberate organization by a commanding intelligence”; such coordination often occurs via an “impersonal mechanism” such as a market (Hayek 1959, 4, 59, 159). Emphasizing the limits on the knowledge a human individual can attain, Hayek (like Smith) encourages his readers to assume “an attitude of humility towards the impersonal and anonymous social processes by which individuals help to create things greater than they know.” These “impersonal and anonymous” processes would include languages, markets, and a variety of laws and customs (Hayek 1948, 7, 8, 11, 15, 22, 32, 86-88). Hayek could complain that Smith’s appeals to an invisible hand, “the wisdom of nature” (*WN* 674), and so on, may encourage readers to mis-identify impersonal social processes as a superhuman intelligence that leads or directs us. Although *TMS* goes further with its frequent appeals to a superhuman *designer*, it anticipates Hayek by explaining how moral consciousness and conduct can emerge via the purely human interactions that create “the impartial spectator.” For a penetrating discussion of Hayek in connection with Smith’s invisible hand, see Rothschild 2001, 140-2, 145-53, 155.

in this book does Smith invite the reader to imagine an invisible *hand* that fulfills the intentions of a superhuman being—and that shows particular care for the poor. Only in this book does Smith hint that people will be neither happy nor moral unless they believe in an afterlife (*TMS* 120-1, 131-2, 164), and only here does Smith ridicule “power and riches” as “trinkets of frivolous utility” (181-2). Grampp, alas, fails to convey these momentous contrasts between the two books—and he misreads the paragraph that presents the invisible hand.

In treating the *Moral Sentiments* invisible hand, Grampp does accurately recount the starting point. Smith is arguing that mankind has consistently survived and progressed despite pronounced inequality. A “proud and unfeeling landlord” may exult in his ownership of “extensive fields,” but he cannot *eat* any more of the produce than can “the meanest peasant.” Smith proceeds to argue that the soil “maintains at all times nearly that number of inhabitants which it is capable of maintaining.” Shifting his attention from the landlord, Smith claims that “the rich” get to eat *better*, but not much *more*, than the poor eat;¹⁴ despite their “natural selfishness and rapacity” and their “vain and insatiable desires,” the rich end up sharing.

They are led by an invisible hand to make 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; and thus, without intending it, without knowing it, advance the interest of the society and afford means to the multiplication of the species. (*TMS* 184-85)

Grampp acknowledges key similarities between this invisible hand and the one in *Wealth of Nations*—each has a “favorable connotation,” presumably because each “leads the selfish to help others and to help them without a cost to themselves” (Grampp 463). He is right to challenge the plausibility of the *Moral Sentiments* version, but he ignores the disturbing lessons suggested by the surrounding material, and he goes embarrassingly astray in laying out the particulars.

¹⁴ However difficult it would have been for Smith to prove this thesis when he wrote, it would be harder for someone today to argue that the soil “maintains at all times nearly that number of inhabitants which it is capable of maintaining.” Millions are obese, while millions are starving. In any case, Smith thrice in the invisible-hand paragraph places great weight upon the adverb “nearly.”

When he attempts to specify the effects the invisible hand has on the rich, Grampp offers a fantasy.

They imagine there is no limit to what they can enjoy and so order whole harvests to be brought to them. They then discover “the eye is larger than the belly” and must find something to do with what they cannot use themselves. And what is it? They give it to the poor. . . . (Grampp 463)

For Grampp, this invisible hand thus differs from the *Wealth of Nations* hand because the relevant self-interest calls to mind “dumbbells who buy more than they can use and find themselves giving away much of it.” The stupid landlords, furthermore, “never learn”—otherwise “there would be only one redistribution,” after which “there would be no leftovers for the poor” and the invisible hand’s work would be done (Grampp 463).

If Grampp had scrutinized merely the paragraph in which the invisible hand appears, he could have provided a far superior elaboration. Smith states clearly that the landlord distributes the surplus food to the people who *prepare* the food “he himself makes use of,” to those who “fit up the palace” in which he dines, and to anyone else who provides or maintains “all the different baubles and trinkets, which are employed in the oeconomy of greatness” (*TMS* 184). Whether the relevant non-landlords are workers, servants, serfs, slaves, offspring, or wives, the reader confronts an ongoing “oeconomy”—a word that Smith rarely uses in *Moral Sentiments*—of *exchange*, not a one-time *gift* from a dim-witted landlord who initially thought he could consume the entire produce of his land.¹⁵ The reader also encounters an invisible hand that advances, via the “natural selfishness” of various individuals, “the interest of the society” and the propagation of the species—an invisible hand that harmonizes with most of the broad interpretations of *Wealth of Nations* that Grampp is criticizing.

As we have seen, Grampp lambastes *Moral Sentiments* partly because of his inference that the landlords are idiots who keep biting off more than they can chew and then disgorging the residue. Grampp and countless

¹⁵ In his final paragraph on *TMS*, Grampp admits the implausibility of thinking that the rich, in Smith’s account, simply “gave away much of their income.” Thus, Smith is “said to have meant that they [the rich] help the poor by giving them employment.” If this were true, Grampp adds, the poor would “get their income from working, not from leftovers, and an invisible hand is not needed to explain that” (Grampp 463). But *TMS* does bring employment clearly into the picture, and Grampp himself emphasizes the effects the invisible hand of *WN* has on employment.

other readers, furthermore, are skeptical about Smith's claims that the distribution of "the necessities of life" is "nearly" the same as it would have been if the earth were "divided into equal portions among all its inhabitants"—and that the soil *at all times* maintains "nearly that number of inhabitants which it is capable of maintaining." So let us dig deeper into the chronological foci of Smith's account.

The remarks quoted and paraphrased above are all in the present tense: the landlord "views" his large fields and the rich "select" the choicest produce, while the poor "derive" all that they need to subsist. The paragraph also begins in the present tense: "And it is well that nature imposes upon us in this manner" (*TMS* 183). To fathom *this* claim, however, we must address profound issues that Grampp's article ignores—and that Smith scholarship often depreciates.

