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MORALITY AND INTERNATIONAL TRADE:
HUME AND SMITH ON THE CHANGES BROUGHT
BY COMMERCIAL SOCIETY

ABSTRACT. This text offers an interpretation of Hume’s and Smith’s writings on
economics and political subjects. Hume and Smith work on a very similar agenda
in explaining the moral and political effects of commercial society. Their analysis
offer a systematic treatment of the view of the passions as decisive cause of the
social changes in commercial society. This paradigm is reconstructed also with
the help of the principal historiography on these arguments.

Keywords. Science of man, Morality, Passions, Sympathy, Self-interest

The methodology and agenda of Hume’s and Smith’s reflections
on commercial society.

In this text I offer an interpretation of Hume’s and Smith’s writings
on economics and political subjects. Their writings are also central
today for a series of subjects, as Istvan Hont suggests\textsuperscript{1}: in general

\textsuperscript{1} I follow the approach of Istvan HONT, Jealousy of Trade: International
Competition and the Nation-State in Historical Perspective, Cambridge (MA),
Harvard University Press, 2010 (1 ed. 2005), pp. 4-5: «The eighteenth century
produced a vision of the future as a global market of competing commercial
states. Its analytical depth still ought to command our attention». The same
perspective inspires Emma ROTHCHILD, Economic Sentiments: Adam Smith,
Hume’s and Smith’s philosophies are connected with explaining and justifying commercial society. On Hume I follow Carl Wennerlind: he refutes the “ahistorical interpretations” of the social theory in the *Treatise*. I also agree with his positive thesis: “that Hume was indeed providing a philosophical elaboration of the central conventions of the nascent commercial society”\(^2\). I also share the view of many scholars that we can find in Smith’s works the same philosophical project\(^3\). In my paper I insist on the continuity between Hume and Smith on this project, and that this is also the best way to grasp the differences between them.

Of course, the design of understanding philosophically the social changes connected with a modern commercial society was not unique to Hume and Smith. Mandeville and Montesquieu and other eighteenth-century philosophers had been working on the same project. What I sustain is that Hume and Smith have a very individual conception of the philosophical approach to this process of modernization. In particular I show in the following pages that Hume and Smith subscribe to the same image of the “principal sides and dimensions of society” and are interested in explaining the

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effects of the process of the enlargement of commercial society in changes in morality and juridical and political institutions. They work with a very similar agenda and follow these effects in a national context, but also in international relations.

The questions connected with commercial society in Hume’s and Smith’s work are numerous and complex, but in this article I can follow up only a few of them. I provide a very brief introduction on the general methodology of the “science of human nature”, which is the approach common to both Hume’s and Smith’s research. I expound some points in Hume’s and Smith’s reflections on the problem as to whether the success of commercial society improves or corrupts morality. My article also regards the political effects of the development of commerce on the institutional side and especially with the integration of commercial questions in political economy and the growth of civil liberties. But these questions are not considered in a separate section but as parts of changes in morality. In the last part I examine Hume’s and Smith’s analysis of the changes in international relations between States connected with the increase in international trade.

My paper develops the thesis that Hume’s and Smith’s theoretical efficacy is connected with their general project of construing a science of human nature. Their approach to the changes in modern times was inspired by a specific model for experimentally explaining and anatomizing the social conduct of human beings. First of all, their collection of data on social conduct was connected with a delineation of historical developments in the previous centuries. The historical reconstruction centred on Great Britain and Europe, but Hume and Smith are often open to social phenomena in the culture of America, Asia and Africa too. Their “science of human nature” is also in large part a “natural history of human nature”.

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4 On the historical approach of Hume’s theory Wennerlind writes in David Hume’s Political Philosophy, cit.: «the History describes the process of commercial modernization within the parameters set out in the Treatise». On the historical nature of Hume’s reconstruction of commercial society, see also Christopher J. Berry, David Hume, New York, Continuum, 2009, pp. 74-94.

5 On the relevance of historical perspective for Hume’s research on human social conduct, see Tatsuya Sakamoto, Hume’s Philosophical Economics, in The Oxford Handbook of Hume, ed. by P. Russell, Oxford, Oxford University Press, 2016, pp. 568-585; on the relevance of “conjectural history” in Smith see Michael C. Ambrowicz, Adam Smith: History and Poetics, in The Oxford
the core of this paradigm was an attempt to reconstruct systematically a dynamic of the human passions as a decisive cause at the basis of the social processes. Hume and Smith agree, then, in their criticism of the traditional vision of the passions and sentiments as sources of disorders and conflicts, and they offer an alternative analysis, searching in the passions and sentiments for the genesis of stability and order. An explanation of changes in social conduct would only be possible by identifying the relevant human motivations and the historical and cultural context in which they are activated. Of course, Hume and Smith agree in making sympathy a central cause to facilitate the emergence of convergences in the processes of social conduct. In this article I argue a hypothesis for explaining some differences between Hume’s and Smith’s reconstructions of the developments of commercial society and their expectations for the future as depending on their differences regarding the motivational role of the passions and the nature of sympathy. I follow only in small part Hume’s and Smith reflections on the changes in society connected with the expansion of commerce. The complete agenda of these themes in their writings is


very large\textsuperscript{8}, and it is constantly being extended in the major research in the last two decades on the economic and political problems they considered\textsuperscript{9}.

