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Markets, Globalization & Development Review



Adam Smith, Market and Social Change: Then and Now

Why is it still relevant to learn from Adam Smith, over two centuries removed from his times? This is what this paper is about. A 'why', however, also entails a 'what' and a 'how'. What is it that we should pay most attention to in Adam Smith's work now? How can we make the best use of it and for what?

Some may ask: "Do we really need to learn more from Adam Smith? He is so well-known!" To which I will answer: Yes, everybody knows his name, but for what? Have we not all had the experience that a movie we had seen as a teenager makes sense in a different way when we watch it again as a grown adult? Revisiting Adam Smith also offers new and different insights, in this sense, of uncovering new meanings.

The Branding of Adam Smith

Indeed, Adam Smith's name is known widely and globally. For most people it is one of the great names of history and relates to this idea of an "invisible hand" supposed to take care of the market. Nevertheless, it is worth noting that at the time when Adam Smith wrote "The Wealth of Nations" this very image of an "invisible hand" more often called to mind a divine picture than today. In the late 18th century, the "Hand of God" was still a sacred image. It had been a motif in Jewish and Christian art since late antiquity and helped people bear in mind their relation of subordination to the divine.

This reference to the divine gradually waned, giving room to images of physical forces: celestial orbits, waterfalls and tides. The contemporary image of an invisible hand conjures up images of Adam Smith rather than God. It is most likely to connote mathematical formulas in economics than religious dogmas. While economists engage with equations about prices and competition, most people associate the idea of an "invisible hand" with the market itself.

Indeed, the associations of ideas vary from one context to another. Times change. Cultures differ. Neither Adam Smith's work, nor its interpretations and misrepresentations continue to persist in an invariant form. Actually, it was a century after Adam Smith's death that, when referencing his work, this image of the "invisible hand" began to be somewhat religiously (no pun intended) and heavily marketed. In the beginning, the religious reference was still very common, and played a significant role in this emergence of this new conception of a market. Gradually, in furtherance of the growing success of this branding process, ecumenical religious references lost ground to the 'religion' of the market. Those in power referred less and less to former

religious principles and ideas and more and more to economic laws conceived as being similar to those of gravity. Proportionally, less attention was given to the necessity to people praying than to the necessity of people 'paying', and paying attention to those economic laws in order to take advantage of them. As people had to be attentive and active in a new way, their religious world of prayers gave way to an economic world of trade. To employ a contemporary metaphor, the world of the church 'lost market share'.

My point here is that we should not just be interested in whether Adam Smith was right or not. It is not only the analytical work of Adam Smith that matters, but also the way it has been interpreted, oversimplified, used and perceived over time. We can learn from the works of Adam Smith, but we can also learn from the fact that it was summarized and used politically in a specific way at a specific time. An analysis of the way it was branded and marketed, starting from a hundred years after his death, might be useful for us today, in terms of informing the political and economic debates of our times.

Branding, in principle, tends to oversimplify and to market in the same way all over the globe, even though it does pay attention to segments. Branding strives for efficiency and has to start by pruning away nuances in order to get to the core of what has to be marketed. A sociological or a socio-anthropological analysis is keen to enlighten all kinds of factors and relations in order to ensure the possibility for other scientists to find other explanations. What should be of interest for a scientist is of course whether or not – in this branding of the invisible hand – we are confronted with a loyal *interpretation* and an acceptable summarization of Adam Smith's work. The scientific scholar is even more interested in maintaining the scientific *inspiration* provided by Adam Smith through his work. What kind of factors and relations did he point out, how did he relate to them? Can we identify significant changes in these relations and factors? Which factors became more crucial over time? Which other theories and methods do we have at our disposal to challenge and update Adam Smith's analytical work? Those are the kind of questions we strive to answer in the discourses occurring in our universities, in our parliaments, and in our economic arenas.

I cannot answer all these questions in this article. I just want to show how *inspiring* the work of Adam Smith still can be. We just have to try to adjust his observations and points to our own time. By doing so, it becomes evident that the most important thing is not to summarize Smith's conclusive points but to maintain, adapt and further develop the knowledge and analytical abilities that Smith contributed to. Indeed, the full mastery of a theoretical work really begins when a systematic awareness of its original context opens up for opportunities of evaluations, implications and applications in different contexts.

Adam Smith's Understanding of Market and Society

The image – not of the invisible hand but of Adam Smith's seminal analytical works – has much in common with the kind of merchandise that is sometimes termed schwag or swag merchandise. Such merchandise is used to promote brands or events via pop-culture referencing, such as the release of a new Disney movie. Adam Smith has been “swagged down”, so to speak. Typically, the purpose of such promotional merchandises is to spur people to see the movie. We should not forget, however the other side of this marketing trend: some of the current-day students have been socialized to believe that the purpose of their being at the university is for them to pick up a few “swag theories” in order to promote themselves. Here again, we should not only be interested in what the marketing process is supposed to be, but also in what the process implies and what its side effects can be and what its fundamental social effects are.

