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RESEARCH IN THE HISTORY OF ECONOMIC THOUGHT
AND METHODOLOGY VOLUME 41A

RESEARCH IN THE HISTORY OF ECONOMIC THOUGHT AND METHODOLOGY: INCLUDING A SYMPOSIUM ON RELIGION, THE SCOTTISH ENLIGHTENMENT, AND THE RISE OF LIBERALISM

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VOLUME INTRODUCTION

Volume 41A of *Research in the History of Economic Thought and Methodology* features a symposium on "Religion, the Scottish Enlightenment, and the Rise of Liberalism," guest edited by Jordan J. Ballor and Erik W. Matson. The symposium includes contributions from Jimena Hurtado, Maria Pia Paganelli, Paul Oslington, Daniel B. Klein, Christina McRorie, and Paul D. Mueller.

The volume also features a new research essay by Syed Mohib Ali that considers Amartya Sen's interpretation of Piero Sraffa's work.

Volume 41A also includes a roundtable addressing a new essay by esteemed economist Geoffrey Hodgson in which Hodgson reflects on the role that institutionalist economics has played in his work. The roundtable features contributions from Felipe Almeida, Angela Ambrosino, Daniel H. Cole, Richard N. Langlois, Alain Marciano, and Deirdre McCloskey.

The Editors of *Research in the History of Economic Thought and Methodology*
Luca Fiorito
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PART I

A SYMPOSIUM ON RELIGION, THE SCOTTISH ENLIGHTENMENT, AND THE RISE OF LIBERALISM

Edited by Jordan J. Ballor and Erik W. Matson

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CHAPTER 1

INTRODUCTION TO THE SYMPOSIUM: RELIGION, THE SCOTTISH ENLIGHTENMENT, AND THE RISE OF LIBERALISM

Jordan J. Ballor and Erik W. Matson

1.

"Liberalism" has become an increasingly contested concept in recent years. What is it? Where did it come from? Who among our contemporaries is properly considered a "liberal"?

A common thesis dating from the mid-twentieth century is that the political usages of the English word "liberal" came after 1812, drawing inspiration from the Spanish *Liberales* (for a recent discussion see Bell, 2014, p. 693). In 1960, F. A. Hayek offered an alternative perspective:

> It is often suggested that the term 'liberal' derives from the early nineteenth-century Spanish party of the *liberales*. I am more inclined to believe that it derives from the use of the term by Adam Smith. (Hayek, 2011 [1960], p. 529 n13)

In *The Wealth of Nations* (WN) (Smith, 1981 [1776]), Smith had defended "the liberal system of free exportation and free importation" (WN, p. 538) and the "liberal plan of equality, liberty, and justice" (p. 664; see discussion in Matson, 2022). Scattered political usages of "liberal" in English also appear prior to Smith in the works of his friends David Hume and William Robertson. Google Ngram evidence compiled by Daniel Klein (2022) corroborates Hayek's inclination. Occurrence of the phrases "liberal principles," "liberal policy," "liberal plan," and "liberal government" spiked in English literature in the late 1770s.

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Observing these early Scottish usages of "liberal" in context, especially in Smith, points toward the historical connection between the rise of liberalism and the emergence of the science of political economy. If we seek to understand the liberal tradition, we do well to heed the intellectual history of economics – and vice versa. We improve our understanding of both liberal political thought and modern political economy, moreover, as we consider the overlapping philosophical and theological frameworks in which they took form. Reflecting on these frameworks not only enhances our appreciation of where liberalism came from; it helps us think critically about its meaning and viability in the present. Does the liberal project presuppose, as some have claimed, an unrealistic and individualistic anthropology (Deneen, 2018; Macpherson, 1962)? Does modern economics share such presuppositions (see discussions in Bowles, 1998; 2016)? Do our sensibilities about the individual and the ethics of pluralism derive from religious beliefs (Siedentop, 2014)? Can those sensibilities be maintained if their motivating beliefs are no longer widely held? Were there, as Hayek also argued, different varieties of liberalism on offer from the eighteenth century and beyond? What might a liberal system of political economy look like when based on "speculative and rationalistic" perspectives as opposed to "empirical and unsystematic" approaches (Hayek, 2011, p. 108; see also Freire, 2021)?

It is with such questions in mind that we organized the present symposium, "Religion, the Scottish Enlightenment, and the Rise of Liberalism." Building on recent literature (e.g., Ballor & van der Kooi, 2022; Oslington, 2011, 2018), we aimed to facilitate discussions on the development of political economy and early liberal discourse in eighteenth-century Scotland by considering the religious and cultural framework from which they emerged. We sought contributions on (a) theological aspects of Scottish political theory, social philosophy, and political economy; (b) ideas in the Scottish Enlightenment about the role of religion in civil society; and (c) the interplay between the Church of Scotland and the currents of the Enlightenment. We workshopped 12 papers at a conference in Washington D.C. in March 2022, which featured a keynote address from Jerry Muller (published as Muller 2022). Included in the following pages are six papers – five presented there and one by an author who presented a different paper at the workshop. Of the six papers here, five engage with Adam Smith; one deals with the landscape and dynamics of the eighteenth-century Scottish Kirk.