I give a brief illustration of the methodology that Hume and Smith use in their writings for a philosophical treatment of the economic and political changes in a commercial society. In fact, Hume expounded his general approach to economics in 1752 in Of commerce, the opening piece in his collection of essays on “commerce, money, interest, balance of trade &c.”. It is a general methodology that Smith also follows in his research on the various dimensions of human conduct. We can read the Hume’s and Smith’s works on human nature as a result of a veritable revolution in epistemology\textsuperscript{10}. In Of commerce Hume presents some points of this revolution. First of all: «An author is little to be valued, who tells us nothing but what we can learn from every coffee-house conversation». Of course, the task of philosophy is the development of a «solid understanding» very different from the conceptions of «abstruse thinkers and metaphysicians». Philosophy is not reducible to the easy and obvious:

... when we reason upon general subjects, one may justly affirm, that our speculations can scarcely ever be too fine, provided that they be

\textsuperscript{8} For a good proposal on Hume’s approach to this agenda, see Paola ZANARDI, Philosophy and Economics. Some recent books on Hume’s political economy, «I Castelli di Yale», XI, 2010-11, pp. 145-154. «His (Hume’s) aim is to grasp the meaning of human activity associated with passions, with historical development and with the limits of nature. The themes he deals with are crucial: the evolution of society in its various stages, the necessity of money, wealth originating from work, welfare, the characteristics of the fundamental sectors of economy, from agriculture, to industry, arts, and crafts, to commerce, social classes and their interconnections, private and public interest, taxes, international commerce». For Smith the indexes of LJ and WN are sufficient.

\textsuperscript{9} There is a very useful summary of the major scholarly work on Hume’s and Smith political economy in recent decades in Introduction to David Hume’s Political Economy, ed. by C. Wennerlind and M. Schabas, London, Routledge, 2008, pp. 1-9, but all the articles in this collection are extremely useful, as well as the Bibliography (pp. 327-368). For Smith, see the collection cited above The Oxford Handbook of Adam Smith.

just; and that the difference between a common man and a man of genius is chiefly seen in the shallowness or depth of the principles upon which they proceed. General reasonings seem intricate, merely because they are general; nor is it easy for the bulk of mankind to distinguish in a great number of particulars, that common circumstance in which they all agree, or to extract it, pure and unmixed, from the other superfluous circumstances. Every judgment or conclusion, with them, is particular. They cannot enlarge their view to those universal propositions which comprehend under them an infinite number of individuals and include a whole science in a single theorem. Their eye is confounded with such an extensive prospect; and the conclusions, derived from it, even though clearly expressed, seem intricate and obscure. But however intricate they may seem, it is certain, that general principles, if just and sound, must always prevail in the general course of things, though they may fail in particular cases; and it is the chief business of philosophers to regard the general course of things.\(^{11}\)

Hume then proposes again, with minimal revisions, the «experimental method of reasoning» set out in the Introduction of the *Treatise* and in the section on the “different species of philosophy” in the First *Enquiry*. The question is not the diversity between easy and difficult thought, but the capacity of discovering general principles in a large collection of common experiences. Hume also explains that the search for general principles in our common experience is not only the task of good philosophers, but «It is also the chief business of politicians; especially in the domestic government of the state, where the public good, which is, or ought to be their object depends on the concurrence of a multitude of causes; not as in foreign politics, on accidents and chances, and the caprices of a few persons»\(^{12}\).

The passage that I have quoted shows another characteristic of Hume’s and Smith’s methodology in their general research on human social conduct: the possibility of using explicitly the notion of *ought*. In fact we are not, as in the *Treatise*, in the more theoretical part of the “science of man”, but in the applied sections in which the public good ought to prevail. The observation of this prevalence or not is also a fertile perspective for understanding the fields of economics and politics. The notion of ought, absent from the


\(^{12}\) Ibidem.
Treatise with the exception of the “is-ought paragraph”, is often used in the economic and political essays. Towards the end of his philosophical analysis of luxury Hume shows the role of propositions with ought in the work of the magistrate:

