Economics as Theology: Adam Smith’s Wealth of Nations

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Adam Smith’s *Wealth of Nations* may be read as a work of natural theology similar in general style to Newton’s *Principia*. Smith’s ambiguous use of the word “nature” and its cognates implies an intended distinction between a positive sense in which “natural” means “necessary” and a normative sense in which “natural” means “right.” The “interest” by which humans are motivated is “natural” in the first sense, but it may not bring about social outcomes that are “natural” in the second sense. It will do so only if the social institutions within which agents seek their own “interest” are well formed. Smith provides a large-scale, quasi-historical account of the way in which well-formed institutions gradually develop as unintended consequences of private “interest.” In so doing, he provides a theodicy of economic life that is cognate with St. Augustine’s theodicy of the state as *remedium peccatorum*.

“If a great book such as Smith’s *Wealth of Nations* is read repeatedly, on even a fifth or a tenth reading one continues to learn new things. I doubt whether anyone will ever fully apprehend all the things that Smith wished to express, and there is even more to learn from an interesting mind than its owner wished to teach us.”

George Stigler (1982, p. 108)

1. Introduction

Economics is a scientific enterprise. Well-grounded theory is continually refined. Observations of social phenomena are made in light of that theory. Inferences are constructed by means of the best statistical techniques. Putatively falsifiable predictions are made. This is all as it should be.

Yet what Heyne (1976) calls “the economic way of thinking” is more than just a science. It is a way of looking at society that rests on certain assumptions about the human condition. Those assumptions are neither innocent nor uncontroversial, for they stir up baffling moral and theological questions. Is there a higher good than economic welfare? If economics is about scarcity, and scarcity is an evil (e.g., Walsh 1961), why does God allow scarcity? If individuals actually are as rational and self-interested as we assume, ought they to be?

Because economists are human beings, our utterances reveal our preconceptions and values. They also function so as to recommend those preconceptions and values. We have all been made aware in recent years of the “rhetoric of economics” (McCloskey 1983, 1985). Every

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text written by every economist is and must be to some extent an “essay in persuasion.” It is a short step from this awareness to recognizing the theology latent or implicit in much economic literature. Many have noted that present-day economics offers a new kind of “modernist faith” with its own “Ten Commandments and Golden Rule,” its “nuns, bishops and cathedrals,” and its “trinity of fact, definition, and holy value” (McCloskey 1985, pp. 4–9). Policy debates between economists and environmentalists sometimes look like “wars of religion” between “two faith communities” (Sagoff 1997, pp. 968, 972, 980). Modern economics has been plausibly represented as the last gasp of a liberal-protestant “social gospel” that the American Economic Association was founded to promote: a grand if futile gesture explained in Reaching for Heaven on Earth: The Theological Meaning of Economics (Nelson 1991). The author of that work has now given us a more focused analysis in Economics as Religion: From Samuelson to Chicago and Beyond (Nelson 2001).

It is my purpose in this article to show by means of a classic case that what Nelson calls “economic theology” has been with us for a long time before Samuelson. Not only was Karl Marx “the most successful of all theologians since the Reformation,” as Paul Tillich (1967, p. 476) once observed, but Marx’s chief exemplar was Adam Smith. If we reread Smith’s (1976a) “great book” with proper attention, we may learn from his “interesting mind” a lot more than “its owner wished to teach us.” For Wealth of Nations may be read—and conceivably was sometimes read—as a work of “natural theology;” rather as Newton’s Principia was read by Cambridge undergraduates as natural theology for most of the 18th century.

It is important for me to state what I am not trying to do. I am not trying to discover what Adam Smith actually believed in 1776. A person’s religious beliefs or unbeliefs are seldom stable or coherent, seldom completely understood by that person or by others, and never reliably signified by documentary evidence alone. I have therefore deliberately ignored the interesting and important work of other scholars who have discussed Smith’s theology in a more orthodox, intellectual-historiographic fashion (e.g., Viner 1958; Smith 1976b; Raphael 1985; Teichgraeber 1986; Nicholls 1992; Minowitz 1993; Fitzgibbons 1995; Winch 1996). I have instead attempted to follow the literary-theoretic suggestions of Brown (1994, p. 13) according to which “the richness of a text may be explored independently of the question as to whether the author was aware” of the “textual devices” he employed, such as “style and figurative language,” which may now tell us more than he was either willing or able to say in a more straightforward way at the time of writing.

What follows is in four parts: first, an investigation of the theological work done by Smith’s pervasive and ambiguous conception of “nature;”; second, an account of human “interest” and of the ethical and political problems this appears to create, third, Smith’s reconciliation of the two in a theodicy of social life that explains in part how a “divine Being” produces “the greatest quantity of happiness;”; and finally, some concluding remarks.

