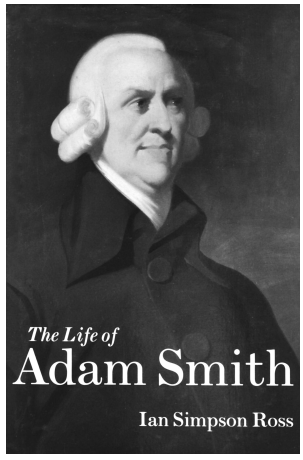
Adam Smith's Dearth of Economics



The Life of Adam Smith
by Ian Simpson Ross
Oxford University Press,
Oxford, 1995
495 pages, hardcover, $35.00

The science of economics begins with the idea expressed in *Genesis* 1:26-30, that man, who is created in the image of God by virtue of the power of creative reason, exercises dominion over the Earth through an ordered process of continuous scientific discovery.

Apologist-author Ian Simpson Ross makes clear that Adam Smith, the ideological ranter for free trade, entirely rejected this concept. Rather, Smith began from the premise, espoused by the seminal Venetian intelligence operative Paolo Sarpi (1552-1623), that man is a creature of his primitive passions. Smith worked from the parallel concept of Bernard de Mandeville's (1670-1733) *Fable of the Bees,* which stated that every man's pursuit of private lusts and vices, will lead miraculously to the public good.

The Smith Project

To understand Adam Smith, who was born in Kirkcaldy, Scotland in 1723, and educated at Glasgow University and Balliol College, Oxford, it is necessary to know that he was a tool of the English monarchy's most powerful instrument in Scotland, the Campbell Clan.

In 1705-07, while the Act of Union, which attached Scotland to England, was going through, John Campbell, the Second Duke of Argyll, was made head of Scottish patronage for the House of Hanover, in order to control both the subjugated Scottish population and the Scots oligarchy. Adam Smith's father was private secretary to one of the most powerful members of the Campbell Clan, the Earl of Loudoun, and Will Smith, Adam's cousin and one of his two guardians, was private secretary to the Second Duke (whose portrait, incidentally, hung in the Smith family dining room). Adam became tutor to the Duke's grandson, the Duke of Buccleuch, who went on to support him financially for the rest of his life.

This Campbell Clan ran the Scottish Enlightenment, a freemasonic mixture of rejection of reason, skepticism, and anti-religious fanaticism, on behalf of top members of the British oligarchy. Adam Smith's other guardian, Sir John Clerk of Penicuik, one of Scotland's leading freemasons, ran the Scottish Enlightenment in Edinburgh, which included Smith's lifetime friend and collaborator, David Hume.

To understand this Enlightenment, one need only read Smith's *Theory of Moral Sentiments.* Smith's philosophy is a mixture of, on the one hand, Sarpian-Mandevillean hedonism—using semantics (Smith replaced Mandeville's "vice" with the nicer sounding "self-love"), and pagan Stoicism. The Stoics were contemporaries of the Christian Apostles, who opposed the Christian concept of *agapē,* with the Spartan warrior-cult quality of "self-command." They worshipped the Goddess Fortuna, arguing that we must acquiesce to whatever lot the gods or Fate deals us, because man is a powerless "atom."

Smith's hero was the Stoic Epictetus, who wrote in his *Enchiridion*: "There are things which are within our power, and there are things which are beyond our power. Within our power are opinion, aim, desire, [and] aversion. . . ."

This idea, plus Mandeville's equation that the sum of personal vices equals the public good, produced the infamous passage in *Moral Sentiments* which was the height of Smith's philosophizing, namely, that God's "administration of the great system of the universe" is beyond man's rational comprehension and that therefore "[h]unger, thirst, the passion which unites the two sexes, the love of pleasure, and the dread of pain, prompt us to apply these means for their own sake, and without any consideration of their tendency to those beneficent ends which the great Director of nature intended to produce by them."

It was this same concept, dressed up in economic newspeak, that became the central idea in Smith's economics—the "Invisible Hand," otherwise known as the Goddess Fortuna.

Smith's 'Economics'

It was in a 1761 carriage ride between Glasgow and London, that the Earl of Shelburne, the premier intelligence operative who later created the British Foreign Service, proposed to Smith that he write *The Wealth of Nations.* Smith would simply recapitulate much of the work of the physiocratic cultists François Quesnay and A.R.J. Turgot, with whom he spent significant time in Paris in 1766.

Smith wrote the work, in particular, so that the Americans, whom Shelburne could see splitting from England even as early as 1761, could be roped into what Smith proposed would be called a "British Empire Parliament," in which America would have representation, but then could be heavily taxed, and forever ruled. When America did not bite at that, Smith proposed a "federal union

Owing to a printer's error, Michael Billington's name was omitted as the author of the review entitled "Transmitting Kepler's Physics to China," in the last issue of *Fidelio.* We apologize for the error.

