



Rethinking measures of cultural vitality, wellbeing and citizenship
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Adam Smith and the System of Happiness: Culture and Commerce in The Wealth of Nations

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Abstract: *Since the world fell into the so-called Global Financial Crisis of 2008, the meaning of money and value has come into question, but it is a debate as old as economics itself which began even as Adam Smith was writing The Wealth of Nations. The brutal response of his contemporary, Jeremy Bentham, to Coleridge and the Romantics' defence of the human heart, that 'quantity of pleasure being equal, push-pin is as good as poetry', has never been satisfactorily answered and three centuries on, the nature of real value remains at the root of economic debate. The proposition that 'real' value could be measured tore a rift in the 18th century imagination between belief and the material world. But the political basis of this apparently aesthetic question was revealed in 1776 when the American revolutionaries established a republic of citizens that declared the value of the individual as the real measure of society. It is in this political conception, that realises the value of the citizen in the relationship between the individual and the State, that the debate on real value begins and it is how the citizen is conceived that ultimately determines the cultural measures for vitality and wellbeing.*

Keywords: Adam Smith, Jeremy Bentham, Aboriginal sovereignty, real value, economic language.

Real Value and the Measure of Society

Since the world fell into the so-called Global Financial Crisis of 2008, the meaning of money and value has come into question, but it is a debate as old as economics itself which began even as Adam Smith was writing *The Wealth of Nations*. The brutal response of his contemporary, Jeremy Bentham, to Coleridge and the Romantics' defence of the human heart, that 'quantity of pleasure being equal, push-pin is as good as poetry',

has never been satisfactorily answered and three centuries on, the nature of 'real value' remains at the root of economic debate.

The Utilitarians adopted Smith as one of their own, an economist who in the words of the Romantic Thomas Carlyle, 'comprehend[ed] the infinitudes of man's soul under formulas of Profit and Loss'ⁱ But Bentham's commodification of poetry is a gross distortion of Smith's philosophy. The proposition that 'real' value could be measured tore a rift in

the 18th century imagination between belief and the material world. But in 1776 the political basis of this apparently aesthetic question was revealed by the American revolutionaries when they established a republic of citizens that declared the value of the individual as the real measure of society.

Aboriginal Sovereignty and Natural Man

It is in this political conception, that realises the value of the citizen in the relationship between the individual and the State, that the debate on real value begins. A society in which the citizens are men applies a different measure for real value from one in which they are comrades or landowners. Just as inches and litres determine the kind as well as quantity of the reality they measure, it is how the citizen is conceived that ultimately determines, as the theme for this conference suggests, the cultural measures for vitality and wellbeing.

It is a debate with particular resonance for Australians, because at the centre of its dispute is the concept of aboriginality. 'Savage', 'native', 'Aborigine' and 'indigenous', the terms that have been successively adopted in the progress towards a more 'civilised' colonial relationship, define the relationship between the individual and the land that is essential to colonial authority. The Latin root of savage, '*silvanus*', means 'of the forest': living in a state of nature or by subsistence. The ability to 'live off the land' is the test of nationalism and it creates in the colonial imagination, settlers and Aboriginal people as both 'natives', that is, 'born of the country'. But Aborigine, *ab origine*, 'from the beginning' is a legal claim of original ownership; not indigenous, 'natural to the region', but by law; and you may notice that Britain's Peers sit in the House of Lords by their right as the

'traditional landowners'. When the American Colonies declared their independence they wrested the right of government from the traditional landowners and vested it in 'Natural Man', a citizen to whom all the world is given in equal share.

Australian republicans are bemused by our own nation's reluctance to sever the ties with British monarchy, however, it is not British sentimentality that inhibits the transition to independence but the importance of the principle of aboriginal sovereignty to the British parliamentary system that presents a problem for Australian reconciliation that cannot be resolved in universal citizenship. Although we do not have the British political mechanism in our parliament of a House of Lords that subjects government legislation to the review of the traditional landowners, in the practice of the 'Welcome to Country' and as the international face of the national culture, Aboriginal elders now perform the duties of a sovereign on most Australian ceremonial occasions.