I thought this reasoning necessary, in order to give some light to a philosophical question, which has been much disputed in Britain. I call it a philosophical question, not a political one. For whatever may be the consequence of such a miraculous transformation of mankind, as would endow them with every species of virtue, and free them from every species of vice; this concerns not the magistrate who aims only at possibilities. He cannot cure every vice by substituting a virtue in its place. Very often he can only cure one vice by another; and in that case, he ought to prefer what is least pernicious to society. Luxury, when excessive, is the source of many ills; but is in general preferable to sloth and idleness, which commonly succeed in its place, and are more hurtful both to private persons and to the public.¹³

We find the same approach to the philosopher’s task in Smith. Smith offers a synthetic presentation of his methodology in a text that is part of his juvenilia, Principles Which Lead and Direct Philosophical Enquiries.¹⁴ There are some minimal differences between the two methodologies.¹⁵ One very important convergence between Hume and Smith is on the identification between science and the activity of the human imagination in search of order and tranquillity in the incoherence of experience. In a very Humean style Smith writes:

¹⁵ On the confrontation between Hume’s and Smith’s methodologies; D.D. Raphael and A.S. Skinner, General Introduction, in Smith, Essays on Philosophical Subjects, cit., pp. 15-21; A. Fitzgibbons, Adam Smith’s System of Liberty, cit., pp. 170-189; Fleischacker, Adam Smith’s Wealth of Nations, cit., pp. 27-45; Rasmussen, The Infidel and the Professor, cit., pp. 40-44.
Philosophy is the science of the connecting principles of nature. Nature after the largest experience that common observation can acquire, seems to abound with events which appear solitary and incoherent with all that go before them, which therefore disturb the easy movement of the imagination; which make its ideas succeed each other, if one may say so, by irregular starts and sallies [...]. 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 imagination, and 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. Philosophy, therefore may be regarded as one of those arts which address themselves to the imagination; and whose theory and history, upon that account fall properly within the circumference of our subject.

It is comprehensible that the chaos of the economic, political and social world at the start of the 21st century once again looks to the sciences and philosophy to find a possible order and tranquillity through the use of the imagination.

**Commerce, human motivation and morality.**

The experimental research on commercial society shows the relevance of changes in moral conduct: this is a central dimension of the general principles that two philosophers discovered. The reflections on the connections between commercial society and morality are a structural part of Hume’s and Smith’s writings, which contain many analytical arguments on the positive and negative consequences of commerce on morality. They sustain the parallelism between the enlargement of commerce and the enlargement of sympathy with the consequent facility for the imagination to arrive at a “general point of view” or the perspective of the “impartial spectator”. Some differences in their treatment derive properly from the diversity of the passages involved in Hume and Smith for the corrections, necessary for the genesis of moral sentiments, of the unilaterality in the immediate sympathy.

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For the interactions in Hume between moral philosophy and commerce, relevant texts are of course Books II and III of the Treatise, the Second Enquiry and many of the essays published in Political Discourses. In the Treatise – as Wennerlind explains – Hume identifies the moral rules principally involved in the realization of commercial society, with the artificial virtues and then with property, the transference of property by consent and the keeping of promises\textsuperscript{17}. All these rules are necessary for the life of a society in which a great number of human relations develop in a specific form of commerce: that of the exchange of commodities. There are many new sections of Hume’s ethics in the pages on economic matters. For example, Wennerlind sustains that this part «offers valuable insights that clarify and illuminate the content and applications of Hume’s theory of justice»\textsuperscript{18}. In particular, the treatment of the role of industry in social life is extremely important for Hume’s theory of justice. In Hume industry is the name of a virtue: he develops the characterization of this virtue specially in the many pages on the subject of luxury\textsuperscript{19}. It is clear in this analysis that commerce promotes morality. With the incorporation of the pages on the positive effect of industry we can understand that Hume’s theory of justice: «instead of resolving itself into a mere theory of property [...] offers a rich account of how a just society both generates the great possible material abundance and best promotes essential social virtues as fairness, sociability, politeness and humanity»\textsuperscript{20}. The conditions of life are improved and then industry, commerce and arts tend to enhance sociability, as Hume argues in Of Refinement in the Arts: «beside the improvements which they (human beings) receive from knowledge and the liberal arts, it is impossible but they must feel an encrease of humanity, from the very habit of

\textsuperscript{17} Wennerlind, David Hume’s Political Philosophy, cit., pp. 257-261, shows how Hume also offers in the History a reconstruction of the progressive stabilization of these rules that constitute the central practices of commercial society. Hume identifies the transitions in the history of Great Britain for the general acceptance of the right of private property but also of the invention of money.

\textsuperscript{18} Id., The Role of Political Economy in Hume’s Moral Philosophy, «Hume Studies», XXXVII, 2011, pp. 43-64.

\textsuperscript{19} I develop a systematic treatment of this subject in David Hume e la polemica sul lusso tra XVII e XVIII secolo, forthcoming.

