

Adam Smith, Natural Movement, and Physics

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I. Introduction

This paper argues that often when Smith used the word "natural", it was not in contradistinction to supernatural, social, or artificial; but to violent. Furthermore, Smith got this distinction from his study of the history of physics and astronomy. In those fields there is an idealized view of "natural" motion or movement versus interfered or violent motion or movement, which has changed over time, particularly from ancient to classical physics and astronomy. Smith used this particular definition or sense of natural particularly when dealing with movement in *The Wealth of Nations*: especially the movement of goods, capital, and labour. In Smith's system in *The Wealth of Nations*, the natural non-violent movement of humans, or actions generated by humans, will lead to so-called natural prices, natural rates of profit, and natural wage rates around which market prices, profit and wage rates will "gravitate".

However, in the *Wealth of Nations*, the social and economic movement, and hence the gravity that Smith writes of, is actually based upon the gravity of ancient, Aristotelian physics, not classical Newtonian physics. Each human actor has its own motivation and source of movement. The gravity that Smith invokes in his WN metaphor is the ancient Aristotelian concept of gravity where gravity itself is not really an independent, external force; rather the elements have their own "natures" and natural movements. In the ancient Aristotelian physics, the distinction then becomes between natural movement and violent movement caused by an external force. This is how Aristotle frequently used the word natural and "natural movement" in his *Physics* and his *On the Heavens*. Smith picked up on this Aristotelian distinction, noted it in his "History of Astronomy" essay, and used it in his WN. Hence, in his

proposed "simple and obvious" system of natural liberty, the word natural, by this usage of the word natural, means a system based upon the not violent, not-externally forced movement of the social and economic actors.

Part II of this paper elaborates upon Smith's understanding of the ancient concept of gravity. Smith argued that the Aristotelians drew a distinction between natural movement and violent movement which arose from an external force: this was one of the senses in which Aristotle used the word natural. It was this ancient concept of natural movement and gravity, as opposed to Newton's concept of gravity, which underlines the gravity metaphor used in WN.

Part III argues that Smith sometimes used this sense of the word natural, particularly when discussing human movement. Moreover, although there are a multiplicity of virtues and possible motives for action in *The Theory of Moral Sentiments*, according to Smith in practice most people most of the time strive to accumulate wealth in order to achieve status. To do this, they "naturally" move their goods, capital, and labour to those industries and locales which they perceive to be most financially remunerative. Hence, the opposite to this "natural" movement would be "violent" movement caused by external force; for Smith, this sort of unnatural movement is nearly always caused by government rules and regulations.

Part IV argues that using reasoning analogous to the ancient Aristotelian concept of gravity, the natural movement of people pursuing their "interests" will lead to stable natural prices, profit and wage rates. Furthermore, Smith opposed both the mercantilist and physiocratic systems of political economy partly [largely?] because they systematically imposed violent external forces to try to channel resources into favoured sectors of the economy, against the "natural" movement of people, goods and capital. In his view, Smith's own system would favour no one particular sector, thus minimizing external force, letting people and their property move "naturally". Smith called this the simple and obvious system of

natural liberty. The system is natural in the sense that as much as possible, it allows people to pursue their own goals, motives and movement, thus limiting supposedly violent external forces on their behavior. Part V offers a brief conclusion.

II. Aristotelian Physics, Gravity, and Natural versus Violent Movement (or Movement Caused by an External Force)

It is relatively well known that Smith was promiscuous in his use of the word natural (or nature), that he used these words in various senses and with frequent ambiguity, that the opposite for Smith to the word natural could possibly be unnatural, supernatural, social, or artificial; and that he generally changed his use of the word natural to mean something approaching "normal" or ordinary, in contradistinction to the ancient Aristotelian use of the term natural to mean the best, or excellence (see, e.g., Puro 1992; Aspromourgos, 2009:43-53; Pack 1995, 2010; Cropsey 1957:99). What has not been so well noted, is that for Smith the opposite to natural could sometimes be "violent", or "external force", the two being used more or less synonymously . Smith counterpoised violent or external force to natural particularly when he was discussing movement: the movement of goods (trade), capital, and labour (or really the labourers). The natural, non-violent or non-forced movement of goods, capital and labour would eventually result in what Smith called the natural price (Schliesser, 2002; 2015) about which market prices "gravitated". Moreover, Smith seems to have taken this use of natural, as opposed to violent movement or movement caused by an external force, from his understanding of the history of physics and astronomy in general, and particularly of ancient physics and astronomy. ¹

