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COMMENTS

- Are Graphic Warning Labels Stopping Millions of Smokers? A Comment on Huang, Chaloupka, and Fong
Trinidad Beleche, Nellie Lew, Rosemarie L. Summers, and J. Laron Kirby [129–157](#)
- Reconsidering Colonial Maryland's Bills of Credit 1767–1775
Ron Michener [158–167](#)
- Colonial Maryland's Post-1764 Paper Money: A Reply to Ron Michener
Farley Grubb [168–178](#)

CHARACTER ISSUES

- Economic Liberalism in Peru
Patricia Saenz-Armstrong [179–200](#)

WATCHPAD

- Dissing *The Theory of Moral Sentiments*: Twenty-Six Critics, from 1765 to 1949
Daniel B. Klein [201–254](#)
- Foreword to Republication of “The Educational Benefits of Obscurity: Pedagogical Esotericism”
Daniel B. Klein [255–256](#)
- The Educational Benefits of Obscurity: Pedagogical Esotericism
Arthur M. Melzer [257–289](#)



Are Graphic Warning Labels Stopping Millions of Smokers? A Comment on Huang, Chaloupka, and Fong¹

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[LINK TO ABSTRACT](#)

Over the past several decades, the prevalence of smoking has declined in much of the developed world (OECD 2012), including in the United States and Canada. During this time, as certain health consequences of cigarette use have become more well-known, governments have implemented policies that impose disincentives or restrictions on the consumption of cigarettes in the form of taxes, indoor smoking bans, and other policy measures. One approach is to require manufacturers to place warning labels on tobacco products. The warning labels traditionally have taken the form of black-and-white text boxes on packs of cigarettes explaining the potential health consequences of smoking. More recently, beginning in 2001 in Canada,⁶ governments have begun mandating that warning labels contain colorful, graphic depictions of those consequences, depictions that can be gruesome, depressing, and often ghastly. As of October 2016, at least 105

1. This article reflects the views of the authors and should not be construed to represent the views or policies of the United States Food and Drug Administration (FDA).

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3. FDA, Silver Spring, MD 20993.

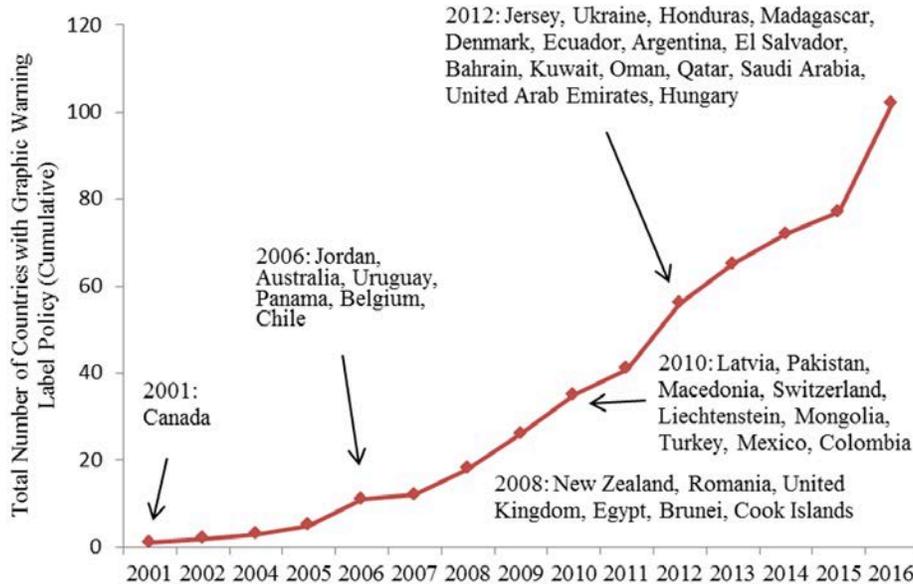
4. FDA, Silver Spring, MD 20993.

5. FDA, Silver Spring, MD 20993.

6. In 2012 Canada revised its policy to require new messages and new and larger graphics.

countries have adopted such policies.⁷

Figure 1. Number of countries adopting graphic warning labels on cigarette packs



While interest in graphic warning labels (GWLs) has grown around the world, their effect on smoking rates is not well-established. Most studies have focused on the impact of graphic warning labels on quit intentions rather than actual behavioral changes. Although reported intent may be correlated with actual behavior, in the context of addictive behavior such as smoking, the strength of the correlation is unclear. Recent efforts by the U.S. Food and Drug Administration (FDA) to implement graphic warning labels in the United States were blocked by the courts for violation of First Amendment rights. The battle continues to generate debate over the impact on actual smoking behavior. A lawsuit filed in October 2016 against the FDA argues that, for its not issuing yet another rule to require graphic warning labels, the FDA is in violation of the Family Smoking Prevention and Tobacco Control Act's mandate.⁸

A prominent 2014 study in the journal *Tobacco Control* has attempted to measure the effect of GWLs on smoking rates; it uses a difference-in-difference

7. See Appendix Table A1 for a full list of these countries ([link to appendices](#)), and see Figure 1 for an illustration of the growth in policy implementation. For examples of package images by country, including Canada, see the Tobacco Labelling Resource Centre website ([link](#)).

8. See Wilson (2011) for the cigarette package images that were selected but not implemented in the United States, and see CBS News (2011) for other images that were considered.

methodology to estimate the impact of the 2001 Canadian GWL policy on smoking rates. The authors are Jidong Huang, Frank Chaloupka, and Geoffrey Fong (Huang et al. 2014), and their results have been cited widely, often in support of implementation of GWLs in the United States (e.g., New York Times 2013; Myers 2013; Robert Wood Johnson Foundation 2017; Bach 2018). In a 2015 article also in *Tobacco Control*, a select set of authors—the economists Frank Chaloupka, Kenneth Warner, Daron Acemoglu, Jonathan Gruber, Fritz Laux, Wendy Max, Joseph Newhouse, Thomas Schelling, and Jody Sindelar—strongly endorsed the Huang et al. (2014) findings (Chaloupka et al. 2015). The Huang et al. (2014) estimates have also been cited as existing evidence of the estimated impacts of GWLs on smoking rates (e.g., Van Minh 2016; Jung 2016; Gibson et al. 2015) or as the yardstick for comparing other estimates (e.g., Chaloupka et al. 2015; Starr and Drake 2017). Other researchers have used the Huang et al. (2014) estimates as key inputs in simulation models to make predictions about similar policies in different settings (see, e.g., Levy et al. 2017; Kang 2017; Tauras et al. 2017), or to incorporate them in meta-analyses (e.g., Noar et al. 2016). Since its publication, Huang et al. (2014) has accumulated 66 Google Scholar citations.

In this paper, we elaborate three major reasons to discount the findings of Huang et al. (2014). First, the magnitude of the effect found is simply implausible, and prudence counsels skepticism. Second, after replicating the results of Huang et al. (2014), we show that by improving the functional form the estimated effect size shrinks by about half. Third, based on a battery of robustness checks we find cause to believe that there is omitted-variable bias and also that a key assumption underlying the analysis is not satisfied. We suggest that the study likely overstates the impact of GWLs.

Implausibility of effect size in Huang et al. (2014)

Immediate effects would equal the effect from the first decade of tobacco policy in the United States

The release of the first report of the Surgeon General’s Advisory Committee on Smoking and Health (“Surgeon General’s Report”) on January 11, 1964, marks the beginning of modern tobacco control efforts. In 2006, the Centers for Disease Control and Prevention (CDC) described the Surgeon General’s Report as “the first in a series of steps, still being taken more than 40 years later, to diminish the impact of tobacco use on the health of the American people” (CDC 2006).

Lawrence Jin, Don Kenkel, Feng Liu, and Hua Wang (2015) study the cumulative impact of tobacco control efforts from 1964, when the Surgeon General's Report was released, to 2010. They simulate how smoking prevalence would have evolved over time in the absence of the Surgeon General's Report and all the policy measures that followed—the “no-policy” counterfactual.” Comparing that to observed smoking prevalence at any point in time provides a measure of the cumulative impact of the post-Report anti-smoking movement, and the policies it encompasses, on smoking prevalence. Comparing the magnitude of these results to Huang et al.'s estimate of the effectiveness of the GWL policy is instructive. Huang et al. (2014) estimate a 12.1 percent to 19.6 percent immediate reduction in smoking prevalence in response to GWLs. Jin et al. (2015) estimate that in 1980, 16 years after the Surgeon General's report, observed smoking prevalence was 14.85 percent lower than the no-policy counterfactual. In other words, the cumulative effect of the first *16 years* of post-Report progress was within the range of the immediate impact of GWLs as estimated by Huang et al. (2014).

The risks conveyed by GWLs are largely widely known in countries such as the United States and Canada. Furthermore, although the images are gruesome and elicit emotions of disgust, there is evidence suggesting that smokers may respond by covering up the label, keeping the pack out of sight, or transferring the cigarettes to a different container to avoid viewing the images every time they reach for a cigarette (e.g., Gibson et al. 2015; Guillaumier et al. 2014). In the study by Amy McQueen et al. (2015), 30 percent of survey respondents reported keeping the label out of sight some, most, or all of the time (while a low percentage reported using a case or cover to hide the label). Similarly, David Hammond et al. (2004) find that at least 30 percent of their study participants attempted to avoid the warnings. Rachel McCloud et al. (2017) find that avoidance behavior is associated with reported addiction to cigarettes, age, and the intensity of the reaction to the GWL.

While it may seem intuitive that shocking images should lead to a behavioral change, there is evidence that adults' smoking behavior in terms of actual quitting is not even responsive to news of their own parent's cardiovascular or cancer diagnoses, which may be smoking-related (Darden and Gilleskie 2016).⁹ Thus it is surprising to see results that predict an immediate and sustained effectiveness that is more than that achieved in the entire first decade of progress after the Surgeon General's Report, a time when knowledge of the major smoking risks was diffusing throughout the general population.

9. Margolis et al. (2014) examine the impact of health shocks on individuals' health behavior and find that smokers who undergo more invasive surgeries such as coronary artery bypass graft are more likely to improve health behavior such as by quitting smoking.

Effects would be larger than those estimated in settings where GWLs are expected to have a relatively large impact

There are different ways to measure the effectiveness of graphic warning labels. For example, the evidence from the literature unequivocally supports that pictorial cigarette pack warnings in Canada and other countries are more effective than text-only warnings as measured by cognitive and emotional reactions, increased motivation to quit smoking, and greater awareness of risks and warnings (see Fong, Hammond, and Hitchman 2009; Hammond 2011; Noar et al. 2016). These associations have been confirmed in more recent studies (e.g., Partos et al. 2013; Rousu et al. 2014; Cameron et al. 2015; Nagelhout et al. 2016; Yong et al. 2016; Brewer et al. 2016; Gravely et al. 2016; Green et al. 2016), although there is some evidence that their effectiveness declines over time (Hitchman et al. 2014). On the other hand, studies examining changes in smoking behavior that can be interpreted as causal are more limited. A recent systematic review concludes that existing evidence of pictorial warnings on behavioral change is inconclusive (Monarrez-Espino et al. 2014), while other studies discuss some of the underlying difficulties (e.g., Hammond 2011; Harris et al. 2015; Irvine 2015). As will be discussed below, these studies provide a wide range of estimates of the potential effect of GWLs on smoking behavior.

One of the earliest attempts to estimate the effect of GWLs on smoking prevalence was that of Nikolay Gospodinov and Ian Irvine (2004). Although it was one of the first published studies to use smoking rates as an outcome measure, Gospodinov and Irvine (2004) has received much less attention (only 25 Google Scholar citations as of March 3, 2018) than has Huang et al. (2014). Using Canadian Tobacco Use Monitoring Survey data to compare smoking rates in the six months before and after graphic warning labels were in effect, Gospodinov and Irvine (2004) estimate a 0.34 percentage-point reduction in smoking rates in Canada that is not statistically significant.

Using a longer time period (1998–2008, before and after implementation of the policy) and longitudinal data, Sunday Azagba and Mesbah Sharaf (2013) find that graphic warning labels in Canada decreased the odds of being a smoker and increased the odds of quit attempts.¹⁰ Azagba and Sharaf (2013) use a longitudinal panel and control for a set of individual demographic characteristics as well as tobacco prices and smoke-free policies.¹¹ However, Azagba and Sharaf's empirical

10. The estimated odds ratio cannot be directly interpreted as the marginal effect of GWLs on smoking prevalence, although it appears that Chaloupka et al. (2015, 113) may have misinterpreted Azagba and Sharaf's results as such.

11. Azagba and Sharaf (2013) control for a set of variables including gender, age, education, household income, marital status, household size, employment status, immigrant status, workplace smoking bans,

approach does not include a control group. Since the GWL policy was implemented at a national level in Canada, there remains doubt as to whether one can make causal inferences from those estimates.

One of the motivations for the Huang et al. (2014) study was to reassess FDA's analysis of the potential effect of graphic warning labels in the United States. In FDA's 2010 and 2011 prospective regulatory impact analyses of the GWLs rule—which is not currently in effect—FDA extrapolated from Canada's experience to generate a prediction of the effect of graphic warning labels if they were to be implemented in the United States (75 FR 69523; 76 FR 36627). FDA's approach compared the difference between the actual 1994–2009 smoking rates and rates predicted by pre-2001 trends in Canada and the United States, accounting for changes in cigarette excise taxes, and calculated how the average difference for 2001–2009 compared with the average difference for 1994–2000. Extrapolating from the resulting point estimate of the effect of GWLs in Canada, FDA predicted that the rule would reduce U.S. smoking rates by 0.4 percent, or 0.088 percentage points. Consistent with Gospodinov and Irvine's findings, FDA's estimate of the effect of Canadian cigarette graphic warning labels on smoking rates, based on the available evidence in 2011, was not statistically significant. By contrast, Huang et al. (2014) analyze the same aggregate-level data on Canada and United States smoking rates used in the FDA's regulatory impact analysis and report that Canadian GWLs led to a statistically significant 12.1 percent to 19.6 percent reduction in smoking rates (which would be a 2.87 to 4.68 percentage point decrease using pre-2001 US smoking rates of 23.9 percentage points as the baseline).¹² Huang et al. (2014, i7) indicate that their estimates would have translated into a reduction of 5.3 to 8.6 million smokers between 2012 and 2013 had the U.S. government implemented the GWL policy in 2012. As mentioned above, these results would suggest an immediate impact greater in magnitude than the reduction in U.S. smoking prevalence in the first ten years following the Surgeon General's Report.

A study by Jeffrey E. Harris, Ana Ines Balsa, and Patricia Triunfo (2015) provides estimates that are informative regarding the plausibility of the estimates in Huang et al. (2014). Harris et al. (2015) find that a GWL policy in Uruguay was associated with a 3 percentage-point increase in the cessation rate among pregnant women. Considering the context in which Uruguay's policy was implemented and evaluated, it is surprising how large the implied effect of Huang et al. (2014)'s estimate on cessation would be, as discussed later in this subsection. First, it is

providence of residence and cigarette prices.

12. Starr and Drake (2017) use an event study methodology to estimate abnormal stock rates of return resulting from the stock market reaction to the publication of the FDA graphic warning label rule to infer smokers' demand for cigarettes. Starr and Drake then conclude that smokers' demand for cigarettes would decrease by a similar order of magnitude as Huang et al. (2014)'s estimates.

important to note that Uruguay is an upper-middle-income country where the mean number of cigarettes smoked per day among daily smokers is about the same if not greater than the corresponding mean for smokers in the United States and Canada (ITC 2014). Second, to the extent to which pregnant women in Uruguay had little knowledge of the risks of smoking during pregnancy, one would expect to see a large reduction in smoking behavior. The estimated effects found by Harris, Balsa, and Triunfo (2015) also include the effects of other tobacco health measures known to be important to all smokers (not just pregnant women) that could not be separately estimated.

More recently, Ce Shang et al. (2017) examine cross-sectional data from surveys in 18 countries that had adopted the World Health Organization Framework Convention on Tobacco Control. Shang et al. (2017) report that GWLs were associated with 10 percent lower smoking prevalence among low-education individuals and 2.3 percent among all adults—a figure well below the Huang et al. (2014) lower bound of 12.1 percent. The Shang et al. (2017) estimates are correlations that cannot be interpreted as causal, but their study suggests that developing countries might experience greater impacts from tobacco policies than developed countries. In addition, the results of another cross-country study that compares trends before and after a GWL policy among more than 60 unnamed countries shows that smoking prevalence decreased by 0.40 percent after enacting a GWL policy, but this change is not statistically significant (Ngo et al. 2018).¹³

Studies of the adoption of plain packaging in combination with enlarged graphic health warnings in Australia are also instructive. One such study found that adopting these policies in Australia was associated with a 0.55 percentage-point reduction in smoking prevalence in a period of 34 months (AGDH 2016).¹⁴ That study does not address certain confounding factors and only compares the impact before and after the policy within Australia (i.e., there is no control group), which leaves questions regarding the causal interpretation of the results. A study by Pascal Diethelm and Timothy Farley (2015), seeking to refute that plain packaging had no effect in Australia, estimates that adopting plain packaging in combination with enlarged graphic health warnings was associated with a statistically significant 3.7 percent reduction in smoking prevalence. Diethelm and Farley do not report the exact smoking rate measured in their dataset prior to policy implementation, but by using an approximate smoking rate of 19 percent as reported above, the 3.7

13. Huang and Chaloupka are among the authors of Ngo et al. (2018), yet that article does not reconcile, or discuss the contrast of, its findings with those of Huang et al. (2014).

14. The model predicted that without the packaging changes, smoking prevalence would have been 17.77 percent rather than 17.21 percent. The average smoking prevalence 34 months preceding the policy was 19.4 percent, and the study concluded that the plain packaging accounted for about 25 percent of the 2.2 percentage-point decline between the pre- and post-policy periods.

percent reduction would imply an approximately 0.7 percentage-point reduction in smoking. The study controls for a linear time trend and certain other tobacco-control policies selected by stepwise regression, but it does not use a control in estimating the before-and-after impact, again leaving questions regarding causal interpretation of the results. Still, the size of the reduction in smoking prevalence associated with these joint policies in a high-income country such as Australia raises doubts about the large and almost immediate impact attributed to only GWLs in Huang et al. (2014).

When placed in context of the existing literature, the estimates of Huang et al. (2014) appear unrealistic. Consider the upper-bound estimate of a 4.68 percentage-point decrease and what this would mean if we apply the estimate given the current rates of initiation, cessation, and smoking in the United States. Even if smoking initiation was *eradicated* as a result of GWLs, the 4.68 percentage-point estimate would still imply that cessation rates would have to at least double the current U.S. cessation rate of about 6 percent in order to generate the predicted change in the United States population smoking rate (see CDC 2011). That would require an extraordinary change in population behavior given that cessation rates in the United States have remained relatively unchanged since 2001. According to CDC, there has been little progress made towards “increasing receipt for advice to quit, use of counseling and/or medication” to meet one of the Healthy People 2020 objectives to increase U.S. cessation rates to 8.0 percent by 2020 (Babb et al. 2017).¹⁵ Using the Current Population Survey Tobacco Use Supplement, Shu-Hong Zhu et al. (2017) report that the U.S. overall population cessation rate was about 4.5 percent throughout the period 2001–2010, and it increased to 5.6 percent in 2014–2015. These data indicate a 1.1 percentage-point increase in a period covering 15 years, or about a 0.08 percentage-point increase per year. Data show that the implication of the estimates would be surprising for Canada, too. Data show that quit rates among ‘ever’ smokers (i.e., current and former smokers) in Canada went from 52.3 percent to 59.7 percent from 2001 to 2005 and that they hovered around 60 percent until 2011; the quit rate in 2015 was 67.7 percent and increased by 13 percentage points between 2004 and 2015, suggesting an average annual increase of about 1.1 percentage points (Reid et al. 2017).

15. Studies have estimated a 15 percent successful quit rate without relapse among those who participate in nicotine replacement therapy or participation in smoking cessation programs (Warner et al. 2004; Cummings and Hyland 2005).

Comparison of GWL estimates to other policy interventions (tobacco and non-tobacco)

There are other tobacco control policies that have been implemented for which comparisons of their relative effectiveness help to better understand the implications of the purported effects estimated in Huang et al. (2014). Kevin Callison and Robert Kaestner (2014) show that tobacco taxes, which would have direct financial effects on smokers, have little impact on cigarette consumption, and they estimate that a doubling of all tobacco taxes would be required to obtain a 5 percent reduction in smoking.¹⁶ On the other hand, Christopher Carpenter and Philip J. Cook's study (2008) suggests that a one-dollar increase in the tax per pack of cigarettes would reduce smoking participation by about 9–20 percent (or 2.7–5.9 percentage points). Carpenter and Cook acknowledge the limitations of the self-reported nature of the data they utilize and indicate that “[p]erhaps the best interpretation of our results is that they reflect a reduced form of direct and indirect influences on youth decisions” (2008, 23). There are also mixed results with respect to the impact of indoor smoking bans. Thomas Carton et al. (2016) show that indoor smoking bans can reduce smoking between 2.35 percent and 3.29 percent, while Carpenter, Sabina Postolek, and Casey Warman (2011) find that public smoking bans have no impact on smoking behavior.

A comparison to non-tobacco policies governing the provision of health information about consumable products shows how large the Huang et al. (2014) estimate is in this broader context. In a study that included 20 countries over a period of 26 years, the authors conclude that a ban on alcohol advertising led to a 5–8 percent reduction in alcohol consumption (Saffer and Dave 2002). The results of these studies differed from previous studies that found little to no effect of alcohol advertising on its consumption. Another health policy is that of posting the calorie count of foods to inform consumers of the caloric content. Bryan Bollinger and colleagues (2011) found that calorie posting has been associated with a 6 percent reduction in average calories purchased per transaction. On the other hand, another study found little evidence of the labeling on calorie purchases (Elbel et al. 2009).

The results of Bollinger et al. (2011) are consistent with a prominent study by Pauline Ippolito and Alan Mathios (1990), who examined the impact of advertising and labeling campaigns that for the first time cited the National Cancer Institute's statements on the link between fiber and cancer. The first such campaign was launched in 1984 by the Kellogg Company and was followed by other companies

16. This size effect may in part be due to reduced responsiveness to taxes by youth (Hansen, Sabia, and Rees 2015).

in the industry. The setting in which that study occurred was important because during that period of time only government and general nutrition sources provided health information to the public. In the mid-1970s, research had already suggested a link between the consumption of fiber and a lower incidence of colon cancer. Although the information about the link had been known, this campaign represented the first time consumers received this information from industry. In other words, this case represents a similar setting in which knowledge about the risk of consuming a certain product is known already but is first made available to the consumer in a new and more visible format. In this case, Ippolito and Mathios (1990) estimated that health warnings led to a 5 percent increase in consumption of high-fiber cereal, at the expense of low-fiber cereal.

Most of the studies discussed here (tobacco and non-tobacco control) provide a range of policy-effect estimates that goes from none to 10 percent, with most estimates being around 5 percent. Thus, the results from these studies suggest that the estimates in Huang et al. (2014) are implausibly large and call for further investigation. In the next section we present additional reasons for doubt, focusing on the empirical methods and data used in Huang et al. (2014).

Replication and assessment of Huang et al. (2014) model and results

Data and methods

We begin by replicating the results of Huang et al. (2014) using their preferred specification and data provided in their appendix. Our analysis also uses data from other sources to conduct sensitivity and robustness checks. The data provided in the Huang et al. (2014) appendix include information on smoking rates, as well as measures of cigarette prices for Canada and the United States. Data on Canada's smoking rates for the population 15 years and older in the years 1994 to 2009 come from multiple sources, including the General Social Survey, Survey on Smoking in Canada, National Population Health Survey, and Canadian Tobacco Use Monitoring Survey. The data on the smoking rates for the U.S. population ages 18 years and older for years 1994 to 2009 come from the National Health Interview Survey (NHIS).

The analysis draws data on cigarette prices and excise taxes for Canada and the United States from several sources. U.S. cigarette price information is compiled by the Bureau of Labor Statistics and is adjusted by the overall consumer price index. Canada's cigarette price index is drawn from the Canadian monthly

consumer price index components for cigarettes and is also adjusted using Canada's overall consumer price index. The Canadian price index is constructed as the average over the months covered by the Canadian smoking surveys while the U.S. price index is defined as the average over the month specific to the NHIS surveys. We also use data on actual prices paid by smokers, as constructed from self-reported prices in the International Tobacco Control Policy Evaluation Project (ITC) surveys. As described by Huang et al., the tax and price measures were normalized and indexed to 1 in November 2002, and the U.S. tax and price variables were normalized to a Canadian scale using the exchange rate between the U.S. dollar and the Canadian dollar. We use data on vehicle car accidents made available from Transport Canada ([link](#)), and the U.S. Department of Transportation ([link](#)) to conduct a battery of robustness checks; these data were not utilized in Huang et al. (2014).

Finally, we note that although more recent data are available, the period of analysis ends in 2009 not only to be able to replicate Huang et al. (2014)'s study but to minimize two confounding factors. First, the Family Smoking Prevention and Tobacco Control Act was signed into law on June 22, 2009, granting FDA the authority to regulate the manufacture, distribution, and marketing of tobacco products. Second, in 2012 Canada completed implementation of a new policy ([link](#)) that required all cigarette and little cigar packages to have health warnings covering 75 percent of the front and 75 percent of the back of the package.

The difference-in-difference method is captured by equation (1) below.

$$\ln(\text{SmokingRate}) = \alpha + \beta_1 \text{Canada} + \beta_2 \text{PostGWL} + \beta_3 \text{Canada} * \text{PostGWL} + \beta_4 (\ln \text{Excise Tax or ln Price Index}) + \beta_5 \ln(\text{MonthlyTrend}) + \text{error} \quad (1)$$

The outcome variable of interest is the natural log of the annual smoking rate in each country. In equation (1), a binary variable, *Canada*, is equal to 1 if the observation is from Canada and equal to 0 if the observation is from the U.S. The coefficient on this variable is interpreted as the difference in the average smoking rates in Canada relative to the U.S. The binary variable *PostGWL* is equal to 1 if the smoking rate is for the post-2001 (post-treatment) period and equal to 0 otherwise. The coefficient of this variable is interpreted as the difference in average smoking rates before and after the treatment. The interaction between *Canada* and *PostGWL* takes on a value of 1 if the observation comes from Canada in the post-treatment period and 0 otherwise. The coefficient of *Canada*PostGWL*, $\hat{\beta}_3$, is interpreted as the difference in average smoking rates in Canada before and after policy adoption minus the difference in average smoking rates in the U.S. before and after policy adoption (the difference-in-difference estimator, henceforth referred to as the

GWL policy effect). In other words, assuming that the required conditions hold, $\hat{\beta}_3$ represents the estimated impact of the GWL policy on smoking rates.

Following Huang et al. (2014)'s approach, the variable *lnExcise Tax* or *lnPrice Index* is defined as the natural log of the tax or the natural log of a price index, and is included to control for prices. Huang et al. use two separate price indices, one that adjusts for prices captured in surveys conducted by the ITC (*lnPrice Index w/ ITC*) and one that does not (*lnPrice Index w/o ITC*). Thus there are three separate variations of the price or excise tax variable: *lnExcise Tax*, *lnPriceIndex w/ ITC*, and *lnPriceIndex w/o ITC*.¹⁷ Equation (1) also includes the variable *ln(MonthlyTrend)*, which is the natural log of the monthly trend variable. In other specifications, equation (1) includes country-specific linear trends, *Canada*MonthlyTrend*.

Following Huang et al. (2014), equation (1) is estimated using ordinary least squares and with non-robust standard errors. In total, there are six specifications (referred to as Models 1–6) that vary in the inclusion of a measure of cigarette price, excise tax, a monthly trend, and country-specific linear trends. In the sections that follow, we describe our results in replicating Huang et al. (2014)'s estimates, as well as our results from conducting a battery of tests and robustness checks to shed further light on the sensitivity and validity of the results.

Replication of Huang et al. (2014) estimates

We replicate Huang et al. (2014)'s estimates within a small margin of error. The results are presented in panel A of Table 1 for Models 1 through 6. In panel B of Table 1 we also show the results using robust standard errors to correct for heteroskedasticity. In subsequent corrections to Huang et al. (2014)'s estimation procedure, we present robust standard errors but note that our findings are not sensitive to this adjustment. Among the six specifications, Models 4 to 6 are the preferred specifications as those control for country-specific trends (later we discuss the importance of these variables). Consistent with Huang et al. (2014)'s results for Models 4 to 6, the estimated coefficients in panel A and panel B of Table 1 are statistically significant and suggest a reduction of 12.1 percent to 19.6 percent (or a 2.87 to 4.68 percentage point decrease using pre-2001 U.S. smoking rates of 23.9 percent as the baseline)

17. In the "Assessment of...model specification and assumptions" subsection below, we discuss some of the issues that may arise when using an endogenous variable such as price as a control variable.

TABLE 1. Replication of Huang et al. (2014)'s estimates

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Panel A. Huang et al.'s specification: logged trends, non-robust standard errors						
CA*GWL	-0.145*** (0.037)	-0.163*** (0.042)	-0.180*** (0.045)	-0.128* (0.064)	-0.181** (0.072)	-0.219*** (0.075)
R-squared	0.942	0.921	0.909	0.942	0.921	0.911
Panel B. Huang et al.'s specification: logged trends, robust standard errors						
CA*GWL	-0.145*** (0.036)	-0.163*** (0.040)	-0.180*** (0.041)	-0.128** (0.056)	-0.181** (0.075)	-0.219*** (0.070)
R-squared	0.942	0.921	0.909	0.942	0.921	0.911
Panel C. Huang et al.'s specification: non-logged monthly trends, robust standard errors						
CA*GWL	-0.203*** (0.028)	-0.202*** (0.028)	-0.202** (0.029)	-0.091** (0.035)	-0.099** (0.037)	-0.098** (0.038)
R-squared	0.964	0.964	0.964	0.976	0.975	0.975
<i>Controls:</i>						
Ln(Monthly Trend) or Monthly Trend	Yes	Yes	Yes	Yes	Yes	Yes
Ln(Index Excise Tax)	Yes			Yes		
Ln(Price Index w/o ITC Price)		Yes			Yes	
Ln(Price Index w ITC Price)			Yes			Yes
Canada & Trend Interaction				Yes	Yes	Yes
Observations	29	29	29	29	29	29
<i>Notes:</i> Unless specified, robust standard errors are reported in parentheses. *p<0.10, **p<0.05, ***p<0.01. The list of Controls applies to panels A to C. Panels A and B control for logged monthly trends. Panel C controls for non-logged monthly trends.						

Assessment of Huang et al. (2014) model specification and assumptions

Difference-in-difference estimates only produce valid estimates under certain assumptions, i.e., parallel trends, correct model specification, and no omitted variables. If any of these assumptions does not hold, the estimated effect is biased. In some cases, the validity of certain assumptions cannot be directly verified because the assumptions are made about unobservable data. But in general one can test the plausibility of the causal identification assumptions. In this subsection, we discuss the results from a battery of tests to assess the validity and robustness of the estimates.

Functional form of the time trends and potential serial correlation

An important assumption in statistical inference is that the model is correctly specified. Misspecification of the functional form can result in biased estimates, and in this subsection we discuss how these estimates are sensitive to the choice of

certain model specifications. Log transformation is common when there is a non-linear relationship between two variables, when there is an underlying theory that suggests a log form is needed (e.g., estimating elasticities), or when it is necessary to change the scale of a variable because its distribution is skewed. Upon review of the data, we do not find evidence to support use of the log monthly trend as specified in equation (1). We therefore re-estimate the specifications presented by Huang et al. (2014) replacing the logged monthly trends with the linear (non-logged) monthly trends, and we present the results in panel C of Table 1. The results show that the magnitude of the coefficient of interest in Models 4 to 6, which include the country-specific trends, decreases significantly compared to panels A and B, while the magnitude for Models 1 to 3 increases compared to panels A and B. The estimated coefficients for Models 4 to 6 suggest a reduction of 9.5 to 10.3 percent (or a 2.27 to 2.46 percentage-point decrease using pre-2001 U.S. smoking rates of 23.9 percent as the baseline). These estimates are about half of what Huang et al. (2014) estimate, but are still suspect as will be discussed later in this subsection.

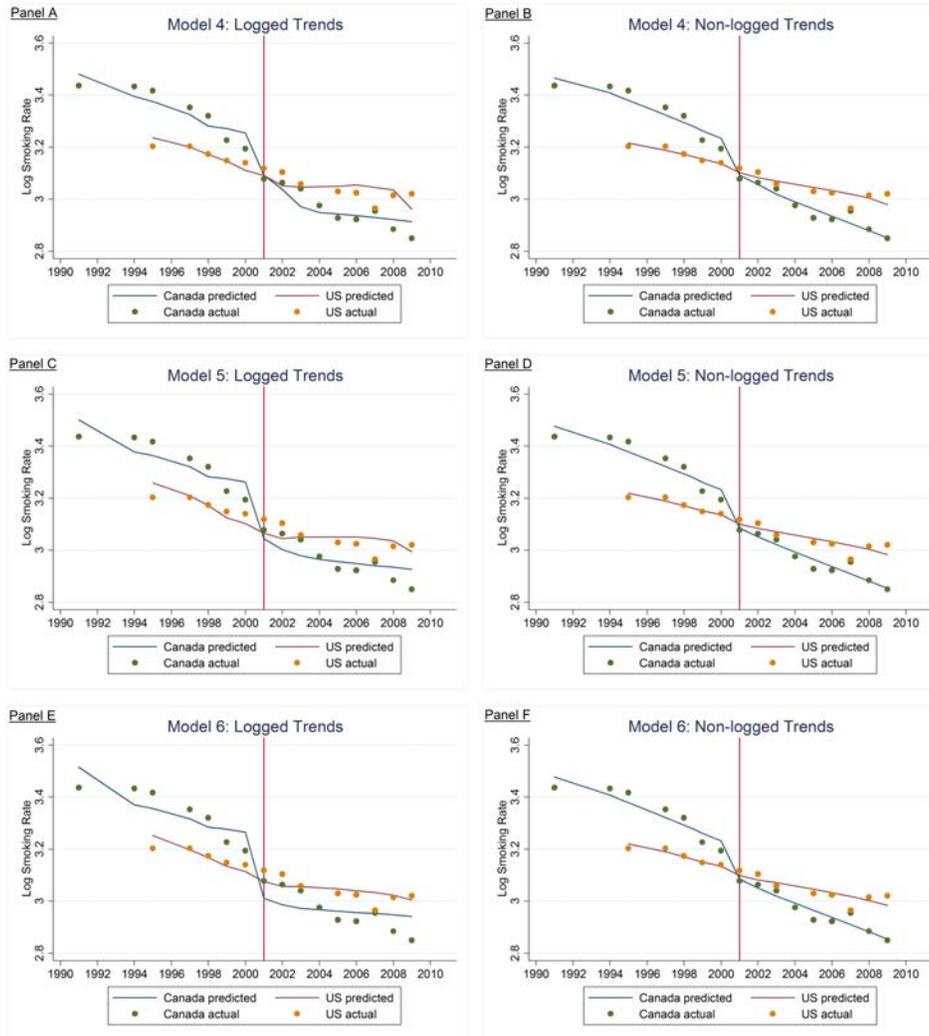
We provide further evidence against the use of logged trends with the following two exercises. First, we illustrate how misspecification of the trend variable affects the estimates by comparing a graph of the actual and the predicted outcomes using the logged trends with an analogous graph produced using non-logged trends for Models 4 to 6 (Figure 2, panels A to F). Second, we plot the residuals (the difference between the predicted smoking rate and the actual smoking rate) from the regression specifying logged trends and compare those to the residuals obtained from the corresponding regression using non-logged trends (Appendix Figure A1 panels A to F; appendices are available [here](#)).

Figure 2 shows that specifying a log functional form for the time trend variable causes the regression to fit a flatter trend with a much larger break at the time of policy implementation, compared with the non-logged functional form. Comparing the predicted trends for the U.S. and Canada in Model 6, we see that the functional form of the unlogged time trend (panel F) results in a smaller difference compared to the predicted values where logged trends are used (panel E). As a result, using logged time trends produces a much larger estimate of the GWL policy's effect. These results illustrate the sensitivity of the estimates to the functional form of the time trend included as an independent variable.

Similarly, Appendix Figure A1 panels A to F show that the residuals from the logged time trend models exhibit a downward trend, suggesting the presence of serial correlation—a violation of a fundamental assumption required for correct interpretation of the estimated parameters. Furthermore, the downward trend in the residuals is steeper for Canada than for the U.S. Note that there should be no pattern in the residuals if there is no serial correlation. In other words, no serial correlation means that the error in a given time period should not influence the

error in subsequent time periods. Therefore, the residuals should appear to be more randomly distributed and their mean should be zero.

Figure 2. Predicted versus actual smoking rates: Models 4–6



In a separate analysis presented in Appendix Table A2, we estimated Models 1 to 6 controlling for year fixed effects to account for annual trends that may be common to both countries. Adding year fixed effects reduces the estimated coefficients in magnitude further. However, we exercise caution in interpreting these results given that the sample includes only 29 observations and adding year fixed effects reduces the degrees of freedom significantly. Thus, although the results from Appendix Table A2 suggest that year fixed effects matter, for the rest

of the analysis we focus on the model without year fixed effects. Taken together, the results show that controlling for monthly trends in levels reduces the serial correlation; however, concerns about the unbiasedness of the estimates remain given that the errors in some of the specifications do not seem to be randomly distributed and symmetric around zero, and that there are other factors that we may not be controlling for that may explain both smoking rates and policy adoption tendencies.

We remain concerned about the estimated effects even after controlling for linear rather than logged trends. The next subsections discuss the additional data and empirical challenges in more detail.

Price is endogenous, and the coefficients go against established empirical evidence of price effects

Huang et al. (2014) highlight the importance of controlling for cigarette prices or cigarette excise taxes. Whether it is more appropriate to use the price of cigarettes or the excise tax on cigarettes as an explanatory variable is an example of one of the oldest problems in econometrics: the non-independence of market price. Because price changes with shifts in demand caused by other market factors, one cannot treat price as independent when estimating changes in quantity demanded. In other words, the same market forces could be causing both the change in price and the change in quantity. According to Jonathan Gruber and Michael Frakes (2006), excise taxes are preferable to using cigarette prices because cigarette prices may be linked to changes in cigarette demand. If changes in cigarette demand are driven by factors that also influence the dependent variable, it becomes difficult to untangle whether the results are caused by the change in price or by factors that caused the change in demand. That is, the price of cigarettes can change the amount that people smoke, but changes in people's preferences for the amount they want to smoke can also cause changes in prices; thus, standard statistical and inferential analysis that does not use an appropriate methodological approach cannot distinguish which is the cause and which the effect and in turn leads to biased estimators. Moreover, generally the estimator is inconsistent, which means that the problem does not go away by increasing the sample.

If the changes in the non-tax portion of prices in the U.S. and Canada followed roughly the same pattern post-2001 as they did pre-2001, and if the relationship between smoking status and cigarette prices was also relatively constant between the two time periods, then smoking rate trends would adequately control for the effect of non-tax price changes on smoking rates. In Appendix Figure A2 (panels A to C), we observe that the trends for each of the (normalized) price measures examined in Huang et al. (2004) are similar and that excise taxes

exhibit more variation in the period 2003–2009. We would then expect the coefficient on the GWL policy to vary little when either of the price measures is used.

