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For a Love of False Consciousness: Adam Smith On the Social Origins of Scarcity

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For Americans, there can be few better lines in the history of philosophy than Locke’s cavalier assertion that “in the beginning all the world was America” (Locke 1992: 753). Taken out of context, it affirms our infamous “exceptionalism,” by effectively transforming our country into The Garden that we have always known it to be. Taken in context, it affirms our equally infamous anarcho-capitalism, for herein lies an intricate claim that, whenever not hemmed in by government, our country houses an eternal abundance.1 Government thwarts our easy access to bliss, casting us out of our Garden and into a world of artificial scarcity that demands endless toil.

Thus, embedded within Locke’s logic lies the revolutionary possibility that social equality could be conjured forth in an instant, were we to simply wake up to the true abundance offered by the natural world. Scarcity, according to him, has been produced by mankind and was simply not present in antediluvian America. The foundational ideas of modern economics – supply and demand – turn tail in the face of a world wherein all necessities can be effortlessly plucked from the nearest tree. Given a Garden of natural abundance, the equilibrium price of all goods drops to zero.

Adam Smith, I will argue, picks up on this Lockean strand in The Theory of Moral Sentiments, but morphs it in significant ways. In so doing, Smith clearly believes that society itself is co-constitutive with the creation of scarcity. For him, there is virtually no “natural” scarcity, save for the market in one keystone good, with which I will conclude. Instead, scarcity is created by mankind in order to achieve very particular and cohesive social goals.2 Reopening the laissez-faire lineage of the social production of scarcity might not only help us to work through some foundational concepts in the dismal science, which, at least since Mal- thus, has famously and adamantly insisted that the world is constituted by natural scarcity; it might also allow us to move beyond certain prototypical impasses between the proverbial left and right, by showing that both sides of the political spectrum have a deep grasp of the social origins of inequality.3

Trinkets and baubles

Smith begins his inquiry into the social causes of scarcity by bluntly asking, “For to what purpose is all the toil and bustle of this world? What is the end of avarice and ambition, of the pursuit of wealth, of power, and preheminence? Is it to supply the necessities of nature? The wages of the meanest labourer can supply them….“ (Smith 1984: 50). Wondering why people avert their eyes to poverty, he queries, “Do they imagine that their stomach is better, or their sleep sounder in a palace than in a cottage? The contrary has been so often observed and, indeed, is so very obvious” (ibid: 50). We are already seeing at this early stage in the text that Smith believes that most needs are quite ready-to-hand. Indeed, even the most impoverished, he says, spend a great deal of income on “superfluities” (ibid: 50).

But there is more. In many spots throughout The Theory of Moral Sentiments, Smith shows a deep disdain for much of the material wealth of this world. In fact, he believes that people are quite inane and misguided for chasing after it at all. Anyone who can see the world for what it “truly is” quickly discerns that most material wealth is actually constituted by mere “trinkets of frivolous utility” (ibid: 181). Modern society, however, is rife with an incessant drive for fake distinction over ones’ peers, by which individuals hope to magnetically attract flattery. Individuals believe that the enhanced social status gained thereby will improve their material condition and happiness (though, as we saw above, Smith insists that it does not). The wealthy and the powerful delve headlong into this process, but the poor are not completely immune to its pull either.4

Acquiring this flattery, it turns out, is achieved most efficiently by obtaining gaudy material wealth. Someone outside society would never be so dumb as to hunt after the shallow distinction afforded by material wealth: “To one who was to live alone in a desolate island it might be a matter of doubt, perhaps, whether a palace, or a collection...
of such small conveniencies [sic] as are commonly con-
tained in a tweezer-case, would contribute most to his
happiness and enjoyment” (ibid: 182). Or, as he puts it
more abstractly elsewhere, “bring him into society, and all
his own passions will immediately become the causes of
new passions” (ibid: 111). The needs and tendencies of
“Natural Man” are corrupted by the pernicious influence of
“Artificial Society.”

