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# Better than a Rope of Sand: Cohesion in a Commercial Society<sup>1</sup>

#### Abstract

**RESEARCH OBJECTIVE:** Do Smith, Hume and other Scots have an argument to reject John Brown's claim in his *Estimate* that a society based on self-interest lacks cohesion? And can they do so without accepting Hobbes' argument that the necessary cohesion can only be provided by the threat of coercion from a sovereign?

THE RESEARCH PROBLEM AND METHODS: Problem: The eighteenth century debate on the nature of commercial society. Method: Analysis of key texts in the debate as it occurred in Scotland.

THE PROCESS OF ARGUMENTATION: The Scots argue that a society where everyman lives by exchanging, operating on the assumption of self-interest, is a more peaceable, more equitable and thus more cohesive than that envisioned by Brown. When reinforced by the rule of law, self-interested behaviour supports mutually supportive behaviour. Ultimately this embodies a constant and universal principle of human nature. Human behaviour is not random or chaotic and a commercial society not only exemplifies that fact but also sustains a form of societal life superior to any that has one before.

**RESEARCH RESULTS:** Nostalgia for an earlier time is mis-placed. For all its vehemence Brown's critique is mis-directed and thus unjustified.

1 A fuller and much amended version in Spanish of this paper will appear in Economia Politica (Chile).

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CONCLUSION, INNOVATIONS AND RECOMMENDATIONS: This selection of the Scots should be widened to investigate whether Ferguson, Kames, Wallace among others have the same resources as Hume and Smith to rebut Brown.

#### Keywords:

self-interest, commerce, justice, Smith, Hume

My title derives from John Brown's immensely popular *An Estimate of* the Manners and Principles of the Times (1758). As part of his vehement critique of contemporary society, Brown declaimed that "a chain of Self-Interest is indeed no better than a Rope of Sand: There is no Cement nor Cohesion between the Parts" (Brown, 1758, 1:111). None of the writers of the Scottish Enlightenment fully endorse Brown's critique. Some of them, it is true, on occasion come close. There are, for example, passages in Kames' Sketches on the History of Man (1774) that exhibit similar sentiments (see for example the Sketch on Patriotism). Others develop a more sophisticated articulation of the thrust of Brown's argument implicit in this remark. Ferguson in the An Essay on the History of Civil Society (1767) (especially in the final two books) is the most notable, with his attack on the passivity and atomism of contemporary or commercial society. Yet even in Kames and Ferguson there is a recognition of the superiority of that type of society to anything that would embody Brown's vision. Inherent in that recognition is that self-interest is an ineluctable feature of a society where, in Smith's phrase, "everyman is in some measure a merchant" (Smith, 1981, p. 37). Given their acceptance of this, the Scots need to establish some cohesive principles.

Ι

In order to be successful in this task they have to deflect or reject the Hobbesian answer to how self-interest and social cohesion can be reconciled. For Hobbes the fact about humans is that they are concerned with their own well-being to the exclusion of others. Each and every person is motivated by their passions, if they want something they

are impelled to move toward obtaining it and, conversely, if they are afraid they are impelled to move away from what scares them. As an account of motivation, with one crucial exception, there was nothing here to which the Scots would object. The exception was to Hobbes' insistence on exclusivity; other individuals were either actual or potential competitors. A further implication that Hobbes' drew from his account reinforced the Scots' opposition. Hobbes declared that humans called "good" what they desire and "evil" what they hate. From this, he held it to follow, that what I call good can be what you call evil. His next step was to argue that the only way there can be any moral consensus, and thus social cohesion, is to establish an authorised sovereign, who can enforce unequivocal definitions of good and evil. This has to be "enforced" because "covenants without the sword are mere words." Individuals have to be "terrorised" by a sovereign power to "do as they would be done by" (Hobbes, 1991, p. 3-39, 92, 117).

Contemporaries and successors read this to mean that morality meant no more than forced compliance to a sovereign's edict. Many critics of Hobbes, like Samuel Clarke, took the rationalist road but another route was travelled by Anthony Ashley Cooper, 3rd. Earl of Shaftesbury. Shaftesbury thought Hobbes' philosophy rested on a faulty reading of human nature. Humans were not irreducibly or exclusively self-centred; they also possessed – and here introducing the terminology that the Scots would adopt – what he called a "natural moral sense" (Shaftesbury, 1900, I: 262).

