The International Thought of Adam Smith.

In this paper I explore the Adam Smith’s international thought by examining his conception of the ideal global regime and his attitudes to imperialism, ‘globalisation’, American independence, Stoic cosmopolitanism, war, patriotism, international relations, free-trade, the status of the nation-state and the changing character of social relations under commercialism. Smith has been accused of sending mixed messages on these topics. In the first half of the twentieth century Klaus Knorr noted, for example, that ‘up to the very present he has been cited with apparently equal assuredness and alacrity alternately by imperialists and anti-imperialists, colonial protectionists and free traders’ (Knorr, 1944: 185). For Donald Wagner, Smith offered ‘comfort’ to those who both attacked and defended the British empire in a manner ‘somewhat like the man who, it is said, mounted his horse and rode off in opposite directions’ (Wagner, 1932: 74). Towards and during the second half of the twentieth century opinion converged and it was generally assumed that Smith could be comfortably classed within either the liberal anti-imperialist or cosmopolitan tradition (e.g. Carr, 1946: 43-5; Waltz, 1959: 86, 90; Wight, 1991; Minowitz, 1989: 306; Fitzgibbons, 1995: 29-34; Pitts, 2005). More recently Andrew Wyatt-Walter (1996: 7) has argued for a Realist Smith. Such a divergent range of interpretations might suggest that Smith’s position is conflicted or confused: The real problem, as I argue below, lies in retrospective attempts to impose late modern tradition categories on a system of thought that resists easy categorisation. But if we want to think in terms of categories, then Smith is best described as an economic cosmopolitan with Realist tendencies. I begin by examining Smith’s attitude to imperialism and globalisation.

Imperialism and Globalisation.

Even though he did not use the term, ‘globalisation’ was an emerging fact of life in Smith’s time.

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1 The author would like to thank Ian Hall for reading and commenting upon an earlier draft of this paper.
2 ‘Globalisation’ is used here in the general sense of increasing global connectivity, integration and interdependence in the economic, social, technological and political senses. Thought of course he never used the term, Smith meant it in all these senses. He was especially interested in economic globalisation, namely the process whereby prices, products, wages, rates of interest and profits converge towards the norms of developed countries (see Shariff, 2003, passim).
3 Smith uses the terms ‘patriotism’ and ‘national sentiment’ interchangeably; both terms denote a range of dispositions from love of country to outright chauvinism.
4 The time of globalisation’s birth has been contested. Flynn and Giraldez (2004: 82-3) ‘propose that globalisation began when the Old World became directly connected with the Americas in 1571 via Manila’.

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Companies were forging the globalisation of domestic markets and Smith referred to the problems faced by nations ‘who have attempted to tax the revenue arising from stock’ whose ‘proprietor’ is a ‘citizen of the world’ (1979 [1776], V.ii.f.6: 848-9); capital could now ‘wander about from place to place, according as it [could] either buy cheap or sell dear’ (1979 [1776] II.5. 14: 364). Smith was all for global integration but the passages in which he outlines its wrongheaded execution have been frequently misread as indicative of parochialism. Early twentieth century scholars went so far as to designate Smith pro-imperialist (eg Fay, 1930, 34; Nicholson, 1909: x) partly because he did see some advantages in Britain’s colonies (e.g. 1979 [1776] IV.vii.c.3: 591).

Smith certainly welcomed the fact that the world was opening up, celebrating the ‘discovery of America, and that of the passage to the East Indies by the Cape of Good Hope’ as the ‘two greatest and most important events recorded in the history of mankind.’ The widening of global horizons opened a new and inexhaustible market to all the commodities of Europe thereby permitting the division of labour room to expand. The enlargement of the navigable world brought ever more novel ‘divisions of labour and improvements of art, which, in the narrow circle of the antient commerce, could never have taken place’. Further, throughout Europe the ‘productive powers of labour were improved… and together with it the real revenue and wealth of the inhabitants.’ Europe and the Americas had new and exciting ‘commodities’ to offer each other, a state of affairs ‘which should naturally have proved as advantageous to the new, as it certainly did to the old continent’ (1979 [1776] IV.i.32: 448, my emphasis). However, due to imperialism – and especially mercantilism – ‘the natives’, particularly of ‘the East and West Indies’ have received no ‘commercial benefits’ but only ‘dreadful misfortunes’. ‘The savage injustice of the Europeans rendered an event, which ought to have been beneficial to all, ruinous and destructive’ to many ‘unfortunate countries’ (1979 [1776] IV.i.32: 448. See also 1979 [1776] IV.vii.a.16: 561).

Whereas ‘commerce’ is by nature a source of ‘friendship’ between nations, under the pernicious influence of mercantilism it ‘has become the most fertile source of discord and animosity’ due to way in which trading monopolies promote national hostilities and even war (1979 [1776] IV. iii.c9: 493; IV.ii.38: 467; V. ii.g.2: 852). And far from enriching ‘the mother country’ all British imperialism had managed to achieve was to ‘rais[e]’ the destructive and corrupt ‘mercantile system to a degree of splendour and glory which it could never otherwise have attained to’(1979 [1776] IV. vii.c.81: 627). Smith wrote of ‘[t]he real futility of all distant dominions’ and considered the topic of empire to be one ‘upon which the public prejudices of Europe require most to be set right’ (1987 [1748]: 262).

Smith violently attacked as destructive the two great systems of monopoly governing the ‘global connections of the mid-eighteenth century’, namely, the colonial system whereby empires monopolised the markets of their colonies and the system of exclusive companies like the East India Company (Rothschild, 2004, 4). Restrictions on the right to choose how best to employ one’s resources and labour are ‘a manifest violation of the most sacred rights of mankind’ (1979 [1776] I. x. c. 12: 138; IV.v.b.43: 540; IV; IV.vii.b, 44: 582) and are borne by the colonies as ‘impertinent badges’ of their ‘slavery’(1979 [1776] IV. vii.b, 44: 582).

