



THE PROBLEM OF LIBERTY IN THE THOUGHT OF ADAM SMITH

BY

EDWARD J. HARPHAM

I. INTRODUCTION

In this paper I propose to investigate the problem of liberty in Adam Smith's work. Suggesting that there is a "problem" may strike some as strange. After all, is not Smith simply the great defender of the system of natural liberty, a set of economic proposals that would remove the State from the business of directing the economy? Does he not maintain unequivocally that individuals are the best judges of their own self-interest and argue that they should be allowed to commit their labor and capital to those enterprises they deem most useful? Is Smith not one of the great defenders of the concept of negative liberty in modern liberal thought?

There is no doubt that a notion of liberty lies at the heart of the economic ideas developed in *The Wealth of Nations*. Freeing individuals from the coercive authority of the State is one of the defining features of Smith's vision of modern economic life. But Book V raises serious questions about the efficacy of individuals being left on their own in a world dominated by an intense division of labor. Here, Smith proposes public solutions to what appear to be private problems, arguing that under certain circumstances individuals may not be good judges of what is in their own best interest. As one turns to consider the idea of liberty in *The Theory of Moral Sentiments*, the problem of liberty is magnified. A curious silence surrounds the subject of liberty in Smith's moral theory. The index to the Glasgow Edition of *The Theory of Moral Sentiments* has only one reference to liberty, and that points to a discussion in the editor's introduction on natural liberty in *The Wealth of Nations*. Is Smith's moral theory devoid of a concern over the problem of liberty and its place in the life of the individual or in a modern commercial society? If not, how can the silence on the subject of liberty in *The Theory of Moral Sentiments* be reconciled with the ringing defense of liberty in *The Wealth of Nations*? Then there is the question of political liberty. In Book III of *The Wealth of Nations* and throughout his unpublished *Lectures on Jurisprudence*, Smith speaks of the rise of "liberty and independency" in towns that had escaped the arbitrary features of feudal political

The University of Texas at Dallas, School of Social Sciences, Gr.3.1 Box 830688, Richardson, Texas 75083-0688; harpham@utdallas.edu. I would like to thank Douglas Dow for his careful readings and comments.

life. But how are we to understand the relationship between a notion of liberty in political life and that captured in the idea of the system of economic liberty?

The problem of liberty in Smith takes on added complications when one recognizes that the very meaning of liberty has been the subject of considerable controversy since the publication of Isaiah Berlin's essay, "Two Concepts of Liberty," in 1958. Berlin argues that liberty should not be understood as a single idea, but as two competing traditions of liberty—negative liberty and positive liberty—that focus upon very different sets of concerns. Not only do these traditions raise different questions regarding liberty, they offer sharply diverging proposals as to how liberty could be best realized in the modern world. Berlin's essay spawned a literature that debated the value of each tradition and proposed the existence of a third notion of liberty—republican liberty—that is not adequately captured by either.

In this paper I will argue that the literature on negative liberty, positive liberty, and republican liberty can help us to sort out the problem of liberty in Smith's thought. Smith blends together different notions of liberty into his work. Understanding what these are and how they fit together into a coherent whole will help us better appreciate Smith's thought on its own terms and how it differs in important ways from much modern thought that draws upon Smith for inspiration.

II. BERLIN ON LIBERTY

Isaiah's Berlin's Inaugural Lecture at Oxford in 1958 is the starting point for most contemporary discussions of liberty. Rejecting the idea that liberty was a unitary concept used consistently by philosophers and popular writers, Berlin explores two distinct notions of liberty that address fundamentally different sets of concerns. Negative liberty concerns the area within which an individual or a group "is or should be left to do or be what he is able to do or be, without interference by other persons" (1969, p. 121–2). Individuals are considered to be free to the degree that no one else interferes with their activity. Negative liberty is ultimately about the ability of individuals to make choices freed from the outside interference of others. As Berlin succinctly explains, "The wider the area of non-interference the wider my freedom" (1969, p. 123). The idea that there is an area that should be left to the control of the individual alone is a distinctly modern concept, not found among the ancients.

In contrast to negative liberty, the idea of positive liberty addresses such questions as "by whom is one ruled?" (1969, p. 121). Positive liberty involves the idea of self-mastery and suggests that individuals are divided in two selves, one a transcendent, dominant self that should be in control, the other a fleeting, empirical bundle of passions and desires that must be disciplined by the higher self. Two paths are offered as alternative ways to realize positive freedom. The first path is that of self-negation, in which the individual seeks to achieve independence from one's lower self. We see this pathway realized in the teachings of ascetics throughout the ages, including the ancient Stoics, Buddhist sages, and even Kant. The second path is that of self-realization where an individual seeks to identify with a specific principle or ideal (1969, p. 134).

Living life according to rational self-direction stands out in Berlin's mind as a particularly modern form of positive liberty.

Drawing the distinction between negative and positive liberty enables Berlin to make some important historical points about the idea of liberty. Most importantly of all, he highlights the complexity of the subject of liberty. Liberty is a multi-dimensional concept whose meaning is deeply rooted in historical debate. In the process he identifies serious problems with the general idea of positive liberty. For example, he points out that the doctrine of positive liberty as self-denial may be primarily an ethical creed, and thus not political at all. Nevertheless, it has important political consequences and "enters into the tradition of liberal individualism at least as deeply as the 'negative' concept of freedom" (1969, p. 139). When the character of public life denies an individual the opportunity to realize negative freedom, thinkers turn inward for a solution to the uncertainties of the world. Hence, Stoicism was born when Greek democracy went into decline, and was revived with the fall of the Roman republic and again "during the period of the deepest national degradation of the German states that followed the Thirty Years War" (1969, p. 139). Berlin argues that this doctrine may be a form of "sour grapes," where an individual decides that one can't want what one can't have. While granting that ascetic self-denial might provide an individual with a secure foundation for the self, he concludes that it is the "very antithesis of political freedom" and can hardly "be called an enlargement of individual liberty" (1969, p. 140).

Berlin also has some highly critical things to say about the idea of positive freedom as self-realization, particularly through the use of critical reason. Even for individualistic theorists like Rousseau and Kant, it is only a short distance from inquiring into how an individual might live a free life according to the dictates of his own reason to justifying the imposition of social control over individuals for their own good. Here we enter the social theory of a large number of modern rationalist thinkers including Hegel, Comte, and Marx. From the perspective of society as a whole, freedom as rational self-direction can be logically joined to the idea that the ends of all rational human beings may be brought into harmony with one another, removing social conflict and maximizing individual and social happiness. It is but a short walk from the freedom of Kant's rational individual legislator to the rule of experts guided by reason to a new form of despotism where a ruler tells a people what is in their own best interest based on the dictates of reason (1969, p. 152–53).

Berlin doesn't limit his criticism to the concept of positive liberty. He argues that a fanatical dedication to preserving negative liberty is consistent with and played a great part "in generating great and lasting social evils" (1969, p. xlv). Advocates of *laissez-faire* and non-interference in the capitalist economy, he argues, have at times supported powerful interests at the expense of the weak and less fortunate, robbing them of basic human rights and their precious negative liberties. Arguments for negative liberty, like those for positive liberty, can be perverted into the very vices that they were initially created to resist. To be sure, arguments for negative liberty are "much less often defended or disguised by the kind of specious arguments and sleights-of-hand habitually used by the champions of 'positive' freedom in its more sinister forms" (1969, p. xlv).