Two paragraphs earlier in this short chapter (Part IV, chapter 1), Smith sketches the tragic fate of "[t]he poor man's son, whom heaven in its anger has visited with ambition." Abandoning the "real tranquility" that was "at all times in his power," the son endures a lifetime of study, toil, fatigue, worry, obsequiousness, and betrayal. As death approaches, he finally learns that wealth and greatness are "mere trinkets of frivolous utility, no more adapted for procuring ease of body or tranquility of mind" than the tweezers-cases lugged around by "the lover of toys" (*TMS* 181). Smith now broadens his focus to explain why the palaces, gardens, equipage, and retinue of "the great" stir up universal longing. Despite their frivolity, such trinkets captivate us because "that love of distinction so natural to man" is readily augmented by our tendency to become infatuated by the potency of the *things* (tools, machines, and "systems") that help us gratify our wishes (182). Smith then expands the lesson he drew from the parable of the poor man's son. When a person's vanity is eclipsed by "the languor of disease and the weariness of old age," or when he is compelled by "either spleen or disease to observe with attention his own situation," power and riches will finally appear to be "what they are," namely:

Enormous and operose machines contrived to produce a few trifling conveniencies to the body, consisting of springs the most nice and delicate, which must be kept in order with the most anxious attention, and which in spite of all our care are ready every moment to burst into pieces, and to crush in their ruins their unfortunate possessor.... 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.¹⁶ (182-3)

It must be emphasized that the two quasi-synonymous pairs of general terms that Smith here impugns—*wealth and greatness* as “trinkets of frivolous utility,” and *riches and power* as “operose machines” that perpetually threaten to destroy their “unfortunate possessor”—are precisely the pairs that *Wealth of Nations* deploys to identify the “object” or “purpose” of political economy (*WN* 372, 687).¹⁷ And political economy is the scientific genre into which Smith places *Wealth of Nations*.¹⁸ In light of these and other complexities, Grampp deserves praise for accentuating the evasions and enigmas that help define Smith’s legacy (Grampp 442, 455, 462-4).¹⁹

¹⁶ Whereas Grampp imagines moronic landlords who never learn that the eye is larger than the belly (463), Smith chides the “poor man’s son”—and “our conduct” generally (*TMS* 181)—for repeatedly forgetting that the “machines” that protect us from the summer shower are helpless against “the winter storm” (181-83). Smith also laments the loss in leisure, ease, and “careless security” caused by our vanity-inspired quest for wealth and power at *TMS* 50-51. On vanity’s contribution to the ubiquitous drive for “bettering our condition,” compare *TMS* 50-51 with *WN* 190, 341-42, and 869-70.

¹⁷ The later passage (*WN* 687)—which asserts that every “system” of preference or restraint ends up subverting “the great purpose which it means to promote.... the progress of the society toward real wealth and greatness”—does not mention political economy, but the term is strongly implied. The title of the relevant Book (IV) is “Of Systems of political Oeconomy,” which highlights the mercantilist and agriculturalist (e.g., Physiocratic) approaches as the political economy “systems” marred by preferences and/or restraints (Smith introduces the “system of natural liberty” at the end of Book IV). On p. 372, in any case, Smith proclaims that “the great object of the political oeconomy of every country, is to encrease the riches and power of that country.”

¹⁸ When Smith speaks of “what is properly called” political economy, he uses language that specifies the subject matter of his world-renowned book: “the nature and causes of the wealth of nations” (*WN* 678-79). *WN*’s title does *not* mention greatness or power, and its text spends relatively little time defining or discussing them. Another prominent definition likewise elevates wealth/riches above greatness/power: in the brief introduction to Book IV, Smith explains that political economy, “considered as a branch of the science of a statesman or legislator, proposes....to enrich both the people and the sovereign” (428). For a sketch of how *WN* addresses the relationship between wealth/riches and greatness/power, see the “Ordinary Revolutions” section above.

¹⁹ As Grampp puts it, “[t]he effort to reconcile the diverse ideas is the greatest of the efforts a reader must make in order to understand the *Wealth of Nations*, greater certainly than the effort needed to understand a particular idea when it is taken by itself” (Grampp 460-1). In Minowitz 1993, I challenge the dominant trends in contemporary scholarship on Smith and strive to reopen the “Adam Smith Problem” posed by the contrasts between his two books. Individuals interested in the formidable complexity of Smith’s writing and thinking should, at a minimum, consult the recent books by historian Jerry Muller (1993), economist Vivienne Brown (1994), and philosophy professor Charles Griswold (1999).

One cannot resolve the trinkets conundrum by assuming that Smith underwent an epiphany after 1759, when the first edition of *Moral Sentiments* appeared. At the start of a chapter (I.iii.3) added for this work's final edition in 1790, fourteen years after the publication of *Wealth of Nations*, Smith wrote that the disposition to admire wealth and greatness is "the great and most universal cause of the corruption of our moral sentiments" (*TMS* 61).

Smith's depiction of wealth and greatness as trinkets becomes even more complex in the paragraph that follows the one that ridicules the "[e]normous and operose machines" and that immediately precedes the paragraph on the invisible hand. Smith associates his denunciation of wealth and greatness with a "splenetic philosophy," familiar to everyone in times of "sickness or low spirits," that views things in an "abstract and philosophical light." But he proceeds to say that the same objects—when we view them from the more "complex" perspective that emerges in times of ease and prosperity—will appear "grand," "beautiful," and "noble," and hence as worthy of "all the toil and anxiety" we typically bestow upon them (*TMS* 183). Smith has provided clues, but he never directly mediates between the two competing perspectives: sick/old/philosophical versus healthy/young/prosperous.

The invisible-hand paragraph opens in the present tense: "it is well that nature imposes upon us in this manner." Smith labels the above-described infatuation with systems and machines a "deception," but lauds it because it "rouses and keeps in continual motion the industry of mankind" (*TMS* 183); Smith here speaks about phenomena that are contemporaneous to him (as he does a few sentences later when he discusses the landlord's fields and the invisible hand that assists the poor). However, he immediately shifts to a retrospective view as he celebrates the deception as the spring of human progress.

It is this which first prompted them to cultivate the ground, to build houses, to found cities and commonwealths, and to invent and improve all the sciences and arts, which ennoble and embellish human life; which have entirely changed the whole face of the globe, have turned the rude forests of nature into agreeable and fertile plains, and made the trackless and barren ocean a new fund of subsistence, and the great high road of communication to the different nations of the earth. (*TMS* 183-84)

After adding the claim that the earth “by these labours of mankind has been obliged to redouble her natural fertility, and to maintain a greater multitude of inhabitants” (184), Smith presents the invisible-hand scenario about the “proud and unfeeling landlord.”

