

Two comments on

[Marvin Brown, “Free enterprise and the economics of slavery”](#)

Did Smithian economics promote slavery?

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In a [recent article](#) published in this *Review*, Marvin Brown claims that Adam Smith's account of wealth creation failed to acknowledge slavery as a major source of the wealth of nations. The result of this was “a dissociative economics that splits off the misery of the actual providers of wealth from the experiences of enjoying it. This is the legacy of the Scottish Enlightenment, and Smith is its best illustration.” (Brown, 2010:38) In building to this conclusion, Brown makes three claims. First, from his experience living among Glasgow tobacco traders profiting from products made by slaves, Adam Smith knew of the relationship between slavery and wealth creation but failed to incorporate this knowledge into the *Wealth of Nations*. Second, “[f]rom an economic point of view, slaves are property” (ibid: 35) and “[f]or Smith, the economics of property always overrides the rights of humans...” (ibid: 37) Third is a point of guilt by association where Brown strongly implies that Smith believed that slaves were inferior. This is done within the general context of understanding a specific quote from the *Wealth* where he states that Smith may have failed to discuss the link between slavery and wealth creation “because he could not totally separate the political or moral dimension from the economic.” (ibid: 37) This quote will be examined in detail below.

In this comment, I will address each of these points in order. The purpose of this exercise is to give an alternative answer to Brown's main question regarding Smith's lack of recognition of slavery as a major source of wealth creation and its dissociative effects.

Slavery and Wealth Creation

Brown takes it as an obvious fact that “Africans were the providers for much of the wealth for the Atlantic trading nations.” (ibid: 38) While one can easily question the actual importance of the slave trade in the wealth of these nations (see Acemoglu, et al., 2005), the important question for our purpose is to ask if Smith believed this to be true. Based on Smith's actual text, the answer seems clearly to be no.

Smith believed that production based on slavery was less productive and more costly than production based on free labor. Smith made three arguments in support of this conclusion: slaves do not produce more output than was necessary to provide for their own subsistence, slaves are not inventive, and freemen are responsible for their own “wear and tear” while slaves are not. Interestingly, and related to Brown's third point, Smith actually insisted that neither of the first two conclusions was based on the natural inferiority of slaves. *Para contra*, they were based on slaves not receiving proper incentives to be productive or inventive. Smith argued that slaves don't work as hard as free men because they have no ability to own property in order to improve their condition. For Smith, this desire was taken to be part of human nature, an axiom not needing explanation. “[T]he 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.” (Smith, 1981: 341) While slaves have this innate desire, they are specifically precluded from saving. This difference in incentives creates a less productive worker. Smith's specific reference was to farming. “[T]enants, being freemen, are capable of acquiring property, and having a certain proportion of the produce of the land, they have a plain interest that the

whole produce should be as great as possible, in order that their own proportion may be so. A slave, on the contrary, who can acquire nothing but his maintenance, consults his own ease by making the land produce as little as possible over and above that maintenance.” (Smith, 1981: 389)¹ As Brown points out, slavery in Europe had largely ended in the sixteenth century. Smith who specifically referred to this as “so important a revolution” (ibid) actually used this difference in productivity as one of two major contributing factors in ending slavery, it was in the economic interests of the “proprietor” to see it eliminated.

For Smith there were two major factors in determining wealth creation, the productivity of labor and the proportion of productive to unproductive labor. In focusing on the former, Smith famously cited extensions in the division of labor as determining labor productivity, and much of this was the result of innovations made by the workers themselves. According to Smith, slaves were less inventive. “Slaves, however, are very seldom inventive; and all the most important improvements, either in machinery, or in the arrangement and distribution of work which facilitate and abridge labour, have been the discovery of freemen.” (Smith, 1981: 684) Why are slaves not prone to inventiveness? Are they, somehow less capable of discovery than other workers? Smith’s answer was a clear no. The incentives of the slave were in the opposite direction. The slave was likely to be punished for showing any ingenuity at all.

Should a slave propose any improvement of this kind, his master would be very apt to consider the proposal as the suggestion of laziness, and a desire to save his own labour at the master’s expence. The poor slave, instead of reward, would probably meet with much abuse, perhaps with some punishment. In the manufactures carried on by slaves, therefore, more labour must generally have been employed to execute the same quantity of work, than in those carried on by freemen. The work of the former must, upon that account, generally have been dearer than that of the latter. (Smith, 1981: 684)

Finally, Smith argues that slaves are more costly because the person in charge of ensuring the health and wellbeing of the slave is not the slave himself. Under slavery, the “wear and tear” of the slave is “commonly managed by a negligent master or careless overseer”. The freeman, on the other hand managed his own wear and tear. This difference results in increased expense in keeping a slave healthy enough for productive work. As a result, the labor of freemen was less costly than that of slaves even when wages are high. “It appears, accordingly, from the experience of all ages and nations, I believe, that the work done by freemen comes cheaper in the end than that performed by slaves. It is found to do so even at Boston, New York, and Philadelphia, where the wages of common labour are so very high.” (Smith, 1981: 99)

