

Will a new Adam Smith appear? [continued]

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BASLE-COUNTRY.

The branch office in Allschwil, of the "Baselandschaftlichen Hypotheken-Bank," was the scene of a hold-up. Shortly after opening, two individuals entered and brandished their revolvers at the cashier, who shouted for help; the would-be robbers then took to their heels, without having achieved their object. Both were later on arrested, one of the aggressors is a German subject.

NEUCHÂTEL.

On the occasion of an address on: "Why Communism is Impossible in Switzerland," given by Dr. Bourquin, a medical practitioner and founder of the "Jeunesse Nationale" in La Chaux-de-Fonds, a serious fight started between the members of the "Jeunesse Nationale" and about 300 communists in which thirty people were injured. Dr. Bourquin was singled out by the communists for a special attack and received injuries which proved fatal.

The police made baton charges and finally had to use tear gas bombs to clear the streets; so far 15 arrests have been made.

Dr. Bourquin, who was 50 years old leaves a widow and a son, he was for many years a member of the Grand Council of the canton of Neuchâtel.

WILL A NEW ADAM SMITH APPEAR?

By V. H. BURRSTON, B.COM., F.C.R.A. F.C.I.S.
(Continued).

The economic work of *Adam Smith* as a whole has a double importance. On the one side it both sums up and unifies in a remarkable manner as much of the inquiries of his predecessors and of his own time as it was possible for one man to do. This work was accomplished with a wide human sympathy and quite remarkable insight. He not only appreciates and understands the conditions of life and work of persons following very many different avocations, but he has the power of translating his own picture of them to the mind of the reader. It is this power which makes his book such an extraordinarily human document, showing us how men lived and worked in the second half of the eighteenth century.

Further than this, *Adam Smith's* influence upon the thought of succeeding generations has been profound. *Adam Smith* has the gift of being infinitely suggestive. Most of the debatable points in economic theory are ultimately traceable back to him. His reticences, his uncertainties, and his ambiguities stimulated his successors to endeavour to clear up matters which he had left vague. *Arnold Toynbee* said of *Adam Smith*: "We study him, because in him, as in Plato, we come into contact with a great original mind, which teaches us how to think and how to work."

The student reading the *Wealth of Nations* will be impressed by the frequent occurrence of the word "nature" or "natural" in *Adam Smith's* writings. As he reads that there is a "natural price" for commodities, or that private property is a "natural institution," or notices the emphasis *Adam Smith* places on "natural liberty," an impression may be produced that the writer seems to find some magic virtue in the often repeated word, and to believe that he had justified a certain institution or course of conduct when he has established it as being natural. Behind this phraseology there was a type of thought which has to be understood in relation to the commercial conditions of *Adam Smith's* time and also by reference to certain philosophical conceptions with which *Adam Smith* was familiar. As to the first of these, we must look back to the time when Europe emerged from the Middle Ages. Political, social and economic life was disorganised by the break-up of the medieval system. A striking characteristic of the time was the feeling of nationality and the desire to give expression to it. But the economy of the Middle Ages had not been based on the idea of the nation as the unit, but rather on smaller territorial or municipal divisions, such as the manor and the towns. Trade was rather inter-communal or inter-municipal than inter-national. Accordingly, in order to impress the idea of national unity, it was necessary to bind together these relatively distant entities into a common national life. This, in its turn, involved a comprehensive system of organisation by the State, which applied in its main lines to the whole country. Not the least important aspect of this activity was in relation to trade, and this side of the whole movement is known as the Mercantile system or mercantilism, concerning which *Adam Smith* has so much to say. State control of the nation's industry and commerce was regarded as necessary and inevitable and it was directed to ends which were believed to conduce to the establishment and extension of the nation's wealth and power. From this central conception there followed logically in the circumstances of the seventeenth and eighteenth centuries, as these were interpreted at the time, the regulation of

DOGS BECOME ARMY RECRUITS IN SWITZERLAND.

Man's best friend, the dog, has proven his worth in numerous ways and for many centuries dogs have been playing an important rôle in human warfare. Originally an attempt was made to press the animals into field hospital service. The experiment did not prove satisfactory and was partially given up already during the World War. The activities of the Army dog to-day are chiefly confined to the dispatch service where excellent results have been obtained. Dogs have done splendid work in the most difficult and most dangerous situations, where all other means of conveying messages or reconnoitering were impossible.

The Swiss Army owes the introduction of dogs into its activities to private initiative. A few years ago a privately organized dispatch dog service was added to the First Army Corps. It immediately gave proof of its usefulness. Based on these experiences the Swiss Federal Council decided on official training courses for Army dogs, and on the establishment of a permanent station

for these animals. The supervision of this new service was entrusted to the commander of the First Army Corps.

The dispatch dogs are chiefly assigned to officers and soldiers who volunteer for this particular service. The introductory course has a duration of four weeks and upon its conclusion each participant has a trained dog assigned to him, which he has to board and teach further. The animal remains, however, property of the Confederation for a number of years.

Once a year, the master, as well as his dog, have to attend a repetition course. Present plans foresee three dispatch dog groups, consisting of two men and two dogs each, for each Infantry regiment and Artillery unit. Later on the Infantry regiments are to receive up to ten dispatch dog groups.