Let me summarize. Our population has grown because “nature” tricked us into laboring that transforms the earth, partly by multiplying the earth’s “natural” fertility. The invisible hand serves to maintain “the multiplication of the species” in the face of widespread landlessness. Under both scenarios, we advance collectively despite two types of moral shortcomings: the selfishness, rapacity, callousness, vanity, and pride that tarnish the economic elite (landlords and “the rich”); and the “natural” and widespread “love of distinction” that can prompt even “the poor man’s son” to sacrifice tranquility and happiness in the frivolous pursuit of “trinkets” (181-82). Nature wields its power and achieves its ends in complex if not paradoxical ways. Adam Smith grasps the two disparate perspectives on wealth and greatness: the “splenetic” negative perspective and the “complex” positive one. Unlike the rich, he cares for the poor; unlike most of us (including the poor man’s son afflicted by ambition), he is never intoxicated by the “trinkets of frivolous utility.”²⁰

Smith’s contribution is philosophical, one may infer, since he fathoms the paradoxical truths about how everything fits together. His

²⁰ Is this *TMS* chapter the work of a “tyro,” as Grampp suggests (463), or the work of a sage? Seventy-three years before the *Journal of Political Economy* published Grampp’s article, it published “Adam Smith and Laissez Faire,” a pioneering article by Jacob Viner. Viner skillfully displays the theological clash (and some related differences) between Smith’s two books, but exaggerates both the optimism and the dogmatism in *TMS*. In faulting *TMS* for “absolutism” and “rigidity” (Viner 1958, 216), Viner ignores the complex dialectics of the trinkets puzzle. He likewise overstates the extent to which *TMS* posits “universal and perfect harmony” and presents an “unqualified doctrine of a harmonious order of nature, under divine guidance” (217, 220, 222-23). Viner overlooks mankind’s continual vulnerability to “the winter storm,” anxiety, fear, sorrow, disease, danger, and death (*TMS* 183). In addition, he overemphasizes the passages (*TMS* 105, 166, 168) that identify the *happiness* and *perfection* of “the world” and its “species” as the purposes of Nature/God (Viner 1958, 217, 220, 229-30); and he ignores the passages that highlight individual preservation and species propagation (*TMS* 77, 87), humbler goods that resemble *WN*’s humbler articulation of “the wisdom of nature” (*WN* 673-74; see pages 408-409 below). Like Grampp, finally, Viner is too quick to invoke Smith’s alleged “absentmindedness” to explain inconsistencies (Viner 1958, 241). Anyone who savors the delicacy of Smith’s prose, and tracks the multitude of minute changes Smith made in revising his two books, has no reason to doubt his 1788 description of his approach as an author: “I am a slow a very slow workman, who do and undo everything I write at least a half a dozen of times” (Letter to Thomas Cadell, 15 March 1788). The above Viner citations are from the reprinting in a book by Viner (1958).

contribution is also rhetorical. By arguing that we are “led”—certainly some of the time, perhaps most of the time—by an invisible hand to ends we did not intend to promote, Smith reminds us that we are supreme in neither comprehension nor power. At the conclusion of IV.1, however, Smith does smile on certain efforts to promote broad public benefits. It turns out that our “love of system”—our attraction to the “beauty of order, art and contrivance,” the attraction that helps wealth and greatness seduce us—can fruitfully be manipulated to “implant public virtue in the breast of him who seems heedless of the interest of his country.” To do this, you could proceed by describing “the great system” of public policy that helps feed, clothe, and house “the subjects of a well-governed state.” After explaining “the connections and dependencies of its several parts...and their general subservience to the happiness of the society,” you could “show how this system might be introduced into his own country,” describing the current “obstructions” and how they might be removed so that “the wheels of the machine of government” would “move with more harmony and smoothness” (*TMS* 185-86). From Smith’s point of view, obviously, *Wealth of Nations* is well suited to “implant public virtue” along these lines. But this book also calls upon the invisible hand, and many powerful arguments, to inoculate kings, princes, legislators, and statesmen from the “innumerable delusions” that would afflict anyone who sought to superintend the “industry of private people” (*WN* 687).

A similar warning, which particularly seems to challenge Part IV’s suggestions about using the “love of system” to bolster civic virtue, suffuses some passages in Part VI of *Moral Sentiments*, which Smith added for the 1790 edition. People “intoxicated by the imaginary beauty” of an “ideal system,” Smith now warns, often succumb to “the madness of fanaticism” (*TMS* 232). The “man of system” who ignores “the great interests” or “strong prejudices” that may oppose his “ideal plan of government,” furthermore, treats people as “the hand arranges the different pieces upon a chess-board” (note the impact of a *visible* hand). Such a man fails to recognize that “in the great chess-board of human society, every single piece has a principle of motion of its own, altogether different from that which the legislature might chuse [*sic*] to impress upon it” (234).

“A FEW LORDLY MASTERS”

By invoking an invisible hand to drive home human shortcomings in power, wisdom, and virtue, Part IV of *Moral Sentiments* communicates a lesson that most religions emphasize. And in the sentence after the one that describes the invisible hand, Smith incorporates a divine presence missing from *Wealth of Nations*. As he did in the preceding sentences, Smith reassures his readers about the fate of the masses deprived of land (and power).

When Providence divided the earth among a few lordly masters, it neither forgot nor abandoned those who seemed to have been left out in the partition.... In what constitutes the real happiness of human life, they are in no respect inferior to those who would seem so much above them. In ease of body and peace of mind, all the different ranks of life are nearly upon a level, and the beggar, who suns himself by the side of the highway, possesses that security which kings are fighting for. (*TMS* 185)

Although Smith in *Wealth of Nations* does offer a friendly comment on “the Deity” that ancient Greek physicists investigated as a “part” of “the great system of the universe” (*WN* 770)—and a disparaging comment on the superstitious recourse to “gods” (767)—he never mentions God or Providence, and he portrays nature in a less exalted light. His grimmer posture toward the cosmos corresponds to his harsher accounts of starvation and land ownership. Regarding starvation, the Introduction laments the plight of primitive “nations” that subsist via hunting and fishing. Even though almost every able-bodied person works, these societies are so poor that they sometimes are forced to kill infants, old folks, and people “afflicted with lingering diseases”—or to abandon such individuals “to perish with hunger, or to be devoured by wild beasts.” In “civilized and thriving nations,” by contrast, “all are often abundantly supplied” despite the “great number” of persons who consume lavishly even though they do not work (10).

