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Adam Smith in a Great Multitude of Contexts: An Introduction

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The year 2023 was an extraordinarily productive period for the social sciences, owing to the 300th anniversary of Adam Smith's birth. The commemoration of the great Scottish Enlightenment thinker prompted a host of academic conferences and ensuing publications in many places, bringing together scholars from philosophy, political science, economics and other fields. Organized by the *Network for Constitutional Economics and Social Philosophy* (NOUS), one of these conferences was held in Edinburgh on June 19 – 22, 2023, both at Panmure House (Smith's former residence in Canongate) and at Queen Margaret University (located in nearby Musselburgh, a town where, in his time, Smith enjoyed the honorific privilege of a freeman). Participants included both senior scholars and up-and-coming young academics at graduate or post-graduate levels. The present issue of the *Journal of Contextual Economics – Schmollers Jahrbuch* (JCE), exceptionally coming in the form of a genuine yearbook, just as the German term "Jahrbuch" in the traditional part of the name suggests, contains a selection of papers that were presented at that conference and underwent peer review afterwards.

Of course, Smith scholarship was highly productive before the tricentenary as well, and it did not really need a boost. Quite the contrary, a refreshing new wave of research from various disciplines has been under way since the turn of the century, questioning and washing away some well-established, preconceived views (for a broad survey of Smith scholarship in the 21st century, see Horn 2024). And yet, the anniversary did provide a unique backdrop against which the enormous variety as well as the still unexhausted fruitfulness of these scholarly efforts from around the world could be seen more distinctly. In what follows, I briefly sketch the various types of Smith scholarship that have been blossoming recently, their inherent connection with contextual economics, and the content of the contributions in this yearbook which, I hope, will be a fascinating read for everybody interested in the work of the Scottish moral philosopher often also celebrated as the father of modern economics.

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Types of Smith Scholarship

(At least) four major types of such research may be distinguished. First, historians have been eager to find out more about the political, economic, social, and intellectual context in which Smith lived, worked, and travelled, benefitting from hitherto unexploited archival material (see, *e. g.*, Blomert 2012; Bonnyman 2014; Rasmussen 2017; Alcouffe and Massot-Bordenave 2020). Such painstaking work of external contextualization, as I call it, has been feeding into the second line of research, which aims to determine the place of Smith's individual works within the bulk of his oeuvre – the *Theory of Moral Sentiments* (TMS, 1759/1982), the *Inquiry into the Nature and Causes of the Wealth of Nations* (WN, 1776/1981), the *Essays on Philosophical Subjects* (EPS, 1982), and also the late-discovered student notes from his *Lectures on Jurisprudence* (LJ, 1766/1982) and his *Lectures on Rhetoric and Belles Lettres* (LRBL, 1982) at the University of Glasgow. Such internal contextualization has produced deeper, more encompassing, and arguably also more exact interpretations of Smith's thought (see, *e. g.*, Schliesser 2017 and Fleischacker 2021). It has also promoted the rediscovery of Smith as not merely a moral philosopher and an economist, but also as a political thinker (see, *e. g.*, Weingast 2018 and Sagar 2022).

Third, the reception of Smith's work in different national contexts, both in academia and in politics, has become a fruitful field of research of its own (see, *e. g.*, Fleischacker 2002 and Liu 2022 for the United States; and Tribe 2002 and Oz-Salzberger 2016 for Germany). A fourth type of research, finally, is more forward-looking in nature, processing the insights and thought figures to be found in Smith's work in a creative way to expand and enhance upon modern theories in various disciplines (see, *e. g.*, Forman-Barzilai 2010; Weingast 2010, 2017; and V. L. Smith 2012, 2022). Given the breadth of Smith's thought, it has the potential of widening present-day horizons and fostering a more encompassing approach in the social sciences – precisely as called for by the research program of contextual economics.