The results of Models 4 to 6 (those including the country-specific trends) in panel C of Table 1 confirm our prediction that the magnitude of the coefficient remains relatively similar in Models 5 and 6 where the price index is used (-0.099 and -0.098 , respectively), and smaller in Model 4 (-0.091) where excise taxes are used. The results of Models 4 to 6 show that controlling for the price indices rather than excise taxes does not drive substantial variation in the magnitude of the estimated coefficient as Huang et al. assert. Moreover, the coefficients of the price indices range from -0.03 to -0.02 and none of them is statistically significant (these results are not shown but are available upon request).¹⁸ We are not saying that the results are evidence that prices are not important in this context. On the contrary, prices are important, and the lack of statistical significance on the coefficient of price measures is concerning because it contradicts empirical evidence of substantial price elasticities in both the U.S. and Canada (see, e.g., Gruber et al. 2003; Adda and Cornaglia 2006; 2010).¹⁹ There are econometric techniques to address endogeneity of price (for example, finding an instrumental variable). Addressing this issue empirically is beyond the scope of this paper, which adds to the uncertainty regarding the unbiasedness of the estimates.

Parallel trends and pre-existing trends

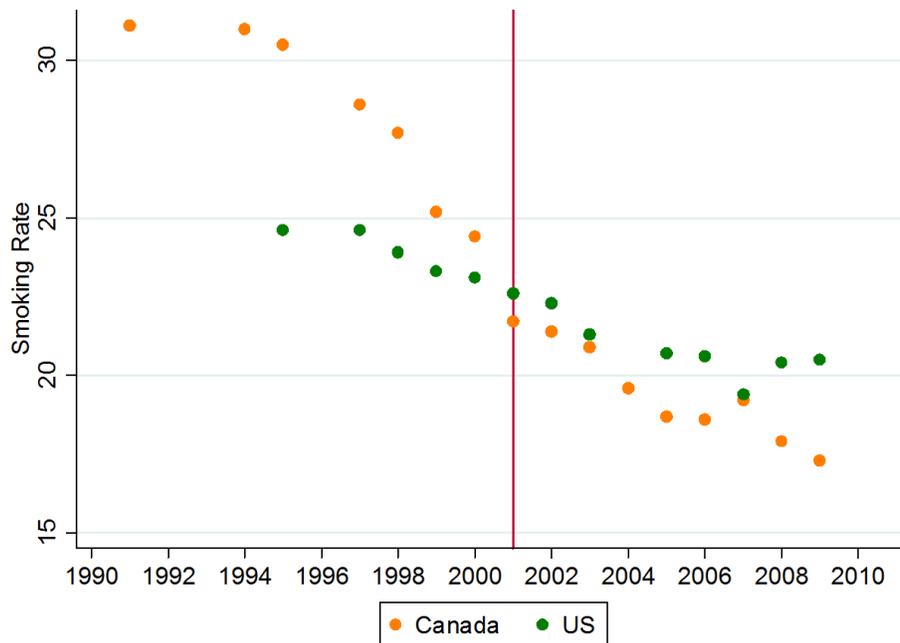
Difference-in-difference estimation is a popular quasi-experimental approach for policy evaluation because of its simplicity and its potential to control for secular trends that may confound simple pre-post comparisons. The idea behind this method is that the unobserved counterfactual—what would have happened to the outcome in the treatment group in the absence of the policy—would follow the observed evolution of the outcome for the control group. Differences in the evolution of the outcome between the treated and control group after the intervention period would be attributed to the effect of the policy intervention. But one of the critical assumptions, known as the parallel trends assumption, is that trends in the outcome variable are similar for the control and treatment groups before the policy intervention and that the only other differences between the two groups are constant over time.

18. Huang et al. (2004) report negative coefficients but not all of them are statistically significant for Models 4 to 6.

19. Irvine (2015) raises the same concern about how the results of Huang et al. (2014) would suggest that prices would have no effect, in contrast to well-established findings.

While smoking rates can be different in absolute terms between the two countries, the parallel trends assumption requires that their paths mimic each other in such a way that the difference between the two paths remains constant over the pre-treatment period. As seen in Figure 3, smoking rates in Canada and the U.S. prior to 2001 were on different trajectories, suggesting that the parallel trends assumption does not hold. Specifically, the smoking rate was decreasing faster in Canada than in the U.S. from 1995 to 2001.²⁰ If the parallel trends assumption were valid, the difference in smoking rates would remain constant in the pre-treatment period.²¹

Figure 3. Smoking rates in Canada and the United States, 1991–2009



Another point that is salient from Figure 3 is that smoking rates are going down in both the U.S. and Canada even before the GWL policy was implemented in 2001. When applying difference-in-difference estimation methods,²² it is standard practice to account for pre-existing trends that differ across countries by

20. This remains true even when examining the logged smoking rates; see Appendix Figure A3.

21. Notably, Models 1 to 3, which restrict the trend to be the same for Canada and the U.S., contradict the evidence showing that the trends differ.

22. It is customary for difference-in-differences analyses to address pre-existing trends to convince the reader that the estimated impact is due to the intervention rather than to pre-existing trends (see, e.g., Moser and Voena 2012; Gaynor et al. 2013; Bleakley 2010; Oreopoulos 2006; Carpenter 2006).

including country-specific time trends in the estimating equation.²³ Failing to account for differences in the evolution of the outcome variable in the pre-intervention period would result in biased estimates of the impact of the treatment. In other words, the differential decrease in the dependent variable may be falsely attributed to the policy of interest because one would have observed a decrease even without the policy. One can see the nature of the biasedness in the results presented in Table 1 where the estimates are sensitive to the inclusion of country-specific trends.

While controlling for country-specific trends reduces the bias in the estimates presented in panel C of Table 1, there are still concerns based on the results of an event history analysis (we refer to it as a dynamic specification and discuss it in more detail in Appendix B). In the event history analysis, we estimated a variation of equation (1) that includes lags ($t + x$ years) and leads ($t - x$ years) of the GWL policy as independent variables. If the GWL policy caused a reduction in smoking rates, then we should not expect to see an impact of the policy on lead years, otherwise, it suggests that the parallel trend assumption is violated. The results of Appendix B indicate that the policy affected smoking rates in the years preceding the actual policy implementation.

These results provide evidence that the results are biased, given that the parallel trends assumption is violated, and should not be interpreted as causal.

Estimating the effect of GWLs on an outcome that should not be affected

A widely used falsification test to examine the validity of difference-in-difference estimates is the use of an outcome that should not be affected by the policy—a placebo (Gertler et al. 2011, 99–101). The idea behind this approach is that by examining an outcome that is unrelated to GWLs, one should find zero impact of the policy on the placebo outcome. In this section, we use the number of fatal car accidents in both countries as the unrelated outcome and estimate Models 1 to 6 using unlogged trends in panel A of Table 2). Above, we discussed that in this analysis, the more appropriate specifications are those in Models 4 to 6. The associated coefficients of interest are negative but not statistically significant in Models 4 to 6; the estimated coefficients range between -0.062 and -0.053 . This result of statistical insignificance is what one would expect. Appendix Table A3 panel A shows the results of this specification using the logged monthly trends, and

23. See, for example, Abouk and Adams (2013), Leive and Stratmann (2015), Fortson (2009), Di Tella et al. (2003), and Ruhm (1998), all of which discuss the danger in not controlling for geographic differences in their respective analyses that use a difference-in-differences approach.

the results show a negative and statistically significant estimate for Models 5 and 6. These results yield further evidence that the logged functional form yields biased results.

TABLE 2. Robustness checks

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Panel A. Falsification test of Huang et al.'s specification: outcome is fatal car accidents						
CA*GWL	-0.103** (0.041)	-0.104** (0.039)	-0.104*** (0.037)	-0.062 (0.063)	-0.053 (0.064)	-0.054 (0.065)
Panel B. Outcome is smoking rate, treatment is 1999–2000, control is 1995–1998						
CA*GWL	-0.093** (0.026)	-0.059 (0.052)	-0.059 (0.052)	-0.058 (0.025)	-0.079 (0.038)	-0.079 (0.038)
Panel C. Outcome is smoking rate, treatment is 1996–2000, control is 1991–1995						
CA*GWL	-0.093** (0.026)	-0.101** (0.033)	-0.101** (0.033)	0.031 (0.044)	0.056 (0.046)	0.056 (0.046)
<i>Controls:</i>						
Monthly Trend	Yes	Yes	Yes	Yes	Yes	Yes
Ln(Index Excise Tax)	Yes			Yes		
Ln(Price Index w/o ITC Price)		Yes			Yes	
Ln(Price Index w ITC Price)			Yes			Yes
Canada & Trend Interaction				Yes	Yes	Yes
<i>Sources:</i> Canadian Council of Motor Transport Administrators (2011); National Highway Traffic Safety Administration (1995; 2017). <i>Notes:</i> Robust standard errors in parentheses. *p<0.10, **p<0.05, ***p<0.01. Outcome is log of annual number of fatal car accidents.						

Testing the effect of GWLs when the policy had not been implemented

Another commonly used method to test the validity of the estimated results is to perform the difference-in-difference estimation restricting the analysis to a period in which the program has not been implemented and therefore the policy should have no effect on the outcome—a fake policy (Gertler et al. 2011, 99–101). We conduct this exercise by simply examining the pre-intervention period and redefining the pre-treatment and post-treatment periods in several ways. First, we select only the period 1995–2000 and define the pre-treatment period as 1995–1998 and the post-treatment period as 1999–2000 (panel B of Table 2). Since the Canadian GWL policy was enacted in 2001, we would expect to find no effect of the policy on smoking rates in this timeframe. Panel B of Table 2 shows that the coefficient on the GWL policy is negative and statistically insignificant for Models 4 to 6, which control for country-specific linear trends.

Next, in panel C of Table 2, we present results from limiting the analysis period to 1991–2000 and defining the pre-treatment period as 1991–1995 and post-treatment as 1996–2000. The estimated coefficients are positive albeit not statistically significant for Models 4 to 6. While a negative coefficient in the pre-

treatment period may lead to an upward bias, a positive coefficient on the placebo policy may lead to bias in the opposite direction. Irrespective of the sign, however, the idea behind this test is that we should find a zero or statistically insignificant effect of the policy when it had not been implemented. The corresponding results of panels B and C when the trend is logged in Appendix Table A3 show the coefficients of interest being negative and statistically significant in panel B but positive and marginally statistically significant in panel C.

In one set of specifications presented in Appendix Table A3, the estimated coefficients suggest that during the fake-policy treatment, smoking rates decreased, but in Table 2 (using unlogged trends), the results suggest there is no association. These results again cast doubts on the unbiasedness of the specifications that use logged trends.

Discussion and conclusion

In this study, we discuss reasons to be skeptical about the large estimates found in Huang et al. (2014), and we show that their difference-in-difference model, as implemented, leads to biased (and potentially inconsistent) estimates. That casts doubt on whether their approach produces sufficient statistical evidence to identify the causal effects of Canadian graphic warning labels on smoking rates. In addition, we show that the estimated effects do not withstand a battery of robustness checks.

While we are able to improve upon Huang et al. (2014)'s methodology, we highlight the following limitations. First, we find that given the available data and the results in Table 2 and Appendix B, we are still unable to address the important assumptions that the parallel trends assumption is valid and that there is no omitted variable bias or endogeneity bias. Omitted variable bias may be present when the specification does not control for other factors that are correlated with the tobacco control policy and smoking behavior that we are evaluating in this paper. Examples of these factors, some of which are discussed by Huang et al. (2014), include smoke-free air policies, marketing restrictions, anti-smoking media campaigns, consumer attitudes towards smoking, and health shocks. Huang et al. (2014) acknowledge that "the strength and implementation of these other policies in the USA were as strong as, if not stronger than, those in Canada during the post-2000 period" (2014, i11). This difference in policy implementation could also violate the assumptions of the difference-in-difference methodology and result in biased estimates.

Similarly, the data do not permit us to examine participation in the black market (e.g., cigarette packs smuggled from the U.S. into Canada that do not

contain graphic warnings), which has been expanding since 2002 (Physicians for a Smoke-Free Canada 2010). Furthermore, the methodology does not address the issue of endogeneity of prices and simply assumes that prices are independent of smoking rates. All of these factors suggest that there are other omitted time-varying factors that confound the effect of the Canadian GWL policy as modeled. Besides what we have examined here, Irvine (2015) suggests that the data patterns in the period of analysis utilized in Huang et al. (2014)'s paper may be due to differences in survey implementation. Thus, Huang et al. (2014)'s analysis and the revised estimates we present in this study are insufficient to support a definitive conclusion about causal effects or the magnitude of the policy effect.

Our commentary and assessment should not be interpreted as saying that GWL policies have no impact. What the results indicate is that we cannot answer with certainty what the magnitude of the impact is, if any, given the analytical framework and the data utilized in this setting. Estimates could be improved with additional data, better-specified instruments for problematic data, or alternative methods that would address the known limitations. Lacking confidence that the estimated effects of the GWL policy are unbiased, we caution users of these estimates to avoid portraying results that may be spurious correlations as causal effects.

Appendices, data, and code

Appendix A and Appendix B are available for download from the *Econ Journal Watch* website ([link](#)), as are data and code used in our analysis ([link](#)).

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Reconsidering Colonial Maryland's Bills of Credit 1767–1775

Ron Michener¹

[LINK TO ABSTRACT](#)

In several recent papers Farley Grubb (2015; 2016a; b; c) has proposed that the value of bills of credit, the paper monies issued by American colonies, can most properly be explained by considering them not as fiat monies but as zero-coupon discount bonds maturing at some future date. Grubb's recent paper with James Celia in the *Economic History Review* considers Maryland's final issues of colonial currency, 1767–1775, from this perspective. Celia and Grubb conclude that “this paper money traded below face value due to time-discounting,” and that the “vast majority of its market value” must be attributed to “its real-asset present value” (2016, 1132, 1152). This paper argues that the Maryland bills of credit in question actually passed interchangeably, at par, with hard money, and that Celia and Grubb's analysis is based on a mistaken computation of the par of exchange.

Maryland's 1767–1775 paper money was unique in many respects. Maryland built on its previous paper money experience and designed its currency to sidestep imperial regulations and mollify imperial critics. By denominating its currency in dollars rather than local pounds Maryland circumvented the act of Parliament enforcing Queen Anne's proclamation, an act that prohibited Spanish dollars from being paid and received for more than 6 shillings in local currency. These Maryland issues were the only dollar-denominated currency issued in America before 1776 (Newman 1986; Brock 1975, 130–167). To secure the currency's reputation Maryland levied a tax, deposited the proceeds in London, and earmarked those proceeds to redeem its bills at face value, silver dollar for paper dollar, at fixed future dates.²

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2. Strictly speaking, Maryland promised to redeem its currency with bills of exchange on London at the rate of 4 s. 6 d. sterling per paper dollar. The silver in a Spanish silver dollar, when valued at the mint price of

The provision of an explicit redemption fund invested in London securities bestowed a unique cachet on the currency and emboldened Maryland to issue it without making it legal tender. Hence it did not violate the Currency Act of 1764. Historical precedent buttressed public faith in the new currency. Maryland's previous issues of paper money also relied on a redemption fund in London. When Maryland successfully redeemed all its earlier emissions in 1764, as promised, it set to rest any apprehensions the public might have harbored about paper currency issued on such a scheme. Initially, no one seems to have foreseen what the future held: a Revolution, runaway inflation, and the confiscation of the London redemption fund after the political upheaval. Maryland issued three batches of the new dollar currency, one in 1767 designed to be redeemed beginning in 1777, another in 1770 designed to be redeemed beginning in 1782, and a final batch in 1774 designed to be redeemed beginning in 1785 (Celia and Grubb 2016; Gould 1915; Behrens 1923).

Celia and Grubb's hypothesis that the public valued Maryland's bills of credit as discount securities is altogether plausible *a priori*. Nevertheless, for whatever reason, the public treated the bills as money, not as discount bonds. That the public did so should be obvious from the fact, which Celia and Grubb acknowledge, that the 1767 bills, the 1770 bills, and the 1774 bills all possessed an equal value. Because each cohort of bills possessed a different 'maturity' date, the equality of their values is inconsistent with the discount bond hypothesis. At an interest rate of 6 percent, the 1774 issues should have been worth about 62 percent of the 1767 issues.

Celia and Grubb's foundational assumption—that "this paper money traded below face value" (2016, 1132)—is untrue. Maryland's dollar-denominated paper money passed in transactions at the same rate as Spanish silver dollars, namely, at 7 s. 6 d. in Maryland's money of account. Previous historians knew this to be the case: Kathryn Behrens (1923, 55–56) concluded that "In spite of the absence of legal tender clauses in the acts of 1769 and 1773, and although there must have been a great deal of paper money in circulation at this time, it did not depreciate...but remained at par with specie during the continuance of the proprietary government." Joseph Ernst (1973, 166) concurred. Behrens's and Ernst's conclusion is amply supported by a wide variety of evidence.

In 1753 Maryland's tobacco inspection act rated Spanish silver dollars at 7 s. 6 d. each, creating a Maryland unit of account known as "hard money" or "common money" (Gould 1915, 32–34; McCusker 1978, 192; Brock 1975, 415–417; Mossman 1993, 40). "This valuation," according to historian Clarence Gould, "was soon adopted by many business men and became widely used" (1915, 33).

silver in Britain, was worth 4 s. 6 d. sterling; hence, the scheme mimicked a literal paper dollar-for-silver dollar exchange.

That Maryland continued to value Spanish silver according to this rule during the late colonial period is verified by a coin rating table published in *The Philadelphia Newest Almanack, for the Year of Our Lord 1775* (Telescope 1774). Moreover, a day book kept by John Glassford and Company, tobacco factors operating in Maryland, demonstrates that this valuation was honored in transactions. An entry for 13 February 1773 is crystal clear: “To Cash one Silver Dollar – 7/6” (John Glassford and Company, 1772–1773). When Maryland first created its dollar-denominated bills of credit, the intention was that they would pass on the same basis, as attested to by the following announcement published 12 March 1767 in the *Maryland Gazette*.

As many People are puzzled about our
New Emission of Bills of Credit, the
following Table, by Way of Explana-
tion, may not be unnecessary to some
of our Readers :

Denomination of the B I L L S.	V A L U E.	
	Sterling.	Currency.
Eight Dollars. - -	1 : 16 : 0	3 : 0 : 0
Six Dollars. - - -	1 : 7 : 0	2 : 5 : 0
Four Dollars. - -	0 : 18 : 0	1 : 10 : 0
Two Dollars. - - -	0 : 9 : 0	0 : 15 : 0
One Dollar. - - -	0 : 4 : 6	0 : 7 : 6
Two 3 rd of a Dollar.	0 : 3 : 0	0 : 5 : 0
Half a Dollar. - -	0 : 2 : 3	0 : 3 : 9
One 3 rd of a Dollar.	0 : 1 : 6	0 : 2 : 6
Two 9 th s of a Dollar.	0 : 1 : 0	0 : 1 : 8
One 6 th of a Dollar.	0 : 0 : 9	0 : 1 : 3
One 9 th of a Dollar.	0 : 0 : 6	0 : 0 : 10

Figure 1. The value of Maryland’s bills in pounds, shillings, and pence, as explained in the *Maryland Gazette* (Jonas Green, ed.), 12 March 1767, p. 2 ([link](#))

Evidence that Maryland’s dollar-denominated currency was actually paid and received on this basis may be found in the John Glassford and Company daybook in entries such as the following: on 24 July 1772, “To Cash 9 .. 6 Dollar Bills £20..5” and on the same date “To Cash 1 .. 8 Dollar & 1 . 60/ Bill £6.” Using the fact that 1 £ = 20 s. and 1 s. = 12 d., one can easily verify that each paper dollar is being credited at 7 s. 6 d. The daybook also records transactions mixing paper money and specie, such as one on 3 October 1772: “To Cash 2..4 Dollar 1..2 Dollar & 1.. 1 Doll^r Bill & 1 Silver Dollar 4..10..0.” All the dollars in this transaction, both paper and silver, are being credited at 7 s. 6 d.³ Likewise New Jersey account books

3. This is not an exhaustive list of such transactions. See entries for 7 July 1772, 8 August 1772, 21 August 1772, 22 September 1772, and 1 October 1772 in John Glassford and Company and Successors (1772–1773; see also 1767, 178, 184, 193, 206–207). Also see Samuel Galloway’s account with Ben Brooks in Galloway-Maxy-Markoe families papers (1654–1888, Correspondence, Box 1), and p. 265 of the

contain accounts from 1768 and 1774 that record Maryland dollars being accepted there for 7 s. 6 d. New Jersey proclamation money, the same rate at which Spanish silver dollars were accepted in West Jersey (Studley et al. 1968, reel 5 img. 303, reel 6 img. 685). A Pennsylvania almanac, *The Gentleman and Citizen's Pocket-Almanack for the Year 1772* (Evitt 1771), contains a table showing the value of Maryland bills of credit in Pennsylvania, a table which is identical to the table of their value in Maryland in Figure 1. Because Spanish silver dollars also circulated in Pennsylvania at 7 s. 6 d., we know Pennsylvanians valued Maryland's dollar-denominated bills of credit at par with silver dollars just as the residents of Maryland and New Jersey did (Michener and Wright 2006, 8, 35).

Because Maryland's dollar-denominated paper money worked seamlessly in tandem with specie before the Revolution, it generated scarcely any controversy in colonial newspapers or the colonial assembly. In the Confederation period, however, we find public discussion shedding light on how it functioned. In 1786, Maryland debated the wisdom of once again issuing paper money to relieve fiscal and economic pressures on the state government and its citizens. The Maryland House of Delegates supported the move and in a 1786 report cited the favorable prewar experience as a hopeful precedent. "We know," the delegates stated, "that in 1776 above £238,000, in bills of credit, emitted by the old government, and above £200,000 issued by the conventions, were in circulation, and passed, until August, 1776, at par with specie" (Maryland House of Delegates General Assembly 1787, p. 87). Paper money advocates echoed this in the newspapers. Denouncing "the bug-bear of depreciation, which is held out as a terror to the weak-minded," one went on to observe that "under our former government when our legislature thought it necessary to emit paper money... they proposed it — they funded it well — they emitted it — no such objections were made — it passed at par — kept its credit" (*Maryland Journal and Baltimore Advertiser*, 26 December 1786, p. 3).

An opponent of Confederation era bills of credit, Alexander Contee Hanson, answered this argument with his own reflections on Maryland's monetary history. He acknowledged that before the war "there was a time, when, in all respects, [bills of credit] were equal to cash." That the pre-war bills had a "value equal to so many sums of ready money" he attributed to a "popular illusion, an opinion universally, or very generally, prevailing, that they will answer all the purposes of specie, [which] will give them this value as effectually as if there were a sum of money deposited in places convenient to every person for exchanging on demand. Under such an opinion, no man would hesitate to take them from another." Nevertheless, he argued, the illusion no longer prevailed. "This opinion, having existed before the war, was unfortunately lost by the continental bills." Hence, "the season for bills of

Bushtown MD. Iron Works Journal in the John Lee Webster account books (1747–1793).

credit is past” (Hanson 1787, 17).

That Maryland’s dollar currency circulated at par alongside paper money issued by the Revolutionary government as late as August 1776 strongly points to its value being based on its utility as a medium of exchange and not, as Celia and Grubb argue, on its “real-asset present value.” Maryland’s dollar currency was the creature of its proprietary government and could scarcely carry the same “real-asset present value” as the paper money issued by the Revolutionary government. By August 1776 the Revolution was well underway. Someone was obviously going to win, and someone lose, and the “real-asset present value” of the loser’s currency would almost certainly be nil. In the interim, however, both currencies simultaneously offered the same services as a medium of exchange.

Maryland’s bills could not have been valued as a discount security, as claimed by Celia and Grubb, unless they passed at a discount; that is, unless the public actually paid and received them for less than their face value. Celia and Grubb maintain they *were* valued at less than their face value. They don’t arrive at this conclusion by comparing how Maryland’s paper dollars were valued relative to silver dollars within the colony—a subject their paper doesn’t explore. Rather, Celia and Grubb compare Maryland’s commercial exchange rate on London to par, from which they conclude Maryland’s bills were worth only about 70 percent of their face value (Celia and Grubb 2016, 1152, Figure 1). It would be moot to debate whether the issue is best determined by comparing exchange rates or by comparing how the bills were accepted vis-à-vis silver in transactions, because Celia and Grubb computed the par of exchange incorrectly.

To understand the mistake underlying the erroneous par, we must understand the monies of account used in colonial Maryland. The colony concluded its first experiment with paper money in 1764 by retiring it at the rate of 6 s. a dollar, equivalent to $133\frac{1}{3}$ pounds of this Maryland currency for each 100 pounds sterling, a rate established when the bills were first created in 1733 (Brock 1975, 421–422; Gould 1915, 31). After Maryland retired its first batch of paper money, prices denominated in its “one dollar = 6 s.” units lingered on, appearing occasionally in Maryland contracts and accounts (McCusker 1978, 194). The accounting units embodied in this now defunct currency became a form of ghost money, and this accounting system coexisted with the “common money” or “hard money” system introduced in 1753, by which “one dollar = 7 s. 6 d.” Maryland’s ghost money has a modern analogue, British guineas, which existed as an actual medium of exchange in Great Britain only until the Great Recoinage of 1816. Nevertheless, prices in some auctions and professional contracts are quoted in guineas to this day. Historical tradition holds that a guinea is worth 21 shillings and 20 shillings comprise a pound; hence, agreements stated in guineas are executed using pounds according to the formula that 105 pounds is equal to 100 guineas. Similarly,

agreements made in Maryland's ghost money were executed using Maryland's hard money according to the rule that 100 pounds of this ghost money was equivalent to 125 pounds of Maryland's hard money, a ratio based on the rating each standard placed on the Spanish dollar, namely $7.5/6 = 1\frac{1}{4}$ (McCusker 1978, 194).

When Maryland undertook a second trial of paper money, the one studied by Celia and Grubb, the old paper money units remained a ghost because Maryland denominated its new paper money in hard money—dollars—not the pounds the colony had used to denominate the previous currency (Newman 1986). Nevertheless, Celia and Grubb proceed by treating 125, the value in pounds of £100 in Maryland's ghost money when converted to Maryland's hard money, as *the Maryland-London par of exchange*, a truly breathtaking non sequitur (Celia and Grubb 2016, 1149). The relationship between Maryland's ghost money and its hard money has no relation to the 1767–1775 par of exchange between Maryland and London, any more than the ratio of Guineas to pounds today establishes a par for the modern dollar-pound exchange rate. The recognized par of exchange between Maryland and London in 1767–1775 was actually $166\frac{2}{3}$, because Maryland's "hard money" standard rated dollars at 7 s. 6 d., dollars valued at the mint price of silver in London were worth 4 s. 6 d. sterling, and $7.5/4.5 = 1\frac{2}{3}$ (McCusker 1978, 7–8, 192; Gould 1915, 32–33; Mossman 1993, 40, 75).

Once par is correctly computed, one discovers Maryland's commercial exchange rate on London oscillated in the general neighborhood of par. Even if one believed any discount on the bills should most properly be computed from exchange rates, one would still be led to conclude Maryland's paper money circulated essentially at par. Whether depreciation is best measured by comparing exchange rates or by comparing how the bills were accepted vis-à-vis silver in transactions was actually debated in colonial times. Maryland's dollar-denominated bills of credit were in precisely the same situation as New York's and Pennsylvania's bills of credit, which also circulated within their respective colonies at a constant value for decades. In 1767 Ben Franklin took note of this and made the following observation.

It has indeed been usual with the Adversaries of a Paper Currency, to call every Rise of Exchange with London, a Depreciation of the Paper: But this Notion appears to be by no means just. . . . And as a Proof of this, it is a certain Fact, that whenever in those Colonies Bills of Exchange have been dearer, the Purchaser has constantly been obliged to give more in Silver as well as in Paper, for them, the Silver having gone hand in hand with the Paper at the Rate above-mentioned: And therefore it might as well have been said that the Silver was depreciated. (Franklin 1970, 84–85)

One last observation regarding the par of exchange is in order, although it

is tangential to the critique of Celia and Grubb offered here. Modern historians as well as most eighteenth-century merchants calculated the dollar par of exchange by computing the ratio of the rated value of dollars in a colony to dollars valued at the mint price of silver in Great Britain (4 s. 6 d. sterling). This calculation of par is no more than a convenient simplification, analogous to the practice of computing interest on intrayear loans as if each month has 30 days. It isn't quite correct because eighteenth-century Great Britain had overrated gold relative to silver at the mint, and Spanish dollars were bought and sold as a commodity in London at a small fluctuating premium over the mint price of the silver they contained. To compute par more precisely one must take the ratio of the rated value of Spanish dollars in Maryland to their *market value* in London. Because dollars circulated by tale in Maryland but were sold by weight in London, one must also know the average weight of dollars circulating in the colonies.

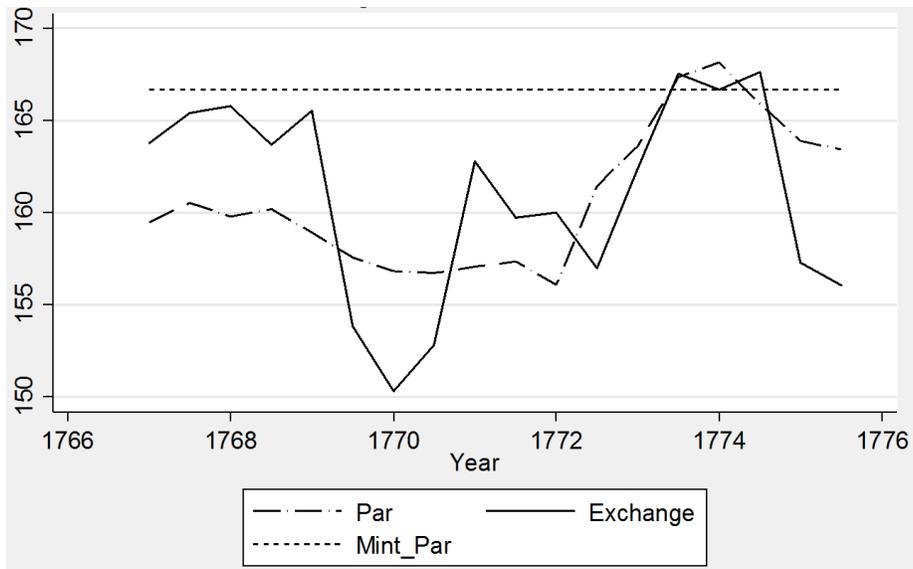
One consequence is that fluctuations in the price of Spanish silver in London had an effect on colonial exchange rates: During the French and Indian War a representative of the British Army in America reported that “the price they give for [bills of exchange] is a good deal Regulated by the price of Silver in London of which they have Advice by every Ship” (cited in Brock 1992, p. 92). Sophisticated colonials understood these things: *The New-York Pocket Almanack, for the Year 1766* (Moore 1765) printed a table converting New York and Pennsylvania money to sterling using a par of exchange based on dollars valued at 4 s. 8 d. sterling, their average value in London bullion markets, rather than at 4 s. 6 d. sterling, their value at the London mint price of silver.

These details matter because they address an objection likely to occur to a keen-eyed reader. If one compares the Maryland exchange rates in McCusker (1978, 199) to the conventional par of exchange, one discovers that bills of exchange in Maryland seldom sold for as much as 166.67 and occasionally sold for considerably less. If bills of exchange were consistently under par, how can that fact be reconciled with well-documented episodes of specie flows from the colony to England? And how can an exchange rate as low as 151.03, the average in 1770, which is more than 9 percent below the traditional measure of par, be reconciled with specie points universally thought to be narrower than that in peacetime? The correct calculation of par addresses both these issues, as is illustrated in Figure 2, which shows biennial averages for exchange, par based on the London price of Spanish silver, and par based on the mint price of Spanish dollars.⁴ As one can see

4. Exchange rates are January–June and July–December averages from McCusker (1978, 199); silver prices are January–June and July–December averages from Brock (1992, 105). Conversion of silver prices to a par of exchange is based on colonial dollars weighing an average of 0.866 ounces each, which is based on *The New-York Pocket Almanack for the Year 1773* (Moore 1772, 35).

the Maryland exchange rate was correlated with the par of exchange (the sample correlation coefficient is 0.51), the exchange rate was frequently above par, and deviations from par did not exceed 4.5 percent.

Figure 2. Exchange and measures of par



Grubb and Celia (2016, 1154) believe their paper “[takes] the analysis of colonial paper money far beyond its cumulative state in the economics literature.” Grubb (2015; 2016a; b; c) has made similar claims for his previously published work applying the same theoretical framework to colonial New Jersey. A full discussion of Grubb’s earlier work is far beyond the scope of this brief note, but readers should be warned that New Jersey’s colonial currency, like Maryland’s, passed at par with specie in New Jersey’s everyday transactions. Grubb argues otherwise, but his argument for New Jersey, like his argument for Maryland, is grounded in a misunderstanding of New Jersey’s par of exchange (Michener 2018).

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Colonial Maryland’s Post-1764 Paper Money: A Reply to Ron Michener

Farley Grubb¹

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Ron Michener’s comment (2018) on “Non-Legal-Tender Paper Money: The Structure and Performance of Maryland’s Bills of Credit, 1767–1775” (Celia and Grubb 2016) does not concern our new approach to modeling colonial paper money or our new data reconstructions of colonial Maryland’s paper money accounts.² Approximately 70 percent of Celia and Grubb (2016) is devoted to forensically reconstructing the paper money accounts of colonial Maryland from 1767 to 1775. Michener does not object to, or comment on, this part of our article. The data on colonial paper monies are sketchy, incomplete, and poorly documented. Celia and Grubb (2016) provides the first major data improvement in over a half-century to colonial Maryland’s paper money accounts. Kudos to my co-author James Celia, who was an undergraduate accounting major at the time, for doing the lion’s share of this forensic accounting data reconstruction.

Approximately 13 percent of Celia and Grubb (2016) is devoted to offering a new approach to modeling colonial paper monies. The model decomposes the current market trade value of the average bill in circulation into its expected real asset present value (APV) as a low risk asset, the risk discount on that asset (RD), and its liquidity premium or ‘moneyness’ value (LP). The liquidity premium (LP) is the transaction premium (TP) in subsequent publications of the model (Grubb 2016a; b). LP is the portion of the bill’s value that is fiat money. It is the willingness to pay extra—above the bill’s real asset present value—because the bill is more

1. University of Delaware, Newark, DE 19716. The views expressed herein are those of the author and do not necessarily reflect the views of the National Bureau of Economic Research.

2. Because paper monies were *bills of credit*, I will often refer to them as *bills*.

convenient to use to execute local trades compared with using the next-best barter alternative. This value depends, in part, on the user's faith that subsequent traders will find the bill familiar and equally convenient, in opportunity cost terms, for executing future local trades. Michener does not object to, or comment on, this part of our article.

The dispute Michener presents is not over the model or the reconstruction of the monetary accounts, but over estimating within the model what portion of the market value of a bill was real asset value and what portion was liquidity premium. In other words, what portion of a bill was real barter asset, and what portion of a bill was fiat money? Michener's comment boils down to two objections to our work. The first is over whether Maryland bills traded at a discount. The second is over the face-value exchange rate used in our calculations. I will treat these two objections in turn.

Michener's first objection is over our claim that Maryland's bills in circulation from 1767 into 1775 traded at a discount. Michener claims they did not trade at a discount, but traded at face value.³ His explanations for why they traded at face value are curious, incoherent, and contradictory. Michener assumes that colonial paper monies were pure fiat currencies, namely that government backing was lacking (Michener 2015). Thus, the cause could not have been backing. After 1765, colonial Maryland's paper monies were not legal tender. Thus, the cause could not have been legal tender laws. Michener does not think the quantity of paper money influenced its value. Thus, the quantity of bills in circulation did not cause them to trade at face value. No explicit or recognizably established monopoly cartel of merchants, nor the government, enforced a fixed exchange rate at face value to specie monies on demand and, even if there were a secret cabal of merchants, there would be no rational maximizing reason for them to enforce such a fixed exchange rate. Thus, exchange rate mechanisms did not cause the bills to trade at face value. For Michener, therefore, Maryland's paper money must have traded at face value because that is what people wished it to trade for. If people wished it to trade at some other value then it would trade at that other value. This is Michener's "for whatever reason" justification for why he thinks bills traded at face value (2018,

3. Michener (2018) presents a handful of un-vetted anecdotal quotes and coin rating tables to justify his claim that Maryland's paper money between 1767 and 1775 traded at face value. It is the same evidence he has presented before in his past publications. He also offers support for his claim from several secondary sources, but these sources rely on the same un-vetted anecdotal quotes as Michener uses. These anecdotal quotes and coin rating tables are typically statements about what the unit-of-account face value is, not about what the medium-of-exchange actual traded values are. As such, they have little bearing on whether bills actually traded at face value or at a discount. Michener has made a big stink in the past over scholars conflating statements about what the unit-of-account face value was with statements about what the medium-of-exchange traded values were (Michener and Wright 2005; 2006). He has conveniently forgotten that distinction here.

159). Michener's wishful theory of monetary value is the same as using changes in tastes to explain why demand curves shift.

Michener, however, offers another, contradictory explanation for why he thinks Maryland's bills between 1767 and 1775 traded at face value. Michener points out that the Maryland government had issued bills in 1733 and had in 1765 successfully paid them off at face value in specie, as initially promised. Thus, Michener assumes the people of Maryland had faith, given that prior experience, that Maryland's government would pay off in specie the bills issued in 1767–1774 at face value at the distant future dates designated in law for their payoff. Michener assumes that faith in the future face-value payoff caused Marylanders to accept the bills at face value whenever offered in trade, even long before the execution of the specie payoff. To get this outcome, Michener must assume that the paper money was a pure real barter asset and not a fiat currency, and that it traded at face value prior to its payoff because Marylanders placed no value on time. In effect, he is assuming that backing determines monetary value and that the colonists had no time preference, i.e., that the time-discount rate was zero. With a zero time-discount, certainty regarding face value in the future is equal to face value today.

Therefore, Michener is holding contradictory and incoherent theories about what determined the value of colonial Maryland's paper money and is asserting dubious behaviors and preferences for Marylanders. For Michener, colonial Maryland's paper money post-1767 is both a pure fiat money with its value determined by what people wish it to be and a pure real barter asset with colonists placing no value on time. Both of Michener's views of what determined the value of paper money are dubious empirically and logically. Evidence indicates that time was not valueless to colonists. Interest rates on low-risk assets were between 5 and 8 percent. Relying on tastes to explain the value of money is not a falsifiable hypothesis and so not empirically operational (Stigler and Becker 1977). It is monetary ideology, not economic science.

The second objection Michener presents is over the face value used to calculate the market exchange value (MEV) as a percentage of that face value. Michener states that the face value of the bills converts to $1.6667 \text{ } \pounds_{\text{MD}} = 1 \text{ } \pounds_{\text{S}}$ (\pounds_{MD} = Maryland pounds; \pounds_{S} = pounds sterling). The actual face value on the bills, however, is not expressed in \pounds_{MD} , but in Spanish silver dollars (Newman 2008, 171–173). We used $1.25 \text{ } \pounds_{\text{MD}} = 1 \text{ } \pounds_{\text{S}}$ —why is explained below.

