6

Adam Smith on Political Leadership

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In this chapter I present Adam Smith's views on political leadership. I argue that he articulates an account of political leadership that has distinctive, liberal features. In particular, such a leader must embrace ~~a conception~~ in which the happiness of all citizens is pursued and to do so in a way that makes possible non-zero-sum ~~policies.~~ That is, such a leader must presuppose non-trivial moral commitments. I show that Smith embraces a conception of good governance in which a certain kind of moral improvement of citizens is prioritised. I do not mean to suggest that a Smithian (proper) leader is primarily concerned with soul-craft, that is, an approach to governance that aims to make citizens moral. Rather, she aims to encourage a good society.[1] My analysis of Smith's account is illuminated by his treatment of the nature and causes of bad leadership and a new account of Smith's treatment of the evils of petty bureaucrats and state capacity.

My present aim is mainly exegetical, but the reason for this project is philosophical. Contemporary liberal theory, while moving away from a narrow conception on justice, is still primarily focused on procedures, institutions, the rule of law, public reason, the articulation of different kinds of rights violations. Leadership is largely ignored by recent liberal theorists. I suspect that the very idea of leadership has a non-egalitarian and authoritarian quality to it, best left to those (inspired by Max Weber) with a fascination with charisma[2] or revolution;[3] or left to fascists[4] or management consultants and organisational psychologists.[5]

But this neglect by liberal theorists comes at a cost.[6] Institutions and procedures are run by imperfect human beings and without ongoing maintenance, care and investment they decay. While I do not claim that 'leadership' is a sufficient response to the challenges of institutional decay and renewal, it may well be a necessary one. In addition, with liberalism contested, even in clear retreat now, liberal political leadership and mobilisation, which cannot presuppose implicit universal consent to its

values, are an urgent matter. For that reason this chapter is the second in a series of historical recoveries on the character of liberal leadership.[7]

I proceed as follows. In Section 1, I critically discuss some comments by Judith Shklar; these present what I take to be conventional interpretation of Adam Smith as a fundamentally anti-political thinker.[8] By 'anti-political' I do not mean to suggest that serious scholars (still) treat Smith as merely an economic thinker who does not advance political projects or fails to address political problems.[9] But, rather, there is a general view that Smith is suspicious of politicians, and that he primarily promotes an anti-political conception of politics focused on (constitutional) principles;[10] or that he promotes political ends (e.g., alleviation of poverty) through expansion of markets.[11] While I do not deny that Smith is fond of markets and constitutionalism, I ~~think~~ these interpretations are too limiting.

By contrast, I argue three claims: first (in Section 2), that Smith's critical comments on the 'crafty' politician also show that even such a politician has some utility. Second, I show that Smith diagnoses three kinds of bad politician (Section 3). I argue that these have in common the idea that politics is zero-sum and focused on partial interests (or what Madison, Hume and Smith all call 'faction'). From Smith's criticism of bad politicians, one can partially infer what qualities a good political leader must have according to Smith. I do so in Section 4, I look at Smith's positive account of a true statesman, which is surprisingly moralistic: a good leader serves the people and aims to create non-zero-sum and peaceful policies which allow the flourishing of everybody.[12] In Section 5, I show that Smith is committed to the development of national political structures and state capacity, including a national currency, as a response to the arbitrary powers of what (following Judith Butler) I call 'petty sovereigns'. In Section 6, I analyse Smith's treatment of the selection of good leaders. This turns out to be rather disappointing: leaders are selected by way of biased lottery.

1 On Vulgar Politicians and Statesmen

In this section I argue against the once common misperception that Smith's 'system of natural liberty' presupposes the idea that society is inherently harmonious, and government the sole source of corruption.[13] I do so here only in order to illuminate his account of true statesmen.[14] Consider the following representative passage:

> With the exception of monopolists, Adam Smith spoke of no one with greater contempt than of politicians. Beneath his accusation lies the common anarchism of the Enlightenment, which essentially amounts

> to the belief that society is inherently good, but that governments, and they alone, prevent it from flourishing.[15]

Shklar, one of the great, historically informed liberal thinkers of the twentieth century,[16] is correct that there is no doubt that Smith is very critical of monopolists and that 'insidious and crafty animal', a politician. For Smith, a 'politician' is somebody 'whose councils are directed by the momentary fluctuations of affairs'.[17] Smith treats 'politicians' as those political leaders who are overly responsive to current affairs. Such *responsive* politicians are, according to Smith, mistakenly called 'statesmen' by the uneducated.[18] In what follows when discussing Smith's views, I treat these as *false* statesmen. In addition, if such a responsive politician is guided by a fallacious system, he can well be the dangerous 'man of system' who imagines 'that he can arrange the different members of a great society with as much ease as the hand arranges the different pieces upon a chess-board'.[19] Smith very explicitly contrasts these (false) statesmen with the (true) statesman who 'deliberates' with 'general principles'. Smith sometimes calls the latter 'legislators'.[20]

In context, the crafty politicians are those that treat trade conflict in terms of tit for tat without regard to the economic and political consequences of their behaviour. A key point Smith makes is that often the logic of retaliation in mercantile trade conflicts ends up hurting those who are purportedly being defended twice over (first by the tariff of another country, then by the home tariff which ends up, perhaps, helping other workers, but not the original victims for whom goods become dearer). As Smith writes,

> When our neighbours prohibit some manufacture of ours, we generally prohibit, not only the same, for that alone would seldom affect them considerably, but some other manufacture of theirs. This may no doubt give encouragement to some particular class of workmen among ourselves, and by excluding some of their rivals, may enable them to raise their price in the home market. Those workmen, however, who suffered by our neighbours' prohibition will not be benefited by ours. On the contrary, they and almost all the other classes of our citizens will thereby be obliged to pay dearer than before for certain goods. Every such law, therefore, imposes a real tax upon the whole country, not in favour of that particular class of workmen who were injured by our neighbours' prohibition, but of some other class.[21]

Smith's underlying aim in the passage (and larger chapter) is to reveal the political and economic contradictions at the heart of mercantilism, which

sees the world in zero-sum terms and is an ideology which leads to glorification of state-sponsored monopolies and military conquest for economic gains and purported national advantage.[22] Smith's economic argument is impeccable. But his claim that the mercantilist inspired politician is merely reactive is not entirely fair. It is not, of course, wholly unfair because the mercantilist politician, the false statesman, is not helping those whom he claims to be helping (those suffering the effects of foreign tariffs). But that need not entail that such a politician is acting without principles. After all, and as Smith's French translator Sophie de Grouchy noted, trade barriers facilitate the creation of (what we may call) artificial monopolies, which enrich the well-connected few at the expense of the many.[23] It is quite possible that some mercantilist politicians know that their trade policies enrich their connected friends. Mercantilism can be a coherent worldview when you embrace a non-zero-sum logic.

I return to the crafty politician in the next section. Here I focus on Smith's insistence that the true statesman acts on principles: this is not an aberration. He makes a similar claim in *The Theory of Moral Sentiments* (hereafter *TMS*): that 'some general, and even systematical, idea of the perfection of policy and law, may no doubt be *necessary* for directing the views of the statesman'.[24] This passage tends to be ignored by those that emphasise Smith's concerns with the 'man of system'. Shklar, too, fails to note that for Smith there can be good kind of politician.[25]

Now, one may be tempted to say on behalf of Shklar: 'Sure, those true statesmen are those politicians that recognise that government corrupts society and stay out of its way.' This is mistaken for two reasons: first, Smith thinks that the roots of corruption of any society are contained in the very mechanism that gives it stability:[26]

> This disposition to admire, and almost to worship, the rich and the powerful, and to despise, or, at least, to neglect persons of poor and mean condition, though necessary both to establish and to maintain the distinction of ranks and the order of society, is, at the same time, the great and most universal cause of the corruption of our moral sentiments.[27]

So, even a wholly anarchist society would not be inherently good because we naturally (and mistakenly) admire the rich and powerful.[28] In fact, Smith's depiction of anarchism – the 'savage' state of development characterised by hunters and fishermen – is, while not uniformly negative (he admires the heroic magnanimity made possible in it),[29] certainly not approving. Such peoples 'are frequently reduced, or, at least, think themselves

reduced, to the necessity sometimes of directly destroying, and sometimes of abandoning their infants, their old people, and those afflicted with lingering diseases, to perish with hunger, or to be devoured by wild beasts'.[30] This is a passage from the Introduction of *The Wealth of Nations*. It sets up the key, central argument of the book – one partially directed at people like Rousseau (or at least a caricature of Rousseau) – that developed civilisations can represent a moral improvement over anarchic society.[31]

Second, Smith thinks that government needs to take an active role in providing or helping to facilitate quite a number of public goods (transportation, education, military, public health, even some arts, etc.).[32] In Sections 5–6, I develop this point.

