

In Adam Smith's Invisible Hands: Comment on Gavin Kennedy

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ABSTRACT

In preface, I should tell the reader that Professor Gavin Kennedy and I met and hit it off at the January 2009 International Adam Smith Society conference held at Balliol College, Oxford, commemorating the 250th anniversary of *The Theory of Moral Sentiments*. There Gavin and I discussed whether this Journal, of which I am editor, might publish his essay along with a dissenting opinion. As we went forward, we agreed that I would author the dissent. I am grateful to Gavin for his valuable instruction and cooperation in the shared aim of producing an exchange on the phrase *invisible hand* in Smith's writings. The Journal invites Gavin to rejoin and conclude the exchange in a future issue.

Peter Minowitz (2004, 411) concludes his essay, "Adam Smith's Invisible Hands" with the following words: "Centuries after Smith's death, we are still struggling to fathom a two-word phrase that stands out in a thousand-page book."

Such struggling has been misplaced, according to Professor Gavin Kennedy. Abstain from the struggling, for the two-word phrase is an incidental metaphor in Smith's writings; it deserves no currency as tag for the prosaic workings of markets, even less for rarified workings untrue to Smith. In his erudite, plain-spoken, challenging essay, Gavin suggests that the metaphor had no very special significance; that its occurrence in the *Astronomy* differs irreconcilably from that in *The Theory of Moral Sentiments* and *Wealth of Nations*.

Like Peter Minowitz, A.L. Macfie, and legion others, I find great mystery in Smith. Call us romantics. My main message here is simply this: Don't lay down the struggle! Discover whether the two-word phrase has special significance in Smith, whether the three occurrences can be reconciled, whether the phrase may properly serve as tag for an important idea in natural jurisprudence.² Dwell in Adam Smith's

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² Natural jurisprudence is "a theory of the general principles which ought to run through and be the foundation of the laws of all nations" (TMS, 341; see also 218, 340).

invisible hands.

Gavin awakens us to important facts and insights. He teaches that the phrase was hardly new with Smith and that for at least 100 years its occurrence in Smith's writings was not much noted or renowned. Such facts would support the view that Smith's usage of the phrase was in his time understood as incidental. Gavin carefully, extensively interprets the three occurrences to challenge any notion of consistency among them. Most importantly, his interpretations instruct us in how to read the phrase in *TMS* and *WN* as an after-thought, a "casual metaphor" (240), something that, with an adventitious fluctuation in Smith's humor or workaday practice when he penned (or dictated) those words or reviewed those passages, he might have struck from those works or just omitted in the first instance.

The issues raised by Gavin include, first, whether the three occurrences are reconcilable; second, whether the phrase may properly serve as tag for an important idea in natural jurisprudence; and third, the importance Smith attached to the phrase.

Reconciling the Three Occurrences

In the *Astronomy*, Smith writes that, "in all Polytheistic religions, among savages, ... it is the irregular events of nature only that are ascribed to the agency and power of their gods" (49). Making a contrast, Smith then lists a few putatively regular events and adds: "nor was the invisible hand of Jupiter ever apprehended to be employed in those matters" (49). The fearful and ignorant Roman sees an invisible hand behind nature's irregularities.

"But all the irregularities of nature," Smith writes, "are not of this awful or terrible kind. Some of them are perfectly beautiful and agreeable" (48). He writes of a rainbow, a calm sea, an exuberant harvest, a plentiful vintage.

The phrase of the *Astronomy* can be reconciled with those of *TMS* and *WN* in a number of ways. One is to take Smith as a theist who "with love and complacency, and even with transports of gratitude" (48), finds wonder in the historic unfoldings and beautiful workings of the human ecology on Earth, all created by God. Gavin cites in passing Alec L. Macfie's 1971 essay "The Invisible Hand of Jupiter," as though it contains nothing with which he need contend; Gavin evidently reads it quite differently than I do. Of the three occurrences, Macfie notes the apparent inconsistency, including the difference between polytheism, with its divine dissensions, and the monotheism of the Christian Deity, with its "general rules" (597). But Macfie affirms that ultimately "there is no inconsistency" (596):

