
Review

A philosopher's economist: Hume and the rise of capitalism

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David Hume needs no introduction to students of the history of philosophy. His contributions to metaphysics, epistemology, and ethics are not only well known but have also been greatly appreciated by many leading philosophers and cognitive scientists. In addition, Hume has been acclaimed as a historian on account of his work *The History of England*, which during his lifetime contributed to his fame much more than his purely philosophical writings. However, the part of his oeuvre that has been much less appreciated are his contributions to economic thought. Even though his close friend and philosophical disciple Adam Smith is counted among the founding fathers of economics, Hume does not loom large in the intellectual history of the discipline. This fine study by Margaret Schabas and Carl Wennerlind aims to provide a much-needed corrective to this oblivion. It does so by means of an interpretive agenda that aims to (1) recover Hume's contributions to economics, and (2) put them at the very center of his philosophical project. While they deliver quite successfully on the first part of their agenda, and in so doing make a most valuable contribution to both Hume studies and the history of economics, the latter part remains a tall order, the authors' admirable efforts notwithstanding.

In pursuing the first part of their agenda, Schabas and Wennerlind offer a comprehensive reconstruction of Hume's contributions to classical topics of economic research, such as property and commerce (chapter 3), development (chapter 4), money and banking (chapter 5), and international trade and public finance (chapter 6). While Hume's *Political Discourses* (1752) is the authors' main source, they do not remain confined to that volume; rather, they draw fruitfully on multiple pieces of evidence, including Hume's correspondence with contemporaries involved with economic research and the making of public policy. The authors successfully argue that even though Hume might not have written a treatise dedicated to economics, his interest in economic problems was not just a passing affair or a mere play with ideas. To the contrary, his essays on economic topics,



which he kept revising with a lot of care until the end of his life, reveal an abiding interest that had personal as well as intellectual components. As Schabas and Wennerlind show, Hume's short sojourns in the world of practical affairs—his apprenticeship with a Bristol sugar merchant in his youth, and later his work in the service of British diplomacy in continental Europe—shaped his development as an economic thinker (pp. 30–39). Both experiences alerted Hume to the significance of the economy to social and political affairs. From a philosophical point of view, Hume was also drawn to economic topics because of his interest in explaining the mores of a people or the spirit of an age. It is the authors' contention that given the importance he ultimately assigns to the economy in explaining human affairs, Hume should be considered a historical materialist, albeit not a reductionist one (p. 6).

The contributions of this study are especially significant in two areas of inquiry, namely Hume studies and the history of economics. In the former area, two contributions stand out. First, the authors convincingly show that a proper understanding of Hume's economics requires some appreciation of his entire philosophical project, especially his philosophy of mind and ethics. With respect to the connection between his philosophy of mind and his economic thought, Schabas and Wennerlind contend that it runs through the passion of pride in one's possessions. Such a human disposition has an important place in Hume's doctrine of the passions, which helps us better appreciate why his economic thought is so keen on celebrating industriousness and commercial civility. On the other hand, in the case of the connections between his ethics and his economic thought, the authors focus on the concept of property as their common thread. As they point out, Hume's definition of justice focuses on the institution of property, which is also a key topic of political economy (p. 7).

A second significant contribution to Hume studies is the recovery of the reception history of Hume's economic thought (pp. 208–240). As the authors show, Hume's economic ideas had a significant impact on subsequent economists and schools of economic thought, from his friend Adam Smith to British utilitarianism, classical political economy, neoclassical economics, nineteenth-century French economic thought, and twentieth-century free market libertarians and welfare state liberals. Moving beyond economics, this richly told reception history offers a useful lesson to students of Hume's political thought as well. That Hume has been appropriated by both free-market libertarians and welfare state liberals illustrates the futility of pigeonholing his political thought into one or the other ideology. As a nondogmatic thinker of politics, Hume offers insights to all willing to engage in what Hannah Arendt called 'thinking without a banister' (1979, p. 336).

Historians of economics will also find much to learn here. In recovering Hume's thoughts on commerce, economic development, money and banking, international trade, and public finance, Schabas and Wennerlind uncover the early origins of much modern economic thought. As they argue, Hume managed to lay the



groundwork in many areas of economic research using observational data and ingenious thought experiments. This is particularly well-illustrated in the case of his contributions to monetary theory. Hume was among the first to offer an elaborate argument for the long-term neutrality of money, while at the same time being alert to its capacity to induce short-term changes in real economic variables by means of changing the expectations and behavior of economic agents (pp. 151–172). The significance of Hume’s insights was not lost on renowned twentieth-century economists specializing in monetary theory. As the authors report, when in 1975 Milton Friedman was asked what economists had learned in monetary theory in the last twenty-five years, he responded by suggesting that the question be reformulated along the following lines: ‘What has been learned in the two hundred years since David Hume?’ (p. 208).