There is a more subtle problem underlying Shklar's analysis. While she is not wrong to think that for Smith *society* is an important analytic and historical reality,[33] she misses that in many ways government *constitutes* the orders and ranks which compose society. Smith explicitly makes this claim in *TMS*:[34]

> Every independent state is divided into many different orders and societies, each of which has its own particular powers, privileges, and immunities. Every individual is naturally more attached to his own particular order or society, than to any other . . . Upon the manner in which any state is divided into the different orders and societies which compose it, and upon the particular distribution which has been made of their respective powers, privileges, and immunities, depends, what is called, the constitution of that particular state. Upon the ability of each particular order or society to maintain its own powers, privileges, and immunities, against the encroachments of every other, depends the stability of that particular constitution. That particular constitution is necessarily more or less altered, whenever any of its subordinate parts is either raised above or depressed below whatever had been its former rank and condition. All those different orders and societies are dependent upon the state to which they owe their security and protection. That they are all subordinate to that state, and established only in subserviency to its prosperity and preservation, is a truth acknowledged by the most partial member of every one of them.[35]

In fact, the passage does not merely show that society and its orders are dependent on the state (for 'security and protection'), but this very dependence and 'subordination' is, for Smith, constitutive of a state's constitution (and so there is a mutual constitution of state and society). This point suggests that for Smith a constitution is not so much a political-legal

document, but the underlying structure or (he would say, general) order which gives a particular state its stability.[36] For Smith, the identity of the state can stay the same while the relationship between society and state can change.[37]

The quoted passage reveals, with its focus on 'rank', the remnants of feudalism in Smith's thinking: 'powers, privileges, and immunities' are granted from above by a great lord and thereby *constitute* an independent sphere. So, the dependence of the lower orders, and even the great ones, on the state, is also conceptual-legal-historical.[38]

Before I offer a taxonomy of Smith's criticisms of bad political leaders, I want to clarify Smith's attitude towards the 'crafty' politician (i.e., the false statesman) in the next section. For it turns out that even this much maligned animal has some utility according to Smith.

2 The Crafty Politician

Nearly all scholarship on Smith assumes that Smith's comments on the crafty politician are wholly negative.[39] And while there is no doubt that he generally favours the statesman (or true politician), who follows principles, even a system, over the responsive (false) politician, it is a mistake to think Smith sees no utility for the crafty politician. I quote the relevant passage before discussing it:

> There may be good policy in retaliations of this kind, when there is a probability that they will procure the repeal of the high duties or prohibitions complained of. The recovery of a great foreign market will generally more than compensate the transitory inconveniency of paying dearer during a short time for some sorts of goods. To judge whether such retaliations are likely to produce such an effect does not, perhaps, belong so much to the science of a legislator, whose deliberations ought to be governed by general principles which are always the same, as to the skill of that insidious and crafty animal, vulgarly called a statesman or politician, whose councils are directed by the momentary fluctuations of affairs. When there is no probability that any such repeal can be procured, it seems a bad method of compensating the injury done to certain classes of our people to do another injury ourselves, not only to those classes, but to almost all the other classes of them.[40]

Smith is surely no fan of that 'insidious and crafty animal'. He thinks ordinary people are wrong to admire such politicians as statesmen. In context, he associates them with the zero-sum and violent politics of mercantilism

and national greatness.[41] In addition, such politicians are tempted to meddle in economic affairs (cf. James Steuart).[42]

But it is a mistake to ignore that Smith also recognises such politicians' talents. In particular, the crafty politician has a 'skill': he or she is good at judging how other countries will react to retaliatory tariffs. That is, a genuinely crafty politician understands how other countries are 'likely' to behave. This presupposes considerable knowledge of human nature, a keen understanding of the domestic politics of foreign states, and a natural appreciation of strategic behaviour. This is not trivial.

And, in fact, there is a *tactical* reason to rely on the judgement of the crafty politician, when 'the recovery of a great foreign market' is 'likely'. Smith relies on a cost–benefit analysis in justifying reliance on the crafty politician's judgement: recovering access to a great foreign market, 'will generally more than compensate the transitory inconveniency of paying dearer during a short time for some sorts of goods'. So, in non-ideal circumstances of international mercantile competition, the crafty politician has *some* utility.[43]

Of course, the crafty politician is useless when the confrontational, tactical policies favoured by him are unlikely to work (or have become unlikely to do so). If he were capable of moderation and public honesty, he would inform the public of the limitations of his tactics and encourage alternatives when opening foreign markets through retaliatory tactics are likely to fail. Part of Smith's general criticism of (the 'spirit' of) mercantilism is that as an intellectual ideology it *always* promotes zero-sum and conflictual tactics (focusing on 'monopoly'[44] and colonial resource extraction promoted by 'mean rapacious merchants').[45]

The underlying criticism here is that because crafty politicians are unidimensional[46] – they are constantly looking to win zero-sum battles – they lack the temperament to be true statesmen. And because such a politician lacks the temperament and interest to grasp scientific principles, he may well do genuine harm, unknowingly, to his own citizens over time. While Smith recognises the partial utility of crafty politicians in the context of trade conflict, he also thinks this type ultimately will do more harm than good. In the next section, I show Smith's views on the crafty politician are not ad hoc, but part of a larger account of bad kinds of politicians.

3 Three Kinds of Bad Leaders

In this section I discuss Smith's account of bad leadership. I argue that according to Smith there are three kinds of bad politicians: (1) a decisionist type; (2) an ideological type; (3) a factional type. These three are intended

as ideal types; in practice, the qualities that belong to each can be blended, and all of them are compatible with what he says about the crafty politician. I discuss them in turn and then point to some commonalities.

Consider the following passage:

> To insist upon establishing, and upon establishing all at once, and in spite of all opposition, every thing which that idea may seem to require, must often be the highest degree of arrogance. It is to erect his own judgment into the supreme standard of right and wrong. It is to fancy himself the only wise and worthy man in the commonwealth, and that his fellow-citizens should accommodate themselves to him and not he to them . . . This arrogance is perfectly familiar to them. They entertain no doubt of the immense superiority of their own judgment . . . they seldom see any thing so wrong in it as the obstructions which it may sometimes oppose to the execution of their own will. They . . . consider the state as made for themselves, not themselves for the state.[47]

In context, Smith is describing the dangers of acting from the 'idea of perfecting of policy and law' (that is 'that idea' in the first quoted sentence). But the problem that is diagnosed is not unique to it. Rather, what is being rejected is what we would call 'shock therapy' ('establishing all at once') when it comes to policy and institutional change: Smith is a gradualist.[48] He worries that fast economic changes will generate dislocations that are inhumane and disorderly.[49] But he also thinks that such shock therapy shows an arrogant lack of respect for other people's opinions ('in spite of all opposition'). Such political arrogance generally presupposes a moral arrogance: one's 'own judgment' is turned 'into the supreme standard of right and wrong'.[50] This lack of humility is itself a moral failing, but also an epistemic one: because this standard – the 'idea of exact propriety and perfection'[51]– can only be set by the feelings of the impartial spectator.[52]

The arrogant leader assumes that fellow-citizens will accommodate themselves to him. Smith presupposes here that what I have been calling 'true leaders' are not rulers over *subjects*, but their servants.[53] Such arrogant leaders detest delay ('at once'), constitutional process and compromise; they are fond of unitary authority, which facilitates their decisiveness ('obstructions which it may sometimes oppose to the execution of their own will'). In context, Smith is clear that such arrogance comes naturally to royal princes ('imperial and royal reformers' (*TMS* 6.2.2.18, 234)) and, perhaps, also those with great inherited wealth.[54]

The second kind of bad leader is one who has excessive fondness for a particular 'system' of thought or ideology. To understand Smith's criticism

we need to be clear about the role of aesthetics as a *legitimate* political motive to action in his thought. A key passage is the following:

> The same principle, the same love of system, the same regard to the beauty of order, of art and contrivance, frequently serves to recommend those institutions which tend to promote the public welfare. When a patriot exerts himself for the improvement of any part of the public police, his conduct does not always arise from pure sympathy with the happiness of those who are to reap the benefit of it. It is not commonly from a fellow-feeling with carriers and waggoners that a public-spirited man encourages the mending of high roads . . . The perfection of police, the extension of trade and manufactures, are noble and magnificent objects. The contemplation of them pleases us, and we are interested in whatever can tend to advance them. They make part of the great system of government, and the wheels of the political machine seem to move with more harmony and ease by means of them. We take pleasure in beholding the perfection of so beautiful and grand a system, and we are uneasy till we remove any obstruction that can in the least disturb or encumber the regularity of its motions. All constitutions of government, however, are valued only in proportion as they tend to promote the happiness of those who live under them. This is their sole use and end. From a certain spirit of system, however, from a certain love of art and contrivance, we sometimes seem to value the means more than the end, and to be eager to promote the happiness of our fellow-creatures, rather from a view to perfect and improve a certain beautiful and orderly system, than from any immediate sense or feeling of what they either suffer or enjoy. There have been men of the greatest public spirit, who have shown themselves in other respects not very sensible to the feelings of humanity.[55]

Smith clearly thinks that the love of system can be aesthetic, and this also includes systems about 'those institutions which tend to promote the public welfare'. Aesthetics has motivational pull because it is 'pleasing'. What is notable is that according to Smith such aesthetic judgement can compensate for a lack of (or 'imperfect') sympathy with those intended to be aided by one's institutional reform project. *True* public spirit may, in fact, be more a consequence of such aesthetic motives than concern for the lives of those one claims to be helping; this fact does not undermine the reality of 'public spirit'.[56]