Smith's central endeavor throughout all his writings was indeed to explore and build into his system of thought the inclusive scope and manifold interrelations of this system of 'Nature.' In the *Wealth of Nations* this took its ideal form in 'the obvious and simply system of natural liberty,' which, if perfect, works itself out in the correspondence

of natural and market prices. *The 'invisible hand of Jupiter' has in the books become the energizing power of the whole system.* (Macfie 1971, 599; emphasis added)

At the very end of the essay, Macfie writes of Smith's effort to develop an encompassing interpretation of the "great system of nature," whereupon Macfie concludes the essay rather paradoxically with the sentence: "It is a long way from Jupiter." Again, this might refer to monotheism's distance from polytheism. But perhaps Macfie means the planet Jupiter, and means to suggest that Earth, with its human life and potentialities, is a long way from Jupiter, which represents the regularity of lifeless matter prior to God's finer creation. Regardless of any possible play on words, however, Macfie's point is that God's creating of Earth's humanity *is the irregularity*, and contemplation of the fine workings of that irregularity, the general rules that Smith explores in *TMS* and *WN*, may engender wonder and admiration.

Smith writes that wonder from such agreeable things stems "from the same impotence of mind" as generates awe in view of terrible irregularities such as storms (48). Even after authoring his masterworks, Smith may have regarded his own mind as impotent in relation to the Author of nature, and humbly admitted that in contemplation of His masterworks he was but coarse clay of fearful and ignorant mind.³

A second way of reconciling the three occurrences, a way suggested by Minowitz (2004, 1993) and congruent with Joseph Cropsey (2001) and others who surmise skepticism in Smith, is but a variation on the first. Maybe Smith is not really all that serious about the God business, which pervades *TMS* and yet all but disappears in *WN*, but he knows that his readers take such business seriously, and he thusly appeals to their "impotence of mind" by indicating His invisible hand in *TMS* and in *WN*. Maybe Smith held back the *Astronomy*, spared it from the flames, and authorized its posthumous publication as another gentle giveaway that he wasn't all that serious about the God business.

Maybe Smith was a naturalist and indifferent believer. I'd like to speculate on yet one more way of reconciling the three occurrences.

Smith's list of four regular experiences that do *not* occasion the apprehension of the invisible hand of Jupiter is: "Fire burns, and water refreshes; heavy bodies descend, and lighter substances fly upwards, by the necessity of their own nature" (49). *Lighter substances fly upwards*—Would that be fire and smoke? Would the Roman see regularity in substances lighter *than air* flying upwards?

Smith continues: "But thunder and lightning, storms and sunshine, those more irregular events, were ascribed to his [Jupiter's] favour, or his anger" (50). Storms and sunshine—does Smith mean both occurring at the same time? That might seem irregular. Perhaps Smith means the variability of the weather. But doesn't an irregularity imply some condition of regularity? What would make sunshine an

³ Smith (*TMS*, 251) knocks Socrates for "fancying that he had secret and frequent intimations from some invisible and divine Being."

irregularity?

I am tempted to think that by *irregularity* Smith means an emotional or sentimental irregularity, an *internal* event in human nature. The reaction can be agreeable or disagreeable. It can come at any time. It is an irregularity in your emotional reaction to things, a sense of wonder or marvel that might just sneak up on you; it does not necessarily hinge on anything externally irregular, anything at which another would marvel. The internal irregularity might be taken by a theist as theophany. It might have to do with inner revelation, some kind of intellectual, spiritual, or emotional transcendence. External events that are irregular—a comet, eclipse, or meteor (48)—are more likely to engender such wonder, but an event that is externally regular can likewise make for irregular experience, which is often memorable. What, after all, is so irregular about a calm sea, an exuberant harvest, or a plentiful vintage? That Smith would include a person's internal reactions as “events of nature” is certainly congruent with *TMS*, where the expression “natural sentiment(s)” occurs 16 times.

In the *Astronomy*, Smith writes that philosophers “look for a chain of invisible objects to join together two events that occur in an order familiar to all the world” (45). Gavin emphasizes that in doing so *philosophy saps the wonder out of the matter*. As Smith writes:

Philosophy, by representing the invisible chains which bind together all these disjointed objects, endeavours to introduce order into this chaos of jarring and discordant appearances, to allay this tumult of the imagination, and to restore it, when it surveys the great revolutions of the universe, to that tone of tranquillity and composure, which is both most agreeable in itself, and most suitable to its nature. (Smith, *Astronomy*, 45-46)

However, Smith goes on to say that philosophy thus renders “the theatre of nature a more coherent, and therefore a more magnificent spectacle, than otherwise it would have appeared to be” (46). The philosopher transforms the wondrous into the magnificent.