How much does Michener's alternative face value matter? Suppose Michener is correct and the proper rate to use is $1.6667 \text{ } \pounds_{\text{MD}} = 1 \text{ } \pounds_{\text{S}}$. Reducing that amount by 7.09 percent to account for the time, transport, and transaction costs of getting the bills to London to be paid off in sterling and then the sterling shipped back to Maryland, reduces 1.6667 to 1.5448. The specie redemption value of the bills were only payable in London, so printed on the face of each bill (Newman

2008, 171–173). Dividing 154.48 by the exchange values for 1767 to 1775 found in John J. McCusker (1978, 199), which are expressed per 100£s, yields an average of 95.93. The adjusted market exchange value was approximately 96 percent of Michener’s face value.

I will use the best-guess 6 percent discount rate for estimating the expected average asset present-value of the bills (APV_6) from Celia and Grubb (2016, 1150) to illustrate the difference using Michener’s face value makes. Dividing the average APV_6 by 95.93 yields 61 percent. In other words, 61 percent of the market exchange value of Maryland bills in circulation during 1767–1775 was comprised of real barter asset value, leaving 39 percent of the bill’s value as comprised of liquidity premium (LP). By comparison, the results in Celia and Grubb (2016, 1151) for this case are that 81 percent of the market exchange value of Maryland bills was comprised of real barter asset value, leaving 19 percent of a bill’s value as comprised of liquidity premium. That is it. That is the entire difference. The majority of the bills’ value was still comprised of real barter asset value, i.e., backing—even when using the face value suggested by Michener. The fiat portion of the bills’ value is larger using Michener’s face-value number, but it still does not account for a majority of the bill’s value, let alone all of it. Michener’s warnings are much ado about so very little.

In addition, Michener’s alternative face value only leads to a constant or level shift. The variation over time in what influences the liquidity premium minus any risk discount ($LP - RD$) is unaffected. Table 1 shows that ($LP - RD$) was determined by the per capita bills in circulation and time. Table 1 uses the numbers from Celia and Grubb (2016). Using Michener’s alternative face value would only change the magnitudes of the constants in the regressions and not the correlation patterns found in the independent variables. The sample size in Table 1 is small, implying the results require caution. That said, the results are coherent and interesting.

TABLE 1. Determinants of ($LP - RD$) at 8 and 6 percent discount rates

$(LP_8 - RD)$	=	76.3 ^{***}	+ 0.0824 MT/Pop ^{**}	– 0.0430 Year ^{***}
		(15.1)	(0.0238)	(0.0085)
N = 9, Adjusted R ² = .80, F = 17.34 ^{***} , Durbin-Watson Statistic = 1.8722 ^{**}				
$(LP_6 - RD)$	=	69.5 ^{***}	+ 0.0774 MT/Pop ^{**}	– 0.0393 Year ^{***}
		(14.9)	(0.0236)	(0.0085)
N = 9, Adjusted R ² = .77, F = 14.01 ^{***} , Durbin-Watson Statistic = 1.9382 ^{**}				
Sources: Celia and Grubb (2016, 1150). The Maryland white population (Pop) is taken from Carter et al. (2006, 652), with linear interpolations used to fill in data for years between decades. Notes: MT = Maryland bills of credit currently outstanding measured at face value. From equation (2) and Table 6 in Celia and Grubb (2016, 1149–1150), $[MEV - APV_6] = [LP_6 - RD]$ and $[MEV - APV_8] = [LP_8 - RD]$. Standard errors are in parentheses. The null hypothesis of no serial correlation cannot be rejected at the 5 percent level. Minitab Version 15 was used to run all regressions and generate all test statistics. *** indicates statistical significance above the 0.01 level. ** indicates statistical significance above the 0.05 level.				

The results show that $(LP - RD)$ is negatively associated with time and positively associated with the amount of paper money outstanding per capita. One possible explanation for the negative trend, controlling for the per capita amount of bills in circulation, lies in the nature of these bills as zero-coupon bonds. The majority of the value of the bills was in their security to deliver their face value in real money in London on the date of redemption. The bills would be paid out of a sinking fund held in London that was administered by the colony's government. In 1773, 1774, and particularly 1775, colonial sentiment regarding an imminent break with the mother country was rising. If Marylanders felt that the redemption of the 1767 bills via the sinking fund would not happen as promised if Maryland broke with Britain, then the current value of these bills would fall. The sinking fund, after all, would be in the hands of the enemy (Behrens 1923, 56–58, 88–94; Price 1977, 8, 24). This effect adds RD to the 1767 bills and so gives the appearance that the overall LP portion of Maryland's paper money was shrinking over time.

The more interesting independent variable in Table 1 is the positive and statistically significant effect of the amount of paper money per capita in circulation on $(LP - RD)$. Placing more paper money in circulation increased the strain on executing redemptions as promised. As such, RD should not fall when the amounts of paper money in circulation are increased. Therefore, increases in LP, controlling for the secular trend, must account for the positive association between the amounts of paper money in circulation per capita and $(LP - RD)$.

The more paper money in circulation per capita, the more that paper money gained a 'moneyness' quality for which people were willing to pay. In other words, the portion of its value that was fiat money rather than real asset value increased as per capita circulation increased. More paper money in circulation per capita increased its familiarity and ubiquitous usage, which in turn led the public to treat this money increasingly less as a pure barter asset and more like a fiat currency. This process was accomplished by the public not time-discounting these bills as much when used in trade as they became more familiar in usage compared with what would be required if they were just non-money bonds, other things equal.

The positive association between paper money per capita and the liquidity premium is consistent with the colonies being under-monetized economies (Greene and Jellison 1961, 508; Rousseau 2006). Maryland's effort to create a non-legal-tender paper currency with some fiat currency attributes out of tradable debt instruments was having some success in overcoming its under-monetized condition. Colonial Maryland's paper money was beginning the transition from a commodity or asset money to a fiat currency. None of Michener's machination alters these results from Table 1 and the conclusions that follow from them.

So why prefer our numbers to Michener's numbers, especially given that the choice alters so very little? Why did we choose the numbers for face value

that we did to do our estimations? The answer involves how to deal with a messy data environment when testing the core hypothesis advanced. The hypothesis is that Maryland's paper money should possess more liquidity premium (LP) than the paper monies of other colonies. In other words, the portion of the value of Maryland's bills that is fiat money should be higher, and the portion of the value of Maryland's bills that is real asset value should be lower, than those proportions for the paper monies of other colonies. Due to the space limitations of Celia and Grubb (2016), we did not fully explain this hypothesis. I correct that here.

Colonial Maryland was unique in its paper money emissions in that Maryland legislated singular redemption dates for each emission rather than multi-year redemption windows for each emission as was the case in other colonies. This feature made Maryland's paper money a relatively less cumbersome medium of exchange, thus making it relatively more convenient to transact local trades compared with using the next-best barter alternative, which in turn should have relatively enhanced the liquidity premium attached to Maryland's bills.

The other colonies, when enacting a new emission of paper money, would concurrently enact taxes or mortgage payments to redeem and remove that paper money from circulation that would span several years, e.g., a 12-year redemption window over which to remove all the new paper money emitted with an equal amount removed each year (Grubb 2015; 2016a; 2017). Colonies did this to maintain sustainable and reasonable per-year tax burdens on their citizens, thus establishing fiscal credibility for their public finance systems. These colonies, however, created no mechanism for determining which bills from a given emission were redeemable in which years within the designated multi-year redemption window. Structuring redemptions in this way created considerable variance in the realized value of a bill in a given year around the expected present value of the average bill in circulation.

For these colonies, in a given year, the realized value of any particular bill could vary from face value, if it was one of the bills actually redeemed that year, to the full discounted present value of the bill, if that particular bill ended up redeemed in the last year of the legislated multi-year redemption window (Grubb 2016a, 169). While citizens could calculate the expected present value of the average bill in circulation and adjust their behavior to that value, the variance in the per-year realized value around that expectation injected a lot of uncertainty into what a particular bill was worth in any given year. This uncertainty over bill value made for a relatively cumbersome medium of exchange. These colonies chose fiscal credibility over ease of usage when creating their paper money structures. The resulting liquidity premium portion of the paper money of these colonies was relatively small, being in the single digits, i.e., somewhere between 2 and 8 percent of the paper money's market exchange value being comprised of liquidity premium

or fiat money value, and the rest being comprised of real asset value (Cutsail and Grubb 2017; Grubb 2016b; c).

Maryland redeemed its bills using funds accumulated over time in a sinking fund filled using tobacco export taxes assessed in specie. The tax receipts purchased stock in the Bank of England. Maryland thereby avoided the fiscal credibility problem faced by other colonies that necessitated spreading local paper-money redemption taxes out over multi-year redemption windows per paper money emission. Maryland could and did legislate unique future dates when entire new emissions could and would be redeemed. Thus, there was no variance in the realized value of Maryland's bills from a given emission around the expected present value of the average bill (Grubb 2016a, 169).⁴ This redemption process should have made Maryland's bills a relatively less cumbersome medium of exchange compared with the bills in other colonies, because in any given year there was more certainty in the asset value of a given Maryland bill than that for bills in other colonies. As such, the hypothesis is that the liquidity premium portion of the market exchange value of Maryland bills should be higher than for the paper monies of other colonies, namely a proportion in excess of the single-digit percentages being fiat money calculated for other colonies.

Testing this hypothesis is difficult because the data for Maryland in this period are messy. Maryland's paper money in 1767 to 1774 was denominated in Spanish silver dollars with a redemption payoff exchange rate of Spanish silver dollars to pound sterling printed on each bill (Newman 2008, 171–173). Yet the market exchange rate data in McCusker (1978, 199) is expressed as so many Maryland pounds needed to buy pounds sterling. There were no bills denominated in Maryland pounds in this period. Therefore, using the McCusker exchange rate

4. In his comment, Michener argues “the public treated the bills as money, not as discount bonds. That the public did so should be obvious from the fact, which Celia and Grubb acknowledge, that the 1767 bills, the 1770 bills, and the 1774 bills all possessed an equal value. Because each cohort of bills possessed a different ‘maturity’ date, the equality of the values is inconsistent with the discount bond hypothesis” (2018, 159). Michener's claim is a canard. He is deceiving the reader about the facts and misrepresenting what it is that we acknowledge. Nowhere do we say or does the evidence indicate that bills from different emissions possessed equal values. We explicitly incorporate differing expected asset present values by emission in our construction of the average expected asset present value for a random draw of bills in circulation (Celia and Grubb 2016, 1151). The McCusker (1978, 199) data does not distinguish exchange values by emission. This does not mean that traders did not so distinguish them, only that they did not so record such distinctions. One reason merchants did not record such disaggregated information in their account books may have been that countervailing LP values made the (APV + LP) value of each emission close enough to not make it relevant to record such differences, as explained in Celia and Grubb (2016, 1150). Alternatively, it could be that 18th century historical actors had little incentive given the transaction costs to record transactions in as much disaggregated detail as we 21st century researchers would have liked. To assert that because historical actors did not consider it relevant to record the details we want to see, that they did not behave *as if* such details mattered, is not methodologically sound (Friedman 1953).

data presents a value translation and evaluation problem. How does one turn Maryland bills denominated in Spanish silver dollars into Maryland pounds that do not exist as a physical currency? Clearly, room for error exists.

Second, the McCusker (1978, 199) data has dubious features that indicate some recording errors are present. The data are market exchange values, i.e., what it costs in Maryland to purchase a sterling bill of exchange payable in London in terms of Maryland pounds, or so that is what the data are claimed to be. Yet, two features of the data indicate that this is not always the case. First, 16 percent of the entries are exactly at Michener's face-value amount of 1.6667 Maryland pounds per one pound sterling. That actual market exchange values would equal face values down to the fourth decimal place is doubtful. McCusker (1978) was engaged in a colossal task of compiling all exchange rates in colonial America and Europe. Haste in copying down numbers across a massive disparate set of loose documents and account books could have led McCusker occasionally to mistake a statement about what was face value for what was a trade or market exchange value. While rare, I have run across such conflation in the McCusker data for other colonies (Grubb 2016b, 1219–1221).

Second, 74 percent of the data in McCusker (1978, 199) for 1767–1775 are at values below Michener's face value of 1.6667 Maryland pounds per one pound sterling. If 1.6667 was face value, then 74 percent of the observations indicate that the bills were trading at appreciated values. Such a condition would be the same as claiming that a negative nominal interest rate was operational. The analog would be if you had a U.S. savings bond with a \$100 face value that would only pay the \$100 in 20 years, but that someone offered you \$120 today for it. That transaction would imply a negative nominal interest rate, or irrational, non-maximizing behavior. Clearly, something is problematic in this data.

Our suspicion is that McCusker occasionally recorded statements about face value rather than market exchange value, and that a substantial portion of the values McCusker recorded after 1767 were using the prior Queen Anne's 1704 proclamation value from pre-1767 Maryland paper pounds in their bookkeeping accounts instead of the new paper money's Spanish silver dollar value. This is the "old paper currency" referred to by McCusker (1978, 194) in his recording of post-1764 values.

We did not want to use this messy data in a way that would bias our estimate of the LP of Maryland's bills to be higher than it actually was. We did not want our hypothesis of relatively higher LP for Maryland bills confirmed using data potentially biased in the direction of confirming it. Therefore, as is standard practice in applied work, we chose a worst-case data interpretation scenario, but one that was still plausible, in order to clearly bias the results against our hypothesis. The intent was to bias our results against finding a high LP so that when we did

find a relatively higher LP for Maryland bills compared with that found for other colonies' paper monies we could be certain of confirming our hypothesis. McCusker (1978, 194) stated that the "old paper currency rate in Maryland stayed at the fixed ratio to hard currency of 1.25 to 1. At this ratio £100 Maryland currency equaled £125 Maryland hard currency from September 1764 on." We used McCusker's statement as our plausible but worst-case data interpretation scenario for what the real exchange-rate face values were.

By using 1.2500 rather than 1.6667 to one pound sterling as the unadjusted face value at redemption of Maryland's bill for the period 1767–1775 relative to the exchange values listed in McCusker (1978, 199), we generate a biased-low LP estimate. Therefore, when we found that 19 percent of Maryland's bills during 1767–1775 was comprised of LP, and that that percentage is considerably above the 2 to 8 percent found for the paper monies in other colonies, we could be confident that we have proven our hypothesis. Redemption structures mattered to the value of colonial bills of credit. All Michener has done is to say that we should have used a biased-high estimate of LP, namely one that would place the LP portion of the value of a Maryland bill in this period in the 39-percent rather than 19-percent range—much higher relative to other colonies than what we estimated. Thus, Michener has shown that redemption structures matter even more to the value of colonial bills of credit than our conservative estimate indicates.

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Economic Liberalism in Peru

Patricia Saenz-Armstrong¹

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As in most Latin American countries, (classical) liberalism in Peru lacks a strong tradition. One can hardly talk about liberalism in Peru as a cohesive movement extending through time; its standing among the general population and ruling elites has generally been weak. But in comparison to other Latin American countries studied in this series, and thanks to the important—albeit incomplete—reforms implemented in the last three decades, Peru is currently less like Venezuela (Faria and Filardo 2015), Ecuador (Romero, Hodgson, and Gomez 2018), and Mexico (Kuchar 2016), and rather more like Guatemala (Marroquin and Thomas 2015), which has over the past several decades had a strong locus of institutions and networks advancing liberalism, either by disseminating its ideas or by implementing its policies.

Peru's institutional context explains much of the lack of cohesiveness of Peruvian classical liberalism. The following sections of this paper expand on that idea and trace relevant history.

Pre-Columbian economic institutions

The Andes run right through Peru, in slightly from the Pacific coast. The geographic conditions require creativity to manage intensive farming. Along the coast there is no rain and irrigation is necessary. In the extensive Andean region, soil management is required. Nevertheless, Peru's economy since the early formative periods has been one based in agriculture: the earliest evidence of economic

1. George Mason University, Fairfax, VA 22030. I am grateful to Walter E. Williams for his generous financial support of this research, and to Elmer Cuba, Jorge Gonzalez Izquierdo, and Diego Macera for sharing their insights regarding economic matters in Peru today.

activity is centered in working the land (Kosok 1965). This dependence on agriculture and the infrastructure projects required for intensive farming relate to an institutional framework of collectiveness rather than individuality.

The Chavin culture arose between 900 and 300 BCE, and it gives us one of the earliest clues about a collective economy. Judging by architectural complexity, a large population must have been employed in the construction of its large buildings, presumably under some stability of government and organization, employing communal labor for such purposes (Burger 1992). Evidence from the Chavin period also points to organizational precursors of the *ayllu*, a socially recognized organization of blood relatives to which access to property and benefits

of production were assigned. The necessity of pooling labor resources together in order to farm the land intensively is believed to have been the root cause of the formation of the *ayllu*. The members of the *ayllu* benefited by sharing resources to work the land, distributing the work of the land as well as the products that resulted from it. The economic relationship among the members of the *ayllu* was one of reciprocity. However, some of the works of architecture and infrastructure found during the pre-Incan era show a greater measure of organization than mere reciprocity within and between these socioeconomic units. Some degree of larger public undertakings must have been present. Similar conclusions can be drawn from analyzing the Tiwanaku culture, post Chavin and pre-Inca Empire, that arose between 300 and 1000 CE.

A degree of central planning definitely marks the Inca Empire, the societal structure of which was built around the *ayllu*. During the Inca Empire, belonging to an *ayllu* had greater significance than merely blood ties. It brought with it a series of rights and responsibilities that both secured and preserved birthrights and survivors' legacy (Contreras 2008a). There was a paternalistic administration of reciprocity and distribution that worked as follows: each *ayllu* had a head, the *curaca*, who was supposed to be the eldest and therefore the wisest among the members of the *ayllu*. The *curaca*'s main responsibilities were the allocation of land within the *ayllu*, delegation of maintenance of the irrigation mechanisms and delineating and safeguarding the security of the parcels' limits, conflict resolution, provision for 'orphans' not belonging to any *ayllu*, organization of the communal labor, and



storage and distribution of surpluses.

Curacas were the link between the ayllu and the Incas, and they selected and delivered 'gifts' from the ayllu to the Inca. The Incas governed by 'divine authority,' therefore those gifts from the ayllu to the Incas were some form of worship. Curacas also administered Incan directives and law, including ruthless punishment of those deemed lawbreakers.

The people in the ayllu performed three types of work: the communal work (called *minka*), assistance work for other members of the ayllu (called *ayni*), and the work they performed for the Inca (called *mita*) which was the closest thing to a tax that existed during the Inca empire. Ayllus were self-sufficient, hence the absence of trade, but the curacas administered the surplus, which was doled out of the Incas' stores in times of drought. It has been estimated that at its height the Inca empire reached a population level of between 7 to 10 million inhabitants.

Central planning, community, and reciprocity were thus the major principles of the Incan economy. Individuality was a concept neither desired nor sought after; individuals not belonging to an ayllu were considered orphans, and curacas would quickly seek to incorporate them into one, and thus secure their subsistence. The Incan form of societal organization played an important role in the dynamics between the arriving Spaniards and the indigenous Peruvians.

The colonial period

When the Spaniards arrived in the sixteenth century, the highly religious Inca civilization was experiencing its own civil war. The last Inca before the arrival of the Spaniards, Huayna Capac, died suddenly, and although he had designated his son Huascar as his heir, his younger son Atahualpa rebelled. Atahualpa had been born in the recently conquered northern part of the empire, and therefore during his campaign to dethrone his brother, he had the support of the population that inhabited those regions. Atahualpa ended up defeating his brother Huascar.

When Francisco Pizarro arrived in Peru, and upon capturing the now reigning Atahualpa in the battle of Cajamarca, he found a kingdom divided, and now headless. He also found a people used to centrality in social organization, and heavily theocentric. And he found a country rich in natural resources, especially gold and silver. The Spanish conquest of the Americas was mainly motivated by a quest for riches, whether by resource extraction or trade, and a desire to spread Catholicism. The abundance of gold and silver, the absence of a ruler, the theocentric nature of rule, and the established tributary labor that the Incan people had assimilated into their empire created an environment highly conducive to the Spanish Crown's purposes in conquering Peru. There were, however, multiple

rebellions during the thirty-six years between the arrival of the Spanish forces and the suppression of the last rebel stronghold.

The Peruvian indigenous peoples were during this period all but destroyed by the Spanish colonization. Warring, rampaging disease, and extreme exploitation—largely, forced labor in mining—caused the population to fall by some 90 percent from its peak.

From the Spanish Crown's desire to expand Catholicism—together with the necessity of preserving some of the labor force—a reprieve was instituted for those members of the Peruvian indigenous population who agreed to convert to Catholicism. If they agreed to it, then they became subjects to the Spanish Crown bound by its political, social, and economic administration, thus, obligated to pay taxes, in their usual form of forced labor, and put under the pretext of teaching the Incans a new way of life, which included the Christian faith. If they refused, then war was waged on them (Contreras 2008b). For the organization of their new 'subjects,' the conquerors took advantage of the existing structure and established the *encomienda* system. The term *encomienda* stems from the Latin *in comendam*, which means 'in care of.' The *encomendero* was in charge of collecting the taxes from the indigenous population, but also was supposed to provide education and training for them, and to have a church for them to meet. The primary aspect of the *encomienda*, however, was the collection of tributes, executed by incorporating the figure of the *mita* and the *curaca* into this system. It looked to perpetuate the centrality that the indigenous population was accustomed to, but rather than for the mutual benefit of the rulers and the ruled, it was used for the extraction of labor and riches from them.

Indeed, a stark difference between the Incan *mita* and the Spanish *mita* was that under Incan rule a *mita* worker spent only a fragment of his time at the labor site, his needs were provided for, and then he was able to return home and continue with his farming labors. The Spanish *mita* did not provide for the workers, who had to pay for their own subsistence out of their meager salaries. The workers often sunk into a vicious circle of debt, which commonly caused abandonment of their farming activities. The result on a societal level was a significant fall in subsistence agricultural production and, later, famine.

High level of extraction caused the gold and silver to dry up relatively quickly. But the Spanish elite was heavily motivated by consumption, and once gold and silver dwindled the tribute took the form of other goods and even some services for the *encomendero*. Soon it became clear that the *encomienda* would not be a temporary system while the indigenous population was educated. Rights to 'inherit' the *encomienda* in perpetuity were established. This form of exploitation was not sustainable and sparked some of the first moves towards liberalism of that era. Former *encomendero* and priest Bartolome de las Casas advocated passionately for

the end of the *encomienda* system, and he supported the creation of the New Laws of the Indies for the Good Treatment and Preservation of the Indians (or simply “New Laws”) issued by King Charles V, which eventually ended the system. The New Laws prohibited the enslavement of the native population, declaring them free people who, although required to pay tribute to the *encomendero*, were to be paid wages for their labor and were not to be inherited as possessions. Fair treatment of the native population was specifically stipulated in the New Laws, and work in mines was restricted to particular circumstances.

With the depletion of the mines and the end of the *encomienda* system, in time, the core of the economic activity turned again towards agriculture and the development of other industries, which set the stage for the first steps towards the development of greater individual economic freedom. Though it took time to actually enact the New Laws, from the resistance of the *encomenderos*, the changes in economic activity in colonial Peru meant that it had become more valuable to own land and capital than forced labor, and the *hacienda* system replaced the *encomienda* system. Key to the *hacienda* system was private property. Spanish and their *criollo* descendants were the ones legally allowed to own large holdings of land, and to employ the remaining of the indigenous population as laborers on such land. Social structure determined a specific group’s set of rights. In general, many possible rights were held only by the Spanish and the *criollos*, who were considered the elite. *Criollos* were those of full Spanish descent but born in Peru, and although they did enjoy many of the benefits of those born in the Spanish Peninsula, they were not considered entirely equal, which was a source of resentment and played a significant role in the eventual crusade for Peru’s independence from Spain.

The Spanish elite had wasted much of the riches and fallen into ruin. On the other hand, many individuals of mixed race who had not been afforded the privileges of the elite had developed an aptitude for trade and commerce that had resulted in material prosperity. The almost bankrupt elite were impelled to open their doors to mixed race individuals to occupy important positions in the government. Meanwhile, in the lower social strata, the social system held that only indigenous Peruvians could be part of an *encomienda*. Any individual of mixed race could not be part of the forced labor and exploited population, and was also guaranteed access to a certain level of education. This prompted indigenous Peruvians to intermix with those of Spanish origin and have children with them, often leading to better lives for their progeny.

Many individuals with strong local or indigenous ties but educated as one of Spanish ancestry had access to or even could become part of the ruling elite. These dynamics gave roots to the movement for independence. Also important was the work of the Jesuits who, prior to their expulsion in 1767, played a significant role in educating the mixed race population, advocated for better treatment and better

salaries of the natives, and perhaps plotted to decrease the power of the Spanish Crown in the region (Lockhart and Schwartz 1983).

A prime example of said dynamics as one of the foundations for independence from Spain was the rebellion in 1780 of Tupac Amaru II, regarded as one of the precursors of individual political freedom in Peru. Tupac Amaru II was the son of a curaca, and it has been speculated that he was of mixed race, what they called *mestizo*, the mix of Spanish and indigenous Peruvian. He was educated by the Jesuits at the San Francisco de Borja school. He governed the chiefdom of Tungasuca near Cusco, on behalf of the Spanish governor. In 1780 he rebelled against the local Spanish authorities, and with the support of the indigenous people, battled the Spanish forces, overpowering them initially but suffering defeats after most of the criollos withdrew their support once he indicated that he intended to kill the Spanish leaders. He and his family were executed shortly thereafter, but his legacy was the beginning of many indigenous insurrections in the search for liberty from the Spanish oppression throughout the Spanish colonies in South America (Walker 2015).

The independence movement, and ideas of liberty in general, were notably fostered and strengthened through the institutions of higher education in Peru. The first university of the Americas, National University of San Marcos, had been officially established in Lima, the capital of Peru, in May 1551, and it centuries later it would become the birthplace of the main currents of liberal thought in Peru, as it spread Enlightenment ideologies of republicanism, political equality, secular government, private property, and the rights of citizenship. Some of the thinkers that were considered precursors of Peruvian independence either studied, taught, or gathered there. The early secularization of the university was likely an important factor. Until 1581, provosts in the University were only members of the clergy. In that year, Viceroy Francisco Alvarez de Toledo authorized the election of secular provosts (Valcarcel 2001), which was a crucial development that redefined the university as a space of freedom of thought and opened the way for questioning and criticism of the colonial system.

Among those who paved the road for Peruvian independence were the Jesuit Juan Pablo Vizcardo y Guzman (1748–1798), Toribio Rodriguez de Mendoza (1750–1825), Jose Baquijano y Carrillo (1751–1817), and Hipolito Unanue (1755–1833), all of whom participated in the Academic Society of Lovers of the Country and its main publication, the *Mercurio Peruano*, which operated within San Marcos university in the late eighteenth century. The society and its newspaper were initially created to discuss literature and public news, but it soon became the voice of those who desired to see Peru as an independent nation (Grupo Historiem 2001). Their line of thought, however, was more one of constitutional reform and political rights than of liberalism proper. Baquijano, for example, editor of *Mercurio*

Peruano between 1791 and 1795 and the president of the Academic Society of Lovers of the Country, was quite mercantilist and advocated for promoting mineral exports as the leading activity of the Peruvian economy (Riva-Aguero 1953). Baquijano had been influenced by Pablo de Olavide, another Peruvian criollo whose Madrid home was one of the main meeting points for Enlightenment thinkers (Defourneaux 1959). Baquijano had also to some extent been influenced by Gaspar Melchor de Jovellanos, who was in turn influenced by Adam Smith's *Wealth of Nations* and had sought to eliminate large ownership of land by the Catholic Church in favor of private property, a position that Baquijano did maintain. The focus of their advocacy, however, was mostly centered in political freedom—political voice and representation—and a connection to individual liberty had not yet been established and was not yet strongly pursued.

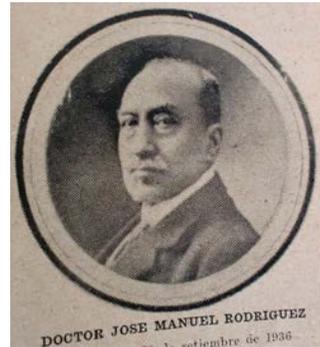
Political freedom was fiercely pursued, and in the early nineteenth century, through the efforts of the Argentinian Jose de San Martin and the Venezuelan Simon Bolivar, Peru obtained its independence from Spain and thus began a new era in the life of Peru, now as a Republic. San Martin was a criollo soldier, who initially fought for the Spanish crown, but later switched allegiances when confronted with the unequal treatment that not having been born in the Spanish peninsula afforded him. Bolivar was a criollo as well, who had been educated in Europe and exposed to Enlightenment ideas, and who also witnessed the coronation of Napoleon, events that left a large imprint in him and lead him to swear to overthrow the Spanish reign in colonial America (Arizmendi Posada 1983).

Independent Peru

A focus on political rather than economic freedom continued after Peru's independence from Spain. Hipolito Unanue, a physician, precursor of Peruvian independence, and member of the Academic Society of Lovers of the Country, became in 1824 the first Finance Minister of Peru. He continued the mercantilist regime by heavily taxing imports and directing the country's focus onto exports.

The first century of independent life of the new Republic of Peru oscillated around protectionism and high taxation. There was no clear line of thought nor theory that drove economic policy, other than that which served the purposes of the politicians and gained them the support of the relevant segments of the population at each point in time (Contreras 2011). The nineteenth century saw continued uprisings from the provinces, as the situation of the indigenous population had changed very little after independence was achieved, and the prevailing extractive institutions had simply been renamed.

In the 1880s, one of the first vocal classical-liberal economists arose in Peru. Jose Manuel Rodriguez (1857–1936) was a congressman who openly criticized the inconsistent character of Peruvian public policy, the extractive nature of taxation, and the lack of economic sense in such policies. He advocated for a contractual relationship between the civil society and the government, which he said needed to specify mutually established rights and obligations. Rodriguez's most renowned work is 1895's *Estudios económicos y financieros y ojeada sobre la Hacienda pública del Perú y la necesidad de su reforma* (*Economic and Financial Studies and a Look at the Public Treasury of Peru and the Need for Its Reform*). Unfortunately, many of his works have been lost (Contreras Carranza 2016), but still he is considered a founder of the economics profession in Peru; there was no individual nor group before Rodriguez who formulated and organized Peruvian economic discourse like he did.



Rodriguez started the monthly journal *Economista Peruano*, which ran from 1909 to 1940 and in whose pages were often cited such thinkers as Smith, David Ricardo, John Stuart Mill, John Locke, Frédéric Bastiat, Jean-Baptiste Say, and A. R. J. Turgot (Molina, Montes, and Romero 2008). Rodriguez's ideas and efforts inspired the first generation of Peruvian economists, including Cuban-Peruvian Jose Payan (1844–1919), Pedro Emilio Dancuart (1847–1911), Alejandro Garland (1852–1912), Luis Esteves, Jose Manuel Osoreo (b. 1815), and Luis Larrañaga (Contreras Carranza 2016).

Tax reform was a chief topic of discussion in this platform that Rodriguez had created. Rodriguez advocated liberalizing policies such as lower tariffs and fiscal reforms, but he also advocated interventions including capital controls, as Peru was exporting heavily and running a negative financial-account balance.



At the end of the nineteenth century a segment of the Peruvian oligarchy vocally favored laissez faire. The leading group in favor of a more open economy were the owners of plantations and haciendas, whose agricultural products were the main export commodity. This group was represented by the Camara de Comercio de Lima (Lima Chamber of Commerce), through the voices of two of its members, J. Russell Gubbins (1845–1935) and the aforementioned Alejandro Garland. They argued that tariffs increased the cost of living of all Peruvians in

favor of non-competitive industries. On the other side of this debate was the Sociedad Nacional de Industrias (National Industry Society), representing local industry through the voice of Felipe Barreda y Osma, who defended Peru's tariff rate, arguing that it was even lower than that of Argentina and Chile. These groups still exist and continue in nearly the same policy positions.

In the 20th century

Greatly dependent on natural resources, with a heavily protected industry, and a war with neighboring country Chile who seized some of the most resource-rich lands, Peru began the twentieth century with severe fiscal problems. Peru's economic activity was centered in agricultural exports, with an elite holding the majority of the lands and receiving government benefits that perpetuated their position, relying heavily on foreign debt, while the rest of the country suffered from low productivity, exploitation or abandonment.

Rodriguez and Garland were put in charge of the Ministry of Finance and Ministry of Development, but their efforts were short-lived, as Augusto B. Leguia became president of Peru first from 1908–1912, and then 1919–1930. His regime was unequivocally protectionist in the economic realm and tyrannical and dictatorial in the political. Foreign capital did flow freely into the country, although a significant portion of it went into government coffers for the construction of enormous works of infrastructure. Thus, at the end of Leguia's government in 1930, which coincided with the Great Depression—which in fact contributed to the end of his government—Peru was deeply in debt. It was also during his regime that the Peruvian Central Bank had been created.

It was a military coup that ousted Leguia, and thereafter the economy turned inwards once more. It had not been truly open to begin with, but the free flow of capital gave the illusion that Peru's economy was an open one. After the devastation that, supposedly, dependence on foreign capital had brought to the country, the new agenda was promotion of the local industry—protectionism, the creation of public banks to promote economic activity, large infrastructure projects, and price and exchange rate controls. Economic policies were patchwork, with no continuity but rather catering to the needs imposed by the international economy and by local lobbying. Peru had also become an economically concentrated country in a geographic sense: goods and services were more accessible to the population in the cities along the Pacific coast, but not so beyond the Andes. That caused massive migration influxes to coastal cities and the depopulation of the mountain region, with a consequent abandonment of agriculture for internal consumption, which, in conjunction with closed import markets, caused the internal market to fall off

dramatically.

From 1930, military coups became a frequent method of installing new governments. That's how Colonel Manuel Odría became Peru's president in the late 1940s. Although his government was of populist character, he did end the price and exchange-rate controls. Odría also liberalized trade and capital mobility, mostly with the aim to promote exports. He limited government expenditure to infrastructure provision, some basic services, rule of law, and regulation. Odría governed until 1956, and the period was generally one of economic prosperity, partly because the Korean war increased Peru's opportunities to export. Production for local consumption, however, did not enjoy the same prosperity. The Korean war ended, and with it the export-driven prosperity (Contreras 2014).

The main promoter of liberalism throughout these decades was Pedro Beltrán Espantoso (1897–1979, pictured at right). Beltrán had a bachelor's degree in economics from the London School of Economics. He was President of the Peruvian Central Bank in the late 1920s and again in the late 1940s, and from there he espoused a more liberal trade and monetary policy, free of controls on exchange rates and prices (Contreras 2014). Beltrán was also the founder of the newspaper *La Prensa*, and from there became the main liberal voice and opposing force to Odría. When Odría's government



ended in 1956 and Manuel Prado became president, Peru was facing again an economic crisis due to the end of the export prosperity, excessive money printing, and renewed price and exchange-rate controls. Beltrán was asked to become Prime Minister and Minister of Finance between 1959 and 1961, and during his administration he put an end to the controls and the money emission. For a brief period of time Peru enjoyed increased growth rates.

The prosperity did not last too long. In 1963 Fernando Belaúnde became president. His government was populist and the economic focus, just as it had been during the past decades, was on exports. Although Odría's government and subsequent presidents until 1968—Prado and Belaúnde—had made efforts to improve communication within Peru, building ports, railroads and highways that allowed transport from and to the provinces along the coast and beyond the Andes, and even into the Amazon basin, the people in the provinces were in a constant state of discontent. The basis of this discontent was the governments' catering to certain elites, particularly the interests of the export industries. Between 1950 and 1966, annual income growth rates in the export sector averaged 4.1 percent, whereas annual income growth in the rural sector averaged 1.3 percent, and for

medium and small farmers only 0.8 percent (Caballero 1981).

In 1968 another coup overthrew President Belaunde. The military governments that followed blamed the failure of the Peruvian economy on oligarchic-foreign capital arrangements, and their policies were centered around two axes: nationalizing industries, and transferring production from the putative oligarchy to the people. Notorious among those efforts was the agrarian reform of the Armed Forces Revolutionary Government led by Juan Velasco Alvarado. Promulgated on June 24, 1969 as Decree No. 17716, the reform:

- eliminated all forms of large estates,
- established that agricultural production had to be communitarian and based on peasant farmers,
- rebuilt the farmer communities (an attempt to recreate ayllus),
- attempted to create new markets through a supposedly more egalitarian distribution of wealth, and
- aimed at the development of industries that supposedly could transform agricultural production. (Ministerio de Agricultura y Riego del Peru 2015)

Under the military government from 1968 to 1980, 15,826 estates were dissolved and about 9 million hectares of land were apportioned to 368,817 small farmers. The reform reduced discontent in the provinces, but economically speaking it was a failure. The reform forsook economies of scale by dissolving large estates, apportioned the land into excessively small productive units, eliminated the market for land, significantly reduced investment in agriculture, and stifled the influx of new technologies. The history of Peruvian economic institutions also meant that the small farmers to whom land had been allocated didn't take full individual nor collective ownership of the land—which had been handed over to them as communities—but continued to look at the state for guidance (Castillo Dieza 2011).

Broadly, the 1970s were an inward-looking decade characterized by central control, nationalism, state-owned industries, and so-called import substitution. The crisis created by such policies urged a stabilization program that included the participation of the International Monetary Fund, which prepared a plan that included adjustments in the economy and general elections. In July 1980, Belaunde was elected again as president. Although highly populist, Belaunde's government attempted to return to a more export-favorable economy by applying the IMF's stabilization plan. It slowly dismantled the import substitution system by lowering tariffs, liberalizing the financial system, renegotiating foreign debt, and making large adjustments in fiscal policies (Abusada et al. 2000).

The measures, although beginning to show results, were highly unpopular. The discontent of the population that again felt marginalized from government's policies was embodied by paramilitary groups, mainly the terrorist group Shining Path. Belaunde's government mostly ignored the social problems, focusing on the debt crisis and other shocks to the economy such as El Niño, deploying fiscal and monetary policies to absorb these shocks. The Shining Path then reached a magnitude that could not be ignored, and terrorist attacks intensified towards the end of Belaunde's government.

In 1985 began one of the most memorable administrations in Peruvian history: the presidency of Alan Garcia Perez. He represented the popular discontent with the few reforms and the direction (or lack thereof) of economic policy, and his government brought the country back to nationalization, import substitution, and government-managed aggregate demand. To that he added price and exchange-rate controls. Those were also the most vicious years of the Shining Path. Garcia's first government is remembered for one of the highest rates of hyperinflation in world history. The combination of more than generous fiscal and monetary policies, and price and exchange rate controls led to a hyperinflation episode (Kiguel and Liviatan 1995). The Peruvian currency lost nine zeroes: first, the Sol de Oro was replaced by the Inti, where one Inti was equivalent to one thousand Soles de Oro. Towards the end of Garcia's government, the Inti was replaced by the Nuevo Sol, where one Nuevo Sol was equivalent to one million Intis. Thanks to the operation of the Central Bank's printing machine at the insistence of the Treasury, Peru's net international reserves were not only exhausted but even negative.

To a severe debt crisis and hyperinflation, Garcia attempted to add the nationalization of the banks. It was then, around 1987, that a libertarian movement arose in Peru, and it appeared to have gained political and public acceptance in the face of the disastrous economic outcome of Garcia's government. It was called the Liberty Movement, led by writer and later Nobel Prize winner Mario Vargas Llosa. The movement set its sights on the 1990 elections, but they were very active in opposing the further nationalizing attempts by President Garcia. The Liberty Movement and Vargas Llosa led a march to oppose the nationalization of the banks that gathered about one hundred and thirty thousand people in one of the main plazas of downtown Lima. The movement succeeded in impeding the nationalization of banks. The Liberty Movement joined forces with the parties Accion Popular (Popular Action), the Popular Christian Party, and Solidarity and Democracy to form the center-right coalition FREDEMO (Frente Democratico, or Democratic Front).