Thus, a simple answer to our main question is forthcoming after addressing this first point only. Smith did not discuss slavery as an important element in the growth of wealth because, he regarded the institution as detrimental to wealth accumulation. Simply put, slave labor was considered to be more costly than that of free labor. In each case he addressed, slavery as an institution produced an incentive structure that decreased worker productivity, inventiveness and health. As Smith states, “the work done by slaves, though it appears to

¹ In a similar passage Smith again states the connection between the inability of slaves to acquire property and the minimization of work effort, “A person who can acquire no property, can have no other interest but to eat as much, and to labour as little as possible. Whatever work he does beyond what is sufficient to purchase his own maintenance, can be squeezed out of him by violence only, and not by any interest of his own.” (Smith, 1981: 387-88) Note that in both quotes, slaves are making a perfectly rational assessment of their own interests.

cost only their maintenance, *is in the end the dearest of any.*" (Smith, 1981: 387, emphasis added)²

Private Property Trumps Human Rights

Brown argues that the economics of Smith held a strong implicit argument in support of slavery. In support of this argument, Brown takes a quotation from Smith's *Lectures on Jurisprudence* where he makes the case that as societies develop and become more complex "the greater will be the number of their laws and regulations necessary to maintain justice, and prevent infringement of the right to property." (LJ, Brown, 2010: 37) Brown utilizes this passage to make the following claim: "Smith never mentions the role of slavery in the commercial society he enjoyed, but here we do see how important it was that there were laws to protect an owner's property, or in the case of slavery, to protect the slave owner." (Brown, 2010: 37) The question to be addressed here is did Smith believe that the government should protect the rights of slave owners over slaves?

To address this question, we should begin with a more general relationship between property rights and freedom and then move to the specific question of the sovereign's role in supporting the property rights of slave owners. It is clear from many passages in the *Wealth of Nations* that Smith was a strong believer in private property as being fundamental in the accumulation of national wealth. However, the right to own property was never universal. It had limits. One such limit was infringing on the rights of others. In this sense it is not the case that "the economics of property rights always overrides the rights of humans." Smith makes this case most clearly when addressing the heart of his 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 interests his own way..." (Smith, 1981: 687, emphasis added)

Thus, the question becomes, do the laws of justices apply to slaves? To get an answer, we can look to see how Smith viewed the decline of slavery in Europe, and the proper role of government in ending it. In fact, Smith was supportive of the ban and endorsed the strong role that he saw governments (Monarchs) playing in ending slavery. He actually took the opportunity to criticize the Catholic Church for both claiming too great a role and condemning slavery too little.

The time and manner, however, in which so important a revolution was brought about, is one of the most obscure points in modern history. The church of Rome claims great merit in it; and it is certain that so early as the twelfth century, Alexander III. published a bull for the general emancipation of slaves. It seems, however, to have been rather a pious exhortation, than a law to which exact obedience was required from the faithful. Slavery continued to take place almost universally for several centuries afterwards, till it was gradually abolished by the joint operation...of the proprietor on the one hand, and that of the sovereign on the other. (Smith, 1981: 389-90)

Smith is clearly arguing that a proper role of the sovereign, in the general administration of laws of justice, was the establishment of laws outlawing slavery. In no way did Smith or his system of natural liberty—including the right to own property—endorse the institution of slavery. This point is made more clearly in his *Lectures on Jurisprudence* where Smith argues that the interests of slave owners make it more difficult for slavery to be ended in democracies. In such a case, Smith argued that "the rights of humans" trumps both

² In the *Lectures on Jurisprudence* Smith made similar arguments. One in particular refers to the American colonies directly: "Our colonies would be better cultivated by freemen." (Smith, 1982: 453)

freedom by which he means democratic freedoms of land owning voters and wealth. “Freedom and opulence contribute to the misery of the slaves. The perfection of freedom is their greatest bondage. And as they are the most numerous part of mankind, *no human person will wish for liberty in a country where this institution is established.*” (Smith, 1982: 453, emphasis added)³ For Smith basic humanity trumps the liberty of property owners when it comes to slavery.

The Inferiority of Non-Europeans

In raising the question of the inferiority of slaves, Brown quotes Smith as follows:

The pride of man makes him love to domineer, and nothing mortifies him so much as to be obliged to condescend to persuade his inferiors. Wherever the law allows it, and the nature of the work can afford it, therefore, he will generally prefer the service of slaves to that of freemen. (Smith, 1981: 388)

Directly following this quote, Brown asks:

How are we to understand this explanation? When Smith speaks of ‘the pride of man,’ does he have the tobacco lords in mind? Are these ‘men’ members of the political economic club he attended in Glasgow? We don’t know. We do know that Smith lived in a world where it was common to see American, Africans, and Asian as inferior to Europeans. Still, the terminology of superior and inferior places both groups in the same species, instead of different types of things: humans and property. Perhaps the key here is the law. (Brown, 2010: 38)

It turns out that we actually do have a good idea who Smith meant both in his reference to the pride of man and in his use of language. He was not speaking of tobacco traders, but slave owners, and his use of the word inferior was a reference to the perception of slaves being inferior by these very slave owners. This additional clarity comes from his *Lectures on Jurisprudence* where he covered similar territory using similar language. Moreover, the law which Smith was referring to in the quotation above was the object of his criticism. The economics of slavery did not pay in the form of higher profits; it was the pride of man aided by the law that helped to maintain slavery at the expense of additional profit.