Contextual Economics

Contextual economics, to which the present journal is dedicated, rejects a merely isolated analysis of economic phenomena and instead seeks to take the development of other relevant social subsystems into account. When *Schmollers Jahrbuch* transformed to the *Journal of Contextual Economics* with a new title under new editorship, the editors programmatically stated that contextual economics "begins with the recognition that economic life is continually evolving and driven by changes in the human context and environment" (Goldschmidt, Grimmer-Solem, and Zweynert 2016, 9). They explained that the economic system is a social subsystem that cannot properly be understood in its dynamics if we exclude habits of thought, cognitive constraints, webs of meaning, values, and "knowledge regimes" (Campbell and Pedersen 2015). Likewise, social hierarchies, social learning (*e. g.*, Mobius and Rosenblat 2014), laws, and the exercise of power continuously shape economic activity and must be taken into account. The editors therefore fully endorsed Goodwin's statement that "[t]he starting premise for Contextual Economics is that an economic system is embedded

within a social context that includes ethics, norms and human motivation, and the culture that expresses them. It also includes politics – that is, the development of economic and other kinds of power – as well as institutions, and history" (Goodwin 2010, 3).

The articles assembled in the present yearbook, whether their authors have a philosophical, economic, or political science background, all serve this aim of contextualization in one way or another. If it is allowed to copy Smith's language, there is indeed "a great multitude" (WN I.i.11, I.ii.2, IV.ii.40, V.i.g.8, V.ii.b.6) of contexts that matter: some scholars seek to elucidate a specific argument made by Smith in the context of one of his works; others get a bird's-eye view on Smith's oeuvre as a whole; some strive to determine the place of his thought within the contemporary academic debate; and still others seek inspiration from Smith by creatively using his thought for a fresh take on today's pressing questions.

The Contributions

The collection begins with one distinctly present-day concern of this kind, where Smith's TMS with its timeless psychological insights can help us to understand better what is going on in our societies. *Roos Slegers* (University of Tilburg, Netherlands, Department of Philosophy) notes that "social" media have made it possible for us to display our vanity and court the attention of others at unprecedented scale. She engages Smith's account of vanity to offer a fresh perspective on the online attention economy, focusing on users' desire for attention and social validation. According to Smith, vanity is a "folly," a "foible" we rightly make fun of – in others and in ourselves. Slegers argues that this account of vanity helps to understand today's trends in online behavior and also offers hope in a debate that tends to focus on the proven deleterious effects of social media. Vanity derives from (and presupposes) the desire for sympathy and human connection. Recognizing this context and this dynamic allows us to regard much of our online behavior as flowing from the universal desire to love and be loved.

Amos Witztum (London School of Economics and Political Science, UK, Centre for Philosophy of Natural and Social Science) turns to Smith's ethics more broadly. He argues that Smith offers us a theory of ethics with a very clear interaction between circumstances and the contents of morality. This theory is both positive and endogenous. Witztum examines Smith's general methodology from which he then derives the connecting thread uniting the various aspects of Smith's social theory, making them all dependent on one another. He explores specifically how human character and social circumstances interact to yield a theory of ethics where the values of the good are neither universal nor invariant. This, in turn, can explain how morality may be corrupted and how the way in which some people have tended to understand Smith's moral evaluation of the economic system could be seriously flawed. Witztum points out that following Smith's theory, the search for a better society must be based on creating the conditions that will entice people to re-discover the origins of their moral opinions.

Maximilian Priebe (University of Jena, Germany, Faculty of Social and Behavioral Sciences) provides an external contextualization through a comparative reading of

Smith and his successor in the chair of moral philosophy at the University of Glasgow, the common sense philosopher Thomas Reid. While their accounts of human perception and judgment are remarkably similar, as he notes, their moral and economic theories turn out to be rather different. Taking this into account opens a new perspective on Reid's explicit critique of Smith's TMS and also provides new insights into the intellectual roots of the Scottish debates about sense perception and the task of scientific philosophy. "Reiding" Smith, Priebe argues, can offer a unique vantage point from which to understand the connections between epistemological and economic issues in Smith's work.

Diogo Campos Sasdelli (University for Continuing Education Krems, Austria, Center for E-Governance) engages with Smith's philosophy of science. He deals with the fact that Smith's thought was highly influenced by the advent of Newtonian physics as well as by the so-called mechanistic worldview, and that this theoretical paradigm leads to a fundamental problem within practical philosophy: if the whole universe and all its phenomena are but reduceable to simple mechanical movements of an all-encompassing "great machine of the world" and are therefore perfectly determined, how can human freedom be possible? How can there be freedom within the machine? Sasdelli discusses the adoption of the mechanistic worldview in Smith's writings and possible Smithian solutions to this problem. Based on a mainly epistemological interpretation of Smith's often ill-interpreted invisible hand metaphor, he comes to the conclusion that Smith, in fact, did not fully adopt the mechanistic worldview. Instead, in his work, just like in Kantian philosophy, freedom ought to be understood as a necessary practical-philosophical assumption underlying human action.