Smith also dates the beginnings of globalisation from the discoveries of America and ‘a passage to the East Indies, by the Cape of Good Hope (1979 [1776] II. V.i.32-3: 448-9).
The colonial monopoly was also an economic security threat due to its failure to spread risk. Whereas natural forces would have led Britain to accommodate its industry ‘to a great number of small markets’, monopoly trade has caused it to put all its eggs in one basket; to accommodate itself ‘to one great market.’ Trade between the colonies and the mother country is likened to a major artery any ‘rupture’ of which would certainly occasion ‘convulsions, apoplexy, or death’ (1979 [1776] IV.vii.c. 43: 604-6). In order to reduce exploitation within international economic relations (1979 [1776] IV.vii.c.16: 594-5) and ensure enduring productivity, progress, and plenty for all, there should be no limitations on the nature and extent of the market because this limits the natural growth of the division of labour. But, since empire and mercantilism went hand in hand, the mutually-enabling benefits of free-trade could not be brought about; specialisation could not develop outwards in its natural tendency (to be discussed further).

The greatest error of mercantilism, as Smith saw it, was its perception of international trade as a competitive, zero-sum game whereby one nation’s gain is another’s loss (Minowitz, 1992:104). Mercantilism successfully indoctrinated ‘nations’ with the most destructive doctrine ‘that their interest consisted in beggaring all their neighbours’ (1979 [1776] IV.iii.c.9: 493; IV.viii.48: 660). Unlike the system of ‘natural liberty’, monopoly retards other countries’ progress and yet, according to Smith, it does not even enhance that of the ‘mother country’. In fact, it has the reverse effect. The colonies therefore yielded few benefits but at great cost (1979 [1776] IV.vii.c. 65: 616).

It is sometimes suggested that Smith’s critique of imperialism was mainly economic and unconcerned with questions of justice (e.g. Campbell, 1981: 81). Though it is true that the bulk of his thoughts on the subject are devoted to the inefficiencies and indefensible costs of empire, Smith did not neglect the moral aspects and there are many references to the injustices of empire.5

In any case, what Smith wanted was a voluntaristic and naturally unfolding form of globalisation based on mutual-enablement rather than conquest and exploitation, in which the regime of cosmopolitan commerce subdues war and inter-state hostilities, generates amicable strangership between all nations, enhances both independence and interdependence among nation-states and distributes opulence equally throughout the globe. Despite the seemingly implacable resistance of imperialistic nations, Smith alludes to de-colonisation as historically inevitable, ‘necessary’ and ‘natural’ (1778: 383). Such beliefs became crystallised in Smith’s treatment of the American situation (and not, curiously, the Indian situation).7 His recommendation was that voluntary separation should be effected for the sake of peace and prosperity (1778: 382-3; 1979 [1776] IV.vii.c: 617). It was time for Britain to come to terms with the fact that it simply could not afford to maintain its colonies any longer: ‘She’ should, Smith concluded bluntly, henceforth humble and ‘accommodate her future views and designs to the real mediocrity of her circumstances’ (1979 [1776] V.iii.92: 947).

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5 ‘The unjust oppression of the industry of other countries falls back…upon the heads of the oppressors and crushes their industry, more than it does that of those other countries’ (1979 [1776] IV.vii.c.83: 627-8).
6 See, for example, 1979 [1776] IV.vii.b. 58-59: 258; IV.i.32: 448; IV vii.c.80, 100; IV vii.c.80: 626; IV vii.c.100: 634.
7 As Jennifer Pitts notes, although he was ‘deeply critical’ of the ‘abuses of the East India company’ he nevertheless ‘sidestepped the question of what Britain’s relations with India ought to be, and indeed whether British rule of India could be justified’ (Pitts, 2006: 55).
Smith’s Cosmopolitanism?

Because of his well-known attitude to free-trade, a common characterisation of Smith is that he is basically cosmopolitan in his outlook. For Peter Minowitz, Smith adopts the ‘detached tone of the cosmopolitan scientist’ and like Marx ‘chronicles and welcomes the growth of a world economy and the interdependence it entails, in part because of its possible contribution to world peace’ (Minowitz, 1989: 306; See also Fitzgibbons, 1995: 29-34; Gilpin, 1971; Berdell, 2002). Other see Smith as decidedly anti-cosmopolitan: Wyatt-Walter (1996, 7) argues that ‘Smith firmly rejected the idea of a natural harmony of interests’ and that ‘on international matters’ he ‘is often closer to the Realist and mercantilist traditions in international relations than to liberal internationalism’. Much earlier, J. Shield Nicholson decreed that ‘[t]he popular idea that Adam Smith was cosmopolitan…is exactly the reverse of the truth. He was intensely nationalist’ and protectionist (Nicholson, 1909: x. See also Hewins, 1903: 14). On this reading, because Smith dismisses the idea of universal benevolence (to be discussed), he cannot be seen as in any way cosmopolitan (Nicholson, 1909: 9-11). Such a reading also assumes that local loyalties (such as Smith often evinced towards Britain) preclude cosmopolitan sympathies and especially free market ‘globalisation’. Though Smith is certainly no moral or classical cosmopolitan and that it is true that he: a) accepted the durability of national loyalties and b) rejected the idea of a universal benevolence, it is nevertheless the case that he was a pioneer of economic cosmopolitanism, a commercial and instrumental cosmopolitanism based on ‘amicable strangership’ which happened to bring with it many desirable political and moral effects.

