

The Relation of Morality to Political Economy in Hume

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Introduction

David Hume (1711-1776) is one of the major thinkers of the Scottish Enlightenment, and, without a doubt, from that point on a key influence on the western philosophical traditions. Hume's ideas have also played an important role in economics, especially through his influence on another key thinker of the Scottish Enlightenment, Adam Smith (1723-1790), a founding figure of the political economy tradition.

Although in the title of this paper I refer to Hume's Political Economy, the expression does not refer to a set of ideas that set out systematically defining what the economy is. In fact, Hume wrote on a set of economic issues, matters of practical relevance at the time. Yet, in these dispersed writings one can see the clues for a political economy. This is for two reasons: firstly, because each economic issue is discussed in the broad social, and historical context. Celebrating, though not without ambiguity, the rise of the 18th century capitalism, Hume's writings hint at a certain notion of the economy which, in many ways, is still 'embedded' in the larger society. Secondly, it is this 'embeddedness', which explains in Hume's texts, why economic behaviour is inextricably linked to non-economic realms of human experience.

In this paper I want to advance this second point through an exploration of the connection between Hume's moral theory and political economy. A reading of *A Treatise on Human Nature* (THN) and his economic writings suggests that Hume's political economy is based on his moral theory. In fact it can be said that Hume's political economy derives from his moral theory. I try to make this point by first arguing that economic behaviour is

based on passions, and then by showing how, human passions are acted upon and transformed through the impact of historical forces to become specific forms of economic behaviour.

The paper is divided into the following parts. In the first part I discuss the context of Hume's ideas on morality. The following parts discuss Hume's idea of passions, and the relation of reason and passions in his work, leading to a discussion of his moral theory. These sections are followed by a discussion of the relation between passions and economic behaviour in Hume. His idea of economic behaviour, economic development and (natural) history. I end with conclusions.

The Context of Hume's Ideas on Morality

David Hume developed his philosophy of morality in the context of a debate between different moral theories which was taking place in the 18th century. He argued that morality was a human affair and could be understood with proper scientific observation. His ideas are often placed within what came to be known as the *Moral Sense* or *Sentimentalist School of Thought*.

One of the roots of Hume's thinking can be traced back to the English political philosopher Thomas Hobbes (1588-1679) and the debates that followed suit. This view, as one of the most influential articulations of the school of egoism has, among its proponents also Mandeville (1679-1733). Hobbes, had forcefully rejected the medieval Christian view of morality which held that moral values were embedded in nature by the will of the Divine Creator. In defiance, he argued that human beings were essentially amoral and that there were no values intrinsic to human nature. Morality, therefore was relational, as there are no absolutes inscribed in the nature of objects. Influenced by the developments in science at the time, he asserted that human nature, just as the physical world could be explained in terms of mechanical principles.(Norton 1993 151) Hobbes, and later Mandeville argued that human beings act out of a deep-seated motivation of self-interest. Later Hume would not only challenge this view being inadequate in its explanation of morality, as it left out benevolence, but also sceptical as it denied the

existence of a moral motive which Hume thought was essential to any moral action.
(Beauchamp 1998 20)

Hobbes's controversial views on human nature and, by extension, on morality became a reference point in defining the later debates on moral philosophy. One of the most influential schools of thought which were critical of his views were the Natural Law School. Among those who countered Hobbes were Grotius and the German jurist and historian Pufendorf (1632-94). These thinkers, following the classical Aristotelian and, later, the tradition of St. Aquinas interpreted moral guidelines as part of nature. In the Aquinian tradition the mere existence of morality held account for the objectivity and justifiability of moral judgements.. Grotius and Pufendorf abandoned the notion of the objectivity of morals and argued instead that moral rights and obligations were created in human communities, and thus from the study of these communities, transcendental guidelines for morality could be developed. (Beauchamp 1998 18). Pufendorf gives a évoluntarist account of how human nature was created: he argued that each thing had a set of properties and dispositions that is called its 'nature'. Natures were produced by the will of the Divine Creator. Deity first created nature and, then, by separate acts of free will imposed moral distinctions on nature. Thus, although lesser intelligent creatures, too, could impose moral distinctions, it is to the deity that moral distinctions should be traced. (Norton *op cit* 152). The goal of natural law theories was to achieve consensus, universality and practical moral guidance in society.