As the 1990 elections approached, Vargas Llosa representing FREDEMO was viewed as the main contender for President. His reform agenda was very

open about the ‘shock’ economic policies that his government would implement if he was elected president. An independent candidate then emerged, promising less drastic measures: engineer Alberto Fujimori, of Japanese descent, representing Cambio 90 (Change 90), a new party founded in a grassroots campaign that included support from small firms and evangelicals. Vargas Llosa was not only regarded as representing a shock-treatment reform, but also the elite that many Peruvians for so long had resented, while Fujimori was a charismatic underdog, belonging to none of the conflicting races in Peru, and he used the fear of the ‘shock’ to his advantage, promising the people not to implement such a policy, and showing favor for a more gradual approach. Fujimori had neither an economic plan nor economic advisors, but nevertheless he obtained the majority of the popular vote in a runoff and was duly elected president in 1990.

The reforms of the 1990s

Fujimori and his party quickly decided, however, that shock therapy was indeed the way out of the economic crisis. The day after Fujimori’s election, he communicated with another of the important classical liberal voices of the country: Hernando De Soto. Fujimori offered De Soto the headship of his minister’s cabinet, which De Soto refused to accept, because Fujimori had been intent on not implementing needed economic reforms. But shortly thereafter, after hearing De Soto’s and the IMF’s arguments, Fujimori agreed, and De Soto, together with Peruvian banker Carlos Rodriguez-Pastor, prepared a reform plan. A reintegration of Peru to good standing with the international financial community took place, and the economic reforms were publicly announced in the *New York Times* shortly after the meetings with the IMF (Ortiz Martinez 2015).

On August 8, 1990, at 9 p.m., Fujimori’s finance minister Juan Carlos Hurtado Miller made a televised announcement of economic ‘shock’ reforms to take place starting the following day. Price controls were being eliminated, which meant that formal-market prices for the basic commodities of a family’s consumption basket would increase between 200 and 3,000 percent. To stabilize prices, Peru’s Central Bank opted for a monetary rule. The exchange rate was left to float freely. The reduction of public expenditure was strictly enforced. Free capital mobility was guaranteed once again.

According to De Soto, Hurtado Miller was not sufficiently supportive of liberalization, and so he was replaced by Carlos Boloña (Instituto Libertad y Democracia 2015b), a liberal economist with a bachelor’s in Economics from Universidad del Pacifico and a Ph.D. from Oxford University. Boloña, who stepped into the Minister of Finance position in February 1991, with Roberto

Abusada, a Cornell economist, as advisor, continued the economic reforms. Most of the state's presence in the production of goods and services was privatized, markets were deregulated and liberalized, in particular the land and labor market, and a tax reform was enacted, which included the reduction of tariffs to no more than 25 percent (Wise 2003).

These reforms, however, faced strong resistance from the Congress. Presumably seeking to avoid legislative opposition, Fujimori soon dissolved the Congress. Although well-received by part of the population, this self-coup signified a constitutional crisis for the country. The international community did not appreciate such action and threatened economic and political sanctions. But new elections were called, and a new Constitutional Congress was elected. As the name suggests, the newly elected Congress, which ratified Fujimori as president, was charged with drafting a new constitution. The constitution draft was open to the public for criticism and suggestions, and it was approved by popular referendum in 1993.

Some changes to the draft constitution suggested by De Soto and his Institute for Liberty and Democracy (ILD) were implemented, but some were not, among the latter being certain measures for checks and balances and accountability. In fact, the 1993 Constitution concretely gives more power to the President, as it allows for reelection, a unicameral Congress instead of the previous bicameral one, veto power, and easier dissolution of Congress. De Soto actively opposed this attempt to seize power with such few limitations, but the economy's stabilization and the war against terrorism that Fujimori's government had begun seemed a priority in the people's minds, and De Soto wasn't able to rally much support for his cause (Instituto Libertad y Democracia 2015a). Vargas Llosa's Liberty Movement also disbanded shortly thereafter.

In September 1992, leaders of the Shining Path including its head Abimael Guzman were captured. The social and economic outlook of the country improved, as this allowed promotion of further investment and the reintegration of the abandoned provinces. The renewed capital influx enabled the program of privatizations of state-owned enterprises to accelerate (Gonzales de Olarte 2007).

The following years, once inflation had been contained and terrorism virtually eliminated, were of sustained growth. Even as Fujimori consolidated his power, the main line of economic reforms continued. The Constitution had been elaborated to guarantee the continuation of relatively more sound economic policy through three of its articles:

- Article 84 guarantees the independence of the Central Bank, and establishes its function as one of preserving monetary stability.
- Article 60 makes explicit that there shall not be public enterprises unless expressly defined by law, and then only in a subsidiary role.

- Article 58 guarantees that Peru's economy shall be a market economy, where private enterprise's freedom is guaranteed.

Even though its desirability is still questioned by some in Congress, Peru currently appears to be the only country in the world that has such provision for public enterprise etched in its constitution. The 1993 Constitution does leave room for some exceptions, and it certainly allows for regulation and for public expenditure in social policies. The latter was critical for Fujimori as he established his dictatorship, seeing that he used transfers to the poor to enhance his popularity. The resources for those transfers came from increasing tax revenue due to sustained growth and the funds coming from privatizations.

Fujimori formed an alliance with the military and the major business groups, and thanks to the economic reforms he also had the approval of the international financial community. Such support, together with his social policies that kept previously alienated segments of the population relatively content, ensured that his authoritarian rule went uncontested for many years. Many economic reforms were consolidated over the remaining years of Fujimori's mandate, which was extended until the year 2000, when a corruption scandal was revealed. Charged in the scandal, Fujimori fled the country and attempted to abdicate via fax.

Modern-day liberal economic thought in Peru

Peru-style liberal economic thought does not take a hard line, for the most part. Free private enterprise and free markets are central to it, but they go hand-in-hand with the provision of public services and social policies. This section enumerates the institutions in Peru that promote private enterprise and investment, liberalization of markets where plausible, fiscal and monetary discipline, and other social and government reforms.

Academia

There are 65 universities in Peru that teach economics, 28 of which are public and the remaining 37 private. Although great philosophers have arisen from centuries-old universities in Peru, the faculties of many of the schools do not necessarily align with liberalism but rather seek a more active role of the state in the economic activity. Exceptions are:

Universidad del Pacifico (University of the Pacific): Founded in 1962 by an alliance of Peruvian entrepreneurs and Jesuit priests, its line of thought is markedly liberal. Many of the former and current government officials leading or

continuing the economic and commercial side of the reforms are current faculty of this university. Some of the most distinguished ones are Mercedes Araoz, currently Prime Minister and Second Vice President; Julio Velarde, Renzo Rossini, and Adrian Armas, current President, General Manager, and Chief of Economic Studies of the Central Bank; Carlos Boloña, Minister of Finance during Fujimori's presidency and executor of most of the economic reforms; and Jorge Gonzalez Izquierdo, Minister of Labor and Minister of Foreign Relations during the Fujimori regime, and former Dean of the Economist Society of Lima.

Universidad Peruana de Ciencias Aplicadas (Peruvian University of Applied Sciences): Founded in 1994, it is the only Peruvian university that offers a course in 'Austrian' economics. Its faculty includes some of the leading classical liberal thinkers of Peru, such as Enrique Gherzi, professor of law and economics, member of the Liberty Movement, and director of the Mont Pelerin Society between 2008 and 2010; Guillermo Cabieses, also professor of law and economics; and economist Carlos Adrianzen, chair of the economics department.

Think tanks

Instituto Libertad y Democracia (Institute for Liberty and Democracy): Considered one of the world's important think tanks, it was founded by Hernando De Soto (pictured, right). The ILD is a strong advocate of property rights and institutional reform across the globe. As mentioned earlier, De Soto and the ILD were during the 1990s architects of the macroeconomic and institutional reforms and leaders in the return to democracy after Fujimori's coup. They campaigned actively for the creation of Peru's Office of the Ombudsman, which did not exist until then, and whose role was to defend the public interest in lawmaking. Another significant line of work of the ILD is administrative and bureaucratic simplification, and the integration of the informal economy into the legal system. The ILD conducts ongoing projects that promote the inclusion of the population in economic activity through property rights and to draw attention to the role of private-enterprise institutions in the defeat of terrorism in Peru and the promise of the same in the rest of the world.



Instituto Peruano de Economía (Peruvian Institute of Economics): Founded by economist Roberto Abusada, who was economic advisor of the Ministry of Finance during Fujimori's government and co-author of many reforms. One of the most important think tanks in Peru, the institute is devoted to

increasing competitiveness in the productive sector of the economy and to the completion of economic and political reforms. It advocates for labor reform and the elimination of excessive regulation of productive sectors and of red tape in the public sector. The general manager, Diego Macera, is a former columnist for *El Comercio* and also senior economist in the Peruvian Institute of Business Administration.

Grupo Apoyo: Founded by businessman and engineer Felipe Ortiz de Zevallos, formerly the president of Universidad del Pacífico. Its mission is to advance the global competitiveness of Peruvian firms through provision of information, analysis, and consulting. Apoyo Consulting president Gianfranco Castagnola is a vocal advocate of economic liberty.

Macroconsult: The notable partners in this consulting group are Raul Salazar, who was the author of Vargas Llosa's economic plan for the elections of 1990, which would later be implemented by Fujimori, and Elmer Cuba, who was the economic advisor of Keiko Fujimori, daughter of the former president and twice candidate for the Peruvian presidency; she leans toward free-market policies.

Instituto de Libre Empresa (Institute for Free Enterprise): Founded and led by Jose Luis Tapia, it promotes freedom of contract, market liberalization, and clear property rights.

Media

El Comercio: It is the oldest newspaper in Peru and a traditional platform for supporters of economic liberty. Back in the early twentieth century it was used by Jose Manuel Rodriguez, and today it features libertarian voices such as lawyer Alfredo Bullard, economist Ivan Alonso, and economist and IPE general manager Diego Macera.

Peru 21: Now a subsidiary of *El Comercio*, the newspaper was initially founded by economist Augusto Alvarez Rodrich, a professor at Universidad del Pacifico, who was notorious for making the government somewhat uncomfortable with his editorials. It is now led by economist Juan Jose Garrido Koechlin, another important voice in favor of economic liberty.

Canal N: It is a news cable channel linked to *El Comercio*. Juan Jose Garrido Koechlin conducted a program called *Rumbo Economico (Economic Course)*, exploring liberal policy reforms. Jaime De Althaus now conducts the program *La Hora N*, an interview program with a clear non-left slant.

There are other notable journalists who over the last years have advanced reforms towards greater economic and political freedom. Two of the more prominent ones are Federico Salazar, who conducts the morning news show *Primera Edición (First Edition)* on América Televisión, and Jose Luis Sardon, lawyer,

political scientist and economist, and professor in Universidad del Pacifico, with columns in *El Comercio* and *Peru 21*.

Business associations

Comexperu (Peruvian Foreign Trade Association): It is the private association of companies involved in foreign trade in Peru. Its mission is to promote the development and competitiveness of trade, defend the market economy, and promote private investment.

IPAE (Peruvian Institute of Business Administration): Created in 1959 by a group of businessmen, it promotes good business practices and competitiveness of Peruvian firms. IPAE organizes the annual Conferencia Annual de Ejecutivos (CADE), an important forum gathering businesses, academia, and government for discussion of economic policy.

Liberty Movement and Mario Vargas Llosa

Possibly together with the Institute for Liberty and Democracy, the Liberty Movement is one of the most influential forces in favor of liberty over the last thirty years in Peruvian history. The Liberty Movement, even though short-lived (1987–1993), generated vital momentum towards economic liberalism in Peruvian policy. Its leader, Mario Vargas Llosa (pictured at right), who was awarded the Nobel Prize in Literature in 2010, has declared himself a liberal with a ‘defender of liberty’ connotation. Vargas Llosa opposed Alan Garcia’s government during his attempt to continue nationalizing private firms, and he was the main promoter of open markets and monetary and fiscal discipline after Garcia’s catastrophic first presidency. He continues to advocate for liberty through his writings, the most recent one being *The Call of the Tribe* (2018), in which he recounts his journey towards embracing liberal thought and discusses thinkers that influenced him in this evolution of his thought.



Concluding remarks

Like other Latin American countries studied in this series, Peru has had great difficulty finding a path toward stable and trustworthy government and a liberal

market economy. In earlier times, some voices, such as Jose Manuel Rodriguez and Pedro Beltran, spoke up for liberal principles, but it took the crisis of the late 1980s—hyperinflation, debt, and fiscal crisis—for a liberal movement to rise up and become a durable part of the Peruvian cultural landscape. However, Fujimori's government, because of corruption, and subsequent governments, because of lack of support, did not sustain an impetus for liberal reform.

I recently asked three prominent economists about need and prospects for renewed liberal reform in Peru, and before closing I share some of their remarks.

Jorge Gonzalez Izquierdo, former Minister of Labor, Foreign Relations and professor at Universidad del Pacifico, emphasized that structural reforms to the Peruvian economy remain important, including education reform, health system reform, institutional reform, infrastructure reform, and public-sector reform.

Diego Macera of the Peruvian Institute of Economics indicated that labor reform is crucial for reactivation of the local economy. In 2001 the Constitutional Court of Peru basically subverted the liberalization of the labor market, making labor mobility extra costly, and as a result employers have resorted to short-term contracts instead of long-term hiring. Macera also pointed out that, although the role of the public sector is meant to be subsidiary according to the Constitution, politicians have found ways to be more institutionally extractive, for personal gain, particularly by means of regulation. Macera believes that certain sectors are overregulated, to the point that it inhibits their performance, yet in a way that favors companies of relations of the authors and enactors of such regulation.

Elmer Cuba from Macroconsult finds that the structure of incentives for the continuation of the reforms has been perverted. He indicated that one of the government's mechanisms to execute works of infrastructure is the Works for Taxes program. Under that program, large companies are allowed to finance and execute public works instead of paying the cost of those works in taxes. Cuba noted that the wages of the agent hired to supervise the proper execution of said work are often incorporated within the cost of the work itself, thus creating a principal-agent problem. Another issue pointed out by Cuba is the lack of accountability in public services, because the beneficiaries of those services are not the same ones who are paying the taxes that finance those.

With the election in 2016 of economist Pedro Pablo Kuczynski, a free-market advocate, there were renewed hopes that liberal reform would be revitalized, but President Kuczynski lacked a majority in Congress, and political maneuvering from the opposing party forced him to step out early, leaving his first vice-president, Martin Vizcarra, as the new President of Peru. In spite of the political instability, Peru has the opportunity to establish itself as reasonably secure and honest market economy. For now, Peru seems to have reached a plateau, but the prospects for further improvement are strong.

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[Go to archive of Character Issues section](#)

[Go to May 2018 issue](#)



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Dissing *The Theory of Moral Sentiments*: Twenty-Six Critics, from 1765 to 1949

Daniel B. Klein¹

[LINK TO ABSTRACT](#)

The first reviews of Adam Smith’s *The Theory of Moral Sentiments* (TMS) were warm and favorable. After Smith’s death in 1790, TMS was consistently criticized, its standing declined quite sharply, and it fell into “oblivion” (Morrow 1927, 336). In 1899 H. C. Macpherson pronounced it “dead” (p. 40).

But TMS is now very much alive. In recent decades, TMS has soared in favorability. The figure below charts the percentage of all four-word strings, in millions of books, that are “Theory of Moral Sentiments” (case-sensitive).



The figure covers up to 2008 and indicates a post-1976 comeback, but I suspect that it does not adequately represent the comeback of TMS in the social sciences

1. George Mason University, Fairfax, VA 22030. I thank David M. Levy and Erik Matson for useful feedback, Stephen Delli Priscoli for checking quotation accuracy, and William Carey for help on Latin.

and humanities (at the [Google Ngram Viewer](#) there is no way to narrow the corpus thusly).

The pattern prompts several questions:

- Why at first the warm reception?
- Why then the fall?
- Why the long years of oblivion?
- Why the comeback, and its timing?
- Why today's wide and warm favor?

The comeback surely depended on the 1976 Glasgow Edition of TMS (eds. D. D. Raphael and A. L. Macfie). But necessary is not sufficient. The present compendium of quotations aims to contribute to a broader story, by cataloging the disrespect, dislike, disparagement, and dismissal—in a word, the dissing—of TMS up to 1949, by 26 figures, listed here by their native origin:

- *Scotland*: Thomas Reid, George Ridpath, Henry Home Lord Kames, Adam Ferguson, Dugald Stewart, Thomas Brown, James Mackintosh, Henry Brougham, Alexander Bain, H. C. Macpherson, James Bonar, and William R. Scott (born in Northern Ireland)
- *England*: Henry Thomas Buckle, Leslie Stephen, Walter Bagehot, Henry Sidgwick, J. A. Farrer, Harold Laski
- *France*: Sophie de Grouchy Marquise de Condorcet, Pierre Jean Georges Cabanis, Victor Cousin, Théodore Jouffroy, Henri Baudrillard
- *United States*: Simon Patten, Richard T. Ely
- *New Zealand*: Arthur N. Prior

By reading their dissing of TMS we better understand what they disliked. Several points of criticism are commonly made by them: TMS was said to err by relying on allegory, metaphor, and figurative language at the most crucial points in the theory; at those points it was said to invoke principles themselves vague or, even worse, circular; it was said to lack foundations; it was said to violate fundamental demarcations.²

2. On demarcationism, see McCloskey (1985, 42f). In the dissing of TMS, pertinent demarcations are those between reason and sentiment, *is* and *ought*, and others. One critique of demarcationism is not merely that the separation is one of gradations but, more significantly, that the relationship is spiraling, such that an *ought* may be seen as an *is*, or that an instance of reason may be seen as a sentiment (recall that Hume said that reason is a "calm passion;" see Klein and Matson 2015). A distinction certainly may be useful in a loop of the spiral, but each loop also relates to the next loop and the previous loop, with no upper-most loop and no lower-most loop. The spiraling nature of certain formulations relates to non-foundationalism, for, though we may distinguish A and B, it makes little sense to hold that one is foundation for the other,

A TMS devotee, I regard most of the disparagement compiled here to be wrongheaded. Before turning to that compilation, I share some thoughts about the story, including possible answers to some of the questions raised above:

- Smith lectured in Edinburgh, 1748–1751, and became a Glasgow professor in 1751, having published nothing. Smith won support, standing, goodwill, and advancement from lecturing, collegiality, university service, and a dignity of mind and personality. I suspect that from the start of these early years Smith furtively felt himself to be deeply aligned with David Hume, and that he was throughout these years discreet or even dissembling about his non-foundationalist, non-demarcationist Humean tendencies, which, only later, after becoming more apparent, would come to be criticized by his colleagues.
- TMS appeared in 1759. There quickly followed three warm and highly favorable, albeit unsigned, notices by Hume (1759), Edmund Burke (1759), and William Rose (1759). Yet from the first TMS contained intimations to the effect that moral approval always involves, or even *depends on*, a sympathy. That organon, particularly in its stronger form (*viz.*, *depends on*), would in time become a major point of dissatisfaction.
- Smith’s moral philosophy course at Glasgow was taken over in 1764 by Thomas Reid (Norton and Stewart-Robertson 1980, 382).
- *The Wealth of Nations* (WN) in 1776 elevated Smith to still much greater eminence.
- Later in 1776 Smith published his letter to William Strahan eulogizing Hume. In 1780 Smith would say it “brought upon me ten times more abuse than the very violent attack I had made upon the whole commercial system of Great Britain” (*Corr.*, 251; see Rasmussen 2017, 215–228).
- TMS had been a quite lesser book than what it became in 1790 with Ed. 6. Dugald Stewart observed (quoted below) that Smith now “laid much greater stress upon” the man within the breast. Smith now referred, repeatedly, to the man within the breast as a “*supposed* impartial spectator” (*italics added*), and he described him as a “representative of the impartial spectator.”³ From Ed. 5 to Ed. 6, there was a threefold increase in the number of occurrences of the expression *impartial spec-*

for rather the relationship is ... $A_i \rightarrow B_i \rightarrow A_{i+1} \rightarrow B_{i+1}$ The TMS-dissing writers quoted in the present compilation are often weak in their appreciation of the spiraling nature of some of Smith’s formulations.

3. The expression “supposed impartial spectator” occurs at 131.32, 134.1, 226.22, 262.1, 262.2, 287.34—all new to Ed. 6. The man within the breast as “representative of the impartial spectator” is at 215.11—also new to Ed. 6.

tator.⁴ Also, Ed. 6 was significantly less religious, confirming signs in WN and the eulogy of Hume. Although now less tethered to established religion, TMS became much more allegorical, and its non-foundationalism more elaborate.

- A few months after publication of TMS Ed. 6 in 1790, Smith died. In the years that followed, figures such as Stewart absorbed the final edition, and, seeing more to object to, and also being no longer stayed by Smith's personage, began to express criticism openly. Within a few decades a pattern of criticisms became quite common. TMS fell sharply in standing, and then into oblivion. In Smith's oeuvre TMS was utterly eclipsed by WN—even though, according to the testimony of Smith's friend Samuel Romilly in a letter of 1790, Smith “always considered his *Theory of Moral Sentiments* as a much superior work to his *Wealth of Nations*” (Romilly 1840, 404).
- In the late 1970s TMS began a rapid resurgence that continues to today. Many scholars (e.g., Griswold 1999, 165; Fleischacker 2004, 23–26; Rothschild 2004, 152) note that Smith's moral philosophy was not foundationalist. That feature was not much *celebrated* in the resurgence, but now readers stopped holding Smith's not being foundationalist against him,⁵ and it seemed readers also no longer found serious fault in the other features for which TMS had been forsaken by roughly seven generations.

A guided compilation of dissing TMS

The compilation that follows bears some likeness, and a great debt, to John Reeder's *On Moral Sentiments: Contemporary Responses to Adam Smith* (1997).⁶ I use only works written in English or translated into English (and consequently bypass altogether several German critics, for example). I concatenate quotations jauntily,

4. For the threefold increase (that is, from 22 to 67), see column G of the “Impartial spectator” spreadsheet of the Excel file [here](#); that file accompanies Klein, Matson, and Doran (2018), which discusses such changes made in Ed. 6.

5. Samuel Fleischacker concurs that TMS's return to great favor in recent decades was because people stopped holding its non-foundationalism against it (Fleischacker 2016, listen around 9:00). For my own explication of Smith's non-foundationalism see Klein 2016.

6. Reeder (1997) differs from the present compilation in that it includes both positive and negative commentary, and for the pieces it includes it more thoroughly reproduces the piece. Of the 26 authors that I quote, only eight are in Reeder, namely Kames, Reid, Ferguson, Stewart, Brown, Mackintosh, Jouffroy, and Farrer.

providing such contextualization as necessary or noteworthy. The goals here do not include providing or even pointing to background sources about the individuals featured, nor to treatments of their criticisms of TMS. This compilation is a set of quotations to work from, not finish with. I seize upon criticisms, not praise: Many of the quoted authors (notably Stewart, Brown, Mackintosh, Brougham, Farrer, Macpherson, Bonar, and Scott) also express more than token praise for TMS.⁷ The ordering of the authors generally follows the order of the onset of their dissing of TMS (*not* birthyear), although the French authors are grouped together as a segment in the series. Footnotes are omitted except when indicated otherwise. I put certain bits in **boldface**, notably criticism of TMS's metaphorical or allegorical language, the vagueness and supposed circularity of its principles, its lack of foundations, and its violation of supposedly fundamental demarcations. All boldface has been added.

Thomas Reid (1710–1796)

We begin with a figure of special importance, Thomas Reid. The opening paragraphs of a chapter on the “First Principles of Morals” provide a taste of his thinking:

Morals, like all other sciences, must have first principles, on which all moral reasoning is grounded.

In every branch of knowledge where disputes have been raised, it is useful to distinguish the first principles from the superstructure. They are the foundation on which the whole fabric of the science leans; and whatever is not supported by this foundation can have no stability.

In all rational belief, the thing believed is either itself a first principle, or it is by just reasoning deduced from first principles. When men differ about deductions of reasoning, the appeal must be to the rules of reasoning, which have been very unanimously fixed from the days of Aristotle. But when they differ about a first principle, the appeal is made to another tribunal; to that of common sense. (Reid 1788, 369)

In the same work, Reid writes: “A very ingenious author has resolved our moral sentiments respecting the virtues of self-government, into a regard to the opinion of men. This I think is giving a great deal too much to the love of esteem,

7. Of English-available commentary on TMS to 1949, I am aware of only a few that contain no significant dissing (Höfdding 1900, I, 443+446; Windelband 1901, 517–518; Hirst 1904; Small 1907; Morrow 1923; 1927). By far the best is Morrow 1923. Biographical works that do not significantly comment on the ideas of TMS include Rae 1895; Scott 1937. Going just a bit beyond our 1949 cut-off, noteworthy for its extended TMS enthusiasm is Taylor 1960.

and putting the shadow of virtue in place of the substance” (1788, 139, see also 163).

When in 1764 Glasgow was selecting a replacement for Smith, Smith received a letter from John Millar, the truest next-generation heir to Hume and Smith (Haakonssen 1996, 7, 159, 163, 180–181, 269). Millar reported that Reid had received support from influential people outside the University (Lord Kames and leading aristocrats), declared his and Joseph Black’s support for another candidate (Thomas Young), and seemed confident that Smith would concur: “We earnestly beg that if you can do any thing in counterworking these extraneous operations you will exert yourself. . . . No body knows of my writing this but Black” (*Corr.*, 100). Thus Millar urged Smith to help stop the appointment of Reid. The appointment went forward, and it arguably was quite fateful, as it gave Reid a secure prominence from which to propound and publish so-called common sense. There is no paper trail of Smith having weighed in, nor correspondence between Reid and Smith.

Reid scarcely alludes to Smith in his published works, but as moral philosophy professor at Glasgow Reid criticized TMS. His lecture notes, presumed reflective of 1765 to his retirement in 1780, treat Smith amply. The following is my own selection of the text first⁸ published in the *Journal of the History of Ideas* (Reid 1984).⁹

The Author in this System endeavours to reduce Morals to very few original Principles, for as all Our moral Sentiments are resolved into Sympathy so even this Sympathy seems to be resolved into self love. (Reid 1984, 311)

This Sympathy being a part of our frame implies no virtue at all. . . . But The Sympathy which can with any propriety be called virtuous is a fixed determination of the will. . . . Now this kind of Sympathy supposes a moral faculty. . . . Sympathy when we take it in the first of these senses is a natural affection, resulting immediately from our frame. And requires no imaginary change of persons. When we take Sympathy in the second Sense no change of persons will account for it without supposing a faculty by which perceive right and wrong. (*ibid.*, 312)

As this Author resolves all Sympathy into self love variously modified by certain operations of the Imagination. So he resolves all moral Approbation

8. I say “first” in 1984 for Reid’s own lecture notes, but note that student transcriptions were published in Duncan and Baird (1977).

9. The original text is rough, and I omit some of the editorial paraphernalia and alternate words (from Reid’s own revisions), but without altering any of the words preserved (even when misspelled) nor inserting any new words. Brackets and bracketed material (other than the page citations) are those of Stewart-Robertson and Norton.

and Disapprobation into Sympathy. (313)

I observe that the word Sympathy seems not to have always the same **fixed and determinate** meaning in this System, nor to be so **accurately** defined as is necessary to make it **the foundation** of a distinct Theory of Morals. (313)

Let us suppose that our feeling that Emotion for another which he ought to feel but does not feel, is to be called Sympathy. It is evident that this Sympathy supposes a moral Judgment and consequently a moral faculty. ... Therefore it appears to me that this definition of Sympathy makes a moral faculty to be necessarily antecedent to our Sympathy and consequently our moral Sentiments cannot be the Effect of Sympathy[;] they must go before it, and set bounds to it. (314)

When the Author observes that our Approbation of the Passions of others as just and proper arises from our perceiving them to [be] in accord with what we should feel in like Circumstances; the word *should* here is ambiguous; either it means what we ought to feel in like Circumstances or what we actually would feel in like circumstances. If the first is the meaning it supposes that we have a moral faculty by which we judge of the justness and propriety of our feelings as was already observed[,] but if we take the word *should* here to mean what we actually would feel in like Circumstances, I conceive this account of approbation is very far from the truth. (314)

We may observe that this Author speaks all along of the passions and the feelings of ourselves and others as being not onely the proper but the onely object of moral Approbation & Disapprobation[.] ... Now as the whole of this System by which our moral Sentiments are resolved into Sympathy is built upon this **foundation**. That what we call Virtue and what we account the object of Moral Approbation is a certain tone or temperament of our feelings and passions. If that is not true the **foundation** of it must fail. (314–315)

To approve of an opinion is to judge it to be a true opinion. To approve of an action is to judge that the Agent acted virtuously and properly in doing that Action. The approbation of an action implys not onely a judgment of its being right, but it implys some sentiment of inward worth in the Agent, on account of which he merits our benevolent regard and Esteem. The approbation of his opinion implys nothing of this kind. The word approbation therefore when applied to opinions and to Actions is **equivocal** and we can not reason from the one sense of it to the other. (316)

I conceive this System can never Account for our Approbation and Disapprobation of our own Actions. It is evident that we approve or disapprove of our own Actions as well as those of others, & by the same

principle. Will it be said then that when a Man does a good Action which his heart approves. That this approbation is nothing else but sympathising with himself[?] It would be still more strange if when a Man does an Action which his heart condemns him for, that this disapprobation of his own Mind is an Antipathy to himself. Yet I see no other way Agreeable to this System of accounting for our Approbation or disapprobation of our Own Actions. To Judge of the Propriety of my own Passions and feelings, I must change persons with the impartial Spectator and view them with his Eyes. But how shall I know what judgment he would pass upon them[?] Onely by knowing how I myself judge in such cases. This is the onely way in which I can Jud[g]e of them. There must therefore be some faculty of the Mind by which we approve or disapprove of actions without respect to the Judgment of others otherwise we never could Judge whether they will appear in an agreeable or in a disagreeable light to others. (317)

To conclude these Observations, it is obvious that according to this System there is **no fixed Standard of Virtue at all**[;] it depends not upon our Actions but upon the Tone of our Passions, which in different men is different from Constitution. Nor does it solely depend upon our own Passions but also upon the Sympathetick passions of others. [W]hich may be different in different Persons or in the same Person at different Times. Nor is there any Standard according to which either the Emotions of the Actor or the Sympathy of the Spectator is to be measured[;] all that is required is that they be in Harmony or Concord[.] It is evident that the **ultimate** Measure & Standard of Right and Wrong in human Conduct according to this System of Sympathy, is not any fixed Judgment **grounded upon Truth** or upon the dictates of a well informed Conscience but the variable opinions and passions of Men. (317–318)

In 1778 Reid received a letter and enclosure from Lord Kames. Kames revised one of his works, and shared a draft of a new insertion critical of TMS (the final version appears below). Reid approved, and wrote back: “I have always thought Dr Smith’s System of Sympathy wrong. It is indeed only a Refinement of the selfish System” (quoted in Reeder 1997, 66).

George Ridpath (1716–1772)

George Ridpath was a parish minister, scholar, historian, and Edinburgh graduate. In his diary he wrote in 1759:

Saturday, September 29th.—Got Smith’s *Theory of Moral Sentiments* from Matthew, of which I read a little in the evening, but was more inclined to doze. (Ridpath 1922, 273)

Thursday, October 11th.—Read over a good deal more of Smith's *Theory of Moral Sentiments* and looked over the rest. The work shows him to be a man of knowledge and of genius too, but yet I can by no means join in the applauses I have heard bestowed on it. What is new in it is perhaps of no great moment in itself, and is **neither distinctly nor clearly established**. An extravagant turn to declaim and embellish leads him quite astray from that study of **accuracy, precision, and clearness** that is so essentially necessary to the delivering of any theory, especially a new one; and his indulgence of this humour for playing everywhere the orator, tho' his oratorical talents are far from being extraordinary, has made him spin out to the tedious length of 400 pages what in my opinion might be delivered as fully and with far more energy and perspicuity in 20. What can this arise from but the man's being used all his life to declaim to boys and not attending to the distinction necessary to be made betwixt a circle of *them* as auditors and a world of cool and reasonable men as readers? The most valuable part of the work, tho' not altogether free from the fault taken notice of, is the account given in the end of the different systems of Moral Philosophy, Ancient and Modern. (*ibid.*, 275)

Henry Home, Lord Kames (1696–1782)

Of the TMS critics collected here, Lord Kames was both the first to come into the world and the earliest to put criticism into print—trailing TMS's first appearance by 20 years! A very prominent judge and author, he had been Smith's early patron, and later warmed to Reid; thus his new insertions into the third and final edition of *Essays on the Principles of Morality and Natural Religion* (1779) mark a significant early moment in the train of disparagement:

A system that resolves every moral sensation of sentiment into sympathy, shall next be introduced. Listen to the author himself.

As we have no immediate experience of what other men feel, we can form no idea of it but by imagining what we ourselves would feel in the like situation. Our senses will never inform us of what a man suffers on the rack. They cannot carry us beyond our own persons; and it is by the imagination only that we can form any perception of what he suffers. Neither can that faculty help us to this, any other way than by representing to us what would be our own sufferings if we were in his place. His agonies when thus brought home to ourselves, begin at last to affect us; and we then tremble and shudder at the thought of what he feels.^[10]

10. Kames here is condensing the second paragraph of TMS (see p. 9 in the standard edition).

The **foundation** here assigned for the various sentiments of morality, ought to have been very strictly examined before venturing to **erect so weighty a superstructure upon it**. Is it certain that this play of imagination will necessarily raise the passion of sympathy? The celebrated Rousseau affirms the contrary. "Pity is sweet, says he, because in putting ourselves in place of the person who suffers, we feel the pleasure of not suffering as he does." And considering that the rack is a punishment reserved for atrocious criminals, I should be inclined to think with Rousseau, that the sight of an odious wretch on the rack, instead of sympathizing in his pain, would make one feel pleasure in not suffering as he does; precisely as a ship in a storm makes the spectators at land rejoice in their own security.

But however that may be, my respect to the author of this system as a man of genius and learning, cannot make me blind to a difficulty that appears unsurmountable. If the torments of a man on the rack be not obvious to my sight from his violent perturbation, nor to my hearing from dismal screams and groans, what can I learn from imagining myself to be in his place? He may be happy for ought I know. To give that act of imagination any effect, I ought before hand to know that the person on the rack is suffering violently. Then indeed, the bringing his case home to myself, would naturally inflame my sympathy. I have another argument against this system, which, being more simple and popular, will probably be more relished. That a man should conceive himself to be another, is no slight effort of imagination; and to make sympathy depend on that effort, confines it to persons who have given much exercise to a ductile imagination. Dull people and illiterate rustics are intirely excluded; and yet, among such there appears no defect of sympathy to associates and blood-relations. Nay, we find sympathy eminent even in children; and yet, it would be a hard task to make a child imagine itself to be what it is not. This shows clearly, that sympathy must proceed from some natural principle inherent in all human beings, the young as well as the old.

This principle will appear from the following facts, which every thinking person knows to be true. First, every passion stamps on the countenance certain signs appropriated to it by nature. Next, being taught by nature to connect every external sign with the passion that caused it; we can read in every man's countenance his internal emotions. Third, certain emotions, thus made known, raise in beholders the passion of sympathy. With respect to the last, nothing is more natural than that a social being should be affected with the passions of its fellows. Joy is infectious: so is grief. Fear communicates itself to the beholders; and in an army, the fright of a few spreads the infection till it becomes an universal panic. These facts are clear and certain; and applying them to the subject before us, is it not evident, that the distress we read in a person's countenance, directly moves our sympathy, without needing any aid from imagination? I appeal to any man who has seen a person on the rack, whether his sympathy was not raised by sight merely, without any effort of imagination. Thus, in the sympathetic system under examination, an intricate

circuit is made in order to account for a passion that is raised by a single glance. The system indeed is innocent; but did it hold in fact, its consequences would not be so. Sympathy is but one of many principles that constitute us moral beings; and yet is held furth as the **foundation** of every moral sentiment. **Had not morality a more solid foundation in our nature**, it would give very little obstruction to vicious desires or unjust actions. It is observed above, that, according to this system, sympathy would be rare among the lower ranks. And I now add, that if moral sentiments had no **foundation** but the imagining myself to be another, the far greater part of mankind would be destitute of any moral sentiment.

So much for the sake of truth: in every other view controversy is my aversion. One observation more, and I conclude. This system is far from comprehending all our moral sentiments. It may pretend to account for my sentiments regarding others; but my sentiments regarding myself are entirely left out. My distress upon losing an only son, or my gratitude for a kindly office, are sentiments that neither need to be explained by imagining myself to be another person, nor do they admit of such explanation.

The selfish system shall be more strictly examined. The sympathetic system is a harmless conceit; but a system that resolves all morality into self-love, cannot but be dangerous among luxurious nations whose bent to selfish pleasures is already too strong. (Kames 2005/1779, 70–73)

Beforehand, Kames, in late 1778, graciously ran a draft of the insertion by Smith. I remark on Smith’s letter back to Kames at the end of the present piece.

Adam Ferguson (1723–1816)

Adam Ferguson was born four days after Adam Smith but outlived him by 26 years. Their relationship “had its ups and downs” (Ross 2010, 203).

Our first item from Ferguson is from his *Principles of Moral and Political Science* (1792). It does not mention TMS specifically, but implicates it. After remarking on Nicolas Malebranche, John Locke, and Thomas Hobbes and their “allegorical substitutions” and “metaphorical language” (1792, 75), he writes (his notes inserted in brackets):

The author of an Enquiry into the Mind,* [*Dr Reid] and of subsequent Essays on the intellectual and active powers of man, has great merit in the effect to which he has pursued this history: But, considering the point at which the science stood, when he began his inquiries, he has perhaps no less merit in having removed **the mist of hypothesis and metaphor**, with which the subject was enveloped; and, in having taught us **to state the facts, of which we are conscious, not in figurative language**, but in the terms which are proper to the subject. In this it will be our advantage to follow him; the more,

that in former theories so much attention had been paid to the introduction of ideas or images, as the elements of knowledge, that the belief of any external existence or prototype has been left to be inferred from the mere idea or image; and this inference indeed is **so little founded**, that many who have come to examine its evidence have thought themselves warranted to deny it altogether* [*See the Writings of Dr [George] Berk[e]ley and Mr Hume]. And hence the scepticism of ingenious men, who not seeing a proper access to knowledge, through medium of ideas, without considering whether the road they had been directed to take was the true, or a false one, denied the possibility of **arriving at an end**. (Ferguson 1792, 75–76)

The next item comes from a short discourse Ferguson composed apparently sometime after 1800 (Ross 2010, 200). The discourse involves Hume, the not so tactful General Robert Clerk, and Smith, but I excerpt only portions involving Clerk and Smith.

After Clerk and Hume have conversed about morality and utility, Smith enters the room “with a smile on his Countenance and muttering somewhat to himself” (Ferguson 1960, 228). Smith is told they have been discussing a subject treated by TMS and Smith asks for Clerk’s opinion of the work:

CLERK. I don’t much like to trouble authors with my opinion of their works.

SMITH. Ah, Do, you will oblige me!