The Scots openly acknowledge their debt to Shaftesbury but this is mediated by the impact of Mandeville. Like Hobbes but more insidiously, Mandeville argued that virtuous actions were not necessary to produce beneficial outcomes, vices can have the same effect. For example, pride and luxury (Brown's bêtes noire) encourage industry (Mandeville, 1998, I: 86). Mandeville was thought by his contemporaries to be claiming that virtue was a sham and that those who claimed to be virtuous (all right-thinking individuals in other words) were hypocrites. Certainly Shaftesbury was a frequent target of Mandeville's jibes. But what was so potentially damaging was Mandeville's claim that Shaftesbury's theory is untrue because it is "inconsistent with our daily Experience" (Mandeville, 1998, I: 324).

II

Pre-eminent among the defenders of Shaftesbury against Mandeville was Francis Hutcheson. Hutcheson effectively turned the tables on Mandeville. It was Mandeville's account that was untrue to human experience. Giving evidence that he was Hutcheson's pupil, Smith expresses this is the opening sentence of the *Moral Sentiments*:

How selfish soever a 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 derive nothing from it except the pleasure of seeing it (Smith, 1982a, p. 9).<sup>2</sup>

But, of itself, this is not going to satisfy Brown. While for Hutcheson self-love presupposes moral conduct or is a subset of benevolence (Hutcheson, 1994, p. 76-86.), Smith and Hume (the two thinkers upon whom I will focus in this paper³) recognise it as independent presence. They do not/ cannot consistently wish it away. To meet the Brownian challenge without adopting the posture of Hobbes and Mandeville requires more argument.

Smith openly declares that each individual, whether in commercial society or not, has a "natural preference...for his own happiness above that of other people" (Smith, 1982a, p. 82). But this is not a fixed or an unalterable fact. The effect of sociality needs to be taken into account. Both Smith (Smith, 1982a, p. 111) and Hume (Hume, 1978, p. 365) use the imagery of society as a mirror, it reflects back to us the effect of our actions. For Smith it is a weakness of the Hobbesian/Mandevillean view that it cannot take on board the fact that the interactions of social life "humble the arrogance of self-love." This socially-induced humility enables Smith to claim that the "perfection

<sup>2</sup> Compare Hutcheson's opening sentence to his 1725 *Inquiry into Virtue and Moral Goodness*, "moral goodness...denotes our idea of some quality apprehended in actions, which procures approbation, attended with desire of the agent's happiness" (Hutcheson, 1994, p. 67).

<sup>3</sup> I acknowledge that neither Hume nor Smith deign to discuss Brown. Robert Wallace (1768, Ch.5 especially) was less reticent. Despite his own qualms about commercial society he subjects Brown's book to extensive and withering criticism.

of human nature" lies in restraining the selfish, and performing the benevolent, affections (Smith, 1982a, p. 125).

This restraint is most effectively exhibited in modern, commercial societies. That is in the type of society that is the target of Brown's critique. The crux of Smith's moral theory is, of course, sympathetic responsiveness to others. I imagine how I would feel, if I were you, in your situation and if my imagined response matches yours then I approve (Smith, 1982a, p. 16). This sympathetic fit is neither automatic nor fixed. One key variable is emotional proximity. Compared to the more forgiving environment of family and friends, where sympathetic concord requires less negotiation, in the relatively anonymous setting of the marketplace more effort is needed to achieve the desired state of harmony between the actor and spectator (Smith, 1982a, p. 23). This extra effort has the effect of strengthening the character. In other words, the actor in a commercial society exercises a greater degree of moderation and exhibits more consistently the virtue of self-command than is possible in more tribal or clannish times (Smith, 1982a, p. 146).

Moreover, modern societies for all the self-interestedness they embody exhibit other virtues that further mark them out as superior. A "polished people," Smith says, acquire habits that make them "frank, open and sincere" (Smith, 1982a, p. 208). In his Glasgow lectures, Smith observed that "when the greater part of the people are merchants they always bring probity and punctuality into fashion" so that these are "the principal virtues of a commercial nation" (Smith, 1982b, p. 539). To say they are the "principal" virtues is to say they will have established themselves. Since lying and lateness will not be approved, and on Smith's moral/social psychology everyone desires approval, then individuals' actions will conform to "commercial norms." Given that the "good opinion" of others is always desired then, he says, this will produce "regular conduct" (Smith, 1982a, p. 63).