I do not mean to suggest the significance of the passage is only in its focus on the nature of helpful aesthetic motivation (although this tends

to get overlooked). The key point is that there is a mismatch between why one may desire to improve the constitution of a state – recall from Section 1 that this refers to the underlying social structures which give a particular state its stability – and the proper *normative* grounds or justification for doing so. For constitutions ought to be 'valued only in proportion as they tend to promote the happiness of those who live under them. This is their sole use and end.'[57] That is, when it comes to social affairs, Smith is an egalitarian consequentialist.[58] Imperfect motives, the aesthetic pull of the harmony or fittingness of intellectual systems, can lead to good outcomes. Notice that Smith also allows that 'the perfection of police [that is, public policy], the extension of trade and manufactures, are noble and magnificent objects'. The aesthetic pull of a system that aims to achieve such ends is not illusory; these really are noble objects worth pursuing.[59] This helps explain the comment quoted above that the 'some general, and even systematical, idea of the perfection of policy and law, may no doubt be necessary for directing the views of the statesman'.[60] Smith thinks policy ought to be governed by an ideal vision of society.[61]

The problem is that the aesthetic pull of such an intellectual system can displace the public spirit it should be animating: 'This spirit of system *commonly* takes the direction of that more gentle public spirit; *always* animates it, and *often* inflames it even to the madness of fanaticism.'[62] Smith thinks that such an aesthetic attachment to an ideology is dangerous.[63] For Smith, fanaticism is always associated with violence.[64] Not all fanaticism is associated with an ideology taken too far, and Smith often treats religion and faction as likely sources of violent fanaticism. Either way, fanaticism enhances readiness to use violence and undermines the working of our moral sentiments: 'Of all the corrupters of moral sentiments, therefore, faction and fanaticism have always been by far the greatest.'[65] So, Smith warns against certain kind of political leaders, of an intellectual kind, who are in the grip of a beautiful ideology and turn violent to achieve their ends.

As the passage reveals, Smith clearly also thinks that the spirit of faction, we would say 'partisanship', is very dangerous. Smith's concern runs through the *Moral Sentiments*, to quote a striking passage:

> The animosity of hostile factions, whether civil or ecclesiastical, is often still more furious than that of hostile nations; and their conduct towards one another is often still more atrocious . . . It is needless to observe, I presume, that both rebels and heretics are those unlucky persons, who, when things have come to a certain degree of violence, have the misfortune to be of the weaker party. In a nation distracted by

> faction, there are, no doubt, always a few, though commonly but a very few, who preserve their judgment untainted by the general contagion. They seldom amount to more than, here and there, a solitary individual, without any influence, excluded, by his own candour, from the confidence of either party, and who, though he may be one of the wisest, is necessarily, upon that very account, one of the most insignificant men in the society. All such people are held in contempt and derision, frequently in detestation, by the furious zealots of both parties. A true party-man hates and despises candour; and, in reality, there is no vice which could so effectually disqualify him for the trade of a party-man as that single virtue. The real, revered, and impartial spectator, therefore, is, upon no occasion, at a greater distance than amidst the violence and rage of contending parties . . . Even to the great Judge of the universe, they impute all their own prejudices, and often view that Divine Being as animated by all their own vindictive and implacable passions.[66]

For Smith, factions are cohesive because they are echo chambers of mutual sympathy ('general contagion').[67] And in so doing they create a robust form of *partiality* which does not respect, even comes to loath ('hates and despises') truth and equity.[68] Religious factions are inclined to innovate theologically and create theological justifications for their own otherwise immoral behaviour. Smith notes that it is very difficult and lonely to avoid becoming factional in the midst of other people's fanaticism. A key problem of the existence of polarising partisanship is that a robust unwillingness to remain steadfast in one's independent and impartial judgement itself becomes a matter of suspicion and antagonism:[69] leading to the well-known mindset of 'you are either with us or against us'.

And, in fact, he thinks that partisan leaders may well be less fanatical and partisan than they let on,[70] but that they cannot reveal their true feelings amid great partisanship: 'Even though the leaders should have preserved their own heads, as indeed they commonly do, free from this fanaticism, yet they dare not always disappoint the expectation of their followers; but are often obliged, though contrary to their principle and their conscience, to act as if they were under the common delusion.'[71] So, a factional leader will, if she does not willingly encourage fanaticism, be unwillingly carried along by the zeal and madness ('delusions') of her fellow partisans. That is to say, while an arrogant leader tramples on the opinions of the people, a factional leader must flatter her followers to stay in power.

Before I turn to Smith's account of how one can transform oneself from a factional leader to a true statesman, it is worth noting that these three

types of bad leadership have some features in common: (1) they are not impartial (and so fail to promote the general interest and happiness of fellow-creatures); (2) they lack proper public spirit; and, most notably, (3) they facilitate the corruption of moral life.[72] In sum, they see political life as a zero-sum activity and act accordingly. They also fail to find the right balance between (4) respecting people's opinions and *guiding* them through persuasion.[73] It follows from this that Smith thinks public spirited leaders, who are impartial and promote good morals (or mores) as well as promote policies with the grain of society in the service of everybody, are laudable. In the following sections I offer more concrete evidence for these claims.

4 True Statesman

In the previous section we looked at some passages where Smith describes factional or partisan leadership (or failure of leadership). But he also thinks that there are political circumstances in which the partisan leader can be transformed into a true statesman. I have already drawn upon this passage, but now I offer context:

> Foreign war and civil faction are the two situations which afford the most splendid opportunities for the display of public spirit . . . In times of civil discord, the leaders of the contending parties, though they may be admired by one half of their fellow-citizens, are commonly execrated by the other . . .
>
> The leader of the successful party, however, if he has authority enough to prevail upon his own friends to act with proper temper and moderation (which he frequently has not), may sometimes render to his country a service much more essential and important than the greatest victories and the most extensive conquests. He may reestablish and improve the constitution, and from the very doubtful and ambiguous character of the leader of a party, he may assume the greatest and noblest of all characters, that of the reformer and legislator of a great state; and, by the wisdom of his institutions, secure the internal tranquility and happiness of his fellow citizens for many succeeding generations.[74]

In victory, a partisan leader can become a statesman when she shows moderation.[75] A true statesman is somebody who establishes or re-establishes practices and institutions that secure 'tranquility and happiness of his fellow citizens for many succeeding generations'. Rather than rejecting

pacific ('tranquility') and welfarist ('happiness') political leadership, Smith glorifies it.[76] This is a rejection of the republican's (and Rousseau's) fondness for, say, Lycurgus, or the fetishisation of conquest by those that admire, say, Alexander the Great.

This passage illuminates my claim that Smithian moral statesmanship is aimed at the good society as distinct from state-craft. Tranquillity and happiness are characteristics of a good society.[77] Smith's commitment to such a good society is familiar from his famous claim that 'no society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable'.[78] While I do not deny that Smith thinks in such circumstances we can expect more probity and truth,[79] Smith does not think (as a republican thinker would) that a good society presupposes good citizens.

Of course, Smith doubts that the transformation from partisan to statesman often happens.[80] But when it does, the previously disunified state has minimal unity.[81] I suspect, but cannot prove, that Smith here is presupposing that in victory the partisan leader has sufficient charismatic authority to prevail on his own followers (when previously he could not).[82]

I do not mean to suggest that for Smith good leadership occurs only at such fraught post-civil-war moments. Throughout his writings we can discern the features that Smith thinks characteristic of more ordinary good leadership. For example, recall that for Smith a legislator deliberates with 'general principles which are always the same'. Here a 'principle' is not what we would call a moral commitment. Rather, in the eighteenth-century sciences, 'principle' is a foundational cause of a system of science. (The term is preserved in the common textbook title 'Principles of Economics'). So, Smith is claiming that a true statesman ought not be merely ad hoc in her policies;[83] rather she ought to be guided by robust knowledge (see also, 'some general, and even systematical, idea of the perfection of policy and law, may no doubt be necessary for directing the views of the statesman'[84]) and a coherent vision that has both good (political, social, economic, etc.) effects on ordinary people as well as reinforces their capacity for moral judgements.[85] This vision involves commitment to political and economic institutions that facilitate non-zero-sum outcomes compatible with human flourishing.[86]

At this point a proponent of the view that I have associated with Shklar may argue that, once there is civil peace, the Smithian legislators will create the conditions of the rule of law and a market economy in order to achieve those non-zero-sum outcomes, and then, after providing for some public goods (transportation networks, education, public health and defence, etc.), paid for by modestly progressive taxes,[87] get out of the way

of civil society.[88] While this is obviously not all wrong, it understates what, according to Smith, the tasks of government are:

> [t]he civil magistrate is entrusted with the power not only of preserving the public peace by restraining injustice, but of promoting the prosperity of the commonwealth, by establishing good discipline, and by discouraging every sort of vice and impropriety; he may prescribe rules, therefore, which not only prohibit mutual injuries among fellow-citizens, but command mutual good offices to a certain degree.[89]

We tend to understand a 'magistrate' as a judge, but it is clear that here Smith understands 'civil magistrate' more widely as 'government'.[90] What exactly Smith means by the power to 'command mutual good offices' is subject of controversy, but all the options – from requiring families to care of the elderly/orphans to the development of a welfare state – involve an idea of citizenship in which the government has the power to impose some social solidarity. Again, Smith here is not presupposing soul-craft, but rather focusing on polices that can produce socially desirable ends.