Nevertheless, he accepts the idea that every interpretation of liberty probably must include “a minimum” of negative liberty. Negative liberty thus appears to be a necessary, but not a sufficient, condition for a free individual or a free society. Curiously, Berlin never concedes an equal minimum for positive liberty. On the contrary, he seems to dismiss positive liberty in favor of a vision of a pluralistic society coupled to a healthy measure of negative liberty (1969, p. 171; see also Gray 1995, Chapter 2).

The distinction also enables Berlin to make an important point about our late twentieth-century understanding of liberty: There is no necessary connection between the concept of negative liberty and the idea of democratic rule. From Berlin’s perspective, they are logically distinct sets of concerns. Negative liberty is concerned with the issue of what an individual is free to do or become. Democratic rule, on the other hand, is concerned with the problem of who is ruling the individual. As Berlin explains, “The connection between democracy and individual liberty is a good deal more tenuous than it seemed to many advocates of both. The desire to be governed by myself, or at any rate to participate in the process by which my life is to be controlled, may be as deep a wish as that of a free area of action, and perhaps historically older. But it is not the desire for the same thing” (1969, pp. 130–31).

Critics have responded to Berlin’s analysis of liberty along a variety of lines. Some have rejected his defense of negative liberty, suggesting that his understanding of negative liberty was either flawed or mistaken (see MacCallum 1967). Others have argued that Berlin neglects or fails to appreciate fully the importance that positive liberty has for individuals living under conditions of negative liberty (see Cohen 1960). Critics also chastise Berlin for failing to appreciate the full significance of the idea of political liberty and how it must be differentiated from both negative and positive liberty (see Crick 1973). The most recent criticism of Berlin’s distinction between negative liberty and positive liberty draws upon historiography about republican or civic humanist political thought. Arguing that there is a notion of “liberty as non-domination” that is distinct from both negative liberty and positive liberty, Philip Pettit and Quentin Skinner have sought to explain the origins of this view of liberty in seventeenth and eighteenth century Anglo-American political debate. In their minds, the very distinction between negative and positive liberty is only the most recent attempt to push aside a republican view of liberty in favor of a modern liberal view (see Pettit 1993a, 1993b, 1997; Skinner 1998).

Berlin has responded to his critics in a number of ways. To those critical of his notion of negative liberty, he reconsidered his position to focus upon an individual’s ability to choose among alternatives, or options that are not impeded by others, and not on just the absence of the interference of others in someone’s life as was argued in the original essay (see Berlin 1969, pp. xxxviii–xl; Gray 1980, pp. 520–21; 1995, pp. 15–18). To defenders of positive liberty, he reiterated that he did not deny the value of positive liberty as such, but that his purpose was to emphasize how readily the idea of positive liberty was transformed into its opposite because of its close connection with ideas of the rational will (see Berlin 1969, p. xlv; Gray 1995, pp. 19–21). Berlin himself concedes that his initial version of the essay, “On Two Concepts of Liberty,” may be a

little misleading and, in a later essay, argues that “democratic self-government is a fundamental human need, something valuable in itself, whether or not it clashes with the claims of negative liberty or of any other goal” (1969, p. xlvii).

These concerns aside, Berlin’s discussion of negative liberty and positive liberty points to four sets of issues that will guide the remainder of this paper: First, how does Smith’s defense of negative liberty fit into his larger view of modern commercial society? Second, how are the social and political problems that follow from negative liberty to be handled, and what do these tell us about Smith’s vision of the limits to negative liberty? If Berlin is right, and negative liberty carries within itself potential difficulties in a social context, what does Smith believe must be done to grapple with these difficulties? Third, how does Smith balance his vision of a society predicated upon negative liberty against a vision of positive liberty, without walking down the authoritarian road feared by Berlin? Fourth, what is the relationship between Smith’s views of negative and positive liberty and the notion of republican liberty?

III. SMITH ON NEGATIVE LIBERTY

Understanding the role that negative liberty plays in Smith’s thought demands coming to terms with one of his central economic ideas: the idea of the system of natural liberty. Concluding a critical analysis of the mercantile system of political economy, Smith argues that every system of public policy that seeks to promote the public interest by encouraging or discouraging industry into one sector of the economy rather than another is ultimately doomed to failure. Far from accelerating the progress of economic growth and greatness, such initiatives have the exact opposite effect, diminishing the real value of the annual produce of the nation’s land and labor. The policy implications of this line of argument are profound:

All systems either of preference or of restraint, therefore, being thus completely taken away, the obvious and simple system of natural liberty establishes itself of its own accord. Every man, as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest his own way, and to bring both his industry and capital into competition with those of any other man, or order of men. The sovereign is completely discharged from a duty, in the attempting to perform which he must always be exposed to innumerable delusions, and for the proper performance of which no human wisdom or knowledge could ever be sufficient; the duty of superintending the industry of private people, and of directing it towards the employments most suitable to the interest of the society (1776, p. 687).

There are a number of things worth noting about this statement regarding the system of natural liberty. Most obviously, it is a wholehearted defense of Berlin’s notion of negative liberty, at least in one sphere of human activity. Clear boundaries are delineated as to what is the proper role of the State in economic affairs and why individuals should be left alone to pursue economic activities, freed from outside intrusion subject to the rules of justice. The passage does not focus upon the subject of choice among alternatives available to individuals—

Berlin's central concern in his explanation of the concept of negative liberty—but upon the problem of information in a complex society. The defense of negative liberty in *The Wealth of Nations* rests upon three interrelated utilitarian arguments about the wisdom of basing economic decision-making on negative liberty that are only indirectly related to the question of choice. A fourth argument grounded in a notion of individual rights is introduced but left largely undeveloped.

Smith's first argument for negative liberty relates to the problem of knowledge in a complex economy and is clearly summarized in the passage quoted above. Simply put, no one individual is capable of acquiring all the information that is needed to manage the economic life of the nation from the top down. Knowledge in a complex economy is job specific. Progress emerges through the division of labor as individuals solve particular problems in their everyday lives and transmit this information to others through market transactions. Smith's analysis of the advantages brought to society by the division of labor at the beginning of Book I in *The Wealth of Nations*—increased dexterity of the workforce, the saving of time moving from one job to another, and the invention of new machines which abridge labor—is developed as a powerful argument in favor of negative liberty throughout Book I (see Smith 1776, pp. 6–24).

The argument about knowledge and the division of labor, however, does not stand alone and is not a sufficient defense of the idea of negative liberty in the economy in Smith's mind. It may be true that knowledge is job specific and that economic growth is predicated on the development of decentralized problem solving in the economy. But how are we to be sure that the advantages of the division of labor extend to all sectors of society as well as to the nation as a whole, and not just to a few special interests strategically placed in the economy? To put the matter differently, does negative liberty serve the interests of the many or the few? These are the questions that Smith addresses in the second half of Book I, where he takes up the subject of the distribution of wealth.