CLERK. If you insist upon it. I must be plain & leave no doubts.

SMITH. Surely. Surely.

CLERK. Your Book is to me a Heap of absolute Nonsense.

Smith seemed to be stunn'd and Clerk went on, You endeavour to explain away the distinction of Right and Wrong by telling us that all the difference is the Sympathy or want of Sympathy, that is, the Assent or Dissent of some two or more persons of whom some one acts & some other observes the action and agrees or does not agree in the same feeling with the actor. If the Observer agree, sympathise, go along with him, or feel that he would have done the same himself, he cannot but approve of the Action. If, on the Contrary, he does not Sympathise or agree with the Actor, he dissents & cannot but disapprove of him; and you seem to mean that where there is neither assent nor dissent there is neither Right nor wrong, and no one would ever suppose any such thing. Or if you don’t deny the reality of the Distinction, you at least furnish but a very inadequate means of discovering it. How can I believe that a Person is in the right because I sympathise with him? May not I myself be in the wrong? Does the presence of any sympathy ascertain a good action, or the want, of a bad one?

SMITH. No! I have cleared up that point. Parties concerned in any transaction may be willing each to flatter himself or both Mutually to flatter one another, But to the monitor may not fail to present himself. The well

informed and impartial observer will bring to view what the Ignorant or prejudiced would overlook.

CLERK. That is convenient, to be able to bring Virtue itself to your aid when actual Sympathy fails. You began with calling Sympathy to explain Moral Sentiment. You now call up moral sentiment to explain itself: what is a well informed & impartial observer, but a Virtuous Person whose Sympathy may be relied on as a Test of Virtue? If he be well informed, of what is he informed? Not of Astronomy or Geography, for these would be of little use to him in distinguishing the Chara[c]ters of men. For this purpose he must be informed of the distinction of Right, how constituted and applied in particular Instances. And to be impartial must aim at a fair application without By [bias?] to any Side. Such a Person is not likely to mislead those who confide in him and such a Person every one is concerned to become in himself & instead of acquiescing in Sympathy as the Test of Virtue, appeals to Virtue as the test of Just Sympathy.

Here then ends your System. After beating round a **Circle of Objections & Answers**, you **return to the point from which you set** the Phaenomena of moral distinctions, moral sentiments, to be explained. (Ferguson 1960, 228–229)¹¹

A couple of paragraphs later, Smith resumes:

SMITH. ... a man who participates in the Passion of another cannot but approve of it. Every Passion or strong motive urging a Person to act justifies itself and, if others go along with it or Sympathise, they too approve: if they do not go along with it, they disapprove or condemn his Conduct and so he does himself if, when the occasion is past, he cannot go along with the passion which actuated him.

CLERK. The whole amount then is that what others term Conscience, you Term Sympathy or the want of Sympathy. Every body knows, that under the operation of any strong Passion men are incapable of cool reflection. This you call justifying their Passion; but when it [is] over & they come to reflect, a Crime if committed stares them in the face & they become a prey to remorse or self condemnation. I do not see that your account of the matter is any way more Intelligible than this, or that we are any way nearer **the ultimate** in the one account than in the other. Most men repose on the Fact that men are by nature endued with a Principle of Conscience. But you say the Fact commonly called Conscience is Sympathy or the want of Sympathy, and the supposed Theory is a mere change of Words or at best an attempt to confound two distinct principles of Nature....

I confess I was affraid that your Sympathy might have some such Effects as this or that the difference of right & wrong might vanish into an

11. The bracketed insertions are those of Mossner.

assent or dissent of two or more Persons who may agree in the wrong as well [as] in the Right: but you relieve us at last by telling us you do not mean any assent or dissent at random but that of a well informed & impartial observer, who we would say in common language is a virtuous man or Competent Judge. And the preference due to such a Person is what no one doubts, tho it is the Phaenomenon which you sett out with a Purpose to explain in your Theory, and so have it at last as others do as a self evident Truth which needs no Explanation. (ibid., 229–230)

Ferguson left another unpublished, incomplete discourse. In its published form, its editor Ernest Mossner (1963) quotes the discourse as he, as it were, narrates the conversation to us. Ferguson himself is a participant in the discourse. The topic comes to the principle of approbation. I quote thusly directly from Mossner, where quotation marks indicate the Ferguson character speaking in the dialogue, and other text is Mossner narrating for us:

“Others in treating of this Subject confound two questions together as different as Wisdom is from folly and Candour from Partiality.”

The first question is, “From what Principle *may we Safely & truly* decide of Action and Character?”

The second question is, “On what Principle *do men actually* decide or entertain Sentiments of Praise or Blame?”

Ferguson’s answers are speedily forthcoming.

“To the first Question we have now endeavoured to Answer that Wisdom & Goodness, the Excellence of Intelligent Being, is the Test of moral Rectitude & Felicity and that well Informed Intelligence is competent to judge of such Merits.

“To the second Question we may admit that men frequently consult their own Interest in judging of merit in others.

“To others we may admit that what they are pleased to call sympathy or even coincidence of Sentiment or [the] reverse is the ordinary or frequent **ground** of Estimation of praise or Censure. But we cannot admit that either is a safe **ground** of Estimation, much less the only **Ground** which Nature has laid for the distinction of Right & Wrong. And every attempt to Instruct us on the Subject without distinguishing the Questions [that is, the first and second stated previously] is not only Nugatory and Perplexing to the unwary but actually tending to **explain away** distinctions of the utmost importance to Mankind, turning Zeal for Morals into a mere selfish Interest or into a mere coincidence of sentiment which may take place among Knaves and Fools as well as among honest Men.” (Ferguson, presented by Mossner 1963, 307–308; italics and the second brackets added by me)

Dugald Stewart (1753–1828)

Dugald Stewart “decisively influenced a large number of men who must all, in varying degrees, be characterized as intellectual epigoni” (Haakonssen 1996, 261). From Stewart’s long years of eminence at Edinburgh, his influence was felt in their careers in opinion, publishing, reform, and politics, including leaders at the *Edinburgh Review*. Stewart played a leading role in TMS’s fall and send-off to oblivion.

In his account of Smith’s life and writings, delivered orally in 1793, Stewart politely summarized TMS, criticizing only gently: “For my own part I must confess, that it does not coincide with my notions concerning the **foundation** of Morals” (1982/1795, 290). He suggested engagement with its “author’s peculiar theories” as follows: “it is easy for an attentive reader, by stripping them of **hypothetical** terms, to state them to himself with that logical **precision**, which, in such very difficult disquisitions, can alone conduct us with certainty to the truth” (ibid., 291).

But in Stewart’s lectures his dissatisfaction is elaborated, as in *The Philosophy of the Active and Moral Powers of Man* (1829):

The phenomena generally referred to *sympathy* have appeared to Mr. Smith so important, and so curiously connected, that he has been led to attempt an explanation from this single principle of all the phenomena of moral perception. In this attempt, however, (abstracting entirely from the **vague** use which he occasionally makes of the word,) he has plainly been misled, like many eminent philosophers before him, by an excessive love of simplicity; and has mistaken a very subordinate principle in our moral constitution (or rather a principle *superadded* to our moral constitution as an auxiliary to the sense of duty) for that faculty which distinguishes right from wrong, and which (by what name soever we may choose to call it) recurs on us constantly in all our ethical disquisitions, as **an ultimate fact in the nature of man**. (Stewart 1829, 209–210)

It may be objected to Mr. Smith’s theory, that it confounds the *means* or *expedients* by which nature enables us to correct our moral judgments, with the principles in our constitution to which our moral judgments owe their origin. These means or expedients he has indeed described with singular penetration and sagacity, and by doing so, has thrown new and most important lights on *practical* morality ; but, after all his reasonings on the subject, the metaphysical problem concerning **the primary sources** of our moral ideas and emotions will be found involved in the same **obscurity** as before. The intention of such expedients, it is perfectly obvious, is merely to obtain a just and fair view of circumstances; and after this view has been obtained, the question still remains, what constitutes the obligation upon me to act in a particular manner?

In answer to this question it is said, that, from recollecting my own judgments in similar cases in which I was concerned, I infer in what light my conduct will appear to society; that there is an exquisite satisfaction annexed to mutual sympathy; and that, in order to obtain this satisfaction, I accommodate my conduct, not to my own feelings, but to those of my fellow creatures. Now, I acknowledge, that this may account for a man's assuming the appearance of virtue, and I believe that something of this sort is **the real foundation** of the rules of good breeding in polished society; but in the important concerns of life, I apprehend there is something more, —for when I have once satisfied myself with respect to the conduct which an impartial judge would approve of, I feel that this conduct is *right* for me, and that I am under a moral obligation to put it in practice. (ibid., 211–212)

From these observations I conclude, that the words *right* and *wrong*, *ought* and *ought not*, express simple ideas or notions, of which no explanation can be given. They are to be found in all languages, and it is impossible to carry on any ethical speculation without them. Of this Mr. Smith himself furnishes a remarkable proof in the statement of his theory, not only by the occasional use which he makes of these and other synonymous expressions, but by his explicit and repeated acknowledgments, that the propriety of action cannot be always determined by the *actual* judgments of society, and that, in such cases, we must act according to the judgments which other men *ought* to have formed of our conduct. Is not this to admit, that we have a standard of right and wrong in our own minds, of superior authority to any instinctive propensity we may feel to obtain the sympathy of our fellow-creatures?

It was in order to reconcile this acknowledgment with the general language of his system that Mr. Smith was forced to have recourse to the supposition of “*an abstract man* within the breast, the representative of mankind and substitute of the Deity, whom nature has constituted the supreme judge of all our actions.”¹² Of this very ingenious fiction he has availed himself in various passages of the *first* edition of his book; but he has laid much greater stress upon it in the *last* edition, published a short time before his death. An idea somewhat similar occurs in Lord Shaftesbury's *Advice to an Author*, where he observes, with that quaintness of phraseology which so often deforms his otherwise beautiful style, that “when the wise ancients spoke of a demon, genius, or angel, to whom we are committed from the moment of our birth, they meant no more than enigmatically to declare, “That we have each of us a patient in ourselves: that we are properly our own subjects of practice: and that we then become due practitioners, when, by virtue of an intimate recess, we can discover a certain duplicity of soul, and divide ourselves into two parties.” He afterwards tells us, that, “according as this recess was deep and intimate, and the dual number practically formed in us, we were supposed

12. This passage is from Ed. 5 of TMS, and appears in the standard edition at p. 130 note r.

by the ancients to advance in morals and true wisdom.”

By means of this fiction Mr. Smith has rendered his theory (contrary to what might have been expected from its first aspect) perfectly coincident in its practical tendency with that cardinal principle of the stoical philosophy which exhorts us to search for the rules of life, not *without* ourselves, but *within*: “Nec te quæsiveris extra.” Indeed [Joseph] Butler himself has not asserted the authority and supremacy of conscience in stronger terms than Mr. Smith, who represents this as a manifest and unquestionable principle, whatever particular theory we may adopt concerning the origin of our moral ideas. It is only to be regretted, that, instead of **the metaphorical expression** of “*the man within the breast*, to whose opinions and feelings we find it of more consequence to conform our conduct than to those of the whole world,”^[13] he had not made use of the simpler and more familiar words *reason* and *conscience*. This mode of speaking was indeed suggested to him, or rather obtruded on him by the theory of sympathy, and nothing can exceed the skill and the taste with which he has availed himself of its assistance in perfecting his system; but it has the effect, with many readers, of keeping out of view the real state of the question, and (like Plato’s Commonwealth of the Soul, and Council of State) to encourage among inferior writers **a figurative or allegorical style** in treating of subjects which, more than any other, **require all the simplicity, precision, and logical consistency** of which language is susceptible. (212–214)

Thomas Brown (1778–1820)

As a teenager studying at Edinburgh under Dugald Stewart, Thomas Brown pondered moral and mental experience as psychological or physiological phenomena. At age 20 he published a challenge to Erasmus Darwin’s materialism. Brown studied medicine, participated in the early years of the *Edinburgh Review*, published poetry, and wrote on Hume’s views of causality. Beginning in 1808 Brown assisted Stewart and then co-occupied the moral philosophy chair at Edinburgh, where he developed lectures that captivated students—and that criticized TMS—until 1820, when Brown suffered an early death at age 42. The year of his death he published several works, including his four-volume *Lectures on the Philosophy of the Human Mind*, which in its last volume criticizes TMS at length (Brown 1820, 112–145). The criticism has lately been reproduced in the present journal (Brown 2017/1820), so here I provide just a few excerpts:

[T]here is still one system which deserves to be considered by us... as appearing to fix morality on **a basis**, that is not sufficiently firm; with the discovery of

13. This does not seem to be a direct quotation of Smith, but perhaps is a paraphrase of a passage prior to Ed. 6 found in the standard edition of TMS at p. 129 note r.

the instability of which, therefore, the virtues that are represented as supported on it, might be considered as themselves unstable; as the statue, though it be the image of a God, or the column, though it be a part of a sacred temple, may fall, not because it is not sufficiently cohesive and firm in itself, but because it is too massy, for the feeble **pedestal** on which it has been placed.

The system, to which I allude, is that which is delivered by Dr Smith, in his *Theory of Moral Sentiments*... (Brown 1820, 113; 2017, 5)

The sympathy, therefore, on which the feeling of propriety is said to depend, assumes the previous belief of that very propriety;—or if there be no previous belief of the moral suitableness of our own emotions, there can be no reason, from the mere dissonance of other emotions with ours, to regard these dissonant emotions as morally unsuitable to the circumstances in which they have arisen. (Brown 1820, 124; 2017, 10)

If those to whom an action has directly related, are incapable of discovering, by the longest and minutest examination of it—however much they may have been benefited by it, or injured, and intentionally benefited or injured—any *traces* of *right* or *wrong*, merit or demerit, in the performer of the action; those whose sympathy consists merely in an illusory participation of the same interest, cannot surely derive, from the fainter reflex feelings, that moral knowledge which even the more vivid primary emotions were incapable of affording,—anymore than we can be supposed to acquire from the most faithful echo, important truths that were never uttered by the voices which it reflects. (Brown 1820, 133; 2017, 15)

If, indeed, we had *previously* any moral notions of actions as right or wrong, we might very easily judge of the propriety or impropriety of the sentiments of others, according as our own do or do not sympathize with them; and it is this *previous* feeling of propriety or impropriety which Dr Smith tacitly assumes, even in contending for the exclusive influence of the *sympathy*, as itself the **original** source of every moral sentiment. (Brown 1820, 134; 2017, 15)

It was absolutely necessary, therefore, for Dr Smith to maintain, that we have no power of judging of our own actions directly,—that, knowing the choice which we have made, and all the circumstances which led to our choice, and all the consequences of benefit or injury to individuals, and to the world, which our choice may have produced,—it is yet absolutely impossible for us to distinguish, without the aid of the real or supposed sentiments of others, any difference of propriety or impropriety, right or wrong, merit or demerit, or whatever other names we may use to express the differences of vice and virtue... (Brown 1820, 137; 2017, 17)

That his own penetrating mind should not have discovered the inconsistencies

that are involved in his theory, and that these should not have readily occurred to the many philosophic readers and admirers of his work, may, in part, have arisen,—as many other seeming wonders of the kind have arisen,—from the ambiguities of language. The meaning of the important word *sympathy*, is **not sufficiently definite**, so as to present always one clear notion to the mind. (Brown 1820, 142–143; 2017, 20)

James Mackintosh (1765–1832)

A pupil of Stewart, James Mackintosh was a philosopher, historian, politician, and commentator (e.g., on Burke and James Mill). In 1820 Stewart wanted Mackintosh as his successor at Edinburgh, but Mackintosh, “something of a social and intellectual gadfly, declined to present himself, preferring to pursue his career in politics” (Reeder 1997, xviii). In 1836, Mackintosh published the *Dissertation on the Progress of Ethical Philosophy*, in an introductory volume of the new edition of *Encyclopedia Britannica*, republished in volume I of his *Miscellaneous Works* (1846). It contains this critical section regarding TMS:

The main defects of this theory seem to be the following.

1. Though it is not to be condemned for declining inquiry into the origin of our fellow-feeling, which, being one of the most certain of all facts, might well be assumed as **ultimate** in speculations of this nature, it is evident that the circumstances to which some speculators ascribe the formation of sympathy at least contribute to strengthen or impair, to contract or expand it. It will appear, more conveniently, in the next article, that the theory of “sympathy” has suffered from the omission of these circumstances. For the present, it is enough to observe how much our compassion for various sorts of animals, and our fellow-feeling with various races of men, are proportioned to the resemblance which they bear to ourselves, to the frequency of our intercourse with them, and to other causes which, in the opinion of some, afford evidence that sympathy itself is dependent on a more general law.

2. Had Smith extended his view beyond the mere play of sympathy itself, and taken into account all its preliminaries, and accompaniments, and consequences, it seems improbable that he would have fallen into the great error of representing the sympathies in their primitive state, without undergoing any transformation, as continuing exclusively to constitute the moral sentiments. He is not content with teaching that they are the roots out of which these sentiments grow, the stocks on which they are grafted, the elements of which they are compounded;—doctrines to which nothing could be objected but their unlimited extent. He tacitly assumes that if a sympathy **in the beginning** caused or formed a moral approbation, so it must ever continue to do. He proceeds like a geologist who should tell us that the body of this planet had always been in the same state, shutting his eyes to transition states,

and secondary formations; or like a chemist who should inform us that no compound substance can possess new qualities entirely different from those which belong to its materials. His acquiescence in this old and still general error is the more remarkable, because Mr. Hume's beautiful Dissertation on the Passions had just before opened a striking view of some of the compositions and decompositions which render the mind of a formed man as different from its original state, as the organization of a complete animal is from the condition of the first dim speck of vitality. It is from this oversight (ill supplied by moral rules,—a loose stone in his building) that he has exposed himself to objections **founded** on experience, to which it is impossible to attempt any answer. For it is certain that in many, nay in most cases of moral approbation, the adult man approves the action or disposition merely *as right*, and with a distinct consciousness that no process of sympathy intervenes between the approval and its object. It is certain that an unbiassed person would call it *moral approbation*, only as far as it excluded the interposition of any reflection between the conscience and the mental state approved. Upon the supposition of an unchanged state of our active principles, it would follow that sympathy never had any share in the greater part of them. Had he admitted the sympathies to be only elements entering into the formation of Conscience, their disappearance, or their appearance only as auxiliaries, after the mind is mature, would have been no more an objection to his system, than the conversion of a substance from a transitional to a permanent state is a perplexity to the geologist. It would perfectly resemble the destruction of qualities, which is the ordinary effect of chemical composition.

3. The same error has involved him in another difficulty perhaps still more fatal. The sympathies have nothing more of an *imperative* character than any other emotions. They attract or repel like other feelings, according to their intensity. If, then, the sympathies continue in mature minds to constitute the whole of Conscience, it becomes utterly impossible to explain the character of command and supremacy, which is attested by the unanimous voice of mankind to belong to that faculty, and to form its essential distinction. Had he adopted the other representation, it would be possible to conceive, perhaps easy to explain, that Conscience should possess a quality which belonged to none of its elements.

4. It is to this representation that Smith's theory owes that unhappy appearance of rendering the rule of our conduct dependent on the notions and passions of those who surround us, of which the utmost efforts of the most refined ingenuity have not been able to divest it. This objection, or topic, is often ignorantly urged; the answers are frequently solid; but to most men they must always appear to be an **ingenious and intricate contrivance of cycles and epicycles**, which perplex the mind too much to satisfy it, and seem devised to evade difficulties which cannot be solved. All theories which treat Conscience as built up by circumstances inevitably acting on all human minds, are, indeed, liable to somewhat of the same misconception; unless they place in

the strongest light (what Smith's theory excludes) the total destruction of the scaffolding, which was necessary only to the erection of the building, after the mind is adult and mature, and warn the hastiest reader, that it then rests **on its own foundation alone**.

5. The constant reference of our own dispositions and actions to the point of view from which they are estimated by others, seems to be rather an excellent expedient for preserving our impartiality, than a fundamental principle of Ethics. But impartiality, which is no more than a removal of some hinderance to right judgment, supplies no materials for its exercise, and no rule, or even principle, for its guidance. It nearly coincides with the Christian precept of "doing unto others as we would they should do unto us;"—an admirable practical maxim, but, as Leibnitz has said truly, intended only as a correction of self-partiality.

6. Lastly, this ingenious system **renders all morality relative**, by referring it to the pleasure of an agreement of our feelings with those of others,—by confining itself entirely to the question of moral approbation, and by providing no place for the consideration of that quality which distinguishes all good from all bad actions;—a defect which will appear in the sequel to be more immediately fatal to a theorist of the *sentimental*, than to one of the *intellectual* school. Smith shrinks from considering utility in that light, as soon as it presents itself, or very strangely ascribes its power over our moral feelings to admiration of the mere adaptation of means to ends, (which might surely be as well felt for the production of wide-spread misery, by a consistent system of wicked conduct,)—instead of ascribing it to benevolence, with Hutcheson and Hume, or to an extension of that very sympathy which is his own **first principle**. (Mackintosh 1846, 151–154)

Henry Brougham (1778–1868)

Henry Brougham, a student of Dugald Stewart, was one of the founders and heavy contributors to the *Edinburgh Review*, and a prodigious public intellectual. He became an eminent public figure, MP, and in 1830 lord chancellor. His *Lives of Philosophers of the Time of George III* contains lengthy treatment of Adam Smith, principally WN. The following is from Ed. 3 of 1855:

The 'Theory of Moral Sentiments,' although it be not the work by which Dr. Smith is best known, and for which he is most renowned, is yet a performance of the highest merit. The system has not, indeed, been approved by the philosophical world, and it seems liable to insuperable objections when considered even with an ordinary degree of attention, objections which never could have escaped the acuteness of its author but for the veil so easily drawn over an inquirer's eyes when directed to the weak points of his own supposed discovery. The principle or property in our nature which leads us to sympa-

these or feel with the feelings of others, to be pleased when our feelings are in accordance with theirs, to be displeased when they are in discord, must be on all hands admitted to exist; and thence may fairly be deduced the inference, that our approval of another's conduct is affected by the consciousness of this accord of our feelings, and our self-approval by the expectation of his feelings according with our own. But when we resolve our whole approval of his conduct and of our own into this sympathy, we evidently assume two things : first, that the accord is **a sufficient ground** of approbation; and, secondly, that this approbation is **not independent but relative, or reflected**, and rests upon either the feelings of others and upon our own speculations respecting those feelings, or upon our sympathy with those feelings, or upon both the one and the other. Now, the first of these things involves a *petitio principii*, and the second involves both a *petitio principii* and a dangerous doctrine. It cannot surely be doubted that a sense of right may exist in the mind, a disposition to pronounce a thing fit and proper, innocent or praiseworthy, unfit or unbecoming, guilty or blameworthy, without the least regard either to the feelings or the judgments of other men. It is quite certain, that, in point of fact, we feel this sentiment of approbation or disapprobation without being in the least degree sensible of making any reference to other men's feelings, and no sympathy with them is interposed between our own sentence of approval or disapproval and its object. But it is enough to say, and it seems to answer the theory at once, that even if our sympathy were admitted to be the **foundation** of our approval, our inability to sympathise the **ground** of our disapproval, this in no way explains why we should approve because of the accord and disapprove because of the discord.

The theory, with the utmost concession that can be made to it as to **the ground-work**, leaves the super-structure still defective, and defective in the same degree in which the 'Theory of Utility' is defective; we are still left to seek for a reason why approval follows the perception of corresponding feelings in the one case, of general utility in the other. Dr. [William] Paley is so sensible of this, that after resolving all questions of morals into questions of utility, he is obliged to call in the Divine Will as the **ground** of our doing or approving that which is found to be generally useful. Other reasoners on the same side of the question pass over the defect of their system altogether, while some try the question by assuming that we must desire or approve that which is useful; while a third class, much more consistently, consider that the approving of what is generally useful, and disapproving of what is generally hurtful, arises from the exercise of an inherent faculty or moral sense, an innate principle or property in our nature, irresistible and universal. The like defect is imputable to Dr. Smith's theory, and is only to be supplied either by Dr. Paley's method of reasoning, or by the last supposition to which I have referred. But all this concedes a great deal more than is due to the 'Theory of Sympathy,' and **assumes it to stand on as good a foundation** as that of 'Utility.' Now one consideration, which has in part been anticipated, shows that **such is not**

the case. We may sympathise with another, that is, we may feel that in his position our own inclinations would be exactly the same with those under which he appears to be acting, and yet we may equally feel that we should deserve blame, and not approval. Why? “Because,” says Dr. Smith, “we take into the account also that others, that is to say, men in general, not under the influence of excitement to disturb their feelings or their judgments, will disapprove.” But why should they? If they are to place themselves, as we are desired to do, in the situation of the propositus, of him whose conduct is the subject of consideration, they must each of them feel, as we do ourselves, that in his situation they would do as he is doing, or, at least, would be inclined so to do. Therefore, this appeal to others in general, this calling in the general sense to correct the individual, can have no effect upon the hypothesis; it can only exert any influence, or apply any correction, **upon some other hypothesis.** It appears, therefore, that in every view the theory is unsound. (Brougham 1855, 197–199)

Sophie de Grouchy Marquise de Condorcet (1764–1822), Pierre Jean Georges Cabanis (1757–1808), and Henri Baudrillart (1821–1892)

Michaël Bizou is one of the composers of the 1999 French translation of TMS (Smith 1999). Here I crib from his splendid essay about the French translations (Bizou 2015).

Prior to Smith’s Ed. 6, two separate translations had appeared. In 1798 came the translation of Ed. 6 by Sophie de Grouchy, Marquise de Condorcet. Bizou notes that all three translations tended to interpret “Scottish moral sentimentalism through the framework of French moral rationalism” (2015, 59). Bizou explains that Grouchy regrets that TMS “does not go philosophically far enough in the explanation it gives of the foundation of morals” (Bizou 2015, 59). Grouchy published, along with her translation, a set of letters on morals and sympathy. She writes: “Smith did not go further than establishing the existence of [sympathy] and showing its principal effects. I was sorry that he had not done more, had not penetrated **its first cause**” (Grouchy, quoted and translated in Bizou 2015, 58). For Grouchy virtue comes to be defined as “actions giving to others a pleasure that is approved by reason” (ibid., 59).

Grouchy’s commentary, known as *Letters on Sympathy*,¹⁴ are addressed to “C,” presumed to be her brother-in-law Pierre Jean Georges Cabanis, physician, philosopher, and *idéologue*. In work from 1802, Cabanis writes: “Smith had made a very learned study, which was nevertheless incomplete for want of his having **linked**

14. See Grouchy (2017), [here](#), for an online English translation by Jonathan Bennett.

it to physical laws, and which Mme Condorcet, by means of simple rational considerations, knew how to remove from the **vagueness** in which it was left by the *Theory of Moral Sentiments*” (Cabanis, quoted and translated in Forget 2001, 321; see Cabanis 1867, 283–284).

Biziou writes that during the first half of the nineteenth century, readers of TMS in French “shared the same moral rationalism as that of its translator.” He mentions Théodore Jouffroy and Victor Cousin, both glossed below, as philosophers who commented at length on TMS: “But if they are appreciative of Smith as an eminent member of what they term the ‘Scottish school of philosophy’, their favourite author in this so-called school is much rather Thomas Reid” (Biziou 2015, 62).

“Then,” writes Biziou, from about 1850 “to the late twentieth century, in France people almost stopped reading Smith as a moral philosopher” (2015, 62). This despite the fact that in 1860 Grouchy’s translation was reissued, with a new introduction by the economist Henri Baudrillart. In the following quotation Biziou relates and quotes Baudrillart on TMS:

So sympathy, in the *Theory*, is [according to Baudrillart] just another name for harmony. In this interpretation, the ‘impartial spectator’ becomes quite an abstruse and tortuous concept, which Smith had had better replaced by the concept of reason: “This ideal spectator that we carry inside us...Smith should have given him right away his real name, which is reason, instead of trying to explain it as an artificial production of sympathy alone’. Baudrillart thus adopts the moral rationalism of the French tradition, just as Cousin and Jouffroy a few years before...Baudrillart is satisfied with the Marquise’s translation, through which, he says, Smith’s thought ‘is always conveyed with the utmost precision’. (Biziou 2015, 63, including his translations of passages from Baudrillart 1860)

Glenn Morrow (1923, 36) indicates that Albert Delatour (1866), whose work is not in English, was another significant French critic of TMS.

Victor Cousin (1792–1867)

The Scottish philosophy of common sense was introduced into the French university philosophy curriculum after 1814 by Pierre Paul Royer-Collard, whose disciples Victor Cousin and Théodore Jouffroy commented at great length on TMS (Reeder 1997, xx). A popular and prestigious professor, and later minister of public instruction, Cousin commented at great length on TMS in his history of modern philosophy (Cousin 1846, 192–246), but the material is not available in English. His *Lectures on the True, the Beautiful, and the Good* contain pertinent remarks:

[T]here are philosophers, for example, Hutcheson, Smith, and others, who, mistrusting the senses and reason, give **the supremacy** to sentiment. (Cousin 1855, 347)

The philosophy which deduces all our ideas from the senses falls to the ground, then, before the idea of the beautiful. It remains to see whether this idea can be better explained by means of sentiment, which is different from sensation, which so nearly resembles reason that good judges have often taken it for reason, and have made it the principle of the idea of the beautiful as well as that of the good. It is already a progress, without doubt, to go from sensation to sentiment, and Hutcheson and Smith are in our eyes very different philosophers from Condillac and Helvetius; but we believe that we have sufficiently established that, in confounding sentiment with reason, we deprive it of its **foundation and rule**, that sentiment, particular and variable in its nature, different to different men, and in each man continually changing, cannot be sufficient for itself. Nevertheless, if sentiment is not a principle, it is a true and important fact, and, after having distinguished it well from reason, we ourselves proceed to elevate it far above sensation, and elucidate the important part it plays in the perception of beauty. (ibid., 129–130)

Théodore Jouffroy (1796–1842)

Théodore Jouffroy translated Stewart and Reid, lectured, and published philosophical works, particularly expositing the ideas of others. In 1840 an English translation appeared, *Introduction to Ethics; Including a Critical Survey of Moral Systems*, discussing TMS very extensively (Jouffroy 1840, 98–176), and more contumaciously than any of the other critics.

Impartiality is possible only where there is judgment; and when we say that judgment is impartial, our idea is precisely this — that it is influenced by no passion. Why can I not be impartial in regard to a friend? Because sympathy biases my judgment in his favor. And I cannot be impartial in regard to an enemy, for an opposite reason. It becomes all the more difficult to comprehend what is meant by the impartiality of sympathy, because, in the common acceptance of words, it is the absence of sympathy that constitutes impartiality. And let no one suppose that this objection consists in a mere play upon words; this error in expression actually betrays the error of the principle... It is because this system does violence to the nature of things, that it cannot be described without doing violence to language. (Jouffroy 1840, 131–132)

Let me suppose myself in the presence of a great number of persons of different ages, sexes, and professions... Which of these kinds of sympathy

shall be my rule, which shall I select as a test of the propriety or impropriety of my feeling? Shall I adopt the sympathy of this or that particular person? or shall I take the mean of all the sympathies? But why should I adopt this mean? or how shall I determine what it is, among so many which are unknown and not to be appreciated? And how, then, can I determine, according to the doctrine of Smith, whether my emotion is proper or improper? (*ibid.*, 132–133)

Smith has the candor to acknowledge that such cases may arise, and the fairness to confess that a man is then bound to follow the right and despise public opinion. But how can he do this without denying his system, and abjuring his rule of moral appreciation? Much as we may admire the ingenuity with which he has attempted to escape from this dilemma, it is impossible not to see that his efforts are fruitless, and that his theory is wrecked upon this difficulty. (135)

Now, who is this impartial spectator? Is it John or Peter? No! but an abstract spectator, who has neither the prejudices of the one nor the weaknesses of the other, and who sees correctly and soundly, precisely because he is abstract. It is in the presence of this abstract spectator, who is another *me*, separate from the impassioned *me*, and its judge, that, in my deepest consciousness, I deliberate, decide, and act. Not only is this spectator no particular man, but he does not even represent any portion of society — no age nor sex, no village nor city, no nation nor era; he represents humanity — he represents God. (135–136)

[T]his... is introducing an entirely new view, into which Smith has unconsciously entered, without perceiving that he was not led into it by setting out from his own principle, and that he cannot return from it to his principle again. (136)

Now, what is it that I do, when, for the sentiments of actual spectators, I substitute those of an abstract spectator? Most evidently, gentlemen, I not only abandon the rule of sympathy, and adopt another in its place, but I even deny this rule, and pronounce it false, and condemn it; for this abstract spectator **does not exist, and never existed**; and his sentiments, therefore, have no **reality**, and are wholly **fictitious**. It is no longer by the sentiments of others that I judge, but by my own. The sentiments of others I reject wholly, and prefer my own; this abstract spectator is one of my own creation; he has no existence in the world without; he is neither a real individual, nor a combination of real individuals; he is an emanation from my own sentiments. (136–137)

In truth, gentlemen, it is quite plain that this abstract spectator, imagined by Smith, is nothing else than reason, judging, in the name of order, and of the immutable nature of things, the mutable and blind decisions of men. It is a

consciousness of the reality of this **supreme** faculty, that embarrasses Smith in the exposition of his system... Instead of the words *conscience*, or *reason*, therefore, he makes use of the expression *abstract spectator*... (137–138)

[T]he rules of moral appreciation... consist not in emotions of sympathy, but in conceptions of reason. It is true that Smith may say, in answer, that he recognizes these inward laws, and gives a perfectly clear explanation of their **origin**. But consciousness cannot confound the rules which he acknowledges with those of morality, nor the decisions of sympathy, of which they are the generalization, with the true moral judgments given by reason. (142)

A judgment is a judgment; an emotion is an emotion; but an emotion is no more a judgment than a sensation is an idea. There is no more reason for identifying these two things than there is for declaring them equal. Is the emotion, then, of such a nature, that, when presented to the view of reason, the judgment is an immediate consequence? In other words, do I approve every emotion which I feel to be equal to yours? Whence comes the necessity of any such consequence? I can see none, and facts contradict it. I share a thousand emotions, without morally approving or disapproving them; I condemn many emotions which I share; and, on the other hand, I approve many things which are neither emotions nor the result of emotions; and I even approve emotions which I not only do not participate in, but which are absolutely displeasing to me. There is no reason whatever, therefore, for pronouncing the sensible fact of sympathy to be equal to the rational fact of approbation. Any equality which there is between them, is only in appearance, and the appearance consists wholly in words. So much for the first sophism.

Our author proceeds to say, that, when I approve an emotion, I feel it to be good; to which I answer, This is not the way in which the human mind reasons; from the goodness of the act we are led to approve it, but not from our approbation to pronounce it good. For what is it that merits approbation? It is that which is good; but that is not necessarily good which is approved. Before we can infer the goodness of an act, as a conclusion, from the fact of its being approved, it must be proved that the approbation is merited, which is saying, in other words, that it is good; this shows that the approbation is a consequence of an antecedent perception of goodness. Smith reverses this order of nature, for he makes the approbation the sign and proof of the goodness. Instead of the true equation between that which is good and that which merits approbation, he substitutes a false equation between that which is approved and that which is good. This is the second sophism.

Once possessed of the word *good*, Smith dashes on with full sails, and without difficulty arrives at the idea of obligation; for what is more evident to reason than that that which is good ought to be done, and that which is evil avoided? But what mean such words as these, in a system which preserves nothing of moral good but its name, while it destroys the reality? Obligation

is attached, not to words, however, but to things; and the word, which is but an appearance, can produce only an apparent obligation. Such is the third sophism. (145–147)

Smith himself is conscious, that, after all his efforts, his principle of moral qualification is still wanting in the character of obligation; and he has been compelled, therefore, to employ one further mode of evasion, which it is well you should be acquainted with, if only to convince you of the power of truth, and to show you what embarrassment systematic minds must feel, and to what sophistries the loftiest genius must descend, in its attempt to endue error with a character which it cannot justly claim. (148)

And, in my view, the remarks suggested by Smith's system extend to all others which seek in instinct for the laws of morality... (151)

In absolute truth, the reason why we ought to do good is so included in the very idea of good, that there is no difference between the moral law and the motive which makes obedience to it our duty. But when we substitute a false law of morality for the true one, the authority is no longer recognized in the law itself, and we are obliged to seek it in the motive to which we yield in obeying it. This is precisely what becomes necessary in the system of sympathy. Good, in this system, is that which is conformable to the emotions of an impartial spectator. Such a rule has, as we have already seen, no authority; it remains, then, to be seen whether the authority, which does not reside in the rule, may be found in the motive which influences us when we act in accordance with it. (159)

Its superiority must come, then, from a judgment of reason, declaring its title to be better than that of any other instinct. But, if reason thus decides, it is by means of some rule foreign from, and higher than, instinct; and, therefore, if, governed by this judgment, we prefer the inspirations of instinctive sympathy **to all other** impulses, our motive is no longer derived from instinct, but from this higher rule; that is to say, from reason; but this the system of sympathy cannot admit. According to this system, then, the instinct of sympathy, both by right and in fact, is neither more nor less than equal to every other instinct, and can have no real title to superiority. (160–161)

The instinct of sympathy, therefore, far from appearing to be superior to self-love, is acknowledged by us to be inferior; and this superiority of the motive of interest is owing to its character of being rational: on this ground, and on this ground alone, does it legitimately rule over the instinctive impulse; and if at any time the sympathetic tendencies of our nature appear to have the nobler character, it is communicated to them by a motive, also rational though yet higher — the moral motive. (161–162)

This Smith seems to have thought himself, and his efforts to establish the authority of the instinct of sympathy are manifest. Unfortunately, they led only to **evident paralogisms**. Instead of proving that the instinct of sympathy is the true moral motive, he describes the characteristics of this moral motive, and then gratuitously attributes them to the instinct of sympathy; thus proving, to be sure, that, if the instinct had these characteristics, it would be the moral motive, but forgetting altogether the evidence that it possesses them. (163)

The point to be proved is not that the instinct of sympathy acts *like* the moral motive, but that it *is* the moral motive. (166)

Smith has the art of connecting his errors with a truth, and of thus rendering them specious. (168)

The failure of [Smith's and other philosophers'] attempts to explain our moral ideas, by means of a supposed law that is really not a law, should have undeceived them; but once lost on a false track, the mind no more returns. It follows out its principle, reconciling its errors with common sense by unconscious sophistry. Such is the spectacle which Smith, notwithstanding his clear intellect, presents; and this is one consideration that has led me to give so detailed an exposition of his views.

When reason...rises to the idea that this personal good...is but one element of a universal order, that every rational and free being is summoned to advance, then, and then only, is an end which ought to be pursued, a law which ought to be respected, a motive which ought to be obeyed, revealed. And here is the source of those various moral ideas, which neither instinct nor interest can account for, because interest and instinct do not give them **birth**. Traced back to their true principle, these ideas may be explained easily, without sophistry, and in a natural and common sense; but referred to self-love or to instinct, they remain inexplicable; and the combined resources of the most ingenious mind can account for them only by mutilating and deforming their real nature. (175–176)

Interlude

Up to this point, most of the commentators may be associated with Reid-Stewart common-sense philosophy. Peaking in influence during the first half the nineteenth century in Scotland, France, and America, its inculcation to college students continued in some schools in Scotland and America right to the end of the century. But by mid-century, other philosophical trends increasingly left it behind (Davie 1964, 257, 261, 272). The new trends did not, however, work towards TMS's recovery. Still consigned to oblivion, TMS is scarcely mentioned

by the later philosophers, and when it is mentioned, it is again often disparaged for its allegorical formulations, supposed circularity, lack of foundations, and transgressing of supposedly fundamental demarcations.