And in the preceding paragraph, Smith explains that

bread has, since the world began, been the common nourishment of the human body, and men have so long seen it, every day, converted into flesh and bones, substances in all respects so unlike it, that they have seldom had the curiosity to inquire by what process of intermediate events this change is brought about. (id. 44-45)

In every day life, most people are blind to the subtle, invisible workings. The connections discovered by philosophers “are all of them such combinations of events as give no stop to the imaginations of the bulk of mankind, as excite no Wonder, nor any apprehension that there is wanting the strictest connection between them” (45). The philosopher “has, like the musician, acquired, if one may say so, a nicer ear, and

a more delicate feeling with regard to things of this nature” (45). The philosopher may thus awaken the non-philosopher to questions, connections, and explanation that ordinary people have scarcely contemplated, and thereby inspire a sense of discovery, wonder, marvel, or magnificence in nature’s workings.

To seal this naturalistic, non-Providential reconciliation of the three occurrences, we need to embrace the Hayekian postulate that people tend to be insensible to the beneficial spontaneous mechanisms of natural liberty. As by instinct, people tend to think that the only way to get pleasing social concatenations is by intending as much. Hayek suggests that, still today, our genes are largely those selected for in our long evolutionary period of very simple society, from early man to the small band of humans. Society is an organization: Even if such bands are without central direction by an alpha-male, there is intentional organization, cooperation, as within a factory, encompassing mutual coordination of actions and sentiments toward common aims. The resultant instinct is for what is socially or officially *intentional* to be salient, conspicuous, focal, visible, “seen.” Things not so intended, such as the larger benefits of the system of natural liberty, are instinctually unseen and remain perennially unseen unless continually highlighted by the culture. I find it highly plausible that the group selection of the environment of evolutionary adaptation would have generated such intentionality heuristics, entailing both blindness to what in social affairs is intended by no one and possibly hostility to intentions at variance with official intentions.⁴

A human being focuses on her interests, and pursues them by focusing on the discrete steps that will benefit her. To Smith she is but a small element in a great system. She may have cause to learn that things work as they do, as bread produces nourishment, but not to puzzle out *why* things work as they do. Moreover, puzzlings about social orders will always remain abstract and vague, the details unknown. Even the philosopher falls back into instincts and will recurrently marvel in rediscovering in an abstract way the larger chains behind everyday experiences. Smith identifies the sense of wonder as “the first principle which prompts mankind to the study of Philosophy” (51), and presumably this sense of wonder within the philosopher’s breast never goes altogether extinct.

Let’s take Hayek’s *subtlety hypothesis* to say that most people are very slow to appreciate the abstract merits of natural liberty, and that any such appreciation is constantly battling instincts and everyday pressures, and is usually quickly dispelled. Indeed, Hayek seemed to suspect that, historically speaking, the ascendancy of liberal enlightenment will have proven to have been something of an aberration. Not only are instinct and bestial self-interest against it, but modern political culture often piles on as well, particularly when cultural leaders are “dupes of their own sophistry, and are as eager for this great reformation as the weakest and foolishlest of their followers” (TMS, 233).

Compared to Hayek, Smith is seemingly more optimistic about cultural processes

⁴ The editor of *Critical Review*, Jeffrey Friedman has in several essays in that journal developed, with strong Hayekian bearings, what I dub here the subtlety hypothesis. With Friedman (2007), I regard what he dubs the “intentions heuristic” to be the primary determinant of what is “seen” (see esp. pp. 213-33).