The other philosophical perspective influential in the formation of Hume's thinking on morality was Moral Rationalism exemplified by thinkers such as Cudworth, S, Clarke, Wollaston, Balguy and Malebranche. The rationalists claimed that sentiments were dangerously inadequate to be the basis of morality. For them, actions in themselves were right or wrong and sentiments and self-interest could and should be overcome -tamed- by ideas of what is eternally good and evil. For the Rationalists, there were immutable truths of morality could be recognised by the human intellect. For them, therefore passions are the slave of Reason. Hume, as a moral sense theorist argued the opposite.

There were points of convergence between the moral sense theorists and the rationalists: They both agreed on the presence of benevolence in human nature and as an extension of

that were opposed to egoism. On both counts, the two schools were thus opposed to Hobbes. Hume, however would reject the rationalist notion of the objectivity and truth of morals, while sharing the concern for the nature and acceptability of everyday morals (*ibid* 19).

The Moral Sense theories, as an alternative to these theories emerged in the 18th century by 'describing an innate, nonrational capacity to make rational judgements. The two most important influences from this perspective on Hume's thought were, Shaftesbury (1671-1713) and Hutcheson (1694-1746). Shaftesbury opposed Hobbes by holding that although not all persons are virtuous, people, do have natural capacities to act virtuously and distinguish right from wrong (*ibid* 21). His studying of human nature led him to the conclusion that human beings have a natural moral character. Benevolence was an aspect of this human nature and so was the capability embedded in it of recognizing objectively founded moral distinctions. (Norton *op cit* 154) Shaftesbury argued that moral sense a form of moral judgement can be explained by the ways we react internally to objects and phenomena. Just like beauty which requires a spontaneous reaction by perceivers to perceived objects, the moral sense detects the 'moral beauty' present in the actions of persons. Human beings, equipped with this natural capacity are capable of moral judgements.

Hutcheson (1694-1746) argued that just as human beings can sense the sensible qualities of objects through the external senses of touch, hearing, smell and taste, they also have a God-given internal sense with which they perceive the moral qualities of persons and evaluate human actions and motives. This internal sense, thus, generates moral judgements, moral distinctions and moral knowledge.

Hume was deeply influenced by Hutcheson, in grounding moral judgements on feelings rather than Reason, but the two differed in one crucial respect: Hutcheson's moral philosophy, in the final analysis is theological in origin. Hume, on the other hand starts with observations of 'facts' of human nature. He refused to speculate on the origin of these observations.

Hume on Passions

In order to understand Hume's moral philosophy and its relation to his political economy we need to look at his theory of passions. Hume believed that the Newtonian principles for the physical world could also be applied to the studying of human minds, for, after all, human minds were part of nature.

According to Hume, perceptions are the corpuscular units, which our mental life reveals to us. There are two kinds of perceptions: impressions and ideas. Here is how Hume defines the difference:

The difference between them consists in the degrees of force and liveliness with which they strike upon the mind, and make their way into our thought, or consciousness. Those perceptions which enter with most force and violence, we name *impressions*, and under this name I comprehend all our sensations, passions, and emotions, as they make their first appearance in the soul. By *ideas*, I mean the faint images of these in thinking and reasoning; such for instance, are all the perceptions excited by the present discourse, excepting only those which arise from the sight and touch, and excepting the immediate pleasure or uneasiness it may occasion. (THN 2000 7)¹

Perceptions call one another through the operation of the principle of association analogous to the principle of gravitation.²

Hume then argues that impressions resolve themselves into another division: original and secondary:

Original impressions or impressions of sensation are such as without any antecedent perception arise in the soul, from the constitution of the body, from the animal spirits, or from the application of objects to the external organs. Secondary, or reflective impressions are such as proceed from some of these original ones, either immediately or by the

¹ Here we are confronted with the very interesting notion of the 'self' in Hume. 'I never catch myself at any time without a perception, and never can observe any thing but the perception' (Mcosh 12).

In Hume's work the self, has no autonomous existence: All that the mind does is to include perceptions, not exert any influence on them. The self is just 'a kind of theatre, where several perceptions successively make their appearance'.

² For Hume, the associating qualities are resemblance, contiguity in time and place and cause and effect. We will not discuss these in this section.

interposition of its idea. Of the first kind are all the impressions of the senses, and all bodily pains and pleasures: Of the second are the passions, and other emotions resembling them. (THN 2000 181)

Passions, therefore are secondary perceptions, as opposed to original or sensory perceptions.

