

Rashid on Adam Smith: In Need of Proof

*by James C.W. Ahiakepor**

Salim Rashid (1990) purports to have established some facts about Adam Smith's scholarship, significant among which are (a) Smith's plagiarism, (b) the poor quality of Smith's arguments or ideas compared with those of his predecessors or contemporaries, and (c) Smith's inconsistent arguments regarding *laissez faire*. Alas, Rashid's case is faulty, as well as often misleading and vexatious. This comment is an attempt to draw the requisite evidence from Rashid, if he indeed has such evidence, to back up his case, and to advance the scholarship on Smith in general.

I. On Smith's Plagiarism

Rashid attempts to demonstrate that Adam Smith plagiarized the works of earlier scholars. Several authors have already argued that some of the ideas advanced in the *Wealth of Nations* (WN) did not originate with Smith, and Rashid makes the same point. What we do not have is proof of "copying" from a particular source. For that we need juxtaposition of texts to demonstrate the similarity, but Rashid does not provide this. Instead he insinuates, and leaves the reader to imagine that the copying occurred.¹ To readers who are not historians of economic thought, Rashid's style of argument can be intimidating. He leaves out relevant pieces of evidence from the article in question, while making several references to his own writings on Adam Smith, and this may cause some readers to accept his claims as valid on the basis of his own scholarship alone. For example, by omitting Smith's statement of having "seen a small manufactory . . . where ten men only were employed, and where some of them consequently performed two or three distinct operations" that increased their productivity (WN, pp. 8-9; emphasis

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added), Rashid creates the impression that Smith copied the idea of increased productivity through specialization in pin making from the French *Encyclopédie* (Rashid, p. 4.)

The closest Rashid comes to presenting adequate evidence for plagiarism is where he quotes passages from Smith and the pamphlet *A Discourse of the Commonweal* four pages apart (Rashid, 1990, pp. 3 and 7), interspersed with discussions of several other aspects of Smith's scholarship. But when one reads the texts in sequence, differences of emphasis regarding the stamping of coin and cloth become evident. While the text in the *Discourse* talks about cloth stamping having given some towns "great vent of their cloth and [they having] consequently prospered very well," the same argument is not given by Smith. The logic could be implied, but that is a different matter from claiming that copying of text occurred. And while the Smith text mentions "aunagers and stampmasters," the *Discourse* does not. Besides, there was no theory advanced in the quote from the *Discourse* to be copied, but statements of common knowledge or experience. Would it be plagiarism if I stated that atheletes take steroids to enhance their stamina, or that carpenters sandpaper wood to make it smooth? Recall that government regulation of the quality of manufactures was one of the well-known tenets of mercantilism, meant to promote manufactured exports.

It is also difficult to read into either text a "justification for stamping money" (p. 3) or support for "government regulation of cloth manufacture" (p. 7). Does my statement that atheletes take steroids to enhance their stamina constitute an endorsement (or discouragement) of that activity? (I explain below why Rashid's reading of the text on the stamping of coin is both a misinterpretation and misrepresentation of Smith's view on government intervention in the economy.)

The argument that Smith must have copied from certain books because these books were in his library is also hardly satisfactory. Many people have several books on their shelves, including the *Wealth of Nations*, most of which they have not read; if we are to adopt Rashid's proof of plagiarism based on ownership of books, then many are going to be embarrassed. Now, it may well be true that copying does take place. But civility requires that people are held innocent of charges until convicted by weight of evidence.

Also, some writers may decide to credit their most influential teachers for ideas they espouse, and some may not. But I suspect it would be a most boring person who would go around always beginning or concluding an argument or observation with "as taught me by my teacher." Thus, if Smith

was more influenced by Francis Hutcheson's lectures than his writings, it would be understandable that Smith would not cite him in the *Wealth of Nations*. George Montgomery's comment, quoted by Rashid (note 25, p. 22), that "[h]ad Hutcheson chosen to compile and to write rather than to lecture and to teach, the material obtainable from his notes would have left little ground for originality on the part of Smith," therefore could be taken more as vindication of Smith's style of citation than anything else.

