

*Two Views of Natural Law and the Shaping of Economic Science*¹

SERGIO CREMASCHI
Università Amedeo Avogadro, Vercelli

In this paper I argue that differences between the 'new moral science' of the seventeenth century and scholastic natural law theory originated primarily from the skeptical challenge the former had to face. Pufendorf's project of a scientia practica universalis is the paramount expression of an anti-skeptical moral science, a 'science' that is both explanatory and normative, but also anti-dogmatic insofar as it tries to base its laws on those basic phenomena of human life which, supposedly, are immune to skeptical doubt.

*The main scholastic legacy to the new moral science is the dichotomy between an 'intellectualist' and a 'voluntarist' view of natural law (or between *lex immanens* and *lex imposita*). Voluntarism lies at the basis of both theological views, such as Calvinism, and political views, such as those of Hobbes and Locke. The need to counterbalance the undesirable implications of extreme voluntarism may account for much of the developments in ethics and politics during the seventeenth and eighteenth centuries.*

Scottish natural jurisprudence, which tried to find a middle way between skepticism and extreme voluntarism, is less secular and more empirical than received wisdom admits. There emerged, as one of its 'accidental' outcomes, a systematic, self-contained and empirical economic theory from the search for an empirically based normative theory of social life. The basic assumption of such a theory, namely, the notion of societal laws as embedded in trans-individual mechanisms, derives from the voluntarist view of natural law as 'imposed' law.

Later discussions of social issues in terms of 'economic' and 'ethical' reasons originated partly from a misreading of the Scottish natural jurisprudential framework of economic theory. Starting with this reconstruction, I try to shed some light on recent discussions about the role of ethics in economics.

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1. *An amoral science?*

In the eighteenth and the nineteenth centuries a new science with a new 'paradigm' came into being, namely, the science of economics. As a science, it was thought to be 'autonomous' from moral philosophy. However, a recurrent controversy arose in the nineteenth century between those who upheld the amorality of economics and those who considered amorality to be its major flaw. The controversy was born of a misunderstanding, namely, that of believing that the birth of economic *science* consisted just in *separation* from moral philosophy. The process was instead more tortuous.

2. *A prologue in heaven: two views of natural law*

2.1. *Intellectualism and voluntarism in the Scholastic doctrine of natural law*

During the latter part of the Middle Ages there emerged a confrontation between the intellectualist and voluntarist conceptions of natural law.² Aquinas represented the former; William of Ockham the latter. The latter view, it should be noted, was not originally an apology for a tyrant God, as reformed North-European philosophers suggested. (These philosophers actually wanted to attack the Calvinist view of God, and it was more polite to criticize Ockham when actually criticizing Calvin.) In fact Franciscan doctors taught, no less than the Dominicans, that there is a natural law. But to avoid the undesirable consequence of denying the omnipotence of God, they introduced a distinction between *potentia Dei ordinata* and *potentia Dei absoluta*: the former represents God's omnipotence with respect to decisions made in light of his previous acts of will; the latter represents God's omnipotence in matters where there was no previous divine act of will. On the basis of this distinction, laws in the actual world cannot be suspended arbitrarily.³

Reformed theology adopted voluntarism, but it did so in such a way as to give rise to an insoluble theological problem. It linked voluntarism with neo-Augustinian theologies that opposed faith to law, and it also defended predestination.⁴ Owing to the ensuing devaluation of the very idea of 'law', a doctrine of natural law became untenable.

² F. Oakley, *Omnipotence, Covenant, and Order: An Excursion in the History of Ideas from Abelard to Leibniz* (Ithaca, NY: Cornell University Press, 1984), 85.

³ See William of Ockham, "Dialogus de Potestate Papae (Secundus Secundae, iii, 6)," ed. H. S. Offler, *Franciscan Studies*, 37 (1977), 212-218; Thomas Aquinas *Summa Theologiae* (Prima Secundae, Qu. XCIII, a 1) (Roma: Libreria Editrice Vaticana, 1892); See also A. Ghisalberti, "Sulla legge naturale in Ockham e in Marsilio," *Medioevo*, 5 (1979), 303-315; D. E. Luscombe, *Natural Morality and Natural Law*, in N. Kretzmann, A. Kenny, J. Pinborg (eds.), *The Cambridge History of Later Medieval Philosophy* (Cambridge: Cambridge University Press, 1979), 705-720.

⁴ The misunderstanding arose out of false similarities, which were in turn the result of imperfect translations; in fact Paul was concerned with the *Torah*, not natural law. See D. Flusser, "Paulus (aus jüdische Sicht)," in *Theologische Realenzyklopädie*, vol. xxvi (Berlin: de Gruyter, 1996), 153-160.

Following the religious wars, seventeenth century debates revolved around the sources of civil authority. Hobbes and Locke defended 'voluntarist' views of law based on logical and linguistic considerations. In order to avoid what they deemed undesirable consequences, the opponents of both Calvinism and Hobbesian doctrines looked for plausible alternatives, and thereby gradually transformed the idea of natural law.⁵ During the age of Kant, natural law was split into two spheres, namely, that of ethical laws and societal laws. Shortly after, Durkheim announced the birth of the physics of morals in contradistinction to Kant's metaphysics of morals.