Hume offers another division of the reflective impressions: calm and violent:

Of the first kind is the sense of beauty and deformity in action, composition, and external objects. Of the second are the passions of love and hatred, grief and joy, pride and humility (THN 2000 181)

Having identified passions as secondary impressions, Hume then goes onto distinguishing between direct and indirect passions. Direct passions such as desire, aversion, fear, hope emanate from something that gives us real or potential pleasure or pain. Indirect passions, such as pride, humility, love and hatred, on the other hand, are those, which have a distinction between their causes and their objects:

By direct passions I understand such as arise immediately from good or evil, from pain or pleasure. By indirect such as proceed from the same principles, but by conjunction of other qualities. This distinction I cannot at present justify or explain any farther. I can only observe in general, that under the indirect passions I comprehend pride, humility, ambition, vanity, love, hatred, envy, pity, malice, generosity, with their dependants. And under the direct passions, desire, aversion, grief, joy, hope, fear, despair and security. (THN 2000 182)

On reason and passions

As mentioned previously, one of Hume's objectives was to combat the Rationalist point of view. In the second book *Of the Passions* of THN, in a section entitled 'Of the influencing motives of the will' Hume sets out this task referring to the popular argument which sets reason against passions, and which gives preference to reason claiming that the virtuousness of men are determined by the extent to which they abide by what reason

dictates. (THN 2000 265). For Hume this argument is a fallacy. And he goes on to demonstrate why he thinks so.

In this most famous section of the second book Hume establishes that reason as a form of abstract and demonstrative thinking does not give cause -motivate- actions; rather it 'directs' our judgements by informing us about their causes and effects. A merchant, Hume tells us, uses arithmetic, a most common form of reason, in order to see, say, the *effects* of paying his debts. Here, reason is not the motivating impulse; rather what moves the merchant to the use of arithmetic -reason - is his *desire* to understand the state of his business.³

There is another use of reason: the prospect of pain or pleasure from an object leads us to the emotion of aversion or propensity and to our avoiding or embracing it. These emotions are expansive, in that, they cover all the other objects related to the original one 'by the relation of cause and effect.' It is the function of reason, to discover this cause and effect. But, here too, the impulse to avoid or embrace the object does not emanate from reason, but rather, from the prospect of pain or pleasure. If, as Hume says, the objects in question do not affect us, the discovery of the connection, and thus reason is of no use to us.

Just as reason cannot motivate action, neither can it 'prevent volition' or dispute in preference of one passion against another. Passions can only be retarded by other passions.⁴ Therefore, reason, for Hume, has its uses in discovering empirical relations

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⁴ The distinction between calm and violent passions is a significant one in terms of the theoretical location of Reason in Hume's philosophy. A strong passion which is calm can overcome an agitating one. For instance, the desire for a dessert (agitating passion) can be overcome by the calmer but stronger passion of the desire to stay slim (Penelhum 1993 126). Unlike the moral rationalists, for Hume the choice of giving up the dessert is not an indication of the triumph of Reason over passions. Rather, it is the taming of one kind of passion by another.

and relations of ideas, but it cannot be the cause of volition. Hence his oft-quoted conclusion:

Reason is, and ought to be the slave of passions, and can never pretend to any other office than to serve and obey them. (THN 2000 266)

Passions have no representative quality; they are not copies of anything. A passion is, Hume argues, 'an original existence'. We can dispute ideas, since they are representations and, as such, have reference points. But passions, are not ideas; they are secondary impressions. Since they do not represent anything, they are self-contained (Penelhum *op cit* 127) and, thus, cannot be unreasonable.⁵ Thus, for Hume, the problem of traditional philosophy, reason against passions is a misconceived problem.

⁵ 'Reason is the discovery of truth and falshood. Truth and falshood consists in all agreement or disagreement either to the real relations of ideas, or to real ixstence and matter of fact. Whatever, therefore, is not susceptible of this agreement or disagreement, is incapable of being true or false, and can never be an object of reason. Now'tis evident our passions, volitions, and actions are not realities, compleat in themselves, and implying no refernce to other passions, volitions, and actions. 'Tis impossible , therefore, they can be pronounc'd either true or false, and be either contrary or conformable to reason.' (THN 295)