More important here, it is rarely remarked that the magistrate's tasks are decidedly moralistic ('discouraging every sort of vice and impropriety').[91] Presumably 'good discipline' is conductive to martial virtues[92] and public order, but perhaps this also has an economic function (good discipline being conducive to productivity).[93] My view is that, in light of the dangers, even high likelihood, of factions capturing government, Smith is rather cautious here. As he writes (in different context warning against the fascination with greatness), 'the peace and order of society, is of more importance than even the relief of the miserable'.[94]

A key point with which I close this description of the *true* statesman is that according to Smith a good leader must make her vision cohere with the prejudices of ordinary people, so that she can govern along the grain of society's tendencies:[95] 'If those . . . principles coincide and act in the same direction, the game of human society will go on easily and harmoniously, and is very likely to be happy and successful.'[96] This vision is ameliorative in character. As he writes:

> When he cannot conquer the rooted prejudices of the people by reason and persuasion, he will not attempt to subdue them by force . . . He will accommodate, as well as he can, his public arrangements to the confirmed habits and prejudices of the people; and will remedy as well as he can, the inconveniencies which may flow from the want of those regulations which the people are averse to submit to. When he cannot

> establish the right, he will not disdain to ameliorate the wrong; but like Solon, when he cannot establish the best system of laws, he will endeavour to establish the best that the people can bear.[97]

We see in this passage Smith's preference for 'reason and persuasion'. A good leader does not rely on force, but on rhetoric and arguments.[98] She will exhibit considerable status quo bias, not from a Burkean impulse to preserve tradition, but from an awareness of the political and moral dangers of sudden reform (recall Smith's attack on shock therapy above). Smith's gradualism is not a rejection of establishing what is right – politics can be a moral project for him – but awareness that the project of public enlightenment need not require (instant) full enlightenment to get off the ground. The true leader recognises that her authority rests on opinion[99] and respects that this prevents the establishment of even Smith's system of natural liberty ('the best system of laws'); but such a leader is simultaneously busy shaping (persuasion) such opinion to make it conducive to becoming a more equitable polity.[100]

5 On Developing State Capacity

Before I turn to Smith's account of leadership selection, in this section I complete the argument that Smith promotes the development of national political structures and state capacity, including a national currency, as a response the arbitrary powers of petty sovereigns. What follows builds on the work of Ryan Hanley on Smith's interest in Chinese statecraft and connects it to Hume's treatment of French political weaknesses.

I start with a passage once famous in debates over to what degree (according to Smith) there is a limit to economic growth as such or whether (as the second quoted sentence suggests) any such limit would be context (institutions/norms) dependent:[101]

> China seems to have been long stationary, and had probably long ago acquired that full complement of riches which is consistent with the nature of its laws and institutions. But this complement may be much inferior to what, with other laws and institutions, the nature of its soil, climate, and situation might admit of. A country which neglects or despises foreign commerce, and which admits the vessels of foreign nations into one or two of its ports only, cannot transact the same quantity of business which it might do with different laws and institutions. In a country too, where, though the rich or the owners of large capitals enjoy a good deal of security, the poor or the owners of small

> capitals enjoy scarce any, but are liable, under the pretence of justice, to be pillaged and plundered at any time by the inferior mandarins, the quantity of stock employed in all the different branches of business transacted within it can never be equal to what the nature and extent of that business might admit. In every different branch, the oppression of the poor must establish the monopoly of the rich, who, by engrossing the whole trade to themselves, will be able to make very large profits. Twelve per cent accordingly is said to be the common interest of money in China, and the ordinary profits of stock must be sufficient to afford this large interest.[102]

As Hanley shows in this passage and related ones, Smith comments on the political economy of China and, simultaneously, holds a complex, concave mirror to European eyes.[103] Smith clearly suggests that allowing more foreign exchange would kick-start Chinese growth.

As an aside, it is also notable that, given the stationary state, interest rates are high in China. According to Smith's theory of interest rates, these should (all things being equal) be low in a wealthy country with negligible economic growth:

> in a country which had acquired its full complement of riches, where in every particular branch of business there was the greatest quantity of stock that could be employed in it, as the ordinary rate of clear profit would be very small, so that usual market rate of interest which could be afforded out of it, would be so low as to render it impossible for any but the very wealthiest people to live upon the interest of their money.[104]

Smith's treatment of Chinese political economy is also political in character. What explains the unusual economic conditions of China are its political institutions.[105] It is oligarchic in character: with formal and informal laws favouring the rich. As the emphasised passage reveals, Smith notes two features: (1) property rights are protected unevenly (and biased towards the rich); (2) in practice, this is due to the fact that, for the non-rich, experience of the state bureaucracy consists of encounters with petty sovereigns (cf. 'inferior mandarins').[106]

Smith's remarks on China recall an important subsidiary argument by Hume in his essay 'Of Civil Liberty'. The main point of that essay is:

> that civilized monarchies, what was formerly said in praise of republics alone, that *they are a government of Laws, not of Men*. They are found

> susceptible of order, method, and constancy, to a surprizing degree. Property is there secure; industry encouraged; the arts flourish; and the prince lives secure among his subjects, like a father among his children.[107]

Yet, in the next paragraph, Hume went on to note an important exception to this claim:

> The greatest abuses, which arise in France, the most perfect model of pure monarchy, proceed not from the number or weight of the taxes, beyond what are to be met with in free countries; but from the expensive, unequal, arbitrary, and intricate method of levying them, by which the industry of the poor, especially of the peasants and farmers, is, in a great measure, discouraged, and agriculture rendered a beggarly and slavish employment.[108]

In particular, the root problem is that the French crown sold or leased taxing rights to syndicates or tax farms, who paid the tax and then levied the tax (and surplus) from the population.[109] This system generated oppression and prevented economic growth. Hume goes on to argue that such policies also hurt the rich landowners (the nobility) because agriculture is greatly discouraged and so their landholdings and rents are lower than they would be. It is a bit of shame that Hume, who sounds like a modern economist here, fails to explore the possibility that the nobility actually prefers high inequality, which is a source of their political influence, and more power over more income and loss of relative power/status.

Let me return to Smith. The political structure of China maintains a situation in which the property rights of the rich are better protected than the poor from abuse by petty sovereigns. (Presumably, the rich have better access to the upper reaches of the bureaucracy to get redress against any abuses.) Smith cleverly models the consequence of this as an economic monopoly; because of the insecurity of property rights of the poor, their already bad position to compete economically is discouraged even more.[110] Stagnation entails 'low wages for the labor' of the poor. In addition, the trade barriers prevent competition from abroad. The politically created economic monopoly now has the power to ensure that the status quo reproduces itself; hence China's stability and stagnation.[111]

As Hanley shows, Smith, who grants that his sources are imperfect, explains the underlying cause of the Chinese state of affairs by the perverse incentives created by its tax system.[112] The reason why China grew wealthy is, according to Smith, due to the willingness of Chinese 'executive power [to charge] itself both with the reparation of the high roads,

and with the maintenance of the navigable canals'[113] and to the fact that 'the sovereigns of China' have been historically 'extremely attentive to the making and maintaining of good roads and navigable canals, in order to increase, as much as possible, both the quantity and value of every part of the produce of the land, by procuring to every part of it the most extensive market which their own dominions could afford'.[114]

The central government's public works policy is not explained by Smith with reference to concern for public welfare, or to Mencius' philosophy, but (as Hanley notes) to the nature of the tax system:

> the revenue of the sovereign arises almost altogether from a land tax or land rent, which rises or falls with the rise and fall of the annual produce of the land. The great interest of the sovereign, therefore, his revenue, is in such countries necessarily and immediately connected with the cultivation of the land, with the greatness of its produce, and with the value of its produce.[115]

Smith goes on to make clear (and this echoes the Humean point above) that the Chinese example shows that modern European states are quite capable of managing extensive public works that, indirectly, promote their own tax income: 'in some parts of Asia this department of the public police is *very properly managed* by the executive power, there is not the least probability that, during the present state of things, it could be tolerably managed by that power in *any* part of Europe.'[116]

I read Smith here as arguing for the development and, in particular, exercise of state capacity by the national executives of European states.[117] Now, to be sure, Smith's Humean point is that state capacity can misfire when incentives are not properly lined up. For he writes about Chinese tax collection (in a manner echoing Hume's point about French mismanagement of taxes) that:

> a public revenue which was paid in kind would suffer so much from the mismanagement of the collectors that a very small part of what was levied upon the people would ever arrive at the treasury of the prince. Some part of the public revenue of China, however, is said to be paid in this manner. The mandarins and other tax-gatherers will, no doubt, find their advantage in continuing the practice of a payment which is so much more liable to abuse than any payment in money.[118]

The absence of money as a means to pay taxes facilitates abuse. Smith is quite aware of money's functional role in taxation.[119] Smith is clear that

money makes standardisation in taxation possible, and that the effect of this, which enhances the power of the executive, is to reduce the room for the arbitrary power of petty sovereigns against the poor. Smith, thus, advocates policies and instruments that enhance the state's capacity to create a rule-following, impartial bureaucracy, which will be fairer to the poor and enhance economic growth. This seems to be a task for the statesman that has been largely overlooked.