2.2. *The new moral science and a few alternatives to voluntarism*

Much of sixteenth and seventeenth century thinking, as suggested by Popkin's reconstruction of the history of skepticism,⁶ is a response to the skeptical challenge. Also, several dichotomies prevalent in modern thinking, which have been the favorite targets of post-Kantian criticism, start to make more sense when understood as conceptual tools for addressing skeptical refutations. This is evident as far as the oppositions are concerned of the empirical versus the rational, primary versus secondary qualities, and the state of nature versus the civil state.⁷ The starting-point of Popkin's story is the humanist rediscovery of classical skepticism. Skeptical arguments were used against Aristotelianism, religious and political authorities, and even science or knowledge as such. The main argument of the skeptics focuses on the fallible character of sense knowledge, and is also used to support ethical skepticism.⁸ The neo-skeptic's ideal is wisdom or *sagesse*, which implies a retreat from public life as a theatre where madness writes the script.⁹

⁵ See J. B. Schneewind, "The 'Modern' Theory of Natural Law," in A. Pagden (ed.), *The Languages of Political Theory in Early-Modern Europe* (Cambridge: Cambridge University Press, 1987), 99-119; *Ibid.*, *The Invention of Autonomy* (Cambridge: Cambridge University Press 1988), 17-36, 58-66; K. Haakonssen, *Natural Law and Moral Philosophy: From Grotius to the Scottish Enlightenment* (Cambridge: Cambridge University Press, 1996), 15-26.

⁶ See R. Popkin, *The History of Scepticism from Erasmus to Spinoza* (Berkeley: University of California Press, 1979).

⁷ See M. Burnyeat, "The Sceptic in His Time and Place," in J. B. Schneewind, Q. Skinner (eds.), *Philosophy in History* (Cambridge: Cambridge University Press, 1979).

⁸ See Burnyeat, *op. cit.*; J. Kraye, "Moral Philosophy," in C. B. Schmitt, Q. Skinner, *The Cambridge History of Renaissance Philosophy* (Cambridge: Cambridge University Press, 1988), 303-386; R. Tuck, "Optics and Sceptics: the Philosophical Foundation of Hobbes's Political Thought," in E. Leites, *Conscience and Casuistry in Early Modern Europe* (Cambridge: Cambridge University Press, 1988), 235-263; P. Santucci, *I filosofi e i selvaggi* (Roma-Bari: Laterza, 1972).

⁹ See N. O. Keohane, *Philosophy and the State in France: The Renaissance to the Enlightenment* (Princeton: Princeton University Press, 1980), ch. 3; A. M. Battista, *Politica e morale nella Francia dell'età moderna* (Genova: Name, 1998); P. Bénichou, *Morales du 'grand siècle'* (Paris: Gallimard, 1948).

As a rejoinder, Grotius, Mersenne, Hobbes and Pufendorf thought they should lay down the groundwork of a new moral science, one that is at once anti-Aristotelian and anti-skeptical. Compared to, say, Cicero's probabilism, this 'third way' is something novel, primarily because it draws inspiration from the new science of nature, which is anti-Aristotelian because it admits the fallible character of sense knowledge. Accordingly, the new moral science differs from Aristotelian practical philosophy insofar as it tries to correspond to the challenge not only of moral skepticism, but also of cognitive skepticism. The latter type of skepticism casts doubts on our knowledge of psychological phenomena, so that passions and motives become the subject-matter of inquiry about what lies 'behind' human action.

Kant and Bentham drastically rewrote the history of moral science of the seventeenth and eighteenth centuries; both read their predecessors in terms of their own doctrines, and conclude that previous doctrines were either mistakes or awkward intimations of truth.¹⁰ This re-writing may account for the fact that seventeenth century *scientia moralis* was abandoned in the search for a 'philosophical ethics' which, not surprisingly, could not be found.¹¹ The paradigm of the new moral science

¹⁰ See J. Bentham, *Deontology* (1834), ed. A. Goldworth (Oxford: Clarendon Press, 1983), part I, ch. 4; I. Kant, *Critique of Practical Reason* (1787), ed. M. J. Gregor (Cambridge: Cambridge University Press, 1997), part I, book I, ch. 1, note 2.

¹¹ If one makes an effort to look at the histories of the discipline written by the protagonists themselves—such as Hume in the Introduction to the *Treatise on Human nature*, Adam Smith in the first of his *Lectures on Jurisprudence*, Samuel Pufendorf in the *Specimen*, and Barbeyrac in the *Historical and Critical Discourse on the Science of Morals* published as an appendix to his edition of Pufendorf's *Principia*—then one will notice a list of names which includes Montaigne, Charron, Grotius, Selden, Hobbes and Pufendorf. These thinkers are presented as the founders of a 'new' moral science, paralleling the new natural science fostered by Galileo. On this point, see R. Tuck, "Optics and Sceptics"; see also his "The 'Modern' Theory of Natural Law," in A. Pagden (ed.), *The Languages of Political Theory in Early-Modern Europe* (Cambridge: Cambridge University Press, 1987), 99-119. To give a detailed comparison of the different genealogies of the new moral science, as drawn by each of the above-named authors, may not be well advised, for a comparative examination would be a demanding task. It is sufficient to note that inclusions and exclusions depend on research programs and argumentative strategies. It is also worth noting that, in these reconstructions, there is some continuity, as well as some discontinuity, with medieval doctrines of natural law. The continuity consists in the usage of the language of natural law; the discontinuity consists in the fact that the very idea of natural law requires some kind of justification to face the skeptical challenge. As a result, the instinct for self-preservation becomes the foundation of social life, the state of nature is distinguished from the civil state, and Aristotelian aretaic ethics is rejected as being devoid of any possible 'scientific' foundation. These reconstructions also acknowledge some continuity, as well as some discontinuity, with humanistic political thinking; that is, Machiavelli's 'realism', and the related revival of the republican tradition and neo-Stoicism, are unacceptable insofar as they are 'practical', and not 'theoretical', ways (according to the Aristotelian distinction) of coping with ethical and political problems; on the contrary, anti-skeptical authors such as Grotius, Hobbes and Pufendorf try to give moral science a 'scientific' foundation because they do not admit of a 'practical' reason with foundations different to 'theoretical' reason.

was born out of the attempt, initiated by Grotius and Hobbes,¹² to justify at least a *few* moral principles. The starting-point is Galileo's methodological revolution. Contrary to Aristotle, Galileo deems sense perception fallible, and yet, against the skeptics, he thinks that science is possible, provided that it be a science which deals with a *few* aspects of phenomena that can be measured in some objective way.