But even that argument unduly credits Hutcheson's influence on the contents of the book, since Hutcheson argued (and taught) mercantilist policies. As quoted in Edwin Cannan's introduction to the *Wealth of Nations*, Hutcheson argued:

Foreign materials should be imported and even premiums given, when necessary, that all our own hands may be employed; and that, by exporting them again manufactured, we may obtain from abroad the price of our labors. Foreign manufactures and products ready for consumption should be made dear to the consumer by high duties, if we cannot altogether prohibit the consumption; that they may never be used by the lower and more numerous orders of the people whose consumption would be far greater than those of the few who are wealthy. Navigation, or the carriage of goods foreign or domestic, should be encouraged, as a gainful branch of business surpassing often all the profit made by the merchant. This too is a nursery of fit hands for defense at sea. (WN, p. xlv)

Comparing the economics of Adam Smith and Hutcheson, Cannan concluded that "there seems no good reason for attributing to Hutcheson's influence the belief in the economic beneficence of self-interest which permeates the *Wealth of Nations*" (WN, p. xlvii), and "[i]t was not Hutcheson that inspired [Smith's] remark, 'it is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest'" (p. xlviii). Thus Rashid has little basis for creating the wrong impression that Smith owes much to Hutcheson, his teacher, whom he ungratefully failed to acknowledge.

It is also misleading for Rashid (1990, p. 2) to claim that Cannan uncovered "evidence of borrowing" by Adam Smith, which Cannan promptly went on "to dismiss out of hand," as constituting plagiarism. Cannan (WN, p. lii) credits Hutcheson and Bernard Mandeville for in different ways influencing Smith to conceive the role of self-love in holding an economy

together. But he also notes that “[e]xperience shows that a general belief in the beneficence of the economic working of self-interest is not always sufficient to make even a person of more than average intelligence a free-trader.” And among Cannan’s reasons for concluding that “few authors are less open than Adam Smith to the reproach of having rifled another man’s work” was the fact that Smith “actually quotes by their own name or that of their authors almost one hundred books” (p. liii).

Some writers also choose not to cite arguments they refute easily, especially if they do not wish to incur the displeasure of their opponents. Since Smith opposed the mercantilist policies of Hutcheson, he may have left his name out of the *Wealth of Nations* to avoid repeating the criticism he had made of Hutcheson in the *Theory of Moral Sentiments*. Smith also appears to have treated the views of Sir James Steuart in a similar manner: “I flatter myself that any fallacious principle in [Steuart’s book] will meet with a clear and distinct confutation in mine” (Rashid, 1990, p. 13). Smith similarly treated Governor Pownall this way by not citing him in text. (From what Rashid restates of Pownall’s criticisms, it appears the Governor did not quite understand Smith—for example, consider the passage where the Governor claims the market price is the “natural” price.) When Rashid criticizes Smith for not having mentioned Steuart or Pownall in the *Wealth of Nations*, he imposes on Smith his own style, which attributes to specific opponents views that are easily dismissed.

II. On the Quality of Smith’s Arguments

In addition to accusing Smith of plagiarizing the views of his contemporaries and predecessors, Rashid adds that Smith’s arguments were nonetheless of poorer quality than those he purportedly copied. In a sense this is perplexing: a copy should be at least as good as the original. But Rashid (1990, p. 4) appears bent on cutting Smith to “appropriate” size, that of “an individual of moderate analytical talents.”

In stating the charge, Rashid again leaves some useful pieces of evidence to be conjured by the reader, making a good assessment difficult. One such case is the contrast between Bishop Berkeley and Smith on monetary theory. Instead of stating Berkeley’s “advanced views on the nature of money and banking” (p. 15) to contrast directly with Smith’s, Rashid pleads lack of space in the otherwise lengthy piece. Then he asserts: “[S]uffice [it] to say here that modern scholarship finds more to admire in Berkeley’s monetary theories than in those of Hume or Smith” (p. 15). In fact, however, there

are few references to Bishop Berkeley's monetary theory in the literature. I checked five texts in the history of economic thought from which I teach, several on money and banking, and macroeconomics, including Friedman (1969), Laidler (1975), Backhouse (1985), Rima (1986), Hollander (1987), Dorn and Schwartz (1987), and Arestis (1988). I found only two mentions of Berkeley's "superior" monetary theory. One is a passing reference to Berkeley's belief that money stimulates trade (Ekelund and Hébert, 1990, p. 135). The other (Blaug, 1985, p. 22) also mentions this argument but in criticism: "There is insufficient recognition in the writings of [John] Law and Berkeley of the real problems of a dominantly agrarian economy, problems that cannot be cured simply by cranking the monetary pump. Adam Smith and Ricardo may have overemphasized thrift and enterprise, but their skepticism about monetary panaceas was well taken in the circumstances of an economy suffering from scarcity of capital and chronic structural unemployment."