Smith’s cosmopolitanism is brought into relief by his attitude to patriotism, something he generally disliked, arguing, for example, that it provoked and prolonged war and isolated, segregated and de-sensitised us to the world outside our own narrow sphere (1979 [1776] V.iii.37: 920). But he does concede that ‘national sentiment’ is an extremely powerful and resilient passion that could not be ignored. He also says that patriotism is partially animated by the other-regarding passions. By the same token, he is careful to insist that such passions are in no way related to the universal variety posited by the Stoics (the existence of which he denies) but are restricted to conspecifics (1976 [1756] VI.ii.2.4: 229-30). For Smith, it is entirely natural for us to put ourselves, family, friends and compatriots before the world at large; though he sometimes enjoins us to ‘love ourselves only as we love our neighbour’, on the whole he believes that our greater interest in ourselves first, our nearest and dearest afterwards, and strangers little at all is both reasonable and inevitable (1976 [1759] III.3.9-10: 139-40). Yet, it would be a mistake to see our more compelling ties as forged by common material origin (e.g. biology, ethnicity, consanguinity). As Smith says: ‘the force of blood, I am afraid, exists no-where but in tragedies and romances’. It is the ‘centripetal pull of proximity and familiarity’ or ‘habitual sympathy’ that generates intense ‘affection’ (1976 [1759] I.ii.1.7: 220).

In the common-sense priority thesis adopted by Smith we generally imagine our primary, secondary and tertiary duties to others as ranked geographically: Distance regulates the intensity of obligation and people will invariably give priority to intimates before strangers and compatriots before foreigners. For Smith, Stoic cosmopolitanism is untenable because its underlying moral psychology is implausible. According to the

8 To use Fonna Forman-Barzilai’s apt words (2000: 395).
Stoics, our duties are arranged in concentric circles: The individual is at the centre, with family, friends, city, nation and the world (in that order) occupying the circles that fan outwards. Contrary to common sense conceptions of emotional attachment and duty (such as Smith favoured), the degree of obligation is reversed according to distance. Our obligations to intimates are more binding than those to ourselves; obligations to the state more binding than those to our family or friends, while obligations to the world at large are more binding still (Xenakis, 1969: 126). Social oikeiosis is a developmental achievement that begins, naturally, in a state of self-regard and a greater concern for intimates, from which we move, in an equally natural direction, towards impartial other-concern. For Stoic cosmopolites, judgements about the welfare of others are always impartial; ‘persons’ are equal and ultimate units of concern regardless of their secondary characteristics or relationship to us. Assuming that impartial, universal benevolence exists and is capable of being exercised, they aimed for a developmental trajectory beginning in youth and immaturity with variable quality of attachment towards others, proceeding to a state of invariable quality of attachment towards the world at large. Their approach is not, therefore, an exact inversion of the common-sense priority thesis; the quality of our feelings does not alter the further out we go. Rather, the Stoics aim for sameness of feeling for all, irrespective of social distance. Virtue is thus synonymous with impartiality (Annas, 1993: 265-6).

Smith is wholly unconvinced by the Stoic view, insisting that the ‘plan’ laid out for humankind is ‘altogether different’ from theirs (1976 [1759] VII.ii.1.47: 292). The idea of universal benevolence is a myth (1976 [1759] III.3.9:139-40) and inciting concern for the interests of strangers ‘can produce’ no ‘advantage to them’ and only unnecessary ‘anxiety to ourselves’. Strangers are certainly ‘entitled to our good wishes’ but little else. Smith invites his reader to consider the point of view of ‘a man of humanity in Europe’ on hearing that ‘the great empire of China, with all its myriads of inhabitants, was suddenly swallowed up by an earthquake’. This distant and unconnected stranger would no doubt express ‘sorrow’, ‘make many melancholy reflections upon the precariousness of human life’ and even contemplate the effects of ‘this disaster’ upon international commerce. Yet he would still go about his daily business ‘with the same ease and tranquillity, as if no such accident had happened’ (1976 [1759] III.4:136-7).

Smith is remarkably complacent about this state of affairs; our apparently craven lack of interest in those ‘very remote from us’ is not only normal but ‘wisely ordered by Nature’ (1976 [1759] III.3.9: 39-41). The ‘universal happiness of all rational and sensible beings, is the business of God and not of man’ to whom is ‘allotted a much humbler department’ more suited ‘to the weakness of his powers’ and ‘narrowness of his comprehension’, namely, ‘the care of his own happiness, of that of his family, his friends, his country’(1976 [1759] VI.ii.3.6: 237). Nature has determined that we limit our sense of responsibility to ‘events’ over which we have some control and ‘management’ (1976 [1759] VII.ii.1.43: 292).

The same image of concentric circles, or ‘gradations of duty’ appears in Cicero (1990, 1. 160:165) and in a fragment attributed to the later period Stoic Hierocles (the fragment is reproduced in Annas, 1993: 267-8).

Oikeiosis roughly translates as ‘belonging’ and implies a natural orientation towards one’s own good; social oikeiosis is the social process of ‘making akin to’.
To feel benevolent responsibility towards those we are unable to actively assist is not only vexing and futile, but may lead us to neglect our more immediate responsibilities (1976 [1759] VI.ii.3.5, 236; II.iii.3.3: 106). Only the ‘wise and virtuous’ Stoic sage is capable of the emotional self-control and impartiality necessary for the practice of Stoic cosmopolitanism. The furthest point to which the average person’s aid, interest and sympathy can stretch is at the borders of the nation-state (and even within these borders it is badly strained); in the normal course of things, the nation-state is ‘the greatest society upon whose happiness or misery, our good or bad conduct can have much influence.’ This is because ‘all the objects of our kindest affections, our children, our parents, our relations, our friends, our benefactors…are commonly comprehended within it; and their prosperity and safety depend in some measure upon its prosperity and safety’ (1976 [1759] VI.ii.2.2: 227-8).