2. Nature

“Nature” and its cognates (“natural,” “naturally,” “unnatural”) is one of the most frequently used such families of words in Wealth of Nations (Smith [1776] 1976a; hereinafter identified as W) (Table 1). Moreover, it is often used as either synonymous with, or as thematically connected with, “necessity” and its cognates. The frequency of “nature” and “necessity” combined is 1529, which exceeds that of the otherwise most important significant term,
"price." "Nature" is sometimes used innocently, to denote the characteristic properties of some entity, as in the title of Smith’s *Inquiry* itself and in such phrases as “the nature of its laws and institutions,” “the nature of its soil and climate,” and so on (W, pp. 89, 111). But it is also used to denote that which exists, or at any rate the whole created, material universe in which man is located: “the call of nature,” “the order of nature,” “the nature of things,” the “great phenomena of nature” (W, pp. 100, 145, 515, 766, 767). And in some cases there is slippage between this sense and a hypostasis of the term that seems to refer to or imply a putative creator of “nature”: “talents with which nature has distinguished its fellows,” “nature labours along with man,” “the work of nature,” the “difference which nature has established between corn and almost every other sort of goods,” “the nature of things has stamped upon corn . . . ,” “nature does herself the greater part of the work,” “Nature does nothing for him” (W, pp. 30, 363, 364, 515, 515, 694, 695). The most striking and suggestive example of such usage—an important clue to the theodicy I will suggest in section 4—is to be found in Smith (1976a, Book IV, chap. ix, para. 28; hereinafter referred to as IV.ix.28), in a context that criticizes Quesnay. In the “political body,” Smith maintained against the Physiocrats, “the wisdom of *nature* has fortunately made ample provision for remedying many of the bad effects of the folly and injustice of man” (W, pp. 674; my italics). In each of these cases and especially the last, “nature” is nearly synonymous with the God referred to in W (pp. 770, 772) as “the Deity.”

The substantive use of “nature,” however, is less frequent than either the adjectival or the adverbial. For whereas “nature” occurs 149 times in W, “natural” occurs 232 times and “naturally” 272 times (Glahe 1993, pp. 345–6). And it is in these that Smith’s ambiguous, not to say equivocal, treatment of “nature”—sometimes teleological and/or normative, sometimes merely positive and/or naturalistic, sometimes dubiously either or both—is most evident.

“Natural” is occasionally used adjectivally of {“nature” = the created universe} as in “natural philosophy” (W, p. 766) and in these cases is neither teleological nor normative. The beginning of some trace of the normative is to be seen in such uses as “the natural aristocracy of every country” and “the natural and respectable distinctions of birth and fortune” (W, pp. 622, 944). These social arrangements may, indeed must, exist in consequence of “the nature of things,” but they do seem to be regarded with approval, and they do not seem to be quite inevitable. “Natural liberty and justice,” (W, pp. 157, 470, 530, 606), being a state of affairs that ought to exist but that may not, is more obviously both teleological (it is an end, or part of the purpose of “nature”) and normative (we must try to see that it is maintained).

### Table 1. Frequency of Important Terms (and Their Cognates) in W

<table>
<thead>
<tr>
<th>Term</th>
<th>Frequency</th>
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<tbody>
<tr>
<td>Price</td>
<td>1388</td>
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<tr>
<td>Labour</td>
<td>1199</td>
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<tr>
<td>Value</td>
<td>907</td>
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<td>NECESSITY</td>
<td>873</td>
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<td>Profit</td>
<td>785</td>
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<td>Capital</td>
<td>765</td>
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<td>NATURE</td>
<td>765</td>
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<tr>
<td>Land</td>
<td>645</td>
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<tr>
<td>Market</td>
<td>600</td>
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<tr>
<td>Goods</td>
<td>581</td>
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<td>INTEREST</td>
<td>557</td>
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<td>Rent</td>
<td>502</td>
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<tr>
<td>Wage</td>
<td>354</td>
</tr>
<tr>
<td>Landlord</td>
<td>199</td>
</tr>
<tr>
<td>Cost</td>
<td>118</td>
</tr>
</tbody>
</table>

Source: Glahe (1993).
The most interesting uses of “natural” occur within an explicit economic-theoretic context. A key example is found at the beginning of Book III, “Of the Natural Progress of Opulence.” “According to the natural course of things... capital of every growing society is, first, directed to agriculture... This order of things is so very natural” (W, p. 380). The redundant phrase “so very” is a giveaway. In a strictly positive sense, something is either “natural” or it is not. Smith was here using “natural” to mean “good” or “desirable.” For “in all the modern states of Europe,” this “natural order of things” has been “entirely inverted” to become an “unnatural and retrograde order” (W, pp. 380, 422). The “natural progress of improvement” (W, p. 708), the “natural proportion which would... establish itself between judicious industry and profit” (W, p. 758), a “natural distribution of stock” the “derangement” of which is “necessarily hurtful” (W, p. 632), and Smith’s rhetorical, fourfold incantation of the sonorous phrase “natural and free state” (W, p. 608) are all equally normative, with more than a hint of the teleological. The “natural price” (W, p. 77 etc.) and “natural rate” of wages (W, p. 79 etc.) are ambiguous. They may be conceived positively as long-run equilibrium outcomes, but there is always some suggestion of the normative in their use. The corresponding value of the “profits of stock” is actually referred to at one point as “their proper level” (W, p. 132).

Why is it “natural” for human societies to grow and “improve?” What does it mean to say that equilibrium market outcomes are “natural”? And why, notwithstanding, may “natural” outcomes be delayed or altogether frustrated? Some light is thrown on these matters by Smith’s use of the adverb “naturally.”