In *Moral Sentiments*, Smith lauds the invisible hand of Providence for ensuring, in all times and places, that the human “species” survives and multiplies. *Wealth of Nations* proceeds in a far more empirical fashion. Smith depicts both starvation and famine. As in *Moral Sentiments*, however, Smith

does *not* place the blame on the monopolization of land ownership by “a few lordly masters” (*TMS* 185). Hunger and mortality plague hunting/fishing societies, despite their egalitarian economic arrangements—there simply is no property that “exceeds the value of two or three days labour” (*WN* 709) and the “[u]niversal poverty establishes...universal equality” (712). Circumstances improve as society advances “naturally” into the three subsequent “periods” or “states”: herding/pasturage, agriculture, and commerce (trade and manufacturing). But the torments of our origins recur even in the last two stages.²¹

In his most detailed discussion of food shortages, Smith focuses on the experience of Europe during recent centuries. He concedes that “dearths” have arisen from “real scarcity” caused sometimes by “the waste of war” but more often by “the fault of the seasons”; such scarcity can be ameliorated but not eliminated (*WN* 526-7). By blaming the seasons for dearths, Smith is blaming nature. Famine, on the other hand, “has never arisen from any other cause but the violence of government attempting, by improper means, to remedy the inconveniences of a dearth” (526). By tracing famines to abusive governments, Smith paves the way for nature’s remedy—the “unlimited, unrestrained freedom of the corn trade”—which is also the “best palliative” of dearths (527; cf. 538).

When he discusses subsistence and propagation in general terms, beyond the current situation in Europe, Smith likewise leaves us with questions about how nature and human institutions interact. One dilemma society confronts is that, as “[e]very species of animals naturally multiplies in proportion to the means of their subsistence” (*WN* 97), prosperity causes childhood mortality to decrease, which eventually causes wages to decrease. In a stationary economy, the “great body of the people” merely subsist; in a decaying economy they die off (86-8, 90-1, 97-9). Smith suggests China as an example of the stationary state. It “has long been one of the richest, that is, one of the most fertile, best cultivated, most industrious, and most populous countries in the world”; yet centuries before Smith’s time, it had “perhaps...acquired that full complement of riches which the nature of its

²¹ The four-stages theory is infused by something like an invisible hand insofar as Smith says nothing to suggest that human leaders or visionaries have played, or are needed to play, a role in propelling society from one stage to the next (cf. *WN* 422 on the “great revolution” that brought down feudalism). Needless to say, none of the four stages involves human fulfillment of a *divine* plan.

laws and institutions permits it to acquire.”²² In *all* of its “great towns,” tragically, children are “every night exposed in the street, or drowned like puppies in the water.” Furthermore, for the hundreds (perhaps thousands) of underfed people in Canton who live on rivers and canals in fishing boats—and are “eager to fish up the nastiest garbage” thrown overboard from a European ship—a putrid cat carcass is “as welcome...as the most wholesome food to the people of other countries” (89-90).²³ Do *these* landless beggars sun themselves on the banks of the river and enjoy “that security which Kings are fighting for”? Does the invisible hand of Providence bring them “ease of body and peace of mind”? Did Smith ever really believe that “all” of “the works of nature” were intended to promote “[t]he happiness of mankind” and to “guard against misery” (*TMS* 166)?²⁴

The evolution of society beyond the hunting stage also introduces threats to the economically *advantaged*. Smith describes, in stark terms, the plight of the owner of valuable property acquired by the “labour of many years”: he is “at all times surrounded by unknown enemies...from whose injustice he can be protected only by the powerful arm of the civil magistrate” (*WN* 710).

Obviously, reading aloud the *Moral Sentiments* passage extolling the “real happiness” enjoyed by the beggar cannot typically neutralize the dangers economic inequality poses. Only in *Wealth of Nations* does Smith

²² In the next chapter, Smith speaks more confidently: it is “probably” (not *perhaps*) the case that China had acquired all the riches it could, given “the nature of its laws and institutions” (*WN* 111). Smith proceeds to elaborate the toll exacted by those laws and institutions, particularly the obstacles to foreign commerce and the vulnerability of the poor and “owners of small capitals” to being “pillaged and plundered” by public officials (111-12, 680-81).

²³ We can only imagine the “[w]ant, famine, and mortality” that would afflict the beggars in a *shrinking* economy, “where the funds destined for the maintenance of labour were sensibly decaying.” Smith suggests that this condition may obtain in some of Britain’s colonies in India (*WN* 90-1), and later elaborates the pernicious policies of the East India Company (635-41, 751-53).

²⁴ Unlike Viner (and others), I am not prepared to belittle *TMS* as a juvenile work. Viner asserts that Smith, when he wrote this book, was a “purely speculative philosopher, reasoning from notions masquerading as self-evident verities” (Viner 1958, 230). Viner here overlooks the empirical components of *TMS*—e.g., the way Smith uses “sympathy” and “the impartial spectator” to explain how moral standards and behavior emerge from widespread patterns of human interaction—many of which remain plausible. Regarding *WN*, however, Viner is wise to suggest that statements about natural harmony may be “obiter dicta, thrown in as supernumerary reinforcements of an argument already sufficiently fortified by more specific and immediate data” (Viner 1958, 224). For a *Journal of Political Economy* article that does justice to *TMS* (and to Smith’s philosophical essays), see Bitterman 1940. Particularly valuable are Bitterman’s elaboration of the Newtonian aspects of Smith’s approach (497-504, 511-16, 717).

provide detailed explanations of how sustenance can trickle down from wealthy owners of land and capital. Consider first the herding stage: a “Tartar chief, the increase of whose herds and flocks is sufficient to maintain a thousand men,” cannot exchange his surplus “rude produce” for “any manufactured produce, any trinkets and baubles.” He therefore employs the surplus by “maintaining a thousand men,” who in exchange can provide only obedience; the chief’s authority becomes “altogether despotical” (*WN* 712-13).²⁵

In its early moments, the agricultural stage features shepherd-like political arrangements: the “sovereign or chief” is simply “the greatest landlord of the country.” One example is “our German and Scythian ancestors when they first settled upon the ruins of the western empire” (*WN* 717). Smith elaborates this earlier, in Book III, where he provides his most detailed discussion of the relationship between lords and their subordinates. A “great proprietor” in feudal Europe, lacking access to foreign commerce and “the finer manufactures,” consumed his entire surplus in “rustick hospitality” that in effect purchased the allegiance of servants along with a “multitude of retainers and dependents” (413-14). The feudal proprietor thus resembles the shepherd chief.