The Stoics were therefore wrong in their expectation that people could and should be able to transcend local sympathies and attachments. But this does not mean that Smith rejects the whole idea of a global community or is pessimistic about the chances of global peace and co-operation. Smith’s world-state or cosmopolis would not be bound together by reason, humanitas or sympatheia—as in the Stoic account (Hill, 2000) – but by the self-interested motives animating international commerce.

Smith’s reasoning here replicates his explanation of how strangers are enabled to get along in the domestic realm. Here, and despite our more frequent dealings with intimates and compatriots, benevolence is still insufficient to keep increasingly mass, commercial orders in motion. Contrary to the Stoic (and Christian) account it is not the ‘soft spark’ of beneficence or ‘mutual love or affection’ that makes social life possible because advanced commercial life is too unwieldy to be held together by a passion so inconstant and random. Instead society is kept in motion by a stable, reliable and ‘mercenary exchange of good offices according to an agreed valuation’ (1976 [1759] II.ii.3.2: 86). Commercial society is sustained by the bonds of contract (the primary mechanism of association) and the mutually-enabling effects of the division of labour. We stand in need of each other for instrumental reasons: ‘Give me that which I want, and you shall have this which you want…it is in this manner that we obtain from one another the far greater part of those good offices which we stand in need of’ (1979 [1776] I. ii: 25-27). This is the social glue of the new commercial order.

International trade is very like domestic trade; just as national wealth is secured via the self-regarding activities of individuals, so ‘the great society of mankind’ is ‘best promoted by directing’ the attention of individuals ‘to that particular portion of it, which was most within the sphere’ of their ‘abilities’ and ‘understanding’ (1976 [1759] VI.ii.2.4: 229). One constraint on the ability of agents to pursue this interest internationally is the existence and perseverance of the nation-state, which still had to be treated as the fundamental unit of political analysis. Smith says that it is naturally ‘the great object of the political economy of every country…to encrease the riches and power of that country.’ But if a state wants to achieve this, it ought not to let blind patriotism
mislead it down the path of protectionism but to ‘give no preference nor superior encouragement to the foreign trade of consumption above the home-trade, nor to the carrying trade above either of the other two.’ Wise legislators will neither ‘force nor allure into either of those two channels, a greater share of the capital of the country than what would naturally flow into them of its own accord’ (1979 [1776] II.v.31: 372, my emphasis). If allowed, the free market will deliver ‘an equality of treatment to all nations’ with infinite opportunities for ‘commerce’ whereas ‘extraordinary’ and artificial barriers and ‘encouragement[s]’ are demonstrably and ‘in every case a complete piece of dupery’ perpetrated against ‘the interest of the State and the nation’ in favour of ‘some particular class of traders’ (1987 [1783]: 271-2).

Smith was no doctrinaire free-trade advocate as is sometimes assumed and he did make some notable exceptions to his rule but, by and large, the standard characterization of his attitude to the market is correct. Yet, he was far from naïve and understood the practical impediments to his long-term goal of establishing the system of ‘perfect liberty’ throughout the globe. He cautioned that it was potentially destructive if not executed with a good deal of ‘reserve and circumspection’ (1979 [1776] IV.ii.40: 469) and clearly saw the ‘manner’ and order of opening the colonial trade (and thereby restoring ‘natural, healthful, and proper proportion which perfect liberty necessarily establishes’) as a process that would occur over time and under the supervision of successive generations ((1979 [1776] IV.vii.c.44: 606).

National boundaries can be broken down, not by benevolence borne of moral maturity, but by self-interest, a far more constant and reliable motive-force. Self-interest is what will weaken national loyalties and permit the spread of amicable strangership between states. Thus, while Smith rejects much of classical cosmopolitanism, this does not prevent him from expressing, advocating and indeed pioneering a new and more ‘Realist’ variety.

The New Strangership: The Division of Labour and Smithian Historiography.

Under conditions of free trade, the concentric circles of instrumental friendship will expand as markets are progressively enlarged and people will become more and more habituated to intercourse with strangers and foreigners. Smith finds little romance in the necessitous and compelled relations of socially intimate societies; instead, he embraces the possibilities unleashed by interactions unanchored in place or time; impersonal, interchangeable, deracinated, cosmopolitan and mobile.11 Because impersonal and ubiquitous exchange is the paradigmatic social interaction in Smith’s universe, amicable strangership displaces intense friendship and enmity as the archetypal affective orientation. The new global society will not be intense and exclusivistic in the way that pre-commercial forms of solidarity (e.g. kinship, clientage and compatriotism) were. Smith speaks to us of a world that has to be managed largely by and between strangers in which the intense passions attendant on local loyalties will be superseded by tamer and more tractable passions and virtues. Since all strangers are no longer potential enemies but potential contractees, the exchange culture will be calm, open, rational, impersonal, instrumental, polite, flexible and voluntaristic. Whereas our ‘ancestors’ habitually ‘considered strangers and enemies as one and the same thing’ and had ‘no knowledge’ of ‘other nations’ except for ‘what they have got when at war with them’, free trade allows

11 Indeed, Smith seems to have anticipated Gellner’s view that ‘[t]he modularity of modern man was probably a precondition of the industrial miracle’ (Gellner, 1994, 103).
modern citizens to appreciate ‘the benefit of having foreigners coming amongst them’ who can ‘carry out what is superfluous of the product of the country’ and import ‘the superfluities’ of their home country for the ‘convenience’ and enjoyment of the recipients. As a result, and in order to ‘encourage the settling of foreign merchants amongst them’, states begin to offer diplomatic protection to foreigners (1978A, 92-4: 306-7); commerce between strangers thereby becomes safer and more routine. Deracinated commercial agents will have more liberty and mobility than has been possible at any other stage of history: ‘He’ who possesses capital ‘is properly a citizen of the world...not necessarily attached to any particular country’ who can move himself and his stock freely from place to place (1979 [1776] V.ii.f.6: 48-9) and it is largely ‘indifferent’ to him ‘from what place he carries on his trade’. Indeed, ‘a very trifling disgust will make him remove his capital, and together with it all the industry which it supports, from one country to another’(1979 [1776] III.iv.24: 426). The archetypal commercial agent is more ‘modular’; social links have moved ‘from situs to contract’ and are now ‘flexible, specific [and] instrumental’ (Gellner, 1994: 99-100).