¹ Hence Foley titling his study of Smith *The Social Physics of Adam Smith* (1976) was quite insightful.

In his so-called "The History of Ancient Physics" essay,² Smith wrote that with the ancient physics "gravity and levity were regarded as the two principles of motion which directed all sublunary things to their proper place" (1980: 5). This led to natural motion: "The *natural* motion of two of these elements, Earth and Water, was downwards, upon account of gravity. This tendency, however, was stronger in the one than in the other upon account of the superior gravity of Earth. The *natural* motion of the two other elements, Fire and Air, was upwards, upon account of their levity; and this tendency too, was stronger in the one than in the other, upon account of the superior levity of Fire." (ibid, emphasis added). Note that things move up or down, more due to their own internal gravity or levity, rather than to the external force of gravity. The tendency to movement is stronger in the one, rather than on the one. Therefore, in Smith's interpretation, "...each of those Four Elements had, in the system of the universe, a place which was peculiarly allotted to it, and to which it *naturally* tended" (1980: 6, emphasis added). Hence, elements move to a place and then tend to stay there; that is largely a result of their own, internal nature. Thus, "Each of the Four elements having a particular region allotted to it, had a place of rest, to which it *naturally* tended, by its motion, either up or down, in a straight line, and where, when it had arrived, it *naturally* ceased to move" (1980: 8 emphasis added). This is natural, non-violent, non-forced motion as posited in the ancient system. In that theoretical system, elements naturally, non-violently, move somewhere, and then they stop: "each of them tended to a state of eternal repose and inaction" (1980: 8).

As Andrews has recently pointed out (2014), this ancient conception of gravity is the one Smith used in his gravity metaphor illustrating the movement of market prices to Smith's natural prices in *The*

² The full title of this work is, "The Principles Which Lead and Direct Philosophical Enquiries Illustrated by the History of the Ancient Physics" is germane; also for the so-called History of Astronomy Essay which will shortly be discussed. Smith apparently wrote and preserved these historical essays because he was primarily interested in the principles which lead and direct philosophical and scientific enquiries in general. His approach and results can therefore now be seen as rather "Kuhnian", very likely due to their similar methodology. See Kuhn (1957; 1970)

Wealth of Nations. According to Smith, "The natural price, therefore, is, as it were, the central price, to which the prices of all commodities are continually gravitating. Different accidents may sometimes keep them suspended a good deal above it, and sometimes force them down even somewhat below it. But whatever may be the obstacles which hinder them from settling in *this center of repose and continuance*, they are constantly tending towards it" (I.vii.15, emphasis added). According to Smith, with this movement, the market price tends to go to the natural price and then, in the absence of external disturbance, stays there. This is the gravity as described by Smith of the ancient physics rather than the Newtonian conception of gravity where two bodies mutually attract each other (see e.g. Schliesser, 2002, 2015).

In the "History of Astronomy" essay, Smith continues along these lines, writing that in the early ages of antiquity "Fire burns, and water refreshes; heavy bodies descend, and lighter substances fly upwards, by the necessity of their own *nature* ... (III.2, emphasis added).³ Hence, it is their nature, rather than an outside external force, which causes this type of movement. Later in that essay Smith explicitly noted this crucial distinction of types of motion made by Aristotelian philosophy: "That philosophy, by a very natural,⁴ though, perhaps, groundless distinction, divided all motion into Natural and Violent. Natural motion was that which flowed from an innate tendency in the body, as when a stone fell downwards: *Violent motion, that which arose from external force*, and which was, in some measure, contrary to the natural tendency of the body, as when a stone was thrown upwards, or horizontally"(IV.38 upper case in original, emphasis added). So, the distinction here is between natural