Why should we not choose Hume's, Smith's, or Ricardo's arguments on the (temporarily) stimulative effects of monetary expansion over Berkeley's? The fallacy that increasing the money supply permanently promotes economic growth is now too well recognized to be debated. As Ricardo so well disposed of that falsehood: "[N]o nation, but by similar means, could enter into competition with us, we should engross the trade of the world," if an increase in the money supply by banks could permanently provide real economic growth. He added: "To what absurdities would not such a theory lead us!" (Ricardo, 1951-52, vol. 3, p. 92).

What, then, constitutes the "modern scholarship" that establishes the superiority of Berkeley's monetary theory? Surely not S. G. Checkland and Douglas Vickers, mentioned by Rashid (1990, p. 2 and p. 3, note 21), since their 1975 essays do not disparage Smith's scholarship in monetary analysis, as Rashid suggests.² Indeed, I doubt that Checkland and Vickers would like to be drawn into the kind of controversy Rashid provokes. Checkland (1975) does not even mention Berkeley, but had this to say about Smith and Steuart: "Both Steuart and Smith can be accused of allowing the demands of their general systems of thought to affect their presentation of banking. Both left some important theoretical issues unbroached and both left some unresolved. But taken together they provide a most illuminating dichotomy, perhaps the best theoretical starting point for a consideration of pre-industrial banking, and not without relevance for the later times" (Checkland, 1975, p. 523). Vickers is a little more critical of Smith's monetary analysis, but his views seem to have been founded partly on a misinterpretation of Smith's defi-

inition of money, credit, and capital.³ For example, Vickers (1975, p. 502) erroneously asserts that "Smith's doctrinal stance inhibited any adequate treatment of either the possibility of price level effects or the interest rate effects of an increased, or temporarily excessive, monetary circulation." A careful reading of chapters 2 and 4 of Book II of the *Wealth of Nations* would acquit Smith once the correct classical definitions of money and capital are used.

I also note that David Ricardo, one of the most brilliant expositors of monetary theory in the nineteenth century, did not mention Bishop Berkeley in the context of monetary analysis. Henry Thornton (1802), Mises (1912), and Keynes (1936) also have no mention of Berkeley. Similarly, Rashid (1990, p. 16) does not tell us who among "most modern scholars" agrees that Tucker had the best of Hume in the argument over the flow of gold in international trade, let alone reveal what Tucker's argument was. (It would also have been helpful to see the sort of evidence that leads Rashid (p. 13) to conclude that "one of Steuart's obituaries makes a thinly veiled reference to Smith as a plagiarist!")

At some points it seems Rashid decides which argument is more valid, not on the basis of demonstrated logic, but on what suits his taste. Thus he chooses what he calls Tucker's preference for "judicious interference by the state" (p. 17) over Smith's very limited role for government on the basis that there are inherent problems "in letting self-love run its course," ignoring the fundamental difference between self-love and selfishness. (The latter may actively frustrate others' attempts to get ahead while the former leads to competition without hinderance, and also is consistent with helping others when such behavior promotes one's happiness.) And without telling us what Tucker's "treatment of the institutional background of a market economy is" (p. 18), Rashid simply declares Smith's treatment inferior. Again, how is a reader to judge the validity of this assertion without requisite evidence? Although Rashid declares (p. 21, note 1) that he is not interested in debating the "correctness of doctrines," that is hardly a valid excuse for presenting his criticisms of Smith this way. Without assessing the correctness of doctrines there is little left upon which to judge their quality.

The role of Rashid's own bias, however, in judging the economics of Adam Smith is revealed when he tried to fault Smith's growth model. Rashid claims that "[w]ithout some way of asserting that luxury expenditures were not essential for full employment, Smith would have been hard-pressed to justify a system of accumulation and growth based on frugality" (p. 12). Now, Smith had a valid theory of interest rate determination (see Ahiakpor,

1990), which assures that frugality and capital accumulation affect interest rates and promote the growth of investment. Thus the presence or absence of luxuries in an economy is no invalidation of a theory of growth based on frugality or savings. Of course, Malthus, Keynes, and others have failed to appreciate the logic of Smith's theory of interest, as later elaborated by Ricardo, J.S. Mill, Alfred Marshall, and D.H. Robertson. Evidently, Rashid does not appreciate this aspect of Smith's economic analysis.