working toward liberal enlightenment, but, still, he certainly seems to subscribe to the subtlety hypothesis. In *TMS*, the presumption is that God needed to ingrain, and religion needed to reinforce, moral faculties, such as observance of commutative justice among equals, that would preserve and advance the species, because the remote effects of such observance were “too distant to be traced by the imagination” (36), man’s understandings too “slow and uncertain” (77, 164). Indeed, “in the present depraved state of mankind” (77), the “coarse clay” of humankind (162), the “great mob of mankind” (62), have little interest in wisdom. It is but “a select, . . . a small party, who are the real and steady admirers of wisdom and virtue” (62). It is chiefly “men of reflection and speculation” who perceive the beauty based on understanding of the utility of virtue (192). Smith sees the need to advise the political leader to act like the wise Solon and not force even sound principles on “the rooted prejudices of the people” (233). In *WN*, Smith writes of “that application of mind which is necessary in order to foresee and understand the consequences of any publick regulation” (265), but indolent landowners are “not only ignorant, but incapable,” laborers are ignorant and would be “unfit to judge” even if “fully informed,” and employers or merchants, while more acute in knowing their own interest, again don’t understand what would serve society’s interest (266-67). Again, only the select see the principles of social betterment. Adherence to such principles, such as laissez-faire in grain forestalling and engrossing, incite popular fears that “may be compared to the popular terrors and suspicions of witchcraft” (534). “[P]ositive law always has been, and probably always will be, more or less influenced by popular superstition and enthusiasm” (793). Finally, in the *Rhetoric* lectures: “The People . . . have no pleasure in these abstruse deductions; their interest, and the practicability and honourableness of the thing recommended is what alone will sway with them and is seldom to be shewn in a long deduction of arguments” (146).

We have suggested the following: (1) the irregularity spoken of in the *Astronomy* may be irregular only *internally*; (2) then, wonder, marvel, and magnificence seem to come together and traverse the ignorant brute and the philosopher; (3) by instinct, people think of society as organization and are resistant to liberal enlightenment (the subtlety hypothesis); (4) the spontaneous order of natural liberty is not only vague in its abstract workings, but unknowable in its particulars. If we allow these four points, the three occurrences of the invisible hand no longer seem inconsistent. Gavin sees philosophical explanation as necessarily snuffing out wonder and irregularity. But in combination the four points accommodate undying wonder. As Charles Griswold writes:

Just as the ‘invisible hand of Jupiter’ was part of the vocabulary of ancient ‘superstition,’ the ‘invisible hand’ is part of Smith’s philosophical and protreptic rhetoric whose purpose is likewise to establish order persuasively. The many ‘teleological’ or even, on occasion, ‘religious’ statements in *The Theory of Moral Sentiments* must be understood in connection with this aestheticized speculative outlook. (Griswold 1999, 333)

Undying wonder is especially assured as philosophical speculation greets the everyman. In *TMS*, Smith suggests that it is by exposure to ideas, theories, about how systems of public policy play out that a man may come to find in their perfection “noble and magnificent objects,” and it is this beauty that animates his public spirit (185-86). Jeffrey Young elaborates:

Smith observed that people frequently are more impressed by the beauty of a system and its fitness for achieving its ends than by the ends themselves. This, he contends, applies to public policy. The function of a treatise such as *WN* is to appeal to this sense, thus making the *WN*, and its famous doctrine of the invisible hand, itself a tactical maneuver in bringing about the ‘virtuous sequence.’ (Young 1997, 193)

Speculating on political economy, the philosopher rediscovers wonders in the natural order, and, via *sympathy*, rediscovers those wonders yet again when he explains them to his friends, relatives, neighbors, pupils, colleagues, readers, or subjects—a wonder that every teacher of economic principles should continually awaken in students and relive in himself. The awakening is much like the interpretive shift inherent in humor. “He who laughs at the same joke, and laughs along with me, cannot well deny the propriety of my laughter” (*TMS*, 16). When you tell a joke to a friend, for you there is no actual surprise, but you enter into his surprise, and may laugh again. The same goes for admiration:

When we have read a book or poem so often that we can no longer find any amusement in reading it by ourselves, we can still take pleasure in reading it to a companion. To him it has all the graces of novelty; we enter into the surprise and admiration which it naturally excites in him ... (*TMS*, 14)

A similar connection within Smith’s work is suggested by Dugald Stewart (1794), who says that Smith’s essay on the first formation of languages represents Smith exploration of the gradual steps leading up to “a state of things *so wonderfully artificial and complicated*”—namely, “our intellectual acquirements, our opinions, manners, and institutions”—things that would be quite *regular* to Smith and his readers (292, italics added).

Finally, notice that Jupiter makes several appearances in *TMS* (164, 274, 277-78, 289). According to the Stoics, Smith explains, the wise man visited by prosperity “returned thanks to Jupiter,” but equally for all the workings of nature and the affordance given him to find virtue and act virtuous, which secures him in tranquility even in adversity (278). The Stoic saw Jupiter in all events, regular and irregular, and regarded the whole as one immense irregularity for which he was grateful. With the foregoing points in mind, the Stoical invocation of Jupiter as given in *TMS* seems not so inconsistent with the invocation of the ignorant Roman spoken of in the *Astronomy*.