2.

The English and Scottish Enlightenments had a more conservative character than their continental counterparts in that they took place, by and large, within established institutions, including the church (Pocock, 1985; Sher, 2015). Although rigorously opposed to "superstition" (a word often used as code for Catholicism) and "enthusiasm" (certain forms of non-conformist Protestantism, like Methodism), the British thinkers were comparatively lacking in anticlerical sentiments. In Scotland, many of the literati were clergymen – William Robertson, Adam Ferguson, Hugh Blair, Alexander Carlyle, John Witherspoon, and John Home,

for example. So too were some of leading British political economists, including Josiah Tucker, Malthus, and Thomas Chalmers. Even the more skeptical Scottish writers, like Hume, appreciated the cohesive and therapeutic functions of religion and looked simply to reform its expression (Willis, 2014). Edmund Burke captures a common idea of the time: "we know, and what is better, we feel inwardly, that religion is the basis of civil society, and the source of all good and of all comfort" (Burke, 1999, 185).

In her contribution to the symposium, Jimena Hurtado offers Smithian insights on this Burkean sentiment. She considers religious and philosophical narratives in Smith as different ways of satisfying our desire for understanding and mental tranquility. Our desire for understanding interacts with our desire for belonging; the interaction informs the specific character of religious and philosophical narratives in time and place. When we interact with our familiars, we tend to mutually accommodate one another's beliefs, together developing a mental framework for making sense of the world and guiding our conduct. Such a framework enables cooperation, communication, and advancement. Smith recognized the usefulness of religion and philosophy in enabling cooperation and meeting our desire for mental tranquility. But he also flagged pitfalls. The philosopher is prone to the love of system, by which, to quote Hume, one "extends the same principle over the whole creation, and reduces to it every phaenomenon, though by the most violent and absurd reasoning" (Hume, 1994, p. 159). In a similar way, religion can be corrupted by fanaticism, which tends to authorize immoral social and political practice. Hurtado's contribution concludes with a consideration of the institutional measures that Smith proposes to limit such maleffects.

Maria Pia Paganelli reflects further on potential maleffects of established religion in Smith, presenting what she dubs "religious mercantilism." She analogizes religion in Smith to self-interest. Both self-interest and religion are inevitable aspects of human life that are socially beneficial in their proper place. But both can become destructive if they lead to rent-seeking and state capture. Established state churches can lead not just to efficiency loss in the provision of religious goods and services (as emphasized by Anderson, 1988), but to violence. The solution to the maleffects of religion is, Paganelli argues, the same as the solution to maleffects of self-interest: competition and economic growth.

The contributions by Hurtado and Paganelli draw out how human nature in Smith has the potential both for harmony and conflict. Imagination, reason, and sociability can yield marvelous systems of coordination. But when combined with our frailty and partiality, they can lead to great evils (Evensky, 2001, p. 498). In a striking passage in *The Theory of Moral Sentiments* (TMS), Smith offers a melancholy reflection along such lines: "the natural course of things cannot be entirely controlled by the impotent endeavours of man: the current is too rapid and too strong for him to stop" (Smith, 1982 [1790], p. 168). This raises a question: How did Smith think about evil generally, and how did it figure into his social, political, and economic philosophy?

In the early modern period, philosophers and theologians attempted to work out rational, philosophical justifications of God in the face of evil. Such

exercises are now known as theodicies. Intertwined as it was with various theological discourses (Oslington, 2018; see also Viner, 1977; Jacob, 1976), exercises in theodicy became important in classical political economy – especially in light of Malthus's population principle (A. M. C. Waterman, 2004; Oslington, 2018). Paul Oslington considers whether Smith can be said to have elements of theodicy in his thought, particularly in comparison to the development of theodicies from Leibniz to William King. He argues that Smith, like most of his Scottish contemporaries, showed little interest in philosophical justifications of God in the face of evil. Rather, Smith adopts what Oslington calls an ameliorative and practical approach to evil: moral and natural evil can be ameliorated through social and political institutions (Rosenberg, 1960), including markets (A. M. C. Waterman, 2002). In Smith, unlike Malthus and his followers, there appears to be no wedge between theology and economics. The evils we observe are, apparently, part of God's benevolent and providential plan.