According to *Moral Sentiments*, Providence “divided the earth among a few lordly masters.” This description could not apply to the hunting stage, as presented by *Wealth of Nations*, for two reasons: there are no lordly masters who own the land, and widespread poverty inhibits “the multiplication of the species” (*TMS* 184-85). As we have seen, however, the description does apply to the herding stage—except that the “masters” here monopolize herds rather than fixed tracts of land.²⁶ And the description

²⁵ Such a “little sovereign” ends up being supported by “a sort of little nobility”: “Men of inferior wealth combine to defend those of superior wealth in the possession of their property, in order that men of superior wealth may combine to defend them in the possession of theirs” (*WN* 715).

²⁶ *WN* also refers to “the original state of things, which precedes both the appropriation of land and the accumulation of stock”; here a laborer is not required to share his produce with either “landlord or master” (*WN* 82). The hunting/fishing stage seems to fit these criteria; in the second stage, the “chief” controls the herds and their produce; in the hunting stage, there is “little or no authority or subordination” (712-13). When Smith states that the tiller of the soil “generally” has his maintenance “advanced to him from the stock of a master, the farmer who employs him,” Smith seems to be describing the final two stages. Workers in “all arts and manufactures,” similarly, usually need a “master” to advance them “the materials of their work, and their wages and maintenance till it be completed” (83). The majority of human beings, except among hunting/fishing societies in which harsh poverty is universal, are thus subject to economic “masters,” and Providence is not responsible.

applies to feudal arrangements in Europe that more or less represent the agricultural stage. But when Smith describes the origins of feudalism, he offers a cynical explanation that invokes neither nature nor Providence: “the chiefs and principal leaders” of the conquering Germans and Scythians simply “acquired or usurped to themselves the greater part of the lands of those countries” (*WN* 381-82). For many years thereafter, “the open country” in Europe was a “scene of violence, rapine, and disorder” (418).

Nature and convention also interact complexly in Smith’s account of primogeniture and entails, institutions that in effect helped certain lordly masters to maintain monopolistic patterns of land ownership in Europe. Under feudal conditions, primogeniture and entails “might not be unreasonable,” since large estates supported political authority in “those disorderly times.” Sustained by family pride even in Smith’s day, however, primogeniture and entails remained major obstacles to the subdivision and commercialization necessary for full agricultural development (*WN* 382-86). Primogeniture and entails surely belong among the “human institutions” that the preceding chapter blamed for having “disturbed the natural course of things” in Europe (377-78) and having “inverted” what the chapter title (III.i) identifies as “the natural progress of opulence.”²⁷

Smith’s account in Book III of the demise of feudalism and the emergence of commercial society draws on elements of both invisible hands (*WN* IV.ii and *TMS* IV.1). The power of the lords was “gradually” ended by “the silent and insensible operation of foreign commerce and manufactures.” Whether or not a hand can be invisible, it can certainly be silent. There are much stronger echoes, in any case. Once the lords had the chance to purchase “frivolous and useless” items (e.g., diamond buckles) that could be “all their own,” they lost their disposition to “share” their surplus, and thus “gradually bartered their whole power and authority” for the sake of “the most childish, the meanest and the most sordid of all vanities” (*WN* 418-19).²⁸ After completing the story by explaining how the

²⁷ On the prominence of family pride and inherited wealth in sustaining shepherd-stage authority generally, see *WN* 714 and 421-22. Yet another important perspective on land-ownership patterns emerges in Smith’s discussion of colonies, where he states that “[p]lenty of good land, and liberty to manage their own affairs their own way, seem to be the two great causes of the prosperity of all new colonies” (*WN* 572; cf. 566-67, 570, 572, 584).

²⁸ In both books, Smith sometimes directs vicious criticism at the economically privileged. According to *TMS*, as we have seen, the landlord is “proud and unfeeling,” while “the rich” are characterized by “natural selfishness and rapacity” and “vain and insatiable desires” (*TMS* 184). Smith speaks similarly during *WN*’s discussion of the feudal lords who traded their authority for trinkets: “All for ourselves, and nothing for other people, seems, in every age of the world, to have been the vile maxim of the masters of mankind” (*WN* 418).

lords similarly allowed their tenant *farmers* to become independent, Smith observes that the “great proprietors” thus “sold their birth-right, not like Esau for a mess of pottage in time of hunger and necessity, but in the wantonness of plenty, for trinkets and baubles.”²⁹ Smith speaks even more generally in the following, widely cited passage.

A revolution of the greatest importance to the publick happiness, was in this manner brought about by two different orders of people, who had not the least intention to serve the publick. To gratify the most childish vanity was the sole motive of the great proprietors. The merchants and artificers, much less ridiculous, acted merely from a view to their own interest, and in pursuit of their own pedlar principle of turning a penny wherever a penny was to be got. Neither of them had either knowledge or foresight of that great revolution which the folly of the one, and the industry of the other, was gradually bringing about. (*WN* 422)

Grampp chides the scholars who see the invisible hand at work here, and is skeptical about whether we can specify the “relation” between the hand’s two versions (Grampp 464). To me, there are obvious connections involving globalization, the monopolization of land, the contribution “trinkets and baubles” make in promoting public benefit via private vice, and the complex dialectics that infuse Smith’s accounts of how nature shapes human morality, psychology, and institutions.³⁰

Smith seems to define commercial society in the following terms: “[e]very man lives by exchanging, or becomes in some measure a merchant” (*WN* 37). The fall of feudalism thus transformed rather than eliminated dependence. In modern Europe, each “tradesman or artificer derives his subsistence” from the employment of “a hundred or hundred thousand

²⁹ *WN* 421. Recall how Smith simply *identified* “manufactured produce” with “trinkets and baubles” when explaining that a shepherd chieftain could only employ his surplus by “maintaining” a multitude of subordinates (*WN* 712); and recall the prominence of “baubles and trinkets” in the invisible-hand paragraph of *TMS* (184).

³⁰ The two discussions, furthermore, are similarly located in their respective works: Book IV of *WN* and Part IV of *TMS* (*TMS* is divided into parts rather than books). The account of feudalism occupies the central book of *WN*, and is followed quickly by the invisible hand, which lies roughly in the middle of *WN*, page-wise. In *TMS*, similarly, the invisible hand appears in the central part.

different customers”; though he is partly “obliged to them all,” he is not “absolutely dependent” on any one (420); in a “civilized” society, the division of labor renders *everyone* dependent on “the assistance and cooperation of many thousands” (22-3, 26). Without intervention by government, furthermore, the division of labor threatens to annihilate the “intellectual, social, and martial virtues” among “the great body of the people” (781-2). Again, what became of the Providence that provides for the “real happiness” of the lowly?