It is important to remember that Smith saw Book I as addressing two related problems: the causes of the improvement in the productive powers in labor and the natural order according to which it is distributed. The first inquiry takes up chapters 1–3. The second takes up chapters 8–11. Chapters 4–7 are transitional and provide a framework for thinking about exchange relations in a market economy based upon money. Smith is not a neoclassical theorist interested in price theory for its own sake. He develops his theory of prices to pave the way for a discussion of the distributional shares that go to land, labor, and capital under conditions of economic growth, stagnation, and decline. His conclusions presented at the end of the chapter on rent carefully spell out how, over the long run, the general public, as well as landowners and laborers, come to benefit from the growth that proceeds from advances in social knowledge accompanying the division of labor (Smith 1776, pp. 264–67). Negative liberty under the guise of the system of natural liberty is thus defended because of the way it improves the lot of the vast majority of the people living in a commercial society.

Closely aligned to these arguments about knowledge and the distribution of income, Smith develops a third in favor of negative liberty that is largely a

political argument about the abuse of knowledge and the misuse of power. This argument rests upon the theory of capital developed in Book II and the conclusions about economic progress presented at the beginning of Book III. According to Smith, there is an optimal path for economic development that will be best approximated when individuals are allowed to pursue their own self-interest as they perceive it. There are natural incentives encouraging individuals to invest their capital according to a pattern that best serves the interest of society. Thus, self-interest naturally promotes the common good as long as these incentives are allowed to work their effects upon the economy as a whole. The historical problem, of course, is that things get in the way of these naturally occurring incentives, directing self-interest along lines of economic development that may not serve long-term economic growth. In fact, chapters 2, 3, and 4 of Book III are a detailed historical analysis of how self-interest became misdirected through bad incentive structures and the resulting problems following the collapse of the Roman Empire. For example, political instability changed the way individuals thought about what is in their short-term self-interest.¹ Similarly, institutions such as primogeniture and entails severed the link between self-interested activity and the public good by altering the incentives affecting economic decision-making (see Harpham 1999).

The discussion of the mercantile system builds directly upon this line of argument in three important ways. First, it exposes certain commonly accepted ideas about the economy as false. Confusing money with wealth or believing that a favorable balance of trade should be the primary object of economic policy is simply mistaken, given the analysis of Books I-III. Second, Smith's discussion shows how these ideas are used by special interests to promote a particular policy agenda. The real danger presented by faulty theory is not simply that it is wrong, but that it could be used by special interests to promote their own particular economic interests in the public arena. From Smith's perspective, the proposals for regulating trade that were based on the balance of trade theory were a weapon used by merchant and manufacturing interests to serve their own interests. Finally, the analysis reveals how false ideas and special interests culminate in policies that are hostile to the public interest. Severing the natural link that exists between self-interest and the public interest, the mercantile system institutes a set of incentives that sacrifices the interests of the many for the interests of a few. The mercantile system represents a corruption of political and economic institutions in one of its worst forms. For Smith, negative liberty is as much a solution to the problem of political power as it is to the problem of economic growth.

The above arguments in favor of negative liberty are utilitarian. Negative liberty is defended because it serves a larger public interest. To these Smith adds a fourth defense of negative liberty that might best be characterized as a

¹ Smith concludes a discussion of the incentives that encourage individuals to invest their capital in one sector of the economy over another by summarizing his argument about this "natural progress of opulence: "According to the natural course of things, therefore, the greater part of the capital of every growing society is, first, directed to agriculture, afterwards to manufactures, and last of all to foreign commerce. This order of things is so very natural, that in every society that had any territory, it has always, I believe, been in some degree observed" (1776, p. 380).

rights-based argument. In the first part of the chapter in Book I, which is entitled, “Of Wages and Profits in the Different Employments of Labour and Capital,” Smith explains how distributional inequalities naturally emerge in a commercial economy given the different circumstances found in various employments of labor and capital even under conditions of perfect liberty. These inequalities pale in significance when compared to those introduced by public policies that channel labor and capital in one direction rather than another, artificially raising wages and profits in some sectors of the economy while lowering them in others. Long apprenticeships, in particular, are identified as violating the most fundamental rights that an individual has in himself, his labor and his property. Smith writes:

The property which every man has in his own labour, as it is the original foundation of all other property, so it is the most sacred and inviolable. The patrimony of a poor man lies in the strength and dexterity of his hands; and to hinder him from employing this strength and dexterity in what manner he thinks proper without injury to his neighbour, is a plain violation of this most sacred property. It is the manifest encroachment upon the just liberty both of the workman, and of those who might be disposed to employ him. As it hinders the one from working at what he thinks proper, so it hinders the others from employing whom they think proper. To judge whether he is fit to be employed, may surely be trusted to the discretion of the employers whose interest it so much concerns. The affected anxiety of the law-giver lest they should employ an improper person, is evidently as impertinent as it is oppressive (1776, p. 138).

Smith does not explain in *The Wealth of Nations* the origins of this particular understanding of an individual’s right to property, taking it almost as a self-evident proposition that can be confirmed by observations in the world. Interestingly, however, he does develop in his *Lectures on Jurisprudence* an explanation of the right to property grounded in his notions of sympathy and of the impartial spectator that supplements this defense of negative liberty (see Smith 1759, pp. 32–33, 460–63; Haakonssen 1981, pp. 104–107). Despite of his endorsement of the system of natural liberty, Smith is careful to qualify his defense of negative liberty, particularly under conditions of an advanced division of labor. In the well-known discussion in Book V of the mental mutilation that accompanies the division of labor in modern commercial societies, Smith, like Berlin, cautions us that negative liberty in and of itself is not enough. Negative liberty can, under certain circumstances, become transformed into something that it is not by destroying unintentionally the intellectual, social, and martial capacities of the average worker. Rather than freeing individuals to make choices, negative liberty can create circumstances under which meaningful choice is destroyed and a condition of oppression and slavery emerges (see Smith 1776, pp. 781–88).²

² Smith writes: “In the progress of the division of labour, the employment of the far greater part of those who live by labour, that is, of the great body of the people, comes to be confined to a few very simple operations; frequently to one or two. But the understandings of the greater part of men are necessarily formed by their ordinary employments. The man whose whole life is spent in performing

Smith's solution to the dehumanization of the workforce brought on by the advanced division of labor is an important exception to his case for negative liberty. Some people in society are capable of taking care of their own educational needs, particularly the wealthier individuals who escape the worst of the debilitating effects of the division of labor. "In other cases the state of the society does not place the greater part of individuals in such situations, and some attention of government is necessary in order to prevent the almost entire corruption and degeneracy of the great body of the people" (1776, p. 781). For the common people, Smith proposes the maintenance of public schools that can promote reading, writing, and accounting skills early in life before individuals encounter the dehumanizing force of the division of labor (1776, p. 785). For those of the middling and upper classes, he proposes an education in science and philosophy. As Smith explains, "Science is the great antidote to the poison of enthusiasm and superstition; and where all the superior ranks of people were secured from it, the inferior ranks could not be much exposed to it" (1776, p. 796).

