



**Carl Wennerlind and Margaret Schabas, eds. *David Hume's Political Economy***

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## *Book Reviews*

Carl Wennerlind and Margaret Schabas, eds., *David Hume's Political Economy* (London and New York: Routledge, 2008), Pp. xiii + 378. ISBN 978-0-415-32001-6, Cloth, \$160. ISBN 978-0-415-49413-7, Paper, \$44.95.

This collection of papers is as welcome as it is overdue. As its editors observe in their introduction, the reference point for studies of Hume's economic thinking has remained Eugene Rotwein's "Introduction" to his volume *David Hume: Writings on Economics* (Madison: University of Wisconsin Press) since its publication in 1955. The conference from which these papers derive was convened forty-eight years later, in 2003, and the volume was another five years in preparation (while this review, in turn, has taken its own time). But *David Hume's Political Economy* is not a random collection of conference papers: editorial direction has ensured a substantial publication, and an important contribution to Hume studies. The individual contributions fall into four broad categories, with fruitful overlaps between them. These are: (1) Hume's biography and his immediate Scottish context; (2) the philosophical framework of Hume's economic thinking provided by his account of human nature; (3) Hume's treatment of money; and (4) the reception of Hume's economic writings in France, as a starting-point for exploring his contribution to the wider European Enlightenment debate over the prospects of the modern commercial economy.

Two established scholars of the Scottish Enlightenment open the volume. Roger Emerson identifies "Scottish contexts for David Hume's political-economic

thinking" (10), and Ian Simpson Ross traces "the emergence of David Hume as a political economist" (31) in a more strictly biographical perspective. Emerson draws on his knowledge of Scottish improvers, most notably Lord Ilay, third duke of Argyll, and explores the several ways in which Hume could have been aware of their activities and the issues they had to confront. Ross directs attention to specific episodes in Hume's life that may have stimulated Hume's interest in economic affairs. By their use of the conditional and the subjunctive, both contributors acknowledge that the suggested connections are speculative: for reasons which he left to be inferred, Hume was reluctant to apply his arguments explicitly to local, Scottish circumstances. But as Ross demonstrates in the case of Hume's friendship with Isaac Pinto, and later in the volume Robert Dimand documents in the matter of Hume's memorandum on Canadian paper money, there are still details of Hume's biography to be filled out. As more Hume letters become available, it is likely that further such episodes may come to light: Hume's biography is not an exhausted subject.

A fine essay by Christopher Berry on "Hume and Superfluous Value" (49) opens the second set of contributions. Re-visiting Hume's intervention in the Luxury Debate, Berry argues that Hume rejected the Stoic ideal of poverty embodied in Epictetus's view that slippers were simply for the protection of the foot indoors, and any ornamentation was superfluous "luxury." Instead, Hume deliberately attached value to the superfluous. It was precisely the indulgence of luxury, the enjoyment of a more beautiful slipper, which aroused and sustained the "industry" of men, whence derived the enrichment of society and the strengthening of the power of the sovereign. Other contributions in this group are less successful. Till Grüne-Yanoff and Edward McClennen target Albert Hirschman's thesis that in a commercial society the passions are tamed by the increasing importance attached to the particular passion of "interest." Instead of relying solely on "interest," Hume envisages an evolution or "refinement" of the passions, in which reason "serves" the passions by helping individuals to determine how to achieve their ends (86). Quite why this process should be termed a "natural history of the passions" (86) is, however, unclear, as is the extent to which the authors wish to rehabilitate "reason" in Hume's explanation of action. Richard Boyd seeks to extrapolate from Hume's writings a concept of "civility" adequate to the pluralism of modern commercial society. Working hard with exiguous evidence—"civility" is mentioned in passing on only a few occasions in the *Enquiry concerning the Principles of Morals* and barely at all in the *Treatise of Human Nature*—Boyd reaches the conclusion that civility is "a virtue deeply implicated in democratic ideals of social mobility, inclusivity, equal respect, and mutual recognition" (83). Many of us might like to think that this was what Hume had in mind; that he did is hardly demonstrated.

The third group of contributions revisits the topic on which Hume's reputation has long turned among economists, money. Here the editors take the lead, seeking to demonstrate that Hume's comments on money should be understood in the wider setting of his philosophy and his approach to politics. Carl Wennerlind argues for "a synthetic view of Hume's theory of money" (105), which recognises its character as a "convention" (in both its metallic and its paper forms) and keeps its apparent contradictions in perspective. Hume's argument, Wennerlind suggests, was deliberately framed at an elevated level of abstraction; he wanted to persuade the public and the magistrate that the latter's powers of effective intervention were limited, since it is not money but industry which creates wealth. Margaret Schabas reaches a similar conclusion, but by a more critical route: she argues that there is no reconciling Hume's two propositions that an increase in money supply can stimulate growth and that the "specie-flow mechanism" (134) will always match the supply of money to that of goods. Different temporal dimensions are not (as has often been suggested) an adequate solution: Hume does not clearly and consistently treat the first as a short-term mechanism, the second as a long-term tendency. Hume's reasoning, Schabas agrees with Wennerlind, was deliberately hypothetical: he can only be seen as revealing the "Janus-face" (131) of money. As a convention, money embodies trust, but it is also a deception which motivates men to industry and the economy to grow. A third contribution, by George Caffentzis, differs from Wennerlind in arguing that metallic and paper money are not conventions of the same kind, but correspond to the distinction in the *Treatise* between "natural" and "artificial" fictions. As a form of "artificial" fiction, Caffentzis argues, paper money is simply not a viable foundation for a currency.

