

# Introduction

This *Authentic Account of Adam Smith* may surprise those readers whose knowledge of a rightly venerated, eighteenth-century scholar is based solely on modern accounts of his life and scholarship. Typical of the myths repeated daily is that Adam Smith ‘coined’ the idea of an ‘Invisible Hand’, that he believed in ‘laissez-faire’, supported absolutely minimal government, and that theologically he was a Christian believer. Other quite erroneous ideas of his role that continue to circulate include honorary titles that he was the ‘father’ of capitalism, a wholly nineteenth-century phenomenon that developed after he had died in 1790 and which has significantly metamorphosed qualitatively and in global influence in the twentieth and twenty-first centuries.

Knowledge of the authentic Adam Smith, born in Kirkcaldy, Fife, Scotland in 1723 and who died in Edinburgh, Scotland’s capital, in 1790, can be enlightening. The authentic Adam Smith was a much more interesting scholar than his several fictional counterparts.

This is not a new biography of Adam Smith, whose life is well-served with five major biographies since 1793 (Stewart 1793; Rae 1895; Scott 1937; Phillipson 2010; Ross 2010). There are other well-written, though wholly derivative, shorter contributions, published in the nineteenth and twentieth centuries (Haldane 1887; Hirst 1904).

With a plethora of biographical sources available, plus all of Smith's known scholarly publications, it may be asked legitimately, if there is room for another study of Adam Smith's place in the disciplines most closely associated with him. I offer two main reasons for my *Authentic Account of Adam Smith*.

The actual Adam Smith of popular celebration was born in Kirkcaldy, lived and died in Scotland, with relatively short episodes outside Scotland, mainly in England, and for a short period in France and Switzerland. Both modern, politically Left and Right authors claim Adam Smith as their own, whilst 'exposing' the Adam Smith cast in the other's image (Winch 1978). Also, according to some authors' assertions, Smith was possessed of the theological certainties of Christian Calvinist Protestantism, or was empathetic to some sort of 'Deism' or 'Providentialism', both schisms carried over from a distant past. Clarifying these political and theological confusions is an inevitable part of revealing the authentic Adam Smith though I am loath to take sides in such ancient theological disputes, which are of little modern relevance, though they were taken very seriously during Smith's life time by those engaged in enforcing their own versions of the truth.

If popular images of Adam Smith are found wanting, what corrective evidence can we assemble to reveal the authentic Adam Smith, who walked, wrote and spoke in the eighteenth century? Quite a lot actually. I try to give an accurate, albeit brief, account of what is still controversial over 200 years since the original players lived out their lives in a world that was so different to ours in so many ways.

*An Authentic Account of Adam Smith* draws on the historical evidence from the times when he was alive and discounts with counter-evidence many of the assertions, inventions and folk beliefs that have circulated since the mid-twentieth century, and which has also produced several fantasy 'Adam Smiths'. I use the available historical data, of which there is much in abundance, and I interrogate the extant evidence, primarily of his ideas and the facts that are included in those top five major, scholarly biographies that can claim high degrees of reliability.

An alternative agenda would be to accept the modern folklore of an Adam Smith who, for example, supposedly ‘coined’ the notion of ‘an Invisible Hand’, its wonders to perform. This assertion is regularly claimed today, in the world’s popular media and, sadly, in academe too, amongst those who should know better. Such erroneous assertions persist despite Smith’s explicit teachings on the appropriate role and value of metaphors in the English language, which featured in his longest-running lecture course on *Rhetoric and Belles Lettres*, delivered annually from 1748 through to 1763. Smith also demonstrated the proper use of metaphors, of which there are many examples, in *The Theory of Moral Sentiments* (1759), and, similarly, in his *Inquiry into the Nature and Causes of the Wealth of Nations* (1776). His general writings are well-served with metaphors.

I also introduce the various lists on certain topics that appear throughout some of the chapters. They are called EXHIBITS and cover a variety of topics relevant to Smith’s Works. Rather than present them in text form, I have chosen to present them as collections of examples of Smith’s fairly common use of, say, metaphors, or figures of speech, and such like that appear throughout his books. When they are dispersed across his chapters, their commonalties are less recognisable and, perhaps, their significance may be disregarded. Collecting them as Exhibits enhances their authentic relevance. A schedule of the Exhibits is provided on the Contents page.

Most students who learned their economic theory from the most prominent authorities in political economy, such as from Alfred Marshall in the late nineteenth century, through to the brilliant Paul Samuelson in the late twentieth century, and a plethora of modern applied mathematicians, who now dominate the discipline, have produced a triumph of the imagination against the untidy realities of actual, messy, diverse human behaviours. Actual human behaviours do not fit the assumed rational imperatives of the models summarised or projected in equations. This can be seen in the regular revisions in the reigning mathematical models as the current real world keeps intruding on their near perfections of whatever is the most recent dominant model (Warsh 2006). The transfer of departments of economics into

established university departments of applied mathematics no longer is a surprise, though perhaps a disappointment.