But, apart from a generalised desire to trade, what specifically will drive the weakening of nation states? What can possibly break down the intensity, even violence, of national sentiments? Smith’s answer is the division of labour supported by the force of habit and convention. Specialisation will undermine the fierce and exclusivistic loyalties attendant on nation-states, just as they broke down our once powerful, particularistic and seemingly indestructible loyalties to the extended family (see below). After all, it is not some mysterious, eternal force that ties us to conspecifics but merely ‘habitual sympathy’ (1976 [1759] I.ii.1.7: 220). Smith conceives the division of labour as an exponentially developing phenomenon that not only distributes wealth and technical refinement but alters profoundly the social fabric. While on the one hand, it permits greater levels of social distance, on the other, it also enhances and expands impersonal integration, thereby enlarging the circles of amicable strangership. The ability of humans to specialise and exchange the products of this specialisation makes them ‘mutually beneficial’ (sic) to each other (1978A, vi.46-49: 348-349); this generates social cohesion among societies of distant strangers (1979 [1776] I.i.1-3: 25-27) while enabling individual agents to break free of archaic, involuntary, dependency-generating and often stifling social networks.

Pursuing self-interest within a complex division of labour promotes exchange-relationships and, in turn, shifts the mechanisms of solidarity away from those generated by traditional forms towards increasingly wider and more impersonal spheres of contact. In fact, this process has been slowly building since the agricultural stage whereby the ‘silent and insensible operation of foreign commerce and manufactures gradually brought about’ the end of fuedalism, a particularly restrictive, dependency-generating and maladaptive form of social organisation (1979 [1776], III.iv.10: 418-19).

The drive to specialise is universal and irresistible and has its source in the natural urge ‘to truck, barter, and exchange one thing for another’ (1979 [1776] I.ii. 1: 25). It is so potent a force that it is the cause of almost all of the growth, progress and prosperity of the commercial age, (1979 [1776] I:i: 13-24) capable of occasioning a ‘universal opulence, which extends itself’ even ‘to the lowest ranks of the people (1979 [1776] 1979

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12 Contrary to Wyatt-Walter’s (1996: 23) claim that commerce ‘exacerbates rather than reduces conflict’ between states. As indicated above this only occurs under mercantilism.

13 Though Gellner is not speaking of Smith specifically here, his observations are apposite.
It is, in fact, the cause of commercialism. Its potency is further enhanced by the fact that it must develop and expand perpetually, driven as it is, in turn, by two powerful, innate motive forces: The unlimited universal human desire for manufactured goods, luxuries and ‘conveniencies’ (1979 [1776] I.xi.c.7: 180-2) and the innate and irresistible drive to better our material conditions (1979 [1776] II.iii. 36, 345; II.iii.31, 343; IV.v.b.43: 540). But there is a hitch to this natural process because the division of labour is limited by the extent of market (1979 [1776] I.iii.31; 1978B, 222-3: 494) therefore the expansion of markets and relaxation of national borders is both desirable and inevitable (1979 [1776] IV.i.32-3: 448-9. See also 1979 [1776] IV.vii.c.5-6: 91).

Smith’s envisioned an international division of labour ‘uniting…the most distant parts of the world’ and ‘enabling’ separate nations to ‘relieve one another’s wants’, ‘increase one another's enjoyments’ and encourage ‘one another's industry’ (1979 [1776] IV.vii.c.80: 626). Because mercantile policy unnaturally hinders this process Smith insists that ‘Brittain should by all means be made a free port… and liberty of exchange should be allowed with all nations and for all things’(1978B, 262-9: 511-14. My emphasis).

The logic of Smith’s historiography means that commerce will – if allowed – expand indefinitely (sometimes he even suggests that the forces of history are so potent that this will happen even under mercantilism, 1979 [1776] IV.v.b.43: 540. See also 1979 [1776] IV.ix.28: 674; 1979 [1776] II.iii.36: 345). It is a universal and observable fact that ‘the natural course of things’ dictates that ‘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.’ Significantly, the sequence is both natural and universal having been observed ‘in some degree’ in ‘every society that had any territory.’ Each of these stages is characterised by increasingly larger, more complex and more impersonal social units beginning with the family, later superseded by the tribal family or feudal estate, then the nation and finally the nation-state (Berdell, 2002: 40). For Smith, these stages are biologically and even divinely ordered. In other words, they are inevitable (1978B, 149-50: 459).

Demise of the Nation State?

Because of this universal sequence of social and economic forms, it has been suggested that Smith perceived nation-states as historically transitory due to the fact that within this historiographical sequence ‘the subsistence transitions precede’ transitions in the social unit. John Berdell posits ‘an unfulfilled transition’ whereby there will be an ‘expansion of the social unit (beyond the nation-state) corresponding to the growth of foreign commerce (the mode of subsistence) beyond and between states’ (Berdell, 2002: 40-1). Robert Gilpin agrees, suggesting that, for Smith, (as for Engels much later) ‘the nation-state’ is just one ‘progressive stage in human development’ because it enlarges ‘the political realm of economic activity.’ Gilpin explains:

In each successive economic epoch the advancing technology and scale of production necessitates an enlargement of political organisation. Because the city-state and feudalism were below the optimum for the scale of production and the division of labour required by the Industrial Revolution, they prevented the efficient

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14 ‘Every man thus lives by exchanging, or becomes in some measure a merchant, and the society itself grows to be what is properly a commercial society’ (1979 [1776] I. iv.1: 37).
15 Any digression from or inversion of this sequence is deemed ‘unnatural and retrograde’ (1979 [1776] III.i.8-9: 380).
utilisation of resources and were superseded by larger political units. Smith considered this to be a desirable objective (Gilpin, 1971: 400-1).