Grotius, in his *Prolegomena*, refutes both Aristotle and the skeptic Carneades.¹³ His rejoinder to skepticism is to argue that, even if not everything is certain, there is nonetheless *at least something certain* which can be taken as a starting-point. Two directions follow: first, one should not *tentare l'essenza* ("try to grasp the essence"), but be content with a few 'general phenomena'; secondly, one should try to *account* for the phenomena, and not to *prescribe*.¹⁴ Hence at least a few basic truths can be safely established; and on the basis thus provided, the building of a larger system of moral truths can get under way. The tools for such a system will be the 'method' of the Galilean new science. It should be noted, however, that Hobbes's attempt is more radical than Grotius's. For Hobbes, both rules as well as facts are doubtful, and thus the state of nature can only be a state of war owing to the lack of any basis for agreement.¹⁵

During the seventeenth century the new paradigm prevailed in the Netherlands and England, and after that in eighteenth century Scotland. In Germany it was rejected in favor of a kind of Aristotelianism. In France it was never accepted, and the French argument followed a different agenda. Disparities in reception can be accounted for by different factors. So in the Netherlands and England, for example, the real threat was that of religious fanaticism, and negotiating the boundaries of the sovereign's power was felt to be necessary for the sake of 'toleration'. But in France, on the other hand, it was thought that a strong state would serve as a defense against other, more dangerous foreign powers, such as England and the Vatican.

¹² See R. Tuck, "Optics and Sceptics."

¹³ See H. Grotius, *De jure belli ac pacis* ([1625] Lausanne: Bousquet, 1751-1752), *Prolegomena*, parr. v, vii.

¹⁴ Two statements exemplify these two lines of inquiry. The former is from Mersenne: "Physics, which seems to be the most questionable discipline, has a familiar subject-matter, since who would deny that there are bodies and movements?" Similarly: "if it is true that *the natural body is movable* [...] it is also true that [...] evil should be avoided and the good desired" (M. Mersenne, *La vérité des sciences: contre les sceptiques ou pyrrhoniens* [1625], Stuttgart: Fromann, 1969, 54, 56). The second is taken from Spinoza: "affections and the way human beings live their lives" are matters that follow "the common laws of nature" and "derive from the same necessity and virtue of nature from which other individual things derive; and they accordingly admit of certain causes" (B. Spinoza, *Ethica* [1677], in *Opera*, ed. C. Gebhardt, 4 vols., vol. I, part iii, *Praef.*).

¹⁵ See R. Tuck, "Optics and Sceptics," 263.

2.3. *Alternatives to voluntarism and the transformation of natural law*

The consequences of the medieval debate between the voluntarists and the intellectualists were still felt two centuries after the birth of the new moral science. Having won the day over intellectualism, seventeenth century voluntarism faced a new challenge, namely, the challenge of skepticism, for which it was poorly equipped. Indeed, according to Suarez, knowledge of natural law is possible only on the basis of other types of knowledge, the first of which concerns the existence of God. But the skeptics denied the fact of a *consensus gentium* regarding precisely this truth, and referred to new geographical discoveries to support their view.¹⁶ Medieval voluntarism was unencumbered by seventeenth century neo-Augustinian theologies, which espoused extreme pessimism about 'nature' in the absence of 'grace', and the ethico-political consequences of neo-Augustinian voluntarism took a path contrary to that of Ockham. It argued, namely, against the autonomy of 'civil society' from 'religious society'.¹⁷ Also, opposition to the voluntarism of Pufendorf, Hobbes and Locke was inspired by a fear of its dangerous consequences, namely, the way it could imply both unlimited support for the sovereign's power and moral relativism.

The choice—opposite to Grotius's—of a voluntarist view of law, as set out by Hobbes, Pufendorf and Locke, was meant to cope with the same skeptical challenge Grotius himself faced. According to them, voluntarism could allow morality to have an artificial character, whilst also preserving some necessity and universality on behalf of this human creation. This achievement was thought to be possible thanks to a few minimal factual matters that admitted of empirical verification, such as the universality of the instinct for conservation. Reactions to Hobbes, Pufendorf and Locke sought to find other checks against the fall into ethical relativism. Leibniz, Cumberland and the Cambridge Platonists, for instance, will trace "in individual human nature moral faculties that, in the shape of moral sense, consciousness or reason, were both veridical and motivating."¹⁸ And in the eighteenth century Montesquieu, Voltaire, Adam Smith and Ferguson will outline testimonies to the "collective effects of

¹⁶ Grotius's turn from voluntarism to intellectualism is determined by the search for a way of responding to the skeptical challenge. It is precisely in this turn that one can see Grotius's novelty since, compared to scholastic doctrines, his doctrines on the various aspects of natural law contain no radical innovations. Grotius's reformed followers, who abandon his intellectualism in favor of some sort of voluntarism, muddled the issue by acknowledging his novelty in relation to the schoolmen, and by trying to locate his innovations in marginal details. Also, they did not articulate the very point on which they refused to follow their master. On this point, see R. Tuck, "Optics and Sceptics".

