

Commercialisation and the Big Society in Jesse Norman's *Adam Smith*

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Jesse Norman's new book on Adam Smith is a welcome addition to Smith scholarship. One significant reason for this is that Norman, as an academic and a politician, attempts to straddle two sides of Smith: Smith the philosopher and Smith the policy adviser. As Eric Schliesser's (2017) recent book has argued, Smith saw himself as fulfilling both of these roles and Norman, with a background in academic philosophy and a day job in the British Parliament, is well-placed to reflect on what Smith might have to teach us in today's world. Indeed his observation that the *Wealth of Nations* 'is not merely a work of analysis, but a polemic against bad policy making' (p. 100) reflects a growing trend in Smith studies. In responding to this lucid and enjoyable book I would like to raise two points, one that reflects on its contribution to Smith studies and one that relates to Norman's policy lessons from Smith. The two points, I hope to argue, are mutually interrelated.

Attempts to 're-claim' the 'real' Adam Smith are now a major theme in Smith studies, and Jesse Norman's account of Smith fits squarely within this move to dismiss the caricature of Adam Smith as the father of laissez faire capitalism and libertarian politics. In line with other accounts in this field the first part of Norman's book gives us a Smith who is both principled and pragmatic: a man of liberal instincts but small 'c' conservative doubts about the effectiveness of government action. In this respect Smith comes across as close to the subject of Norman's previous biography Edmund Burke.

The desire for an accurate portrayal of what Smith really thought, purged of later attempts to recruit him for ideological purposes, is laudable, but in common with some of the recent contributions to the reclamation project one is left with the question of whether the corrective might be beginning to go too far. Both Samuel Fleischacker (2004) and Charles Griswold (1999) have taken the line that Smith was not averse to government intervention in the economy, but

that he was sceptical of particular policies until there was sufficient evidence that they would effectively secure the desired goal without other, and unfortunate, unintended consequences. In this vein Fleischacker has suggested that the modern left may have much to learn from Smith when it comes to designing effective policies.

This does not seem a million miles away from the view that Norman advances here, however he also makes the case for reading Smith as an egalitarian. Norman's Smith is 'Remarkably egalitarian both in thought and practice' (p. 137); he shares his teacher Francis Hutcheson's 'egalitarian view' (p. 19); and builds concerns about inequality into his tax recommendations (pp. 109, 247) leading Norman to refer to 'Smith's economic egalitarianism' (p. 259) and see his work as 'a vigorous critique of the class structure of British society' (p. 247).

There is certainly plenty of evidence marshalled by Norman and others that Smith was deeply concerned for the poor and deeply critical of the cronyism of British politics and business: but does this make Smith an egalitarian in any meaningful sense? Smith clearly defends equal liberty before the law and policies designed to improve the situation of the ordinary worker and consumer, just as he is damning about the corruption of policy to serve interest groups, but did he hope to create a more equal society as a result?

Smith's pragmatism about his own proposals in the *Wealth of Nations* is famously captured by his observation that the interests of different orders in society made it unlikely that the system of natural liberty would ever be adopted in its totality (WN IV. ii: 471). Smith the pragmatist, just like Burke, recognised the reality of 'rank' and inequality and its crucial role in providing social stability (TMS I.iii.2.8: 57). He seems to have favoured a fluid class system that allowed the talented to rise, yet he never advocates the removal of rank as a whole (TMS I.iii.2.6: 56). Smith,

as Norman observes, was not a believer in ‘perfect’ markets (p. 169), nor was he ‘Anti-Government’ (p. 241), but nor, for that matter, does he advocate the use of the tax system to deliberately bring about more egalitarian holdings. To ameliorate poverty through lower taxes for the poor and rising wages from a growing economy is not necessarily egalitarian and if we want to ‘reclaim’ the ‘real’ Smith then we need to be careful about seeing these much later ideas in his work.