We must recognize how limited Smith's educational proposals are. Education, be it public or private, is a form of preventative medicine for both the individual and the body politic. It is needed to guarantee the minimum moral and psychological conditions under which negative liberty can realize its public promise in a modern commercial society. Smith's concerns remain utilitarian in orientation, focusing on the problems facing the nation: What minimally needs to be done to make sure that an individual can conduct the "ordinary duties of private life?" How can we be sure that the average person is able to think about his or her public duties or help defend his country in war? How can we be sure that religious enthusiasm doesn't overwhelm the average person's common sense? Smith's educational proposals may not clearly delineate a theory of positive liberty, but they do raise the question that Berlin identifies as the central problem of positive liberty: "What, or who, is the source of control or interference that can determine someone to do, or be, this rather than that?" (Berlin 1969, p. 122). Smith's defense of negative liberty points to a theory of positive liberty that is only tangentially introduced at the end of *The Wealth of Nations*. To understand it fully means coming to terms with the theory of positive freedom lying behind the moral theory developed in *The Theory of Moral Sentiments*.

a few simple operations, of which the effects too are, perhaps, always the same, or very nearly the same, has no occasion to exert his understanding, or to exercise his invention in finding out expedients for removing difficulties which never occur. He naturally loses therefore, the habit of such exertion, and generally becomes as stupid and ignorant as it is possible for a human creature to become. The torpor of his mind renders him, not only incapable of relishing or bearing a part in any rational conversation, but of conceiving any generous, noble, or tender sentiment, and consequently of forming any just judgment concerning many even of the ordinary duties of private life. Of the great and extensive interests of his country, he is altogether incapable of judging; and unless very particular pains have been taken to render him otherwise, he is equally incapable of defending his country in war (1776, pp. 781–82)".

IV. SMITH ON POSITIVE LIBERTY

As noted in the introduction, one of the curious dimensions of Smith's *The Theory of Moral Sentiments* is the fact that the idea of liberty receives no systematic treatment. Part of the problem is substantive. In *The Wealth of Nations*, utilitarian concerns over maximizing the creation of wealth in society culminate in arguments favoring self-interest and negative liberty. These have been largely supplanted by a very different set of moral inquiries in *The Theory of Moral Sentiments*. The first sentence sets the tone for the entire inquiry: "How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it except the pleasure of seeing it" (Smith 1759, p. 9). From the outset, Smith is interested in the ties other than just self-interest that join people together in society. When utility is discussed as it is in Part IV, which is entitled "Of the Effect of Utility Upon the Sentiment of Approbation," Smith's concern is not so much to defend utilitarian arguments as to why we approve of particular objects or actions in the world but to suggest that such arguments are limited. There are deeper psychological forces working in the world other than simple self-interest. These are the forces that Smith is trying to understand in *The Theory of Moral Sentiments*.³

Part of the problem in understanding how Smith thinks about liberty in *The Theory of Moral Sentiments* is terminological. Smith's concern throughout the *Theory* is to understand the moral and psychological forces that motivate and mold an individual in society. What factors govern an individual in a society? What makes an individual into what he or she is? How can an individual control one's life and find happiness? What are the principles upon which such control rests? Although Smith may have lacked the modern terminological distinctions, *The Theory of Moral Sentiments* is, for all intents and purposes, an inquiry into the question of positive liberty.

Looked at in this way, many of the confusing and seemingly unrelated discussions running throughout *The Theory of Moral Sentiments* fall neatly into place. On one level, Smith provides an account of an individual's psyche and the ways in which one's passions and sentiments are moderated through social interaction. Part I begins with an explanation of our sense of propriety in terms of sympathy—our capacity to imagine ourselves in the position of others—and of mutual sympathy—the desire we feel to observe in others "a fellow-feeling

³ In part IV, Smith contrast his position on utility with that of Hume. According to Smith, Hume had argued: "The utility of any object ... pleases the master by perpetually suggesting to him the pleasure or conveniency which it is fitted to promote. Every time he looks at it, he is put in mind of this pleasure; and the object in this manner becomes a source of perpetual satisfaction and enjoyment." However, for Smith the appearance of utility bestows a beauty upon things which recommend them to an individual's approbation. He explains, "But that this fitness, this happy contrivance of any production of art, should often be more valued, than the very end for which it was intended; and that the exact adjustment of the means for attaining any conveniency or pleasure, should frequently be more regarded, than that very conveniency or pleasure, in the attainment of which their whole merit would seem to consist, has not, so far as I know, been yet taken notice of by any body. That this however is very frequently the case, may be observed in a thousand instances, both in the most frivolous and in the most important concerns of human life" (1759, pp. 179–80).

with all the emotions of our own breast" (1759, p. 13). This is followed by an explanation of how various passions are consistent with our sense of propriety and the implications that this has for social interaction (see 1759, Part I sections ii and iii).

On a second level, Smith tries to explain the socialization processes that naturally emerge out of the workings of individual passions, sentiments, and sympathy in society. Through the introduction of such famous concepts as the spectator—one who views other actions and passions operating in the world, and the impartial spectator—one who views one's own actions and passions as impartially as possible—he provides a naturalistic account of the emergence of norms, values and duties, moral rules, and even notions of justice in society. What is particularly striking about Smith's account of this second level is that he makes no claims that this level of human interaction will address satisfactorily all the concerns and problems that an individual might face in this life. On the contrary, Smith suggests that the subjective realities actually lived by individuals may be much more tragic than an observer would wish. There are irregularities in human sentiments that often appear to be "absurd and unaccountable" (1759, p. 105). People often do not receive the rewards from this life that they deserve or believe that they deserve (see 1759, pp. 107–108). People misperceive what will bring them happiness in this life, and pursue choices that bring them heartbreak and despair (see 1759, pp. 181–83). People judge one another not by their good intentions, but by the consequences of their actions, rewarding at times those who are unworthy and punishing the worthy (1759, pp. 104–105). From the perspective of society, Smith argues, these irregularities seem to serve a larger purpose. If we look deep enough, the natural operations of the passions and the sentiments of individuals in society may serve a larger public utility.⁴ But such a view would seem to offer little to individuals trapped in the tragedy of their own particular life story.

It is here where Smith's discussion of virtue in Part VI of *The Theory of Moral Sentiments* takes on particular significance. Smith's analysis of the passions and sentiments may have identified the tragic situation facing an individual trying to live among others similarly driven in society. But it also points a way out. Integrated into the analysis of psychological forces molding an individual's personality is an inquiry into the origins and nature of virtue. Like the ideas of merit and demerit, justice and benevolence and duty, the idea of virtue naturally emerges from the working out of the passions and sentiments in society. For Smith, a life lived according to virtue is a solution to the problems of living well, despite the cross currents of human passions and sentiments.

But of what does virtue consist? In the early editions of *The Theory of Moral Sentiments*, Smith allowed his discussion of virtue to be scattered throughout the text, culminating in a grand literature review in the final section that placed his

⁴ Smith writes near the end of his analysis of merit and demerit in Part II of the *Theory of Moral Sentiments*, "But every part of nature, when attentively surveyed, equally demonstrates the providential care of its Author, and we may admire the wisdom and goodness of God even in the weakness and folly of man" (1759, p. 105–106).

theory in the context of others. There were two great questions that had to be considered in any system of moral philosophy:

First, wherein does virtue consist? Or what is the tone of temper, and tenour of conduct, which constitutes the excellent and praise-worthy character, the character which is the natural object of esteem, honour, and approbation? And, secondly, by what power or faculty of the mind is it, that this character, whatever it be, is recommended to us? Or in other words, how and by what means does it come to pass, that the mind prefers one tenour of conduct to another, denominates the one right and the other wrong; considers the one as the object of approbation, honour, and reward, and the other of blame, censure, and punishment? (1759, p. 265).