In chapter VII of Book I, “Of the Natural and Market Price of Commodities,” the average frequency of “naturally” rises to 0.70 per page as against 0.29 for W as a whole. The purpose of that chapter is to show how “the quantity of every commodity brought to market naturally suits itself to the effectual demand” (W, p. 74; my italics). An important part of the explanation postulates a “natural price” as “the central price, to which the prices of all commodities are continually gravitating” (W, pp. 72, 75, 77; my italics). This powerful Newtonian image is invoked in order to suggest a process whereby a “natural” state of affairs not yet in existence might (or must; Smith was characteristically ambiguous) come about “naturally”—that is, according to the laws of nature—after a lapse of time. Similar usage occurs throughout W in such ideas as “that balance which naturally establishes itself among the various employments of society” (W, p. 499; see also pp. 453, 465, 504, 604, 606, etc.) and that “the mercantile stock of every country... naturally courts the employment which in ordinary cases is most advantageous” (W, p. 629). Yet deliberate human action may delay such processes “for ages together” or at any rate “for many centuries” (W, p. 79). The laws of nature govern a disequilibrium adjustment process that must—or only might?—bring about “natural” outcomes, but humans can frustrate or impede the operation of those laws.

This equivocation is obviously unsatisfactory. The laws of nature, if they really are that, must operate of necessity. The laws of Newtonian physics are ineluctable, as Smith well knew. At many points in W, Smith used “naturally” and “necessarily” as synonyms or near synonyms (e.g., W, pp. 19, 98, 104, 277, 417, 446, 454, 455, 456, 476, 598, 627, 715, 767, 802), but where I have italicized page numbers he suggested a distinction between the two that seems to imply that what might happen “necessarily” may not always be what happens “naturally.” Moreover, two different kinds of ambiguity are introduced with the adverb. In the normative proposition, “Commerce ought naturally to be... a bond of union and friendship” (W, p. 493), “naturally” is redundant unless, by adding color and strength to “ought,” it is able to suggest that what happens “naturally” is both optional and to be preferred. The same identification of
"naturally" with "ought" occurs even more clearly in IV.vii.c.87: "that... which ought to take place, and which naturally does take place" (W, p. 629). But the near juxtaposition in IV.vii.b of "cattle naturally multiply" with "The prohibition of exporting... naturally tended to lower the price" (W, pp. 577, 579–80) seems to imply, somewhat tendentiously, that market processes happen in the same kind of way as biological processes.

In IV.vii.c.86, Smith belatedly acknowledged that one may speak only figuratively of market processes as occurring "naturally." "The mercantile stock of every country, it has been shewn in the second book, naturally seeks, if one may say so, the employment most advantageous to that country." But "one may say so," of course, only because of the motives and actions of "the owner of the stock" who "necessarily wishes to dispose of as great a part of [his] goods as he can at home" and who "naturally... endeavours... to turn his carrying trade into a foreign trade of consumption" (W, pp. 629–30; my italics). Nature has endowed "the owner of stock"—like all other human beings—with "the propensity to truck and barter;" whence comes a division of labor "not the effect of any human wisdom" and the associated institution of market exchange (W, p. 25). The adjective "human" in this context seems to imply a contrast with divine wisdom—"the wisdom of nature" (W, p. 674). Moreover it would seem to be something like a law of nature that humans should exhibit this propensity in such a way as to maximize profit: "The consideration of his own private profit, is the sole motive which determines the owner of any capital to employ it" (W, p. 374). It is therefore admissible for Smith to write figuratively of market processes as "natural" because they are the consequences of "natural" human behavior. Yet it would seem that for Smith in W, using "natural" in this positive sense, some "natural" outcomes are good ("natural" in a normative sense) and others bad ("unnatural" in a normative sense). How can we make sense of this?

In III.i.8–9, Smith wrote of "a natural order of things" according to which capital is directed first to agriculture, then to manufactures, and finally to foreign commerce:

But though this natural order of things must have taken place in some degree in every such society, it has, in all the modern states of Europe, been, in many respects, entirely inverted. The foreign commerce of some of their cities has introduced all their finer manufactures... and manufactures and commerce together have given birth to the principal improvements of agriculture. The manners and customs which the nature of their original government introduced and which remained after that government was greatly altered, necessarily forced them into this unnatural and retrograde order. (W, p. 380; my italics)

This is complicated and sophisticated. The "nature" of their original government "necessarily" subverted a "natural order of things" and has brought about an "unnatural" order. One is tempted to see in this an example of, or at any rate a secular parallel to, a Scotch Calvinistic, predestinarian account of the inescapable consequences of primordial human lapse. However, if we recall Smith's recognition that aggregative, social phenomena are the unintended consequences of individual human agency, an even more complex—and theologically more interesting—explanation begins to emerge.