Rashid (1990, p. 13) also prefers the "methodological eclecticism" of Steuart and some modern commentators (including development economists?) over a methodological purity that suggests the universal relevance of economic policy while considering the specifics dictated by institutional detail, as Mill (1874, pp. 120–64) so well argues. But why must we choose Rashid's taste for eclecticism over purity, especially when such eclecticism underlies the denial of universally applicable economic laws, and has thus encouraged several development economists advising Third World governments to recommend inconsistent policies in these countries?⁴

III. Smith's Inconsistency on Laissez Faire

Smith's admirers may find proof of his inconsistency towards laissez-faire policies disturbing. Rashid claims to have demonstrated that inconsistency with the quote regarding the stamping of coin and cloth. But the evidence Rashid presents justifies no such conclusion. Twice Smith mentioned the stamping of cloth in the *Wealth of Nations*, and in neither of these instances was he addressing primarily the cloth manufacturing industry or justifying government regulation.

In the first instance, contained in the passage quoted by Rashid (1990, p. 3), Smith was describing the *evolution* of coinage when he made the statement, "Hence the origin of coined money and of those public offices called mints; institutions exactly of the same nature with those of the aulnagers and stampmasters of woollen and linen cloth," in a chapter entitled "Of the Origin and Use of Money" (WN, book I, ch. 4). After the description, Smith went on to accuse "princes and sovereign states" of committing fraud on the people through their debasement of coins.

[I]n every country of the world, I believe, the avarice and injustice of princes and sovereign states, abusing the confidence of their subjects, have by degrees diminished the real quantity of metal, which had been originally contained in their coins. . . . By means of those operations the princes and sovereign states which performed them were enabled, in

appearance, to pay their debts and to fulfil their engagements with a smaller quantity of silver than would otherwise have been requisite. It was indeed in appearance only; for their creditors were really defrauded of a part of what was due to them. (WN, pp. 31-32)

That hardly reads like Smith endorsing the stamping of coins by governments.

In the second instance, Smith was criticizing the practice of long apprenticeships to assure high quality manufactures. Smith correctly observed:

The institution of long apprenticeships can give no security that insufficient workmanship shall not frequently be exposed to public sale. When this is done it is generally the effect of fraud, and not of inability; and the longest apprenticeship can give no security against fraud. Quite different regulations are necessary to prevent this abuse. The sterling mark upon plate, and the stamps upon linen and woollen cloth, give the purchaser much greater security than any statute of apprenticeship. He generally looks at these, but never thinks it worth while to inquire whether the workman had served a seven-year apprenticeship. (p. 136)

Smith could have gone on to talk about fraud with stamps on cloth, but did not. Thus at worst, Smith may be guilty of omitting that relevant discussion; but it is a misrepresentation of his views to claim, as Rashid does, that Smith supported government regulation of cloth quality by stamping it for authenticity, on the basis of this or the other passing reference he made to the practice.

IV. Conclusion

It is well known that Adam Smith neither originated, nor had the final word on, every economic proposition contained in the *Wealth of Nations*. Indeed, it was to correct Smith's errors or oversights on "many important truths" that David Ricardo wrote his *Principles*, as he states in the Preface. But we need evidence to establish that Smith was "simply an individual of moderate analytical talents who was obsessed with one idea—Free Trade—and boundless ambition," as Rashid (1990, p. 4) suggests, traits that led him to plagiarize the works of others while producing poorer quality work than the originals. I argue here that Rashid has not succeeded in providing that evidence. I hope I have cast sufficient doubt on his argument, and asked the right questions to elicit from him proof of the serious charges he lays against Adam Smith.

Notes

1. Juxtaposition of texts is a more helpful guide to ascertaining plagiarism than ruffling through a dead author's papers for evidence. The fact that Smith caused his papers to be burned before his death may well reflect his acute sensitivity "to the opinion which posterity would hold of him" (Rashid, 1990, p. 5), but it does not prove that he wanted to hide evidence of plagiarism.
2. From Ekelund and Hébert (1990), I also find references to Checkland (1949, 1951) and Vickers (1959), which hardly count as modern scholarship.
3. For elaboration on Smith's definitions, see Ahikpor (1990).
4. See, for example, Todaro, 1989, and Lal, 1983.

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