The problem with these editions was that while considerable time was spent analyzing the second question, the first was largely bypassed. Understanding the mechanism that leads humans to value virtue is not the same thing as understanding the meaning of virtue. To address this problem an entirely new section entitled “Of the Character of Virtue” was added as Part VI in the final, 1790 edition of the *Theory*, the last edition that Smith would personally supervise before his death.

According to Smith, a virtuous individual—someone who has excellent or praise-worthy character—embodies four distinct virtues in his or her character: prudence, justice, beneficence, and self-command. The virtue of prudence is recommended to us by a concern for our own self-interest.⁵ The virtues of justice and beneficence are recommended to us by our concern for others. Our concern for all three of these issues is reinforced for us by our regard for the sentiments of other people. As Smith explains, “no man during, either the whole of his life, or that of any considerable part of it, ever trod steadily and uniformly in the paths of prudence, of justice, or of proper beneficence, whose conduct was not principally directed by a regard to the sentiments of the supposed impartial spectator, of the great inmate of the breast, the great judge and arbiter of conduct” (1759, p. 262). The virtue of self-command, however, appears to be different. Self-command is the ability to overawe “all those mutinous and turbulent passions into that tone and temper which the impartial spectator can enter into and sympathize with” (1759, p. 263). The other virtues arise first from a concern for oneself or for others and only later from a concern over the sentiments of others. Self-command, in contrast, arises upon most occasions from our sense of propriety and our regard for the sentiments of the supposed

⁵ In a fascinating discussion of the virtue of prudence, Smith distinguishes simple prudence from a higher form of prudence. Simple prudence involves taking care of one’s own health, fortune, rank, and reputation. Superior prudence, however, is directed to greater and nobler purposes. Smith writes, “We talk of the prudence of the great general, of the great statesman, of the great legislator. Prudence is, in all these cases, combined with many greater and more splendid virtues, with valour, with extensive and strong benevolence, with a sacred regard to the rules of justice, and all these supported by a proper degree of self-command. This superior prudence, when carried to the highest degree of perfection, necessarily supposes the art, the talent, and the habit or disposition of acting with the most perfect propriety in every possible circumstance and situation. It necessarily supposes the utmost perfection of all the intellectual and of all the moral virtues. It is the best head joined to the best heart. It is the most perfect wisdom combined with the most perfect virtue” (1759, p. 216).

impartial spectator (1759, p. 262). We learn to control our lower self by placing our self in the position of the impartial spectator and adopting the sentiments that one would approve of from such a position, rather than those immediately forced upon us by our passions. Self-command becomes, for Smith, something close to a necessary condition for the operation of the other virtues in society. To be prudent, or just, or beneficent, one must have self-command. Perfect knowledge of the other virtues is not enough to be a virtuous person. Knowing one's duty is not the same as doing one's duty. As Smith notes, "The most perfect knowledge, if it is not supported by the most perfect self-command, will not always enable him to do his duty" (1759, p. 237).

Although Smith does not use the term "positive liberty" in his discussion of the impartial spectator and the idea of self-command, it is clearly implied in the discussion. To achieve self-mastery, to be able to escape the chaotic force of one's primitive passions, and to have substantive control over one's life despite the tragic nature of human existence, is to live according to the principles of self-command. A free man is an individual who has gained control of his passions and is able to exercise a life of virtue.

The fact that a notion of positive liberty lies at the heart of *The Theory of Moral Sentiments* is not the only thing noteworthy about Smith's understanding of virtue as self-command. He also successfully addresses many of the problems that haunt other notions of positive liberty discussed by Berlin. Smith does not propose that an individual withdraw from the world, denying pleasure and freeing oneself from passion. Despite the Stoic themes that reverberate throughout Smith's thought, he never champions a dissociation from one's passions. He only seeks to bring them under control. Similarly, Smith doesn't call for a rejection of the world. Far from it. Indeed, the highest praise is reserved for those individuals who are able and willing to act in the world and who fulfill their duties according to the principles of self-command. He writes, "The most sublime speculation of the contemplative philosopher can scarce compensate the neglect of the smallest active duty" (1759, p. 237).⁶

The demands of self-command are also a far cry from those of some abstract principle of reason championed by positive theorists like Kant or Hegel.⁷

⁶ Smith clearly was influenced heavily by Stoicism. However, he goes to great lengths distinguishing his perspective grounded on the operations of the sentiments through the impartial spectator from that of ancient Stoicism. As Smith explains, "The plan and system which Nature has sketched out for our conduct, seems to be altogether different from that of the Stoical philosophy" (1759, p. 292).

⁷ For an insightful discussion of the similarities between Smith and Kant see Haakonssen (1996, pp. 148–53). An alternative discussion of the problem of liberty in Adam Smith and Kant can be found in Fleischacker (1999). This work was unavailable when this paper was originally written. Fleischacker argues that a third concept of liberty juxtaposed to those identified by Berlin can be found in the Kantian notion of judgement, where one becomes fully independent and mature by judging for oneself. He argues that this idea is also found in Smith's moral and economic writings (1999, p. 182). Appealing though it is, Fleischacker's reading of Smith through the lens of Kant is strained at times. This is particularly apparent in his reading of exactly what Smith means by judgement and how this is linked to a political notion of independence. Fleischacker seems to be of a mixed mind as to how these ideas are linked to the republican tradition of participatory citizenship. On the one hand, he argues that Smith's views appear to be different in that independence is seen to be an internal quality of the soul, not an external condition of the political order. On the other hand, he argues that

Self-command is grounded in what our sentiments actually would approve or disapprove in an impartial situation, rather than what reason teaches us to be eternally true. The very idea of the impartial spectator upon which self-command rests is not meant to be a transcendental position for viewing the social world and an individual's place in it, but an evaluative position firmly rooted in the world (see Griswold 1999, pp. 129–46). Our understanding of how we should live is grounded in human sentiment and whether a particular object is agreeable or disagreeable to the human mind. Reason may assist us in becoming virtuous by helping us develop general rules of conduct through induction. But it is sentiment and feeling, not the conclusions of reason, that make something into a virtue or a vice (see 1759, pp. 319–20).

What also distinguishes Smith's theory of positive liberty from those analyzed by Berlin is his hesitancy to take the idea of self-command and apply it not just to an individual but to society as a whole. Smith's history of liberty is not tied to a vision of the rise of a rational state that seeks to bring peace and order to a tension-ridden society. It is the story of the rise of a set of institutions that enable an individual to enjoy both negative and positive liberty. At the conclusion of his initial inquiry into the nature of the virtues of justice and beneficence in Part II of *The Theory of Moral Sentiments*, Smith concedes that the State may compel individuals under its jurisdiction to behave "with a certain degree of propriety to one another." In order to promote prosperity a state is empowered not only to maintain social discipline but to discourage "every sort of vice and impropriety" and to "command mutual good offices to a certain degree" (1759, p. 81). Having the authority to do something is one thing. The wisdom of actually doing it is another. As he explains:

Of all the duties of a law-giver, however, this, perhaps, is that which it requires the greatest delicacy and reserve to execute with propriety and judgment. To neglect it altogether exposes the commonwealth to many gross disorders and shocking enormities, and to push it too far is destructive of all liberty, security and justice (1759, p. 81).