The "original principles in human nature" (W, p. 25)—though often obscured by "levity and inconstancy" (W, pp. 92–3), "folly and injustice" (W, pp. 378, 674), "sloth and intemperance" (W, p. 674), "avidity" (W, pp. 563, 567), "gross ignorance and stupidity" and cowardice (W, p. 788)—are evidently taken by Smith to be essentially good. For all who exhibit these defects are said to be "deformed in [some]... essential part of the character of human nature" (W, p. 788). Such language is clearly teleological. Human beings were meant, or intended, or created to be better than we actually are. That "nature" within which humans exist, and according to whose laws we behave, possesses a "wisdom" that humans can never attain (W, p.
674; see also pp. 25, 564, 626, 687). Though human reason is “feeble” (W, p. 803), there is to be discerned in part an “order of nature and reason” (W, p. 145) by which we ought to govern ourselves. Insofar as we do, we may be said to be acting “naturally” in the normative sense, which I will distinguish as “naturally” (1). And this will produce social outcomes that are “natural” in the normative sense (clearly contrasted by Smith with “unnatural”) and that I will designate as “natural” (2) and meaning “good, as intended by Nature.” But human beings, Smith evidently assumes here, have a free choice between good and evil. We may ignore or evade the order of nature and reason: But insofar as we do, we still must act “naturally” in a merely positive sense “naturally” (2). And the social outcomes that result will be natural (2) because everything in “nature” must be rule-governed in some way and hence must occur “necessarily.” Therefore, when Smith distinguished “naturally” and “necessarily,” he would seem to have had in mind that what has to happen within “nature” by human agency, though always “necessary,” is not always (“natural” = natural (1)).

In order to make further progress, we must examine in more detail the textual evidence in W for the inequality naturally (1) ≠ naturally (2).

3. Interest

“Commerce... ought naturally to be, among nations, as among individuals, a bond of union and friendship.” But because of “the capricious ambition of kings and ministers” and “the impertinent jealousy of merchants and manufacturers,” it has become “the most fertile source of discord and animosity.” Neither the “violence and injustice of the rulers of mankind” nor “the mean rapacity... of merchants and manufacturer” can be “corrected” (though the latter “may very easily be prevented from disturbing” the tranquility of others) because they are evils for which “the nature of human affairs can scarce admit of a remedy” (W, p. 493).

In this passage, especially the phrase “the nature of human affairs,” Smith came as near as he ever does in W to the traditional Pauline, Augustinian doctrine of Original Sin. And in describing its putative consequences, Smith’s language is almost always more highly colored than usual. He assails the “savage injustice” of Europeans who colonized the New World (W, p. 448 etc.). In general, “All for ourselves, and nothing for other people, seems, in every age of the world, to have been the vile maxim of the masters of mankind” (W, p. 418). Feudal proprietors were actuated by “the most childish, the meanest and the most sordid of all vanities” (W, p. 419). The “great lords” beheld the growing prosperity of the burgesses—their former serfs—“with a malignant and contemptuous indignation” (W, p. 854). The protective legislation “which the clamour of our merchants and manufacturers has extorted... may be said to have been all written in blood” (W, p. 648). Even the relatively minor vices of profusion, prodigality and extravagance, draw strong moral condemnation. The “prodigal” perverts capital “from its proper destination.” “Like him who perverts the revenues of some pious foundation to profane purposes, he pays the wages of idleness with those funds which the frugality of his forefathers had, as it were, consecrated to the maintenance of industry” (W, pp. 338, 339). Such language is intelligible only on the assumption that “the original principles in human nature” are, and can be known to be, good; that traces of a “common humanity” remain (W, pp. 587, 648); that humans have genuine free will; and that deviation by individuals from what is natural (1), when voluntary, is culpable.

What impels individuals to act, whether naturally (1) or simply naturally (2)? The Theory
of Moral Sentiments (Smith [1759] 1976b) expounds a detailed psychology according to which human action is motivated by a less-than-perfect balance of the “sentiments:” self-love, justice, and beneficence or benevolence. Because I am concerned in this paper solely with what one may read in W, I shall resist the temptation to reconstruct Smith’s complete theological thinking and concentrate rigorously on what is contained in that text alone. “Self-love” occurs only twice in W, “beneficence” not at all. There are 89 occurrence of “justice”—of which more later. But only one of these (W, p. 711) refers to individual virtue, the remainder either to institutional arrangements (80 examples) or abstract principle (eight examples). What drives individuals to act either naturally(1) or naturally(2) in W is what they perceive—correctly or incorrectly—to be their “interest.”

“Interest” in W is a morally neutral term. It is natural(2) for humans to be led by it. The “regard that all men have for their own interest” (W, p. 350) is taken for granted throughout W and illustrated in many ways. “The desire of bettering our condition. . . comes with us from the womb” (W, p. 341; see also p. 540). “Interest” and its cognates occur 557 times in W (Table 1), and though perhaps as many as 100 instances may refer to “interest” as the price of loans, the word means “self-advantage” in the great majority of cases. In I.i, the phrase “their self-love” is twice used as synonymous with “their own interest” (W, pp. 26, 27), and this is highly significant theoretically. For “self-love” had already been explicated as a Christian duty by Joseph Butler and Josiah Tucker in response to Mandeville’s reductionist apologia for “vice” (Waterman 2001). In principle, therefore, an action driven by {“interest” = “self-love”} can also be natural(1). It is evidently for this reason that Smith was so willing, throughout W, to recommend that “The law ought always to trust people with the care of their own interest” (W, p. 531). It has often been remarked, correctly, that Smith’s doubts about the efficacy and beneficence of legislation are consistent with a belief he shared with Hume in the fallibility and myopia of “human wisdom” (W, pp. 564, 626). Thus, the “duty of superintending the industry of private people, and of directing it towards the employments most suitable to the interests of the society,” is one “for the proper performance of which no human wisdom or knowledge could ever be sufficient” (W, p. 687). It is also the case that Smith saw that “Civil government. . . is in reality instituted for the defence of the rich against the poor” (W, p. 715) and therefore that laws and courts must normally be biased in favor of “the rich and the powerful” against the “poor and the indigent” (W, p. 644; see also pp. 157–8 and IV.viii passim). But even if neither of these objections existed, the ethical question would remain: Why ought individuals to be trusted to pursue their own interests? Smith’s implicit answer was typical of 18th-century Christian moral theory: Private interest may be a reliable guide to right conduct. As Samuel Johnson, oracle of high-church, Tory piety once put it, “There are few ways in which a man can be more innocently employed than in getting money” (Boswell 1934, II, p. 323).