Moral Sentiments does not employ the four-stages theory, although on several occasions it contrasts the harsh conditions of “savage” life with the ease of “civilized” circumstances.³¹ In a section Smith added for the 1790 edition, he does offer a remarkable generalization that calls to mind passages from *Wealth of Nations* about modern Europe: in “commercial countries,” the “authority of law is always perfectly sufficient to protect the meanest man in the state” (*TMS* 223).

Another dramatic echo of the invisible hand resonates in the subchapter of *Wealth of Nations* whose theme is religion. The medieval Church, Smith boldly suggests, was “the most formidable combination that ever was formed...against the liberty, reason, and happiness of mankind” (*WN* 802-3). It controlled large tracts of land; like the lords, it gained political authority by distributing agricultural surpluses (“profuse hospitality” and “extensive charity”). Its power surpassed that of the lords for two reasons: its temporal force was accentuated by “spiritual weapons” and “the grossest delusions of superstition;”³² and it could act as “a sort of spiritual army, dispersed in different quarters,” whose “movements and operations” were “directed by one head, and conducted upon one uniform plan” (800-3). This unprecedented “combination” eventually collapsed in the same way that the pernicious power of the barons did. Even though “all the wisdom and virtue of man” could never even have “shaken” it, nature—here, “the natural course of things”—again came to the rescue via the “gradual improvements of arts, manufactures, and commerce” (803). Contra Grampp,

³¹ In *TMS*’s most sustained discussion of the differences between primitive and civilized societies (Part V, Chapter 2), Smith condemns the infanticide practiced by “the polite and civilized Athenians” (*TMS* 210). Although *WN*’s Introduction eschews condemnation and portrays infanticide among hunting/fishing nations as a regrettable necessity (*WN* 10), *TMS* here—as elsewhere—conveys higher standards, saying only that infanticide is “undoubtedly more pardonable” in the “rudest and lowest” stage (*TMS* 210).

³² Recall how mercantilism drew on both public “prejudices” and private “interests” in sustaining itself (*WN* 471). Smith likewise links prejudices and interest in explaining his famous assertion equating the “laws concerning religion” with the “laws concerning corn” (539).

there are many reasons to think that Smith, in sketching the roots of modernity, incorporated some of the “many other cases” in which an invisible hand linked with commerce led a person to “promote” a beneficial “end which was no part of his intention” (*WN* 456).

“DESIGNING POWER”

Readers of Smith encounter a third invisible hand—“the invisible hand of Jupiter”—in a posthumously published essay that Grampp expounds insightfully but briefly (Grampp 461-2). As we have seen, Smith sometimes presents sweeping claims that he himself may have regarded as exaggerations; in comparing *Wealth of Nations* and *Moral Sentiments*, I have suggested that Smith resorts to other types of rhetorical maneuvering (especially regarding the character of the agency or intelligence that the invisible hand embodies). The third manifestation of the invisible hand raises another set of questions about the relationship between Smith’s two books, the way each of them blends science with rhetoric, and his posture toward religion. Smith bequeathed to the world a unique combination of lucid sentences and enigmatic books.³³

Prior to 1759, when *Moral Sentiments* was published, Smith drafted three essays about “the principles which lead and direct philosophical enquiries.”³⁴ The essay that is by far the longest addresses the history of astronomy. While discussing “the first ages of society,” Smith contemptuously invokes the “the invisible hand of Jupiter” to illustrate the “pusillanimous superstition which ascribes almost every unexpected event, to the arbitrary will of some designing though invisible beings.” Smith lists eclipses, thunder, lightning, comets, and meteors among the dazzling natural phenomena that people attributed to “intelligent, though invisible causes.” People experienced *themselves* taking actions that altered the external world, and therefore imagined that a *divine* agency or “designing power” was responsible for the “irregular events” that surprised them. But even the

³³ Smith freely deploys understatement as well as overstatement. I’ve been emphasizing his exaggerations, but the equivocations, insinuations, and qualifications (e.g., the ubiquitous “perhaps”) may be more prevalent. Cf. Viner 1958, 222-23 on *WN*’s recourse to phrases such as majority, frequently, “in most cases,” and “in general.”

³⁴ Smith never published these essays, but he exempted them from the arrangement he eventually made to have his papers burned upon his death.

primitive peoples who thought in such polytheistic terms—inhabiting a universe replete with gods, daemons, fairies, witches, and so on—did *not* perceive such entities acting to shape the “regular” phenomena of nature (e.g., the burning of fire and the falling of heavy bodies). Such events were part of “the ordinary course of things” that “went on of its own accord”³⁵ (*History of Astronomy* 48-50).

In the short essay on the history of ancient physics, Smith likewise faults the superstitious primitives for positing “designing, though invisible” beings to explain “almost every unexpected event.” As society progressed, fortunately, philosophy/science offered a superior vision (Smith equates philosophy and science), depicting the universe as “a complete machine...a coherent system, governed by general laws” that promote general ends: the preservation and prosperity of the system itself along with its various “species.” Such a universe resembles the machines that human beings produce, and philosophers (e.g., Timaeus and Plato) introduced “the idea of a universal mind, of a God of all, who originally formed the whole, and who governs the whole by general laws, directed to the conservation and prosperity of the whole, without regard to that of any private individual” (*History of Ancient Physics* 112-14). By positing a God that created an orderly universe whose laws are friendly to “species,” this theistic framework resembles the theology of *Moral Sentiments*, including Smith’s Providential account of the invisible hand and his frequent appeals to nature’s Author, Architect, Director, or Superintendent.³⁶

Smith in *Wealth of Nations* nevertheless evicts God, however tempted he might have been to argue along the following lines: *human* rulers must avoid deploying the visible hand of the state too aggressively since there is a *divine* wisdom that “superintends” the universe and promotes the “interest”

³⁵ For Smith, “nature” seems to mean the way something operates “of its own accord” (*WN* 372, 458, 523), without the intrusion of human violence, plan, constraint, artifice, or custom (28-9, 248, 265, 372, 489, 870).