6 The Qualities and Selection of Leaders

Despite Smith's reputation of timidity when it comes to advancing Hume's career or religious views, he was remarkably bold in articulating, say, a fierce attack on mercantilism and drawing up an ambitious project for an Atlantic parliament in which representatives of the American colonies, Ireland and Great Britain would sit on equal footing. And so it comes as no surprise that he does not ignore the origin of the desire to lead:

> But as from admiring other people we come to wish to be admired ourselves; so from being led and directed by other people we learn to wish to become ourselves leaders and directors. And as we cannot always be satisfied merely with being admired, unless we can at the same time persuade ourselves that we are in some degree really worthy of admiration; so we cannot always be satisfied merely with being believed, unless we are at the same time conscious that we are really worthy of belief. As the desire of praise and that of praise-worthiness, though very much a-kin, are yet distinct and separate desires; so the desire of being believed and that of being worthy of belief, though very much a-kin too, are equally distinct and separate desires.[120]

Even so, Smith is remarkably uninterested in articulating a *means* to *selecting* good leaders. In this section I scrutinise the grounds for his reserve.

He recognises four natural causes – and by natural he explicitly means 'antecedent to any civil institution', that is, in the state of nature – of 'subordination' to another:[121] (1) superiority of personal qualifications (which can involve 'strength, beauty, and agility of body; of wisdom and virtue, of prudence, justice, fortitude, and moderation of mind'); (2) 'superiority of age'; (3) superiority of wealth/riches, which Smith notable associates with 'fortune' (not merit)[122] and thinks nearly impossible in state of nature; (4) 'superiority of birth'.[123]

Smith quite clearly prefers the first ground of subordination, but claims that, with the exception of the superficial bodily characteristics, these

involve 'invisible qualities'. And he claims that 'no society, whether barbarous or civilised, has ever found it convenient to settle the rules of precedency of rank and subordination according to those invisible qualities'. Smith fails to say what the sources of inconvenience are, but he clearly implies that no future society will find a way to overcome them and opt for Platonic philosopher-kings. The main argument in favour of the second cause is not the greater experience of the elderly, but that it is a selection mechanism that 'admits no dispute'.

In very unequal societies – which he associates with shepherding stage of civilisation – distinctions in 'birth and fortune' can also provide a secure source of subordination (which Smith treats as a kind of protection racket). In Smith's view 'birth and fortune' basically are near-universal (empirical) preconditions for authoritative leadership.

It is notable that, despite Smith's interest in parliamentary reform, and despite discussing these matters in the context of how to pay for government in commercial societies, Smith expresses so little interest in exploring the merits of 'non-natural' causes of leadership such as elections and parties – so important in various ways to Hutcheson, Burke, Hume, Madison and Montesquieu. The grounds for Smith's lack of interest in these are clear. For he thinks that, in a great society, people systematically misperceive the qualities of would-be leaders (recall how ordinary people venerate the crafty politician). This is not an expression of elite mistrust of ordinary people. Smith is famously adamant that in most contexts ordinary people's judgements should be trusted and even strengthened. And he thinks that outside a small community, where character can be revealed, it is, nearly impossible to establish good grounds for judgements of others.[124]

There is also another reason for his stance. In Smith's day, the accidents of birth (rank) played a decisive role in limiting the franchise and membership of Parliament. One cannot deny, even after centuries of widening franchises, the continued role of 'birth and fortune' in filling the ranks of parliamentary legislators.[125] And while one need not agree with Plato that wishing to be elected is itself disqualifying for good leadership, Schumpeter is unrefuted in thinking there is no reason to believe that being good at being elected is evidence at being good at governing.[126]

Even so the rhetorical utility of Smith's analysis of liberal political leadership is limited for two reasons: first, because Smith ignores rule by lot, direct democracy and elected kingship, he really fails to speak to democratic sensibilities. Second, while Smith clearly advocates for separation of powers and is very interested in liberal institutions,[127] his published works fail to explore how institutions may limit leaders.[128]

Smith also accepts the need for separation of powers:

> When the judicial is united to the executive power, it is scarce possible that justice should not frequently be sacrificed to what is vulgarly called polities. The persons entrusted with the great interests of the state may, even without any corrupt views, sometimes imagine it necessary to sacrifice to those interests the rights of a private man. But upon the impartial administration of justice depends the liberty of every individual, the sense which he has of his own security. In order to make every individual feel himself perfectly secure in the possession of every right which belongs to him, it is not only necessary that the judicial should be separated from the executive power, but that it should be rendered as much as possible independent of that power.[129]

The word 'rhetorical' in the previous paragraph may raise some eyebrows. Let me explain what I have in mind. In unpublished remarks, Sandra Peart has suggested that for Smith 'life is a lottery and fortune determines who is born in the various ranks of society. Then, fortune or chance selects leaders and rulers from the higher ranks.' This is basically a correct understanding of Smith's position, as long as we recognise, as she notes, that the game of life is not stable – there is permanent change, and in commercial societies more so than in previously known societies. To be sure this lottery is a *biased* lottery because for some (those lacking 'birth and fortune') there is negligible chance of ending on top.[130]

In fact, Smith is quite explicit that, even when there is skill in leadership, this is not what is most characteristic of successful leaders:

> the most successful warriors, the greatest statesmen and legislators, the eloquent founders and leaders of the most numerous and most successful sects and parties; have many of them been, not more distinguished for their very great merit, than for a degree of presumption and self-admiration altogether disproportioned even to that very great merit.[131]

It seems the most fundamental skill of a would-be great leader is a kind of delusional or mythical belief in one's political skill. It is clear that such a trait may well lead to great disasters. More subtly, Smith clearly implies that successful political outcomes are non-trivially influenced by non-meritorious factors; so, even with possession of merit, disasters need not be forestalled.

Because Smith also thinks that talents are very much the product of nurture and where one ends up in the division of labour, and he thinks

landed wealth creates the possibility of some leisure to develop an understanding of a general or common interest,[132] he quite clearly thinks that 'birth and fortune' are a decent, second-best mechanism towards leadership selection. Why he thinks so is not entirely clear. Of course, in practice, many forms of wealth also create an interest/incentive to use government to advance one's own partial (commercial) interests, which is why Smith favours the participation of the class of landed wealthy. He thinks this not because he believes they are beyond corruption or that agriculture is a source of true wealth (as the physiocrats think), but rather because he argues that a broadly growing economy, which allows wages for the working poor to be high, best correlates with their material interests (because it generates a rising income from rents).[133]

Conclusion

While I would not argue that Smith is the first author to offer us a genuinely liberal theory of leadership, his thought on these matters is more ambitious than, say, Spinoza and Hume. While both of them also thought that good leaders promoted the common good (by way of rule of law, encouraging commerce and controlling religion), a good leader's primary task is for them to maintain the citizens' dispositions to minimal unity. Smith's vision is more expansive: good leaders must create conditions that break the logic of zero-sum relations and promote the flourishing of the working poor, who are the vast majority of people. It is pretty clear that for Smith this involves not only supplying public goods and solving coordination problems, but also the cultivation of social norms conducive to virtue and mutual trust.[134] This – the generation of practices conducive to virtue, trust and mutual gains – is sufficient to qualify his account of leadership as a political one (rather than the anti-political account we started out with). In addition, he has a clear account of the ameliorative nature of liberal governance. Smith reminds us that liberalism was originally conceived as a form of moral government which, while embracing various forms of impartiality, had no interest in embracing state neutrality.[135] The state has to create institutional incentives and practices conducive to become a good society.[136] Most of this is indirect, but, as we have seen, it can 'command mutual good offices to a certain degree'.[137]

I have some sympathy for this stance. Even so, Smith's thought has limited utility today because he fails to address how to create institutions which may plausibly generate public spirited political leaders who may embrace the sort of values he thinks desirable for them to hold. Presumably, he addressed this in the manuscripts he burned on his deathbed. While he

clearly thought Parliament important, and thinks it can have good effects, he clearly thinks it also promotes the rise of faction and rent-seeking. And so while he offers what I take to be an attractive understanding of leadership, he seems to think even a reasonably well-organised society must be lucky to obtain it. Whether such a society can do better than luck is decidedly undecided and an urgent matter.[138]