Yet W is filled with examples of the maleficient consequences of interest, sometimes but by no means always linked to the moral corruption of agents (W, pp. 336, 585, 649, 717, 722, 780, 808, 826, 897). It is “private interest” that animates “the spirit of monopoly” (W, p. 474), and it is the latter that creates so very sharp a conflict between the interest of “merchants and manufacturer” and that of “the great body of the people” (W, pp. 493–4). For though “to narrow the competition, is always the interest of the dealers,” it is “an absurd tax upon the rest of their fellow-citizens” (W, p. 267). The “Conclusion of the Mercantile System” (IV.viii) explains with many examples how, under the mercantile system, “the interest of the consumer is almost constantly sacrificed to that of the producer” (W, p. 660). The interest of that “superior
order of people” rich enough to “brew for their own private use” has probably prevented a fairer and more efficient “system of excise duties” (W, pp. 893, 891). In universities where “the teacher” receives a salary, his “interest is... set... in opposition to his duty” (W, p. 760). The “clergy of every established church... pursue their interest upon one plan and with one spirit,” and their “interest as an incorporated body is never the same with that of the sovereign, and is sometimes directly opposite to it” (W, p. 797). Sometimes indeed, conflict of interest exists within the same person or body. The “interest of the East India company considered as sovereigns” is “the reverse” of “their interest as merchants” (W, p. 638). And quite apart from all this, the class interest of “the employers of stock” can never be “connected with the general interest of the society” as is those of landlords and laborers. For the rate of profit is “naturally low in rich, and high in poor countries, and it is always highest in countries which are going fastest to ruin” (W, pp. 265, 266).

Therefore, quite independently of any moral corruption that may afflict some but not all agents, the world as it actually is evinces many different and sometimes ineradicable conflicts of interest. At the very least, the perfectly natural(2) collusive pursuit of their interest by powerful individuals can—or will or must—harm the interest of weaker individuals (e.g., W, p. 644). Laws that “trust people with the care of their own interest” invite, or at any rate permit, a wide range of social evil. Yet though the law ought not to foster or encourage collusive interest seeking, it cannot and ought not to prevent it.

People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or some contrivance to raise prices. It is impossible indeed to prevent such meetings, by any law which either could be executed or would be consistent with liberty and justice.
(W, p. 145)

If agents act with regard to their own interest, they will collude whenever that seems likely to improve their relative position. And when they do so, the outcome of their actions will not be natural(1).

Some legislative reform, of course, will do good, in particular, the dismantling of legal monopolies and other trade restrictions. Moral reform may help, too. Conditions of work in a commercial society induce “a torpor of mind” in the laborer, which “renders him... incapable of conceiving any generous, noble or tender sentiment, and consequently of forming any just judgment concerning many even of the ordinary duties of private life” (W, p. 782). Public education in parish schools is a partial remedy and well worth the expense, for an “instructed and intelligent people... are always more decent and orderly than an ignorant and stupid one” (W, p. 788). And where—as under a presbyterian polity—economic incentives conduce to “exemplary morals” in the clergy of an established church, the parish minister may exhibit “that system of morals which the common people respect the most... He becomes careful to instruct them, and attentive to assist and relieve them” and so gains an “influence over the minds of the common people,” which produces a general moral improvement of the lower orders. The Church of Scotland is exemplary in maintaining not only “the uniformity of faith, the fervour of devotion,” but also “the spirit of order, regularity, and austere morals in the great body of the people” (W, p. 813).

Yet it seems clear that in W, legal and moral reform can never be sufficient to take away or prevent completely that evil which results from the unimpeded operation of private interest. Humans have free will. Though they need not, and perhaps ought not, to intend “the publick good” (W, p. 456), their choices ought to result in social outcomes that are natural(1). Yet even with good laws (or no laws) and good—or at any rate not individually corrupted—morals, their
interest may lead them to produce outcomes that are contrary to “the general interest of the country” (W, p. 613) and hence not natural(1). This is a consequence of “the nature of human affairs;” perhaps (though Smith nowhere says so in W) of some initial derangement of “the original principles in human nature.” The way in which Smith deals with all this—guarded as he always is and to the modern, secularized ear often seemingly ironical—could easily be taken by his friends and associates in the Moderate party of the Church of Scotland to be consistent with some broadly conceived notion of Original Sin.