Cultural Neutrality and Rationale

Bentham famously called the French revolutionaries' declaration of natural rights 'nonsense upon stilts'.ⁱⁱ To him the distinction between law and morality was essential to justice because, if the law were derived from morals, then any radical reform to the law would constitute a departure from morality. To Bentham 'the moral sense', '(if so loose and delusive a term may on this occasion be employed)',ⁱⁱⁱ was an 'instrument of deception'. In *The Book of Fallacies*, he tried to provide a guide to rational debate for the young legislative assemblies of the revolutionary republics of America and France that would eradicate error from reason by distinguishing between reason and cultural values. It was the associations between words and

social values that had allowed kings and paupers to be unequal before the law:

In every part of the field of thought and discourse,' he wrote, 'the effect of language depends upon the principle of association, – upon the association formed between words and those ideas of which... they have become signs.'^{iv}

In the 1970s the potential for words and their signs to deceive was used to impose an obligation of 'cultural neutrality' on government that in fact was disabling of reason and debate. In 2010 ACARA, the Australian Curriculum Assessment and Reporting Authority, provided this advice to the Federal Government on the need for the arts in the proposed National Curriculum for schools:

Generating, realising and responding together comprise the knowing aesthetically, which in turn is informed and enriched by individual and collective understanding of the contexts in which artworks and experiences have been formed, their historical precedents and the responses of others to them.'^v

Bentham's separation of law from moral sense was not a theory of 'real value' or 'natural rights' but a basis for rational debate designed to leave the value of the citizen, the basic measure of society, open to the reforms of government while regulating its moral sense. The concept of 'cultural neutrality' adopted by Australian bureaucracy, especially on the subject of culture, accepts the possibility of an ultimate 'neutral culture': Natural Man, Natural Rights and Natural Law.

What ACARA's statement actually means is: 'Generating, realising and responding together' - cultural practices - 'comprise the knowing aesthetically' – teach children to appreciate – 'which in turn is informed and enriched by individual and collective understanding of the contexts in which artworks and experiences have been formed, their historical precedents and the responses of others to them' – their cultural traditions. 'Cultural practices teach children to appreciate their cultural traditions'.

The particular difficulty faced by ACARA and all cultural policy writers, is not a problem of neutrality but rationale. In Bentham's *Book of Fallacies*, 'Cultural practices teach children to appreciate their cultural traditions' as a policy argument, is an example of 'begging the question', a term generally used incorrectly today. This is what it really means:

Petitio principii, or begging the question, is a fallacy very well known even to those who are not conversant with the principles of logic. In answer to a given question, the party who employs the fallacy contents himself by simply affirming the point in debate. Why does opium occasion sleep? – Because it is soporiferous.'^{vi} [It makes you sleepy]

Any cultural policy that seeks to ignore the colonial origins of Australian culture by simply asserting its values is begging the question.

Adam Smith and the Imaginary Machine

For Adam Smith, far from an instrument of deception, culture was itself the organ of perception. He called theories 'imaginary machines':

systems designed by the creative imagination to explain the phenomena of the world. He was a moral philosopher as well as a political economist and his research in both fields was contributing to a much larger ambition for a complete 'Science of Man', an empirical basis for the study of civilisation. However, he did not regard his or any other theory as 'culturally neutral' or true in an absolute sense.

In his essay 'The History of Astronomy', he argues that science has always satisfied curiosity or 'soothed the imagination' according to the culture of its times and he uses the example of astronomy to demonstrate the fatal attraction that seductive theories can exert:

Let us endeavour', he begins, 'to trace it from its first origin, up to that summit of perfection to which it is at present supposed to have arrived, and to which, indeed, it has equally been supposed to have arrived in almost all former times.'^{vii}

Ideas like the sun orbiting around the Earth, or the strength of the American dollar, that seemed indelible truths only yesterday, are today no more than the naive imaginings of our forebears. Smith does not dispute the existence of a single, ultimate reality, just the possibility of human knowledge outside the social imagination.

When we talk about the imagination we tend to think of the fantasies of the individual, but Smith's imaginary machines are formed in the communal spaces of the systems of language, science, aesthetics, religion and courtesy. No two perceptions are exactly the same but these shared value systems provide the rules by which common cultural concepts can be improvised, passing like a musical

theme in conversation from one person to the next. Every conversation contributes a new variation for common use in the social organ of perception that culture provides. It is this practice of improvisation in the public imagination that unifies us as a social organism and creates what is understood by 'the human bond'.