¹⁷ See J. B. Schneewind, *The Invention of Autonomy*, 27 ff.; N. O. Keohane, *Philosophy and the State in France*, ch. ix; P. Bénichou, *Morales du 'grand siècle'*.

¹⁸ K. Haakonssen, *Natural Law and Moral Philosophy*, 61.

these moral faculties in the moral institutions of mankind, from money or family to civil society or the international community."¹⁹

Two paradoxical outcomes emerge from the reception of the voluntarist viewpoint. The former concerns the development of modern science, wherein voluntarism implies a separation of the inner nature of individual entities from the laws regulating them. These laws, insofar as they are 'superimposed', are easily conceivable in terms of regularities, which are in turn reducible to mathematical calculus. The seventeenth century founders of modern science share in common the view of a *lex imposita* and, according to Francis Oakley, ascribe to the physical world that basic characteristic which makes it a viable subject for such a science.²⁰ The latter outcome concerns the development of the social sciences, wherein the scientific view of nature is reflected into the view of society. This involves the construction of social 'mechanisms' and 'laws' through the application of physico-moral analogies: the wheel and the clock are the preferred 'primary subjects' as social metaphors, but there are others, such as those borrowed from hydraulics and anatomy.²¹ On the one hand, a physico-moral order is conceived, following Malebranche's legacy, according to the principle of economy or 'general laws'; on the other hand, systems of laws for the moral world are meant to parallel, following Newton's legacy, the system of the physical world. These speculations provide the blueprint Adam Smith will adopt to design the system of laws presented in *The Wealth of Nations*.²²

3. *Earthly vicissitudes:*

interactions between three paradigms of economic science

The new moral science experienced different fates in different national contexts. The original program was first carried out in the Netherlands, then in England, and finally in Scotland. Reformed Aristotelianism held sway in Germany until Thomasiaus tried to update it by introducing a few ideas from the new science of natural law. In France, however, the new programmatic approach was never taken seriously.

Apart from the academic discipline of natural law (or, alternatively, Aristotelian aretaic ethics or humanistic moral literature), other kinds of literature, which covered commerce, finance, population, money and the administration of the *oikos* (house or family), also flourished. The success of one or more of these currents in one national context depends

¹⁹ Ibid.

²⁰ F. Oakley, "Christian Theology and the Newtonian Science: The Rise of the Concept of the Laws of Nature," *Church History*, 30 (1961), 433-457.

²¹ See O. Mayr, *Authority, Liberty and Automatic Machinery in Early Modern Europe* (Baltimore: The John Hopkins University Press, 1986); R. Brown, *The Nature of Social Laws: Machiavelli to Mill* (Cambridge: Cambridge University Press, 1984).

²² See S. Cremaschi, "L'illuminismo scozzese e il newtonianesimo morale," in M. Geuna, M.L. Pesante (eds.), *Interessi, passioni, convenzioni: Discussioni settecentesche su virtù e civiltà* (Milano: Angeli, 1992), 41-76.

on a series of institutional and cultural factors. General theoretical claims are introduced at a certain stage, albeit in different ways, into a few of them in order to support practical recommendations in light of doctrines from the prevailing academic discipline. In the eighteenth century, systematic works merged the predominant academic discipline with one or more of the popular kinds of discourse. In France and Scotland, for example, between 1755 and 1776, that is, from Cantillon to Smith, a number of attempts were made to reformulate ongoing discourse on price, exchange, commerce, luxury, and monetary and fiscal policies. These were previously subdivided into different kinds of discourse: ethics, political theory, and the genre of political pamphlets. The common strategy was to unify into one kind of discourse the laws regulating the growth of wealth, and thus state power, individual behavior in commerce and, finally, policy advice.

The existence of a science of political economy was deemed to be a matter of fact in the first decade of the nineteenth century. The main authority of the new science was Adam Smith. Even in France Smithian theory was the predominant paradigm, owing to the reaction of the *idéologues* to physiocracy. Labour-value theory seems to be the main reason explaining why *The Wealth of Nations* became the new paradigm-exemplar, and perhaps an evolutionary interpretation of this fact seems to be the most plausible. In fact, there is nothing completely new in Smithian doctrines, and Smith's novelty with respect to individual issues can be plausibly denied, particularly in favor of Steuart or Quesnay. And yet a consensus eventually arose, at least in two national contexts, about Smith's priority. Where there was no consensus, such as in Germany, there prevailed, besides a minority group of 'classical' economists, a new sociological-economic discipline that replaced both Cameralistics and the *Hausvaterliteratur*. But, ironically, the Adam Smith 'myth' also spread in Germany, even if it was turned upside down. *Smithianismus* became the sum of 'rationalism', 'individualism', 'utilitarianism' and the doctrine of the harmony of interests.

3.1. *Great Britain, Newtonianism, moral discourse, and an imperfect science*

In seventeenth century England the main challenge was the extreme voluntarism of Calvinism. Locke and Hobbes adopted skeptical arguments against dogmatism, but with a view to finding an alternative to 'voluntarist doctrines' which is itself based on voluntarism. 'Voluntarism' becomes a logico-linguistic thesis: natural laws are commands insofar as other kinds of sentences cannot carry out the role of laws.²³

²³ See J. Locke, *Essays on the Law of Nature*, ed. W. von Leyden (Oxford: Clarendon, 1954). There, he defines natural law in terms of "ordinatio voluntatis divinae humane naturae cognoscibilis, quid cum natura rationali conveniens vel disconveniens sit indicans eoque ipso jubens aut prohibens." For a similar view, see Th. Hobbes, *Elements of Law Natural and Political*, ed. F. Tonnies (London: Cass, 1969²), ch. 10.