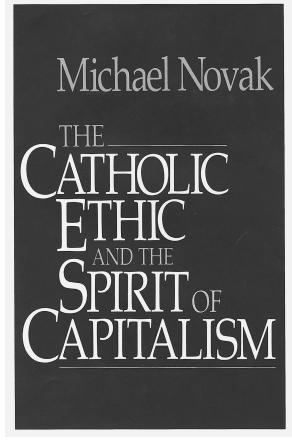
with America," as would later be set up with Ireland—a federal union used to genocidally depopulate Ireland.

It is standard historiography to lyingly say that Smith was a friend of America, and even worse, that he helped the American Revolution. On the contrary, Smith—who personally drafted the infamous tea tax for British Chancellor of the Exchequer Charles Townshend in 1767, which so provoked the American colonies—wrote his economic works for the purpose of establishing a British-financier world empire, in which, under the banner of "free trade," the Anglo-Dutch oligarchy would dominate the world's trade in raw materials, food stuffs, finance, and so forth. America's aspirations to become a republic would be crushed; it would remain a backward raw materials supplier to the British mother country.

George Washington's Treasury Secretary, Alexander Hamilton, rejected Smith's duplicitous free trade recommendations, and followed instead a dirigist-protectionist policy. It was as a result of rejecting Smith, that the American economy blossomed.

—Richard Freeman

Seeking To Serve Two Masters



The Catholic Ethic and the Spirit of Capitalism
by Michael Novak
The Free Press, New York, 1993
334 pages, hardbound, $24.95

Michael Novak's book is an attempt on the part of a group of neo-conservative liberal capitalists in the American Catholic Church, to misinterpret Pope John Paul II's encyclical *Centesimus Annus,* in such a way as to turn it into an apology for the economic looting of both Eastern Europe and Ibero-America. More sophisticated than Rev. Richard John Neuhaus, who attempted in his book, *Doing Well and Doing Good, The Challenge to the Christian Capitalist,* to portray the Pope as having endorsed Max Weber's "Protestant ethic," Novak attempts to make his so-called "democratic capitalism" more palatable to Catholics by packaging it as a reflection of a "Catholic ethic."

In his preface, Novak admits that this book differs from his earlier book, *The Spirit of Democratic Capitalism.* He writes, "In 1981, when I was writing that book, I had not yet seen the link between capitalism and creativity, the crucial point in the Catholic ethic." Not to have seen the connection between human creativity and economics does not say much for Novak's previous understanding either of economics or of Christian morality. But instead of humbly reconsidering his understanding of economics in light of this failure, he has merely attempted to salvage his previous flawed concept of liberal capitalism by cloaking it in the Judeo-Christian concept of man as created *in the image of God.*

In reality, both Novak and Neuhaus reflect a similar kind of Manichean tendency. They deny that the so-called material world, the world of economic policy, can or should be ordered according to the spiritual or moral values, which flow from the concept of man as created in the image of God. Their essentially Manichean presumption, that the material world is evil and that spiritual values are limited to personal, familial relationships, but do not extend to economic policy for humanity as a whole, leads them to the completely immoral act of defending the evils of liberal capitalism.

Novak correctly identifies human creativity as the true source of economic wealth, and derives man's creative capacity from the fact that he is created in the image of God. However, by divorcing creativity from morality, he reduces man's capacity and responsibility to use his creative intellect for the good of his fellow man, into a rationalization for his continued exploitation.

Moreover, by emphasizing what he calls "civil society" in opposition to the role of the state, he, like his collaborator Reverend Neuhaus, deliberately runs interference for the policies of the International Monetary Fund and the World Bank, which Pope John Paul II referred to as the "structures of sin" in his 1987 encyclical *Sollicitudo Rei Socialis.*

In the Catholic Whig Tradition?

Perhaps the best way to demonstrate the fallacy of Novak's approach to capitalism is to discuss the American System of political economy, in opposition to the British system. Novak, like Neuhaus, understands that there are two forms of capitalism. However, he completely confounds the two. Thus, on the one hand, he refers to himself as in the "Whig Catholic tradition," and cites the economic policies of Abraham Lincoln favorably as coherent with the social teaching of the Catholic Church. On the other hand, he includes Abraham Lincoln in a rogues' gallery of liberal capitalists, including John Stuart Mill, Adam Smith, Friedrich von Hayek, Ludwig von Mises, and Milton Friedman.

Like Neuhaus, he defines liberal capitalism as extreme libertarianism, in order then to claim that his brand of liberal capitalism is in the Whig tradition. Novak even goes so far as to offer Ayn Rand as his only example of a liberal capitalist, as if liberal capitalism began with the writing of *Atlas Shrugged.*

But as the leading economist of the Twentieth century, Lyndon LaRouche, has documented, the American Revolution was fought against the economic policies espoused by British East India Company employee Adam Smith in his *The Wealth of Nations.*

The American System was based upon the dirigistic policies of France's Jean-Baptiste Colbert and the physical-economic theories of Gottfried Wilhelm