It is at this stage we can establish the first connection between passions, reason and economic behaviour in the work of Hume. For Hume as a form of action, economic action, too, is motivated by passions. If we extend Hume's argument on the relation of reason to passions to the realm of economic behaviour, we have to deduce that economic action, too, emanates from passions, and not from reason. The influence of reason on economic activity, as with any other human activity, exists in its capacity as a 'guide'. Economic agency therefore does not *originate* from reason, but rather from passions: the driving force of economic behaviour is not reason, but passions. The source of economic action, for example the decision to save or invest, that to produce or consume a particular commodity etc. is human passions, and desires, and not reason. Furthermore, to the extent that economic passions cannot be contrasted with reason, we cannot claim that economic passions are reasonable or not. As the basis of economic actions, passions are 'original existence(s)'. The passion that motivates my consumption behaviour is no less 'original' in that sense than, the fact that I am of a certain height, or weight. This passion therefore cannot be contrasted, to reason. And, as such, it cannot be deemed reasonable or unreasonable. It makes sense to understand the underlying passions of different forms of economic behaviour, but not whether they are in accordance with reason or not (alternatively, whether economic behaviour is rational or not?)

Hume on morality

Hume's project was to develop a 'science' of human nature by observing and discovering its general and universal features of human nature, just as physics discovers the general laws of the universe. Since, as he believed, morality was part of human nature, by observing human nature, we could also discover the general and universal features of human morality.

Ideas, in Hume's epistemological perspective, are derived from and representations of sensory impressions. We do not, however, experience sensory impressions of vice and virtue. Moral judgements, in Hume's view are passions. Just as passions should not be posed as being against or contrary to reason, so, should not be moral judgements. Let us

not forget that reason is never a motivating influence of actions; passions are. As passions, moral judgements, can be aided by, but never originate from reason:

Since morals, therefore, have an influence on the actions and affections, it follows, that they cannot be deriv'd from reason; and that because reason alone, as we have already prov'd, can never have any such influence. Morals excite passions, and produce or prevent actions. Reason of itself is utterly impotent in this particular. The rules of morality, therefore, are not conclusions of our reason.' (THN 2000 294)

By making a moral distinction, we apply a moral term and its related ideas to a person the observation of whose characteristics has given rise to pleasant or unpleasant feelings. The repetition of experience is of crucial import here, for, if the actions in question were observed only once, Hume argues, there would be approbation or disapprobation, but not the ideas of virtue or vice. The observation of a pattern, the repetition of experience, gives rise to ideas that seem to represent virtue and vice (Norton *op cit* 14) ⁶

This account of the rise of moral ideas is important in first and foremost presenting Hume's view of morality against that of rationalists. *Morality, claims Hume, does not consist of immutable principles to be discovered by reason. It is rather based on human passions, which human beings, through repetition of experience, come to associate with certain moral characteristics.* Clearly then, and this is the second important aspect of this account: morality is a human creation and, as such, there is a crucial dimension of **convention** (habit, custom) in it. ⁷

What makes possible the response of approbation to the mental qualities, which comprise such natural virtues? The answer to this question lies in the principle of **sympathy**, that

⁶ This is connected to the idea of *necessary connection* in Hume's work. In questioning the notion of causality Hume writes the following:

[...] after a frequent repetition, I find, that upon the appearance of one of the objects, the mind is *determin'd* by custom to consider its usual attendant, and to consider it in a stronger light upon account of its relation to the first object. 'Tis this impression, then, or *determination*, which affords me the idea of necessity (THN 2000 105)

⁷ In his editor's introduction to EPM Beauchamp (ibid 33) notes that Hume never uses the language of objectivity in EPM. Rather the terms he chooses to express impartiality are 'a point of view common with others', 'unprejudiced notions', 'proper discernment', 'proper sentiment'. This not only is contrary to the rationalist point of view, but could also be interpreted as an indication of the importance of convention building as part of the evolution of morality. Morality is part of community existence, as such, its existence has to do with practical exigencies.

most remarkable human quality ⁸ As human beings we have the capacity to resonate (Norton 1993 165) with the pleasure of others very similar to the strings of a musical instrument . If approbation, via sympathy is the moral sentiment through which we codify the presence of virtue, then disapprobation is the one that marks *vice*.

How does Hume define virtue?

It is the nature, and, indeed, the definition of virtue, that it is *a quality of the mind agreeable to or approved of by every one, who considers or contemplates it*. But some qualities produce pleasure, because they are useful to society, or useful or agreeable to the person himself; others produce it more immediately (EPM 139 n 50)

The two conditions of existence of virtue (or personal merit) are (1) a mental quality in the person contemplated and (2) a perception by those who contemplate the person.

Virtues are qualities of the human mind, which produce pleasure in (impartial) observers. If virtue consists in producing pleasure in the observer, vice has the opposite effect: it is differentiated by its quality to produce displeasure or pain in persons.