Given Smith’s attitude to mercantilism, these predictions seem reasonable. After all, mercantilism is often referred to as ‘the economic phase of nationalism’. But, while plausible, they are only logical reconstructions of what Smith might have said had he given us more on the subject. Though it is certainly true that Smith does see nation-states as a threat to social progress (in Wealth of Nations) and an impediment to the spread of benevolence (in Theory of Moral Sentiments) (Berdell, 2002: 30) it is debatable whether he sees them as ever disappearing altogether. It is also true that he observed, with more than a hint of regret, that there was no impartial, ‘common superior’ to resolve ‘disputes’, mediate national prejudices and perhaps even enforce compliance with ‘the laws of nations’ in the international sphere (1976 [1759] VI.i.2.3: 228; 1978B, 339: 45). But – apart from the imperial parliament he proposed as a last ditch measure to resolve the American conflict and whose membership was limited to the British Isles and America – he gives no sign that he envisioned or even hoped for the emergence of the kind of supra-national government that would render the nation-state obsolete. This is not surprising given his well-known aversion to monolithic, centralized and total forms of rule.

For Peter Minowitz, by contrast, Smith’s nation state will not disappear. Rather, ‘national boundaries will remain, and with them will remain sources of international conflict: nations will be tempted to pursue “wealth and greatness” via military means…and pride, “insolence” and injustice will not be vanquished from the human heart’ (Minowitz, 1989: 306).

I suggest that Smith’s position lies somewhere between these two points. He obviously sees the nation-state as fairly resilient (1976 [1759] VI.i.2.2: 227-8) and given the strength of patriotic sentiments seems to have expected the nation-state to endure as a political and legal entity. At the same time, he foresees that both the behaviour of individual states and relationships between states will alter greatly. He tells us that the commercial is the final or ultimate economic stage with further expansion and development taking place within that stage culminating in a self-equilibrating system of states (see below) who interact in order to trade rather than to exploit, invade or undermine. Since global commercialism is the end point of history, there would have to be at least some alteration in the character of the nation-state in order for it to operate more efficiently, rationally and profitably within the newer, much larger economy. Eventually the nation-state will be not so much transcended as demoted and its boundaries made more fluid and permeable. Further, over time, the system of empire and subject states will dissolve, superseded by an international anarchy of sovereign states and a balance of powers brokered by trade and its concomitant dispersion of wealth throughout the developed and developing world.

While Smith never suggests that national loyalties will be obliterated, he does hope that they can be domesticated and de-toxified by commerce. Under the influence of free

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16 The ‘collective entity with which mercantilists concerned themselves was the state’ which ‘ought to be administered as an economic unit, and its interests ought to be promoted by the central government (Schuyler, 1945, 7).

17 It is also a ‘natural’ form of social and economic organization as reflected in the phrase ‘system of natural liberty’.
trade, ‘national friendship’ will replace that ‘[m]ercantile jealousy’ which ‘both inflames, and is itself inflamed, by the violence of national animosity’ (1979 [1776] impede the mobility of goods, labour or capital. Whereas the domain of politics is the nation-state, the economy encompasses the entire globe. In the ideal, invisible realm of Smith’s imagination the laws of natural liberty do not necessarily coincide with the positive laws of nations and ‘men’. For example, whereas the smuggler is deemed ‘highly blameable’ for ‘violating the laws of his country’, such a person has in no way violated the more sacred laws ‘of natural justice’ and is probably an otherwise ‘excellent citizen, had not the laws of his country made that a crime which nature never meant to be so’ (1979 [1776] V. ii. k. 64: 898).

It should be noted that Smith has moments of deep pessimism about the possibility of a system of natural liberty ever being allowed to establish itself. And even in his more optimistic moments he doubts whether such a system could ‘ever be entirely restored’ due to the prejudices of the publick’ and the ‘unconquerable…private interests of many individuals’ (1979 [1776] IV.ii.43: 471). Nevertheless, if we quarantine Smith’s personal reservations from his social theory, the logic of his historiography suggests that an imperfect or partial version of such a system would eventuate in the long run. With the adoption of his recommendations he anticipates the emergence of a system of deterrence and international anarchy or equilibrium. Once free trade has become routine, the ‘natives’ of subject colonies will grow ‘stronger’ and ‘those of Europe…weaker’. Eventually the world’s population will ‘arrive at that equality of courage and force which, by inspiring mutual fear’ can effectively ‘overawe the injustice of independent nations into some sort of respect for the rights of one another’. Unlike many contemporary political cosmopolitans Smith does not believe that economic cosmopolitanism will create inequality. The best means for achieving equity and balance is through free trade and the accompanying ‘mutual communication of knowledge’, ‘improvements’ and technology it ‘necessarily’ brings with it (1979 [1776] IV,vii.c, 80-1: 626-7) (Smith appears to us here as an early ‘technology optimist’). Presumably, all states will become commercially developed and therefore able to defend themselves militarily, a need that will, in any case, become less urgent over time as the pacific habits of global commerce become entrenched. And contrary to most understandings of international anarchy within IR theory, Smith does not see this system as subject to the security dilemma because, in the long run, all sovereign states will become more or less equal in power. In other words, he predicts the emergence of a system of ‘general deterrence’ to guarantee peace and security as ‘amicable strangership’ takes hold.