³⁶ *TMS* 77, 93, 105, 128, 166, 169, 236, 289, 292. Smith links each of the three invisible hands to a broad pattern of socioeconomic development. Like *TMS*, the philosophical essays rely on a general contrast between savage and civilized society rather than on the four-stages theory of *WN*. The “notions” of the weak and fearful savage are “guided altogether by wild nature and passion” (*History of Astronomy* 49); philosophy/science only emerges in civilized society, where “law has established order and security, and subsistence ceases to be precarious”; “cheerfulness” and the consciousness of strength/security counteract the superstitious impulse to imagine “invisible beings”; with greater leisure, individuals who are “disengaged from the ordinary affairs of life” can be particularly observant (50); and opulence allows for the “evident distinction of ranks” that tames “confusion and misrule”(51).

of groups (especially nations) despite the selfishness and other shortcomings of so many individuals. The non-human authority/standard that Smith does retain is nature, as manifested in his pitch for the “natural system of perfect liberty and justice” (*WN* 606) that would support the “natural progress of opulence,” the “natural course of things,” the “natural progress of things toward improvement,” the “natural law of succession,” the “natural progress of law and government,” the “natural effort of every individual to better his own condition,” the “natural employments” of industry and capital, the “natural division and distribution of labour,” and so on. As sketched above, Smith insists that no “human wisdom” could equip “the sovereign” to superintend the industry of private people (687-8). Perhaps Smith abandoned theism in *Wealth of Nations* partly because of the threat posed by human rulers who restrict liberty while claiming access to some sort of divine wisdom.

Taken in isolation, however, the invisible hand of *Wealth of Nations* suggests that Smith remained willing to appeal to a non-human intelligence that superintends the welfare of at least human “wholes” such as societies (recall the philosopher’s God that secures “the conservation and prosperity of the whole”). Smith in *Moral Sentiments* repeatedly invokes “the wisdom of nature,” a phrase that highlights both nature’s intelligence and its capacity for “designing” (recall the distinction between the arbitrary “designing power” that superstitious people project onto gods and the philosopher’s God that “formed” and “governs the whole”).³⁷ But Smith mentions the wisdom of nature only once in *Wealth of Nations*. When criticizing Physiocrats who overestimate the importance of an “exact regimen of perfect liberty and justice,” Smith likens the “political body” to the human body, which contains “some unknown principle of preservation” that can protect our health against flawed regimens; the “wisdom of nature” can thus counteract “the folly and injustice of man” (*WN* 673-4). By linking nature’s wisdom to the “principle of preservation” that protects *bodies* (animal as well as human, one may infer), Smith signals another departure

³⁷ For the 1790 edition of *TMS*, Smith added a passage that evokes the spirit of *WN*. Consistent with the spirit of *TMS*, however, this passage still elevates a creator (above nature) who thinks, judges, arranges, and directs in order to promote the welfare of the whole: the “wisdom which contrived the system of human affections, as well as that of every other part of nature, seems to have judged that the interest of the great society of mankind would be best promoted by directing the principal attention of each individual to that particular portion of it, which was most within the sphere both of his abilities and his understanding” (*TMS* 229).

from *Moral Sentiments*, where he presents a world that is friendlier to human happiness, virtue, nobility, wisdom, love, benevolence, and tranquility.

In Smith's two books, the invisible hand is *not* an entity that superstitious people imagine in trying to comprehend disorder and frightening events. Rather, Smith formulates the phrase to help his 18th-century (and beyond) readers see reassuring types of societal *order*. Contra Grampp, the invisible hand *does* represent something "so complex and so grand as the social order" (Grampp 446). That order is not only broader than the inducement to employ capital domestically (supporting national defense), it is broader than Hayekian spontaneous order. For Smith, the order within a system of natural liberty is but one realm of invisible-hand dialectics.

Wealth of Nations innovates by depicting societal order in totally secular terms. But by invoking an invisible hand that *leads* people (he does not say that we are led "as if" by an invisible hand), Smith alludes to divine action. He thus invites attentive readers to focus on the book's treatment of religion, to notice the absence of God, and to contemplate the viability of both atheistic (*WN*) and theistic (*TMS*) worldviews.³⁸ Only *Moral Sentiments* attributes an Author to nature, and some of the differences between the two books may signal that Smith has used "invisible" authorial skills to "lead" his readers, especially when he appeals to God or nature as *authorities*.³⁹

³⁸ One can also approach the religious clash between *WN* and *TMS* by recalling the elusive dialectic *TMS* presents (in its invisible-hand chapter) between the "philosophical" view that condemns wealth/greatness and the "complex" view that celebrates them. The complex view emerges when "our imagination" leads us to confuse the "real satisfaction" that wealth/riches and greatness/power provide with "the order, the regular and harmonious movement of the system, the machine or oeconomy" by which that satisfaction is produced (*TMS* 183). By highlighting our proclivity to become intoxicated by machines, Smith's "philosophical" critique of wealth and greatness might even prompt us to question the theism Smith celebrates in his essays (and in *TMS*); the theistic philosophers, analogizing from the unity and order of the machines that human beings create, portrayed the universe as "a complete machine" (*History of Ancient Physics* 113-14). Let me suggest one more conundrum. Insofar as Smith equates machines with "systems" (*TMS* 183, *History of Astronomy* 66, *History of Ancient Physics* 113) his "philosophical" critique of trinkets also poses a challenge to his own endeavors in formulating "systems" of political economy, moral philosophy, and jurisprudence (*TMS* 233-34, 265, 313-14, 340-42; *WN* 233, 606, 679, 687, 768-69, 780-81, 794). On the other hand, intellectual systems that resemble machines would presumably excel in precision, cohesion, reliability, and efficacy. Given the high standards that Smith thus set for himself, finally, perhaps Grampp (and other scholars) should work harder before concluding that Smith was a sloppy thinker or writer.

³⁹ The invisible hand can also remind us that, like our primitive ancestors, we are still prone to attribute agency to non-human powers that render us perplexed and puny.