There were a number of attempts to get rid of voluntarism in the second half of the seventeenth century. It was thought that voluntarism was dangerous primarily because it could be used to justify the sovereign's arbitrary power, and so in England, after the *Glorious Revolution*, the main issue became the limits of the sovereign's power. For example, Ralph Cudworth and Samuel Clarke, who opposed Calvinism in religion and the *Whigs* in politics, stressed the importance of the individual's judgment and 'character' over and above precepts; they hoped to vindicate human nature and find some principle thereof upon which morality could be founded.²⁴ Richard Cumberland is another example of this.²⁵ His theological consequentialism was meant to provide an alternative to voluntarism without falling back onto intellectualism. As such, he depicts God as a rational agent who calculates the quantity of happiness obtained through enforcing different kinds of natural laws, and, after that, chooses among these the one that carries the greatest amount of happiness for his creatures. William Paley further elaborated this line of argument.²⁶ Bentham finally replaced God with the human legislator.²⁷ A third example worthwhile mentioning is Francis Hutcheson who, starting from character and moral sense, offers a more empirical and psychological theory of natural law.²⁸ David Hume and Adam Smith followed this empirical direction, both introducing the Newtonian methodology or the version thereof given by the Scotsman Colin MacLaurin.²⁹ From that point natural law becomes, instead of a systematic body of doctrines, a critical point of view on historically given systems of rules.

The idea of an 'impartial spectator' embodies a kind of natural law, but one that is comparatively empty of content, and which is applicable only to historically given systems of rules. This paves the way to sociological, psychological and economic accounts of historical events. Indeed, the impartial spectator's open character stresses the need for causal explanations that can give an account of the adequate or inadequate character of reactions spectators may have towards given situations.³⁰ From a methodological perspective, the attempt to bring about a new science of natural law represents an attack on Cartesian apriorism and deductivism. The sub-disciplines of this new science, including the theory of commerce, are conjectural reconstructions of evolutionary processes

²⁴ R. Cudworth, *A Treatise Concerning Eternal and Immutable Morality* (1731), in *Collected Works*, 2 vols., ed. B. Fabian (Hildesheim: Olms, 1979), vol. I, 14.

²⁵ See R. Cumberland, *De legibus naturae* (London: Flesher, 1672).

²⁶ See W. Paley, *The Principles of Moral and Political Philosophy* (London: Faulder, 1786).

²⁷ See J. Bentham, *Deontology*, part I, ch. 10.

²⁸ See D. Forbes, "Natural Law and the Scottish Enlightenment," in R.H. Campbell, A. S. Skinner (eds.), *The Origins and Nature of the Scottish Enlightenment* (Edinburgh: Donald, 1982), 186-204.

²⁹ See S. Cremaschi, "L'illuminismo scozzese e il newtonianismo morale."

³⁰ K. Haakonssen, "What Might Properly Be Called Natural Jurisprudence?" 206-207.

which, apparently, follow a given pattern independently of the actors's intentions. In other words, historical processes follow laws or principles that are not 'immanent' in the entities of the system under consideration; instead, they are societal laws or regularities which are 'supervenient' at the social level, even if they are absent from the level of individual psychology. According to Oakley, such 'imposed' laws are both the legacy of voluntarism and are at the core of the 'metaphysics' of modern science.³¹

The legacy of natural law is therefore very much alive towards the end of the eighteenth century, but is split into two camps. On the one hand, natural laws survive in their normative dimension. They are open-ended criteria, such as the normative ideals of justice, liberty and equality, on whose basis the impartial spectator spontaneously approves of various states of affairs. On the other hand, in order to frame adequate normative judgments, social scientific reconstructions of chains of events are required such that natural laws are turned into societal laws. In *The Wealth of Nations*, however, Smith is careful to avoid using the term 'law' to indicate social laws, even if in *The Theory of Moral Sentiments* he compares moral laws to physical laws.³² Smith refers instead to 'principles', a term typical of the Newtonian lexicon, to postulate the regularities of a system composed of phenomenal and theoretical entities, such as the 'gravitation' of prices. 'Principles' here are not the qualities of individual human nature, but are laws of the system. They arise from a construction which, taking its point of departure from a common-sense description of social phenomena, yields a re-description of these phenomena in terms of an economic system or the 'imaginary machine' of the economy.³³

In order to demarcate moral philosophy from economic science, it was necessary to conceive of economic 'mechanisms'. This first happened not when an 'empirical' and 'secular' mind appeared, and then discovered economic mechanisms 'out there', but when presuppositions legitimizing the physico-moral analogy were accepted. The physico-moral analogy was first made possible on the basis of theological assumptions, and then it encouraged an enquiry into the ways in which God produces beneficial results through men's folly or, in a word, social science.³⁴

³¹ See S. Cremaschi, *Il sistema della ricchezza* (Milano: Angeli, 1984), ch. 3; "L'illuminismo scozzese e il newtonianismo morale."

³² A. Smith, *Theory of Moral Sentiments*, III.v.6.

³³ The relationship, in Adam Smith, between the system's properties and the properties of the system's individual elements, that is, the 'essential qualities' of human nature, is an intricate issue. See G. Freudenthal, *Atom and Individual in the Age of Newton* (Dordrecht: Reidel 1986); see also S. Cremaschi, "L'illuminismo scozzese e il newtonianismo morale," 64.

³⁴ See A. O. Hirschman, *The Passions and the Interests* (Princeton: Princeton University Press, 1977); J. Viner, *Religious Thought and Economic Society* (Durham, NC: Duke University Press, 1979); see also P. M. Heimann, "Voluntarism and Immanence: Conceptions of Nature in Eighteenth Century Social Thought," *Journal of the History of Ideas*, 39 (1978), 271-84.