Notes

1. See also Jerry Z. Muller, *Adam Smith in His Time and Ours: Designing the Decent Society*. (Princeton: Princeton University Press, 1995). Ryan Hanley encouraged me to make this explicit. (He should not be held accountable for the Lippmann-esque manner of expression.) My claim presupposes some features of Smith's social ontology that I make explicit along the way.
2. Robert C. Tucker, 'The Theory of Charismatic Leadership', *Daedalus* 97:3 (1968), pp. 731–56.
3. John Merrington, 'Theory and Practice in Gramsci's Marxism', *Socialist Register* 5:5 (1968).
4. Carl Schmitt, 'Aufgabe und Notwendigkeit des deutschen Rechtsstandes', *Deutsches Recht* 6:9/10 (1936), pp. 181–5.
5. Tony Bush, 'From Management to Leadership: Semantic or Meaningful Change?', *Educational Management Administration & Leadership* 36:2 (2008), pp. 271–88.
6. A notable exception is Andrew Sabl, *Ruling Passions: Political Offices and Democratic Ethics* (Princeton: Princeton University Press, 2009). If one googles 'liberal leadership', one finds works in the history of nineteenth-century politics.
7. Eric Schliesser, 'Hume on Affective Leadership', in Philip A. Reed and Rico Vitz (eds), *Hume's Moral Philosophy and Contemporary Psychology* (New York: Routledge, 2018), pp. 311–33.
8. See also Joseph Cropsey, *Polity and Economy: An Interpretation of the Principles of Adam Smith* (Dordrecht: Springer, 2013 [1957]); John W. Danford, 'Adam Smith, Equality, and the Wealth of Sympathy', *American Journal of Political Science* 24 (Nov. 1980), pp. 674–95; James M. Buchanan, 'Let Us Understand Adam Smith', *Journal of the History of Economic Thought* 30:1 (2008), pp. 21–8, who emphasises Smith as the thinker of increasing returns.
9. See Christopher J. Berry, 'Adam Smith: Commerce, Liberty, and Modernity', ch. 18 in his *Essays on Hume, Smith, and the Scottish Enlightenment* (Edinburgh: Edinburgh University Press, 2018), pp. 326–46. For the political significance of Smith's economics, see Emma Rothschild and Amartya Sen, 'Adam Smith's Economics', in Knud Haakonssen (ed.), *The Cambridge Companion to Adam Smith* (Cambridge: Cambridge University Press, 2006).
10. See Donald Winch, *Adam Smith's Politics: An Essay in Historiographic Revision* (Cambridge: Cambridge University Press, 1978), where he denies that for

Smith politics is about 'any specifically political qualities which [men] may be called upon to display in public settings'. (p. 177) See also Emma Rothschild, 'What is Security?', *Daedalus* 124:3 (1995), pp. 53–98; see, esp., pp. 60ff.

11. Ryan Patrick Hanley, 'The "wisdom of the state": Adam Smith on China and Tartary', *American Political Science Review* 108:2 (2014), pp. 371–82.
12. I agree with Paul Sagar that (1) such 'utility' and the accompanying 'authority' grounded in the good opinion and 'assent of subjects' (p. 206) grounds Smith's account of legitimacy; and (2) that many kinds of governments can be legitimate in this sense. But this chapter shows that Smith also has a more demanding standard for good leadership. Paul Sagar, *The Opinion of Mankind: Sociability and the Theory of the State from Hobbes to Smith* (Princeton: Princeton University Press, 2019). Sagar explicitly draws on and extends the argument of Istvan Hont. See, esp., Istvan Hont, 'Adam Smith's History of Law and Government as Political Theory', in Richard Bourke and Raymond Geuss (eds), *Political Judgement* (Cambridge: Cambridge University Press, 2009), pp. 131–71.
13. For recent work along these lines, see Athol Fitzgibbons, *Adam Smith's System of Liberty, Wealth, and Virtue: The Moral and Political Foundations of the Wealth of Nations* (Oxford: Oxford University Press, 1995); Pierre Force, *Self-Interest before Adam Smith: A Genealogy of Economic Science* (Cambridge: Cambridge University Press, 2003).
14. I have argued elsewhere that Smith is a critic of stoic harmony, so I leave that aside here. See also Lauren Brubaker, 'Does the "Wisdom of Nature" Need Help?', in Leonidas Montes and Eric Schliesser (eds), *New Voices on Adam Smith* (New York: Routledge, 2006), pp. 190–214. Eric Schliesser, 'Book Reviews', *Ethics* 118:3 (2008), pp. 569–75. Michele Bee and Maria Pia Paganelli, 'Adam Smith, Anti-Stoic', CHOPE Working Paper no. 2019-02 (2019).
15. Judith Shklar, *After Utopia: The Decline of Political Faith* (Princeton: Princeton University Press, 1957), p. 10.
16. Judith Shklar, 'The Liberalism of Fear', in Shaun P. Young (ed.), *Political Liberalism: Variations on a Theme* (New York: State University of New York Press,1989), pp. 149–66. That is to say, part of my present project is to undo a damaging self-conception within the liberal (realist) tradition.
17. Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, ed. Roy Hutcheson Campbell, Andrew S. Skinner and W. B. Todd (Oxford: Oxford University Press, 1976 [1776]), 4.2.39, p. 468.
18. So, Smith's target is *not* the Machiavellian conception of political *virtu*. Cf. Berry, *Commerce, Liberty*, p. 343.
19. Adam Smith, *The Theory of Moral Sentiments*, ed. David Daiches Raphael and Alec Lawrence Macfie (Oxford: Oxford University Press, 1976 [1759]), 6.2.2.18, p. 234. Inspired by Hayek (see, e.g., F. A. Hayek, 'Adam Smith's Message in Today's Language', *Daily Telegraph*, 9 March 1976), Hayekian interpretations of Adam Smith tend to emphasise the dangers of the man of system. See, e.g., Jacob T. Levy, *Rationalism, Pluralism, and Freedom* (Oxford:

Oxford University Press, 2015); Craig Smith, *Adam Smith's Political Philosophy: The Invisible Hand and Spontaneous Order* (London: Routledge, 2006); David Levy and Sandra Peart, 'Adam Smith and the Place of Faction', in Jeffrey T. Young (ed.), *The Elgar Companion to Adam Smith* (Cheltenham: Edward Elgar, 2007), pp. 335–45. It is not just Hayekians, of course. See, e.g., Sagar, *Opinion of Mankind*, p. 226.

20. Smith, *Wealth of Nations* 4.2.39, p. 468.
21. Smith, *Wealth of Nations* 4.2.39, p. 468.
22. Sankar Muthu, 'Adam Smith's Critique of International Trading Companies: Theorizing "Globalization" in the Age of Enlightenment.', *Political Theory* 36:2 (2008), pp. 185–212.
23. 'Those laws, at the same time, were harming the well-being of all by collecting, little by little, in the hands of a few, wealth that then became in those hands a means of oppression, and which otherwise, through the free movement of interests would have remained if not equal, at least common to all. The unequal division of taxes at last overwhelmed the inferior class who, with no property and no liberty, was reduced to rely on fraud and would cheat remorselessly, because our conscience cannot survive when it is in chains.' Letter VII in *Sophie de Grouchy's Letters on Sympathy: A Critical Engagement with Adam Smith's The Theory of Moral Sentiments*. trans. Sandrine Bergès and ed. and annot. Sandrine Bergès and Eric Schliesser (Oxford: Oxford University Press, 2020), p. 135
24. Smith, *Moral Sentiments* 6.2.2.18, p. 234; emphasis added. See also Eric Schliesser, *Adam Smith: Systematic Philosopher and Public Thinker* (Oxford: Oxford University Press, 2017).
25. 'Nothing tends so much to promote public spirit as the study of politics, of the several systems of civil government, their advantages and disadvantages, of the constitution of our own country, its situation, and interest with regard to foreign nations, its commerce, its defence, the disadvantages it labours under, the dangers to which it may be exposed, how to remove the one, and how to guard against the other. Upon this account political disquisitions, if just, and reasonable, and practicable, are of all the works of speculation the most useful. Even the weakest and the worst of them are not altogether without their utility. They serve at least to animate the public passions of men, and rouse them to seek out the means of promoting the happiness of the society' (Smith, *Moral Sentiments* 4.1.11, pp. 186–7). On the significance of the statesman's promoting the happiness of society, see below. I thank Craig Smith for reminding me of this passage.
26. See Hont p. 152.
27. Smith, *Moral Sentiments* 1.3.3.1, p. 61.
28. While Smith has egalitarian sensibilities and thought that the removal of barriers to movement and trade would have equalising tendencies, there is no reason to assume that he thought the system of natural liberty would end up without any economic hierarchies. See Spencer J. Pack, *Capitalism as*

a Moral System (Cheltenham: Edward Elgar, 1991); Deborah Boucoyannis, 'The Equalizing Hand: Why Adam Smith Thought the Market Should Produce Wealth without Steep Inequality', *Perspectives on Politics* 11:4 (2013), pp. 1051–70.