There was a short flurry of interest in the 'Invisible Hand' in the 1870s amongst a few academics, primarily in Cambridge University in England, but it petered out fairly quickly into isolated occasional references until the appearance of Paul Samuelson's (1948) Econ 101 textbook, *Economics, an introductory analysis* McGraw-Hill (Samuelson 1948). Sadly, millions of graduates from these degree programmes became seriously misinformed by Samuelson about Adam Smith's use of the 'Invisible Hand' metaphor, allied to Samuelson's misreading of 'self-interest' as a 'selfish' motivation, which supposedly led to 'public benefits', became the new dogma.

The result is now vividly demonstrated by the daily repetition of the so-called Invisible Hand of the market, or a selection of other applications and extensions, such as the 'Invisible Hand' of 'supply and demand', of economic 'equilibrium', of the 'first and second Welfare Theorems', 'of capitalism' and of a plethora of others. These misreadings have spread across academe and the world's public media, to seriously misinform the wider public. A scan of the daily 'Google Alerts' service provides a flavour of the continuing popularisation of Paul Samuelson's basic literary error as stated in his famous textbook. Samuelson's book was the set course text, plus a workbook, when I was a first-year undergraduate. My criticisms are presented neither with malice nor disrespect for those whose ideas I challenge.

In the main, I believe that the profession lost touch with the historical Adam Smith by the mid-twentieth century. Mainstream economists accepted 'Adam Smith' as the 'father' of the discipline, but tended to be unacquainted with the authentic Adam Smith, despite the wide availability of the evidence in his books, lectures and his correspondence.

Smith certainly had an enormous influence on the study of the political economy of British and European history and deserves plaudits a plenty for what he contributed to our knowledge. That is why *An Authentic Account of Adam Smith* should be read by modern economists. However, we also need to be aware of what Smith did not do, as attributed to him by many modern scholars, who have accepted such ideas uncritically from their respected peers.

I should make clear here what may be taken by some readers as an absence of criticism of some of Adam Smith's ideas which we may regard as erroneous both in his times and most certainly in ours. To take one prominent example, I have not elaborated on Smith's errors in his use of the Labour Theory of Value (LTV), common to his times and much earlier, and most certainly through into the late nineteenth century in Karl Marx. Nor have I commented on Smith's criticism of what he regarded as major inherent defects in the probity of Joint Stock Companies, with the East India Company as a prominent example. The absence of such criticism in my *Authentic Account* is deliberate. To deal with these topics—and several others too—would divert attention from what I regard as the very essence of the authentic Adam Smith—those ideas in which he had a lasting positive influence on political economy. Errors in his thinking—of which there is much evidence—require a far longer volume than was contemplated when my *Authentic Account* was written.

As an author, I have melded singular aspects of Adam Smith's life with my interpretations of some of his published ideas and the accounts of his main biographers, but I make no claims that there needs to be major rewritings of his biographical details, especially by those biographers acknowledged above. Such rewriting of Smith's actual ideas as may be necessary, I hope would be undertaken across the academic community, hopefully by those young enough to benefit from their discoveries—*'if youth but knew and age but could'*.

Chapter 2 discusses Adam Smith's torrid time as a student at Balliol College, Oxford University, during which he became alienated from those responsible for the academic neglect of Balliol students. He was so disappointed by his prospects if he stayed to the end of his Exhibition's 10-year tenure that he spent two years trying to find a way to leave without damaging his future career prospects. These experiences introduced him to the very human process of bargaining in which he brilliantly grasped its essentials in *Wealth of Nations*.

Chapter 3 discusses Adam Smith's neglected *Lectures on Rhetoric and Belles Lettres*, in pursuit of his all important quest for perspicuity in everything he wrote, and which habits he recommended to his students.

Chapter 4 introduces Adam Smith's use of metaphors throughout his two main Works, *Moral Sentiments* and *Wealth of Nations*, and discusses his use of figures of speech in both books and their importance as literary learning devices.

Chapter 5 discusses Smith's meaning of the most famous metaphor associated with his name, specifically his use of 'an *Invisible Hand*'. It challenges common assertions, particularly those of Paul Samuelson whose misunderstanding of 'self-interest' as 'selfishness' spread an entirely false meaning that now dominates the modern discipline. The myth of Smith's support for 'laissez-faire' is also exposed.

Chapter 6 introduces ideas from Smith's third, but unfinished book, on *Jurisprudence*, using student notes of his *Jurisprudence* Lectures. It introduces Smith's social evolutionary ideas that played such an important role in preparing the way for his conceiving and writing *Wealth of Nations*.

Chapter 7 discusses aspects of Smith's *Wealth of Nations*, both in his analysis of the pre-mercantile economies, and his criticism of Mercantile economics mitigated perhaps by his singular prediction of the likely potential economic success of the rebellion of the North American former colonies which would become the richest country in the world in 100 years (1876). This was a singular prediction of the future by Adam Smith in *Wealth of Nations*.

Chapter 8 examines Smith's hidden non-religious views over his life time and the role that his mother played in determining his public face on religion.

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