Alexander Bain (1818–1903)

A Scot and religious skeptic, Alexander Bain studied and taught mathematics and philosophy in Scotland before moving to London in 1848 and falling in with J. S. Mill and his circle. Heavily influenced by and touted by Mill, he developed associationist theory in works on psychology and philosophy. With Mill he edited James Mill's *Analysis of the Phenomena of the Human Mind*, in which James Mill says that the love of praiseworthiness is “eloquently described, but not explained, by Adam Smith” (J. Mill 1869, 298; see also J. S. Mill's remarks on p. 309). Bain also wrote a biography of James Mill (Bain 1882).

In *Mental and Moral Science* (1868), Bain reviews ethical thinkers. Having provided a guide to TMS, Bain sums up Smith's ethical theory, including:

The Ethical Standard is the judgment of an impartial spectator or critic; and our own judgments are derived by reference to what this spectator would approve or disapprove.

Probably to no one has this ever appeared a sufficient account of Right and Wrong. It provides against one defect, the self-partiality of the agent; but gives no account whatever of **the grounds** of the critic's own judgment, and makes no provision against his infallibility. It may be very well on points where men's moral sentiments are tolerably unanimous, but it is valueless in all questions where there are fundamental differences of view. (Bain 1868, 631)

He affords little or no grounds for remarking on the connexion of Morality with Politics. Our duties as citizens are a part of Morality, and that is all.

He gives his views on the alliance of Ethics with Religion. He does not admit that we should refer to the Religious sanction on all occasions. He assumes a benevolent and all-wise Governor of the world, who will ultimately redress all inequalities, and remedy all outstanding injustice. What this Being approves, however, is to be inferred solely from the principles of benevolence. Our regard for him is to be shown, not by frivolous observances, sacrifices, ceremonies, and vain supplications, but by just and beneficent actions. The author studiously ignores a revelation, and constructs for himself a Natural Religion, grounded on a benevolent and just administration of the universe.

In Smith's Essay [that is, TMS], the purely scientific enquiry is overlaid by practical and hortatory dissertations, and by eloquent delineations of character and beau-ideals of virtuous conduct. His style being thus pitched to the popular key, he never pushes **home** a metaphysical analysis; so that even

his favourite theme, Sympathy, is not **philosophically sifted to the bottom**. (ibid., 632–633)

In treating Dugald Stewart, Bain writes:

[H]e introduces a criticism of the Ethical theory of Adam Smith; and, adverting to the inadequacy of the theory to distinguish the *right* from the *actual* judgments of mankind, he remarks on Smith's ingenious fiction 'of *an abstract man* within the breast;' and states that Smith laid much greater stress on this fiction in the last edition of the *Moral Sentiments* published before his death. It is not without reason that Stewart warns **against grounding theories on metaphorical expressions**, such as this of Smith, or the Platonic Commonwealth of the Soul. (Bain 1868, 642)

In treating Thomas Brown, Bain writes:

Brown next criticises the system of Adam Smith. Admitting that we have the sympathetic feeling that Smith proceeds upon, he questions its adequacy to constitute the moral sentiment, on the ground that it is not a perpetual accompaniment of our actions. There must be a certain *vividness* of feeling or of the display of feeling, or at least a sufficient cause of vivid feeling, to call the sympathy into action. In the numerous petty actions of life, there is an absence of any marked sympathy.

But the essential error of Smith's system is, that it assumes the very moral feelings that it is meant to explain. If there were no antecedent moral feelings, sympathy could not afford them; it is only a mirror to reflect what is already in existence. The feelings that we sympathize with, are themselves moral feelings already; if it were not so, the reflexion of them from a thousand breasts would not give them a moral nature.

Brown thinks that Adam Smith was to some extent misled by an ambiguity in the word sympathy; a word applied not merely to the participation of other men's feelings, but to the further and distinct fact of the *approbation* of those feelings. (Bain 1868, 650)

In treating James Mackintosh, Bain writes:

[Mackintosh] objects to the theory of Adam Smith, that no allowance is made in it for the transfer of our feelings, and the disappearing of the original reference from the view. Granting that our approbation began in sympathy, as Smith says, certain it is, that the adult man approves action and dispositions as right, while he [the adult man] is distinctly aware that no process of sympathy intervenes between the approval and its object... He [Mackintosh] further remarks that the reference, in our actions, to the point of view of the spectator, is rather an expedient for preserving our impartiality than a fundamental

principle of Ethics... Lastly, he objects to Smith, that his system renders all morality relative to the pleasure of our coinciding in feeling with others, which is merely to decide on the Faculty, without considering the Standard. Smith shrinks from Utility as a standard, or ascribes its power over our feelings to our sense of the adaptation of means to ends.

He commends Smith for **grounding** Benevolence on Sympathy, whereas Butler, Hutcheson, and Hume had **grounded** Sympathy on Benevolence. (Bain 1868, 672)

Henry Thomas Buckle (1821–1862)

Henry Thomas Buckle published a once-famous work, *Introduction to the History of Civilization in England*, in two volumes, 1857 and 1861. He died aged 41, in Damascus. He extolled Smith, but chiefly for WN. He said that TMS “has had no influence except on a very small class of metaphysicians,” and that compared to WN “it is certainly easier to understand” (Buckle 1904, 895). He claimed that WN “assumes that selfishness is the main regulator of human affairs, just as his previous work had assumed sympathy to be so” (ibid., 811). Each work proceeds deductively: “And in each work he reasons from only part of his premisses; supplying the other part in the other work. None of us are exclusively selfish, and none of us are exclusively sympathetic. But Adam Smith separates in speculation qualities which are inseparable in reality. In his *Moral Sentiments*, he ascribes our actions to sympathy; in his *Wealth of Nations*, he ascribes them to selfishness” (808). About TMS he wrote:

Sympathy, then, is the main-spring of human conduct... By this bold hypothesis Adam Smith, at one stroke, so narrowed the field of inquiry as to exclude from it all considerations of selfishness as a primary principle, and only to admit its great antagonist, sympathy. The existence of the antagonism he distinctly recognizes. For he will not allow that sympathy is in any way to be deemed a selfish principle. Although he knew that it is pleasurable, and that all pleasure contains an element of selfishness, it did not suit the method of his philosophy to subject the principle of sympathy to such an inductive analysis as would reveal its elements. His business was to reason from it, and not to it. Concentrating his energy upon the deductive process, and displaying that dialectic skill which is natural to his countrymen, and of which he himself was one of the most consummate masters the world has ever seen, he constructed a system of philosophy, imperfect indeed, because the premisses were imperfect, but approaching truth as closely as it was possible for any one to do who abstained from giving due consideration to the selfish part of human nature. Into the workings of its sympathetic part he looked with a minuteness, and he reasoned from it with a subtlety, which make his work the most important that has ever been written on this interesting subject. But, inasmuch

as his plan involved a **deliberate suppression of preliminary and essential facts**, the results which he obtained do not strictly correspond to those which are actually observed in the world. (Buckle 1904, 810)

Walter Bagehot (1826–1877)

Walter Bagehot was an influential political commentator, economist, author, and journalist, affiliated with *The Economist*, as well as a banker. He published “Adam Smith as a Person” in the *Fortnightly Review* in 1876, reproduced in Bagehot (1915, 1–32), including:

[H]is lectures on Moral Philosophy...formed the once celebrated *Theory of Moral Sentiments*, which, though we should now think them rather pompous, were then much praised and much read. For a great part, indeed, of Adam Smith’s life they constituted his main title to reputation. *The Wealth of Nations* was not published till seventeen years later; he wrote nothing else of any importance in the interval, and it is now curious to find that when *The Wealth of Nations* was published, many good judges thought it not so good as *The Theory of Moral Sentiments*, and that the author himself was by no means certain they were not right.

The Theory of Moral Sentiments was, indeed, for many years, exceedingly praised. One sect of philosophers praised it, as it seems to me, because they were glad of a celebrated ally, and another because they were glad of a celebrated opponent: the first said, “See that so great an authority as Adam Smith concurs with us”; and the second replied, “But see how very weak his arguments are; if so able an arguer as Adam Smith can say so little for your doctrines, how destitute of argumentative grounds those doctrines must be”. Several works in the history of philosophy have had a similar fate. But a mere student of philosophy who cares for no sect, and wants only to know the truth, will nowadays, I think, find little to interest him in this celebrated book. In Adam Smith’s mind, as I have said before, it was part of a whole; he wanted to begin with the origin of the faculties of each man, and then build up that man—just as he wished to arrive at the origin of human society, and then build up society. His *Theory of Moral Sentiments* builds them all out of one source, sympathy, and in this way he has obtained praise from friends and enemies. His friends are the school of “moral sense” thinkers, because he is on their side, and believes in a special moral faculty, which he laboriously constructs from sympathy; his enemies are the Utilitarian school, who believe in no such special faculty, and who set themselves to show that his labour has been in vain, and that no such faculty has been so built up. One party says the book is good to gain authority for the conclusion, and the other that you may gain credit by refuting its arguments. For unquestionably its arguments are very weak, and attractive to refutation. If the intuitive school had had no better **grounds** than these, the Utilitarians would have vanquished them ages

since. There is a fundamental difficulty in **founding** morals on sympathy; an obvious confusion of two familiar sentiments. We often sympathise where we cannot approve, and approve where we cannot sympathise. The special vice of party spirit is that it effaces the distinction between the two; we sympathise with our party, till we approve its actions. There is a story of a Radical wit in the last century who was standing for Parliament, and his opponent, of course a Tory, objected that he was always against the king whether right or wrong, upon which the wit retorted that on his own showing the Tory was exposed to equal objection, since he was always for the king whether right or wrong. And so it will always be. Even the wisest party men more or less sympathise with the errors of their own side; they would be powerless if they did not do so; they would gain no influence if they were not of like passions with those near them. Adam Smith could not help being aware of this obvious objection; he was far too able a reasoner to elaborate a theory without foreseeing what would be said against it. But the way in which he tries to meet the objection only shows that the objection is invincible. He sets up a supplementary theory—a **little epicycle**—that the sympathy which is to test good morals must be the sympathy of an “impartial spectator”. But, then, who is to watch the watchman? Who is to say when the spectator is impartial, and when he is not? If he sympathises with one side, the other will always say that he is partial. As a moralist, the supposed spectator must warmly approve good actions and warmly disapprove bad actions; as an impartial person, he must never do either the one or the other. He is a fiction of inconsistent halves; if he sympathises he is not impartial, and if he is impartial he does not sympathise. The radical vice of the theory is shown by its requiring this accessory invention of a being both hot and cold, because the essence of the theory is to identify the passion which loves with the sentiment which approves. (Bagehot 1915, 11–13)

If it had not been for this odd consequence of *The Theory of Moral Sentiments* [viz., the Buccleuch engagement], he might have passed all his life in Scotland, delivering similar lectures and clothing very questionable theories in rather pompous words. . . . [T]he mere removal from his professorship was to him a gain of the first magnitude. It was of cardinal importance to him to be delivered from the production of incessant words and to be brought into contact with facts and the world. (ibid., 15–16)

At last, in 1776, *The Wealth of Nations* was published, and was, on the whole, well received. Dr. [Alexander] Carlyle, indeed, preserves an impression that, in point of style, it was inferior to *The Theory of Moral Sentiments*. But all competent readers were agreed as to the great value of the substance. And almost everybody will probably now think, in spite of Dr. Carlyle, that the style is very much better than that of the *Moral Sentiments*. There is about the latter a certain showiness and an ‘air of the professor trying to be fascinating,’ which are not

very agreeable; and, after all, there is a ponderous weight in the words which seems to bear down the rather flimsy matter. But the style of *The Wealth of Nations* is entirely plain and manly. (ibid., 23–24)

Leslie Stephen (1832–1904)

Leslie Stephen was an author, literary critic, and first editor of the *Dictionary of National Biography*. His *History of English Thought in the Eighteenth Century* (1876) had a large and lasting influence, and in it he addresses TMS:

Adam Smith's 'Theory of Moral Sentiments' appeared in 1759, and won a rapid popularity, though producing little conviction. The qualities of thought and style which afterwards caused the success of the 'Enquiry into the Wealth of Nations' are equally visible in its predecessor. Smith's ingenious and discursive intellect pours itself out in streams of diffuse eloquence, often brilliant with felicitous illustrations, and quick flashes of historical insight, and yet wide rather than deep, rather dexterous in new combinations than penetrating the essence of the subject, and, therefore, apt to disappoint us by a certain superficiality and flimsiness. Smith's ingenuity in tracing the working of the mechanism of human nature is so marked and so delightful to himself that he almost forgets to enquire into **the primary forces** which set it in action. He describes the mutual action and reaction of the passions with more fidelity than the passions themselves. Smith, in fact, is a thorough representative of that optimistic Deism which we have seen illustrated by Shaftesbury and Hutcheson. Hutcheson, Smith's predecessor in the chair of Moral Philosophy in Glasgow, was in this respect nearer to Smith than was Smith's friend and teacher, Hume. The characteristic difference appears in this, that Smith follows Hutcheson and departs from Hume in making the doctrine of final causes an essential part of his system. Although we have no longer that extraordinary complex machinery of primitive instincts which, according to Butler and Hutcheson, had been mysteriously implanted in our bosom as divinely appointed monitors, yet Smith constantly regards human nature as a mechanism skilfully contrived to carry out the divine purposes. He simplifies the construction with a view to a rational explanation; but the action of the artificer is still discernible. Superfluous wheels and pulleys have been removed, but the general conception remains.

His theology rests essentially upon the 'whatever is, is right' dogma. He believes in a 'great, benevolent, and all-wise Being,' who is determined by his own perfections to maintain in the universe at all times 'the greatest possible quantity of happiness.' (Stephen 1876, 70–71)

He [Smith] holds that the moral sentiments contribute blindly to promote the happiness of mankind. Our anger against evildoers falls in by an undesigned coincidence—undesigned, that is, so far as we are concerned—with the

general disposition of Providence to promote the greatest possible amount of happiness. But if not designed by us, it must have been designed by the Creator. The theory is, therefore, directed against a palpable weakness of the doctrine as generally expounded. It is easy to perceive that a dim perception of the utility of certain actions may have gradually generated moral sentiments which have no longer a conscious reference to the necessity which produced them. But until this distinction had been plainly drawn, it was a natural objection to the utilitarian theory that moral approval frequently did not involve any distinct recognition of the utility of actions. The instincts which had grown up by a complex process seemed, to observers still unable to place themselves at the historical point of view, to have something mysterious about them. Philosophers who talked not of concrete men, but of abstract human nature, assumed, or rather loudly asserted, to be the same in all times and places. They did not think of our instincts as slowly developed under the influence of a thousand modifying causes through long generations, but as suddenly springing into existence ready made. And to such observers it was natural that the conformity between our wants and our sentiments should appear to be the result of special contrivance, rather than of slow evolution. Smith, however, regards the moral sense described by Hutcheson as a superfluity, and as not properly explaining the phenomena. Our judgments of different vices and virtues vary too widely to be explained as the dictates of one sense; and it would be strange if an instinct so important and so peculiar should have been discovered for the first time within a few years, and not even have received a name. For this and other reasons, he rejects the theory of a specific moral faculty, and substitutes a theory of his own, which, however, seems to have gained few adherents.

In the place of Butler's conscience and Hutcheson's moral sense, Smith erects an internal monitor, who is the object of much eloquence, and who is generally described as the 'man,' or 'the demigod within the breast—the great judge and arbiter of conduct.' What, then, is this demigod? Whence his authority, and what his origin? The general reply is that he is formed by sympathy. God has given us the gift, though not in such perfection as might be desired, to see ourselves as others see us. We invent, as it were, an impartial spectator, and approve or disapprove of our conduct as we feel that another man would or would not sympathise with our actions. Or, to use an appropriate metaphor, we form a mirror from the opinions of other men, by supposing ourselves the spectators of our own behaviour. 'This is the only looking-glass by which we can in some measure, with the eyes of other people, scrutinise the propriety of our own conduct.' The theory becomes complex as it is worked out. We have to take into account not merely the primary but the secondary reflections; and, indeed, we must imagine two opposite mirrors, reflecting images in indefinite succession. We must consider A's sympathy for B, and then B's sympathy with A's sympathy, and then A's own sympathy with B's sympathy with A's sympathy for B, and we are finally rather puzzled to

discover **the ultimate basis** of the sympathy. From some points the doctrine seems to resolve itself into a regard for public opinion as embodied in the hypothetical ‘impartial spectators.’ But which sympathies are right and which wrong? Where is **the ultimate** criterion? Impartiality is, doubtless, an essential condition for a sound moral judgment, but can it be the only condition? The standard of morality seems to be too fluctuating to serve any intelligible purpose. We can understand the process by which, according to Smith, the ‘amiable virtues’ are generated by the spectator’s sympathy with the sufferer, and the ‘respectable virtues’ by the sufferer’s sympathy with the spectator’s sympathy, and consequent desire to restrain his emotions within moderate bounds. But how are these inconsistent demands to be regulated? How far should the spectator sympathise, and within what bounds should the sufferer restrain his demands for sympathy? The ‘man within the breast’ is not an incorruptible judge. He may be persuaded to make reports very different from what circumstances would authorise. Who, then, is to correct his judgments? Man, says Smith, has been constituted a judge of his brethren, and is thus the ‘vicegerent upon earth’ of his Creator. But he is only judge in the first instance. An appeal lies from him to the higher tribunal of conscience, or, what is identical, to that of the supposed well-informed and impartial spectator, to that of the ‘man within the breast, the great judge and arbiter of their’ (that is, mankind’s) ‘conduct.’ The jurisdiction of the ‘man without’ is founded in the desire of simple praise; that of the ‘man within’ in the desire of praiseworthiness. Does, then, the impartial spectator give a final judgment? No; for it seems that this demigod is partly of mortal, though partly of immortal extraction. His judgment is perverted by the clamour of the ‘man without.’ There lies, therefore, another appeal to a still higher tribunal—that of the ‘all-seeing Judge of the world,’ from whom perfect justice may be anticipated in another life, if not in this.

But how is the appeal to be made? Smith avoids all reference to supernatural revelation, and we must assume that the decisions of this final and absolute tribunal are to be sought in nature. But **on what principle they are to be discovered is nowhere apparent.** Smith asserts that, beyond the standard of conduct which is formed from the ordinary opinions of the world, there is a higher standard, slowly framed by the ‘demigod,’ and approximating indefinitely to the ‘archetype of perfection’ framed by the Divine artist—but we seek in vain for any **definite** account of its nature. The appeal is ultimately made to an inaccessible tribunal, or, in other words, **the standard of absolute morality seems to be hopelessly uncertain.** It is in heaven, not on earth, and heaven is shrouded in impenetrable mystery. Here, as elsewhere, Smith’s copious and rather unctuous eloquence enables him to glide over the real difficulty, quite unconscious of its existence. His ultimate analysis of the sources of approbation is given in his concluding account of ‘Systems of Moral Philosophy.’ First, he says, we sympathise with the motives of the agent; secondly, with the gratitude of those he has benefited; ‘thirdly, we observe

that his conduct has been agreeable to the general rules by which those two sympathies generally act; and, last of all, when we consider such actions as making a part of a system of behaviour which tends to promote the happiness either of the individual or of the society, they appear to derive a beauty from this utility, not unlike that which we ascribe to any well-contrived machine.’ And this he asserts to be a complete analysis of the sentiment.

The general laws of morality, then, are merely formulae expressive of the mode in which sympathy habitually acts, and are convenient standards of reference, but not **the ultimate foundation of morality**. Utility, again, occupies a strictly subordinate position. Smith rejects Hume’s explanation of our sentiments as **founded** upon it, because we praise a man for other reasons than those which lead us to praise ‘a chest of drawers ;’ and because the usefulness of any disposition is not the ‘first ground of our approbation.’ Utility acts chiefly as facilitating sympathy. We readily fall in with the sentiments which dictate an action plainly useful to mankind, and in this indirect fashion, the utility stimulates, though it does not cause, approbation. ‘Many an honest Englishman,’ he says, would have been more grieved by the loss of a guinea than by the loss of Minorca; and yet, had it been in his power, would have sacrificed his life a thousand times to defend the fortress. It is because he naturally sympathises with the nation to whom Minorca was of importance, though the utility to him personally may be infinitesimal. Smith, as before, is arguing against the hypothesis that each man acts from calculations of private interest, and does not consider that loyalty and patriotism may have been generated by their obvious utility, though, when developed, their origin passes out of sight.

The name of Adam Smith should be mentioned with high respect; but I think that the respect is due chiefly to his economical labours. It may be fully admitted that he shows great ingenuity, and great fertility of illustration, and that he calls attention to a fact which must be taken into account by the moralist. But it is impossible to resist the impression, whilst we read his fluent rhetoric, and observe his easy acceptance of theological principles already exposed by his master Hume, that we are not listening to a thinker really grappling with a difficult problem, so much as to an ambitious professor who has found an excellent opportunity for displaying his command of language, and making brilliant lectures. The whole tone savours of that complacent optimism of the time which retained theological phrases to round a paragraph, and to save the trouble of genuine thought. Smith’s main proposition was hardly original, though he has worked it out in detail, and it is rather **calculated to lead us dexterously round difficult questions than to supply us with a genuine answer.** (ibid., 73–77)

Stephen turns to political economy later, and says the following:

Here, too, we come upon the main speculative defect of the ‘Wealth of

Nations.' We are sensible, after reading his always lucid and ingenious, and often most acute, though rather too discursive enquiries, that there is something wanting. **The arguments are not properly clenched. The complexity of Smith's enquiries has prevented him from drawing them to a focus.** Price, he tells us, is fixed by supply and demand; supply and demand act through the 'higgling of the market;' the buyer wants things cheap, and the seller wishes them to be dear; and so at last an agreement is struck out. But, if we go a little further, if we ask what general causes determine the precise rate of exchange, how it happens that a certain weight of yellow metal exchanges for a certain bulk of the seeds of a vegetable, we can get no **definite** answer, though here and there are glimpses of an answer. There is a whole side of the question which is left in **obscurity**. Roughly speaking we may say that Smith's conclusions are satisfactory if we assume that a certain social equilibrium has been somehow established, and seek to trace the process by which slight disturbances are propagated from one part to another. But to the further questions, what are the forces which are thus balanced? what is the true nature of the blind struggle which rages around us? and what are the **ultimate barriers** by which its issues are confined? we get a rather cursory and perfunctory answer. The difficulty is analogous to that which meets us in the 'Moral Sentiments.' We there follow the play of sympathy till we are perplexed by the intricacy of the results, but **we do not perceive what is the ultimate ground which determines the limits and the efficacy of sympathy.** And here, after tracing hither and thither the complex actions and reactions of supply and demand, we somehow feel that we have gone over all the ropes and pulleys by which force is transmitted, but have not fairly come in sight of the weights **by which the force is originated.** (Stephen 1876, 325–326)

Henry Sidgwick (1838–1900)

Henry Sidgwick was a utilitarian ethical philosopher and economist, who studied at Cambridge University, became professor there, and wrote several major books on ethics, political philosophy, political economy, and philosophy of science. The following selections come from *Outlines of the History of Ethics for English Readers* (4th ed., 1896):

Adam Smith, like Hume, regards sympathy as the **ultimate** element into which moral sentiments may be analysed... (Sidgwick 1896, 213)

Again, the report of the 'man within the breast' is liable to be perverted from truth by the internal influence of passion and self-regard, as well as by the opinions of the 'man without.' But against such self-deceit a valuable remedy has been provided by Nature in the 'general rules of morality'; which are not to be regarded as original intuitions, but as 'ultimately **founded** upon experience

of what, in particular instances, our moral faculties, our natural sense of merit and propriety, approve or disapprove of.' Regard for these general rules is what is properly called a sense of duty; and without this regard 'there is no man whose conduct can be much depended upon,' owing to 'the inequalities of humour to which all men are subject.' Adam Smith, indeed, goes so far as to say that this regard for general rules 'is the only principle by which the bulk of mankind are capable of directing their actions'; but it is somewhat difficult to reconcile this with his general theory; —especially as, in the case of most virtues, the general rules are said to be 'in many respects so loose and inaccurate,' that our conduct should rather be directed 'by a certain taste' than by precise maxims. The rules of Justice, however, he holds to be 'accurate in the highest degree,' so that they 'determine with the greatest exactness any external action which it requires.' He further takes care to assure us that the general rules of morality are 'justly to be regarded as the laws of the Deity,' and that the voice of 'the man within the breast, the supposed impartial spectator,' if we listen to it with 'diligent and reverential attention,' will 'never deceive us': but it can hardly be said that his theory affords **any cogent arguments** for these conclusions.

The theories of Hume and Adam Smith taken together anticipate, to an important extent, the explanations of the origin of moral sentiments which have been more recently current in the utilitarian school. But both of them err in underrating the complexity of the moral sentiments, and in not recognising that, however these sentiments may have originated, they are now, as introspectively examined, different from mere sympathy with the feelings and impulses of others; they are compounds that cannot be directly analysed into the simple element of sympathy, however complicated and combined. In these respects both Hume's and Adam Smith's methods of explanation compare unfavourably with that of [David] Hartley, whose *Observations on Man* (1749) come in time before Hume's *Inquiry*. (ibid., 217–218)

On the whole we must say that, though Hartley is obviously in earnest in his attempt to determine the rule of life, the systematic vigour which still gives an interest to his psychology, in spite of its defects of style and treatment, is not applied by him to the question of the criterion or standard of right conduct; on this point his exposition is blurred by a vague and shallow optimism that prevents him from facing the difficulties of the problem. A somewhat similar inferiority has been noted in Adam Smith's work, when he passes from psychological analysis to ethical **construction**. It would seem that the intellectual energy of this period of English ethical thought had a general tendency to take a psychological rather than a **strictly** ethical turn. In Hume's case, indeed, the absorption of ethics into psychology is sometimes so complete as to lead him to a confusing use of language; thus in one or two passages he insists with apparent emphasis on the 'reality of moral distinctions'; but a closer examination shows that he means no more by this

than the real existence of the likes and dislikes that human beings feel for each other's qualities. (ibid., 222–223)

James Anson Farrer (1849–1925)

Barrister and writer James Anson Farrer published a too-forgotten book on TMS (Farrer 1881), for a series on English philosophers. He presents background and many of the main ideas in TMS, quoting amply. The final chapter “Review of the Principal Criticisms of Adam Smith’s Theory” runs to 30 pages in length. He draws from Stewart, Mackintosh and especially Jouffroy and Brown, interlacing the criticisms with suggestions on how Smith might have responded. At the end, he signals a turn to his own voice and judgment, from which I quote:

It is difficult to read Adam Smith’s account of the identification of sympathy and approbation, without feeling that throughout his argument there is an unconscious play upon words, and that an equivocal use of the word “sympathy” lends all its speciousness to the theory he expounds... In the one case a mere state of feeling is intended, in the other a judgment of reason... To say that we approve of another person’s sentiments when we sympathize with them is, therefore, nothing more than saying that we approve of them when we approve of them—a **purely tautological proposition**.

It cannot therefore be said that Adam Smith’s attempt to trace the feeling of moral approbation to emotions of sympathy is altogether successful, incontestable as is the truth of his application of it to many of the phenomena of life and conduct. Yet although sympathy is not the only factor in moral approbation, it is one that enters very widely into the growth of our moral perceptions. It plays, for instance, an important part in evolving in us that sense of right and wrong which is generally known as Conscience or the Moral Faculty. It is one of the elements, just as self-love is another, in that ever-forming chain of association which goes to distinguish one set of actions as good from another set of actions as bad. (Farrer 1881, 196–197)

Although any action that hurts another person may so affect our natural sympathy as to give rise to the feeling of disapprobation involved in sympathetic resentment, and although an action that is injurious to ourselves may also be regarded with similar feelings of dislike, the constant pressure of authority, exercised as it is by domestic education, by government, by law, and by punishment, must first be brought to bear on such actions before the feeling of *moral* disapprobation can arise with regard to them. The association of the pain of punishment with certain actions, and the association of the absence of such pain (a negative pleasure) with certain others, enforces the natural dictates of our sympathetic or selfish emotions, and impresses on them the character of morality, of obligation, and of duty. The association is so

close and constant, that in course of time the feeling of the approbation or disapprobation of certain actions becomes perfectly independent of the various means, necessary at first to enforce or to prevent them; just as in many other cases our likes and dislikes become free of the associations which first permanently fixed them.

In this way the feeling of moral approbation is seen to be the product of time and slow growth of circumstance, a phenomenon to which both reason and sentiment contribute in equal shares in accordance with the laws that condition their development. Moral approbation is no more given instantaneously by sympathy than it is given instantaneously by a moral sense. Sympathy is merely one of the conditions under which it is evolved, one of the feelings which assist in its formation. It is indeed the feeling on which, more than on any other, the moral agencies existing in the world build up and confirm the notions of right and wrong; but it does of itself nothing more than translate feelings from one mind to another, and unless there is a pre-existent moral element in the feeling so translated, the actual passage will not give rise to it. Sympathy enables one man's fear, resentment, or gratitude to become another man's fear, resentment, or gratitude; but the feeling of moral approbation which attends emotions so diffused, arises from reference to ideas otherwise derived than from a purely involuntary sympathy — from reference, that is, to a standard set up by custom and opinion. A child told for the first time of a murder might so far enter by sympathy into the resentment of the victim as to feel indignation prompting him to vengeance; but his idea of the murder itself as a wrong and wicked act — his idea of it as a deed morally worse than the slaughter of a sheep by a butcher, would only arise as the result of the various forces of education, availing themselves of the original law of sympathy, by which an act disagreeable to ourselves seems disagreeable in its application to others. And what is true in this case, the extreme form of moral disapprobation, is no less true in all the minor cases, in which approbation or the contrary is felt.

The feeling of moral approbation is therefore much more complex than it is in Adam Smith's theory. Above all things it is **one and indivisible**, and it is impossible to distinguish our moral judgments of ourselves from our judgments of others. There is an obvious inconsistency in saying that we can only judge of other people's sentiments and actions by reference to our own power to sympathize with them, and yet that we can only judge of our own by reference to the same power in them. The moral standard cannot primarily exist in ourselves, and yet, at the same time, be only derivable from without. If by the hypothesis moral feelings relating to ourselves only exist by prior reference to the feelings of others, how can we at the same time form any moral judgment of the feelings of others by reference to any feelings of our own?

But although the two sides of moral feeling are thus really indistinguishable, the feeling of self-approbation or the contrary may indeed be so

much stronger than our feeling of approval or disapproval of others as to justify the application to it of such terms as Conscience, Shame, Remorse. The difference of feeling, however, is only one of degree, and in either case, whether our own conduct or that of others is under review, the moral feeling that arises is due to the force of education and opinion acting upon the various emotions of our nature. For instance, a Mohammedan woman seen without a veil would have the same feeling of remorse or of moral disapprobation with regard to herself that she would have with regard to any other woman whom she might see in the same condition, though of course in a less strong degree. In either case her feeling would be a result of all the complex surroundings of her life, which is meant by education in its broadest sense. Sympathy itself would be insufficient to explain the feeling, though it might help to explain how it was developed. All that sympathy could do would be to extend the dread of punishment associated by the woman herself with a breach of the law, to all women who might offend in a similar way; the original feeling of the immorality of exposure being accountable for in no other way than by its association with punishment, ordained by civil or religious law, or by social custom, and enforced by the discipline of early home life. It is obvious that the same explanation applies to all cases in which moral disapprobation is felt, and conversely to all cases in which the sentiment of moral approbation arises. (ibid., 198–201)

Hector C. Macpherson (1851–1924)

A Scot, H. C. Macpherson was a Spencerian and a prolific writer and journalist. His little book on Smith is instructive and affectionate, apart from some remarks about TMS:

Smith set himself to show the complex phenomena of the moral life is reducible to Sympathy. Sympathy, with him, is the **ultimate** root of ethical judgments.

Detailed criticism of the Theory of Moral Sentiments would carry us too far afield. As a literary production it holds a high place, but its philosophic value is slight. Little reflection is needed to see that Sympathy, **upon which Smith rests his whole ethical system**, has not the oneness and simplicity he imagined... Smith's mistake in imagining Sympathy was a simple instead of a complex feeling, and had universality enough and coercive power enough **to be the basis** of morality, rose out of a conception of human nature peculiar to all the eighteenth-century thinkers. It was assumed that man was everywhere the same, that at all times and in all countries he possessed nearly the same general ideas, and was regulated by much the same class of motives... The *Theory of Moral Sentiments* is dead, because it was the representative of a metaphysical method, which in result was almost as sterile as the scholasticism which it displaced. (Macpherson 1899, 38–40)

Simon Patten (1852–1922)

Simon Patten was a professor at the Wharton School of the University of Pennsylvania from 1888 until 1917, when his anti-war views precipitated his retirement. A strong protectionist and founder of the American Economic Association and the American Academy of Political and Social Science, he was associated with the social gospel movement, eugenics, progressivism, and the German historical school of economics (Leonard 2016, 118–119; Coats 2008). The following passage comes from *The Development of English Thought: A Study in the Economic Interpretation of History* (1899).

To-day we see more clearly than Smith did that unguided sympathy is often immoral. Modern charity furnishes a good example of how sympathy may promote more evils than it checks. A feeling that needs the intellect to guide it aright cannot of itself be the force which gives an intellectual process its sanction. We must, therefore, seek the sanction of morality in an older and more fundamental feeling. Pain gives rise to two kinds of feeling. Either a desire to approach and destroy the cause of pain which is called wrath, or else a shrinking from it which is called fear. The first of these feelings is the source of morality. (Patten 1899, 268–269)

James Bonar (1852–1941)

James Bonar, a Scot, though employed as examiner in the Scottish civil service, was a philosophical economist, historian of thought (especially on Malthus), prodigious contributor to Palgrave's *Dictionary of Political Economy* and reviewer for *Economic Journal*, important player in what became the Royal Economic Society, and cataloguer of Adam Smith's library (Shirras 1941). He inclined toward Immanuel Kant and Thomas Hill Green. His book *Moral Sense* (1930) treats TMS at length.

He [Smith] **did not show warrant for all he put in**. This may help to explain why, with its striking merits, his *Moral Sentiments* made no new beginning in moral philosophy. In Economics we have been sometimes told to go 'back to Adam Smith'; the cry has not been raised in Ethics... [Jeremy] Bentham's system was as destitute as Adam Smith's of a **metaphysical basis** such as Kant's. (Bonar 1930, 228)¹⁵

A theory drawn up in all seriousness by Adam Smith and found adequate by Edmund Burke cannot be treated lightly as obviously futile. Times, men, and

15. For more from Bonar on Kant, and in relation to Smith, see Bonar 1930, 246–257.

philosophies, however, have changed much; they were changing then; and there are features in the theory of which the weakness is more evident to plain folk now than to the acutest critics in those days. (ibid., 231–232)

In another work, *The Tables Turned* (Bonar 1931), Bonar offers a dialogue between a “Victorian,” resembling himself, and Adam Smith. I reproduce the concluding lines, laid out as there (Bonar 1931, 50–51):

Victorian

You mean, Sir, that a fine style is of no account in the eye of pure reason, *sub specie aeternitatis*. For all that, it is a great comfort to us here in the Wilderness, and we are glad to have it in your *Moral Sentiments*.

Adam Smith

Observe that there is less of it in the *Wealth of Nations*, to the latter’s advantage, if a man can judge his own books.

Victorian

That same test of Reason, Sir, would hold not only for your compositions, which stand the test well, but for all your library, parts of which would stand it indifferently. The books in your library, say the minor French classics or no classics, would not all appeal to our reason now. When some soul of reason lay in them, you were the man discerningly to distil it out.

Adam Smith

What I have read I have read, including much that both worlds will quite willingly let die. I add again: what I have written I have written, with same saving clause.

Here Bonar seems to suggest that Smith himself regarded WN as a superior work to TMS. Such suggestion directly contradicts the testimony of Romilly in his letter of 1790, quoted earlier.

Richard T. Ely (1854–1943)

Richard T. Ely was a progressive economist and founder and first secretary of the American Economic Association, and also founder and first secretary of the

Christian Social Union. He was professor at the University of Wisconsin from 1892 to 1925, and then at Northwestern until 1933. He was prolific as an economist and popularizer of his policy views. For an anthology that reproduced some text from Smith, Ely contributed a short essay on Smith, from which I draw the following:

The ‘Theory of Moral Sentiments,’ it has been maintained, would have achieved renown for its author, and a place for him in literature, had it been presented to the world simply as a collection of essays on the topics with which it deals; viz., the ‘Propriety and Impropriety of Actions,’ their ‘Merit and Demerit,’ ‘Virtue,’ ‘Justice,’ ‘Duty,’ etc. The essays are finely written, full of subtle analysis and truthful illustration. The book is least significant, however, as philosophy, because it **lacks any profound examination of the foundation** upon which the author’s views rest. (Ely 1902, 13521)

William R. Scott (1868–1940)

William R. Scott taught at St. Andrews from 1896 to 1915, published a study of Francis Hutcheson (Scott 1900), and moved to Glasgow to become the Adam Smith Professor of Political Economy, 1915–1940, publishing an important work on Smith’s life (Scott 1937). The following is from a 1923 address on Smith to the British Academy:

Certainly when he [Smith] came to write his *Theory of Moral Sentiments* he displayed no deep philosophical acumen. That book has its own place in the development of British Ethics, and it shows the kindly heart of the man, but its greatest importance consists in aiding us to understand some obscure parts of Smith’s growth as an Economist. (Scott 1923, 438–439)

It was the weakness of Smith’s Ethics that he attributed to others the high degree of imaginative power which he himself possessed. (ibid., 444)

Harold Laski (1893–1950)

Harold Laski, a Fabian socialist, was a prolific economist, political theorist, author, and lecturer, and professor at the London School of Economics from 1926 to 1950. He served as chairman of the British Labour Party. In *Political Thought in England: From Locke to Bentham*, he wrote that TMS was “written with sufficient power of style to obscure its inner poverty of thought” (Laski 1920, 291).

Arthur N. Prior (1914–1969)

Arthur Prior grew up in New Zealand and their studied under John N.

Findley. He went on to be professor in New Zealand and England and write works on logic, ethics, time, and language. The following comes from his first book *Logic and the Basis of Ethics* (1949), in which at the outset he expresses his especially high regard for G. E. Moore, a chapter of Reid (1788), and the reason-slave-to-the-passions section and the *is/ought* section of Hume's *Treatise* (Prior 1949, x).

Smith...distinguishes not only between 'what are' and 'what, upon a certain condition, would be' the judgement of others (the 'condition' being perfect knowledge of our motives and circumstances), but also between the latter and 'what, we imagine, ought to be the judgment of others'. 'What, we imagine, ought to be the judgment of others' is, of course, simply what ours would be if we were in their place. Every man is endowed 'not only with a desire of being approved of, but with a desire of being what ought to be approved; *or of being what he himself approves of in other men*' (italics mine [Prior's]).