\textsuperscript{20} Wennerlind, The Role of Political Economy, cit., pp. 44-45.
conversing together, and contributing to each other’s pleasure and entertainment»\textsuperscript{21}.

This subject is reducible in the context of Hume’s and Smith’s moral philosophy, to research on the effects that life in a commercial society has on the capacity of each individual to participate in the pleasure and pain of their fellow human beings. Hume advances many observations on the changes that commercial society produces in the passions and sentiments of men in their relations. But in his treatment this problem is connected with the collection of much evidence that contradicts the theory of self-love: the diffusion of commercial relations favours the stability of a capacity to participate in an enlargement of social relations. Hume also sustains that life in a commercial society fosters some positive psychological changes, for example from aggressiveness and violence to sociability and good manners. But the good manners themselves change as an effect of the transition from seeking recognition connected with honour to a recognition connected with riches and economic success. Hume’s analysis offers many empirical situations in commercial markets against the egoistic motivational theory. In general, the view of the self as an agent exclusively motivated by self-interest is profoundly inadequate\textsuperscript{22}. Commercial society produces a new civility in which sociability and good manners have a central role. On this theme Hume develops many of his observations on Mandeville. As is sustained in recent historiography, we can see a continuity between Mandeville and Hume, both of them anatomists of civil society: with the big difference of the transition from a negative to a positive characterization of the effects of commercial modernization\textsuperscript{23}.

Hume sustains the general view that commercial society marks the developments of sociability till the emergence of a “modern

\textsuperscript{21} Hume, Of Refinement in the Arts, cit., p. 107.
\textsuperscript{22} On the presence in Hume of a general criticism of the vision of the sentiments of the self as reducible to variations of the passion of self-love we can read: Jennifer Welchman, Self-love and Personal Identity in Hume’s Treatise, «Hume Studies», XLI, 2015, pp. 32-55.
commercial civilization”. As Richard Boyd explains\textsuperscript{24}, Locke, Hume and Smith are «archetypal partisans of this civilization». But in Hume, Smith and Ferguson we have the affirmation of a true virtue of «civility [...] a form of sympathy or affection directed toward another sensible being who is at the most fundamental our equal». In this virtue we can enclose not only the natural virtue of humanity but also some decisive effects on artificial conventions of justice with the institution of the rules that teach us to treat the needs of others equally.

But in Hume’s analysis we also find considerations on the problematic connections between commerce and morality. Hume writes of an “indissoluble chain” when discussing the relationship between commercial prosperity and the promotion of social virtues, but – as Wennerlind reminds us – «Hume did acknowledge the possibility that emerging culture of consumption might not always promote moral refinement. Although he argued that no single act of consumption was ever deserving of moral condemnation in itself, he recognized that there were certain conditions attending a person’s consumption habits that might qualify his behaviour as a vice. For example, if a person bankrupts himself in the process of pursuing ever greater enjoyments, becomes unable to provide for his family and friends, or fails to offer proper assistance to the poor, his consumption violates propriety and virtue. Moreover, if a man is so fixated on consumption that he disregards ‘the pleasures of ambition, study or conservation’ as well as ceasing to enjoy the company of family and friends, his behaviour is a sign of stupidity and lack of humanity»\textsuperscript{25}.

Hume reports negative effects of commercial society on the personal character.

The connections between commercial society and morality are central in many of Smith’s pages. Smith’s idea was clearly expressed in \textit{The Wealth of Nations} (IV, iii, chap. 9): «commerce ought


naturally to be, among nations, as among individuals, a bond of union and friendship». Maria Pia Paganelli shows Smith’s experimental approach on this subject: a commercial society offers many experiments on situations in which markets foster morality, morality fosters markets and markets have negative consequences on morality\textsuperscript{26}. This is Paganelli’s conclusion:

Adam Smith favours commerce on grounds of both morality and efficiency. Commerce is intertwined with morals, it supports moral development and at the same time it is supported by it. Commerce requires morals for its functioning and gives the conditions under which people can live freely and morally. The wealth generated by commerce may not only support life, but also endanger it. It may generate incentives to lobby for the establishment of monopolies, which benefit a few at the expenses of the many; it may generate incentives to cause and prolong wars; it may generate incentives to weaken a country’s martial spirit and to numb the mind of some workers. Smith recognizes both positive and negative effects of commerce on morals. Yet, on balance, he recognizes the positive effects outweigh the negative. Today there is increasing empirical support for the positive effects of markets on morals, coming from laboratory and the field. And there is a coherent explanation for why that may be the case which comes from Adam Smith\textsuperscript{27}.