<sup>4</sup> Cf. John Millar (2006, p. 777), individuals form their notions of propriety according to a general standard, and fashion their morals in conformity to the prevailing taste of the times' and, in the same passage, he applies this to the presence of a "mercantile spirit [which] is not confined to tradesmen or merchants; from a similarity of situation it pervades in some degree all orders and ranks and by the influence of habit and example it is communicated, more or less, to every member of the community." Also Ferguson

This conduct, principally in the form of adhering to the rules of justice, is integral to modern society. For Smith, the "reward" for acting justly and being trusted is to inspire the "confidence" in us from those with whom we live (Smith, 1982, p. 166). As we will emphasise later, trust and confidence are crucial because they lay a foundation for the rule-governed, predictable behaviour necessary to the functioning of a commercial society and which, at the same time, is socially cohesive.

#### H

How is this more than a "rope of sand"? As an answer, we can adapt Smith's famous example of a commercial transaction – butchers and their customers. Our transaction with butchers is payment for sausages; we do not in the normal course of events appeal to their benevolence or humanity but rather, says Smith, to their "self-love" (Smith, 1981). This, of course, is not to say that the butcher cannot exercise benevolence, she may give a beggar some sausages but that is at her discretion, whereas handing over sausages for the correct payment is not. The butcher would lose trade if she got a reputation for being untrustworthy, for supplying ten sausages but charging for twelve. The butcher's self-interest thus promotes the morality of fair-dealing. Similarly, from the customers' perspective, it "pays" to be a good credit risk. The bank will not lend to me if I have a record of default. The bank gains from interest on the loan, I gain from having funds to expand my business or go on holiday. To bring out the significance of this mutuality, we can in an abstract, simplified manner identify three ways by which I can get something I want that you possess.

First, I can take it. To make this the default interaction is to subscribe to a Hobbesian model where competition, together with lack of trust (what he calls "diffidence") and the need to be superior, produces as he famously says, an absence of "industry" and a short, miserable brutish existence (Hobbes, 1991, Ch. 13). What prevents me

<sup>(1966,</sup> p. 189) who refers to "punctuality and fair-dealing" as the "system of manners" of merchants.

from taking what I want is fear of punishment from the sovereign, the artificial person (Leviathan) created by mutual covenant. The Scots as we have seen reject this argument because it rests on a faulty reading of human nature. Society is not held together through fear. As Hume argues all governments rest on "opinion" and he is explicit that fear is only a "secondary" principle, although, of course, it is has a role to play (Hume, 1987a, p. 3). Hobbesian society thus lacks cohesion; its enforced social order is always prone to internal dissolution through the exercise of the residual natural right of self-preservation.

Second, I can receive it as a gift. Compared to the Hobbes model, this is, as typically understood, a "moral" transaction. There is a virtuous motive (benevolence or Christian duty) for a virtuous act (making others happy or giving to charity). This is the model that would seem to underlie Brown's own prescriptions. However, this is unstable; it too can be seen to be a rope that cannot bear much weight. The reason for this is its discretionary element. Benevolence is an imperfect obligation, that is, it cannot be externally compelled. Even if it is accepted with Brown that one ought to be benevolent or heed one's Christian duty, it does not have a sufficiently cohesive force in a commercial society. Individuals can (should) act "morally" and follow their conscience but that cannot reliably be generalised as a societally operant principle. For example, perhaps I think (limited) public resources should go to providing for the homeless, you that they should go to cancer patients. Though we disagree yet we both could use the language of "morality" to promote our conflicting choices. It is on this basis that Hume criticises "natural morality" for potentially exacerbating rather than resolving social disagreements (Hume, 1978, p. 489).