Gavin cites the “considered view” of Emma Rothschild (2001) that the phrase *invisible hand* in Smith’s writings was “a mildly ironic joke” (116). If it was a joke, it was like the one H.L. Mencken (1956) made when he suggested that man is “a sort of accidental by-product, as the sparks are an accidental by-product of the horseshoe a blacksmith fashions on his anvil. The sparks are far more brilliant than the horseshoe, but all the same they remain essentially meaningless” (183). Smith’s phrase was a joke in the sense that what Deirdre McCloskey (2006) calls humankind’s sacred virtues—faith, love, and hope—are a joke.

A Proper Tag for an Important Idea in Natural Jurisprudence

I regard the invisible hand passage in *TMS* as a terrible muddle. It is a comparative claim about a supposed fact and a counterfactual. The supposed fact is that in the beginning “Providence divided the earth among a few lordly masters,” but does Smith believe that, and does he expect us to believe that? I don’t know. More importantly, the counterfactual, “had the earth been divided into equal portions among all its inhabitants,” is, I suppose, assumed to have taken place in the beginning.⁵ But it is unclear that there would be any appreciable difference *today* in the distribution of land ownership,⁶ in which case the comparison speaks to no concern today – unless people are griping about how Providence divided the earth in the beginning. And, at any rate, Smith says that either way makes little difference to the distribution of “the necessaries of life,” but the text leaves us doubting that such “necessaries” include anything lacking to the beggar (184-85). The passage might affirm some notion of beneficial spontaneous order, but it is unclear what benefits and what spontaneous mechanisms he is talking about.

The invisible hand passage in *WN* is much less muddled, though not without its mysteries. One mysterious aspect is how narrowly it is to be read. Gavin reads it rather narrowly, a metaphor specific to the sentence in which it appears. Gavin reads it as saying that “individuals acted in their own best interests as they saw them in their circumstances, and subject to their personal degrees of caution, they tried to maximise their returns from their capital and labour, and in doing so, they contributed towards maximising the annual revenues of society” (Kennedy 2009, 258). A broader reading sees the investment decision as but one example of a much wider domain within which the principle applies. Peter Minowitz cites William Grampp’s (2000) reading, which is much like Gavin’s in its narrowness.⁷ Minowitz explains that Grampp neglects several

5 For a long time I read the counterfactual “had the earth been divided into equal portions” as something that occurs, say, within living memory. If that is what Smith means, then the conclusion he draws is especially preposterous.

6 As Gavin (248) notes, in *WN* (556-57) Smith describes certain historical events that made the division of land ownership less equal.

7 Grampp’s and Gavin’s differ as to the end that is unintentionally advanced. Gavin sees it as “maximising the annual revenues of society” (258), Grampp as “the defense of the nation” (446).

“aspects of the chapter that inspire many readers to conceive the invisible hand more broadly” (384), and I think that all but one of the points that Minowitz makes can be directed against Gavin’s reading. Moreover, one may look at materials well beyond the chapter.

A second mystery surrounding the phrase concerns the kind of behavior it refers to. Like many before him, Gavin reads it as merely “self-interest.” And upon such reading Gavin triumphantly reports that surely Smith did not mean to give the invisible hand any wide meaning as “Smith gives over 60 instances in *Wealth of Nations* in Books I and II of the malign consequences of self-interested actions” (255).

The identification of mere self-interest as the referent behavior goes to the heart of the problem of Gavin’s reading. Political fetishes ascendant these past 100 years, now pandemic, have subverted Smithian liberalism and engendered certain cultural taboos. Like many of those who diminish the phrase in Smith, Gavin underestimates the centrality in Smith of natural liberty. The referent behavior of the invisible hand is not mere self-interest, but behavior within rules of “natural justice” or “natural jurisprudence” (TMS, 340-42).⁸ The behavior of the investor is significant not merely because it promotes wider utility, but because it works within rules of comparative laissez-faire. As Young (1997) puts it, “in WN commutative justice appears as a necessary prerequisite for the system of natural liberty, via the invisible hand, to promote the general welfare” (168).