Of course, Smith follows with care the ways in which the diffusion of commerce can change characters. The changes in different editions of \textit{TMS} document a continuous collecting of new data. Smith shows that the strengthening of commercial society may radically corrupt the functioning of sympathy, removing it from a procedure that is linked with establishing the perspective of the “impartial spectator” and therefore moral judgment\textsuperscript{28}. The corruption of the process of sympathy does not only derive from favouring those who are our nearest and dearest over those who are different

\textsuperscript{26} Maria Pia Paganelli, \textit{Commercial Relations: From Adam Smith to Field Experiments}, in \textit{The Oxford Handbook of Adam Smith}, cit., pp. 333-350.

\textsuperscript{27} \textit{Ivi}, pp. 347-348.

\textsuperscript{28} Adam Smith, \textit{Theory of Moral Sentiments}, ed. by D.D. Raphael and A.L. Macfie, Oxford, Clarendon Press, 1976. The very title of section I.III.3 is eloquent: «Of the corruption of our moral sentiments, which is occasioned by the disposition to admire the rich and the great, and to despise or neglect persons of poor and mean condition». This section was added in the revised edition of 1790.
and distant, but in preferring the rich and powerful as an object of our sympathy. In short, Smith is here taking up the anatomical analysis that Hume had already made of the pathologies of the mechanism of sympathy in the *Treatise*, in particular when he tried to show some distortions in the process of forming the “general point of view” constituting morality. These distortions operated particularly in the absolutely natural genesis of the passion of pride that accompanied even the possibility of participating in the pleasures of the rich and powerful without any prospect of gain.\(^{29}\)

Of course, in Smith too we can find analogous explanations of changes in commercial society connected with the enlargement of sociability and the expanding circles of sympathy.\(^{30}\) As Forman-Barzilai suggests, we may note an important difference in the way Hume and Smith reconstruct the changes in characters and motivations connected with the diffusion of trading relations. Unlike Hume, Smith tends not to enlarge the consequences of commerce to the identity of the human subject in general. In Smith’s theory, instead, along with the stabilization of economic markets we also find the reinforcement of the self-interested side of human conduct. The expansion and strengthening of trade is for Smith the way towards open, regular and legal connections in national and international spaces. This self-interested line of commerce between human beings is the genetic basis of “commercial cosmopolitanism”. Smith, then, unlike Hume, does not completely overcome Hobbesian egoistical theory; on the contrary, Smith reconstructs egoistical commercial relations as a way of normalizing social life in the State and in international relations.

As is generally known, Hume and Smith were also involved in reconstructing the process that, as commerce thrived, radically


\(^{30}\) For example we can read Forman-Barzilai, *Adam Smith and the Circles of Sympathy*, cit., pp. 166-190, on the transformations of sympathy with a culture that favours perspective and reflexivity and the elaboration of frames that transcend the interest of particular groups.
transformed the legal and political institutions. These changes mark both the recognition of individual liberties on the legal plane and the consolidation of new forms of government to guarantee security and equal treatment before the law for citizens. It should be emphasized that, in reconstructing this transition, both Hume and Smith prefer gradualist rather than revolutionary models of explanation. They also set aside accounts that explain the change by a single cause and also those models that see change as the product of a conscious, rational project, regarding it more as a balance that is the result of positive outcomes that have come about by accident and that are slowly reinforced thanks to the positive consequences they lead to.

The works of Istvan Hont are essential on the subject of Hume’s and Smith’s reflections on the political consequences of commercial revolution. Hont reconstructs in great detail the change in Hume as he recognized commerce as part of political thought: «Hume was right in stating that it was the insertion of commerce into politics that was the mark of modernity». By contrast, we do not find in Hobbes a theory of government that includes questions of commerce. In parallel with the genesis of commercial society Hume reconstructs how monarchies changed from being absolute to civilized monarchies. «By the eighteenth century Hume pointed out commerce had became instrumental in introducing civil, albeit not, political, liberty in absolute monarchies. This new kind of monarchy Hume called civilized monarchy...»

Hume and Smith agree in noting that the consolidation of commercial society was accompanied by reduced state intervention in economic affairs and by greater areas of freedom in the life of the individual. It would,

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31 The insistence on the presence in Hume and Smith of this model of explaining historical change in terms of a gradual evolutionary, unintended project and often with the presence of a genuine heterogenesis of ends incompatible with a conception of history inspired by optimistic rationalism can be found in the works of Friedrich von Hayek. See in particular Law, Legislation and Liberty. A New Statement of the Liberal Principles of Justice and Political Economy, 3 vols., London, Routledge, 1973-79, and The Legal and Political Philosophy of David Hume, in Studies in Philosophy, Politics and Economics, London, Routledge, 1967. But Hayek’s interpretation is unilateral as it does not mention the positive components in the conventionalist and sentimentalist paradigm that Hume develops systematically and that Smith substantially adopts, though with greater acceptance of some role of reason.