Third, I can barter or exchange. Suppose I have two knives and no forks, you have two forks and no knives. We both, as it happens, want a knife and fork. Following our own self-interest we can thus trade and both get what we want. Nothing in this transaction relies on us knowing each other, it thus comports with what Smith calls an "assembly of stranger" or the prevailing circumstances of life in a commercial society (Smith, 1982a, p. 23). What it does rely on is the predictable force of self-interest. Unlike the first mode of interaction it does not depend on the threat of external sanction to prevent me simply seizing one of your forks. Unlike the second mode it does

not depend on discretion; although I may have only one knife you nonetheless could gift me one of your forks but then again you may not. However, if I have something you want in exchange then we both have a reason to do business. Of course it might be judged "moral" for you to give me a fork because I am in "need." In a very different context than that assumed by Brown this is an argument put forward by the "young" Marx (see Berry, 1987). But the same difficulty applies here as it does with the Brownian argument. Both defy generalisation and both rely on the feasibility of (to use Smith's distinction) societal "unison" rather than "concord" (Smith, 1982a, p. 22). Whereas concord is a negotiation between actors and spectators that the social mirror reflects and produces social "harmony" (that is cohesion), unison is undifferentiated and, in practice, we can infer, is Hobbesian in the sense of embodying a uniform code of behaviour.

## IV

The argument thus far has been essentially negative. There is though a more positive argument to support the case for cohesion in a commercial society. The crux here is the scaling up of the knives/forks scenario. A society where "everyman is in some sense a merchant" is a society of inter-dependence. This inter-dependence is the necessary consequence of the division of labour. The extent of the division of labour (and thence of societal wealth) depends on having confidence in the future, on what James Steuart calls "reasonable expectation" (Steuart, 1966, II: 440). Summarily put, I will manufacture knives to sell, you will manufacture forks also to sell. We will specialise in that way only if we are confident that on market day I can sell knives and buy forks. The same applies to you and your forks. Without that confidence then our self-interest would lead us to manufacture both knives and forks but with the effort now spread I/we will have fewer knives and forks. Moreover, those we do make will be inferior to those that we could have produced by specialising. When scaled up this becomes a commercial society. And it is this society that removes "miserable poverty" and improves the well-being of all – everyone is better fed, clothed and housed than in any society that would take

seriously Brown's (or Rousseau's) prescriptions (see Berry, 2013, Ch. 3). In addition with greater social wealth then the virtues of charity and need-meeting are better performed in an "improved" society (Smith, 1981, p. 10).

While the modern form society rests upon reliability there must of course be institutional support and this comes in the form of the rule of law. The effect of that is to establish certainty and predictability. Without those then the division of labour and market would not be viable. This is a crucial argument in the *Wealth of Nations*. Of course, enforcement is necessary but this is not a reprise of Hobbes. For him everyone attempts to free-ride because the default interaction is zero-sum. The decisive advantage of a society based on exchange is that it is non zero-sum (we both get knives and forks).

Why won't commercial actors not free-ride as a matter of course? The answer lies in the mutually supportive effects of trust. This lies at the heart of the cohesiveness of modern societies and why they are held together by more than a rope of sand. How does this work? Hume and Smith's answers differ slightly but their argumentative thrust is similar.

For Hume it lies in the developments of conventional origin of justice as famously outlined in Book III of the Treatise. These conventions take the form of inflexible general rules. He itemizes three rules (Hume, 1978, p. 526). The key one is stability of possession through the creation of property then its transfer by consent which, in turn, requires the third, promise-keeping, in order to permit "interested commerce." The relevant underlying message is that only these rules can give us "confidence" in the "future regularity" of the conduct of others, where every single act is performed in expectation that others are to perform the like' (Hume, 1978, p. 498, my emphasis). Such confidence is a learnt experience, not some natural instinct. Hence the rule/convention establishing stability of possession "arises gradually and acquires force by a slow progression and by the repeated experience of the inconveniencies of transgressing it" and it is "only on the expectation of this, that our moderation and abstinence are founded" (Hume, 1978, p. 490, my emphasis). Similarly, regarding promises, it is the lesson of experience that "I foresee that he will return my service in expectation of another of the same kind and in order to maintain the same correspondence of good offices with me or others" (Hume, 1978, p. 521, my emphasis). Human society coheres then, for Hume, because expectations are not arbitrarily dashed but are sustained by the presence of uniform or regular behaviour. This regular uniformity is based on the constancy of the conjunction between motives and actions. This constancy for Hume is at the heart of the science of man and, as he claims in the Introduction to the Treatise, it provides a solid foundation – it is certainly not a rope of sand.