3.2. *France, a science of general laws, enlightened interest, and perfectionnement*

An important element in the French context is a remarkable skeptical tradition. Unlike the English rejoinder, which focused on the idea of natural law, the French rejoinder to skepticism centered on the role of sovereign power. The key words in the French discussion are interests, passions and self-love. The third of these is the main discovery of French moral literature. At a certain point, a distinction between two kinds of self-love is introduced: enlightened self-love is supposed to encourage precisely the same behavior as charity.³⁵

Montchrétien's political economy has as its own precondition the idea of interest and the claim of a possible mutual agreement between different interests. The very idea of political economy signifies the project of designing a 'machine' capable of channeling interests in such a way as to make coexistence possible, thus providing a substitute for virtue.³⁶

In one sense, Quesnay and the physiocrats gave birth to economic science as an autonomous discipline insofar as they sought to devise an organic system of laws built around a particular issue, namely, that of surplus. Therefore, economic discourse became, seen from several points of view, one that had its own subject-matter or field of enquiry which differs from moral doctrines and administrative techniques.³⁷ In this physiocratic approach, the idea of natural law—an unusual idea in the French context—is nonetheless present, albeit in a rather 'crude' version. It is especially evident in the claim about the existence of a beneficial 'natural order' which promotes the enlightened interest of every individual. Loosely speaking, this idea derives from Cartesian ideas, and more specifically from several ideas advanced by Malebranche—even if his moral doctrine does not focus on the idea of natural law. The elements derived from Malebranche are the idea of general laws and the idea of enlightened interest.³⁸ But the adoption of these entails a few irresolvable problems.

The first of these problems concerns spelling out the shift from normativity to an explanatory framework. If causal laws can be detected, then these will yield the good. And yet, there is no room for moral laws that are inspired by a criterion of justice or some other non-consequentialist criterion; for natural, physical or moral laws are such insofar as they bring about the greatest amount of the good. The second of these problems is the following: if the economic order is 'natural', insofar as it is contrary to what is artificial, then the person holding positions of government is merely the executor of ready-made directions. In view of

³⁵ *Ibid.*, ch. 10.

³⁶ See N. O. Keohane, *Philosophy and the State in France*, ch. xiii.

³⁷ For an overview, see G. Vaggi, *The Economics of F. Quesnay* (London: Macmillan, 1987); Ph. Steiner, *La 'science nouvelle' de l'économie politique* (Paris: PUF, 1998).

³⁸ It is far from obvious as to what Quesnay's philosophy is: it is not the philosophy of Malebranche *tout court*. There are also important influences from Descartes, Locke and Condillac. See Ph. Steiner, *La 'science nouvelle'*, 29-48.

such problems, the relationship between science and ethics is one of identity. As one of the physiocrats writes:

The ability to settle these grand issues makes so that *moral and political* sciences be the most useful and the most honorable among philosophical disciplines. If there is for a man another more essential object, another more important interest than his own well-being, if there is for the peoples one different from peace, justice and opulence; if here is another for sovereigns than prosperity, glory, respect and love of all men, a science that would be able to afford all these advantages for them would alone deserve to be placed in a higher position than economic science.³⁹

3.3. *Germany, the rejection of a deductive science, and the rejection of individualism*

The most drastic reaction to the new science of Pufendorf's natural law was voiced by Leibniz, who found in theological consequentialism an alternative to the identification of natural laws with the content of some decision made by God.⁴⁰ The practical science taught in German universities up to the end of the eighteenth century ignored both Pufendorf and Leibniz. It was a type of Aristotelianism which amounted to an abandonment of Luther's refusal to recognize the scholastic idea of natural law.⁴¹ Apart from Aristotelian aretaic ethics, the literary genre most prominent in Germany was the *Hausvaterliteratur*, that is, a continuation of Aristotelian *oikonomia*.⁴²

Cameralistics is a typically German discipline whose development began in the seventeenth century, and which attained the status of an academic discipline in Prussian universities in the eighteenth century. The discipline includes a family of rather disparate sub-disciplines that are mutually associated owing to institutional and practical reasons; that is, they include those kinds of competences necessary for state officials, such as those relating to taxation, accounting, money and commerce. At one stage there was an attempt, carried out by Otto Zincke, to give this family of sub-disciplines a systematic structure on the basis of Aristotelian and Wolffian approaches. Zincke does not include Cameralistics among the theoretical sciences; instead, he includes it among the

³⁹ Editorial of N. Baudeau in *Éphémérides du citoyen*, janvier 1767 (quoted after Ph. Steiner, *La 'science nouvelle'*, 117).

⁴⁰ See G. W. Leibniz, *Elements of Natural Law* (1670-71), in *Philosophical Papers and Letters*, 2 vols., ed. E. Loemker (Chicago: University of Chicago Press, 1956); J. B. Schneewind, *The Invention of Autonomy*, ch. xii.

⁴¹ See J. B. Schneewind, *The Invention of Autonomy*, ch. xx.

⁴² See O. Brunner, "Das 'ganzes Haus' und die alte europäische 'Oeconomik'," in *Ibid*, *Neue Wege der Sozialgeschichte* (Göttingen: Vandenhoeck, 1956); P. Schiera, *Dall'arte del governo alle scienze dello Stato: Il Cameralismo e l'assolutismo tedesco* (Milano: Giuffrè, 1968), especially ch. 4. See also C. Natali, "Il pensiero tedesco dell'età moderna e le difficoltà dell'aristotelismo economico: la fondazione della scienza camerale in G. H. Zincke," in F. Fagiani, G. Valera (eds.), *Categorie del reale e storiografia* (Milano: Angeli, 1986), 193-208.

practical sciences and takes not mechanics, but medicine as his preferred model. The foundation of *Kameralwissenschaft* “takes its own principles from all the other ‘learned sciences’, namely, logic, physics, biology, medicine, ethics, law, theology [...] so that the practical applications of Cameralistics become the practical aspect of almost all other disciplines.”⁴³ Peculiar to Cameralistics is the goal of producing a surplus in money.