32 HONT, Jealousy of Trade, cit., pp. 21-23.
However, be inappropriate to attribute to them the *laissez-faire* conception that will always see state intervention in a bad light, and thus conceives freedom exclusively in negative terms. I accept Sen’s revisionist thesis on Smith. Sen interprets Smith as moving from the prospect of the present problems of global markets and refutes the vision of F. von Hayek, A. Buchanan, G. Stigler etc. as «abuses of Smith». These abuses of Smith consist essentially in «making [him] an uncomplicated champion of non-sense capitalism», while the champions of unrestrained market capitalism attribute to Smith their theory of the exclusivity of the profit motive and the «allegedly self-regulatory nature of the market economy». Sen rightly invites us to give the correct importance to certain tendencies in Smith, notably «his balanced argument for supporting a society with multiple institutions in which the market would do an important job, without eliminating the role of other institutions, including the state, which can play their part in, for example, providing public good like basic education and offering economic support for the poor, in addition to its limited – but important – function in regulating the market to the extent that it required regulation». We shall see all this better in the last section of this article. On the other hand, we certainly cannot find the slightest trace in Hume and Smith of any recognition of the need for political intervention to redistribute wealth and reduce income differentials. And this despite the fact that there is no shortage of those who have seen Smith as radical and egalitarian.

*The questions of international commerce: from “the jealousy of trade” to a “commercial cosmopolitanism”.*

Let us now look more closely at how Hume and Smith systematically reflect on the changes that the growth of commercial society generates in economic and political relations between different nation states. Let us also suppose in this connection that their way of

34 This is the view of McLean, *Adam Smith. Radical and Egalitarian*, cit.
proceeding and the main analytical advances they made may help present-day thinking, if only to set out an agenda on the main problems created by globalization. Negatively, both Hume and Smith set out to show how it was utterly inadequate to tackle the real relations between nation states in the presence of commercial society by following the ideas of the mercantilists. Mercantilism was tied to a completely erroneous conception of wealth seen as possessing more and more gold and silver coins. Starting from this idea, mercantilism gave politicians the task of organizing things so as to increase the wealth of the country and, with it, the quantity of gold and silver possessed. Government intervention, then, was designed to control commercial interactions in every way and to promote exports and reduce imports – resorting to duties on them if necessary. Hume and Smith radically changed this approach, transforming the conception of wealth by identifying it in the over-productive capacity of a country and thus in the goods and services that it can provide.\[35\]

Hume tackles this type of question in his essay *Of the Balance of Trade*, radically surpassing the mercantilist framework. «From these principles we may learn what judgment we ought to form of those numberless bars, obstructions and imposts, which all nations of Europe, and none more than England, have put upon trade; from an exorbitant desire of amassing money, which never will heap up beyond its level, while it circulates; or from an ill-grounded apprehension of losing their specie, which never will sink below it. Could any thing scatter our riches, it would be such unpoltic contrivances. But this general ill effect, however, results from them, that they deprive neighbouring nations of that free communication and exchange which the Author of the world has intended, by giving them soils, climates, and geniuses, so different from each other». From a national point of view, what should raise concern was, rather, this: «if they lose their trade, industry, and people, they cannot

expect to keep their gold and silver: For these precious metals will hold proportion to the former advantages»\(^{36}\).

Thus dissociating themselves from mercantilism, both Hume and Smith consequently offered a very different account of economic competition, both internal and international. As Rasmussen explains, both Hume and Smith no longer regarded commercial competition between states as a zero-sum game, as the mercantilists had suggested\(^{37}\). The enrichment of a neighbouring country does not drain resources from our own but stimulates our economic development. This change was clearly at the heart of Hume’s essay on the “jealousy of trade”\(^{38}\). Hume described the aim of his essay clearly:

Nothing is more usual, among states which have made some advances in commerce, than to look on the progress of their neighbours with a suspicious eye, to consider all trading states as their rivals, and to suppose that it is impossible for any of them to flourish, but at their expence. In opposition to this narrow and malignant opinion, I will venture to assert, that the increase of riches and commerce in any one nation, instead of hurting, commonly promotes the riches and commerce of all its neighbours; and that a state can scarcely carry its trade and industry very far, where all the surrounding states are buried in ignorance, sloth, and barbarism.