I haven’t worked through the 60 instances that Gavin cites, but I’m sure that many of them refer to behavior that seeks or enjoys privileges in violation of natural liberty. In his fine book *Adam Smith’s Lost Legacy* (Kennedy 2005), too, Gavin displays what I consider to be a systematic misunderstanding of Smith on the matter of liberty. Without delving into details, I say Gavin considerably understates Smith’s commitment to, adherence to, and presumption of liberty. One’s attitude toward the invisible hand in Smith is intimately related to one’s readings of Smith’s whole sensibility regarding the liberty principle.

In his 1904 biography of Smith, Francis W. Hirst writes: “Smith . . . asks whether these protective measures . . . are likely to be of general benefit to society,” and Smith explains that without the protective measure—that is, left *free*—the merchant is “led by an invisible hand to promote an end which was no part of his intention” (quoted in Hirst 194-95). James Bonar (1893) writes, “as a theist, he [Smith] sees ‘an invisible hand’ disposing human actions towards the general good, in spite of the shortcomings of the agents. . . . [H]e thinks that improvement is usually spontaneous, and is better secured by the removal of obstacles than by deliberate attempts to advance the general welfare” (383).⁹ Here, as often elsewhere, “spontaneous” means free.¹⁰

8 “Smith’s ‘perfect rights’ are similar to what today are frequently called the ‘negative rights’ to life, liberty, and private property” (Otteson 2002, 139).

9 Bonar also highlights the invisible hand in his Smith entry in the original Palgrave *Dictionary of Political Economy*.

10 For a fine treatment of the literature on ideas of spontaneous order and the invisible hand, see Craig Smith 2006, and 2009, wherein he writes “there is a good case to be made than an attractive term like invisible hand might play a useful role in delineating a sub-set of unintended

In the preface of *The Distribution of Income*, William Smart (1899) writes:

But when the question is whether a regulated state control according to any social or socialist ideal would bring us conditions of life wherein all would have the possibility of realising their moral being, or of being what is called 'happy,' I am disposed to think that the 'invisible hand'—however one interprets Adam Smith's reference—is bringing about these conditions more quickly than any deliberate rearrangement of industry would. (Smart 1899, x)

Gavin suggests that little was made of Smith's phrase prior to the twentieth century. I think he is right that people were slow to pick up on the phrase, but he overstates matters. Using Google Books (advanced search) one may find quite many allusions to Smith's phrase, some in a way that assumes familiarity. The invisible hand passage is quoted in a footnote in Dugald Stewart's *Lectures on Political Economy* (1856, Vol. IX, 24) and Stewart twice elsewhere *in his own voice* uses the phrase "invisible hand" (1854, Vol. I, 579; 1854, Vol. II, 248).

Gavin presumably views these authors as launching a misguided myth, but I think they get Smith's drift. My favorite early treatment is that of Frederic W. Maitland in his 1875 dissertation *A Historical Sketch of Liberty and Equality*. Maitland calls the *Wealth of Nations* "the first powerful plea for commercial freedom" (127). Maitland draws a contrast between the declared purpose of Smith and later writers: "His purpose was to shew what laws ought to be made concerning 'police, revenue, and arms.' Thus his conception of political economy obviously differs from that of Ricardo and his followers" (Maitland 1875, 127).

Maitland writes: "Now to consider the arguments in favour of commercial freedom. The first and most popular is based on a supposed harmony of economic interests. It is said that every man best provides for the economic interests of the whole by providing for his own economic interests" (130). Maitland then quotes the invisible hand passage and adds: "First let us notice the 'invisible hand,'" and notes that it "has formed one of the strongest arguments for *laissez faire*" (130).

Having acknowledged argumentation that liberty may advance "the economic interests of the whole," Maitland moves into his more central point:

But passing this by, it will be seen that Adam Smith's belief in the harmony of economic interests did not carry him very far. ... It cannot be too much insisted on that Adam Smith threw really very little weight on these *à priori* arguments about harmony, in which Bastiat delights ... When we further notice that Adam Smith's assertions about the harmony of interests are chiefly meant to show that all men have an interest (not necessarily an equal interest) in the freedom of international trade, ... we cannot appeal to him as the father of those

consequences explanations" (11).

who see nothing but harmonies in political economy. (131)

Maitland continues by declaring that Ricardo's law of rent "shews an obvious discord between the interests of the landlords and those of the labouring classes." He adds: "Bastiat saw the want of harmony here; he denied the truth of Ricardo's law. . . . no amount of the special pleading, of which he [Bastiat] was a master, can get over this simple fact" (133). Here we may supplement Maitland: Smith had in mind a *passable* harmony; in *TMS* Smith wrote that the sentiments of two people may "have such a correspondence with one another, as is sufficient for the harmony of society. Though they will never be unisons, they may be concords, and this is all this is wanted or required" (*TMS*, 22).