4. Theodicy

Smith’s advocacy in W of “the natural system of perfect liberty and justice” (W, p. 606) depends crucially on the possibility of justice. “Every man, as long as he does not violate the laws of justice, is left perfectly free” (W, p. 687; my italics). Because private interest will frequently lead to such violation when it appears profitable, there must be a sovereign with “the duty of protecting, as far as possible, every member of the society from the injustice or oppression of every other member of it” (W, p. 687). And in fact, the “equal and impartial administration” of British justice, “by securing to every man the fruits of his own industry, gives the greatest and most effectual encouragement to every sort of industry” (W, p. 610). Yet where institutional arrangements provide incentives to judges and plaintiffs to evade or bend the laws, “the corruption of justice” will occur “naturally” (W, p. 718). And in general throughout W, we see that it is the possibly quite innocent, natural(2) pursuit of private interest within the wrong kind of institutional framework that leads to social outcomes that are {“unnatural” = inefficient and unjust}.

But the institutional framework is described, in V.i.a,b and in III, as coming gradually into existence, over very long periods, as the largely unintended and certainly unforeseen outcome of a myriad of private—or at least local—decisions, all of which take place in response to two fundamental, biological laws of nature announced in I.xi.b:

(i) “men... naturally multiply in proportion to the means of their subsistence;”

(ii) “land... produces a greater quantity of food than what is sufficient to maintain all the labour necessary for bringing it to market” (W, p. 162). By means of natural law (i), the human race is propelled through the first two “states of society”—those of hunters, “the lowest and rudest state,” and shepherds, “a more advanced state” (W, pp. 689, 690)—to the third, that of husbandmen. At that point, when all fertile land has been appropriated, the effect of natural law (ii) provides that “the surplus produce of the country” becomes “the subsistence of the town” (W, p. 377). “Conveniency and luxury” become possible, and their development, fostered by the effect of two fundamental, psychological laws of nature,

(iii) the “propensity to truck and barter” (W, p. 25) and

(iv) the “natural effort of every man to better his condition” (W, p. 540), a consequence or concomitant of “interest,” brings about the fourth and highest stage of development, a commercial society. Social and political institutions are associated with, perhaps in some sense determined by, each mode of production. And for reasons explored in III.iv, “commerce and manufactures gradually introduced order and good government” (W, p. 412). “Interest” therefore plays an important part in bringing about an eventual improvement in that institutional framework within which “interest” works for good or ill. The better are social and political institutions, the greater the likelihood of justice. And the more pervasive is justice, the more
probable it is that human behavior that is natural(2) may also be natural(1). The broad outline of a theodicy in W is now apparent.

Every religion that acknowledges a God who is all-powerful, all-wise, all-knowing, and perfectly good faces the so-called problem of evil. How is the abundant evidence of unwilled suffering in sentient beings (physical evil), and of human wickedness and its consequences (moral evil), to be reconciled with the divine attributes? (Why does God allow cancer, war, injustice, and so on?) Answers that diminish any of the attributes are rejected as heterodox. To suggest, as Malthus did, for example, that the perfectly benevolent God is less than all-powerful to prevent evil is Manichaean; and Malthus was promptly accused of that heresy by Ricardo and James Mill (Ricardo 1951–73, VII, pp. 212–3). An inquiry that seeks to demonstrate the possible coexistence of all the divine attributes is known as theodicy. The term seems to have been coined by Leibniz ([1710] 1951), but within the Judeo-Christian tradition, the enterprise goes back at least to the Book of Job.

By far the most influential theodicy in the Christian West is that of St. Augustine of Hippo (354–430), whose voluminous and powerful writing set the theological agenda for more than a thousand years. Augustine began with the Pauline doctrine of Original Sin and the Fall of Man and attributed all moral evil, and most if not all physical evil, to that single cause. What then does God do about it? Augustine’s answer was complex and not entirely satisfactory (Williams 1927). But his account of political society is suggestive. The state and its institutions are a self-inflicted punishment of human sin. Augustine had no illusions about the human cost of maintaining internal peace and external security. Moreover, without justice, the state is an unmitigated evil: “Remota itaque justitia, quid sunt regna nisi magna latrocinia?” (Augustine 1957, iv:4). And because of human sin, true justice is never fully obtainable: “vera autem justitia non est nisi in ea re publica cuius conditor rectorque Christus est” (ii:21). Yet some degree of justice remains possible; therefore, God allows the self-regarding acts of sinful human beings to bring the state into existence because its institutions—especially those of private property, marriage, and slavery—are also a remedy for sin. By means of the state, the evil in human life may be constrained to that minimum that must result from freedom of the will in fallen humanity (Waterman 1991, pp. 76–7). I wish to suggest that there are parallels between this aspect of St. Augustine’s theodicy and the account we may read in W of the way in which “the wisdom of nature” provides that natural(2) human behavior may bring about natural(1) outcomes.

Though human nature is—or was—natural(l), it is frequently if not always deformed in some “essential part.” In particular, “human wisdom” is feeble and unreliable by comparison with “the wisdom of nature.” Though “to cultivate the ground was the original destination of man” (W, p. 378; cf. Genesis 2:15), human life is faced with a recurrent possibility of “natural scarcity arising from soil and climate” (W, p. 466; cf. Genesis 3:17–19; in the next paragraph, Smith refers to “barrenness of the earth” as a “curse”). Given its “laws and institutions,” the opulence of any country is constrained by what “the nature of its soil, climate, and situation might admit of” (W, p. 112). Thus, human fecundity (natural law [i]) creates competition for resources and so induces the “natural effort of every individual to better his own condition.” Human action must therefore be driven by “self-love,” or “interest,” which may be a reliable guide to right conduct and which may produce natural(1) social outcomes. But where the institutional framework is defective, interest will naturally(2) produce outcomes that are “unnatural.” However, the institutional framework itself is the result of an evolutionary process in which human interest, manifesting itself as natural law (iv), operates in face of natural laws (i),
(ii), and (iii). And “the natural progress of improvement” (W, p. 708) brings about institutions that are more conducive to justice.