In a discussion of public spiritedness in Part VI of the *Theory*, Smith reiterates this warning about the pitfalls that can accompany political action. Publicly spirited men should do the best they can do to address the problems of the nation rationally. But they must accommodate their plans to the "confirmed habits and prejudices" of a people, not the people to their plans. For a society to work, change must percolate up from the bottom, not down from the top. If an individual cannot convince his fellows to accept what is best, he must strive to

Smith accepts the republican desire to create independent and autonomous citizens acting in public affairs. (1999, p. 158)

Fleischacker's interpretation of Smith's politics overestimates Smith's commitment to a republican style of politics in two important ways. First, he fails to take fully into account Smith's acceptance of the political hierarchies that naturally emerge in commercial societies. Smith believes that individuals are naturally equal to one another. But they become unequal, both economically and politically, as they interact with one another in society. Second, he seriously underestimates Smith's analysis of the difficulties that average people face when trying to act virtuously in the world. Smith's vision of the man of self-command may be an ideal of sorts, but it is not one that he expected most individuals would or even could hope to attain.

bring about the best that is possible. A belief in the importance of moderation in public policy, as well as private behavior, provides an important check upon his notion of positive liberty.

This view of positive liberty is further constrained by Smith's understanding of what political liberty is all about from a larger historical perspective. Inspired by his friend Hume, whose *History of England* deeply influenced his view of British constitutional history, Smith sees contemporary political institutions as representing the triumph of a "system of liberty" in Britain (see Hume 1770, 1777; Smith 1978, pp. 264–75). This "system of liberty" is distinguished from both republican and monarchical systems of government found in history, reflecting the balance of power that had emerged in the eighteenth century to define British political institutions, such as the monarchy, the Houses of Commons and Lords, and the judiciary. For Smith, the "system of liberty" found in Britain is not a form of collective self-mastery where the political community has come to represent some higher form of rationality that transcends individuals. It is, instead, a set of institutional arrangements that allow individuals to be free in their own lives and to realize the promise and opportunity of both negative and positive liberty.

V. SMITH ON REPUBLICAN LIBERTY

Before concluding this discussion of the problem of liberty in Adam Smith, it is necessary to address a one final question: the relationship between Smith's understanding of liberty and that found in the republican tradition. This question is important for two reasons: First, it will help us situate Smith's understanding of liberty in the context of the history of ideas. Second, it will enable us to understand better the limits to Smith's view of liberty in a modern commercial society.

The idea that there is a republican notion of liberty that can be differentiated from both negative and positive liberty has its origin in the debates over the nature of political thought in the seventeenth and eighteenth centuries. Rejecting the long-held view that the primary historical story to be told centers around the rise and development of liberalism, historians like Caroline Robbins (1959), Z.S. Fink (1962), Bernard Bailyn (1965), J.G.A. Pocock (1975), and Donald Winch (1978) bring to light a new story about the history of ideas. Beginning with an analysis of classical writers like Cicero and Renaissance writers like Machiavelli, these studies show how notions of citizenship, political participation, virtue, and corruption emerged to define a modern view of politics that lies outside liberalism. Recent work by Philip Pettit (1993a, 1993b, 1997) and Quentin Skinner (1998) has extended republican historiography and has shown how a conception of liberty emerged in republican thought that is distinct from that found in the liberal tradition.

According to Pettit, the republican conception of freedom is one of "non-domination which requires that no one is able to interfere on an arbitrary basis—at their pleasure—in the choices of the free person" (1997, p. 271). In contrast to theorists of negative liberty, republicans did not believe that a non-mastering and non-dominating interferer would compromise a person's

liberty. There can be interference in the life of an individual with no loss of liberty as long as it is non-arbitrary and non-mastering (1997, p. 271). The goal of the State, in turn, is to promote freedom as non-domination, encouraging the autonomy of free individuals.

Building upon Pettit's argument, Quentin Skinner identifies the emergence of a "neo-Roman theory of the free state" as a self-governing state in seventeenth and eighteenth century British thought that had enormous implications for an understanding of individual liberty. Simply put, the thesis presented by neo-Roman (republican) writers is that an individual can only be free in a free state (1998, p. 60). Instead of championing the ability of free states to attain glory and greatness, a prominent theme in the work of classical republican writers like Cicero and more modern writers like Machiavelli, modern republicans "begin to place their emphasis on the capacity of such regimes to secure and promote the liberties of their own citizens" (1998, p. 65). According to Skinner, what differentiates the liberal from a neo-Roman view of liberty is that republicans reject the liberal contention that "force or the coercive threat of it constitute the only forms of constraint that interfere with individual liberty." For neo-Roman writers, living in "a condition of dependence is in itself a source and a form of constraint" (1998, p. 84). To be free—that is, to not be in a circumstance of dependency—one must therefore be an active citizen living a representative form of government (Skinner 1998, p. 77).

Both Pettit and Skinner see the emergence of a modern notion of negative liberty as being a direct attack upon the republican understanding of liberty (see Pettit 1997, pp. 37–50; Skinner 1990, pp. 79–85). Theorists such as Thomas Hobbes, Jeremy Bentham, and William Paley viewed the republican perspective on liberty as being not only incoherent, but actively hostile to a true notion of liberty in the world. For these critics, liberty properly understood could only be negative liberty, and, as Pettit and Skinner remind us forcefully, it was these critics who won the war of ideas. A liberal notion of liberty as non-interference came to dominate discussions over liberty, driving republican notions from the public arena.

In the debate over republican historiography, Smith presents something of a problem. Traditionally, Smith is considered to be a liberal who presents a powerful defense of commercial society. Republican interpretations challenge this characterization of Smith, arguing that he is influenced heavily by republican ideas.⁸ What light does the Pettit-Skinner view of republican liberty cast on this debate over Smith's place in the history of ideas? Is there evidence of an understanding of liberty as nondependence and non-mastery amidst the discussions of negative liberty and positive liberty presented above? If not, is Smith's view of liberty a criticism of the notion of liberty found in republican political writings?

One way to get at these questions is by noting what is not found anywhere in Smith's writings: a substantive theory of republican citizenship built upon an

⁸ The question of the influence of republican ideas on Smith's thought has been addressed by Donald Winch (1978). For a criticism of this see Harpham (1985) and Isaac (1987). See also Winch (1988). Pettit himself appears to question a republican interpretation of Smith (1997, p. 204).

understanding of liberty as non-domination and non-mastery. On the contrary, he develops in *The Theory of Moral Sentiments* a sophisticated explanation of why hierarchy exists in the world and why people are naturally subordinate to others. Reason teaches us, Smith notes, that average people are no different than kings or queens who are meant to serve the people only so long as they serve the public good. But nature teaches us otherwise. Subjects submit to kings and queens not because they serve the general public good but for their own sake. We are naturally disposed to obey those above us in the social and political hierarchy.⁹

Similarly, the theory of constitutional order developed by Smith in *The Theory of Moral Sentiments* is not a republican one where all citizens equally and independently participate in the common affairs of the community. It is a traditional, almost medieval, theory of constitutionalism where individuals are viewed as being joined together into distinct groups, with special interests, concerns, and privileges that are mediated through state institutions for their security and protection (see 1759, pp. 230–31). According to Smith, men are partial to their own group's interests and privileges, and struggle to promote these in public affairs, often at the expense of a larger public good.¹⁰ Smith's constitutional problem is not to articulate a republican vision of a community of free and independent citizens. It is to explain and alleviate the tensions that threaten to undermine the common good in a modern commercial society grounded on hierarchy and ruled by a particular set of political institutions that had emerged in history to protect individual freedom.