By contrast, the last of the volume's four chapters on money is historical rather than philosophical, and the only one by an academic economist. Robert Dimand reconstructs the episode in 1763–1765 when Hume found himself caught up in the diplomatic negotiations between England and France over the payment of compensation to English merchants holding (French-)Canadian paper money. Hume's memorandum on the subject is included as an appendix. Pointing out that the episode has been neglected by all Hume's biographers, Dimand suggests that it may have prompted Hume's insertion in 1764 of two paragraphs in the essay "Of the Balance of Trade" (*Essays Moral, Political, and Literary*. Vol. 1 of *Essays and Treatises on Several Subjects*. Edinburgh, 347–59) in which he qualified his condemnation of paper money.

The final group of chapters is more consistently historical. Of these authors, one, Loïc Charles, is a leading member of a group of younger French historians of economic thought who are, at last, disposing of the illusion that only the Physiocrats deserve attention in eighteenth-century France, and a further two, John Shovlin and Paul Cheney, are similarly young American historians of French

economic thought. These contributions fit closely together. Charles examines the several French translations of the *Political Discourses*, of which the most important was by Jean-Bernard Le Blanc. Le Blanc was a member of the circle of economic writers recruited by Vincent de Gournay in the early 1750s to develop and publicize the “science of commerce” (183) by a program of translations, re-editions and original works. More than most members of the circle, Le Blanc was an Anglophile, but through his commentary and notes he carefully adapted Hume’s arguments to French circumstances. (The translation itself was reasonably accurate, which could not be said for many of the “translations” undertaken by other members of the Gournay circle.) As Cheney shows, Le Blanc’s commentary played up Hume’s favourable view of France as a “civilized monarchy” (224) and played down his residual but persistent conviction that a republican form of government was historically more likely to respect the freedom which commercial activity required. But the appeal of the *Political Discourses* to the French went much deeper than their political malleability. Hume’s economic arguments provided members of the Gournay circle with matter for real debate; in turn their works, along with Le Blanc’s translation of the *Political Discourses*, provided inspiration for French-reading economic thinkers across Europe, and in particular in Italy, from Venice to Naples. The stimulus Hume offered these French and Italian economists did not mean that they agreed with him. Forbonnais was critical of his treatment of money and public credit, and, as Shovlin demonstrates, economic writers across the spectrum were increasingly dissatisfied with his defence of luxury.

The final and longest contribution to the volume is by Istvan Hont. As is to be expected from the author of the essays collected in *Jealousy of Trade* (Cambridge, MA: Belknap of Harvard University Press, 2005), this piece is a *tour de force*. Hont not only revisits the “rich country–poor country” debate as mediated by Hume’s economic essays, he re-develops and extends his earlier account of it in *Wealth and Virtue* (Hont and Michael Ignatieff, eds. [Cambridge: Cambridge University Press, 1983], 271–316) to cover the entire eighteenth century. The story is now taken back to the vigorous pamphlet debates which surrounded the Anglo-Scottish Union and the relation of these kingdoms to Ireland in the decades before and after 1700. In the mid-eighteenth century it moves forward through Melon, Montesquieu and the Gournay circle, these providing Hume with his key interlocutors, as Hont showed in the introduction to *Jealousy of Trade*. Responding to Hume in the 1760s and 1770s were Mirabeau and Mably, Helvétius, Saint-Lambert and Georg Ludwig Schmid D’Avenstein, the last of whom popularised the conclusions of this generation of French economists for the Swiss and Italians in a manner akin to the Gournay group in the 1750s. Hont ends the story where he began, returning it to its original Irish and Scottish contexts: the later eighteenth-century debate over Irish Union and the long-awaited integration of Ireland into the United Kingdom

and its common market. In conclusion, Hont offers a resolution of the apparent paradox of Hume's account of the "rich country-poor country" problem, and a response to those economists who have convicted him of confusion over the role of money. Hume, he points out, was too good a philosopher to commit elementary methodological mistakes; what we need to appreciate are his reasons for adhering to his account of the problem. These Hont finds in Hume's commitment to a version of "comparative advantage" (243), whereby rich countries could expect to remain ahead of their rivals, even as these significantly improved their position. In relation to the other contributions, Hont's is anomalous in its scale, and even then it threatens to burst its bounds. But the volume is undoubtedly the stronger for its inclusion: as the editors observe, "it ties together the themes of most of the preceding essays" (8).

This, therefore, is a volume almost all of whose contributions add something to our understanding of Hume's political economy, and several of which advance it a great deal. Sensibly, the editors do not seek to proclaim the way forward from the volume, but it almost certainly lies in enlarging still further the understanding of Hume's reception across Europe and at the same time placing his philosophical claims about the development of commercial society and morals in the same European context. The philosophical foundations of Hume's economic thought can no more be understood in isolation from the debates to which they contributed than can his economic arguments themselves.

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