Hume's famous *catalogue of virtues* is developed on the basis of the fourfold categorization of the mental qualities quoted above. There are virtues which are useful to others: among these he includes benevolence, justice, fidelity, honour ⁹ Among the qualities which are useful to ourselves he includes industry, frugality, enterprise, economy, prudence, sobriety, order. ¹⁰ There are qualities immediately agreeable to ourselves such as greatness of mind, courage, restrained pride, dignity, tranquillity, and, finally there are qualities which are immediately agreeable to others: among these are modesty, politeness, decency, wit.

He discusses virtue under two categories: *natural*, and *artificial virtues*. The former, according to Hume, are: (a) original and inherent features of human nature; (b) these

⁸ This is what he writes:

No quality of human nature is more remarkable, both in itself and in its consequences, than that propensity we have to sympathize with others, and to receive by communication their inclinations and sentiments, however different from, or even contrary to our own (THN 2000 206)

⁹ There are also others like gratitude, friendliness, truthfulness, fidelity, allegiance, charity, lenity, mercy.

¹⁰ This category also includes caution, strength of mind, wisdom, good sense, sobriety, secrecy, [presence of mind among others.

features are specific to natural passions which have always motivated specific kinds of human behaviour; (c) these motivating passions always produce good on each occasion of occurrence; (d) these passions always produce moral approbation whenever they operate. (Norton, editor's intro, EPM 2000 I81) Among such virtues he cites, love of one's children, generosity, clemency, moderation, beneficence, clemency, and moderation. On the other hand, artificial virtues are: (a) not natural and inherent features of human nature; (b) they have evolved over the course of time in response to social circumstances and exigencies although they derive from inherent features of human nature; and, (c) The uniform practice of artificial virtue, such as justice, appears to be necessary to the public good, but the practice of this virtue on any given occasion be contrary to both public and individual good. Then, the related virtuous acts produce only weak sentiments of approval (ibid I81-82). Promise-keeping, allegiance, treaty-keeping and chastity and modesty are artificial virtues. Justice, we will see later on is another artificial virtue with significant implications for political economic analysis.

Morality and Political Economy in Hume

In the previous section we have seen that for Hume human acts are based on human passions, and so is economic behaviour. On the basis of Hume's account of morality we can now argue that as moral distinctions are based on passions as well, we cannot separate economic behaviour from morality. Morality and political economy are thus inextricably linked. In fact, Hume's political economy derives from his account of morality. This fundamental connection between passions, and actions, which emanate from them is also at the basis of Hume's notion of *economic development*. For Hume, the impact of historical forces on multitudinous human passions forms the core of social transformation.¹¹ As we shall see later on, this relationship is best seen in his arguments about property, and commerce in the context of his political economic analyses.

¹¹ 'The basic level of Hume's economic thought takes the form of a natural history of the 'rise and progress of commerce' in which he seeks to explain the development of economic activity through the impact of changing environmental forces on certain human passions' (Rotwein 1971 xxxii)

In this account two points are very pertinent to Hume's political economy: one is the role of sympathy, and the other, that of convention. Hume claims in fact that sympathy is the 'chief source'¹² of moral distinctions, our ability to 'imagine' and therefore, relate to the pain or pleasure of others invoked by different acts, or relations. Convention, on the other hand, is that which establishes approbation and disapprobation as vice and virtue.¹³ His understanding of the rise of capitalism in the 18th century is one based on human actions which extend beyond that of mere self-interest. His emphasis on convention points to the importance of habits and customs of a particular society, which are important in understanding the processes of economic development.

Passions and economic activity in Hume

Hume doesn't give a systematic account of the passions which underlie economic activity, although, as mentioned before, in his catalogue of virtues he lists several passions such as frugality, industry, enterprise, prudence, economy which, no doubt, are passions which relate to economic behaviour. In his text 'Of Commerce' he writes 'Every thing in the world is purchased by labour; and our passions are the only causes of labour.' (Of Commerce, p: 7), without explaining what these passions exactly are. Perhaps one of the clearest accounts of how particular passions motivate economic activity is in his writing entitled 'Of Interest', where he argues that the basis of all human passions is the '*exercise of the mind*'.¹⁴ Thus, it seems this passion underlies economic passions as well. In this essay Hume shows how this passion is linked to work and love of gain: a person without employment, he argues, will be restless, constantly try and find ways of keeping himself amused, without considering the harm aimless pleasure-seeking does to his body and mind. If, however, argues Hume he is employed in a harmless

¹² THN, pp:393-394.