J.G.A. Pocock (1995) has distinguished between two distinct notions of citizenship that work their way through western political thought. The first is one grounded on the Aristotelian ideal of citizenship where one rules and, in turn, is ruled. It was this tradition that was revived by republican writers in the seventeenth and eighteenth centuries. The second builds on the work of the Roman jurist, Gaius. From this perspective, citizenship is primarily a legal or juridical term. Citizens relate to one another not through their public political actions, but through their legal status as persons and the things that they own. As Pocock explains, "A 'citizen' came to mean someone free to act by law, free to ask and expect the law's protection, a citizen of such and a legal community of such and such a legal standing in that community" (1995, pp. 35–36). The liberal notion of citizenship found in early modern thought leaned more heavily

⁹ "That kings are the servants of the people, to be obeyed, resisted, deposed, or punished, as the public conveniency may require, is the doctrine of reason and philosophy; but it is not the doctrine of Nature. Nature would teach us to submit to them for their own sake, to tremble and bow down before their exalted station, to regard their smile as a reward sufficient to compensate any services, and to dread their displeasure, though no other evil were to follow from it, as the severest of all mortifications" (1759, p. 53).

¹⁰ "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. His own interest, his own vanity, the interest and vanity of many of his friends and companions, are commonly a good deal connected with it. He is ambitious to extend its privileges and immunities. He is zealous to defend them against the encroachments of every other order or society" (1759, p. 230).

on the Gaian formula than the Aristotelian for inspiration. This theory of citizenship and its concern over law and property, not the participatory one of republicanism, resonates throughout all of Smith's work (see also Ignatieff 1986, 1995).

Smith did more than just draw upon this tradition in his published and unpublished writings. He also contributed to it, adding a new historical dimension that explained why the Aristotelian formula of citizenship was inappropriate for a modern commercial order. This point is particularly clear when one turns to consider Smith's discussion in the *Lectures on Jurisprudence* of the impact of the arts and luxury on ancient republics versus their impact upon the feudal order. Smith argues that the liberty of ancient republics was undermined by improvements in the arts and sciences in two distinct ways. Defensive republics, such as those found in Greece, grew in size, but produced a population that was unable and unwilling to go to war. They were further endangered by developments in the arts of war that make it difficult for such states to sustain themselves in the field (1978, pp. 228–33). In the end, they lost their liberty due to threats from abroad. Conquering republics, such as Rome or Carthage, on the other hand, found themselves threatened not by external enemies, but by internal ones. As the arts expanded and luxury increased, the upper classes withdrew from military service, leaving it in the hands of the lower classes. From this alteration in the composition of the military rose the possibility that victorious leaders such as Julius Caesar could use their position in the military to seize power and strip the republic of its political freedom.

The development of the arts and luxuries thus held terrible consequences for ancient republics. They were responsible for stripping these nations of their political liberty. But they held very different implications for the feudal order. In undermining the economic foundations upon which political power was based in feudal society, the rise of arts and luxury paved the way for the emergence of the system of liberty found in eighteenth-century Britain (1978, pp. 256–75). The rise of the arts and science did not guarantee the triumph of a system of liberty everywhere. Certainly, other possibilities were open, including the rise of absolutism in countries like France. But in Britain, anyway, at least according to Smith, a new understanding of political liberty had triumphed that was strikingly different from that found in ancient republics, one that was complemented and reinforced by the economic growth fostered by the division of labor.

Smith's analysis of the impact of the arts and science upon ancient republics and the feudal order highlights how different his notion of political liberty is from that found in the republican tradition. Smith's understanding of the system of liberty that had grown out of British political institutions was a challenge to a republican vision of politics. It was grounded in what we today might identify as a very Burkean view of institutions and their emergence in history, and not an idea of freedom as non-domination and non-mastery. The economic proposals embodied in his system of natural liberty were not part of a great republican attack on contemporary political institutions but part of a larger vision of how this system of liberty might be protected and perfected in the future.

VI. CONCLUSION

We are now in a position to draw some conclusions about the problem of liberty in Adam Smith's thought. One of the most important is that while Smith provides strong arguments in favor of negative liberty, particularly in regards to economic activity, his larger vision of liberty encompasses far more than just this negative liberty. He recognizes that negative liberty gives rise to problems that threatened to undercut many of the advantages negative liberty offers people living in a commercial society based on an advanced division of labor, and argues that efforts should be put into place to counteract them. He also is cognizant of the fact that negative liberty itself will not ensure the full realization of a free individual. In *The Theory of Moral Sentiments*, Smith articulates a vision of positive liberty that complements and secures the negative liberty found in *The Wealth of Nations*. In the idea of self-command we see the kind of moral personality that is needed if one is to attain freedom and happiness in a commercial society.

At first glance, it might appear strange how unimportant negative liberty appears to be in the *Moral Sentiments* when compared to *The Wealth of Nations*. In *The Wealth of Nations*, individuals appear to escape the control of others, relying on their own abilities and judgment. In the *Moral Sentiments*, individuals seem to be so deeply rooted in the social connections provided by the moral sentiments that there is little opportunity or need to escape the social control of other individuals, society, or the State. I would argue, however, that this is misperceiving the way in which liberty is conceptualized in both books. There is no "Adam Smith problem" separating *The Wealth of Nations* from *The Theory of Moral Sentiments* on the subject of liberty. Not only do the books' inquiries complement one another, but common themes integrate the books together. In the system of natural liberty, individuals are indeed free of the coercive authority of the State. They are empowered to make the key economic decisions for society based upon their own knowledge. But they are still subject to the market, a social network whose inner dynamics *The Wealth of Nations* has uncovered. Individuals are free to choose, yet are subject to the pressures of supply and demand that define the conditions under which choice takes place.

In the *Moral Sentiments*, individuals may be immersed in a sea of moral interconnections. Smith's goal is not to leave an individual trapped in social norms and valuations, but to create an individual who is more than just a sum of the effects of those individuals around him. A virtuous individual possessing self-command is not only someone who has internalized the moral norms of his community; he is someone who has learned to improve upon them. The moral standards that apply to this individual are not just those of the average person. They are those of a free individual who strives to achieve the ideal.¹¹ Such an individual is created not in a society that rigidly controls its individuals, but in

¹¹ In Part VI of the *Theory of Moral Sentiments*, Smith notes that there are two standards by which we estimate our own merit and judge our character and conduct: that of "strict propriety and perfection" and "that degree of approximation to this idea which is commonly attained in the world, and which the greater part of our friends and companions, of our rivals and competitors, may have actually arrived at." The "wise and virtuous man" directs himself to the first standard (1759, p. 247).

one that allows individuals to face challenges and to successfully overcome them. One could argue that the ideal of self-command itself demands a certain amount of negative liberty if it is to be realized.