³ The last part of that sentence is justly celebrated as the first time Smith ever wrote of an invisible hand: "nor was the invisible hand of Jupiter ever apprehended to be employed in those matters". Polytheistic religions did not use their gods to explain or cause what was natural or natural movement. Monotheistic religions do. Hence, compare this use of the invisible hand with Smith's employment of the invisible hand metaphor in both *The Theory of Moral Sentiments* and *The Wealth of Nations*, where in each case an invisible hand is somehow involved with natural movements. Smith, of course, knew that he was writing for monotheists and wrote accordingly; and persuasively.

⁴ Again, note the promiscuous use of this key, indeed arguably favorite word for Smith. Smith clearly used the word natural ambiguously, in different senses or meanings of the word.

as opposed to violent motion caused by an external force. Hence, the opposite of natural or natural motion for Smith may be violence or violent motion, which is motion caused by an external force. Moreover, we will show that although Smith himself wrote that this distinction may be "perhaps, groundless", nonetheless he would make use of that very distinction in *The Wealth of Nations*.

Smith, in describing the ancient Aristotelian system, wrote that "*No violent motion* could be lasting; for, being constantly weakened by the *natural tendency* of the body, it would soon be destroyed. The *natural motion* of the Earth, as was evident in all its parts, was downwards, in a strait line to the center; as that of fire and air was upwards, in a strait line from the center" (ibid). Smith goes on to explain how in the modern Copernican and ultimately Newtonian system, there would be a fundamental paradigmatic change in the understanding of what is natural motion.⁵

III. Smithian Natural Human and Economic Movement

Smith writes in *The Theory of Moral Sentiments*, that most people, "the great mob of mankind", try to acquire wealth to increase their own social status with others; that is their goal, their motivation: a perhaps vulgar, yet nonetheless generally effective way to gain status. Thus, for Smith, "We desire both to be respectable and to be respected.... We frequently see the respectful attention of the world more strongly directed towards the rich and great, than towards the wise and the virtuous. We see frequently the vices and follies of the powerful much less despised than the poverty and weakness of

⁵ To be fundamentally challenged again in the early part of the 20th century with Einstein's general theory of relativity, where matter naturally moves following geodesics along the curvature of space-time. Note that in both Einstein's theory and the Aristotelian system, things naturally move more because of their own inner nature, rather than in response to an external force. In contradistinction, in the Newtonian system, gravity itself is an external force acting upon matter; a source of problems and controversy for both Newton himself and Newtonian physics. Hence, in this sense, Einstein's twentieth century *General Theory* hearkens back to the ancient Aristotelian system.

the innocent. To deserve, to acquire, and to enjoy the respect and admiration of mankind, are the great objects of ambition and emulation. Two different roads are presented to us ... the one, by the study of wisdom and the practice of virtue; the other, by the acquisition of wealth and greatness. Two different characters are presented to our emulation ... They are the wise and the virtuous chiefly, a select, though, I am afraid, but a small party, who are the real and steady admirers of wisdom and virtue. The great mob of mankind are the admirers and worshippers ... of wealth and greatness" (I.iii.e.2).

Hence, the multiplicity and complexity of virtues in *The Theory of Moral Sentiments*, and the various possible causes for action therein, come to be drastically simplified and reduced in *The Wealth of Nations*. There, Smith tells the reader that "... the principle which prompts to save, is the desire of bettering our condition, a desire which, though generally calm and dispassionate, comes with us from the womb, and never leaves us till we go into the grave." This "desire" to save then, (presumably given socioeconomic arrangements - I doubt it would or could exist in a Smithian hunting and gathering society), is seen by Smith as innate, natural to human beings. It is a constant drive, or source for action and movement. Continuing: "In the whole interval which separates those two moments, there is scarce perhaps a single instant in which any man is so perfectly and completely satisfied with his situation, as to be without any wish of alteration or improvement of any kind." Presumably, this is just casual sexism, and Smith is referring to women too. Smith: "An augmentation of fortune is the means by which the greater part of men propose and wish to better their condition. It is the means the most vulgar, and the most obvious;⁶ and the most likely way of augmenting their fortune, is to save and accumulate some part of what they acquire, either regularly and annually, or upon some extraordinary occasions" (WN II.iii.28).