¹³ With his account of sympathy, Hume strengthens his position against the school of egoism going back to Hobbes.

¹⁴ There is no craving or demand of the human mind more constant and insatiable than that for exercise and employment; and this desire seems the foundation of most of our passions and pursuits. (Of Interest, p:4)

fashion, he will be satisfied and stop self-destructive indolence. If, he finds lucrative employment, Hume continues, he will slowly develop the '*passion of gain*' the build up his 'fortune' on a daily basis. This is how Hume thinks trade increases *frugality*, and why merchants, compared to the landowning classes are more miserly. ¹⁵

In 'Of curiosity, or love of truth' Hume explores the passion for the *exercise of the mind* more generally, in relation to our *love of truth*, which, he argues, is 'the first source of all our enquiries.' Hume seems to argue in this section, that although the usefulness of the end, which may be the discovery to be made for a philosopher, or a scientist, or a structure to be built for an engineer, clearly is of consequence, the driving passion in our search for truth is the 'action and pursuit' of the mind. ¹⁶ He likens the pursuit of the truth by a philosopher to hunting, where, it is more the pleasure of the *chasing* the prey, than the prey itself, which is more important. The exertion of the body (mind), the uncertainty, the fears and joys of the 'journey', to use a more common analogy, seem to be more central to our desire for the truth, than the point of arrival, i.e. truth itself. Hume makes the connection between action and happiness in yet another context, which is of relevance to us. In his 'Of Refinement in the Arts' he writes that human happiness comprises three ingredients, which are *action*, *pleasure* and *indolence*, which all need to be mixed in the necessary proportions. Of these, indolence, though not contributing to our enjoyment, is important in sustaining our bodies which are incapable of carrying on action or pleasure without a break. The process of exerting one's body and mind, that

¹⁵ Deprive a man of all business and serious occupation, he runs restless from one amusement to another; and the weight and oppression, which he feels from idleness, is so great, that he forgets the ruin which must follow him from his immoderate expences. Give him a more harmless way of employing his mind or body, he is satisfied, and feels no longer that insatiable thirst after pleasure. But if the employment you give him be lucrative, especially if the profit be attached to every particular exertion of industry, he has gain so often in his eye, that he acquires, he degrees, a passion for it, and knows no such pleasure as that of seeing the daily increase of his fortune. And this is the reason why trade encreases frugality, and why, among merchants, there is the same overplus of misers above prodigals, as, among the possessors of land, there is the contrary. (Of Interest, p: 4)

¹⁶ This is what he writes:

Upon this head I shall make a general remark, which may be useful on many occasions, *viz.* that where the mind pursues any end with passion; tho' that passion be not deriv'd originally from the end, but merely from the action and pursuit; yet by the natural course of the affections, we acquire a concern fro the end itself, and are uneasy under any disappointment we meet in the pursuit of it.' (THN p: 288)

‘quick march of the spirits’, as Hume refers to it, enjoyed during the course of action exhausts a human being, rendering a break imperative –hence *indolence*. (p: 2) In a similar fashion to his account in ‘Of Interest’, Hume argues here that with the development of industry and the arts, when ‘kept in perpetual occupation’ human beings enjoy the act of working and the rewards it brings to them:

Education, custom, and example, have a mighty influence in turning the mind to any of these pursuits and it must be owned, that, where they promote a relish for action and pleasure, they are so far favourable to human happiness. In times when industry and the arts flourish, men are kept in perpetual occupation, and enjoy, as their reward, the occupation itself, as well as those pleasures which are the fruit of their labour. The mind acquires new vigour; enlarges its powers and faculties; and by an assiduity in honest industry, both satisfies its natural appetites, and prevents the growth of unnatural ones, which commonly spring up, when nourished by ease and idleness. Banish those arts from society, you deprive men both of action and of pleasure; and leaving nothing but indolence in their place, you even destroy the relish of indolence, which never is agreeable, but when it succeeds to labour, and recruits the spirits, exhausted by too much application and fatigue.’ (Of Refinement, 2)

In Rotwein’s interpretation of this text, and this paragraph in particular, one finds the three causes of labour in Hume’s political economy, which are the *desire for pleasure*, the *desire for action*, and the *desire for the quick march of the spirits*. (*op cit* xxxvi) This reading is certainly possible, especially in relation to the former two, however, it is limited, in that in a modified reading these passions could be extended to economic activity as a whole, rather than to labouring in particular. In fact from the way in which Hume links the mentioned passions with the rise of industry and arts seems to suggest this latter interpretation more likely. Thus, we see here, how, industrial development, through the mediation of custom, influences and shapes these passions of men developing in them other passions such as love of gain, which in the quote above can be read into the expression ‘fruits of labour’.