Maitland points out that a strict doctrine of economic harmony would repress the call of morality in economic life:

It is very necessary however that it should be seen that the principle of *laissez faire* does not rest on a belief in the harmony of interests. If such were the case, it would be possible to say that since a man will best consult the economic interests of the community by attending to no one's interest but his own, to buy cheap and sell dear is the whole economic duty of man. (134)

In noting points of conflict between the economic interests, and the consequent moral duty about which Smith wrote an entire book, Maitland says "surely there is a strong *primâ facie* case for saying with Carlyle that *laissez faire* and Malthus positively must part company" (133). Here, in Maitland's view, does the really formidable part of Smith's argument begin:

But only a *primâ facie* case. The main argument of the *Wealth of Nations* remains to this day a valid reason for leaving trade free, and the main argument is that interference *only makes bad worse*. . . . [O]ur present system of private property, freedom of contract, considerable testamentary powers, is in its broad outlines more likely to produce the happiness of mankind *than any other legislative system yet sketched out*. The argument is, briefly, that in our present system legislative interference is nearly at a minimum; that any other system would require constant and meddling interferences; that such interferences themselves cause pain; that such interferences would be futile, the economic forces with which they have to contend being too powerful to be turned from their course; that self-reliance would be destroyed. (133, italics added)

Maitland might overstate the proportions, but Smith's *oomph* is criticism of alternative arrangements:

The real leading argument is: you say that your system of interference enriches the country, by bringing into it gold and silver; I will shew that

gold and silver are not peculiarly desirable forms of wealth, that your system checks the growth of what you will admit is real wealth, that it does not even attain its own worthless object. Adam Smith's argument is for the most part *ad homines*, his opponents justified a meddling policy as productive of wealth, and Adam Smith completely refuted this justification. But what is the really powerful part of the refutation? Not the assertion about an invisible hand, but the detailed proof that all the restraints on free trade imposed or suggested had failed, and must fail. (131)

And not only international trade: Smith's "followers have successfully shewed that the same may be said of interferences with commercial transactions in general" (134).

As Maitland admits disharmonies, and ascribes the same to Smith, what exactly is the basis for such strong criticism of correctional interventions? Maitland answers: "But after all, *the most powerful argument is that based on the ignorance, the necessary ignorance, of our rulers.* The evil of governmental interference varies with the probability of the government being wrong..." (133, italics added). Thus the main argument is ignorance, folly, error. Smith's strong presumption of liberty—which was affirmed even by Jacob Viner (1927, 719), a renowned cataloger of the *exceptions* Smith made to the liberty principle—is rooted as much in the likely badness of intervention as in any supposed bliss of liberty. The theme is also central in *TMS*, which generally declares us too ignorant and unenlightened to make any extensive benevolence effective (e.g., *TMS*, 237, 229).

The invisible hand tacitly suggests an allegory: In freedom, people tend to act in ways tolerably in line with what an knowing, benevolent being would like to see happen.¹¹ But Maitland properly argues that Smith's argumentation is *comparative*: Hewing to the liberty principle generally *works out better* than not doing so—in *this* respect, Arrow, Stiglitz, and Hahn *do* disfigure Smith when they identify the invisible hand with some rarified perfection. We need not rehearse Smith on the ignorance, folly, and presumption of political power, on the corruption and pathology of political ecology. There is nothing in Smith that suggests correction mechanisms. Smith would probably agree with James Buchanan (1999) when he writes: "There is no political counterpart to Adam Smith's invisible hand" (458).