By such a process, for example, the “silent and insensible operation of foreign commerce” (driven by natural laws [iii] and [iv]), acting on “the meanest and most sordid of all vanities” in the nobility, caused the end of feudal dependency. For as objects of luxury become available, an ever larger proportion of the surplus is spent on these, rather than on courtiers, private armies, and domestic retainers. “A revolution of the greatest importance to the publick happiness, was in this manner brought about by two orders of people, who had not the least intention to serve the publick”: the “great proprietors” and “the merchants and artificers” acting “merely from a view to their own interest, and in pursuit of their own pedlar principle of turning a penny wherever a penny was to be got” (W, pp. 419, 418–22). In another example, we read of that effect of the “pride of man which makes him love to domineer” and “to prefer the service of slaves to that of freedom” but which is gradually offset by the fact that slavery is inefficient and relatively unprofitable. Hence, to “the slave cultivators of antient times, gradually succeeded a species of farmer” (W, pp. 386–9). Similarly, the “invention of firearms, an invention which at first sight appears to be so pernicious, is certainly favourable both to the permanency and to the extension of civilization” (W, p. 708). In cases such as these, and indeed throughout W, we see that what Christian theology identifies as the deadly sins of “pride,” “fury” or anger, “avarice,” “envy,” “sloth,” and “intemperance” or gluttony (W, pp. 388, 674, 709) are co-opted by the wisdom of nature to become the means of human amelioration. (The benign consequences—if any—of the seventh deadly sin, “lust,” are decently veiled in W. But Smith’s first great disciple, the Rev. T. R. Malthus, wrote in similar fashion of “the passion between the sexes.”)

Above all is this so of the benefits conferred on mankind in a commercial society by “the natural system of perfect liberty and justice,” which it is the chief purpose of W to recommend. It is indeed the case that Smith means to include by “justice” not only the courts and the legislature but even more important the built-in “moral sentiments” that induce individuals to play the game according to the rules even when the umpire is not looking. But even where such perfection is yet to be achieved, nature finds ways of effecting outcomes that are natural(1).

If a nation could not prosper without the enjoyment of perfect liberty and perfect justice, there is not in the world a nation which could ever have prospered. In the political body, however, the wisdom of nature has fortunately made ample provision for remedying many of the bad effects of the folly and injustice of man; in the same manner as it has done in the natural body, for remedying those of his sloth and intemperance.

(W, p. 674)

For “the uniform, constant, and uninterrupted effort of every man to better his condition,” we read in II.iii.31, “is frequently powerful enough to maintain the natural progress of things toward improvement” notwithstanding either individual corruption or perverse policy and institutions. “Like the unknown principle of animal health, it frequently restores health and vigour to the constitution in spite, not only of the disease, but of the absurd prescriptions of the doctor” (W, p. 343). Institutions in W, above all those of “the political body” and the market, may therefore be seen—by those with theological eyes to see—as an Augustinian remedii pec- catorum. They supply the means by which the potentially destructive “passions” of fallen human nature are harnessed to good and creative ends.

When we read W theologically as a work of theodicy, we perceive that Smith reserved his masterstroke, with nicely calculated art, to the midpoint of his final book. For when viewed
from this standpoint, the literary and rhetorical climax of W is to be seen in the grand sweep of ecclesiastical history outlined in V.i.g.20–39.

Like all good Protestants of his day, Smith professed to regard the Church of Rome as “the most formidable combination that ever was formed against the authority and security of civil government, as well as against the liberty, reason and happiness of mankind, which can flourish only where civil government is able to protect them” (W, pp. 802–3). The temporal power of that church rested on “the great landed estates which the mistaken piety both of princes and of private persons had bestowed” on it. As with the barons, the “immense surplus” from these estates—resulting from natural law (ii)—could only be employed “in the most profuse hospitality, and in the most extensive charity,” which also “increased very much the weight of their spiritual weapons.” Hence, “the grossest delusions of superstition [18-century code word for “papery”] were supported . . . by the private interests of so great a number of people as put them out of all danger from any assault of human reason” (W, pp. 800–3).