Kant worked out what is perhaps the last version of a science of natural law which is at once anti-voluntarist, objectivist and universalistic. This version grounds the law on the rational faculties of each individual. It denies any kind of external authority, on the one hand, and is not dependent on any empirical considerations, on the other. As a result, a sharp distinction between ‘pure moral philosophy’ and ‘empirical moral philosophy’ emerges. The latter seems to allow for the sciences of man and society, which are to have a well-defined status different from that of ethics.⁴⁴ In the *Metaphysics of Customs*, Kant acknowledges that there are economic doctrines which differ from both Wolffian *oeconomica* and Cameralistics; for example, he quotes Adam Smith approvingly about the labor value doctrine.⁴⁵

At the beginning of the nineteenth century, first the works by James Steuart, and then those by Smith, Say and Ricardo began to circulate in Germany. Kantian writers located political economy within a scheme that makes room for empirical moral philosophy alongside philosophical ethics. For his part, Hegel advanced the cause of ‘political economy’, whose development “displays the interesting spectacle of the way in which the mind (see Smith, Say, Ricardo), starting with a numberless quantity of individual facts with which it is first confronted, traces simple principles immanent in the subject matter, the intellect acting within it and governing it.”⁴⁶ A German classical school took shape in the first half of the nineteenth century.⁴⁷ And yet, in the first decades of that century, starting with Friedrich List,⁴⁸ the romantic reaction to the Enlightenment could be felt. This gave birth to the German historical school, which was marked by two polemical motifs with regards to the ‘English’ political economy. First, it rejected the ‘deductive method’ or ‘rationalism’; secondly, it rejected selfishness, hedonism, individualism, the spontaneous harmony of interests and utilitarianism. As an alternative to so-called rationalism, the historical school proposed the ‘inductive method’ or ‘his-

⁴³ *Ibid.*, 203-204.

⁴⁴ I. Kant, *The Metaphysics of Morals* (1797-1798), ed. M. Gregor (Cambridge: Cambridge University Press, 1996), Preface, par. 2-3.

⁴⁵ *Ibid.*, par. 31.

⁴⁶ G. W. F. Hegel, *Elements of the Philosophy of Right* (1828), ed. A. W. Wood (Cambridge: Cambridge University Press, 1991), par. 189.

⁴⁷ See H. D. Kurz, “Classical Economics in German-speaking Countries,” in H.D. Kurz, N. Salvadori (eds.), *The Elgar Companion to Classical Economics*, 128-135, 129.

⁴⁸ See F. List, *The National System of Political Economy* (1837), ed. A. W. O. Henderson (London: Cass, 1994).

toricism', and vindicated an 'ethical' economics which amounted to a rejection of *laissez-faire*.⁴⁹ It thereby created an imaginary target to attack, namely, *homo oeconomicus*.⁵⁰ Last but not least, it created *ex nihilo* what was called *das Adam Smith Problem*. This problem revolves around the alleged fact that Smith defends benevolence in one work, in *The Theory of Moral Sentiments*, and yet defends selfishness in the following work, in *The Wealth of Nations*. The problem, which seemed to be so important for a century, stems from a Mandevillian reading of *The Wealth of Nations* and classical political economy as a whole. This reading was a matter of course for eighteenth century German economists, but it rests on a gross misunderstanding, both textual and conceptual, and may reflect ideological commitments which led to ignore the actual content of Smith's writings.⁵¹

4. An epilogue between heaven and earth

4.1. Pseudo-problems in the history of economic thought

The histories of economic thought written by economists have been Whig histories. The prevailing scheme, clearly presented by Schumpeter, is one of espousing a scientific core that emerges out of a pre-scientific 'vision'. But also the stories of economic thought, as told by critics of modern economic science, have been implicitly teleological and grant it a well-defined starting-point which in fact it never had. In other words, both critics and detractors imagine the birth of an economic science like a butterfly emerging from the cocoon of practical philosophy. Two questions can be asked about this scenario. The first is that the real story is quite different, and that science was already there well before the official birth of economic science; besides, this 'science' was always more philosophical than the cliché image would accept. The second is that the more or less continuous relation between philosophy and science shares little in common with the role moral values are said to more or less have in economic life.

What historians of economic thought *should not* do is writing the story of the birth of science, or of truth and reason, out of metaphysics or

⁴⁹ On the reasons for the German attack against the 'English' political economy, see H. Kurz, "Classical Economics in German-speaking Countries 1776-1850," in J. Eatwell, M. Milgate, P. Newman (eds.), *The New Palgrave*, 4 vols. (London: Macmillan, 1987), vol. I, 128-130; F. Schinzing, "German Historical School," *Ibid.*, vol. II, 516-518.

⁵⁰ See S. Cremaschi, "Homo oeconomicus," in H.D. Kurz, N. Salvadori (eds.), *The Elgar Companion to Classical Economics*, 377-381.