⁶ A key word: Smith will later call his proposed political system an "obvious and simple system of natural liberty"; see below.

So, according to Smith, most people naturally, from the day they are born to their death, want to save income in order to accumulate wealth and become more socially respectable.⁷ Thus, "The uniform, constant, and uninterrupted effort of every man to better his condition, the principle from which publick and national, as well as private opulence is originally derived, is frequently powerful enough to maintain the natural progress of things toward improvement, in spite both of the extravagance of the government, and of the greatest errors of administration. Like the unknown principle of animal life, it frequently restores health and vigour to the constitution, in spite, not only of the disease, but of the absurd prescriptions of the doctor" (II.iii.31). Smith, then, is a key, transitional figure. On the one hand, as e.g. McCloskey (2008) has noted, Smith may be viewed as the "last of the former virtue theorists", with his elaboration of the various virtues and vices in *The Theory of Moral Sentiments*. On the other hand, Smith's claim that most people want to acquire social status by accumulating wealth eventually led to the caricature of "rational economic man" (Hirschman 1977: 100-113). For our purposes though, it means that for Smith most people will naturally want to sell or move their goods to those markets where they can fetch the highest price. Similarly, they will naturally want to invest or move their capital to those industries which will bring the highest return on their investment (adjusted, of course, for perceived risk). Also, workers or "labour" will naturally want to move to those locales or into those industries which provide the highest wages. Merchants trying to sell their goods in the most financially rewarding markets; capitalists trying to get the highest return on their investments; workers trying to get the highest wages; this is the natural or innate goal of most people, "the great mob of mankind", most of the time in commercial societies.⁸

⁷ Note the influence of Rousseau here. Most individuals in Smith's world are dominated by their concern of what other people think of them. On Smith's fascination with Rousseau, especially Rousseau's *Discourse on the Origin of Inequality*, see Smith's "A Letter to the Authors of the *Edinburg Review* and Appendix: Passages quoted from Rousseau" (1980: 242-256); also e.g. Pack (2000); Rasmussen (2013).

⁸ As Schumpeter has noted, "A judiciously diluted Rousseauism is also evident in the equalitarian tendency of his [Smith's] economic sociology. Human beings seemed to him to be much alike by nature all reacting in the same simple ways to very simple stimuli ..." (1954:186). Nonetheless, philosophically, Smith was also a bit of an elitist.

Actions restricting or trying to redirect these natural movements are violent or an external force to these human actors. So, for example, in discussing bounties, Smith writes that "The effect of bounties, like that of all the other expedients of the mercantile system, can only be to *force* the trade of a county into a channel much less advantageous than that in which it would *naturally* run of its own accord" (IV.v.a.3, emphasis added). Note the counterpoising of force verses to naturally run. Or again: "Bounties upon the exportation of any home-made commodity are liable, first, to that general objection which may be made to all the different expedients of the mercantile system; the objection of *forcing* some part of the industry of the country into a channel less advantageous than that in which it would run of its own accord ..." (IV.v.a.24, emphasis added). In discussing various taxes on trade, Smith writes of "... the *natural* balance of industry, the *natural* division and distribution of labour, which is always more or less disturbed by such duties" (IV.iv.14, emphasis added).

Smith writes of the goal of political economy: "But the great object of the political economy of every country, is to increase the riches and power of that country". Then continuing, "It ought, therefore, 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. It ought neither *to force* nor *to 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" (II.v.31 emphasis added). Here a natural flow or movement of capital is counterpoised to capital being forced or allured. In the next paragraph, Smith claims that "Each of those different branches of trade, however, is not only advantageous, but necessary and unavoidable, when the course of things, without any constraint or *violence*, *naturally* introduces it"

See, e.g. in TMS where he matter-of-factly comments on how there are "those few who pretend to live according to any philosophical rule..." (VII.ii.4.5).