In a democratically government it is hardly possible that it [slavery] ever should, as the legislators are here persons who are each masters of slaves; they therefore will never incline to part with so valuable a part of their property; and tho as I have here shewn *their real interest would lead them to set free their slaves and cultivate their lands by free servants or tenants*, yet the love of domination and authority and the pleasure men take in having every <thing> done by their express orders, rather than to condescend to bargain and treat with *those whom they look upon as their inferiors* and are inclined to use in a haughty way; *this love of domination and tyrannizing, I say, will make it impossible for the slaves in a free country ever to recover their liberty.* (Smith, 1982: 186, emphasis added)

In fact, Smith gives a similar account in the extended paragraph containing the “pride of man” sentence quoted above. Slavery existed as the dominant mode of production in tobacco and sugar because they were particularly profitable, not the other way around. In

³ The same material from the student report of 1762-63 is depicted as follows: “A humane man would wish therefore if slavery has to be generally established that these great blessings [opulence and freedom], being incompatible with the happiness of the greatest part of mankind, were never to take place.” (Smith, 1982: 185)

fact, the proportion of slaves to freemen in production was directly related to the profits of the industry because high profits allowed these human proclivities to be satisfied. “Both [sugar and tobacco] can afford the expence of slave-cultivation, but sugar can afford it still better than tobacco. The number of negroes accordingly is much greater, in proportion to that of whites, in our sugar than in our tobacco colonies.” (Smith, 1981: 389)

This statement leaves open to question where, if not from the use of slaves, do these higher profits originate? In a more general discussion, not directly tied to the slavery question, Smith tells us that these profits are due to monopoly trading rights (Smith, 1981: 174-5) which he argues forcefully against in Book IV of the *Wealth*. However, in an early draft of the *Wealth of Nations*, Smith makes the connection more directly in the context of an argument condemning these profits. In fact, Smith makes it abundantly clear that the proprietors and their communities pay for slavery in the form of decreased wealth even though monopoly trading rights make the cultivation of sugar and tobacco more profitable than commodities that do not enjoy such protection.

[Cultivators of sugar and tobacco] who thus enjoying a sort of monopoly against all the rest of the world, *indemnify* themselves by the exorbitancy of their profits for their expensive and thriftless method of cultivation. The great expence of slave cultivation in the sugar plantations. The yet more exorbitant profits of the planter. That the planters in the more northern colonies, cultivating chiefly wheat and Indian corn, by which they can expect no such exorbitant returns, find it not for their interest to employ many slaves, and yet *Pensilvania, the Jerseys, and some of the provinces of New England are much richer and more populous than Virginia, notwithstanding that tobacco is by its ordinary high price a more profitable cultivation.* (Smith, 1982: 579-80, emphasis added)

In the end, there is no evidence, direct or indirect, that Smith believed that slaves or non-Europeans generally were inferior to Europeans. As we have seen from the argument made previously, Smith did believe that slaves were less productive and inventive compared with freemen. However, the reasoning was always based on incentives rather than natural abilities. Did Smith infer that slave owners were superior to slaves? Again the evidence is no. Slave owners may view slaves as “their inferiors” but these owners must pay dearly for this “love of domination” in the form of lower monetary profits. Moreover, this payment extends to non-slave owners as well. In areas where slavery has been abolished, the standard of living was higher because slavery had been ended.

Conclusion

Near the end of his article, Brown states that the “blind optimism of Smithian economics depends on ignoring the desperation and powerlessness of those who are used to produce goods and services...” (Brown, 2010: 38) When it came to slavery, Smith was neither blind nor particularly optimistic. For Smith, “[t]he freedom of the free was the cause of the great oppression of the slaves.” (Smith, 1982: 182) And this reality was naturally reinforced by the very self interests that, in another context, resulted in the social harmony epitomized so famously by his imagery of the invisible hand. When beginning with a basic injustice, the interests of the oppressor is to create laws and norms that maximize oppression. As stated previously, democracies were considered the strongest vehicle for driving this vicious circle. In such a system “whatever laws are made with regard to slaves are intended to strengthen the authority of the masters and reduce the slaves to a more absolute subjection. The profit of the masters was increased when they got greater power over their slaves.” (Smith, 1982: 181) This is Smithian economics. Self interest promotes general wellbeing when constrained by justice and competition. When beginning with an injustice

such as slavery or a lack of competition from the monopoly power of a capitalist, self interest plays a strong detrimental role in the determination of social wellbeing. Simply put, origins and social context mattered for Smith. He did not devise the world of Pareto efficiency where we take the initial distribution of wealth and power as given. In many instances, how to overcome this initial social structure was the economic question to be answered.

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