Here Hume argues about the inter-relation of progress in one’s own country and progress in neighbouring countries: «The increase of domestic industry lays the foundation of foreign commerce. Where a great number of commodities are raised and perfected for the home-market, there will always be found some which can be exported with advantage. But if our neighbours have no art or

\(^{36}\) Hume, Of the Balance of Trade in Political Essays, ed. cit., pp. 136-149, especially pp. 148-149. A similar reconstruction of the environmental context of the lives of human beings had already been made in T.3.2.4, where Hume explained the genesis of the practice of transferring property by consent: «Different parts of the earth produce different commodities; and not only so, but different men both are by nature fitted for different employments; and attain to greater perfection in any one, when they confine themselves to it alone. All this requires a mutual exchange and commerce; for which reason the translation of property by consent is founded on a law of nature, as well as its stability without such a consent».

\(^{37}\) Rasmussen, The Infidel and the Professor, cit., pp. 160-173.

cultivation, they cannot take them: because they will have nothing to
give in exchange. In this respect, states are in the same condition as
individuals. A single man can scarcely be industrious, where all his
fellow-citizens are idle. The riches of the several members of
community contribute to increase my riches, whatever profession I
may follow. They consume the produce of my industry, and afford
me the product of theirs in return». Nor, in Hume’s view, should we
be concerned about the effects on employment of losing our own
businesses through the competition of other countries producing the
same goods. Even regarding the goods that are our main products, if
we lose out to other countries we should not lay the blame at their
door: «they ought to blame their own idleness, or bad government,
not the industry of their neighbours». Further: «If the spirit of
industry be preserved, it may easily be diverted from one branch to
another; and the manufacturers of wool, for instance, be employed
in linen, silk, iron, or any other commodities, for which there appears
to be a demand». In conclusion, Hume writes: «Were our narrow
and malignant politics to meet with success, we should reduce all our
neighbouring nations to the same state of sloth and ignorance that
prevails in MOROCCO and the coast of BARBARY. But what would be the
consequence? They could send us no commodities: they could take
none from us: our domestic commerce itself would languish for want
of emulation, example, and instruction: and we ourselves should
soon fall into the same abject condition, to which we had reduced
them. I shall therefore venture to acknowledge, that, not only as a
man, but as a BRITISH subject, I pray for the flourishing commerce of
GERMANY, SPAIN, ITALY, and even FRANCE itself. I am at least certain,
that GREAT BRITAIN, and all those nations, would flourish more, did
their sovereigns and ministers adopt such enlarged and benevolent
sentiments towards each other».

As for the changes in the relations between states that the rise of
international trade encourages, Hume’s analysis probably seems to
be excessively optimistic. So much so, indeed, that some have
claimed that he rather than Smith was the true founding father of
laissez-faire. Precisely because of his insistence on the human
tendencies to activity and industriousness (an insistence that was
mainly normative, however, and certainly not a result of his
identifying some essence or dominant tendency in the nature of
human beings), Hume came to take a hopeful view of the effects of
the expansion of international trade on the availability of jobs in the various national contexts, or the growth or reduction in inequality in states as in the diversity at world level between rich or poor countries.

Smith went much further in his detailed analysis of these questions of economic and commercial relations at international level, but in general, normative terms he shared Hume’s approach of putting to one side a country’s jealousy for the growing wealth of a neighbouring country. Again in 1790, revising the Theory, he added to Part VI a specific comment on the negative effect of allowing oneself to be inspired by a «love of our nation [...] to view with the most malignant jealousy and envy the prosperity and aggrandisement of any other neighbouring nation». And on the normative plane he looked forward to «a liberal expression of a more enlarged and enlightened mind, who felt no aversion to the prosperity even of an old enemy». We should also value the states competing with us for the «real improvements of the world we live in. Mankind are benefited, human nature is ennobled by them. In such improvement each nation ought, not only to endeavour itself to excel, but from the love of mankind, to promote instead of obstructing the excellence of its neighbours. These are all proper objects of national emulation, not of national prejudice or envy»39.

Smith was also much more doubtful than Hume that an international society based exclusively on the rules of free trade would not present serious dangers for jobs and the preservation of activities in countries like Britain, once they had to face the competition of lower salaries. For his part Smith’s thinking took a strikingly new direction when he indicated one effect of the new phase of development in commercial societies as being the genesis of “a commercial cosmopolis”. This aspect has been reconstructed by Fonna Forman-Barzilai, who shows how Smith developed a model for reconstructing international relations by insisting on one specific paradigm of commercial cosmopolitanism that is distinct from the Christian one and has also influenced contemporary thought. According to Forman-Barzilai, in his account of inter-