Out of this endless competition for distinction blossoms a
world of socially-produced scarcity. Individuals begin to
chase after wealth despite its lack of utility to their survival.
Indeed, society creates wholly artificial and unnecessary
needs only to ensure that a complex symbolic apparatus of
distinction exists. The scarcer the sign, the better it is at
attracting much coveted flattery: “How many people ruin
themselves by laying out money on trinkets of frivolous
utility? All their pockets are stuffed with little conveniencies
[sic]. They contrive new pockets, unknown in the clothes of
other people, in order to carry a greater number” (ibid: 180).
Worse still, individuals rack their own bodies with
pain and suffering in order to attain supposed pleasures
that never quite manage to equal the sacrifice they have
made to acquire them. By chasing after baubles, individu-
als willingly (but stupidly) walk away from a natural world
of socially-produced scarcity. Individuals begin to
produce an artificial abundance for the benefit of society
by first producing civilization itself. Smith explains,

And it is well that nature imposes [this artificial scarcity and
its ensuing misguided chase] upon us in this manner. It is this
decception which rouses and keeps in continual motion the
industry of mankind. It is this which first prompted them to
cultivate the ground, to build houses, to found cities and com-
monwealth, and to invent and improve all the sciences and
arts, which ennoble and embellish human life (ibid: 183; em-
phasis mine).

While hoping to embellish themselves with luxurious dis-
inction, people actually deny their own bodies ready
pleasure while increasing the embellishment and luxury of
the social body. They individually sacrifice themselves un-
der an artificial scarcity in order to, via an “invisible hand,”
produce an artificial abundance for the benefit of society
at large. In short, the veil that nature has placed over the
world to deceive humankind has the merit of advancing
“the interest of the society, and afford[ing] means to the
multiplication of the species” (ibid: 185).

The deceptive veil actually serves to transform individuals
into proper humans, by granting them all the fruits of
society such as relationships, language, arts, and sciences,
etc. Laboring under the artificial scarcity of daily life,
though misguided at the individual level, segregates hu-
mankind from the rest of the animal kingdom – “enno-
bling” it with both virtue and intelligence in one fell swoo.
By forcing individuals to earn their keep by work and 
exchange, artificial scarcity builds a bulwark against 
the standard tendency of all animals to seek out “natural 
indolence.” Without it, individuals would be mere dolts 
and complacent beasts, harvesting without sowing from 
an abundant nature as they happily eschew the Social 
Contract. In light of this logic, we can make a pithy 
distinction between Smith and Marx: Both believed in 
the reign of false consciousness; it is only that the former 
hoped to preserve it, while the latter aimed to explode it.

But even Smith argues that, in older age, people are no 
longer duped by this ultimately beneficent false conscious-
ness – it is exploded on an individual rather than a society-
wide level. Old age ushers in the illuminating real-world 
truth delivered by what he colorfully terms “splenetic phi-
losophy.” This little known subspecialty of the contempla-
tive arts allows “Power and riches [to] appear then to be, 
what they are, enormous and operose machines contrived 
to produce a few trifling conveniencies [sic] to the body” 
(ibid: 182-83; emphasis mine). Having recognized this 
truth, the splenetic old man finds that “the pleasures of 
the vain and empty distinctions of greatness disappear…. 
In his heart he curses ambition, and vainly regrets the ease 
and indolence of youth, pleasures which are fled for ever, 
and which he has foolishly sacrificed for what, when he 
has got it, can afford him no real satisfaction” (ibid: 182).

According to Smith, then, societies and individuals both 
rationally seek out easy and efficiency correspondent to 
the needs they envision for themselves. The youth work 
themselves to the bone because they believe they will 
achieve distinction that will make their lives better; wis-
ened splenetics stop working once they realize that na-
ture already provides for them in a thoroughly satisfactory 
manner; finally, like a lazy slave master, society itself swin-
dles multitudinous luxuries off the backs of its citizens that 
greatly improve its own distinction and luxury vis a vis 
other societies. In other words, society and individual are 
both behaving rationally, but tragically, each can only do 
so at the expense of the other.

In this model, society behaves just like an individual – as an 
agent with a will, following the most rational path possible 
for itself, given the reality that it knows. Unfortunately, in 
Smith’s model, society’s rationality – howsoever useless to 
the individual – always has the upper hand over the latter. It 
takes over the individual’s brain in much the way that Durk-
heim (1984) describes the historical battle for cerebral terri-
tory between the collective and the individual consciousness, 
only to give quarter when old age has made that particular 
body and mind useless to its own material production. Splenetic philosophy never achieves this same wide social 
purchase, remaining forever on the margins.

If spleneticism, then, is a solid truth for the individual who 
seeks to rationally maximize his ease and efficiency, it re-
mains wildly dangerous for society. Were the youth to 
subscribe to it in actual practice – having been duly coun-
seled in it by reading Smith’s own writings – the socially 
useful and individually underpriced energy of youth would 
dissipate into “listless and insipid indolence” (Smith 1984: 
56). Here we can clearly see how The Theory of Moral 
Sentiments links up with Smith’s far more famous Wealth 
of Nations: Splenetic philosophy is a sharply honed tool for 
killing capital. Spreading the truthful poison of spleneti-
cism would cause cultural and material production to 
cease, as all would recognize that they could simply fall 
back into the Garden that lies just behind a clouded veil.