The main difficulty with this new Army auxiliary is that the animals, in order to be systematically trained, must be stationed closely together. For the time being the camp at Savatan near St. Maurice, is chief headquarters, and in the hands of specialists for the breeding and teaching of Army dogs.

prices and wages, protection of home industries and particularly of manufactures, the effort to secure a "favourable" balance of trade, and the over-estimation of the precious metals. So much for the commercial policies of *Adam Smith's* time. The other factor needed to explain *Adam Smith's* use of the conception "natural" is to be found in a consideration of certain philosophical doctrines which were highly regarded by scholars of *Adam Smith's* generation. During the early part of the eighteenth century the Roman stoics, Cicero, Marcus Aurelius and Seneca, enjoyed a remarkable popularity. Every self-respecting publisher, so we are told, issued editions of these authors. *Adam Smith* possessed at least four editions of Cicero, and three of Seneca. For our present purpose it is enough to remember that these philosophers placed emphasis upon the distinction between what was natural as opposed to what was by convention or human arrangement. Thus the Stoic maxim "to live in accord with Nature" implied the superiority of the natural over the human order. In fact we might say: "Whatever's natural is right." A little consideration will show that this popular Philosophy of Naturalism was in opposition to Mercantilism. The one urged a reliance upon what was natural, while the other deliberately aimed at the regulating, disciplining and developing what was already in existence by the direction of the State. Thus for *Adam Smith* all the elaborate devices of the State control of industry and commerce which had been laboriously built up by the Mercantile system were violating the necessary conditions of a healthy social life. Instead of regulation and constraint, the true social end was freedom, or what was called "natural liberty." It was *Adam Smith* who saw this relationship of contemporary practices and contemporary philosophy and so reached the central part of his system.

Adam Smith was in no sense a pioneer, but three great things he did accomplish. The first was the definite substitution of income — "produce" as he called it — for the older idea of a capital aggregation of "treasure" or something akin to "treasure." He was quite aware of what he was doing here. The Introduction and Plan which he prefixed to the *Wealth of Nations* begins with two paragraphs in which the continuous attainment of a large quantity of the necessities and conveniences of life is treated as the end of economic endeavour, and it ends with the sentence in which the "real wealth" of a nation is taken to be "the annual produce of the land and labour of the society." Of course, this idea was not a new creation of *Adam Smith's*. Some inkling of the truth about this matter is to be found in the English political arithmeticians in the end of the seventeenth century, and the physiocrats had discussed "the annual reproduction" and its "distribution." But *Adam Smith* must be given the credit of giving this conception the importance it deserved as something fundamental. Right down to his time the reigning school of economic thought was open to the reproach which he levels against it when he says that it represented the great object of the industry and commerce of a nation to be the multiplication of gold and silver within it.

To change all this, to recognise that not a hoard of gold and silver, not even a store of all kinds of valuable and useful things is the end of economic endeavour, but instead a large continuous produce or supply of consumable necessities and conveniences — that, in short, as *Adam Smith* himself put it, "Consumption is the sole end and purpose of all production," was a great service.

The second great change which *Adam Smith* made in general theory was to substitute wealth

per head for wealth in the aggregate, whatever that might be. He does this in the second sentence of the *Wealth of Nations* in his stride, so to speak, apparently without noticing that anything important was happening: "The nation," he says, "will be better or worse supplied with all the necessaries and conveniences for which it has occasion" according as the produce "bears a greater or smaller proportion to the number of those who consume it." That is, he will consider the nation wealthy or not wealthy according as its average worker is wealthy or not wealthy, and not according as the sum of all its members' wealth is great or small. By this he threw over the old idea of an entity called the State or the nation existing outside the individuals who constitute its subjects or members, and flourishing or languishing irrespective of their prosperity. To us that may seem a small thing. We are accustomed to think of Switzerland or of Denmark as a rich nation compared with Russia. But it was a great break with tradition in 1776. It was a change in accordance with the humaner spirit of the age. The "nation" was henceforth to be the whole people and not merely the King or the ruling classes, who, being themselves above the reach of want, could afford to pursue national glory and power and despise the sordid considerations which invade the homes of the people. No longer were the people to be regarded as mere pawns to be used as required in the queer game of accumulating a hoard of treasures of which the only conceivable use was to be sent abroad again in time of war. They were to be a body of persons whose individual necessities and conveniences of life were to be the objects to be pursued.

Thirdly, *Adam Smith* may fairly claim to be the father, not of economics generally — that would be absurd, but of what in modern times has been called, with opprobrious intention, "bourgeois economics," that is, the economics of those economists who look with favour on working and trading and investing for personal gain. We are apt to forget that the idea that a wage-earner, a trader, or an investor may be, and indeed generally is, a very respectable person is very modern. Greek philosophers thought wage-earners incapable of virtue, and money-lenders have been objects of antipathy throughout the ages. In the Middle Ages, as we see in Chaucer, trader and pirate were often interchangeable terms. In *Adam Smith's* own time Dr. Johnson and Postlethwayt very seriously considered whether a trader could be a gentleman. *Adam Smith* came forward as the admirer and champion of the diligent man. He praised the habits of economy, industry, discretion, attention and application of thought. Far from making people inclined to cheat, he held, commerce made them honest and desirous of fulfilling their contracts. By contrast he remarked "They whom we call politicians are not the most remarkable people in the world for probity and punctuality." How wonderfully true to-day is this remark of *Adam Smith's*?

All this approval of the man who wants to get on in life, succeed in business, or whatever you like to call it, would have been a very poor gospel if such success were only purchased at the cost of depressing other people. But in *Adam Smith's* view it was not. On the contrary, he held that commerce and investment having been introduced, each man by trying to help himself, in fact, not only helped himself, but all others. So, in his opinion, when "the butcher, the brewer, and the baker" provide us with our dinner, not because they love us but because they wish to benefit themselves, they need not be ashamed of the fact. So much for the old *Adam*

(To be continued).