29. Maureen Harkin, 'Adam Smith's Missing History: Primitives, Progress, and Problems of Genre', *English Literary History* 72:2 (2005), pp. 429–51.
30. Smith, *Wealth of Nations*, Intro. 4, p. 10.
31. Hume tends to think they are always better; Smith thinks that mercantilist, imperial conquest generates a 'spirit of war' and undermines the ways they could be better. In Smith, there is no non-savage anarchist possibility.
32. See the Chicago School's George Stigler's somewhat grudging analysis in George J. Stigler, 'Smith's Travels on the Ship of State', *History of Political Economy* 3:2 (1971), pp. 265–77. For a thorough analysis, see Nathan Rosenberg, 'Some Institutional Aspects of the Wealth of Nations', *Journal of Political Economy* 68:6 (1960), pp. 557–70.
33. In ch. 6 of Schliesser, *Adam Smith*, I argue that 'society' is a key analytical concept for Smith. I regret not crediting Shklar with the point.
34. I suspect Shklar may have been unfamiliar with *The Theory of Moral Sentiments* when she wrote *After Utopia*.
35. Smith, *Moral Sentiments* 6.2.2.7–10, pp. 230–1.
36. In Spinozistic terms: the constitution is the nature or ratio that is preserved in a state.
37. The last few paragraphs were inspired by a very interesting talk, 'Reconstructing Adam Smith's Politics', by Glory Liu and Barry Weingast at the Adam Smith Conference at Chapman University, January 2019. For background on how Smith fits into eighteenth-century constitutional theorising, see Craig Smith, 'Forms of Government', in James Harris (ed.), *The Oxford Handbook of British Philosophy in the Eighteenth Century* (Oxford: Oxford University Press, 2013).
38. To avoid confusion: I am not claiming Smith is suggesting these privileges always need to be respected.
39. See Winch, *Adam Smith's Politics*, p. 2, who builds his interpretation on this passage. Knud Haakonssen, *The Science of a Legislator: The Natural Jurisprudence of David Hume and Adam Smith* (Cambridge: Cambridge University Press, 1989), p. 97; Samuel Fleischacker, *On Adam Smith's Wealth of Nations: A Philosophical Companion* (Princeton: Princeton University Press, 2004), p. 243.
40. Smith, *Wealth of Nations* 4.2.39, p. 468.
41. On the significance of Smith's rejection of violence, see Spenser J. Pack and Eric Schliesser, 'Adam Smith, Natural Movement and Physics', *Cambridge Journal of Economics* 42:2 (2017), pp. 505–21.
42. Gary M. Anderson and Robert D. Tollison, 'Sir James Steuart as the Apotheosis of Mercantilism and His Relation to Adam Smith.', *Southern Economic Journal*, 51 (1984), pp. 456–68.

43. Smith also thought that, with bad background theories, commerce has a tendency to create conflict; see Maria Pia Paganelli and Reinhard Schumacher, 'Do Not Take Peace for Granted: Adam Smith's Warning on the Relation between Commerce and War', *Cambridge Journal of Economics* 43:3 (2018), pp. 785–97.
44. Smith, *Wealth of Nations* 4.7.b.63, p. 590.
45. Smith, *Wealth of Nations* 5.i.f.50, p. 782.
46. This may well be indebted to Machiavelli's *The Prince*, ch. XXV, where Machiavelli argues that one must adjust one's tactics to the 'spirit of the times'. Notice, then, that the crafty politician is tactically responsive along one dimension ('directed by the momentary fluctuations of affairs') but not capable of changing tactics when more fundamental, strategic circumstances have changed.
47. Smith, *Moral Sentiments* 6.2.2.18, p. 234.
48. See Schliesser, *Adam Smith*, pp. 10, 310, 374–5.
49. Smith, *Wealth of Nations* 4.2.40, p. 469. He mixes prudential and ethical concerns in this passage.
50. Smith does not really focus much attention to demagoguery; his admirer Sophie de Grouchy applies his theory to that type of politician in Letter 4 of *Letters on Sympathy*.
51. Smith, *Moral Sentiments* 6.3.25, p. 247.
52. Smith, *Moral Sentiments* 7.2.1.49, p. 249. See Charles L. Griswold Jr, 'Imagination: Morals, Science, Arts', in Knud Haakonssen (ed.), *The Cambridge Companion to Adam Smith* (Cambridge: Cambridge University Press, 2006).
53. Even in *The Wealth of Nations*, Smith assumes that commerce occurs among fellow citizens. To quote a famous passage, 'It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages. Nobody but a beggar chooses to depend chiefly upon the benevolence of his *fellow-citizens*.' Smith, *Wealth of Nations* 1.2.2, pp. 26–7.
54. Smith attacks entails, in particular, on moral grounds (*Wealth of Nations* 3.2.6, p. 284).
55. Smith, *Moral Sentiments* 4.1.11, p. 185.
56. On the significance of 'public spirit' in Hume, see Schliesser, *Hume on Affective Leadership*; and in Smith, see Jacob Viner, 'Adam Smith and Laissez-faire', *Journal of Political Economy* 35:2 (1927), p. 231.
57. Recall also Smith, *Moral Sentiments* 4.1.11, pp. 186–7.
58. While this passage with its focus on happiness suggests Smith may be a proto-utilitarian (when it comes to social institutions), I have argued that Smith is best not identified with that tradition (Schliesser, *Adam Smith*, pp. 190–3). Cf. David M. Levy, 'The Partial Spectator in the *Wealth of Nations*: A Robust Utilitarianism.', *The European Journal of the History of Economic Thought* 2:2 (1995), pp. 299–326.

59. See Winch, *Adam Smith's Politics*, p. 13.
60. Smith, *Moral Sentiments* 6.2.2.18, p. 234; emphasis added.
61. My claim is compatible with the further thought that Smith thinks it may be very dangerous to assume we can actually attain the ideal at once. I thank Ryan Hanley for conversation.
62. Smith, *Moral Sentiments* 6.2.2.15, p. 232.
63. I argue elsewhere (Schliesser, *Adam Smith*) that Smith is very concerned with the effects of intellectual speech/systems. How to promote responsible speech is one of the key challenges Smith confronts.
64. Smith, *Moral Sentiments* 3.3.36–7, pp. 152–3; 6.3.26, p. 249.
65. Smith, *Moral Sentiments* 3.3.43, p. 156.
66. Smith, *Moral Sentiments* 3.3.43, p. 156.
67. See Levy and Peart, 'Adam Smith and the Place of Faction'; Fonna Forman-Barzilai, *Adam Smith and the Circles of Sympathy: Cosmopolitanism and Moral Theory* (Cambridge: Cambridge University Press, 2010), pp. 23, 151–9, 180–1. Smith's mechanism is akin here to Hume's account of sympathy in 'Of National Character'.
68. Smith echoes here Spinoza's argument of the final pages of ch. 20 of the *Theological Political Treatise*.
69. I suspect Smith is thinking of Cicero's *Pro Ligario*.
70. The passage (Smith, *Moral Sentiments* 3.3.43, p. 156) I quoted is about partisanship, not partisan leaders, but Smith is also alluding to the latter: 'in times of civil discord, the leaders of the contending parties, though they may be admired by one half of their fellow-citizens, are commonly execrated by the other.' Smith, *Moral Sentiments* 6.2.2.13, p. 232.
71. Smith, *Moral Sentiments* 6.2.2.15, p. 233.
72. So, Shklar is correct in thinking that according Smith politics can undermine moral life.
73. Cf. Sagar, *Opinion of Mankind*.
74. Smith, *Moral Sentiments* 6.2.2.13–14, p. 232.
75. Aurelian Craiutu has developed the significance of this virtue in the French liberal tradition numerous books. For his most recent views, see his *Faces of Moderation: The Art of Balance in an Age of Extremes* (Philadelphia: University of Pennsylvania Press, 2018).
76. Smith's account of glory is *modern* because he rejects war and conquest. For this Hobbesian turn in the very idea of glory, see Andrew J. Corsa, 'Thomas Hobbes: Magnanimity, Felicity, and Justice', *Hobbes Studies* 26.2 (2013), pp. 130–51, and Andrew J. Corsa, 'Modern Greatness of Soul in Hume and Smith', *Ergo, an Open Access Journal of Philosophy* 2 (2015).
77. Smithian tranquillity is quite compatible with receptivity towards change and innovation.
78. Smith, *Wealth of Nations* 1.8.36, p. 96.
79. See Lisa Herzog, *Inventing the Market: Smith, Hegel, and Political Theory* (Oxford: Oxford University Press, 2013), pp. 90–5; and Maria Pia Paganelli (this volume).