Smith’s apparent refusal to designate world government as the next stage of commercial governance does not disqualify him as a cosmopolite, as might be imagined. Contrary to the common perception, classical cosmopolitanism does not demand the establishment of a world-state. The concept of the oikoumenh, ‘the habitable world considered as a single unit’ (Hadas, 1943: 109) is more of a state of mind and way of life

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18 Whereby powerful states evoke insecurity in the less powerful who then compete for power themselves (via arms races, preventive war etc.) which, in turn, causes the hitherto more powerful states to pursue even more power, giving rise to an endless competition for power (Herz, 1950, passim). For an opposing view to mine see Wyatt-Walter, 1996, who argues that Smith saw states as locked into a perpetual and inescapable security dilemma.

19 As opposed to ‘special deterrence’ such as witnessed in the Cold War nuclear arms race where the US and Soviet nuclear arsenals were built up for the specific deterrence of one another other.
than a constitutional objective. It rests on a belief that community is derived from the fact of our common humanity and that the laws governing the conduct of daily life are the same for everyone else regardless of ethnicity, class or blood ties (Clarke, 1987: 65, 70; Marcus Aurelius, 1964, 4.4: 65). Further Smith’s commercial cosmopolitanism, though in no way animated by benevolence, nevertheless embodies and serves such other key Stoic values and duties as egalitarianism, universalism, pacifism, freedom from tyranny and exploitation and a corresponding demand for the respect of human dignity wherever it is found (Baldry, 1965: 158; Edelstein, 1966, 74-5). Once nations adopt ‘the liberal system’ they will operate as a single community of amicable but separate ‘provinces of a great empire’ (1979 [1776] IV.v.b.39: 538-9) held together by an international division of labour.

**Commerce as the Alternative to War.**

Wyatt-Walter, (1996: 16-17) says that Smith denied that ‘commerce could reveal a true harmony of interests’ between nations while Martin Wight (1991: 7) saw Smith as advocating ‘a multiplicity of independent sovereign states …whose relationships are ultimately regulated by warfare’. But there is every reason for assuming that Smith hoped commerce would become the universal alternative to war. Despite the commercial conflicts exacerbated by mercantilism Smith believed that when conducted according to the laws of natural liberty, commerce is ‘naturally’ a pacifying medium (1979 [1776] IV. iii.c.9: 493).

Animating Smith’s work were two underlying preoccupations: The first was a desire to spread wealth and ameliorate poverty. The second was an intense dislike of conflict (1976 [1759] Vi.i.1.20, 226; 1976 [1759] VI.i.2.12: 231) which he regarded as a universal human trait (1976 [1759] III.3.30, 149. See also 1976 [1759] I.ii.3.7, 37). On the domestic level Smith celebrated the deepening and expansion of commerce, not just for its wealth and comfort-generating effects, but because it brought with it an organised and stable state and therefore ‘the liberty and security’ of people who ‘had before lived almost in a continual state of war with their neighbours’ (1979 [1776] III.iv.4: 412).

Smith hopes that global commerce will have the same effect in the international realm: It will enrich all nations and in the process discourage the popular misconception that national greatness is a zero-sum game. Patriotism habitually blinds us to the reality that, when practiced freely, commerce is a scene of infinite mutual enrichment and flourishing. The patriot perceives ‘with the most malignant jealousy and envy, the prosperity and aggrandisement of any other neighbouring nation.’ As a result neighbouring nations ‘all live in continual dread and suspicion of one another’ while every nation ‘imagines it foresees its own subjugation in the increasing power and aggrandisement of any of its neighbours’. But an ‘enlarged and enlightened mind’ – such as Smith sought to cultivate in his readers – feels ‘no aversion to the prosperity even of an old enemy’ and will rejoice in ‘the internal happiness and prosperity of the other, the cultivation of its lands, the advancement of its manufactures, the increase of its commerce, the security and number of its ports and harbours’ and ‘its proficiency in all the liberal arts and sciences’ because these ‘are all real improvements of the world we live in’ and therefore theoretically available to everyone regardless of nationality: ‘Mankind are benefited, human nature is

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20 For a fuller discussion of the centrality of these principles in Stoicism see: Hill, 2001.
ennobled by them’ therefore they are ‘proper objects of national emulation, not of national prejudice or envy’ (1976 [1759] VI.ii.2.3: 228-9).

Though we are accustomed to perceiving the ‘wealth of a neighbouring nation’ as extremely threatening in the sphere of ‘war and politicks’, such wealth is ‘certainly advantageous in trade’. Under conditions of ‘peace and commerce’ rich nations are better ‘customer[s]’ and sellers than poor ones. Anyone with a head for business knows that ‘where little wealth circulates, there is little to be got’ but ‘where a great deal is in motion, some share of it may fall to them.’ The best route to enduring prosperity for everyone (including Britain) is not to ‘beggar’ our neighbours by protectionism or to arrive at the same effect by invasion, but to surround ourselves with independent ‘rich, industrious, and commercial nations’ (1979 [1776] IV.iii.c.11: 495). Commerce is thus, not only the means to peace, prosperity and material enjoyment throughout the globe, but the circuit-breaker to a vicious ‘spiral’ whereby protectionism leads to poor economic performance; poor economic performance increases ‘the political pressure for protection at home’ and monopoly abroad, resulting in ‘heightened international animosity, resentment and warfare’ with wartime debt completing the disastrous spiral (Berdell, 2002: 36).