The Commerce of Sociability

Smith's economics is a theory of commerce, in the 18th century sense of the word. Commerce could mean sexual intercourse and conversation in the 18th century as well as trade and his contemporary Captain Cook was probably using it in all three senses when he wrote, 'let [anyone] tell me what the Natives of the whole extent of America have gained by the commerce they have had with Europeans.'^{viii} It was a general term for human sociability which Smith considered to be the real driver of civilisation.

The mechanisms of self-interest, explored in *The Wealth of Nations*, are only one aspect of a science of sociability in which the speech, clothes, architecture, gestures, expressions and general manners adopted as appropriate in the conduct of human encounter are governed by the rules of sociability. The immediate gratifications of self-interest that lend themselves to the commerce of finance are only a tiny proportion of the social transactions that contribute to the success or failure of the human social organism which Smith designates 'civilisation'.

Culture and perception are indivisible, he argues, but the disadvantages of cultural partiality can be overcome if the basis of perception in the creative imagination is recognised. In the conclusion to the essay on the history of astronomy, he makes the same

observation as Bentham on the susceptibility of language to cultural expectation, but cites Newton's physics as an example of the capacity of systems nevertheless to provide practical management of 'the one capital fact': 'the reality of which we have daily experience':

His principles, it must be acknowledged,' he writes, 'have a degree of firmness and solidity that we should in vain look for in any other system. The most skeptical cannot avoid feeling this... [But] even we, while we have been endeavouring to represent all philosophical systems as mere inventions of the imagination... have insensibly been drawn in, to make use of language expressing the connecting principles of this one, as if they were the real chains which Nature makes to bind together her several operations.'^x

Systems are the means for managing the basis of 'real value', that is belief, or in the terminology of the economists, 'credit'.

Credit and the Commerce in Belief

Commerce – in the 18th century sense – is typical rather than unusual in the language of accounting in its ability to straddle the financial and social economies. The words 'accounting' and 'auditing' come from the medieval origins of bookkeeping when the accountant was literally someone who explained and the auditor someone who listened. Economic language describes the movement of values: words like interest, risk, growth and depression, face value and bankruptcy, reconciliation and redemption, provide a vocabulary for both money and culture: how risk increases interest, how credit relies on

trust, how growth is influenced by confidence and reconciliation relies on the integrity of the narrative of the historical record. In the system of accounting, value is recorded in debits and credits: the debit of material things, balanced against the credit of financial value. It is in this conjunction between belief and the material world that the financial and social economies of the Western value system meet.

Money is a belief system because, as Smith argues, if it 'could be exchanged for nothing, it would, like a bill upon a bankrupt, be of no more value than the most useless piece of paper.'^x The efficiency of money is a product of cultural habituation to its belief system. Habituation to cultural values, such as monarchy, corporate culture or good manners, ensures the transfer of knowledge goes unchanged across communities and generations.

But when an artist attacks a prosthetic arm with a meat cleaver like Mike Parr or exhibits a urinal as a work of art like Duchamp, they attack cultural complacency to initiate a paradigm shift because belief systems, as Adam Smith points out, supply both the theory and the perception. The most obvious people involved in either preserving the traditions of the social economy or challenging its beliefs are actors. They literally act out 'real values', demonstrating their strengths and where they reach their limit. 'Greed is good', perhaps the most influential phrase of the turn of the last century, was spoken by an actor.

Economic Growth and the Delivery of Real Value

Last year the Australian Federal Government released a discussion paper for a proposed national cultural policy in which the Minister, Simon Crean, calls the arts an 'intrinsic value', a value that requires no

justification – while at the same time conceding that Government spending requires a ‘rationale’. The argument he offers for the financial support of the arts is a variation on Bentham’s Utilitarian thinking, that links artistic practice to technological innovation and long-term economic growth. But the task of the politician is not to deliver ‘growth’ but the real value it represents to the electorate. Growth, like the economy itself, is a metaphor for something else.