(II.v.32 emphasis added). Here again, what is natural is what happens without violence; natural is used in the sense of the opposite of violence.

In discussing the colonial trade, Smith writes that "The monopoly of the colony trade besides, by *forcing* toward it a much greater proportion of the capital of Great Britain than what would *naturally* have gone to it, seems to have broken altogether that *natural* balance which would otherwise have taken place among all the different branches of British industry" (IV.vii.c.43 emphasis added). Here, Smith makes his analogy to blood and the dangers of a blood clot or stoppage to a major artery. Since too much British commerce has been forced in one direction, then "A small stop in that great blood-vessel, which has been artificially swelled beyond its *natural* dimensions, and through which an *unnatural* proportion of the industry and commerce of the country has been *forced* to circulate, is very likely to bring on the most dangerous disorders upon the whole body politick" (ibid, emphasis added). Again, the distinction is between natural and forced.

In commenting that people and industry in Europe are moving from the countryside to the towns, Smith writes that "stock and labour *naturally* seek the most advantageous employment. They *naturally*, therefore, resort as much as they can to the town and desert the country" because wages and profits are higher there (I.x.c.21 emphasis added). Smith argues that there is a tendency towards, or is in fact the equalization of the advantages of the employment of labour and stock "where things were left to follow their *natural* course, where there was perfect liberty, and where every man was perfectly free both to chuse what occupation he thought proper, and to change it as often as he thought proper. Every man's interest would prompt him to seek the advantageous, and to shun the disadvantageous employment" (I.x.a.1 emphasis added).⁹ However, there are inequalities introduced by the policy of

⁹ Again, note how this tendency towards equality of rewards to capital and labour is presented by Smith as one of Aristotelian, not Newtonian gravity of mutual attraction. Also, note how "interest" in the preceding sentence has replaced reference to any passion or moral sentiments. Economic interest, in the service of the goal of achieving or increasing social respectability carries the day; see Hirschman (1977).

Europe, and this "policy of Europe, by not leaving things at perfect liberty, occasions other inequalities of much greater importance" (I.x.c.1). That is, people are not at perfect liberty to move, change occupations, etc., due to e.g. monopolies, overly long apprentices, and other obstructions to movement. So, for example, "The very unequal price of labour which we frequently find in England in places at no great distance from one another, is probably owing to the *obstruction* which the law of settlements gives to a poor man who would carry his industry from one parish to another without a certificate" (I.x.c.58 emphasis added). Smith then explains why he thinks this obstruction to the mobility of labour should be removed.

IV. Natural Movement and Smith's System of Natural Liberty

The natural, non-violent, non-forced movement of goods, workers, and capital, for Smith will result in generally stable natural wage rates, natural profit rates, and natural prices, as the Aristotelian system of elemental movement and gravitation metaphorically suggests. Smith can thus be viewed as creating one or more Kuhnian "scientific paradigms" or Lakatosian research programs, particularly in the first two books of *The Wealth of Nations*. His scientific or "economic" system, or research program would suggest the need for and the ability to find plausible answers to the following sorts of questions: what determines natural relative prices and deviations from these prices? What determines the distribution of income between the various social classes? What determines the rate of economic growth (or decline)? (see Schliesser 2015) Yet, Smith wanted not only to create what would become a scientific or economic system or paradigm. He also put forth a political system and he would call this a system of political economy. Thus Smith created systems not merely to philosophically explain the world; but also to fundamentally change it.