Maitland drives at the notion that Smith sees the liberty principle as a moral, cultural, and political *focal point*, a worthy and workable principle in the otherwise dreadful fog of interventionism. Griswold writes:

[F]or Smith 'nature' is made liveable and intelligible thanks to our shaping of it. In and of itself, it is obscurity and shadows to us. Light is provided by the imagination, and this light seeks the form of harmony. (Griswold 1999, 342)

11 In Klein (2009), I unfold the allegory and indicate its Smithian bearings.

“One of Imagination’s most precious possessions,” said Ambrose Bierce (1993, 71), is liberty. Smith intended to make the liberty principle durably luminous. To sustain the focal point of liberty we need a culture, a semantic, that gives the presumption to liberty, that puts the burden of proof on the interventionists, even when they represent the status quo. Like many others, I take that to be a core part of Smith’s political project, Smith’s liberalism, which, more broadly, centered on a sense of duty against gratifying our human weaknesses by resort to socially destructive fetishes and fanaticisms, including statism.

Making an extensive list of malign consequences of self-interested actions, as Gavin does, is important. There are two questions to ask: Do the actions conform to, and the consequences spring from, conditions of natural liberty, or do they, rather, tell what happens in a comparative condition of contravention of that principle? Second, are the cases of malign consequences in natural liberty so copious as to upset the notion of a presumption of liberty? As we’ve seen, the existence of some malign individual actions is not sufficient to recommend contravention even in the specific matter. Not every voluntary act of every merchant in a free market is a blessing, but such malign (or discoordinative) moments are not sufficient to decide for contravention. Sometimes Smith feels that they are serious enough and decides for contravention, from regard to what is “politick,”¹² or from “expediency,” to use the term by which Dugald Stewart and John Millar, associates of Smith, identified Smith’s exceptions.¹³ Such exceptions indeed reduce the focalness of the liberty principle, as a mist may slightly obscures the North Star, but they do not undo that focalness. Exceptions are treated as exceptional. In studying these matters, we need a term for the category of case in which liberal conditions do exhibit comparative merit. One term for such a category is the *invisible hand*.

Did Smith Intend that the Phrase Be Used as Tag for the Comparative Merit of Freedom?

We will never know whether Smith intended the phrase *invisible hand* to serve as a tag for the comparative merit of freedom. It certainly is not outlandish to think that he did. As Minowitz (2004, 407) puts it, Smith all but “evicts God” from *WN*, making the invisible hand all the more striking, and more amenable to an interpretation

12 Smith (*WN*, 530) writes: “The law which prohibited the manufacturer from exercising the trade of a shopkeeper endeavoured to force this division in the employment of stock to go on faster than it might otherwise have done. The law which obliged the farmer to exercise the trade of a corn merchant endeavoured to hinder it from going on so fast. Both laws were evident violations of natural liberty, and therefore unjust; and they were both, too, as *impolitick* as they were unjust. It is the interest of every society that things of this kind should never either be forced or obstructed” (emphasis added). See also 618 and for consideration of the “body politick” 604-06.

13 On *expediency*, see Stewart 1794, 275, 309-312, including quotations from Millar, a close friend and former pupil of Smith’s.

that is non-theological yet still allegorical. Gavin notes that the phrase appears only infrequently in Smith's work, that it is not put conspicuously at the outset of his works. But surely Gavin would agree that Smith's writing is suffused with mystery and strategy. That the phrase appears close to *the center*, and *but once*, in *TMS* and in *WN* might be taken as evidence that Smith did intend for us to take up the phrase.

It is fun, if not prudent, to speculate that by the time he was writing *WN*, or possibly earlier, Smith had the notion of *invisible hand* occurring but once in each of his masterworks, and in each case near the center. The invisible hand passage in *WN* is just about dead center. As for *TMS*, Hamish Riley-Smith, an owner of the 2nd edition, has kindly informed me that the invisible hand passage occurs at page 273, while the whole is 436 pages plus 10 unnumbered pages including title and contents. So in the 2nd edition the passage is somewhat beyond the center. In the 6th edition, however, the passage comes closer to the center. Moreover, the 3rd, 4th, 5th, and 6th editions were published with Smith's essay on language following the text of *TMS*, and hence in those editions the passage may have been quite close to the center of the combined pages. In particular, the 1790 edition was published in two volumes, the first volume containing material through Part IV. The invisible hand passage comes near the end of Part IV and hence appeared right near the end of the first volume, or about dead center of the set (cf. Minowitz 2004, 404).

But it does not much matter whether Smith intended the phrase to serve as a tag for the comparative merit of freedom. The phrase is as worthy a tag as any for that worthy idea.

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