Dan Klein mediates on the teachings of TMS on knowledge and judgment. Drawing together examples throughout TMS, Klein presents Smith as teaching his readers of the circumstantiality of bivariate relationships by positing circumstances under which the relationship of interest does not hold. We learn of the positive correlation between judgment and sociability, for example, by considering how a child would develop outside of any social community (TMS, pp. 110, 192). But without any social contact, an infant would not survive and the relationship between judgment and sociability breaks down entirely. Smith's presentation of such cases, Klein argues, aims to encourage readers to be humble and candid in their opinions and to avoid overgeneralization. That point dovetails with his recommendation of a liberal political plan in which decision-making is relatively decentralized to avoid compounding and coercing errors in judgment. Klein then turns the meditation to the most important and most personal bivariate relationship of all, that between the approval of God and the approval of one's own conscience, and here Klein highlights the importance and nature of friendship in Smith.

Contemporary critiques of the liberal tradition often focus on its metaphysical and anthropological presuppositions. In his provocative book on the failures of liberalism, Patrick Deneen criticizes liberalism for presupposing and promoting atomism and social isolation, an instrumental view of the state, and a degraded view of virtue. Liberalism, according to Deneen, aims at liberating the person from "constitutive relationships, … unchosen traditions, … and restraining customs" (Deneen, 2018, p. 58). Drawing on Smith, Christina McRorie asks whether such things that Deneen (among many others, from various intellectual traditions) emphasizes are necessary aspects of the liberal project. She answers "no" by illustrating Smith's nuanced and theologically informed anthropology and connecting it with his politics. Smith views the person as a communal being who undergoes a process of moral formation through interaction with others. He advanced liberty as a defeasible political presumption. The presumption is sometimes overturned based on his considerations, in Aristotelean fashion, of the effects of public policy on the citizen. Smith understood that "good incentives are no substitute for good citizens" (Bowles, 2016).

3.

The first five contributions to the symposium enhance our knowledge of Smith's views on the philosophy, sociology, and politics of religion, the importance of a free society in cultivating judgment, and the connection between aspects of his theological assumptions or concerns and his political economy. How does this knowledge inform our thinking about the rise of liberalism? McRorie and Oslington highlight how Smith's ideas about providence and human nature inform his politics and economics, so from their analyses we appreciate aspects of the theological context that gave rise to Smith's "liberal plan" (WN, p. 664). The final contribution to the symposium by Paul Mueller calls our attention to the dynamics of the eighteenth-century Church of Scotland and the rise of what became known in the later part of the century, inspired in part by the work of the German theological Johanne Salomo Selmer, as "liberal theology" (Rosenblatt, 2018, p. 30). Appreciating the church dynamics of Smith's immediate context provides an opportunity for thinking further of the institutional context out of which his thought arose and, moreover, provokes questions about the historical relation between liberalism and liberal theology.

Mueller's essay builds around a comparison of Hugh Blair and John Witherspoon. Each man represents different factions of the Scottish church. Blair was a member of the Moderate party (on the Moderates, see Sher, 2015); Witherspoon was part of the orthodox clergy. Comparing Blair and Witherspoon draws out the contours of theological debates in Scotland. Blair and his Moderate friends (with whom Smith and Hume were associated) deemphasized orthodox teachings on human sin, damnation, Christ's crucifixion, and the means of salvation, for example. They emphasized, instead, the importance of virtue and social reform. Moderatism eventually ascended in Scotland and led, Mueller tells us, to the decline of religiosity of the nation in the nineteenth century.

A number of the papers suggest that the liberal project and the sensibilities of thinkers like Smith arose out a Christian theological framework. Does liberalism have the spiritual and moral resources to sustain itself as that framework falls away? Orthodox churchmen like John Witherspoon worried about the trajectory of Moderatism for the Scottish (and British) polity. And as much as Smith and other figures of the Scottish Enlightenment were formed in the cultural matrix of Presbyterianism, they were also original thinkers who developed a characteristic approach to political economy, often termed "liberal." To what extent is classical or liberal political economy dependent upon and destructive of traditional Christian and religious belief? Do the different parties of the Scottish Church point to different possibilities for the development of liberalism? Were there more philosophically grounded (or even rationalistic) versions of liberalism that were distinct from more theologically or theistically grounded varieties? In Klein's paper we encounter not only God but a "God-like" figure that Klein calls "Joy." But can "Joy" serve in place of God? Questions such as these help us with liberalism in historical and contemporary context.

Untangling the genealogy of liberalism is certainly beyond the scope of any such collection of essays. But we hope that these essays serve as a useful platform

for engaging with these issues and add to the developing literature on the relationship between theology, liberalism, and the history of economic thought. It is in this spirit that we commend to readers these reflections on the contours of Adam Smith's thinking on religion, the connections with his political and economic philosophy, Moderatism in the eighteenth-century Scottish Kirk, and the relationship between religion and the rise of liberalism in the Scottish Enlightenment.

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