In Hume’s political economy, all forms of economic activity emerge from passions. A reading of his texts on economic issues and THN together, action, enterprise, love of gain, frugality, economy and do forth are passions that underlie economic behaviour.

Historical forces act on human such human passions, which through the processes of repetition embodied in the customs and habits of society, are transformed into economic behaviour.

Passions, economic development, and natural history

a) The rise of commerce and industrial society

In Hume's writings on economic issues, we can find several accounts where human passions are transformed into moral distinctions through the mediation of conventions of a society. One such instance is his writing 'Of Commerce'. In this particular text, Hume depicts the development of an agrarian society into a commercial and industrial one. In this depiction, Hume shows how each stage of the development process is defined by changes in human passions. In fact in this particular path of development, Hume shows how social balance can be maintained by the control of certain passions by others. Hume argues that, when the 'savage state' of survival through hunting and gathering ends, mankind divide into two classes that of those that work the land –the husbandmen- and manufacturers. The latter transform the materials provided by the former into commodities, which are either necessities, or luxuries –'ornamental to human life'-. Although, in the beginning agriculture employs a higher number of people, with 'time and experience' this sector becomes able to feed more people than those who are employed by it. Some of the surplus labour created by the increased productivity on agricultural labour, can then be used in manufacturing, especially of luxury goods. An alternative way of employing the surplus labour is through military recruitment. It seems, says Hume, that there is an opposition between the power –greatness- of the state and, the happiness of the individual: the passion for individual comfort is checked by the passion of the sovereign –the state- for power, and vice versa. (3-4)

Further on in this text, Hume argues for the benefits of foreign trade in a very similar fashion, demonstrating how historical forces influence and transform human passions. History shows us, argues Hume, that foreign trade precedes the development of home

manufactures, and is the main cause of the birth of domestic luxury. Foreign goods are more tempting for consumption, as they are ready for use, and are novel. On the other hand, it is profitable to export the surplus of goods from home to other countries where they cannot be produced for reasons of climate or soil. Thus, Hume argues, men become used to the ‘pleasures of luxury’ and the ‘profits of commerce.’ The taste for foreign goods thus awakened, men apply themselves to further improving their manufactures.

For Hume this is the most important impact of foreign trade on human beings:

It rouses men from their indolence; and presenting the gayer and more opulent part of the nation with objects of luxury, which they never before dreamed of, raises in them a desire of a more splendid way of life than what their ancestors enjoyed. And at the same time, the few merchants, who possess the secret of this importation and exportation, make great profits; and becoming rivals in wealth to the ancient nobility, tempt other adventurers to become their rivals in commerce. Imitation soon diffuses all those arts; while domestic manufactures emulate the foreign in their improvements, and work up every home commodity to the utmost perfection of which it is susceptible. Their own steel and iron, in such laborious hands, become equal to the gold and rubies of the INDIES.

In this one passage Hume depicts how the impact of foreign trade on society is amplified through the intensification of certain human passions. Foreign trade’s contribution to a society’s wealth works through its influence on human desires for pleasure, profit, rivalry, jealousy. In the quote above we read Hume’s story about how commercial capitalism grew and rivaled the *ancien regime*. In his fascinating account of the rise of the new class of merchant capitalists, human passions play the central role.

b) Justice and property:

Among the artificial virtues, Justice has a particularly important place. Hume's discussion of the evolution of justice establishes his stand against the schools of egoism and rationalism firmly. Furthermore, he also establishes that certain kinds of virtues are the results of historical processes, which nurture conventions that can mediate virtue. It is one of the most comprehensive historical accounts offered by Hume on how passions are

transformed into virtues or vices via the repetitive processes of conventions. As a moral category, Hume's notion of justice is directly related to his account of property as a social relation, hence to one of the key concepts of political economy. For that reason, it is worth our while to look at it in some depth.

As mentioned earlier, Hume includes justice as an artificial virtue in his *catalogue*. He starts his argument posing two questions: first, *how* do rules of justice emerge from artifice, and second, how why human beings suppose that conforming or opposing these rules is a *moral* matter. He gives his answer to these questions with the following 'natural history'.