39 Smith, The Theory of Morals Sentiments VI.ii.2.3, ed. cit., pp. 228-229. Rasmussen rightly underlines that many of the revisions Smith made to the final edition of the TMS are a kind of posthumous homage to Hume (The Infidel and the Professor, pp. 232-236).
national relations between states Smith basically assumed a realist conception of human motive that was close to Hobbes’s. Smith thus accepted international instability and certainly did not favour — any more than Hume, for that matter — either an a priori providential account or an optimistic one. What was unusual in Smith’s analysis was its seeking to reconstruct the conditions in the context of commercial society that might mark the genesis of a “self-centred cosmopolitanism” as an outcome — by no means certain — of the «free commercial intercourse among self-interested nations» that promises a «mitigated conflict among spatially disparate entities, and to generate a tolerable peace in absence of better motive». The specific nature of Smith’s cosmopolitanism, then, lies in its not regarding this outcome as stable and acquired, and in not seeing it as deriving from the altruistic and benevolent side of human affectivity, but rather than egoism and self-interest. Thus, for Forman-Barzilai “commercial cosmopolitanism” is «a cosmopolitanism that is not grounded ethically (as traditional cosmopolitanism was) but produced effectively through the practices of commercial exchange». All that Smith did after criticizing the false assumptions of the mercantilists on commercial exchanges between nations (in this following in the footsteps of Hume) was insist «that international trade would not only generate wide-scale wealth, but that it would mitigate conflict and stimulate peace in the absence of good-will or coercion. This is ultimately what commercial cosmopolitanism was about for eighteenth-century thinkers like Hume, Smith, Benjamin Franklin and Jacques Turgot who promoted it».

Looked at in this way, there was certainly no guarantee either of overcoming the opposition at international (or even internal) level between rich and poor, or of an end to all war. On the question of the economic competition between rich and poor countries, Hont points out that «Hume and Smith disagreed about the competitive strategy of nations». Smith rejected the skill-based strategy of Hume for saving rich countries from economic decline. For Smith, in many systems, with division of labour and the use of machinery mass

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40 As is pointed out by Hont, Jealousy of Trade, cit., p. 8, Hume and Smith do not have a unilateral position on the effect of commercial relations on war: «Hume and Smith’s denunciation of jealousy of trade is still interesting because it is neither hysterically realist nor smugly utopian».

41 Forman-Barzilai, Adam Smith and the Circles of Sympathy, cit., p. 216.
production «could surpass the old artisan industries in both quality and price»42. On wars, both Hume and Smith saw them as negative, but certainly not inevitable. In analysing the connections between commercial society and wars they showed how much the greater resources created with growth could easily be diverted by the sovereign to increasing military expenditure. Here, in their view, a corrective could only be provided by political institutions that were more open to citizen participation, although there were clear signs in the period indicating that the European monarchies too used surplus resources to activate imperial policies that both of them actually opposed. One corrective – more noticeable in Hume – may have been the change of character that accompanies the establishment of commercial societies and the consumption of sophisticated, luxury goods. Hume tended to underline the changes that commercial society created in civil relations and in its character, transcending national boundaries and going beyond the exclusion of foreigners. Smith, by contrast, who was closer to contractualism and the search for a theory of natural rights, saw the solution – and certainly projected it into a distant future as he saw no sign of it in the present – in setting up adequate international institutions.

On overcoming inequality and the opposition between rich and poor, we can find little in their writings. Hume regarded inequality as socially dangerous, but also thought it could only be overcome with the spread of the active, open mentality that accompanied the increase in international trade. Forman-Barzilai’s comment on Smith indicates a clear difference: «Smith’s commercial cosmopolitanism broke with Stoic morality by easing cosmopolitan teleology from human reason and intention, placing it instead in the invisible hand of national self-interest. Because of the providential strain in his thought, he never imagined he had abandoned the poor to the caprice of the rich and powerful. He never fully envisioned what might become of international commerce in Western imperial hands, though surely he had good evidence to speculate». It was, then, difficult to see from Smith’s account that the institutions that had established themselves with global trade had nothing to do with

42 HONT, Jealousy of Trade, cit., pp. 70-73.
that enlightened transnational *doux commerce* that he and Hume spoke of\(^{43}\).

All international relations were, then, hegemonized in Smith’s view by a localist, self-interested logic that seemed to stand beyond the capacity of the impartial, disinterested spectator to intervene. In Hume’s case there seems to be a more coherent reconstruction of the mechanisms that lead to extending the range of sympathy in a world society that sees the relations between human beings facilitated by widespread contacts and trade. But this reconstruction often seems too linear and inspired by a constant progressive logic that knows no pause or falling back. We should probably continue this analytic research by thinking back over the ways for the enlargement of the sympathetic relations between human beings while not losing sight of our recent experience with all the evidence this shows of fractures and retrogression in a logic of constant advancement. To overcome these hindrances there may be no other motor force than the limited sympathetic capacity of human beings and their reflective tendencies, but on these bases, it is not easy to delineate solid normative proposals. However, accepting the limits of our capacity here will inevitably also mean recognizing that, at most, we can operate on only one of the factors involved – human nature and its tendencies – while the rest is determined by chance and the impossibility of our grasping the essential structure of the reality we are dealing with.