While Schabas and Wennerlind make a persuasive case for the relevance of Hume’s philosophy of mind and ethics to a proper appreciation of his economic thought, they fall short of proving their other, much more ambitious claim: that Hume’s economic and political thought ‘govern[s] and suffuse[s]’ his overall philosophical project in ethics, epistemology, and metaphysics (p. 14). It is not clear why the authors need this claim, given that their study would retain its merits without it. Moreover, in their attempt to meet the high burden of proof for their revisionist thesis, Schabas and Wennerlind engage in some questionable interpretations of Hume’s texts. For example, in trying to find references to ‘economy’ or ‘economics’ in his texts, they turn to the following sentence from *An Enquiry concerning Human Understanding*: ‘And there is no reason to despair of equal success in our enquiries concerning the mental powers and oeconomy, if prosecuted with equal capacity and caution’ (Hume, 2007, p. 10). Their gloss on it: ‘This is the closest he [Hume] comes to an explicit recognition of a science of economics using the term with which we are now familiar’ (p. 18). It is clear from the context, however, that the word *oeconomy* in Hume’s sentence is referring to the ‘mental economy’, meaning the arrangement or mode of operation of principles governing our mental faculties. In other words, nothing to do with economics. In a similar vein, Schabas and Wennerlind contend that Hume’s *An Enquiry concerning the Principles of Morals* may be read as ‘a vade mecum for those participating in commerce, providing insights and the means to cultivate a reputation for honor and honesty’ (p. 118). However, there is hardly any textual evidence supporting this interpretation. As is well known, Hume’s ethics aims to offer a philosophical account of our ordinary moral practices and judgments using the experimental method; its agenda is philosophical, not edificatory.

In general, Hume believed that the explanation of human behavior in society (the subject matter of what he called the science of politics) is to be sought in the ‘science of human nature’ or ‘moral philosophy’, which is what we today would call cognitive science. Therefore, *pace* Schabas and Wennerlind, if there is a fundamental science for Hume, one that governs and suffuses the other sciences, it



is cognitive science, not economics. Nevertheless, Hume was well aware of the difficulties in applying principles discovered by cognitive science to the explanation of human behavior in society. Such an enterprise is difficult, he thought, because ‘all political questions are infinitely complicated, and ... there scarcely ever occurs in any deliberation, a choice which is either purely good, or purely ill’ (Hume, 2008, p. 296). In his view, the social sciences were not ripe for a Galilean revolution yet. As Hume put it, ‘I am apt, however, to entertain a suspicion, that the world is still too young to fix many general truths in politics, which will remain true to the latest posterity’ (2008, p. 49). Intent to present Hume as an enthusiast for the social sciences, Schabas and Wennerlind tend to overlook such skeptical remarks.

Finally, Schabas and Wennerlind read Hume’s enthusiasm for commercial society as an endorsement of capitalism as we know it. As they put it, ‘His enthusiasm for the commercial system we now call *capitalism* was arguably greater than that of any other eighteenth-century philosopher, including Smith’ (p. 1). However, the pre-industrial capitalism of Hume’s day was quite different from its later forms. In particular, the immiseration and domination of the masses through highly regimented wage labor and the rise of the large, limited liability corporation were still missing from the socioeconomic landscape. It could be argued that such latter-day capitalist institutions are incompatible with certain normative principles upheld by Hume. For example, as Schabas and Wennerlind acknowledge, Hume believed that every person should enjoy the fruits of their labor and that great inequalities of wealth are detrimental to civilized society (p. 237). Starting from similar convictions, nineteenth-century anarchists and libertarian socialists argued that the wage-labor contract and the limited liability corporation should both be abolished—the first for denying workers ownership over the fruits of their labor, and the second for facilitating great concentrations of wealth and power. From this viewpoint, one could indeed speak of a Humean critique of capitalism.

These criticisms notwithstanding, this is a rich and thought-provoking study from which much can be learned. As the joint work of a philosopher and a historian, it offers a comprehensive reconstruction of Hume’s economic thought that is sensitive to both its philosophical and historical significance. This important achievement will make it a central reference in contemporary debates across different scholarly disciplines, such as Hume studies, history of economic thought, and philosophy of social science.

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