⁵¹ On the reasons why *das Adam Smith Problem* can be safely laid to rest, we need only keep in mind the circumstances surrounding Smith's unpublished writings, which present fragments of a system of ideas that was never completely carried out and whose presentation, in the published works, is "fragmentary rather than consciously unsystematic." See D. Forbes, *Natural Law and the Scottish Enlightenment*, 187. On the German literature which created the problem, see D. D. Raphael, A. L. Macfie, "Introduction," in: A. Smith, *The Theory of Moral Sentiments* (Oxford: Clarendon, 1976), 20-25.

superstition. They also *should not* write the story of the progressive unfolding of the consequences of modern individualism, as originating in Descartes, or of the story of capitalist 'ideology', created by either technical progress or alienation. What historians of economic thought *should* do is reconstruct stories of contingent constellations, of breaks, of recurrent oversight, and of recurrent revivals of theoretical items out of their original context.

4.2. *Pseudo-problems of economic ethics*

The 1980's saw a remarkable revival in discussion on ethics and economics. These involved, first, a discussion on the weight which should be given to good reasons for individual interests and (restricted or extended) solidarity; secondly, a discussion on the desirable degree of regulation for markets (which is often confused with a more general discussion about the goodness of 'capitalism'); and, thirdly, a discussion on the relationship—both historical and theoretical—between ethics and economic theory.⁵²

The ethical 'reasons' offered by philosophers from Germany and other countries, in an unending series of debates dating back to the beginning of the nineteenth century, against those of economics are actually just reasons of some individual moral value against other moral values. From the industrial revolution to the birth of the welfare state, for example, there has been a coincidence between moral responsibility and some kind of anti-market attitude. This type of coincidence is almost obvious, but it is also quite contingent; for it is dependent on a given constellation of historical factors.

Anyway, in these debates the shared assumptions originate from the beginning of the nineteenth century, for given historical reasons, but nonetheless they rest on a misunderstanding. Thus an unjustified emphasis on the theoretical model of classical political economy is still made by several critics, and an undue identification of this model with a set of doctrines (selfishness, hedonism, individualism, the spontaneous harmony of interests, utilitarianism) has turned it into a convenient target. I would suggest that, in both popular and academic discourse, there remains the assumption of an excessive continuity between classical political economy and twentieth century economic theory. There is also an oversimplification about the relationship between classical political economy and the set of doctrines singled out for criticism by nineteenth century German critics.

In popular discussions, these simplifications identify economic science and economic reasons with a mistaken worldview. In academic cri-

⁵² See S. Cremaschi, "Etica ed economia," *Il Progetto*, 33 (1986), 33-40; "Il commercio, le passioni, la virtù: Discussioni su etica ed economia fra Seicento e Settecento," in M. Magatti, (ed.), *La porta stretta: Etica ed economia negli anni '90* (Milano: Angeli, 1993), 33-60; "Morali, economie, giochi linguistici," *Ibid.*, 131-150; "Morali e mercati: Alcuni contributi recenti alla dissoluzione di una radicata antinomia," *Quaderni di azione sociale*, 41 (1996), 55-70.

tiques, individualism is sometimes identified as a unifying motif of the western worldview, which is shared in common by both common sense and science (Louis Dumont); on other occasions a utilitarian legacy has been detected in twentieth century economic theory (Amartya Sen). But I should add also that highlighting possible oversimplifications is not tantamount to rejecting Dumont and Sen's lines of argument. Indeed, not even popular critiques are completely mistaken. In fact, even if it is true that economic theory works with models or idealizations of human nature (as most sensible economists often say), and therefore does not offer a faithful view of human nature, it is also true that scientific images, as Dumont argues, have often been accepted precisely because they were compatible with common sense and can also be analyzed *qua* images or views, whilst bracketing their scientific character. As for more sophisticated criticisms—from Amartya Sen, Fred Hirsch, Albert Hirschman and Amitai Etzioni to Karl Polanyi, Marcel Mauss, Mary Douglas, Louis Dumont and others—their contributions have provided a good number of reasons to be cautious about mainstream economic theory. Their claim that it may be possible to work out another kind of economic theory, based on assumptions different from those admitted by the mainstream, is not unjustified.

And, yet, ironically, most of the time critics do not realize that the mainstream is itself more internally divided than it seems, and the overall unity of the establishment derives more from a dominoes-effect in which the neo-classics, the neo-Ricardians and the Austrians share various family resemblances. And yet, the critics are often wrong on one point, namely, when they ascribe the constellation of assumptions they attack to the history of economic science as a whole, understood in terms of a consistent one-way development.⁵³ Fortunately, the history of economic thought is as intricate as any respectable family story, and the assumptions under consideration are less the assumptions of modern economic science than those of a mainstream that is less stable and less unified than may seem.

⁵³ An example of this type of reading is Dumont's interpretation of Adam Smith as a consistent 'individualist' in F. Dumont, *From Mandeville to Marx* (Chicago: University of Chicago Press, 1977). I would suggest that there are assumptions of ontological and methodological individualism in the first chapter of *The Wealth of Nations*, but these coexist with a holistic methodological approach, and this coexistence does create tensions. Besides, at a normative level, Adam Smith's politics is far from adhering to an individualist version of 'liberalism'. Dumont's reading is, at least, a sophisticated one. There is still some literature, mostly American, that reads Smith's 'economics' through the spectacles of twentieth century mainstream economics. D. West, *Adam Smith and Modern Economics: From Market Behaviour to Public Choice* (Aldershot: Elgar, 1993) is a good example of this.

Oddly enough, though a more multifaceted image of Smith has been presented by respectable scholars that are familiar with the the academic community of economists (I need only mention Andrew Skinner and other editors of the Glasgow edition of Adam Smith's works, Donald Winch, Knud Haakonssen), both orthodox scholars and critics continue to discuss the self-interest axiom without questioning the legitimacy of its ascription to Adam Smith himself.