Recall that book IV of WN is entitled "Of Systems of Political Economy". Eight of the nine chapters of that book are spent lambasting what he called "The Mercantilist System".¹⁰ The mercantilist system involved various restrictions on trade, hindering the natural non-violent, non-forced movement of goods, capital and workers, putatively in order to help various commercial or mercantile enterprises and to promote economic growth. Furthermore, in Smith's view, "It is the industry which is carried on for the benefit of the rich and the powerful, that is principally encouraged by our mercantile system. That which is carried on for the benefit of the poor and the indigent, is too often, either neglected, or oppressed" (IV.viii.4).

He devotes a final, much more respectful chapter to the Physiocratic system, which he views as unduly promoting the agricultural sector. Thus, "Those systems, therefore, which preferring agriculture to all other employments, in order to promote it, impose *restraints* upon manufactures and foreign trade, act contrary to the very end which they propose", i.e., to increase the wealth of the nation (IV.ix.49, emphasis added). The mercantilist system imposes various restraints on natural human movements to supposedly help the mercantile sector of the economy and promote economic growth. The physiocratic system goes to the other extreme, imposing various restraints supposedly to help the agricultural sector of the economy and promote economic growth. For Smith: "If the rod be bent too much one way, says the proverb, in order to make it straight you must bend it as much the other. The French philosophers, who have proposed the [physiocratic] system which represent agriculture as the sole source of the revenue and wealth of every country, seem to have adopted this proverbial maxim..." (IV.ix.4).

¹⁰ Smith both described and made up the name of this system. Mainstream economists since then have generally followed Smith both in the use of the name for the system and in their evaluation of it. Keynes, of course, was a notable exception. See Keynes (1964, Chapter 23, "Notes on Mercantilism, the Usury Laws, Stamped Money and Theories of Under-consumption": 333-371).

In contradistinction to the mercantilist system which violates natural human movements to promote commerce; and the physiocratic system which violates natural human movements to promote agriculture; Smith proposed his own moderate position which favours no particular sector of the economy, which generally does not violate natural movements and which, according to Smith, will really promote economic growth. Hence, for Smith, "It is thus that every system which endeavours, either by *extraordinary encouragements*, to draw towards a particular species of industry a greater share of the capital of the society *than what would naturally go to it*; or, by extraordinary restraints *to force* from a particular species of industry some share of capital which would otherwise be employed in it; is in reality subversive of the great purpose which it means to promote" (IV.ix.50, emphasis added). Hence, "all systems either of preference or of restraint, therefore, being thus completely taken away, the obvious and simple system of natural liberty establishes itself of its own accord" (IV.ix.51). So Smith names his own political system, or system of police, or government policy, or system of political economy, the system of natural liberty. It may be viewed to be natural because it is not violent or forced; it largely lets the people pursue their own motives and motions.¹¹ Moreover, Smith claims that his system is simple and obvious.

As in physics and astronomy, the simplicity and obviousness of a connecting principle is crucially important. Newton had found that he could connect the movements of the Planets by "so familiar a principle of connection" as gravity (Astronomy IV.67); and in Smith's view, "the gravity of matter is, of all its qualities, after its inertness, that which is most familiar to us" (Astronomy IV.76). The simplicity and supposed obviousness or familiarity of gravity helped to make Newton's system to be "considered, not as an attempt to connect in the imagination the phaenomena of the Heavens, but as the greatest discovery that ever was made by man, the discovery of an immense chain of the most important and

¹¹ Although not entirely. As is now well known, there were many Smithian exceptions to this basic doctrine, although, of course, nowhere near as many in either of the competing mercantile or physiocratic systems.

sublime truths, all closely connected together by one capital fact, of the reality of which we have daily experience" (ibid).

Smith claimed his own system to be similarly simple and obvious. In Smith's own proposed system of natural liberty, "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, and to bring both his industry and capital into competition with those or any other man, or order of men" (WN IV.ix.51 emphasis added). Based upon his understanding of the goal of "the great mob of mankind"; how they therefore naturally, and without external force move; and following Aristotle that there is a distinction between natural and violent movement; then Smith's proposed political system will indeed be a "natural" one. As much as possible, it will allow and encourage the "natural" movement of people.