Time ain’t cheap

As I have detailed, Smith believed that people could not 
make decisions that were good for society without the aid 
of an artificially-imposed scarcity, which aided them in 
making decisions that were as misguided for the individual 
as they were essential for society. Crucially, however, there 
is one item that is naturally scarce for the individual in 
Smith’s vision: Time. Suddenly noticing its extreme and real 
scarcity triggers the truth of spleneticism. In her dotage, 
the individual finally values time properly, and it makes her 
realize that she has been wasting her time away, casting 
away the precious joys of natural indolence for the idiocy 
of work. The equilibrium price of time shoots up as its 
supply rapidly dwindles.

But by then, it is too late: “It is then, in the last dregs of 
life, his body wasted with toil and diseases, his mind gal-
riffed by the memory of a thousand injuries….that he 
begins at last to find that wealth and greatness are mere 
trinkets of frivolous utility” (ibid: 181). In youth, when time 
appears abundant, individuals make unsound decisions for 
themselves that are fruitful for society; in old age they 
make sound decisions for themselves that would cast hu-
mankind back into the anti-social Garden were they to
become universally practiced. The scarcity of time brings lucidity, just as its abundance delivers delusion.16

But as we have seen, Smith believes that society and individual can interpret the world in different ways. Unlike individuals, society itself never dies, and thus rightly views time as an abundant resource. In this sense, society is not even intentionally imbuing false consciousness into the individuals who comprise it. Rather, it is merely passing along its own existential truth to anyone who will listen.17 Treating time as eminently abundant is perfectly rational from the perspective of the collective consciousness. Society rarely experiences a dotage that would bring the predictable flash of splenetic insight.

Combining this understanding with Smith’s insights from The Wealth of Nations allows us to go one step further and find a co-constitutive feedback loop in Smith’s theory of artificial scarcity. Because society itself views time as an abundant resource, most of the individuals who constitute it do as well, for they are imbued with the social values that emanate from society’s own needs and constraints. Pricing time at near zero guarantees that individuals will always misprice the true costs of acquiring distinction. This foundational mispricing causes them to endlessly chase after baubles, which thankfully increases the “stock” and “material opulence” necessary to eternally sustain society. Other than the rare and always deteriorating phalanx of splenetic philosophers, all humans are driven to seek distinction, and “[a]n augmentation of fortune is the means by which the greater part of men propose and wish to better their condition. It is the means the most vulgar and the most obvious; and the most likely way of augmenting their fortune, is to save and accumulate some part of what they acquire, either regularly and annually, or upon some extraordinary occasion” (Smith 1976: 363).18 And as we all know, Smith holds that it is this capital arising out of personal sacrifice that supposedly conduces to increased public opulence and, thus, the better long-term survival of one nation over another.

In economic terms, because individuals are taught by society to devalue time, they are constantly underselling it to society. Durkheim and others have always proposed that society graciously gives individuals countless traits and skills without asking for anything in return, thereby putting them forever in debt to society. But seen from Smith’s system, it is a rational exchange: Society takes care to segregate individuals from the beasts by gracing them with humanity. In return, individuals grant society eternity in the temporal realm. When the price of time rises exorbitantly during their rapid decline toward death, they opt out of a bargain that no longer attracts them.19 Individuals finally recognize that they have “forfeited for ever by the acquisition [of distinction]” “all that leisure, all that ease, all that careless security” (Smith 1984: 51). Suddenly, it appears more rationally appealing to be splenetic, and they take their precious time off the market.

But we must conclude where we started, with Locke. If Locke built his social theory upon the natural abundance of space, Smith built his upon the natural scarcity of time. Locke claims that society only comes into being when the individual sees the price of space as exorbitant; as long as space remains freely available, the individual naturally refuses to join society.20 Smith provides a complementary, but inverse, model, wherein time must be cheap in order to inaugurate society. This actually seems to make some intuitive sense, insofar as societies are generally not bounded in the temporal realm but are circumscribed in the spatial one. In other words, seen from the perspective of society, the price of time is low while that of space is high. Given this, “false consciousness” might not be the operative term here. Society is not so much actively seeking to delude individuals. Rather, it is sharing its own perception of the truth of its world with them.

