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# *Faith, Enlightenment, and Economics*

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The relationship between faith and economic life is not only a matter of religiosity or religious observance. The faith I would like to discuss in this paper is not particularly religious. But it is a very important part of the earliest ideology of *laissez-faire* and of the market economy, or of the Enlightenment origins of so much of our contemporary way of thinking about economic life.

The Enlightenment has been parodied, at least since the 1790s, for being irreligious and anti-religious. The extensive scholarship about the relationship between religion and the Enlightenment presents a different picture.<sup>1</sup> John Witherspoon was himself a figure of the American and indeed the Scottish Enlightenment – and a man of religion. The milieu of clerical scholarship was one of the most important of the environments of enlightenment, together with printing and the law. But even some of the most secular philosophers of the Enlightenment were considered to be religious, in the specific sense that they made man into a sort of deity.

The theorists of the Enlightenment, particularly Adam Smith and David Hume, are celebrated for their coolly realistic view of human nature. Hume, who was very much closer than Smith to being anti-religious, wrote a marvellous essay about luxury – ‘Of Refinement in the Arts’ – which in many ways is an essay about Florence, or about what one could call the Florentine model.<sup>2</sup> The essay was enormously influential in the European ideology of commercial enlightenment, because in it Hume defends luxury, which is not an

easy thing to do. He outlines an almost idyllic future in which progress in knowledge goes hand in hand with progress in industry, and with knowledge of what he describes as 'ethics'. He also outlines a progress of sociability in which men and women meet and have agreeable conversations. 'Mildness and moderation' advance, in turn, with the arts of industry and science. Florence, whose history Hume studied with intense interest, was an extreme example of an 'opulent republic': 'the Florentine democracy applied itself entirely to commerce.'<sup>3</sup>

I do not think it an exaggeration to call Hume's imagined society an idyll; a version of the Florentine model was at the centre of Enlightenment optimism about the progress of commerce and industry. But it was not an idyll that Hume was able to found, in any satisfactory way, on his knowledge—as an historian—of past societies. Nor was he able to found it on the science of human nature, or the philosophical psychology of human action that he tried for so many years to invent. It was an act of faith on Hume's part to believe that mildness and moderation would advance together with the progress of industry, commerce, and exchange.

Hume's essay on refinement was written in opposition to the Protestant asceticism of the eighteenth century, including the Presbyterian refusal of luxury that was later so important to Max Weber's theories of religion and capitalism. It was also written against Jean-Jacques Rousseau's idealization of primitive societies. But there is a more profound point that comes out in the essay, which has to do with Hume's faith. I think that this is the right word to use, even of Hume, as well-known as he is for his scepticism. For he expresses a confidence in his essay on luxury that knowledge, industry, and exchange will have an effect on how humans behave, such that they become milder and more moderate. This is an extraordinarily important idea, if one tries to evaluate the original ideas of the market economy and *laissez-faire*. *Laissez-faire* is itself, with its opposition to regulation, a powerful expression of confidence in humanity and in individual women and men.

### Faith in Laissez-Faire

Something like the same faith can be seen on a much larger and more momentous scale in the idea that has been taken to be central to Adam Smith's economic thought: the invisible hand. Smith believed in reducing regulation not only by national governments but also by powerful private corporations, such as the East India Company, the established church, and local government and parochial institutions. His idea of laissez-faire was thereby the expression of his confidence that, left to themselves, individual human beings would arrive at an outcome that was not always wonderful but would be better than all of the alternatives.

This faith in the universal characteristics of human beings had an essential role in relation to the Enlightenment economists' reasons for confidence in what might be described as the economic system. There has been almost endless debate over what Smith meant by 'the invisible hand' of the market and why he believed that a capitalist system would work well in the end. Smith used the expression in a very fleeting way in *The Wealth of Nations* (1776). The celebrity of the expression was really an artefact of the late nineteenth and early twentieth centuries. It is clear that Smith did not have a providentialist or deist reason for his confidence; he did not believe that God had ordained a capitalist economy and that God was ensuring the outcomes would be satisfactory.

But there is nonetheless a large act of faith implicit in Smith's use of the metaphor of the invisible hand and, more importantly, in his support for laissez-faire, or letting people do what they want to do. The act of faith consisted in the belief that, somehow or another, things will turn out more or less for the best. And at the heart of that confidence, in Smith's case as in Hume's, was a belief that there is a universal human nature, which in general tends to mildness and moderation. This tendency can be distorted in difficult circumstances or when individuals are inspired to frenzy by national or religious enmities. But in the circumstances that Hume described, the quasi-Florentine circumstances, human nature will tend to be, if not virtuous, then at least moderate.

Hume and Smith made an effort, unsuccessfully in my view, to justify their presumption that there was a universal and innate human nature by recourse to empirical science.

The presumption was strongly egalitarian, in the sense that Smith asserted that every single individual – the philosopher and the common street porter, in Britain and in other societies – was born with the same universal nature. It was a matter of faith, and to some extent, of intuition and introspection. It was also a matter of imaginative transposition. This was, for Smith, the capacity that enables people to go deeper and deeper into themselves to find something that is universal and also to think themselves into the situation of other human individuals, however different they may be. It is the process that he described in *The Theory of Moral Sentiments* (1759). If one were to paraphrase Smith's conclusion, it would not be that human beings are basically good but that human beings, over the long term, are not really all that bad.