Among all animals, Hume argues, human beings are the least advantageous, in relation to their needs, which is the main reason why they unite. By forming societies they are better able to protect and provide for themselves. Society starts, argues Hume, from the sexual desire that brings woman and man together. Yet, there is an important barrier to the development of society, which lies in human selfishness, a passion as deep-seated as sexual desire, and the scarcity of goods like food, clothing, and shelter, which are essential to human survival. Humans, soon noticed that it was in the interest of each individual to control their selfish drive and 'dispute' over these essentials. Conventions were developed that secured the stability of possession of these scarce goods. According to Hume, the ideas of justice, and injustice emerged from these conventions, and along with these, ideas of property and property rights. It is through this historical process, Hume writes, self-interest, in its original, aggressive form was brought under control by a more educated version of the same passion. (THN 2000 542) He argues that the universal, and insatiable passion –avidity- of acquiring goods for ourselves, and our nearest friends is destructive of society hence needs to be countered. (*ibid* 315-316) In this account, Hume brings together what I believe to be all the central elements which connect his moral theory to his political economy. Passions –*selfishness in the form of acquisitiveness*- are acted on by historical circumstances –*need for forming groups for better provision, safety and security*- which, through conventions –transform the former

into rules of morality –*justice* -¹⁷ on which is based a fundamental economic relation –*property*–.

Hume is emphatic on the argument that property originates from justice and not vice versa:

Our property is nothing but these goods, whose constant possession is establish'd by the laws of justice. Those, therefore, who make use of the words *property*, or *right*, or *obligation*, before they have explain'd the origin of justice, or even make use of them in that explication, are guilty of a very gross fallacy, and can never reason upon any solid foundation. A man's property is some object related to him. This relation is not natural, but moral, and founded upon justice. 'Tis very preposterous, therefore, to imagine, that we can have any idea of property, without fully comprehending the nature of justice, and showing its origin in the artifice and contrivance of men. The origin of justice explains that of property.' (THN 2000 315)

Conclusion:

Mainstream economic theory has acknowledged Adam Smith as one of its founding figures. By extension, this lineage should include Hume, as the main philosophical influence on Smith. Yet, reading THN in tandem with Hume's writings on economic issues, suggests a substantially different approach to the economy and economics. As mainstream economic theory presents itself as 'the theory' of economics and economic behaviour, Hume, explains economic phenomena in the context of society and rising capitalism. Of course, this history in many ways is a 'universal history', yet, his account of different economic issues and economic behaviour, in the context of economic development, stands in sharp contrast to mainstream economic thought, where, theorization of the economy and economic behaviour has a transhistorical characteristic. In any standard economics textbook there is a reference to positive and normative thinking, where the former concerns *what is*, while the latter *what ought to be*. Hume's

¹⁷ This is what Hume says in a most succinct way:

['..] that 'tis only from the selfishness and confin'd generosity of man, along with the scanty provision of nature has made for his wants, that justice derives its origin.' (ibid, p: 318)

main argument on human behaviour being based on passions, where reason only plays a guiding, not a motivating role, makes this distinction impossible. Thus we can say, very much unlike mainstream economics today, Hume argues that economic behaviour is based on passions, and as an aspect of these passions, on moral distinctions. Thus, not only economic behaviour is moral behaviour, but in fact derives from moral behaviour. That is to say, in order to understand Hume's account of economic behaviour, we first need to understand his account moral distinctions. It follows therefore, economics as the study of economy and economic behaviour is inextricably linked to moral theory...hence economics as 'political economy'.

One can ask the point of this exercise of questioning the correctness of the appropriation of Hume via Smith mainstream theory. Part of the answer lies in the matter of legitimacy: lineages, *inter alia*, are claimed to legitimate perspectives. Thus, by questioning the former, one also questions the latter. The exploration in this paper underlines the importance of research in economic history, on how economic ideas evolve over time and dependent on historical circumstances. It seems likely that Hume's appropriation by his contemporary Smith, already represents one such break, where the representation of the economy is that of a more 'disembedded' entity compared to that in Hume's work.

At a time such as ours, when radical global policy changes are in effect in the name of 'more efficient working of the free market forces', it is refreshing to look at the work of an 18th century thinker for whom every economic issue had at its core a moral issue, and especially that of 'human happiness.' Rather than focusing on the issue of whether economic behaviour is rational or not, should mainstream economic theory be not concerned with the same question?

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