In 1974 growth was a central concept in Friedrich August von Hayek’s acceptance speech for the Nobel Prize for Economics, which he entitled ‘The Pretence of Knowledge’. Hayek was Milton Friedman’s teacher and mentor and is credited as the father of ‘Neo-Classical’ economics. He argued that social value was impervious to empirical measurement and therefore beyond the reach of government. The economy was like a garden, he told his audience, and the economist ‘will therefore have to use what knowledge he can achieve, not to shape the results as the craftsman shapes his handiwork, but rather to cultivate a growth by providing the appropriate environment, in the manner in which the gardener does this for his plants.’^{xi} It was a demand to government to allow inches to demonstrate that the world is long and litres that it is wet and Natural Man that governments are democratic.

In the nearly 40 years of *laissez faire* economics since Hayek’s speech, growth has become the most intransigent of terms with infinite growth its impossible goal because, as we all know, ‘recession’ is the precursor to ‘depression’. But in the arts, the social economy is more amenable to seasons of growth and recession and managing the risks of depression.

In the sonnets Vivaldi wrote to accompany the *Four Seasons* the shepherd’s worst fears are realised in Summer, the season of growth, when a sudden hail storm ‘cuts down the proud grain’, whereas in Winter,

*We tread the icy path slowly
and cautiously... tripping and
falling... rising to hasten on
across the ice before it
cracks... the chill north wind
courses through locked and
bolted doors... This is winter,
but what joy it brings!*^{xii}

It may be disagreeable to the economists, but societies ‘grow’ through the experience of adversity; it is the basis of narrative and the material of political history. Adversity exercises the social economy, which is why Gallipoli is celebrated as a ‘coming of age’, the moment of ‘growth’ into maturity. But Australia was never at risk from the Kaiser and the soldiers who fought, fought to defend the British Empire, the bonds of our British aboriginality and the first Act of a Federated Australian Parliament for a White Australia.

Economics has become both the most alienating and familiar of languages in everyday use. Used by the media, business and government, it is the touchstone of social commentary. Since the 1970s economic globalisation has changed the value of the citizen, by changing the basic measure of the social relationship between the individual and the State into one in which Smith’s two main protagonists, the self-interested individual and the social organism of cultural perception have become closed books to each other. But the language of economics provides the means to bring them back into conversation, to describe the real values the financial economy aspires to reflect.

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Notes:

i. Thomas Carlyle, *Signs of the Times* (originally published in 1829) quoted in Bronk, Richard, *The Romantic Economist: imagination in economics*, Cambridge, Cambridge University Press, 2009, p. 95.

ii Jeremy Bentham, *Anarchical Fallacies; being an examination of the Declarations of Rights issued during the French Revolution* in *The Works of Jeremy Bentham*, Vol. 2, Edinburgh, 1843, www.libraryofliberty.org retrieved 7 May 2012

iii Jeremy Bentham, *The Book of Fallacies: from unfinished papers of Jeremy Bentham*, by a Friend, London, John and H.L. Hunt, 1824, p. 215, www.lib.unimelb.edu.au retrieved 15 October 2011

iv *Ibid*, p. 219.

v ACARA quoted in Justine Fellari, 'Emphasis on Art for Young Students', *Australian*, Sydney, May 4, 2010, 'Nation', p. 2.

vi Jeremy Bentham, *The Book of Fallacies*, *op. cit.* p. 213.

vii Adam Smith, 'The Principles which Lead and Direct Philosophical Enquiries; Illustrated by the History of Astronomy' in *Essays on Philosophical Subjects*, WPD Wightman, J.C. Bryce, I.S. Ross (eds), Oxford, Clarendon Press, 1980, p. 46.

viii James Cook, quoted in A. Salmond, *The Trial of the Cannibal Dog: Captain Cook in the South Seas*, Camberwell, Victoria, Penguin, 2004, p.188.

ix Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, Oxford, Oxford University Press, 1993, p.105.

x *Ibid*, p. 177.

xi Friedrich August von Hayek, 'The Pretence of Knowledge', Prize Lecture, 1974, Retrieved 8 November, 2010 from Nobel Prize Web site, available from <<http://nobleprzie.org>>.

xii Antonio Vivaldi, adapted from various translations, Sonnets to the *Four Season*, 1725.

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