For Smith, commercial states – with their particular interest in free trade – are more likely to seek alliances than to prosecute wars. Indeed the ‘state of peace’ is synonymous with the state of ‘commerce’ (1979 [1776] IV.iii.c.11: 494). Commerce only gives rise to ‘discord and animosity’ under the pernicious influence of a ‘monopolising spirit’. The peace of Europe has been far more greatly disturbed by ‘the impertinent jealously of merchants and manufacturers’ than it has by the ‘capricious ambition of kings and ministers’ (1979 [1776] IV. iii.c.9: 493). For Smith, the greatest ‘public benevolence’ that ‘statesmen’ can bestow on a people is to ‘project and form alliances among neighbouring or not very distant nations, for the preservation…of…the balance of power, or of the general peace and tranquillity of the states within the circle of their negotiations’ (1976 [1759] VI.ii.2.6: 230). Note here that Smith sees ‘the balance of power’ in – what are usually taken to be – Realist terms insofar as it is synonymous with pacific anarchy.\(^21\)

In these passages Smith seems to challenge the boundaries of contemporary IR tradition categories, prompting us to consider the usefulness of such ‘traditions’ when considering the work of thinkers who, for obvious reasons, could not have been aware of them.\(^22\) But if avoiding these categories is impossible, then Smith can be said to straddle them: That he is an important pioneer of Liberal thought is beyond question, yet he also strikes many Realist notes in his international thought, thereby underlining that Liberalism does not always lead to Idealism. Smith agrees with the Realist assumption that human agents are self-interested (1979, I.i.2: 26-27), and power-seeking (1978A, I. 24: 13; 1979, III. ii. 10: 388) and more creatures of passion than reason (1976, II.i.5.10: 77-8). He also rejects the Liberal IR assumption that appropriate institutional structures can manage and contain such drives, proposing instead a self-equilibrating balance of powers mechanism for the containment of inter-state aggression.\(^23\) Finally, he

\(^21\) Contrary to Martin Wight’s claim that Smith’s international laissez-faire-ism ‘repudiates the doctrine of the balance of power’ (Wight, 1991: 263

\(^22\) For a discussion that problematises the ‘traditions tradition’ within IR theory see Jeffery, 2005.

\(^23\) According to Boucoyannis the balance of power doctrine is, in fact, ‘a core principle of Liberal theory’ that was ‘abandoned’ by ‘modern Liberalism in IR…as a conservative idea’ only to be subsequently
takes the nation-state (albeit reluctantly) as his political—but not necessarily economic—unit of analysis. The resulting mix of *machtpolitik* and constrained optimism may seem confusing but only to those who insist on retrospectively applying late modern categories to thinkers who cannot possibly be expected to conform to them.

It is not war that Smith embraces but peace via deterrence which can take two forms: In the short term, deterrence is effected militarily; standing armies, advanced technology and the arts of war are vital for this. The main point of a militarily strong state is not to wage war but to preserve the peace, prosperity and liberty of states and to keep commerce in motion. After all: ‘Little else is requisite to carry a state to the highest degree of opulence from the lowest barbarism, but peace, easy taxes, and a tolerable administration of justice’. But in the long term, Smith saw deterrence as effected by commerce, mutual enrichment and habituation to foreigners. As he wrote, it is habit that accustoms us to change: ‘What shocks at first will soon become easy from custom, which sanctifies every thing’ (1978B, 321: 536). Even our most intense and seemingly permanent loyalties are really only artifacts of habit (1976 [1759] I.ii.1.7: 222). Over time our passion for compatriots will be offset by our self-interested involvement in commerce with strangers. Moreover, as we have seen, Smith anticipated that, in the long run, international free commerce would have an equalising effect on the power asymmetries that made some nations vulnerable to military aggression in the first place.

**Conclusion.**

Smith does have discernible views on international affairs and particularly on the question of what is the best global regime, but they are complex and eccentric. His cosmopolitanism is obscured by the fact that it only distantly related to classical or moral cosmopolitanism due to his rejection of the Stoic doctrine of social *oikeoisis*. The fact that Smith doubted that universal benevolence had any role to play in the future of global relations did not, however, rule out the idea of a world community of like-minded, amicable strangers; nor did it prevent him from evincing temperate concern for the welfare of other nations. The best vehicle for the distribution of material enrichment as well as the realisation of such cosmopolitan values as pacifism, anti-imperialism, universalism and egalitarianism is the voluntaristic community of free trade. Such a community precludes conflict and territorial rivalry between nations who have much more to gain from amicable relations. Smith thus advocates an end to aggressive imperialism, needless war and the monopoly of colonial trade and promotes instead freedom of international trade and pacific global relations.

The self-regarding, innate and insatiable drives for specialisation and exchange will spur the progressive enlargement of markets and therefore the widening circles of instrumental friendship upon which commercial cosmopolitanism rests, while economic ‘interest’ and the natural human craving for tranquillity will displace suspicion and aggressive nationalism as the energising forces of international relations. The intense passions attendant on particularistic—especially nationalistic—attachments will be

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‘transformed historically into a Realist principle’ (Boucoyannis, 2007: 704). Though Boucoyannis is, I think, wrong to characterize early liberals like Smith as uncommitted to progress and a view that ‘Liberalism predicts peace through commercial interdependence’ she is right to criticize Realists for their perception of Liberalism as necessarily naïve and overly optimistic (2007: 705; 708).

24 As reported by Dugald Stewart from quoting a manuscript now lost in his *Account of the Life and Writings of Adam Smith* (cited in Ross, 1995: 108, my emphasis).
moderated for a universe in which all former enemies and allies are now potential contractees. Patriotism will not disappear, but will be domesticated by habituation to dealing with foreigners and the deterrent effects of trade and development while imperialism will be superseded by a self-equilibrating system of mutual enablement and non-interference. Fierce nationalistic sentiments and intense alliances between security allies will become increasingly less important than the steadily proliferating forms of amicable strangership characteristic of commercial cosmopolitanism. The free-er the global market becomes, and the more pacific inter-state interactions become, the less necessary and important will be the organized nation-state. Smith thus espouses a form of moderate cosmopolitanism of the economic rather than moral variety. And although he could not with justice be described as ‘fundamentally Realist’ in his approach to international affairs (Wyatt-Walter, 1996, 15) his commercial cosmopolitanism certainly has many Realist tendencies.
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