Michael Stettler (University of Johannesburg, South Africa, Karl Mittermaier Centre for Philosophy of Economics), breaks away from the usual dichotomy between selfishness and benevolence as assumptions about human nature. The dichotomy lies as the core of the irreducible alleged "Adam Smith Problem" once brought up by the German Historical School. Instead, Stettler emphasizes that according to Smith, human nature consists of the ability to be either selfish or benevolent, and that the three powers of the mind actualize this ability. These three powers of the mind are will, intellect, and memory, to which the offices of self-command, sympathy, and the Impartial Spectator correspond respectively. In Stettler's reading, Smith's system of sympathy is an example of what Karl Mittermaier called an *ex-ante* fact, allowing for a real distinction between vice and virtue. Other distinctions important to Smith include production versus predation and market price versus natural price. Stettler develops a model that brings together these real distinctions, thus demonstrating the complementarity of TMS and WN.

Jimena Hurtado Prieto (Universidad de los Andes, Colombia, Department of Economics) and *Maria Pia Paganelli* (Trinity University, USA, Department of Economics) propose a new reading of Smith's WN without the filter of David Ricardo's interpretation, thus suggesting that Smith does not really hold a labor theory of value. Internally contextualizing Smith's argument, they claim that his analysis of value and labor should be understood against the backdrop of his "violent attack […] upon the whole commercial system of Great Britain" (*Correspondence of Adam Smith*

(CAS) 208, p. 251). According to the authors, Smith regarded labor as a "monetary" phenomenon, as an alternative understanding of money, and as an alternative to gold and silver. His argument may therefore be read as a quest for a stable measure of value and a medium of exchange that can explain the opportunity cost of bringing goods to market. The much-criticized apparent impossibility of finding a stable measure of value in commanded labor can then be overcome theoretically in a perspective Smith adopted regularly: analytical egalitarianism.

Tying in with the debate about Smith's theory of value, *Gilles Campagnolo* (National Center for Scientific Research, France, Sorbonne Institute for Legal and Philosophical Studies, Center for Contemporary Philosophy) casts a closer look at Carl Menger's reading of Smith. Based on some of Menger's publications, his estate and archives, he explores how Menger and the Austrian School more generally relate to Smith's thought. After all, some later Austrians, beginning with Hayek, saw themselves as intellectual heirs to both Smith and Menger. One result of Campagnolo's inquiry is that while the two thinkers argued for free trade and free choice by agents as keys to economic mechanisms and therefore indeed deserve to be regarded as "liberals," this qualifier doesn't apply to them in the exact same manner. Campagnolo gives Menger, rather than Smith, the credit of having created a pivotal moment in economic thought, somewhat akin to Immanuel Kant's revolution in natural science.

Paolo Santori (University of Tilburg, Netherlands, Department of Philosophy) pulls us back from the past and places us back squarely in the present world. He asks whether the three female winners of the Sveriges Riksbank Prize in Economic Sciences in memory of Alfred Nobel (the Economics Nobel) to date – Elinor Ostrom (2009), Esther Duflo (2019), and Claudia Goldin (2023) – could possibly be classified as "Smithian" scholars in any meaningful sense. In doing so, he adopts the point of view of feminist economics, a project to fight the gendered division of the discipline, establishing the equal importance of masculine and feminine traits of human beings. Santori is insistent that Smith's thought is full of hidden tools that can be used to "demolish the house of masculine economics and build a feminist one." In particular, it is the mechanism of sympathy, together with Smith's advocacy for virtuous markets where we express our sociability in all forms, that makes his work close to the research of the three female Nobel laureates and proves to be useful for the feminist economics project.