In *The Theory of Moral Sentiments* Smith wrote that "... in the great chess-board of human society, every single piece has a *principle of motion* of its own, altogether different from that which the legislature might chuse to impress upon it. If those two principles coincide and act in the same direction, the game of human society will go on easily and harmoniously, and is very likely to be happy and successful. If they are opposite or different, the game will go on miserably, and the society must be at all times in the highest degree of disorder" (IV.ii.2.17). Smith seemed to have kept this admonishment in mind when, as a system builder who is potentially unduly "wise in his own conceit" (ibid) he developed and advocated for his own "system of natural liberty". In Smith's view, this system as much as possible, allowed each person in the great chess-board of life to follow their own "natural", non-violent, non-externally forced principles of motion.

V. Conclusion

In key parts of *The Wealth of Nations*, Smith used the word "natural" in the sense of not violent, not caused by an external force. He seems to have derived this use of the word natural from his study of the history of physics and astronomy. Moreover, his use of the word natural in this way, as well as his employment of the gravity metaphor, seems to have been particularly influenced by the ancient Aristotelian system, rather than the classical Newtonian system. Market prices, wage and profit rates will tend to gravitate or move to natural prices, wage and profit rates and then stay there. Smith's proposed simple and obvious system of natural liberty would allow these natural prices and wage and profit rates to emerge. The proposed system would be natural in the sense that it would promote natural, i.e. non-violent, non-externally forced movements and actions by "the great mob of mankind".

Appendix: Questions for Heterodox Economists (as opposed to strict historians of economic thought)

Heterodox economists need to ask will people pursuing their "natural", i.e. unforced, uncoerced (by the government) interests necessarily promote the common good?

Clearly, the answer for, e.g., Marx, was no.¹² Marx's approach was similar to Smith, in that the so-called laws of motion of the capitalist mode of production are the result of people largely following their economic self-interest. But for Marx, as opposed to Smith, this dynamic of people following their own interests within the institutional framework of capitalism will necessarily lead to financial crises, recessions, business cycles, mass unemployment, extremely low wages, etc. Hence, for Marx, the natural result of the laws of motion of the capitalist mode of production is problematic, to say the least.

Now, in the 21st century, in the absence of some form of social control, there will be and is "naturally" international tax, regulatory and wage arbitrage. Capitalists, following their interests, will naturally move their investments where, other things are equal, taxes will be lowest; government rules

¹² Keynes too, though, of course, for different reasons.

and regulations least expensive and onerous; and wages lowest. This is putting downward pressure on wages; taxes; and effective rules and regulations in all advanced capitalist societies. Since a liberal welfare state will necessarily have a fair number of rules and regulations concerning business enterprises, and it depends upon relatively high levels of taxation for support, these international arbitrages are threatening to destroy the liberal welfare state.

Moreover, we are now in the so-called Anthropocene era, where human activity is changing the climate, wrecking the environment, leading to more violent storms, extremes in weather, droughts, global warming, rising sea levels, etc. Due to so-called negative externalities, if people, especially business enterprises, follow their Smithian "natural" short-run interests, then the pace of climate and ecological change will accelerate leading to ...

It seems to me heterodox economists have one of several choices to make concerning the characterization of these economic forces as "natural":

1. We could accept Smith's use of the word "natural" (or some close variant thereof). Then we would need to argue against these "natural" movements, in favour of some form of social or political control. Yet, do we really want to argue against "the natural"? Is that giving up rhetorical space?
2. Another approach could be to try to change the meaning of natural. If, e.g., natural was used in the Aristotelian sense of excellence, or promoting excellence, or developing the best that is potentially within us, then we might "naturally" oppose the destruction of the liberal welfare state, argue for regulation of the business cycle and the financial services industry, and to stop global climate change. These would be efforts that we would naturally promote, as, say, part of our human nature.

I think these two approaches are probably mutually exclusive. However, I suppose one could argue that historically, as culture evolves, human nature and what is "natural" is and must evolve too.

Hence we need to go from a Smithian (or some variant thereof) definition of the natural, to a post-Smithian redefinition of what is natural.

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