However, “that immense and well-built fabric . . . was by the natural course of things undermined.” For the “gradual improvement of arts, manufactures, and commerce, the same causes which destroyed the power of the great barons, destroyed in the same manner, throughout the greater part of Europe, the whole temporal power of the clergy” (W, pp. 803–4; my italics). Temporal sovereigns moved in to fill the vacuum, nationalized the church where they could, and tolerated religion. And the consequence of this process for ecclesiastical polity was wholly benign. Where “episcopal government” survived the emancipation from popery, as in England, this “system of government was from the beginning favourable to peace and good order, and to submission to the civil sovereign” (W, p. 807) Better still was “the equality which the presbyterian form of church government establishes among the clergy” (W, p. 809). For equality among the clergy supplies incentives that reward “learning,” “irreproachable regularity” of life, and “diligent discharge” of duty (W, p. 809). Consequently, “There is scarce perhaps to be found any where in Europe a more learned, decent, independent, and respectable set of men, than the greater part of the presbyterian clergy of Holland, Geneva, Switzerland, and Scotland” (W, p. 810). Smith concludes his remarkable, Providentialist account of “the natural course of things,” which by enlisting “interest” can bring good out of evil in a manner never possible by “the feeble efforts of human reason” (W, p. 803), with that ringing tribute to his own national church already cited in part:

The most opulent church in Christendom does not maintain better the uniformity of faith, the fervour of devotion, the spirit of order, regularity and austere morals in the great body of the people, than this very poorly endowed Church of Scotland. All the good effects, both civil and religious, which an established church can be supposed to produce, are produced by it compleatly as by any other. (W, p. 813)

5. Conclusion

I have attempted to show that one may construe the text W as containing, and possibly even as shaped by, a quasi-Augustinian account of the way in which God responds to human sin by using the consequences of sin both as a punishment and as a remedy.

It is evident that the theology of W is entirely “natural theology,” that is, putative knowledge of God arrived at by the study of nature alone, without any reliance on the “revelation” supposed by the faithful to be recorded in sacred scripture. “Nature” is almost always viewed teleologically in W. It exists for and with a purpose, and part of that purpose is human welfare.
And to say that must imply either a transcendent, Newtonian God of Nature or an immanent, Leibnitzian God in Nature (Heimann 1978). Smith does not say which, and though his text is capacious of either interpretation, it usually easier to read it in the second of these ways. Even on the first interpretation, however, Smith’s putative God/Nature does not merely wind up “the great machine” and leave it ticking, as the Deists were held to have believed. She continues to act in various ways, but always wisely and well, so as to make creative use of human folly and wickedness in ways that bring good out of evil. Such redemptive activity, we may assume, is needed at all only because humans have been endowed by God/Nature with freedom to choose and, though intended by God/Nature to choose well, suffer from some universal failing that may be primordial and that often impels them to choose ill.

Natural theology is ecumenical in a way that revealed theology can never be. For its truths are available to all who will read “the Book of Nature,” whatsoever their religious tradition. Yet it is a mistake to imagine that natural theology would have been regarded, in 18th-century Britain, as in any way opposed to or even inconsistent with Christianity. Smith’s great exemplar was Newton, and the Newtonian character of W has been remarked from the first (Pownall 1776, pp. 1, 23, 48). Newton published his *Principia* in 1687 “with an Eye upon such Principles as might work with considering Men for the belief of a Deity” (Newton 1756, p. 1). Throughout the 18th century, Newton was read by Cambridge men preparing for Holy Orders in the Church of England as part of their theological training. By Malthus’s day, they did so with the help of Colin Maclaurin’s popularizing textbook. According to Maclaurin, we learn from Newton that “Our views of Nature...represent to us...that mighty power which prevails throughout...that wisdom which we see...displayed...the perfect goodness by which they are evidently directed” (Maclaurin 1775, p. 4; my italics).

Much has been made by some recent authors of the fact that there is no mention in W of “Jesus,” “Christ,” or “the Son” (e.g., Minowitz 1993, p. 141 and passim). But neither is there mention of that Person in the *Principia*, yet it would never have occurred to any of Newton’s readers for that reason to describe his work as an “atheistic science” (Minowitz 1993, chap. 7). The whole point of natural theology is to show by means of a scrupulously positive (“objective,” “secular,” “ecumenical,” and so on) inquiry that knowledge of God may be had without any resort to revelation whatsoever. To introduce scriptural categories would subvert the enterprise. And it is perfectly clear, from our knowledge of the theological training of the Christian clergy in 18th-century Scotland and England, that natural theology formed an important prolegomenon to the more doubtful and more controverted mysteries of revealed religion. Smith himself taught natural theology as Professor of Moral Philosophy at Glasgow (Stewart [1793] 1980, p. 274). Before doing so, he publicly subscribed his assent to the Calvinist Confession of Faith before the Presbytery of Glasgow (Ross 1995, p. 109). It is entirely proper, therefore, to regard W as a work of “science” in exactly the same sense as that of Newton and in exactly the same way to identify its theological content. Smith drops a useful hint in V.i.g.14, where he declares that “Science is the great antidote to the poison of superstition and enthusiasm” (W, p. 796). “Superstition” meant popery. “Enthusiasm” meant in general the religion of any sect claiming direct illumination by the Holy Spirit and in 18th-century England was specially associated with Methodism (Waterman 1999). Anglican divinity of that period is full of warnings against, and refutations of, the errors of superstition and enthusiasm. The position of Church of Scotland Moderates approximated in this matter to that of the Church of England.

It has been no part of my intention in this paper to suggest that a theological reading is the only way, or even the only right way, to study economic literature. My claim is merely that
if one puts one’s “rhetoric-of-economics” spectacles, one can see that “economic theology” has been with us from the first. Of course, economics is “science.” But that does not in the least rule out the possibility that economics is also “theology”: indeed, quite the reverse. The Economist as Preacher needs to be very sure of the facts. The more “scientific” economics is, the more valuable it becomes as theology.

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