80. It is possible that Smith is thinking here of Hume's description of George Monk in the *History of England*. I suspect that Nelson Mandela after the fall of apartheid would also be a good model.
81. The significance of such minimal unity in Hume's political theory is explained in Schliesser, *Hume on Affective Leadership*.
82. See Sagar, *Opinion of Mankind*, pp. 213–40, on Smith's anticipations of Max Weber's account of charismatic leadership. But Sagar errs in suggesting that such transformative leadership is the whole of Smith's account of leadership.
83. One may speculate that a true statesman is willing to lean on a crafty politician for tactical purposes.
84. Smith, *Moral Sentiments* 6.2.2.18, p. 234.
85. Smith's defence of commerce, his proposals for public education, for disestablishment and competitive religions, his advocacy of public theatre are all presented as means toward better capacities for moral judgment. See Schliesser, *Adam Smith*, and also Lisa Herzog, 'Higher and Lower Virtues in Commercial Society: Adam Smith and Motivation Crowding Out', *Politics, Philosophy and Economics* 10:4 (2011), pp. 370–95.
86. Dennis C. Rasmussen, 'Does "Bettering Our Condition" Really Make Us Better Off? Adam Smith on Progress and Happiness', *American Political Science Review* 100:3 (2006), pp. 309–18.
87. See Schliesser, *Adam Smith*, pp. 200ff.
88. It is my sense that many public choice political economists find this a congenial interpretation of Smith (via James Buchanan).
89. Smith, *Moral Sentiments* 2.1.8, p. 81. For the larger significance of this passage, see Pack, *Capitalism as a Moral System*, and Samuel Fleischacker, *On Adam Smith's Wealth of Nations*.
90. Craig Smith thinks Smith means to refer here to local government. If that is right, and it may well be, then my argument requires an extra layer of distinctions to track Smith's views on the potentially diverging proper skills of local politicians and national politicians.
91. I suspect that Smith is here distancing himself from Mandeville's 'private vices, public benefits'. Smith's position may well be thought illiberal here by those who understand liberalism as the embrace of state neutrality. But it is fully compatible with my argument that Smith is eager to promote a good society.
92. See Leonidas Montes, 'Adam Smith on the Standing Army Versus Militia Issue: Wealth over Virtue?', in Jeffrey T. Young (ed.), *The Elgar Companion to Adam Smith* (Cheltenham: Edward Elgar, 2009), pp. 315–34.
93. Note that it is not the church/parishes being commanded, but fellow citizens.
94. Smith, *Moral Sentiments* 6.2.1.20, p. 226. See also Schliesser, *Adam Smith*, pp. 213ff.
95. I borrow the term from Jacob T. Levy, *Rationalism, Pluralism, and Freedom*, p. 154. Levy is discussing Montesquieu in context. Sagar, *Opinion of Mankind*, correctly emphasises how indebted Smith is to Hume and Montesquieu.

96. Smith, *Moral Sentiments* 6.2.2.17, p. 233. Here Smith seems to embrace Stoic natural harmony. But see the rest of my analysis below.
97. Smith, *Moral Sentiments* 6.2.2.16, p. 233.
98. Smith does not say what the proper balance between rhetoric and argument is. And this requires, as Paul Sagar reminded me, judgement. For the significance of judgement in Smith, see Samuel Fleischacker, *A Third Concept of Liberty: Judgment and Freedom in Kant and Adam Smith* (Princeton: Princeton University Press, 1999).
99. See Schliesser, *Adam Smith*, p. 180.
100. The contrast with Madison is worth exploring. Madison is terrified that the masses will grab the aristocrats' property; Smith shows no such anxiety.
101. Kenneth E. Boulding, 'The Shadow of the Stationary Sstate', *Daedalus* 102:4 (1973), pp. 89–101; Paul A. Samuelson, 'A Modern Theorist's Vindication of Adam Smith', *The American Economic Review*, 67.1 (1977), pp. 42–9.
102. Smith, *Wealth of Nations* 1.9.15, p. 112.
103. Hanley, *The Wisdom of State*.
104. Smith, *Wealth of Nations* 1.9.20, p. 113. In context, Smith treats Holland as paradigmatic case.
105. Edwin George West, 'Ricardo in Historical Perspective', *Canadian Journal of Economics*, 15:2 (1982), pp. 308–26, esp. pp. 318–19.
106. 'Petty sovereigns abound, reigning in the midst of bureaucratic army institutions mobilized by aims and tactics of power they do not inaugurate or fully control. And yet such figures are delegated with the power to render unilateral decisions, accountable to no law and without any legitimate authority.' Judith Butler, *Precarious Life: The Powers of Violence and Mourning* (London and New York: Verso, 2004), p. 56.
107. David Hume, 'Of Civil Liberty', in Eugene Miller (ed.), *Essays, Moral, Political and Literary* (Indianapolis: Liberty Fund, 1987), pp. 94; emphasis in original.
108. Hume, *Civil Liberty*, pp. 94–5.
109. Nobles and clergy also had separate rights to tax those under their jurisdiction. For a modern (more favorable) account, that draws on principal-agent models, see Eugene N. White, 'From Privatized to Government-administered Tax Collection: Tax Farming in Eighteenth-century France', *The Economic History Review* 57:4 (2004),, pp. 636–63.
110. To return to a point from before, the relatively high interest rates reflect, in part, the risks associated with uneven enforcement of property rights.
111. I suspect that Smith's model of treating such barriers as monopolies inspired a nice argument in Grouchy's *Letters*, p. 135.
112. Hanley, *Wisdom of State*, pp. 373ff.
113. Smith, *Wealth of Nations* 5.i.d.17, p. 729.
114. Smith, *Wealth of Nations* 5.2.d.5, p. 838.
115. Smith, *Wealth of Nations* 5.1.d.17, p. 730.

116. Smith, *Wealth of Nations* 5.1.d.17, p. 730; emphasis added.
117. Smith's role as a theorist of state capacity seems to me under-theorised by the contemporary focus on Smith as a critic of state power (and made invisible by the contemporary focus on biopolitics). I thank Deborah Boucoyannis for emphasising the significance of state capacity.
118. Smith, *Wealth of Nations* 5.2.d.7, p. 839.
119. Cf. David Graeber, *Debt: The First 5000 Years* (Harmondsworth: Penguin, 2012), pp. 25ff.
120. Smith, *Moral Sentiments* 7.4.24, p. 336.
121. It is telling that Smith treats the question in terms of subordination rather than in terms of leadership.
122. Smith makes the point explicit: 'there never was . . . a great family in the world whose illustration was entirely derived from the inheritance of wisdom and virtue.' Smith, *Wealth of Nations* 5.1.b.5, p. 711.
123. Smith, *Wealth of Nations* 5.1.b.4ff., pp. 710–13.
124. See Hanley, *Adam Smith and the Character of Virtue* (Cambridge: Cambridge University Press, 2009), pp. 121ff., for the wider significance of this.
125. Martin Gilens, 'Descriptive Representation, Money, and Political Inequality in the United States', *Swiss Political Science Review* 21:2 (2015), pp. 222–8. Eric Lipton, 'Half of Congress Members are Millionaires, Report Says', *New York Times*, 10 January 2014, p. A13.
126. Joseph A. Schumpeter, *Capitalism, Socialism and Democracy* (London: Routledge, 1943).
127. See Winch, *Adam Smith's Politics*.
128. As Paul Sagar correctly insisted (in correspondence), Smith's lectures on jurisprudence and on rhetoric do offer reflections on these matters. In this chapter I adopt the method defended in Schliesser, *Adam Smith*, of focusing on Smith's writings available to a wider public in his own age.
129. Smith *Wealth of Nations* 4.7.c.54, p. 610. On Smith and liberty, cf. Christopher J. Berry, 'Adam Smith on Liberty "in our present sense of the word"', in Berry, *Essays*, pp. 385–402 with Schliesser, *Adam Smith*, pp. 216–20.
130. See Smith, *Wealth of Nations* 4.7.a.18, p. 562.
131. Smith, *Moral Sentiments* 6.3.28, p. 250.
132. Smith, *Wealth of Nations* 1.11.7–10, pp. 265–7. See Schliesser, *Adam Smith*, p. 156.
133. Smith, *Wealth of Nations*, 1.11.7–10, pp. 265–7. Pack, *Capitalism as a Moral System*.
134. Recent work by economists defines leadership in terms of norm-setting. Daron Acemoglu and Matthew O. Jackson, 'History, Expectations, and Leadership in the Evolution of Social Norms', *The Review of Economic Studies* 82:2 (2014), pp. 423–56. On the economic significance of mutual trust, see: 'When the people of any particular country has such confidence in the fortune, probity, and prudence of a particular banker, as to believe he is always ready to pay upon demand such of his promissory notes as are

likely to be at any time presented to him; those notes come to have the same currency as gold and silver money, from the confidence that such money can at any time be had for them.' Smith, *Wealth of Nations* 2.3.28, p. 292.

135. See also Eric Schliesser, 'Sophie de Grouchy, the Tradition(s) of Two Liberties, and the Missing Mother(s) of Liberalism', in Jacqueline Broad and Karen Detlefsen (eds), *Women and Liberty, 1600–1800: Philosophical Essays* (Oxford: Oxford University Press, 2017), pp. 109–22.
136. Ryan Hanley (in *Wisdom of State*) has aptly called this the 'wisdom of the state'.
137. Smith, *Moral Sentiments* 2.1.8, p. 81.
138. I thank Ross Emmett for being the original cause of this chapter, and I am grateful to his students at Arizona State University for excellent comments on a presentation of some of this material. This chapter has benefitted from excellent comments by Isabel Horta Correia and Orlando Samões on an earlier draft presented in Lisbon. I also thank the audience members in Lisbon for discussion as well as my colleagues in 'Challenges to Democratic Representation', especially Lea Klarenbeek, for critical feedback. Ryan Hanley and Paul Sagar read an ultimate draft and offered incisive comments. Special thanks to Sandra Peart, whose extraordinary generous comments at an author meets critics session January 2019 on my monograph helped prompt this chapter, and for the editors of this volume for their careful editing, generous comments and encouragement.