Smith's essay on "the principles which lead and direct philosophical enquiries" incorporates rhetoric into its definition of science/philosophy. In a section that introduces his lengthy assessment of astronomy, Smith states that philosophy is "the science of the connecting principles of nature"; "by representing the invisible chains which bind together" the disjointed objects and events we encounter, philosophy tries to introduce order into the "chaos of jarring and discordant appearances," to restore the mind to "tranquillity and composure" (*History of Astronomy* 45-6). Just as some readers of *Wealth of Nations* doubt the existence of an invisible hand that leads people to promote beneficial ends, some readers of the astronomy and physics essays may be led to doubt whether human beings can attain *knowledge* of invisible *chains* that allegedly unify the cosmos. Smith proceeds to describe the historical essays in the following terms: "Let us" examine the different philosophical systems "without regarding...their agreement or inconsistency with truth and reality." Smith will merely assess "how far each of them was fitted to sooth the imagination, and to render the theater of nature a more coherent, and therefore a more magnificent spectacle." This rhetorical dimension, he adds, is what determines whether the authors "succeeded in gaining reputation and renown"; no system could attain "general credit" unless its "connecting principles" were "familiar to all mankind" (46).⁴⁰ After the long history of astronomy that culminates in effusive praise for the system of Isaac Newton, Smith concludes by apologizing, somewhat histrionically, for having ever implied that the "connecting principles" Newton presented were "the real chains which Nature makes use of to bind together her several operations" (105).⁴¹

As a reformer confronting a variety of powerful prejudices and interests that would inspire opposition to the new system of political economy he offers to the world, Smith might have felt compelled to employ exaggeration, irony, and other tools of persuasion: "If the rod be bent too much one way, says the proverb, in order to make it straight you must bend it as much the other" (*WN* 664). If "[a] philosopher is company

⁴⁰ The astronomy essay includes another remark that one can apply to the invisible hands of *WN* and *TMS*: in approaching a "strange" subject, Smith says, a writer could draw an analogy from a "familiar" one, creating not just "a few ingenious similitudes" but a "great hinge upon which every thing turned" (47).

⁴¹ If Smith in the 1750s was hesitant to claim that Newton had revealed the real but invisible *chains* that would "bind together" the movements of the planets, did Smith in 1776 believe that he himself had revealed a real but invisible *hand* that "led" lords, merchants, and others unwittingly to advance the "interest of the society," the "multiplication of the species" (*TMS* 185), "the publick interest" (*WN* 456) and the wealth of nations? In any case, Smith has left his readers with the additional challenge of reconciling natural *chains* with natural *liberty*.

to a philosopher only” (TMS 34), a philosopher’s books won’t always broadcast all of the complexities and uncertainties that fill that philosopher’s mind. In the 1790 edition of *Moral Sentiments*, Smith added praise of “the great wisdom of Socrates” (TMS 251), the philosopher who remains renowned for identifying his wisdom with his *ignorance* concerning “the greatest things” and for proclaiming that “the unexamined life is not worth living” (Plato’s *Apology* 22d, 38a). In the *Astronomy* essay, furthermore, Smith emphasizes that human beings pursue philosophy “for its own sake,” and that it began from “wonder” rather than from “any expectation of advantage from its discoveries” (*History of Astronomy* 51). Grampp may be wise in claiming that Smith’s allegedly “obvious and simple system of natural liberty” (WN 687) is “neither simple nor systematic and is by no means meant for all markets” (Grampp 442). But Grampp simply fails to appreciate how Smith’s invocations of an invisible hand can lead a reader to *seek* wisdom—from God, nature, prophets, philosophers, or other sources. Centuries after Smith’s death, we are still struggling to fathom a two-word phrase that stands out in a thousand-page book.

REFERENCES

- Bitterman, Henry J.** 1940. Adam Smith’s Empiricism and the Law of Nature, Parts I and II. *Journal of Political Economy* 48: 487-520, 703-734.
- Brown, Vivienne.** 1994. *Adam Smith’s Discourse: Canonicity, Commerce, and Conscience*. London: Routledge.
- Grampp, William D.** 2000. What Did Adam Smith Mean by the Invisible Hand? *Journal of Political Economy* 108 (3): 441-465.
- Griswold, Charles L., Jr.** 1999. *Adam Smith and the Virtues of Enlightenment*. Cambridge: Cambridge University Press.
- Hayek, Friedrich A.** 1948. *Individualism and Economic Order*. Chicago: Henry Regnery.
- _____. 1959. *The Constitution of Liberty*. Chicago, University of Chicago Press.
- Minowitz, Peter.** 1989. Invisible Hand, Invisible Death: Adam Smith on War and Socioeconomic Development. *Journal of Political and Military Sociology* 17 (2): 305-315.

PETER MINOWITZ

- _____. 1993. *Profits, Priests, and Princes: Adam Smith's Emancipation of Economics from Politics and Religion*. Stanford: Stanford University Press.
- Muller, Jerry Z.** 1993. *Adam Smith in His Time and Ours: Designing the Decent Society*. New York: The Free Press.
- Rothschild, Emma.** 2001. *Economic Sentiments: Adam Smith, Condorcet, and the Enlightenment*. Cambridge: Harvard University Press.
- Smith, Adam.** 1976 [1776]. *An Inquiry into the Nature and Causes of the Wealth of Nations*. 2 vols. Ed. R.H. Campbell, A.S. Skinner, and W.B. Todd. Oxford: Oxford University Press.
- _____. 1976 [1759]. *The Theory of Moral Sentiments*. Ed. A.L. Macfie and D.D. Raphael. Oxford: Oxford University Press.
- _____. 1980 [1795]. The Principles Which Lead and Direct Philosophical Enquiries; Illustrated by the History of Astronomy. In *Essays on Philosophical Subjects*, ed. W.P.D. Wightman and J.C. Bryce, 31-105. Oxford: Oxford University Press.
- _____. 1980 [1795]. The Principles Which Lead and Direct Philosophical Enquiries; Illustrated by the History of the Ancient Physics. In *Essays on Philosophical Subjects*, 106-117.
- Viner, Jacob.** 1958. *The Long View and the Short*. New York: The Free Press.

ABOUT THE AUTHOR



Peter Minowitz is associate professor of political science at Santa Clara University, where he teaches courses in the history of political philosophy and was a co-founder of the SCU environmental-studies program. He received his PhD in political science from Harvard University in 1988. In addition to scholarly articles about Niccolo Machiavelli, Adam Smith, Karl Marx, Leo Strauss, Frank Herbert, Harvey Mansfield, and Woody Allen, he has published a book, *Profits, Priests, and Princes: Adam Smith's Emancipation of Economics From Politics and Religion*, with Stanford University Press. He is currently writing a book about the use and abuse of "diversity" in Catholic higher education, and he moonlights as a jazz pianist. His e-mail address is pminowitz@scu.edu.