John Thrasher (Chapman University, USA, Smith Institute for Political Economy and Philosophy) opens the debate for political questions, taking on the important and currently much-discussed question about the relationship between capitalism and democracy. He challenges what he calls the „independence thesis" which views capitalism and democracy as separate (independent) and often antagonistic systems. By revisiting Smith's integrationist approach to political economy, he argues for a more nuanced understanding of what is really a symbiosis between political and economic orders. He critically examines common responses to the prevailing independence thesis, *i. e.*, insulation (shielding one system against influences from the other) and, contrarily, implementation (influencing one system through the other on purpose, where one system serves as a tool to implement preferred outcomes in the other). Thrasher

proposes an alternative framework in order to provide a robust foundation for addressing contemporary challenges.

Richard Sturn (University of Graz, Austria, Department of Economics) deals with a related important aspect of Smith's liberalism. He discusses why Smith's understanding of economics as the „science of the legislator" and his insistence on the „virtues of the statesman" seems to have all but disappeared in the modern mainstream of the field. After all, the concept of the „science of the legislator," a sophisticated version of higher order liberalism or „liberal methodology," provides a circumspect account of both the power and the inherent incompleteness of social science. As Sturn explains, the liberal challenge consists of making political sense of such incompleteness under given circumstances, envisaging science-based socio-economic improvements in the spirit of Enlightenment while steering clear of scientism, technocracy, and top-down modernization. Today perhaps even more than in Smith's days, evolving socio-economic heterogeneities, the dynamism of specialization, and politics require such a dynamic, open, and contextual second-best approach.

Colin von Negenborn (University of Hamburg Germany, Department of Philosophy) turns to Smith in order to give modern theories of intergenerational justice a new and creative twist, given that the existing philosophical approaches implicitly focus on claims of justice between generations rather than between individuals. Smith does allow us to focus on individuals. While Smith never talks much about justice between generations in an abstract sense, and while he provides little room for distributional aspects of justice, von Negenborn argues that his ethics based on the reflected passions of individual towards their neighbours can nevertheless fruitfully inform modern theories of intergenerational justice. Following and expanding upon Smith, we may therefore think of each individual as situated in a specific neighbourhood that is defined not only in a spatial sense but also in a temporal one. In the temporal dimension, relations between neighbours may then take the form of intergenerational sentiments. Reflection on these sentiments should help us to identify due claims of justice.

Erik W. Matson (George Mason University, USA, Department of Economics) deals with Smith's views on patriotism and universal benevolence in the final edition of TMS by placing them in broader context. Smith affirmed proper patriotism as virtuous and consistent with the Christian ethic of universal benevolence. Proper patriotism, however, subsists in contrast to two vicious patriotisms: the patriotism of national jealousy and the patriotism of radical reform. As Matson points out, a Smithian patriot will not pursue national aggrandizement, preferring commercial liberalizations which undercut the interest of factions but serve the good of the nation. Liberalization ought to be undertaken with prudence and moderation. Radicalism, even when opposed to real corruptions, Smith argued, can often harm its own cause. Matson also contrasts Smith's patriotism with a position that is against patriotism altogether.

Daniel B. Klein (George Mason University, USA, Department of Economics) tracks the term „liberal" as a political adjective in English. Data from text digitization show that this term acquired a sustained political signification for the first time around 1769, with the liberal policy principles of Adam Smith and his associates – even before the WN was published. From then onwards, notions such as „liberal plan," „liberal system," „liberal principles," „liberal policy," *etc.* began to spread, including in poli-

tical discourse and parliamentary debates. The political nouns „liberalism“ and „a liberal“ started up slightly later, in the 1820s. Similar data from French, German, Italian, and Spanish confirm that Britain was indeed the first country to get to a political sense of „liberal.“

Last but not least, *Alejandra Salinas* (Universidad del Cema, Universidad Nacional de Tres de Febrero, and Universidad Católica Argentina, Facultad de Ciencias Sociales) examines the interpretation of Smith's writings in Michel Foucault's famous *The Birth of Biopolitics.* In his lectures at the Collège de France in 1978/79, Foucault delves into market processes, the government's role, the nature of economic knowledge, the dynamics of the „invisible hand,“ and the complex relationship between society and the state. Salinas finds that despite their shared interest in studying the forms of political power, and across two centuries, the two authors differ significantly. Her analysis brings out that Foucault's interpretation of Smith is heavily distorted in many ways. Smith's perspectives on economics, the nature of social arrangements, and the importance of civic responsibilities stand in stark contrast to the ideas of agents' total economic blindness, social atomism, and a disregard for the common good that Foucault attributes to Smith.

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