Of course he is not oblivious to expectations not being met. He personifies this awareness in the "sensible knave." This individual does "free ride" by thinking that an act of "iniquity or infidelity" will benefit him without significant harm to the "social union." Hume confesses that such an individual may be impervious to censure but observes that such knaves are often "betrayed by their own maxims" and, significantly in the current context, he goes on to remark that they will suffer a "total loss of reputation and the forfeiture of all future trust and confidence with mankind" (Hume, 1998, p. 156).

Smith's account is more sociological. As with Hume, justice is pivotal and though it has a "natural" root in resentment, it is a product of experience. We learn to be just. The rules of justice are taught through the media of "discipline, education, and example." By being exposed to this range of instruction, which is in effect the process of socialisation, then, scarcely without exception, everyone can live what are, in practice, decent, blameless lives (Smith, 1982a, p. 163). Social living does not require the super-human qualities possessed by saints or heroes. What enables individuals to live more or less peaceably together is that, thanks to this common instruction, they share a sense of justice. This sentimental agreement induces trust and sufficient confidence that the conduct of others can be relied upon (Smith, 1982a, p. 163).<sup>5</sup>

This inter-personal confidence is reinforced institutionally. It is by living under the rule of law that individuals will have "confidence" in

This Humean/Smithian account fits some contemporary analysis. In Elinor Ostrom's (1988) version as humans learn to trust one another they develop reciprocity – norms. She further draws attention to the "fact" that when many individuals use reciprocity there is an incentive to acquire a reputation for keeping promises and performing actions with short-term costs but long-term net benefits.

the "faith of contracts" and "payment of debts" (Smith, 1981, p. 910). It is only in "commercial countries" that the "authority of the law...[is] perfectly sufficient to protect the meanest man in the state" (Smith, 1982a, p. 223). The great advantage of modern times is the greater security that comes from separating justice from politics (Smith, 1983, p. 176). Again it is the "modernity" that is crucial. It is with the introduction of "commerce and manufactures" that "order and good government and with them the liberty and security of individuals" is found. This is in pointed contrast to the localised warfare and "servile dependency" to superiors of pre-commercial times (Smith 1981, p. 412).

Contrary to Brown's tireless condemnation of the enervating effects of luxury and military weakness as the besetting sins of a self-interested society, commercial society is strong. As Hume argues, in "Of Refinement of Arts," ages of refinement (luxury) promote industry, knowledge and humanity as an indissoluble trio without detriment to martial valour (Hume,1987b). While, for Smith, professional armies are superior to citizens' militias (Smith, 1981, p. 699). In sum, the clear implication is that a society where everyman lives by exchanging, operating on the assumption of self-interest, is a more peaceable, more equitable and thus more cohesive than Brown alleges.

V

Recent events, such as the financial "crash" of 2008, have put "trust" under pressure. Indeed very faint Brownian echoes might be heard. Because a commercial society rests on nothing more tangible than trust, and its cognates belief, opinion, expectation and "credit," then it seemed clearly too insubstantial to support a social order. The fundamental concern was that trust was no longer anchored but was being left to float in a world of uncertainty and opinion. For Brown and many others this world of intangibles enabled speculators and "stock-jobbers" to flourish. Moreover the abstract and belief-dependent character of a commercial society meant this danger was all the more insidious. Uncertainty or risk are intrinsic to commerce (I may not be able sell to my knives); there are no guarantees so that maybe its cohesion is no stronger than a rope of sand.

The alternative of societal unison is, however, not morally appealing. It belies the principles of natural liberty, whereby "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" (Smith, 1981, p. 687). As Smith says, symptomatically, of sumptuary legislation it is "monstrous impertinence" for the government to determine what clothes I can wear (Smith, 1981, p. 346). Yet this legislation is in practice what social unison amounts to and is what Brownian moralists typically advocate. In the end commercial society, especially as portrayed by Hume and Smith, is more robust than a rope of sand. Moreover, that strength or resilience is not fatally dissipated by the presence of negative aspects in a commercial society, from the growth of debt to mentally stultifying labour, which the Scots (Hume and Smith included) recognise.

It is the presence of self-interest together, with its consequences, the very factors Brown sees as the weakness of commercial society, that is its strength. Ultimately this is because it is a constant and universal principle of human nature. Human behaviour is not random or chaotic and a commercial society not only exemplifies that fact but also sustains a form of societal life superior to any that has gone before. Nostalgia for an earlier time is mis-placed. For all its vehemence Brown's critique is mis-directed and thus unjustified.

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