Smith's final word, even here, thus directs us to his undisguisedly subjective notion of 'propriety'... (Prior 1949, 91)

In a footnote I explain why I am dissatisfied with Prior's treatment of Smith's words.¹⁶

16. Prior has here used words from TMS at 110.2 and 117.7. Regarding his handling of the words from 110.2, I have only a minor dissatisfaction: I think where Prior clarifies the "condition" as being one of "perfect knowledge" he would have done better to say *better* knowledge, as "perfect knowledge" opens up the possibility of allowing us to interpret the condition as being the one that would be tantamount to the unfathomable condition presupposed by *ought*, which Smith probably does not mean since, as Prior assumes, he seems to mean to distinguish the cases (I say "probably" and "seems" because, actually, whether Smith means to distinguish *those two* cases is somewhat tricky, as the passage reads "either... or... or..." (TMS, 110.2)). But my chief dissatisfaction is with Prior's handling of the words from TMS 117.7, which come immediately before Prior's "(italics mine)" in the quotation. Prior is here claiming that Smith maintains a sameness of the following two things: (1) a desire on Jim's part of "being what he himself approves of in other men," and (2) a desire on Jim's part of "being what ought to be approved of." Against Prior's claim of Smith holding the sameness of those two things, I make three points. First, there is much in TMS, ignored by Prior, that clearly shows or implies that Smith rejects a necessary sameness of, or even coincidence between, (1) and (2). Second, had Smith simply inserted "he imagines" (to use the verb "imagine" as at 110.2) or "he feels" or "he thinks," making it, instead, "desire of being what he imagines ought to be approved of," the added prolixity would explicitly block Prior's inference from the text; must we go around saying "I imagine" or "I think" every time we say "ought"?; after all, Smith is there speaking of Jim's *desire*, so it seems especially natural to see the tacit presence of "he imagines" or "he thinks." Third, Prior treats the "or" preceding "of being what he himself approves of in other men" as clearly meaning "or in other words," when, as is often the case with the word *or*, there is an ambiguity between interpreting *or* as "or in other words" and "or rather" (as in 'his eyes were green or blue'). If you read the "or" as meaning the latter, then that too, by itself, would be sufficient to block Prior's inference from the text.

Circa 1800

Arthur Prior noted one aspect of major changes circa 1800 when he wrote that Paley's "*Moral and Political Philosophy* first appeared a few years after Bentham's *Principles of Morals and Legislation*; but Paley crystallized the theological Utilitarianism of the preceding period, while Bentham's secular Utilitarianism caught the ear of the age which followed it" (Prior 1949, 103–104).

Some readers of the present article would allow the notion that Smith was one of the greatest thinkers of his age, perhaps the greatest. The notion gives us cause to reflect on the fact that Smith thought TMS a much superior work to WN (Romilly 1840, 404), and yet that TMS found no exponents after 1790 and was so long neglected. Thus we have the worthy explanandum: The greatest thinker's greatest work quickly falling out of favor and being so long forsaken. What explanation could we give?

To generate an explanation, we would need to interpret at least 250 years of human experience, but particularly changes circa 1800. What relevant changes or shifts could have occurred near that date? Here I provide some material from two works, more quotations, which might be pertinent: With what follows I mean to be submitting further material to figure into a historical theory, more perhaps as additional explananda, rather than as explanation. That is, perhaps we should seek a historical theory that explains not only our TMS-specific explanandum, but also the following material, which comes from J. G. A. Pocock and Arthur Melzer.

The first work is Pocock's *Virtue, Commerce, and History: Essays on Political Thought and History, Chiefly in the Eighteenth Century* (1985). He writes:

But the defense of commercial society, no less than the vindication of classical virtue, was carried out with the weapons of humanism. The eighteenth century presents us with a legal humanism, or humanist jurisprudence, whose roots were in [Donald R.] Kelley's 'civil science of the Renaissance,' being employed against the civic humanism of the classical republicans in a way hard to parallel in the sixteenth century. The effect was to construct a liberalism which made the state's authority guarantee the liberty of the individual's social behavior, but had no intention whatever of impoverishing that behavior by confining it to the rigorous assertion of ego-centered individual rights. On the contrary, down at least to the end of the 1780s, it was the world of ancient politics which could be made to seem rigid and austere, impoverished because underspecialized; and the new world of the social and sentimental, the commercial and cultural, was made to proliferate with alternatives to ancient *virtus* and *libertas*, largely in consequence of the jurists' fascination with the universe of *res*. Now, at last, a right to things became a way to the practice of virtue, so long as virtue could be defined as the practice and refinement of

manners. A commercial humanism had been not unsuccessfully constructed.

About 1789, a wedge was driven through this burgeoning universe, and rather suddenly we begin to hear denunciations of commerce as found upon soullessly rational calculation and the cold, mechanical philosophy of [Francis] Bacon, Hobbes, Locke, and [Isaac] Newton. How this reversal of strategies came about is not at present well understood. It may have to do with the rise of an administrative ideology, in which [Nicolas de] Condorcet, Hartley, and Bentham tried to erect a science of legislation on a foundation of highly reductionist assumptions. But that is another chapter in the history of both jurisprudence and humanism... (Pocock 1985, 50)

In the same work, Pocock writes:

I suggest that we cannot understand the vindication of commercial society unless we understand the grounds on which it was assailed and acknowledge the attack's continuous validity. This obliges us to take a route which leads through [Bernard] Mandeville and Hume to Ferguson and Smith, and to encounter classical economics at the end of it, after long debate between virtue and commerce, virtue and corruption, virtue and passion... But if classical economics emerged in this way, if the last of the civic humanists was the first of the Scottish economists, if the quarrel of the ancients and moderns furnished the context in which the developing understanding of market relations took on problematic meaning, then the classical economics seem rapidly to have hardened into a paradigm which operated to deny the ambivalent historicism of late Whig culture. Bentham and the elder Mill, as well as [John Ramsay] McCulloch and [David] Ricardo, would seem to have much to do with this, and we are left trying to see how their thought emerged in history. The space from Smith to Ricardo is replete with problems and possibilities. (Pocock 1985, 123)

Secondly I point to Melzer's *Philosophy Between the Lines: The Lost History of Esoteric Writing* (2014). Melzer maintains, soundly I think, the following three historical claims: (1) up to sometime in the 18th century it was common knowledge that most great writers wrote esoterically, (2) in the 18th century there was much lively discourse *about* esotericism, and (3) from about 1800 esotericism declined sharply as practice, and, moreover, people would soon neglect or forget how much it had been practiced. To illustrate, Melzer says that Johann Wolfgang von Goethe wrote in an 1811 letter "of an act of forgetting taking place before his eyes" (Melzer 2014, xii). Goethe writes: "I have always considered it an evil, indeed a disaster which, in the second half of the previous century, gained more and more ground that one no longer drew a distinction between exoteric and esoteric."¹⁷ Melzer

17. Melzer (2014, vii) cites Goethe's correspondence (1988, 3, 168) and credits Werner J. Dannhauser for

elaborates on changes circa 1800:

[Esotericism] *became* unknown in the course of the nineteenth century (as Goethe was reporting). But how does a whole culture suddenly lose awareness of a practice that was, until relatively recently, so widespread, so openly discussed, so long enduring, so crucially important, and so thoroughly documented in the historical record? It is not easy to think of a comparable episode of philosophical forgetting, of intellectual expungement. Mustn't powerful cultural forces of some kind be at work here? (Melzer 2014, 96)

Final remarks

As noted earlier, before putting out a new edition of *Essays on the Principles of Morality and Natural Religion* inserting criticism of TMS, Lord Kames first shared the drafted insertion with Smith. In reply, Smith assured Kames that “Nothing can be more perfectly friendly and polite.” Smith added: “I am no doubt extremely sorry to find myself of a different opinion both from so able a judge of the subject and from so old and so good a friend. But differences of this kind are unavoidable; and besides, *partium contentionebus respublica crescit*” (*Corr.*, 234). I asked an instructor in Latin to translate *partium contentionebus respublica crescit*, and he suggested: “The republic grows by the struggles of factions.” Perhaps Smith is candidly acknowledging to Kames, his former patron, who by then had taken considerably to Reid, that afoot was the forming of intellectual parties divided over the issues treated and jostling over university curricula, appointments, and favorable opinion (see for example the Millar letter quoted above).

It is likely that Smith saw that his way in moral theorizing was losing ground. But nonetheless, with Ed. 6, he only took it to new depths. It would take some 200 years after the private exchange with Kames for his way to once again have more than sparse appeal. From about 1980 a growing number of readers stopped holding TMS's not being foundationalist and not being demarcationist against it.

Poor Richard often repeated the proverb: “An empty bag cannot stand upright” ([link](#)).¹⁸ It seems to me that some of the critics of TMS insist on a box-like circumscription that stands upright by itself. Maybe TMS is telling us that moral theorizing entails circumscriptions that only gain intelligibility and practicability in conjunction with things circumscribed, that moral theory is ineluctably more like a bag, and it gains intelligibility in relation to the things in the bag, things which include bags of things. Principal among the things are what Smith calls “particular

the translation of the quoted passage.

18. Benjamin Franklin, by the way, was a friend of David Hume.

instances” of interpretation, judgment, and conduct (TMS 159.8, 187.2); the pages of Smith’s works, letters, and lecture notes are loaded with such instances; they make the bag stand upright.

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Foreword to Republication of “The Educational Benefits of Obscurity: Pedagogical Esotericism”

Daniel B. Klein¹

“The poor man’s son, whom heaven in its anger has visited with ambition...”

So opens Adam Smith’s parable of the poor man’s son, consisting of three paragraphs (TMS, 181–185), the first the longest paragraph in *The Theory of Moral Sentiments*. Ask a group of Smith scholars what the underlying message is, and you are apt to get a variety of answers. Did Smith fail to make himself clear? One common interpretation of the parable has fed into what German authors spoke of as *Das Adam Smith Problem* (see Tribe 2008).

But perhaps Smith brewed conundrum. *The Theory of Moral Sentiments* was first published in 1759, and Smith published the sixth and final edition in 1790. Yet in *The Wealth of Nations*, published 1776, the word “sympathy” *never appears*, “sentiment” appears only twice, and likewise “spectator” (near the very beginning and the very end). Was it deliberate?

The closing words of the parable of the poor man’s son—“and the beggar, who suns himself by the side of the highway, possesses that security which kings are fighting for”—still inspire fresh commentary (e.g., Martin 2014; Matson and Doran 2017). Is there significance in the fact that the parable appears extremely close to the exact center of the final, 1790 edition?

The parable of the poor man’s son is an example of what Arthur Melzer calls “pedagogical esotericism,” in his landmark work *Philosophy Between the Lines: The Lost History of Esoteric Writing* (University of Chicago Press 2014; paperback 2017). Beyond the more obvious interpretation of the author’s meaning—the exoteric message—there is a less obvious interpretation, an esoteric message, one the reader has to work for.

Pedagogical esotericism is one of four purposes or motives to esotericism. The other three Melzer terms defensive, protective, and political. Among the four,

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pedagogical esotericism is somewhat special in that it necessitates, not only that the exoteric message is not to be taken at face value and as all there is to it, but, further, that there is a substantive esoteric message. All four categories can accommodate that, but only pedagogical necessitates it.

One chapter of *Philosophy Between the Lines* provides a wonderful guide to techniques and devices used in esoteric writing, a chapter that was republished in 2015 in *Econ Journal Watch* ([link](#)), along with a podcast interview of Melzer ([link](#)).

And Melzer's book achieves so much more. It establishes important historical claims, including: (1) up to sometime in the 18th century it was commonly known that most great writers wrote esoterically, (2) in the 18th century there was much lively discourse *about* esotericism, and (3) from about 1800 esotericism declined sharply as practice, and, moreover, people would soon neglect or forget how much it had been practiced in the past. Melzer's book richly explores the culture and psychology surrounding esotericism and antipathy to esotericism. The book provides an introduction to Leo Strauss, and also resources for separating esotericism from Strauss's wider view of things.

We are proud to republish this chapter on pedagogical esotericism (Chapter Seven), and grateful to Professor Melzer and the University of Chicago Press for permission. Professor Melzer has taken the opportunity of this republication to make one revision, that being the promotion of some text from note 21 to the main text, along with the movement of other text from note 21 into a new note 22, which required renumbering of the subsequent notes. The two lettered footnotes are ours; the numbered footnotes are Melzer's endnotes. Instead of completing the citation information in those notes that refer to material cited earlier in the book, the notes are left as-is, and a complete References section has been appended.

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The Educational Benefits of Obscurity: Pedagogical Esotericism^a

Arthur M. Melzer^b

[LINK TO ABSTRACT](#)

The words of the wise and their riddles.

—Proverbs 1:6

Of the four motives for philosophical esotericism, the pedagogical is the most genuinely philosophical. The other forms seek the avoidance of persecution, the prevention of subversion, and the promotion of political change. These are all worthy things that philosophers may pursue, but they are not philosophy. The purpose of pedagogical esotericism, by contrast, more directly concerns philosophy itself: the transmission of philosophical understanding. In this sense, it is esotericism's purest form.

Its essential premise is this: one must embrace obscurity (of the right kind) as something essential to effective philosophical communication. Naturally, this seems counterintuitive, not to say twisted and perverse. In addition, it involves the celebration of obscurity as a positive good—unlike the other forms that merely embrace it as a necessary evil.

For these reasons, pedagogical esotericism, while the purest form, is also the strangest. It is the one we find the most difficult to understand—and to stomach. But it is possible, if we reflect for a moment, to view it in an opposite manner.

If it is indeed the case that the practice of esoteric writing is a genuine and widespread historical phenomenon, that is largely bad news for scholars. It means a lot more work. It would be easier to accept this vexing fact, however, if there were also something good and attractive about this practice. And that is precisely what pedagogical esotericism—and it alone—promises. It claims that esoteric obscurity

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is not just an ugly obstacle to understanding, as we have been assuming up until now, but rather something engaging, even charming, and at any rate good for us—an important aid to our philosophical development. Thus, with its strange, positive promises (if borne out), pedagogical esotericism can make it easier for us to come to terms with the fact of esotericism and—who knows—perhaps even come to like it.

Stranger things have happened. Take the case of Alexander Herzen, the great nineteenth-century Russian writer and revolutionary. He knew at first hand the evils of czarist censorship, having been arrested several times, and he knew the difficult constraints of “Aesopian language.” He dedicated his life to the struggle for liberty in every form, above all freedom of the press. Still, as a writer, he also had a fine sensitivity to matters of rhetoric and persuasion, which led him to the following observations *in praise* of esoteric writing:

censorship is highly conducive to progress in the mastery of style and in the ability to restrain one’s words. . . . In allegorical discourse there is perceptible excitement and struggle: this discourse is more impassioned than any straight exposition. The word implied has greater force beneath its veil and is always transparent to those who care to understand. A thought which is checked has greater meaning concentrated in it—it has a sharper edge; to speak in such a way that the thought is plain yet remains to be put into words by the reader himself is the best persuasion. Implication increases the power of language.¹

Make no mistake, Herzen—who eventually emigrated to London where he founded the Free Russian Press—hated censorship with a passion fueled by bitter experience. But, impressively, he did not allow his hatred and personal suffering to prevent him from also recognizing—indeed, even coming to like—the many literary and rhetorical advantages of an esoteric style. He emphatically saw the positive side of obscurity.² We must strive, in the face of our own loathings, to

1. Quoted by Loseff, *On the Beneficence*, 11. Consider also this account by Lidia Vianu in her *Censorship in Romania*:

Censorship brought one good thing to literature: as Paul Valéry used to say, any obstacle in front of creation is a true sun. Not being able to say what you think was an excellent school of poetic indirectness, creating its devious writers and its eager readers who were always ready to probe between the lines. The conspiracy of writer-reader was a marvel of obliqueness and dissent at the same time. (x)

2. This is not to deny that he also celebrated the advantages of press freedom. As he remarks in his memoirs:

Two or three months later, Ogarev passed through Novgorod. He brought me Feuerbach’s *Essence Of Christianity* [an openly atheist and secularizing work]; after reading the first pages I leapt up with joy. Down with the trappings of masquerade; away with the stammering allegory! We are free men and not the slaves of Xanthos [Aesop’s master]; there is no need for us to wrap the truth in myth. (*My Past and Thoughts*, 2:407)

approach the phenomenon in a similar spirit.

In the end, however, should we still incline to doubt the purported benefits of pedagogical esotericism, it is important to remind ourselves once again that the decisive issue for present purposes is not whether we ourselves find the pedagogical argument persuasive, or even whether it is true, but only whether the writers of previous ages believed it and acted upon it. And about that, as I hope to show, there can be little doubt.

The modern ethic of literalness and clarity

In view of the strangeness of this older view and our deep resistance to it, let us begin by stating openly our current instincts on this subject. That is easily done: we find obscurity hateful. To be sure, there are fields so inherently difficult and counterintuitive that a fair amount of obscurity is unavoidable—as in contemporary physics. The thing we hate is *voluntary* obscurity. In almost all such cases, the source of unclarity is a desire to appear wiser than one is, to surround oneself with a cultish air of mystery or profundity, and to shelter oneself from criticism. Voluntary obscurity arises from vanity or insecurity at best, charlatantry at worst. Obviously, then, all decent and serious thinkers will strive to speak as precisely, openly, and directly as possible. They will say exactly what they mean. There is simply no valid argument for anything else.

That is what we want to say, especially we in the Anglo-American world, where philosophy is viewed as something that is—or at least ought to be—an exact and rigorous matter that should not stoop to “rhetoric,” ambiguity, or multivocal speech of any kind. We proudly stand by an ethic of literalness and clarity.

Yet as obvious and normal as this attitude may seem to us, historically speaking it is quite rare. As soon as one ventures beyond the narrow shores of our modern world—whether one looks to the ancient Greeks and Romans or to the Bible and the Koran or to the traditional societies of the East, of Africa, and of Native America—virtually everywhere one finds the same thing: “The words of the wise and their riddles.” It is the characteristic way of the wise to speak indirectly, to talk in figures, proverbs, and puzzles. All the sages of premodern cultures seem to share a belief in the ineffectiveness of open statements, the superficiality of direct communication. Wisdom, it seems, would not be so rare and difficult a thing if it could simply be “told” by one person to another.

We are aware of this view, of course, but dismiss it as primitive, irrational, or superstitious. But is it? Even the philosophers of the past rarely attempted to write in the precise and methodical way that, to us, seems so obviously necessary. They seem to have held to a more complex view of education and communication

than we do, granting a crucial role to the full range of human modes of expression, including the more suggestive and concealed ones, such as allusion, metaphor, parable, epigram, allegory, and riddle. For the same reason, they also employed a greater range of compositional forms: not just treatises, as today, but poems, aphorisms, dialogues, essays, commentaries, dictionaries, and epistles.

Indeed, classical rationalism at its peak (as distinguished from Enlightenment rationalism) regarded the issue of whether wisdom is teachable at all as a grave and open question. In Plato's *Protagoras* (319a–320c), we see Socrates arguing that wisdom and virtue cannot be taught (although they can be learned). There are profound limits, this great teacher held, to what one human being can explain to another. Somehow, philosophical education is inherently problematic.

Compounding this difficulty, classical thinkers were also very much preoccupied with the problem of writing. Can books ever be useful for such education, or must all genuinely philosophical instruction be oral and personal? In Plato's *Phaedrus*, this question was answered firmly in the negative by Socrates, who, like Pythagoras before him, eschewed philosophical writing altogether. And even Plato himself expressed serious doubts on this score in his Seventh Letter (341c–e, 343a, 344c–345a). Again, Thomas Aquinas in explaining the fact that Jesus—the other great teacher of the West—also did not write, argued that the most excellent teachers must follow the practice of Pythagoras and Socrates, for “Christ’s doctrine...cannot be expressed in writing.”³ In short, classical and medieval rationalism endorsed and explored the profound intuition—found everywhere outside the modern West—that the whole enterprise of using books for the transmission of philosophic wisdom is an extraordinarily difficult (and possibly futile) undertaking that, when pursued, requires rhetorical techniques extending well beyond the contemporary ethic of literalness and clarity.

It is manifest, then, that this ethic is anything but obvious and historically universal. It is, in fact, the creation of a very particular culture—the modern Enlightenment. As Donald Levine, the distinguished sociologist, writes in his important study *The Flight from Ambiguity*:

The movement against ambiguity led by Western intellectuals since the seventeenth century figures as a unique development in world history. There is nothing like it in any premodern culture known to me.⁴

Levine's book explores the great but—as we will no longer be surprised to learn—almost entirely unstudied transformation of our rhetorical and communicative

3. Thomas Aquinas, *Summa Theologica*, vol. 3, pt. 3, ques. 42, art. 4, p. 2243.

4. Donald Levine, *The Flight from Ambiguity: Essays in Social and Cultural Theory* (Chicago: University of Chicago Press, 1985), 21.

culture that took place beginning in the early modern period.

This transformation may be attributed to a number of different factors. The whole reorientation of philosophy that one sees in Bacon, Descartes, and Hobbes, especially the harmonist effort to give philosophic reason a new level of power and control within the world of practice, gave new and fundamental importance to certainty and exactness. For in intellectual matters, rigor is power. Thus, modern epistemology in both its rationalist and its empiricist branches mistrusted the natural workings of the human mind and proclaimed the need for “method,” for the adoption of artificially redesigned ways of thinking and speaking.

Later, the striking success of the modern scientific paradigm encouraged the view that, in all fields, intellectual progress required the reform of language, replacing ordinary parlance with a rigorous, technical vocabulary. Again, in the economic sphere, the increasing “rationalization” of the world—the rise of bureaucracy, technology, commerce, specialization, and legal regulation—made clear and distinct communication a practical necessity.⁵ Similarly, in the sphere of religion, ascetic Puritanism, with its ideal of sincerity, its dislike of adornment, and its suspicion of arcane, priestly doctrine led to a call for plain, simple, and direct speaking—a kind of semantic prudishness.

Last but surely not least, on the political level, Bacon, Spinoza, Hobbes, and the Enlightenment thinkers emphasized that prejudice and superstition—and the oppressive political and religious powers they support—draw much of their strength from the human tendency to be fooled by obscure speech, by metaphors, rhetoric, poetry, and the other nonrational aspects of human discourse. Thus, for the sake of justice and the triumph over oppression, public discourse generally must become as literal and precise as possible.⁶

Through the sustained pressure of these factors and others, modern Western discourse has become forcibly purged and “rationalized.” Whether in scholarship, pedagogy, the workplace, or ordinary conversation, we believe in a controlled, no-nonsense, utilitarian kind of talk: unambiguous, literal, unadorned, frank, and to the point. Everything else strikes us as pompous, unctuous, or childish. This transformation is so pervasive that we have lost all awareness of it, but as we have seen, it is quite visible to non-Westerners and clearly described, over and over again, in the voluminous literature on intercultural communication. And of course this “flight from ambiguity” is also visible, as I have been suggesting, in the historical uniqueness of our noncomprehension of esotericism.

5. See *ibid.*, 2–8, 37–38.

6. See Gordon Wood, “Conspiracy and the Paranoid Style: Causality and Deceit in the Eighteenth Century,” *William and Mary Quarterly* 39 (1982): 401–41. See also Bryan Garsten, *Saving Persuasion: A Defense of Rhetoric and Judgment* (Cambridge, MA: Harvard University Press, 2006).

It seems obvious to us that philosophy should be a pure matter of propositions and arguments, rigorously laid out, as in a contemporary journal of analytic philosophy. But this attitude rests on a premise: the hyperrationalist assumption, inherited from the Enlightenment, that human beings can be addressed from the start as rationalists seeking the truth.

But as the tradition of classical rationalism emphasized, we may be “rational animals” in that we possess the faculty of reason, but we are hardly born rationalists. Rather, we are born in “the cave.” Illusion has very powerful roots within us, both social and psychological. We are moved by a host of passions, most of which are in tension with the love of truth. Thus, the primary aim of philosophic education must be less to instruct than to convert, less to elaborate a philosophical system than to produce that “turning around of the soul” that brings individuals to love and live for the truth. But precisely if the primary *end* of education is to foster the love of truth, this love cannot be presupposed in the *means*. The means must rather be based on a resourceful pedagogical rhetoric that, knowing how initially resistant or impervious we all are to philosophic truth, necessarily makes use of motives other than love of truth and of techniques other than “saying exactly what you mean.” In sum, the modern ethic of literalness and clarity—at least in the view of most earlier ages—is plainly too narrow and dogmatic. To be sure, the bad use of obscurity and concealment—which is ninety percent of it—remains hateful. But there really is a good use. The good use—pedagogical esotericism—is made necessary by two sets of problems: the natural difficulties of philosophic education and the inherent shortcomings of writing.

What, then, are these difficulties? A brief examination of the obstacles to a philosophical education that is conveyed through books will put us in a position to see why esoteric concealment has often been embraced as the solution.

Three dangers of reading

The invention of writing brought epochal changes to human civilization—most of them good. But books also made possible a whole host of intellectual vices and distortions unknown to preliterate, oral societies. With respect to philosophy, there is a real danger that, in the words of Voltaire, “the multitude of books is making us ignorant.” In a variety of ways, “book knowledge” is the death of philosophy—so much so that a “philosophy book” is almost a contradiction in terms.

In chapter 3 we briefly discussed the contradiction that exists between the univocity of writing and the duality of lives. The problem there was the potential harm done by a philosophic book when it falls into the hands of a nonphilosophic reader. This problem leads to the need for defensive and protective esotericism.

Here we examine the harm such books can do precisely to the philosophic reader—which is the root of pedagogical esotericism.

A book is a strange and unseemly thing. It delivers into one person's hands the distilled essence of another's thinking. It gives one things one has not earned. That is the core difficulty from which all the more specific problems flow, as we will see. And that is why the solution to all of these problems will involve some form of esotericism: some effort to give away less and to make the reader work more for what he or she is getting.

The first danger of reading books is that it allows you to skip too many stages, shortcutting the proper intellectual development. Especially harmful is that it prevents the humble confrontation with your own ignorance. Reading makes you prematurely wise. Before you have had a chance to face the questions and live with them a while, you have seen the answers. Books give a false sense of knowledge and sophistication based on borrowed wisdom, on the belief that you know what you have only read. Thus, they rob you of the proper state of mind for true education. As Socrates argues in the *Phaedrus*—putting these words in the mouth of an Egyptian god, Thamus, who is rebuking the inventor of writing—through writing “you offer your pupils the appearance of wisdom, not true wisdom, for they will read many things without instruction, and will therefore seem to know many things, when they are for the most part ignorant” (275a–b). As we have seen, Plato himself gives this same explanation when he asserts, in the Seventh Letter, that he has not and would not ever commit to writing an open statement of his deepest thoughts. Reading such an account, he explains, would not help people but rather fill them with a “lofty and empty hope as if they had learned awesome matters” (341e). The false presumption of wisdom, which is generated by books, presents the greatest obstacle to the acquisition of the real thing. Whence the inner logic of Milton's description: “Deep versed in books and shallow in himself.”⁷

This same problem is elaborated very powerfully in *Emile*, Rousseau's book on education: “I hate books. They only teach one to talk about what one does not know.” And again: “Too much reading only serves to produce presumptuous ignoramuses.” The key point is that bookish presumptuousness is what makes people ignoramuses. “The abuse of books kills science. Believing that we know what we have read, we believe that we can dispense with learning it.”⁸ Intellectual humility and the keen sense of our ignorance are the necessary starting points for genuine philosophical development; therefore, books—even as they transmit brilliant philosophical insights—undercut philosophy at its root.

7. John Milton, *Paradise Lost and Paradise Regained*, ed. Christopher Ricks (New York: New American Library, 1968), 389 (bk. 4, line 327).

8. Rousseau, *Emile*, trans. Bloom, 184, 450.

The most obvious way for an author to counteract this danger is to scrupulously avoid handing the reader any clear and readymade answers. One might also go further: make a point of including in one's books enough difficulty and obscurity to humble the reader and force him to confront his ignorance. Friedrich Schleiermacher, the nineteenth-century German philosopher, theologian, and classical scholar, attributes precisely such a rhetorical strategy to Plato. In his dialogues, the latter sought to "bring the still ignorant reader nearer to a state of knowledge"; but Plato also clearly recognized the very great necessity "of being cautious with regard to him not to give rise to an empty and conceited notion of his own knowledge in his mind."

[Therefore, it] must have been the philosopher's chief object to conduct every investigation in such a manner from the beginning onwards, as that he might reckon upon the reader's either being driven to an inward and self-originated creation of the thought in view, or submitting to surrender himself most decisively to the feeling of not having discovered or understood anything. To this end, then, it is requisite that the final object of the investigation be not directly enunciated and laid down in words, a process which might very easily serve to entangle many persons who are glad to rest content, provided only they are in possession of the final result, but that the mind be reduced to the necessity of seeking, and put into the way by which it may find it. The first is done by the mind's being brought to so distinct a consciousness of its own state of ignorance, that it is impossible it should willingly continue therein. The other is effected either by an enigma being woven out of contradictions, to which the only possible solution is to be found in the thought in view, and often several hints thrown out in a way apparently utterly foreign and accidental which can only be found and understood by one who does really investigate with an activity of his own. Or the real investigation is overdrawn with another, not like a veil, but, as it were, an adhesive skin, which conceals from the inattentive reader, and from him alone, the matter which is to be properly considered or discovered, while it only sharpens and clears the mind of an attentive one to perceive the inward connection.⁹

This kind of esoteric artfulness is essential, according to Schleiermacher, to avoid what I am calling the first danger of reading.

But book learning thwarts philosophic education by fostering not only a false presumption of wisdom but also an enfeebling passivity. "Much reading is an oppression of the mind," remarks William Penn, "and extinguishes the natural candle, which is the reason of so many senseless scholars in the world."¹⁰ As

9. Schleiermacher, *Introductions to the Dialogues of Plato*, 17–18.

10. William Penn, *Fruits of a Father's Love: Being the Advice of William Penn to his Children Relating to their Civil and*

Montaigne puts it: “We let ourselves lean so heavily on the arms of others that we annihilate our own powers.”¹¹ The same point is made by Schopenhauer:

When we read, another person thinks for us: we merely repeat his mental process. ... So it comes about that if anyone spends almost the whole day in reading...he gradually loses the capacity for thinking; just as the man who always rides, at last forgets how to walk. This is the case with many learned persons: they have read themselves stupid.¹²

The solution to this problem is to be found, once again, in employing a salutary obscurity that does not allow the readers passively to rely on the writer’s thinking, but forces them to think for themselves. Thus, Thomas Aquinas, in considering the question of why the Bible often uses veiled, metaphorical language, remarks: “The very hiding of truth in figures is useful for the exercise of thoughtful minds.”¹³ Augustine makes the same point: the disciples “have spoken with a helpful and healthy obscurity in order to exercise and somehow refine their readers’ minds.”¹⁴ Similarly, Sallustius, the fourth-century Neoplatonist, in discussing why the Greeks shrouded their religious teachings in myth, remarks:

There is this first benefit from myths, that we have to search and do not have our minds idle. ... To wish to teach the whole truth about the Gods to all produces contempt in the foolish, because they cannot understand, and lack of zeal in the good; whereas to conceal the truth by myths prevents the contempt of the foolish, and compels the good to practice philosophy.¹⁵

Somewhat similar is Rousseau’s description of his writing style in the preface to the *Letter to M. d’Alembert*. In this book—which he identifies as a popular work as distinguished from his other, philosophical writings, addressed to the few—he states: “I do not speak here to the few but to the public, nor do I attempt to make others think but rather to explain my thought clearly. Hence, I had to change my style.”¹⁶ In a striking reversal of our own attitudes toward writing, Rousseau

Religious Conduct (Dover, NH: James K. Remick, 1808), chap. 2, para. 19.

11. Montaigne, *Complete Essays*, trans. Frame, 101 (1.25).

12. Arthur Schopenhauer, “On Books and Reading,” in *Religion: A Dialogue, and Other Essays*, trans. T. Bailey Saunders (New York: Macmillan, 1899), 51.

13. Aquinas, *Summa*, vol. 1, pt. 1, ques. 1, art. 9, p. 6.

14. Augustine, *De Doctrina Christiana*, ed. and trans. R. P. H. Green (Oxford: Clarendon Press, 1995), 223 (4.61).

15. Sallustius, *On the Gods and the World*, in pt. 3 of *Five Stages of Greek Religion*, trans. Gilbert Murray (New York: Columbia University Press, 1925), 242–43.

16. Jean-Jacques Rousseau, *Politics and the Arts, Letter to M. d’Alembert on the Theatre*, trans. Allan Bloom (Glencoe, IL: Free Press, 1960), 6.

sets up here a strict disjunction between “making others think,” the task of his philosophical books, and “explaining my thought clearly,” the job of his merely popular writings. To get others to think, one must carefully avoid doing everything for them. A famous statement by Montesquieu—which may have been in the back of Rousseau’s mind—expresses the same idea: “One must not always so exhaust a subject that one leaves nothing for the reader to do. It is not a question of making him read but of making him think.”¹⁷

Still another danger of reading, closely related to that of mental passivity, is the development of an excessive trust and dependence on the author. Books—with their steadfast endurance over time, their unwavering repetition of the identical words and thoughts, and even (since Gutenberg) the more-than-human regularity of their type—inspire a kind of reverence. Writing has a tendency to become “scripture.” We undergo a curious distortion of the mind whereby we come to look for truth in books, not in the world. We replace thinking with reading. This is especially true when studying the great philosophers. To quote Montaigne:

We know how to say: “Cicero says thus; such are the morals of Plato; these are the very words of Aristotle.” But what do we say ourselves? What do we judge? What do we do? A parrot could well say as much.¹⁸

Cicero clearly describes the problem—as well as his particular solution:

Those who seek to learn my personal opinion on the various questions [of philosophy] show an unreasonable degree of curiosity. In discussion it is not so much weight of authority as force of argument that should be demanded. Indeed, the authority of those who profess to teach is often a positive hindrance to those who desire to learn; they cease to employ their own judgment, and take what they perceive to be the verdict of their chosen master as settling the question.¹⁹

As he goes on to describe here, Cicero’s solution was to frustrate the reader’s “unreasonable degree of curiosity” by ensuring that his own final position remained unclear. He did so by composing his philosophical writings in the form of dialogues or of treatises that merely surveyed the arguments both for and against the various schools.

In sum, there is an inherent tension between philosophy and books. The

17. Montesquieu, *The Spirit of the Laws*, trans. Anne Cohler, Basia Miller, and Harold Stone (Cambridge: Cambridge University Press, 1989), 186 (11.20).

18. Montaigne, *Complete Essays*, trans. Frame, 100 (1.25).

19. Cicero, *De natura deorum*, trans. Rackham, 13 (1.5).

philosophical writer stands in danger of harming his readers in the very act of trying to help them, by fostering an unhealthy presumption, passivity, and dependence.

The paradox of philosophical education

But this characterization of the problem of writing—along with the general solution: refraining from a full and open statement of one’s thought—does not quite get at its deepest level. For philosophical education requires not merely that one avoid discouraging the reader in these three ways from employing his own mind, but that one positively motivate him to think and, above all, to think authentically and for himself. One must somehow induce in him a new level of awakensness, inner-directedness, and self-ownership. But how can a book or even a live teacher do that? The central paradox of philosophical education, whether in writing or in person, is this: how can one transmit to others something that can never genuinely be given from without, but only generated from within? For that is of the essence of philosophy: it can never be done for you. It is our “ownmost” activity: you must do it all for yourself or you haven’t done it at all.

This is the case for a number of related reasons. By definition, philosophy aims, not at “right opinion,” but “knowledge”: not simply at possessing correct answers but at knowing how and why they are correct. It aims at truths the origin and grounding of which one completely understands. Thus, it does not help—it is often a hindrance—to be given the answers from the outside, when the truly essential thing is to begin at the beginning and reenact their discovery by and for oneself.

But this rediscovery, furthermore, is not simply a matter of retracing the logical sequence of arguments. For the “knowledge” at which philosophy aims is not purely intellectual or academic—like book knowledge. One must feel these truths from the inside, make them one’s own, and live them. The rediscovery, then, must start from one’s own personal perplexity, draw upon one’s own lived experience, and make use of the inner activity of one’s own powers of reasoning and realization. Amid all the far-ranging ventures of one’s thinking, one must maintain the concrete and vital connection of thought to life. In other words, “thinking for oneself” means not only that it is oneself that does the thinking but that one thinks for one’s own case, thinks from out of one’s own care, future, and fate.

Finally, it is only thinking for oneself in this deeply personal sense that produces a real and transformative effect upon the soul. It is only in this way that one undergoes what Plato speaks of as definitive of the truly philosophic life: a “turning around of the soul,” a fundamental reorientation of the objects of one’s longing and the manner of one’s being.

If this is the character of genuine philosophy, then it really *is* an open question whether it is teachable. Wisdom cannot be told. The central paradox of philosophical pedagogy, to say it again, is: how can one transmit from the outside what can only grow from within? Is there something that one can do for a person that will somehow make him do everything for himself?

This is the problem that the “Socratic method” (as we have come to call it) is intended to address. It has at least four elements, all of them making use of “esotericism” in one sense or another. The first, which we have now seen over and over again, is the negative imperative: Do not give away the answers. The Socratic teacher leaves the most important things unsaid or at least unclear. Yet, second, there is also something positive that the teacher or writer can do: he can stimulate the student to think for himself—while subtly guiding that thinking—by making artful use of questions, hints, and puzzles of the right kind.

But, third, for this thinking and questioning to maintain an authentic connection to the student’s life, it must be *dialectical*. This means (among many other things) that it must take its start from where the student is, from what he believes right now, and proceed through an internal critique. One cannot begin abstractly—from first principles or from a general statement of the big questions—if the student is truly to think for himself, with his own life on the line. For he does not begin as a blank slate. Whatever may be the situation at birth, by the time a student is old enough to be thinking about philosophical questions, he is already fully immersed in a world of beliefs and answers. He is trapped in a cave of illusions. Thus, his education must begin by lighting up and then questioning the things that he already believes, the foundations of the life that he is already living. He cannot jump out of his skin and make a new beginning: he must start from the inside and slowly, painstakingly work his way out.

But people draw their initial beliefs primarily from the worldview of their particular society. It follows, then, that a writer who seeks to educate philosophically through Socratic dialectics must make a special effort to enter sympathetically into the received opinions of his time and place—though he may consider them false—while pointing quietly to certain puzzles or contradictions within those opinions. This means that the demands of philosophical pedagogy largely parallel those of the defensive and protective motives for esotericism. On the surface of his writings, a philosophical author will embrace the views prevailing in his time, not only to defend himself from persecution and to protect society from harm, but also to help the student to begin his philosophical reflections from what, for him, is the necessary beginning point.