This is a very modest and also a very powerful idea. It is close to Hume's idea of mildness and moderation. It is also close to what James Madison found in Hume's analysis of the shortcomings of human nature, and of the conditions of a stable and balanced system of government. It is a faith in what individual men and women are really like, particularly under the sort of favourable circumstances that could be approximately described as Florentine.

### Arguments About Equality

The fundamental act of faith implicit in the ideology of laissez-faire is connected in a very interesting way to issues about global justice and global inequality. The great Enlightenment theorists were preoccupied with inequality: Smith uses the words 'unequal' and 'inequality' forty-seven times in *The Wealth of Nations*, in a variety of different senses. Hume, in his essay 'Of Commerce', concludes that

A too great disproportion among the citizens weakens any state. Every person, if possible, ought to enjoy the fruits of his labour, in a full possession of all the necessaries, and many of the conveniencies of life. No one can doubt, but such an equality is most suitable to human nature.<sup>4</sup>

Here, again, is Hume's not entirely scientific conviction that certain kinds of human relationships are particularly suited to human nature.

These arguments about equality were very much arguments about equality within a particular European society.

Rousseau, for example, used a celebrated metaphor which, in economists' terms, presumed that there was a single commodity in inelastic supply; he talked about the rich using powder on their wigs so that the poor have no flour for their bread. It was an image that captured the European imagination.<sup>5</sup> Even the younger William Pitt, the British prime minister, introduced a tax on luxuries that was known as the hair-powder tax. Individuals who wished to keep servants with powdered wigs were required to buy a licence, which cost a guinea, to be affixed to the gate of the parish church; the purchasers of these licences were known as 'guinea pigs'.<sup>6</sup>

The imagery in this case was of a national society. But one of the fascinating aspects of the period of the late Enlightenment was the extent to which individuals were beginning to reflect on relationships of justice and even equality across very long distances, including oceanic and terrestrial frontiers. These reflections can be seen vividly in the discussion of the abolition of the slave trade. There was a sense of the visibility of distant ills, a sense of causal relationships among oppressive actions in different parts of the world, a sense of the feasibility of taking action to prevent ills, including slavery, the slave trade, and British oppression in India. There was also a sense, which was very striking in the 1770s and 1780s, of incipient institutions of global justice. These institutions were imaginary and intangible, but the imagination is a large part of thinking about global political relationships. The political imagination of the times contributed to a very remarkable sense that there was something like a global political society, or that there might eventually be a global political society.

Hume's argument about the suitability of equality to human nature is an argument, again, about equality among people within a particular society. It was really a political argument, to the effect that if there is a political society with some people who are enormously rich and some who are extremely poor, it will cease to be a society. It will contain the seeds of its own destruction.

This was a familiar argument, discussed by Montesquieu and others. But when Smith, and to some extent Hume, was writing, there were glimmers of an extension of the argu-

ment to a much larger and virtually global society. People were beginning to think about what it would mean to have to extend Montesquieu's analysis of inequality to the relationships, for example, between people in India and people in Scotland or France. They were also thinking about the extent to which evil in distant places was becoming visible or audible to people in Western Europe. There was a sense that because of the expansion in communication and newspapers and government information, people actually knew what was happening in the world. There was an imposing time-lag, but people in Europe did eventually know what was happening in Africa or India. There was a sense, too, of causal relationships: the distant ills mattered to people in England or France, because English or French policy was causing terrible things to happen in relation to the slave trade or in the East Indies.

There also was a sense of feasibility: things could be done in England or France that would affect these distant ills. There were the great consumer movements of the 1780s and 1790s against the slave trade. There were the boycotts of sugar and tea because of slave cultivation in the West Indies and the oppression of the East India Company in India. So with all these prospects of visibility, causality, and feasibility, there was a glimmer of an understanding of the political institutions that could come into being, whereby people in Europe would actually be part of the same political society as people in distant countries. There were fantasies in the 1770s of global senates, where literally every part of the world would be represented.

These are questions of faith of a relatively nonreligious sort, and they had strong prudential or hedonistic components as well. In Hume's terms, it would not be agreeable to live in a society with very poor or very oppressed people. It would not be suitable to human nature. But the society of the late Enlightenment, by the time of Hume's death in 1776, was as wide as the world.

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<sup>1</sup> See Jonathan Sheehan, 'Enlightenment, Religion, and the Enigma of Secularization: A Review Essay', *American Historical Review*, 108 (October 2003), <http://www.historycooperative.org/journals/ahr/108.4/sheehan.html>.

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- <sup>2</sup> See David Hume, 'Of Refinement in the Arts', in *Essays Moral, Political, and Literary*, ed. Eugene F. Miller (Indianapolis, IN: Liberty Classics, 1987): 268–80.
  - <sup>3</sup> *Ibid.*: 271, 273, 275; David Hume, 'Whether the British Government Inclines More to Absolute Monarchy, or to a Republic', in *Essays Moral, Political, and Literary*: 47–53, 49.
  - <sup>4</sup> David Hume, 'Of Commerce', in *Essays Moral, Political, and Literary*: 253–67, 265.
  - <sup>5</sup> Jean-Jacques Rousseau, *Les Pensées de J.J. Rousseau, Citoyen de Genève* (Amsterdam, 1763): 119.
  - <sup>6</sup> Peter Pindar, *Hair Powder; A Plaintive Epistle to Mr. Pitt* (London: J. Walker, 1795): 31.