This leads us to the second observation that I want to make about Norman’s reading of Smith. This pertains to the second part of the book where we see Norman attempt to apply the lessons of the reclaimed Smith to contemporary political problems. To his credit Norman is excellent on the application of Smithian ideas to questions of regulation and crony capitalism in the modern economy. Smith’s commitment to equality before the law is a powerful tool in criticising crony capitalism and attempts to enrich one’s self through the political process. The discussion of the gravy train and executive pay are both close in spirit to Smith’s own attacks on similar phenomena in the eighteenth century. But it is here that we see a curious omission from Norman’s analysis. Yes, it is obvious that these things can be seen in banking and major corporations, but they are ubiquitous in modern societies and represent the reality of ‘rank’ in our world.

It is here that we strike a problem for Norman’s reading of Smith. In line with his earlier work on the idea of compassionate conservatism (Norman and Ganesh 2006) Norman attacks the culture of a managerial elite who live in a distant world from the rest of society. The solutions advocated in Norman’s earlier work: personal responsibility, decentralisation, accountability, and what came to be known as ‘the big society’ (Norman and Ganesh 2006, p. 61) appear to be in the background of his Smithian policy agenda. The idea is to revitalise civil society provision and see it work as an alternative to direct state intervention or commercial provision.

The problem with this reading is that the detached managerial elite do not just exist in business and banking: they are typical of all modes of organisation in contemporary society, from high ranking public servants, to university vice-chancellors, to the chief executives of charities and non-governmental organisations. The very forces that Norman identifies as problematic in the economy are endemic in the very institutions that he advocates as an alternative to direct government action.

Rent-seekers (and a Smithian ‘Public Choice’ analysis of the damage they do) are a key part of Norman’s policy prescriptions for the operation of the economy (pp. 245-46). But would-be monopolists seeking government support are just as likely, some might argue are even more likely, to be found in the so-called third sector as they are in the business world. The governmentalisation of civil society and the centralisation of powers and finance from local to central government have been longstanding features of the British political system. Indeed the development of anti-monopoly legislation applied to businesses, one might argue, has made cronyism easier to achieve amid the grant funded mainstream of charitable and civil society organisations. These organisations seek to secure state approval and funding to become the monopoly advocate in their chosen field. They are staffed by professionals, career ngo-ists, who move from one organisation to another, seamlessly between the state, public services and charities, always well-paid and well-pensioned. Scotland, both in Smith’s day and our own, has always been a tightly meshed sinecure network between the state and the para-state.

It is here that we see the potential one-sidedness of Norman’s policy advice. When he argues that ‘The deepest threats are those which directly affect the idea of human value itself. One is the continuing commercialisation of the public realm’ (p. 297) we might wonder whether the problem really is one of commercialisation. Instead it may be a deeper problem about how we think any sort of organisation – government, business, and charity – should structure itself. The cult of the ‘executive’ is pervasive in our society and it transcends commerce and public service. The problem is not so much the commercialisation of previously uncommercial areas of society, rather it is a dominant understanding of management, its rewards, the status, and, yes, the ‘rank’ that comes with it, that creates exactly the sort of problems that Smith noted in the government and merchants of his own time.

Many of the policies that Smith supported in terms of government action were intended to be provided at a local level and to be responsive to those who funded and used them. When Smith criticised cronyism he did so in both government and charitable sectors. The managers of joint stock companies were negligent because they were managing other people’s money and were not liable for losses (WN V. i. e: 740-1), but the state funded teachers and the endowed fellows in the universities (WN V. i. f: 761) were just

as negligent of their duties precisely because they were immune from the very ‘commercialisation’ Norman attacks.

As we noted above, Smith was a pragmatist. The politics of his day were characterised by endemic cronyism and patronage and he did not hope to remove them entirely. The fact that our own politics are characterised by much the same features might lead us to observe that these are an indelible part of the nature of the political. Something we might dislike, but up with which we shall have to put. And that would be a lesson in Smithian pragmatism well worth learning: we can advance a detailed, philosophically coherent inquiry and advocate policy based on it, but we need to be modest in our expectations of what that can achieve in a world where the interests of particular ‘ranks’ of people will always be against it.

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