We are therefore left with the intriguing possibility that Smith’s and Locke’s theories both imply that society and individuals (in their “natural” or splenetic state) price time and space on entirely separate supply and demand curves. In Kantian terms, this means that their a priori categories of the understanding are deeply at odds. For this reason, they cannot help but to see the world in foundationally different, even oppositional, ways. But could social thought open up this marketplace, breaking through its tariff barriers so that society and individual could find a fair price that they both agreed upon? Why is it smart for societies to compete with each other for distinction and luxury, but dumb for individuals to do the same? And just what would a splenetic society look like? These questions and more would begin to provide a pathway to an Adam Smith salvaged from his countless followers’ dismal belief in the natural scarcity of the world, complete with its necessary corollary, naturalized inequality.

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Money and the Nationalization of the Future" (Public Culture 20:2) and “The Anthropology of Credit and Debt” (Annual Review of Anthropology 2010).

Endnotes

1This and other intriguing matters have been brilliantly elucidated by Caffentzis (1989).

2Mostly, this essay will cover The Theory of Moral Sentiments, but it is worth noting that such a view of scarcity accords well with Smith's Wealth of Nations and his well-known attacks on the corn laws (see Rothschild 2001: Chapter 3 for a very helpful discussion of the fate of Smith's writings during the corn laws debates). In The Wealth of Nations, we find Smith asserting that the world would produce enough corn, were it not for the meddling of ill-informed governments. Even with regard to monetary policy, he tells us that "It is not any scarcity of gold and silver, but the difficulty which such people find in borrowing, and which their creditors find in getting payment, that occasions the general complaint of the scarcity of money" (Smith 1976: 459).

3As Rothschild (2001) shows so clearly, Smith should not necessarily be considered a conservative thinker or a partisan of laissez-faire himself, even if he has been hijacked by the conservative side of the political spectrum. Similar arguments could be made with regard to Locke. But here I am speaking of the way his followers have interpreted him, and the way he has generally been brought forth into the present by these followers.

4Consistently, however, Smith holds up the poor as people who can often see through this idiocy, telling us that “honesty is the best policy” is the maxim that holds “almost always perfectly true” for the poor. And therefore, “In such situations… we may generally expect a considerable degree of virtue” from these quadrants of the economic ladder (Smith 1984: 63). Rothschild digs up considerable evidence that, during his own lifetime, his contemporaries openly viewed him as a “friend of the poor” (2001: 61ff).

5It should be recalled here that Smith is operating on the Hobbesian/Rousseauian model of a supposedly pre-social “natural” world in which individuals roam freely about until they choose to enter into the Social Contract. We are far away from Durkheim here.

6A recent example of artificially-imposed scarcity would be the suffixes of URL domain names, where people covet a “.com” or a “.org”, but the mechanical infrastructure of computing could easily house an infinite number of suffixes. Smith would predict that, as too many people acquire “.org”, it will lose its cachet and people will seek news modes of distinction in the digital realm. I thank Jennifer Jacquet for pointing out this example.

7Here is a clear point of harmony with Marx, for this operates largely on the same principles as his theory of alienation. The logic also abounds with the Protestant theology of denial as a path to purity, providing us with the vague lineaments of a Weberian analysis avant la lettre. For a deep study of the invisible hand metaphor, see Rothschild (2001; chapter 5).

8In the Discourse on Inequality, Rousseau says that individuals cannot even know love in the pre-social state.

9The notion that an artificial scarcity is the very thing that crafts individuals into human can be traced within the social sciences over the years. Levi-Strauss’s Elementary Structures of Kinship makes an identical argument (Levi-Strauss 1969), and Derrida’s ongoing insistence that an illusory “center” strictly delimits meaning within a structure that is as necessary as it is untrue seems to me to also be a direct descendent (e.g., Derrida 2001).

10Savages and barbarians, according to Smith, actually live a life of want and suffering. This is because they have already entered the Social Contract, but have yet to start sufficiently chasing after baubles (Smith 1984: 205-210). Chasing after baubles, we learn, creates a better and more egalitarian distribution of resources than the savages and barbarians would manage (ibid: 184-85).

11Although Durkheim’s historical trajectory the inverse of Smith’s: For Durkheim, the individual consciousness becomes more and more powerful as society progresses, whereas Smith argues that humans become more and more duped by the hunt for distinction as society progresses.