This idea is well expressed by Kierkegaard, who goes so far as to call it “the secret of the art of helping others.” In *The Point of View for My Work as an Author*, an autobiographical essay devoted to explaining his technique of writing, he states:

One can deceive a person for the truth's sake, and (to recall old Socrates) one can deceive a person into the truth. Indeed it is only by this means, i.e., by deceiving him, that it is possible to bring into the truth one who is in an illusion. Whoever rejects this opinion betrays the fact that he is not over-well versed in dialectics, and that is precisely what is especially needed when operating in this field. . . . Direct communication presupposes that the receiver's ability to receive is undisturbed. But here such is not the case; an illusion stands in the way. . . . What then does it mean 'to deceive'? It means that one does not begin directly with the matter one wants to communicate, but begins by accepting the other man's illusion as good money.²⁰

This is necessary because "if real success is to attend the effort to bring a man to a definite position, one must first of all take pains to find him where he is and begin there. This is the secret of the art of helping others."²¹

In other words, to change a man's deeply held position, one must begin by joining him, not opposing him. For, as Kierkegaard further explains:

A direct attack only strengthens a person in his illusion, and at the same time embitters him. There is nothing that requires such gentle handling as an illusion, if one wishes to dispel it. If anything prompts the prospective captive to set his will in opposition, all is lost. And this is what a direct attack achieves, and it implies moreover the presumption of requiring a man to make to another person, or in his presence, an admission which he can make most profitably to himself in private. This is what is achieved by the indirect method, which, loving and serving the truth, arranges everything dialectically for the prospective captive, and then shyly withdraws (for love is always shy), so as not to witness the admission which he makes to himself alone before God—that he has lived hitherto in an illusion.²²

A fourth element of the Socratic method—actually, just a further aspect of its dialectical character—is that a proper philosophical education must proceed in *stages*. Just as education must begin by addressing the student where he is, so, as he learns and changes, it must stay with him. The internal or dialectical critique of received opinion takes place not in a single stroke but in a series of successive approximations to the truth, each of which will seem in its time to be the final one. The student must not be encouraged to race through these stages to the end,

20. Soren Kierkegaard, *The Point of View for My Work as an Author; A Report to History, and Related Writings*, trans. Walter Lowrie (New York: Harper & Row, 1962), 39–40.

21. *Ibid.*, 27.

22. *Ibid.*, 24–26. The point Kierkegaard makes here—that a refined and delicate modesty is often what stands behind the practice of esotericism—is extremely important for us since it helps to counteract our strong tendency to recoil from esotericism as something inevitably rooted in exclusiveness and arrogance.

but on the contrary made to settle down and live with each for a while, so that he has the time to truly take it in and absorb it—and to allow it to transform him. Our lives do not change as quickly as our thoughts. If the student tries to move too fast, he leaves his life behind, and his thinking becomes purely intellectual. He ceases to believe what he thinks and think what he believes. Tempo is everything. Prematurity—showing the student more than he is ready to understand or digest at the moment—is the great wrecker of educations. As Rousseau remarks in *Emile*, “never show the child anything he cannot see.” Again: the child “must remain in absolute ignorance of ideas . . . which are not within his reach. My whole book is only a constant proof of this principle of education.”²³

This principle—the need for proper tempo and stages, adjusted to the individual characteristics of the student, so that his thinking remains firmly rooted in his own experience and life—is why a perfect education would require what is depicted in *Emile*: a philosopher devoting himself full-time to the raising and education of a single student from birth. While this is hardly to be expected in practice, it highlights what is so terribly problematic about books: they are impersonal and fixed, saying the same thing to all regardless of their state of readiness. That indeed is Socrates’s primary objection to writing as stated in the *Phaedrus* (275d–e)—the *univocity* of writing. To the extent that there is a solution to this problem, it lies, once again, in esotericism—in writing on two or even more levels—so that the same book will say different things to different people, or to the same person at different times, depending on their stage of understanding.

To promote a genuinely philosophical education, in sum, it is necessary to write esoterically in at least four ways—to withhold the answers, to begin by embracing received opinion, to guide the reader by way of hints and riddles, and to address the different stages of understanding by writing on multiple levels.

The rhetorical effect of obscurity

In order to clarify and extend some of the preceding points—especially the core assumption that obscurity can and should be used as a stimulus to genuine thought—let us take up an obvious objection. Even if it is true that one hinders philosophic education in various ways by telling a student too much, still doesn’t one hinder it even more by saying too little? A writer who hides what he knows and fills his book with stumbling blocks will only frustrate and discourage the reader. Nobody denies that a pedagogically effective writing must above all stimulate the mind to its own efforts, but nothing is more deadening than obscurity.

23. Rousseau, *Emile*, trans. Bloom, 183, 178.

When it is pointless and impenetrable, obscurity is indeed deadening. But the right kind of obscurity—the kind that, with the proper effort, can be deciphered and penetrated—turns out, in fact, to be the greatest stimulus to thought. Everyone loves a secret. Mystery is alluring. Hide something and we will seek it. This simple fact is the first premise of all pedagogical esotericism.

It is a fact that has been noticed throughout the ages. Jesus—who hides his thought in parables—gives this famous literary advice: “Do not give dogs what is holy; and do not throw your pearls before swine” (Matt. 7:6). The medieval *Glossa Ordinaria* on this passage elaborates: “What is hidden is more eagerly sought after; what is concealed appears more worthy of reverence; what is searched for longer is more dearly prized.”²⁴ Similarly, Augustine remarks: “Lest the obvious should cause disgust, the hidden truths arouse longing; longing brings on certain renewal; renewal brings sweet inner knowledge.”²⁵ Again, according to Nietzsche:

The misfortune suffered by clear-minded and easily understood writers is that they are taken for shallow and thus little effort is expended on reading them: and the good fortune that attends the obscure is that the reader toils at them and ascribes to them the pleasure he has in fact gained from his own zeal.²⁶

Clement of Alexandria, in a chapter of his *Stromata* entitled “Reasons for Veiling the Truth in Symbols,” observes that “all things that shine through a veil show the truth grander and more imposing; as fruits shining through water, and figures through veils.”²⁷ In short, the objection stated above has the rhetorical situation exactly backward: the right kind of obscurity is far more intellectually stimulating than is a plain and explicit statement. As Augustine puts it:

All those truths which are presented to us in figures tend, in some manner, to nourish and arouse the flame of love...and they stir and enkindle love better than if they were set before us unadorned, without any symbolism of mystery. It is hard to explain the reason for this; nevertheless, it is true that any doctrine suggested under an allegorical form affects and pleases us more, and is more esteemed, than one set forth explicitly in plain words.²⁸

24. Quoted by Aquinas in *Faith, Reason*, 52 (art. 4).

25. Augustine, *Letters*, ed. Ludwig Schopp and Roy Joseph Deferrari, trans. Wilfrid Parsons, vol. 3 (New York: Fathers of the Church, 1953), 34 (letter 137).

26. Friedrich Nietzsche, *Human All Too Human*, trans. R. J. Hollingdale (Cambridge: Cambridge University Press, 1986), 92 (vol. 1, chap. 4, aph. 181).

27. *Stromata*, in *The Writings of Clement of Alexandria*, trans. Rev. William Wilson (Edinburgh: T. & T. Clark, 1869), 254–55 (vol. 2, bk. 5, chap. 9).

28. Augustine, *Letters*, 1:277 (letter 55).

It may indeed be unfortunate, but surely that is how it is.

Yet once it is conceded that hiddenness and obscurity of the right kind do indeed have this stimulating power, one may go on to raise an opposite objection to their use in philosophical pedagogy. For if it should turn out that this stimulating power ultimately stems from irrational or immature impulses, one would hardly want to encourage it in serious writing. This would seem to be the real objection of those who hate the idea of pedagogical obscurity: not that such writing is too deadening but that it is too exciting in the wrong way, that it appeals to people's primitive, childish, and easily abused enchantment with secrets and mysteries. A proper education should endeavor to make people mature, sober, and clear-minded. Are we really to believe that the best means that the greatest minds of the past could find to educate people to rationality was to exploit their adolescent fantasies about buried treasure?

The question thus becomes: What is the true source of obscurity's rhetorical power? Is it simply childish? How does it work? And is there a legitimate role for it in a literature of philosophic rationality? Without aspiring to an exhaustive treatment of this complex subject, let us focus on three elements of obscurity's appeal.

Obscurity and reader involvement

The first and least controversial of these is that by withholding the answers and speaking in hints and riddles the esoteric text constrains the reader to think for himself. We have already seen that thinking for oneself is philosophically essential; the further point here is that it is a strong stimulant, a powerful source of motivation and encouragement for the reader. As Nietzsche has just put it, "the reader toils at [obscure writings] and ascribes to them the pleasure he has in fact gained from his own zeal."

This is not true, of course, for every reader or perhaps even for most—not for those who would rather be told the answers. But "if you have to be told everything, do not read me," Rousseau declares (for "if you have to be told, how will you understand it?").²⁹ That is the unstated maxim of all esoteric texts. As Jean d'Alembert, in his *Analysis of the Spirit of the Laws*, states regarding the famous obscurity of Montesquieu's work: "We will say of the obscurity that can be permitted in such a work, the same thing we said about the lack of order; what would be obscure for vulgar readers is not for those whom the author had in view."³⁰ To understand the workings of esoteric rhetoric, one must appreciate that

29. Rousseau, *Emile*, trans. Bloom, 137, 111.

30. Jean d'Alembert, *Œuvres complètes* (Paris: A. Belin, 1822), 3:450–51, quoted and translated by Pangle,

it is a frankly elitist practice. It is narrowly designed for a specific and relatively rare kind of reader: those who love to think, those who, from an early age, could always be heard to say “now wait...don’t tell me.” In a variety of ways, such readers will be stimulated by the puzzles the text poses: they will feel energized by the exercise of their faculties, feel pride in the progress of their understanding, and joy in the powerful sense of insight that accompanies a discovery one has made for oneself.

If this is a correct description, then it seems fair to say that there is nothing immature or irrational in the power of obscurity to generate philosophical motivations such as these. Indeed, it is a power that has been noted, praised, and employed by a long line of thinkers. Nietzsche, that master of the coy and aphoristic style, speaks of

The effectiveness of the incomplete.—Just as figures in relief produce so strong an impression on the imagination because they are as it were on the point of stepping out of the wall but have suddenly been brought to a halt, so the relief-like, incomplete presentation of an idea, of a whole philosophy, is sometimes more effective than its exhaustive realization: more is left for the beholder to do, he is impelled to continue working on that which appears before him so strongly etched in light and shadow, to think it through to the end.³¹

Montesquieu alluded to this same “effectiveness of the incomplete” in his famous remark quoted above: “One must not always so exhaust a subject that one leaves nothing for the reader to do. It is not a question of making him read but of making him think.” Indeed, Montesquieu’s artful incompleteness was finely calculated to tantalize and please the acute reader, as was beautifully described in Hippolyte Taine’s account of the *Spirit of the Laws*:

He seems to be always addressing a select circle of people with acute minds, and in such a way as to render them at every moment conscious of their acuteness. No flattery could be more delicate; we feel grateful to him for making us satisfied with our intelligence. We must possess some intelligence to be able to read him, for he deliberately curtails developments and omits transitions; we are required to supply these and to comprehend his hidden meanings. He is rigorously systematic but the system is concealed, his concise completed sentences succeeding each other separately, like so many precious coffers... He thinks in summaries; ... the summary itself often bears the air of an enigma, of which the charm is twofold; we have the pleasure of comprehension accompanying the satisfaction of divining.³²

Montesquieu’s Philosophy, 12.

31. Nietzsche, *Human All Too Human*, 92 (vol. 1, chap. 4, aph. 178).

32. Hippolyte Taine, *The Ancient Régime*, trans. John Durand (New York: Henry Holt, 1876), 4:260.

This statement is strikingly similar to the view of Theophrastus as approvingly described in *On Style*, a work on rhetoric attributed to the fourth-century BC orator Demetrius of Phaleron:

These, then, are the main essentials of persuasiveness; to which may be added that indicated by Theophrastus when he says that all possible points should not be punctiliously and tediously elaborated, but some should be left to the comprehension and inference of the hearer who when he perceives what you have omitted becomes not only your hearer but your witness, and a very friendly witness too. For he thinks himself intelligent because you have afforded him the means of showing his intelligence. It seems like a slur on your hearer to tell him everything as though he were a simpleton.³³

Again, Rousseau in his pedagogical work *Emile* emphasizes that, for the sake of heightening the student's interest and motivation, it is vital to leave things unsaid. He criticizes modern writers like La Fontaine who place an explicit statement of the "moral" at the end of their stories.

Nothing is so vain or ill conceived as the moral with which most fables end—as if this moral were not or should not be understood in the fable itself. . . . Why, then, by adding this moral at the end, take from [the reader] the pleasure of finding it on his own? Talent at instruction consists in making the disciple enjoy the instruction. But in order for him to enjoy it, his mind must not remain so passive at everything you tell him that he has absolutely nothing to do in order to understand you. The master's *amour-propre* [pride] must always leave some hold for the disciple's; he must be able to say to himself, "I conceive, I discern, I act, I learn." . . . One must always make oneself understood, but one must not always say everything.³⁴

A page later, Rousseau indicates that he has followed this pedagogical strategy himself in the composition of *Emile*, declaring: "I also do not want to say everything."³⁵

The ancient writers are the true masters of this technique of energizing incompleteness, as Rousseau emphasizes. He particularly admires Thucydides's pedagogical style: "He reports the facts without judging them, but he omits none of the circumstances proper to make us judge them ourselves."³⁶

33. Demetrius of Phaleron, *On Style*, trans. W. Rhys Roberts (Cambridge: Cambridge University Press, 1902), 222.

34. Rousseau, *Emile*, trans. Bloom, 248.

35. *Ibid.*, 249.

36. *Ibid.*, 239.

The other ancient historian most famous for his brevity and obscurity is Tacitus. The specific pleasure and encouragement produced by his rhetoric are nicely described by Sir Richard Baker (1568–1645), the English historian and writer. And his point is essentially the same as that made by Nietzsche, Montesquieu, Taine, Theophrastus, Demetrius, and Rousseau: Tacitus’s obscurity

is pleasing to whosoever by laboring about it, findes out the true meaning; for then he counts it an issue of his owne braine, and taking occasion from these sentences to goe further than the thing he reads, and that without being deceived, he takes the like pleasure as men are wont to take from hearing metaphors, finding the meaning of him that useth them.³⁷

Still another statement of the same point is made by Thomas Gordon, Tacitus’s eighteenth-century English translator. Tacitus

is remarkable for a surpassing brevity... He starts the Idea and leaves the Imagination to pursue it. The sample he gives you is so fine, that you are presently curious to see the whole piece, and then you have your share in the merit of the discovery; a compliment which some able Writers have forgot to pay their readers.³⁸

Again, the Roman rhetorician Quintilian recommends that when arguing in court, one speak elliptically and just let the facts silently point to your claim, because then

[t]his will ensure that the judge himself searches for something which perhaps he would not believe if he heard it, and then believes what he thinks he has found out for himself.³⁹

And later, he adds that with such speeches, “the hearer enjoys understanding it, thinks well of his own cleverness, and praises himself for someone else’s speech.”⁴⁰

Boccaccio, in his *Life of Dante*, declares: “Whatever has been gained by hard work has a certain pleasure... Therefore, in order that [the truth] should be more appreciated by being gained through labor and for that reason better preserved,

37. Translator’s preface to Vergilio Malvezzi, *Discourses upon Cornelius Tacitus*, trans. Richard Baker (London: R. Whitaker and Tho. Whitaker, 1642), quoted by Alfred Alvarez in *The School of Donne* (London: Chatto and Windus, 1961), 40.

38. Thomas Gordon, *Discourses upon Tacitus: The Works of Tacitus, With Political Discourses Upon that Author* (London: T. Woodward & J. Peele, 1770), 4:149–50, quoted by Rahe, *Republics*, 246.

39. Quintilian, *Institutes* 9.2.72.

40. *Ibid.*, 9.2.79.

poets hid it under many details which seem contrary to it.”⁴¹ And Samuel Butler, in his esoteric interpretation of the French naturalist Buffon, speculates that Buffon “intended his reader to draw his inferences for himself, and perhaps to value them all the more highly on that account.”⁴²

In sum, the right kind of obscurity energizes and pleases the right kind of reader by making him active and responsible. That is a forgotten piece of “reader response theory” with an extremely long history.

Love of the hidden and reverence for the obscure

A second general aspect of obscurity’s appeal is the well-known phenomenon that whatever is veiled strikes us as more alluring and desirable. As Emily Dickinson writes:

A Charm invests a face
Imperfectly beheld—
The Lady dare not lift her Veil
For fear it be dispelled⁴³

There are at least two reasons for this phenomenon. If something is completely present, available, and open to view, it gives no scope to imagination or longing. It is what it is. What you see is what you get. But whatever is partly hidden holds out a promise for more—an open promise onto which imagination is free to project all our hopes and longings. That is why it is absence that makes the heart grow fonder. Presence can be a bit dispiriting.

In addition, we have a natural tendency to value things by what they cost us. We despise what is too available. Obstacles arouse us and strengthen desire. Difficulty ennobles. We pursue most eagerly what is hard to get. Thus an esoteric text—suggestive and challenging, full of promises and obstacles—arouses the mind and charges it with strong hopes and vigorous striving.

Finally, obscurity motivates and inspires the reader in still a third way when it derives not merely from an intentional coyness but from an inherent loftiness that seems to surpass our understanding. Then it overawes us and makes us feel that we are in the presence of something greater than ourselves. Thus, as the *Glossa Ordinaria* quoted above states: “what is concealed appears more worthy of rev-

41. Boccaccio, *Life of Dante*, trans. Bollettino, 40.

42. Samuel Butler, *Evolution Old and New: Or, the Theories of Buffon, Dr. Erasmus Darwin and Lamarck as Compared with That of Charles Darwin* (New York: E. P. Dutton, 1911), 87.

43. “A Charm,” poem 421 in *The Complete Poems of Emily Dickinson*, quoted by Roger Shattuck, *Forbidden Knowledge*, 125.

erence.” The natural rhetorical effect of this kind of obscurity is to call us to attention and inspire us with reverence, awe, and wonder.

So are either of these latter two rhetorical effects—love of the hidden and reverence for the obscure—childish and irrational? They could not fairly be called “childish,” but they could be charged with appealing to our “irrational tendencies,” depending on one’s understanding of ultimate reality. If the “true world” is of a beauty and perfection that far transcends the sensory world, then the curious tendency of our imaginations to idealize what is hidden will come to light as a crucial divination of the truth. Similarly, if there is a God, then the reverence-inspiring tendency of scriptural obscurity is an appropriate and accurate effect that helps to put us onto the path of truth and righteousness. A more materialist or at least more skeptical thinker, on the other hand, will deny the rationality of these rhetorical effects.

But even such thinkers as find the rhetorical power of obscurity irrational may still judge that it is a legitimate and useful tool in the difficult task of philosophical pedagogy. After all, that task—the conversion to philosophy—would not be so difficult if one’s readers were already fully rational beings who could be motivated and instructed by purely rational means. In reality, one must often make artful use of the student’s irrational motives until one has succeeded in strengthening the rational ones—just as we use grades to motivate students until the hoped-for time when they come to see the inherent interest or utility of the subject matter.

Furthermore, if obscurity has so strong and irrational an effect on us, that can only be because we ourselves remain irrational. Obscurity has a way of tapping into the groundless hopes and fears that we continue to harbor within us. And the best way to purge ourselves of these may well be, not to ignore them or bury them in disdain, but precisely to stimulate them, bring them out in the open, and truly work them through. Only a person fully in touch with the irrational temptations buried within him has a chance of becoming genuinely rational. For this reason too, an effective philosophical pedagogy will not necessarily shrink from—indeed, it may positively require—an esoteric rhetoric that makes initial appeal to our irrational tendencies.

The rhetorical effect of the prosaic

One last point in reply to those who would reject the pedagogical use of obscurity or indeed of any kind of rhetoric as unphilosophical: Is there really an alternative? Is it *ever* possible to avoid rhetoric and its irrational effects? In practice, it seems the only real choice is between helpful and unhelpful rhetoric. The modern

rationalist, the believer in literalness and clarity, holds that by writing in a dry, neutral, and rigorous manner one appeals directly to the rational faculties, without any involvement of rhetorical bias. The problem is that such a style is not really neutral, for the *prosaic too* has a powerful rhetorical effect and not a simply rational or salutary one.

The flip side of our irrational idealization of the hidden is our irrational devaluation of the open, public, and familiar. That is the reason for what Nietzsche called above “the misfortune suffered by clear-minded and easily understood writers;” namely, that “they are taken for shallow and thus little effort is expended on reading them.” We have a curious tendency—regrettable but very powerful—to close our minds to what is open and available. It would seem that if the truth does not somehow hide from or abandon us, then we abandon it. With us, obviousness is insulting; clarity is a sign of superficiality; and familiarity breeds contempt. That is the powerful rhetorical distortion produced by the seeming avoidance of rhetoric. The open and prosaic is intellectually clear but existentially stunting: it conveys the right information but the wrong attitude; it puts the deeper reaches of the soul to sleep. It is fine for engineering, bad for philosophy. Profound ideas somehow evaporate when laid out openly for every passing eye. They become overexposed, discharged, profaned. They lose their power to move us. To maintain their potency, they need to be husbanded. “Silence is a fence around wisdom,” states Maimonides.⁴⁴ Indeed, Pythagoras was famous for imposing a lengthy period of silence on his students to prepare their souls for philosophy.

Many earlier thinkers were moved by this spirit of husbanding. They embraced the rhetoric of hiddenness, notwithstanding its involvement with certain irrational effects, as a necessary counterpoison to the still more irrational effects of the prosaic and open. For example, Diogenes Laertius, in his account of the notoriously obscure writings of Heraclitus, remarks: “according to some, he deliberately made it the more obscure in order that none but adepts should approach it, and lest familiarity should breed contempt.”⁴⁵ We have already seen a similar remark by Augustine: “Lest the obvious should cause disgust, the hidden truths arouse longing.”

Today, we have lost this instinct for husbanding. The open society is highly sensitive to the dangers of obscurity but blind to those of plainness and clarity. Ultimate reality, we seem to presuppose, is what exists in broad daylight and is accessible to everyone in his everyday mood. But many earlier thinkers saw the greatest obstacle to philosophic insight precisely in the deadening effect that the

44. Moses Maimonides, *Laws concerning Character Traits*, in *Ethical Writings of Maimonides*, trans. Raymond Weiss with Charles Butterworth (New York: Dover Publications, 1975), 33 (2.5).

45. Diogenes Laertius, *Lives of Eminent Philosophers*, trans. Hicks, 413 (9.6).

prosaic has on the soul: a kind of trivializing everydayness arising from our dispersal in the world, from our excessive garrulousness, from the grip of stale custom and convention, and from the loss of mystery, wonder, and awe.

In a number of ways, the rhetoric of hiddenness is helpful in counteracting these harmful effects of the rhetoric of clarity. It trains the spirit in the right attitude toward thought and the world. Terse and indirect communication concentrates the mind. It teaches caution, patience, delicacy, and respect. It makes every word count. At the same time, it awakens us from our sleepy everydayness, our casual contempt for the world, by showing, through its own example, that beneath the familiar and superficial there lies something mysterious and intriguing.

Finally, such writing both issues from and engenders a reverence for one's own soul and its rarer states, a sense of reserve and inwardness, a delicacy that shelters one's higher and more fragile experiences from the coarsening glare of the public as well as from the clumsiness of words and propositions. "Every choice human being," writes Nietzsche, "strives instinctively for a citadel and a secrecy where he is saved from the crowd." Again: "Whatever is profound loves masks... There are occurrences of such a delicate nature that one does well to cover them up with some rudeness to conceal them."⁴⁶ One cannot philosophize in public any more than one can make love there. Erwin Straus, the phenomenological psychologist, makes a distinction between two kinds of shame: concealing and protective. The former is the familiar impulse to conceal what is base, but the latter is the less frequently noted instinct to hide what is precious and vulnerable.⁴⁷ Cast not your pearls before swine. Pedagogical esotericism is, among other things, a very natural manifestation of protective shame, an instinctive taste for concealing, sheltering, and husbanding our higher spiritual states. And writing that exhibits this shame also inspires it in the reader.

While it is true, then, that pedagogical obscurity often makes appeal to our irrational inclinations, a plausible case can be made that the same is true of any alternative style of exposition and that, for the right kind of reader, it is in fact the best means for promoting philosophic rationality.

The burden of esoteric interpretation

One further dimension of pedagogical esotericism—and of the contemporary mind's instinctive resistance to it—will emerge from the consideration of one final objection. All the foregoing arguments notwithstanding, most people today

46. Nietzsche, *Beyond Good and Evil*, trans. Kaufmann, 37 (aph. 26), 50 (aph. 40).

47. Erwin Straus, *Phenomenological Psychology*, trans. Erling Eng (New York: Basic Books, 1966), 217–24.

will still find it implausible—because so plainly counterproductive—that the great philosophic writers of the past would have written esoterically for pedagogical reasons. This practice seems just too inconsistent with the practical requirements of philosophical learning. If past thinkers deliberately wrote their books in the manner suggested, they would impose on the reader the enormous burden of navigating artificial labyrinths, solving elaborate puzzles, and cracking obscure codes—and all of this effort would be needed just in order to arrive at an understanding of what the book's real argument is. The reader will then scarcely have time or energy left to do the real business of philosophy: to examine the argument, compare it with those of other writers (who must also be interpreted esoterically), and finally decide what he himself thinks of it. The task of interpretation will squeeze out that of philosophical reflection. Even under the best of circumstances, philosophy is almost impossibly difficult. Why would anyone choose to compound the difficulty by adding to it the endless and uncertain task of esoteric interpretation? Whatever the advantages might be of esoteric pedagogy considered in the abstract, in reality it makes no sense—there is simply no *time* for it. It is believable that past thinkers were sometimes forced to write esoterically in order to avoid persecution, but that they would have also done so voluntarily in an effort to *enhance* the transmission of philosophical understanding is implausible in the extreme.

There is no doubt that we feel this objection very powerfully. But, once again, we must remind ourselves that the issue is not whether we ourselves approve of and incline to practice pedagogical esotericism, but whether thinkers in the past did so. And by now we have seen a large number of explicit statements by past thinkers acknowledging and praising the use of esoteric writing for pedagogical purposes. What is perhaps even more striking in this context is that I have been unable to find *any* statements, prior to the nineteenth century, *criticizing* esotericism for the aforementioned problem. It would seem that earlier ages were, for some reason or other, much less troubled by this problem than we are.

Leisure and esoteric literacy

One likely reason for this difference is a change of historical conditions. Today we labor under the great burden of a philosophic tradition that now stretches back 2,500 years. There are hundreds of major philosophical works to master and—since the rise of modern scholarship about 150 years ago—there are also hundreds of secondary writings devoted to each one of these primary works. Indeed, in our time, it is hardly possible to walk through the stacks of a major research library and not feel, among other things, oppressed by the crushing weight

of so many books. The fact is that modern scholars find themselves in an impossible intellectual situation, which, though it is seldom thematically discussed, conditions all of their hermeneutical instincts. It strongly inclines us to dismiss as implausible—because simply unbearable—any suggestion that would increase our already overwhelming scholarly burden.

But of course this condition of overload did not always exist. In classical times, the heyday of pedagogical esotericism, intellectual life breathed a very different air. There were many fewer thinkers and books. Nor were books written for busy scholars and university professors who were constantly driven by the pressure to publish. Free from these burdens, intellectual life had a far more leisurely and focused character. And this greatly affected the whole manner in which books were written and read. Historians Rolf Engelsing and David Hall among others have spoken of a “reading revolution” that occurred in the mid-eighteenth century through which the traditional, “intensive” practice of reading a few books over and over again was replaced with the modern, “extensive” practice of reading a book once and moving on to the next.⁴⁸ Thus, a hundred years later, John Stuart Mill remarks:

It must be remembered that they [the Greeks and Romans] had more time, and they wrote chiefly for a select class, possessed of leisure. To us who write in a hurry for people who read in a hurry, the attempt to give an equal degree of finish would be a loss of time.⁴⁹

We find a similar observation in Tocqueville:

One ought to remark, furthermore, that in all of antiquity books were rare and expensive, and great difficulty was experienced in reproducing them and having them circulate. These circumstances came to concentrate the taste for and use of letters in a few men, who formed almost a small literary aristocracy of the elite of a great political aristocracy.⁵⁰

In such intellectual circumstances, Tocqueville continues, where the writer could

48. See Rolf Engelsing, “Die Perioden der Lesergeschichte in der Neuzeit: Das statische Ausmass und die soziokulturelle Bedeutung der Lektüre,” *Archiv für Geschichte des Buchwesens* 10 (1969), cols. 944–1002, and *Der Bürger als Leser: Lesergeschichte in Deutschland, 1500–1800* (Stuttgart, 1974); David Hall, “The Uses of Literacy in New England, 1600–1850,” in *Printing and Society in Early America*, ed. W. L. Joyce, 2nd ed. (Worcester, MA: American Antiquarian Society, 1983), 1–47. See Dorinda Outram, *The Enlightenment* (Cambridge: Cambridge University Press, 2005), 16–18.

49. John Stuart Mill, *Inaugural Address Delivered to the University of St. Andrews* (London: Longmans, Green, Reader, & Dyer, 1867), 34.

50. Tocqueville, *Democracy in America*, trans. Mansfield and Winthrop, 451 (vol. 2, pt. 1, chap. 15).

count upon the patient, sustained, and repeated attention of a highly cultivated reader, nothing is “done in haste or haphazardly; everything there is written for connoisseurs.”⁵¹ Books were written with extreme care to be read with extreme care. Therefore, there was no ingrained resistance—such as we feel very strongly today—to the very idea that a book should deliberately impose on the reader a significant interpretive burden.

On the contrary, that was precisely their taste and preference. The whole tendency of classical culture, in Winckelmann’s famous expression, was one of noble simplicity and quiet grandeur. This manifested itself in a literary style of urbane understatement and lapidary concision. As Mill puts it: “The ancients were *concise*, because of the extreme pains they took with their compositions; almost all moderns are prolix because they do not.” Modern prose tends to be wordy and overstated, he continues, “for want of time and patience, and from the necessity we are in of addressing almost all writings to a busy and imperfectly prepared public.”⁵² By contrast, the primary addressees of classical writing—a small, refined, exclusive, and homogeneous literary aristocracy with a dense background of shared taste and understanding—naturally delighted in nuance and economy of expression, taking joy in seeing just how much could be conveyed by the smallest of indications. This cultural ideal expressed itself in their conversation no less than their writing. In his “Life of Lycurgus,” Plutarch describes how Spartan children were educated to “comprehend much matter of thought in few words.” Therefore, “as their swords were short and sharp, so, it seems to me, were their sayings. They reach the point and arrest the attention of the hearers better than any.”⁵³ Yet not just the Spartans in Laconia, but the classics in general, were famously laconic. Thus, even apart from the issue of leisure, the marked classical taste for refined understatement would have made classical audiences naturally receptive to the idea of pedagogical esotericism in a way that modern readers—lacking this taste—clearly are not.

Furthermore, having a taste for literary subtlety and having grown up with a literature that practiced it, ancient readers would have learned the rudiments of esoteric reading almost along with the art of reading itself. They were socialized into a laconic culture. Thus, the burden imposed by esoteric interpretation would have impressed them as less onerous as well as less distasteful than it does contemporary readers, who have grown up, as it were, esoteric illiterates.

51. *Ibid.*, 451 (vol. 2, pt. 1, chap. 15).

52. Mill, *Inaugural Address*, 37–38 (emphasis added).

53. Plutarch, *Lycurgus*, in *Lives*, trans. Dryden, 64–65.

Esotericism vs. the modern ideas of progress and publication

But it is not only the pressure of unread books, the disappearance of a leisured culture of aristocratic understatement, and the want of socialization in esoteric ways that make us view pedagogical esotericism as so burdensome and thus improbable. Crucially important is also the central role played by the idea of progress in the shaping of modern intellectual life.

The idea of progress, which today seems almost too obvious to explain, holds that human knowledge tends continually to advance because each generation can build on the achievements of the preceding one. Yet there is an unstated presupposition here regarding the matter of transmission. Faith in progress is based on the (very un-Socratic) assumption that wisdom or knowledge can be not only taught but “published” in the modern sense: written down in books in such a way as to be easily and genuinely appropriated, so that the next generation, after a brief period of learning, can begin where the previous one left off.

A second, related assumption of modern progress-philosophy is that intellectual production functions in essentially the same way as economic production: the progress of both results from “teamwork,” from the division of labor or specialization within a group. And just as the essential precondition of the economic division of labor is exchange, so the precondition of intellectual specialization is the efficient exchange of knowledge—through publication.

In the modern period, the whole enterprise of philosophy and science has been organized around this idea of progress. The pursuit of knowledge has become uniquely “socialized,” become a team effort, a collective undertaking, both across generations and across individuals within a single generation. This has affected our whole experience of the intellectual life. The modern scholar or scientist ultimately does not—and cannot—live to think for himself in the quiet of his study. He lives to “make a contribution” to an ongoing, public enterprise, to what “we know.” He has externalized his intellectual life. His thinking has become a means to his writing. He lives to publish. Thus, the living core of this effort at collective knowing is the modern institution of publication, through which each can make his contribution and readily appropriate the contributions of the others. Writing and publication have a unique meaning for modern thought; they play a special role that was unknown to earlier thinkers, even though they too of course wrote books.

It is no surprise, then, that the modern intellect instinctively recoils at the very idea of voluntary obscurity and pedagogical esotericism: this practice and

its premises run directly counter to core modern assumptions about the easy transmission of knowledge through publication and thus to the whole collective organization of modern intellectual life. It inevitably appears to us not only as destructive but transgressive, a violation of the sacred ethics of publication that is the lifeblood of modern knowing.

But this reaction was wholly alien to the premodern world, which inclined to reject the basic assumptions behind the idea of progress. Whatever may be the case for certain limited, technical aspects of philosophy, genuine philosophical depth and insight cannot simply be written down and transmitted from one generation to another. Wisdom cannot be told. So each generation by no means starts where the previous one left off. The classics had no faith in progress because they had no faith in publication in the modern sense. Indeed, they were skeptical of books of every kind, as we have seen.

They also rejected the second pillar of progress-philosophy, the division of labor. The philosophic life—the radically personal effort to see life whole—can never be genuinely pursued as a collective enterprise of specialists who read each other's articles. This whole system makes sense only when philosophy has been externalized, when the original meaning of philosophy as a unique way of life and the achievement of some kind of internal clarity or enlightenment has been replaced by a collective, public enterprise, in which each individual's personal thoughts have become only a means to his external contribution. From the classical standpoint, progress-philosophy is self-refuting, as it were, since it itself constitutes a great decline.

To be sure, something like the division of labor has always existed. In every age people are strongly tempted to rely upon the thinking and findings of others. And this can often seem like a useful shortcut. But if philosophy is to remain internal and authentic and not degenerate into a "tradition," then above all it must resist this dangerous temptation—the very temptation upon which modern progress-philosophy seeks to build. It was precisely to counteract this temptation that, as we have seen, classical thought turned to the use of pedagogical esotericism: by hiding the truth in the right way, it hoped to force others to rediscover it by and for themselves, without the excessive reliance upon others. But this means that the objection stated above—through which we moderns tend to dismiss the practice of pedagogical esotericism as implausible because such a great hindrance to the ready transmission of knowledge—is precisely what led the classics to embrace that practice: it is a great obstacle to the easy appropriation of others' ideas.

The esoteric book as an imitation of nature

But even granting this huge difference in perspective, we might still try to reformulate, using classical premises, our modern objection to pedagogical esotericism. Let us assume with the ancients that the primary aim of philosophical writing is to promote, not the progress over time of a collective intellectual enterprise, but the philosophical authenticity of the rare individual. Still, is increasing the interpretive difficulty of a book really the best way to get the reader to think for himself? Granted, it may prevent him from adopting the author's views unthinkingly. But, as argued above, it will also burden him with a difficult interpretive task that will stand in the way of his main job of philosophizing. The author's artificial literary puzzles will serve only to mire the reader in textual minutiae and distract him from the great puzzle of the world. The most likely effect of this kind of writing, then, is to make the reader not authentically philosophical, but rather bookish and pedantic.

We have already seen a large part of the reply to this objection. Classical philosophical texts were written not primarily for scholars and other workers in a collective enterprise but for the "rare individual," the person of extraordinary philosophical and interpretive gifts, who, as such, would not be excessively burdened by its interpretive challenges. And, as we have just seen, both the taste for and the art of close reading were more highly developed in past ages.

But there is a deeper reply to this objection that also points to a crucial dimension of pedagogical esotericism that we have so far neglected. The objection assumes that the deciphering of an esoteric text is a task altogether different from—and therefore obstructive of—philosophizing. It assumes that the puzzles contained in the esoteric book are purely "artificial" and unrelated to the puzzles in reality that occupy the philosopher. But this is not necessarily the case. Indeed, one of the primary purposes of pedagogical concealment is precisely to train the reader for the kind of thinking needed to philosophize. But whether and how it is able to serve this purpose depend on how one understands the true character of philosophy and of the reality it seeks to penetrate.

If, for example, philosophy is able to know the world through a deductive system of some kind, then presumably "philosophizing" would have nothing in common with the practice of esoteric reading. But if, on the other hand, reality is hidden from us by a cave of opinion or convention, as Plato maintains, and if philosophy largely consists, not in a science of geometric deduction, but in the delicate art of freeing oneself from received opinion by detecting its subtle flaws and contradictions, then the art of esoteric interpretation might well be the best possible training for philosophy. In learning how to read the text, you learn how to

read the world. More generally, if the world is composed of appearance and reality, of a surface and a depth, then a book that consciously imitates that structure might best prepare one for comprehending the world.

Again, if true philosophy is dogmatic, system-philosophy that would banish all mystery from the world, then the human activity or posture of “questioning” would not be truly central to the philosophic life, and the open-endedness of an esoteric text would have no essential relation to philosophy. But if true philosophy is some form of skepticism—not the modern, Cartesian kind that is only a prelude to dogmatism, but classical, zetetic or erotic skepticism that puts the human stance of questioning, wondering, and longing permanently at the center of the philosophic life—then the elusive question-world of an esoteric book might be the most suitable training ground for philosophy.

Socrates, for example, who claimed to know only that he knew nothing, was a skeptic in this sense—to adopt here the interpretation of Leo Strauss. For Socrates, philosophy is knowledge of ignorance. But one cannot *know* that one is fundamentally ignorant without knowing that the world poses fundamental questions to which one does not have the definitive answer. Knowledge of ignorance, then, is not ignorance; it is knowledge. It is knowledge of the permanent problems, the fundamental perplexities that stimulate and structure our thinking. For the skeptic Socrates, then, these questions (and not the eternal Ideas) are the most fundamental and permanent beings that he knows, beings that continually summon him to thought. He experiences the whole as neither perfectly transparent nor perfectly opaque, but elusive and alluring. And this experience derives not simply from the limitations of human reason but from the character of the world: hiddenness is a property of being itself. Nature is esoteric. Now, if this is the case, then the puzzle-quality of an esoteric text would not be artificial and obstructive of philosophy but rather natural and necessary, being an accurate imitation of reality. Thus, according to Strauss, Plato wrote his dialogues so as to “supply us not so much with an answer to the riddle of being as with a most articulate ‘imitation’ of that riddle.”⁵⁴ Similarly, Thucydides’s history “imitates the enigmatic character of reality.”⁵⁵ A rhetoric of concealment would be most useful, perhaps even necessary, to disclose reality as it is in its hiddenness.⁵⁶

54. Strauss, “New Interpretation,” 351.

55. Leo Strauss, “Thucydides: The Meaning of Political History,” in *Rebirth*, 94.

56. For a discussion of these claims, see Strauss, “What Is Political Philosophy?” in *What Is Political Philosophy?*, 38–40. See also his “An Introduction to Heideggerian Existentialism” (in *Rebirth*, 43), where Strauss seems to follow Heidegger in maintaining that “*to be* means to be elusive or to be a mystery.” See Leo Strauss, *The City and Man* (Chicago: Rand McNally, 1964), 61–62. And see Benardete who, on this basis, attributes to the ancients what he calls “metaphysical esotericism.” Seth Benardete, “Strauss on Plato,” in *The Argument of the Action* (Chicago: University of Chicago Press, 2000), 409.

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