The fact that Smith's view of liberty lies outside of and challenges the republican or neo-Roman tradition raises an interesting question about future developments in liberal political thought after Smith. Where do modern notions of political participation and citizenship come from in later liberal writers like John Stuart Mill or Alexis de Tocqueville? Were these writers closet republicans, defenders of a vision of politics that was troubled by ideas of negative and positive liberty, or were they extending a vision of political life laid out in Smith's work? I would argue the latter. Later nineteenth- and twentieth-century writers leaned heavily on Smith's theory of negative liberty. However, they were compelled to develop richer theories of political liberty that moved beyond that presented by Smith.

Defending the system of liberty found in traditional British historical political institutions proved to be far too limited a perspective for viewing political liberty in the nineteenth century. Later writers extend the historical arguments developed by Hume and Smith about the relationship between commerce and free political institutions, arguing that commercial life promotes not only personal liberty, but triumphant self-governing democratic institutions as well.¹² This defense of democratic government, however, raised serious problems for later liberal writers. As Smith would have been the first to point out, democratic self-government is only one dimension of a free society. Pushed too far, it can be transformed into a new form of despotism. In seeking to realize more fully positive liberty in the political world, later democratic theorists helped pave the way for making possible a new form of tyranny as well.

REFERENCES

- Bailyn, Bernard. 1965. *The Ideological Origins of the American Revolution*. Cambridge, MA: Harvard University Press.
- Benn, S.I. and W.L. Weinstein. 1971. "Being Free to Act and Being a Free Man." *Mind* 80: 194–211.
- Berlin, Isaiah. 1969. *Two Concepts of Liberty*. Oxford: Clarendon Press.
- . 1978. *Concepts and Categories*. London: Hogarth Press.
- Cohen, Marshall. 1960. "Berlin and the Liberal Tradition." *Philosophical Quarterly* 10: 216–27.
- Crick, Bernard. 1973. "Freedom as Politics." In *Political Theory & Practice*. New York: Basic Books, pp. 35–62.
- Fink, Z.S. 1962. *The Classical Republicans: An Essay in the Recovery of a Pattern of Thought in Seventeenth Century England*, 2nd ed. Evanston, IL: Northwestern University Press.
- Fleischacker, Samuel. 1999. *A Third Concept of Liberty: Judgement and Freedom in Kant and Adam Smith*. Princeton: Princeton University Press.
- Friedman, Milton, with the assistance of Rose D. Friedman. 1962. *Capitalism and Freedom*. Chicago: University of Chicago Press.

¹² Milton Friedman's discussion of the relationship between economic liberty and political liberty is one way that later liberals would democratize Smith's basic line of argument about the problem of power (see Friedman 1961). Douglas North's (1990) arguments about why capitalist systems and modern notions of representative democracies fit so well together can be seen as an updated version of Smith's historical arguments.

- Gray, John. 1980. "On Negative and Positive Liberty." *Political Studies* 28 (4): 507–26.
- . 1995. *Isaiah Berlin*. London: HarperCollins Publishers.
- Griswold, Charles L. 1999. *Adam Smith and the Virtues of Enlightenment*. Cambridge: Cambridge University Press.
- Haakonssen, Knud. 1981. *The Science of the Legislator: The Natural Jurisprudence of David Hume and Adam Smith*. Cambridge: Cambridge University Press.
- . 1996. *Natural Law and Moral Philosophy: From Grotius to the Scottish Enlightenment*. Cambridge: Cambridge University Press.
- Harpham, Edward J. 1984. "Liberalism, Civic Humanism and the Case of Adam Smith." *American Political Science Review* 78 (December): 762–74.
- . 1999. "Economics and History: Books II and III of *The Wealth of Nations*." *History of Political Thought* 23 (Autumn): 438–55.
- Hume, David. 1770. *The History of England from the Invasion of Julius Caesar to the Revolution of 1688*, 6 vols. Indianapolis, IN: Liberty Classics, 1983.
- . 1777. *Essays Moral Political and Literary*, revised ed. Edited with a forward, notes, and glossary by Eugene F. Miller. Indianapolis, IN: Liberty Classics, 1987.
- Ignatieff, Michael. 1986. *The Needs of Strangers: An Essay on Privacy, Solidarity and the Politics of Being Human*. Harmondsworth, Middlesex: Penguin Books.
- . 1995. "The Myth of Citizenship." In Ronald Beiner, ed., *Theorizing Citizenship*. Albany: State University of New York Press, pp. 53–77.
- Isaac, Jeffrey. 1988. "Republicanism vs. Liberalism: A Reconsideration." *History of Political Thought* IX: 349–78.
- MacCallum, G.C. Jr. 1967. "Negative and Positive Liberty." *Philosophical Review* 76: 312–34.
- North, Douglass C. 1990. *Institutions, Institutional Change and Economic Performance*. Cambridge: Cambridge University Press.
- Pettit, Philip. 1993a. "Negative Liberty, Liberal and Republican." *European Journal of Philosophy* 1: 15–38.
- . 1993b "Liberalism and Republicanism." *Australasian Journal of Political Science* 29: 162–89.
- . 1997. *Republicanism: A Theory of Freedom and Government*. Oxford: Oxford University Press.
- Pocock, J.G.A. 1975. *The Machiavellian Moment: Florentine Political Thought and the Atlantic Republican Tradition*. Princeton: Princeton University Press.
- . 1995. "The Ideal of Citizenship Since Classical Times." In Ronald Beiner, ed., *Theorizing Citizenship*. Albany: State University of New York Press, pp. 29–52.
- Robbins, Caroline. 1959. *The Eighteenth-Century Commonwealthmen: Studies on the Transmissions, Development and Circumstance of English Liberal Thought from the Restoration of Charles II Until the War With the Thirteen Colonies*. Cambridge, MA: Harvard University Press.
- Skinner, Quentin. 1998. *Liberty Before Liberalism*. Cambridge: Cambridge University Press.
- Smith, Adam. 1759. *The Theory of Moral Sentiments*, edited by A.L. Macfie and D. D. Raphael. Indianapolis: Liberty Classics, 1982.
- . 1776. *An Inquiry into the Nature and the Causes of the Wealth of Nations*, 2 vols., edited by R.H. Campbell and A.S. Skinner. Textual editor W.B. Todd. Indianapolis, IN: Liberty Classics, 1976.
- . 1978. *Lectures on Jurisprudence*, edited by R.L. Meek, D.D. Raphael, and P.G. Stein. Indianapolis, IN: Liberty Fund.
- Taylor, Charles. 1979. "What's Wrong with Negative Liberty." In Alan Ryan, ed., *The Idea of Freedom: Essays in Honour of Isaiah Berlin*. Oxford: Oxford University Press, pp. 175–93.
- Winch, Donald. 1978. *Adam Smith's Politics: An Essay In Historiographic Revision*. Cambridge: Cambridge University Press.
- . 1988. "Adam Smith and the Liberal Tradition." In *Traditions of Liberalism*. St. Leonards, Australia: Center for Independent Studies, pp. 83–106.