12Like many good folk traditions, the American one abounds with subterfuge, questioning whether our famous ideology of work might somehow be a ruse designed to trick us, and that the natural abundance of America lies ready-to-hand as Locke suggested long ago. Here is a song, entitled “Tall Buildings,” by one of the most famous masters of the American folk tradition, John Hartford. It is so perfectly resonant with spleneticism that one is forced to wonder whether Hartford was himself steeped in Smith:

Someday my baby, when I am a man,
And others have taught me
The best that they can
They’ll sell me a suit
They’ll cut off my hair
And send me to work in tall buildings

[REFRAIN]:
So it’s goodbye to the sunshine
Goodbye to the dew
Goodbye to the flowers
And goodbye to you
I’m off to the subway
I must not be late
I’m going to work in tall buildings
When I’m retired
My life is my own

My life is my own
When I’m retired
I’m going to work in tall buildings
I must not be late
And send me to work in tall buildings


I’ve made all the payments
It’s time to go home
And wonder what happened
Betwixt and between
When I went to work in tall buildings

[REPEAT REFRAIN]

13 “Are you in earnest resolved never to barter your liberty from the lordly servitude of a court, but to live free, fearless, and independent? There seems to be one way to continue in that virtuous resolution; and perhaps but one. Never enter the place from whence so few have been able to return; never come within the circle of ambition; nor ever bring yourself into comparison with those masters of the earth who have already engrossed the attention of half mankind before you.” (Smith 1984: 57).

14 At least since Hirschman (1997: 109), people have been questioning the plausibility of the “Adam Smith Problem,” which had long purported a wide gulf between these two texts. This “problem” has been further put to bed by the excellent and essential texts recently published by Rothschild (2001) and Phillipson (2010). I might also add, following the strand of logic presented by Phillipson in footnote 14 below, that The Wealth of Nations is largely about the race to achieve distinction and luxury among societies, while The Theory of Moral Sentiments is largely about the race to do so amongst individuals.

15 If it seems to harmonize with The Wealth of Nations, it positively buzzes with connections to Rousseau’s Discourse on Inequality. Phillipson has done us the immense favor of precisely detailing the points of congruence, and how Smith’s review of the Discourse marked “his debut in print as a philosopher” (Phillipson: 145). He explains that Smith’s great achievement in The Theory of Moral Sentiments was “to turn it [the Rousseauian concept of sympathy, which leads to the drive for distinction] into the governing principle of a theory of sociability on which a general theory of commerce could be based” (ibid: 149).

16 Incidentally, seeing time as the one naturally scarce good in Smith’s writing explains the fetishization of efficiency over all else in the economic thought that derives from Smith. According to that logic, economic actors are constantly seeking out efficiency because they are always seeking to save time – a virtually priceless good that needs to be spared as much as possible, so that individuals can revert to their default “natural indolence” as frequently as possible.

17 This is akin to Smith’s near contemporary, Fichte, who explained that individuals were willing to die for society because it was their only method of becoming attached to the eternal (Fichte 1922: 130-151). In The Theory of Moral Sentiments, Smith says something nearly identical when he writes, “Men have voluntarily thrown away life to acquire after death a renown which they could no longer enjoy. Their imagination, in the mean time, anticipated that fame which was in future times to be bestowed upon them. Those applauses which they were never to hear rung in their ears; the thoughts of that admiration, whose effects they were never to feel, played about their hearts, banished from their breasts the strongest of all natural fears, and transported them to perform actions which seem almost beyond the reach of human nature” (Smith 1984: 116).

18 This quote pairs nicely with a similar comment from The Theory of Moral Sentiments: “Two different roads are presented to us, equally leading to the attainment of this so much desired object [distinction]; the one, by the study of wisdom and the practice of virtue; the other, by the acquisition of wealth and greatness” (Smith 1984: 62). This sentiment appears to be another example of the venerated high saint of capitalism hinting at a distaste for it.

19 Even turning to Smith’s opinion about savagery and its lowly state of material progress confirms this, for he tells us that the savage values his time very highly. He is always cognizant of the unpredictable arrival of death and therefore “is said to prepare himself from his earliest youth for this dreadful end” (Smith 1984: 206).

20 This same argument can be found in the last chapter of Volume I of Marx’s Capital, where he discusses Wakefield’s colonization plan, which sought to artificially inflate the price of otherwise free land, in order to force the replication of the motherland’s social relations in the colonies (Marx 1990: 931-940). I am aware that Locke’s theory also relies on money as a tool for transcending the ravages of time (see Caffentzis 1989). But the abundance of space still lies at the root of his theory.

References


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