Concerning the persisting ‘swag-promotional’ misuse of Adam Smith's work, I will simply stress here that – although Smith is still often promoted as the founder of the science of economics and the father of economic liberalism – as a matter of fact Adam Smith was neither. In an earlier contribution to an encyclopedia, I pointed out that Adam Smith “lived at a turning point in western economic and political history, one that was littered with disruptive developments. He came up with a masterful synthesis of the economic knowledge of his period and emphasized both the relative autonomy of these phenomena and their importance in terms of generating wealth from and in the interests of everyone. Nevertheless, Smith never denied the moral foundation of economic behaviour” (Bouchet 2015, p.118).

It must be stressed that the “the invisible hand” expression was used by Adam Smith on only three occasions and in three separate publications, and in a fairly ironic manner and not in a dogmatic way. Rather than referring to a benevolent providence, what Smith refers to in these occasions is the fact that individual actions can have unwanted consequences which can be beneficial as well as harmful to society (Rothschild 2002 : Chap. 5; Bouchet 2015, p.122). Here again, the responsible scholarly stance is to develop a critical approach to each and every assertion. A critical mind should never take an assertion at face value, but should always question its validity.

Adam Smith (1723-1790) was the first intellectual to conceive of civil society in economic terms. According to him, it is the economic link between production and consumption in free markets that binds society together. Furthermore, “the market” is not limited to a certain type of exchange. According to Smith, it is society as a whole that is organized on an exchange basis. For Smith, the division of labor plays a fundamental role in the transformation of society and the consumer

becomes a citizen of a secular society. Smith was the first to emphasize the need to *create* a true market society because the market – of which he spoke – did not quite exist, in the contemporary form that we know it, in his time. He believed it was necessary to understand its advantages and to facilitate its emergence.

Adam Smith was one of the very first to strive for and achieve such a grasp of what was going on in relation to the movements of goods. We have to pay attention to the fact that his declared ambition was to enable people to provide themselves with adequate resources and, in so doing, to generate a surplus sufficient to finance public services. In addition, even though inspired by the success of physical sciences, Adam Smith did not proceed like someone who sought to make a path-breaking discovery; as someone who would like to find an easier way to detect gold seams or exploit gulf streams. Smith did not unveil some formerly hidden natural law. Rather, Smith revealed the moral and political foundations of *the wealth of nations*. For Smith, moral philosophy and economics are one and the same science (Dupuy 1992, p.101). Smith did not hold the view that humans had to satisfy their needs, and must pursue utility. On the contrary, he showed that human beings think they are pursuing utility whereas, in fact, what they seek is recognition and admiration. Here we are far from the caricature of *homo economicus* that has been disseminated by a form of economic liberalism that no longer has much in common with Adam Smith's social theory. Indeed, it is odd that some still portray Adam Smith as an apostle preaching that the market is a superior substitute for politics and morals.

Being attentive to exchange, production and consumption of whatever type, Adam Smith brought in a new understanding of what society is and how society works; and he showed a more *rational* way of contributing to the wealth of nations. Smith looked into factors that contributed to the rise of common wealth. He defined wealth to be purchasing power and believed that there is a link between the wealth of each individual and the wealth of everyone in society. He advanced a vision of what should be taken into consideration, of what should be promoted and how. Smith's market concept attracts attention to issues that matter for social wealth. It aggregates some factors that, in prior times, were not considered as significant for the wealth of nations. Smith tried to focus on what, in his time, mattered for the establishment of a veritable market society. Thus, unlike gravity – which is a natural law – the market is *an institution*. Whether consciously or not, the market is the result of human activity, relations and choices. It can be the subject and object of political discourses and choices. However, just as humans do not totally master their moral sentiments, they do not necessarily realize what actually is going on and what matters in market activities. In Adam Smith's time, those supposed to be

interested in their nation's wealth had conceptions of wealth, nation, justice, and market that are different from contemporary conceptions. European governments were interested mainly in power, war, money and agricultural production since these could bolster their positions. Even though market exchanges clearly had developed and were contributing increasingly to social change, the part of economic life that could be managed politically was under the political sway of aristocrats; and was still rooted in appropriations, donations and privileges. The fact that political power was in the hands of the aristocrats, whereas wealth stemmed largely from a market economy, was a major source of tension at the time. In England, which was then the world's dominant power, technical inventions flourished. The population was growing, agriculture had been restructured, social classes were evolving, and there were lively debates on political and ethical matters. According to Smith, free markets cannot work without certain moral virtues, notably prudence and justice. Without these, the economic exchanges and the markets of Smith's scheme cannot develop. Sympathy and benevolence also play a role. On another tack, Smith believed that the same mechanisms that can contribute to the wealth of nations and to social cohesion can also lead to their corruption.

Smith had a rather negative opinion of the merchants, vindicated by the fact that, when exempt from state control, merchants' behaviors often tended to be harmful to the common good. In any event, Smith disagreed with the mercantilists of the previous century, who believed that the state represented the interests of everyone, and who regarded traders as unproductive and thought that farm produce was more important than all other activities and trade. But Adam Smith was not an advocate of *laissez-faire*. Nor was he of the opinion that everything depends on free markets. Not only should the state provide a system of justice and infrastructure (roads, bridges, ports and so on), it should also promote science as "*the great antidote to the poison of enthusiasm and superstition*" (*Wealth of Nations* Vol. II Book V, Chapter 1). Smith was also in favor of political regulation to encourage movements of goods and to resist market related social problems, such as the exploitation of apprentices. We should bear in mind that the mechanized factories and working classes analyzed by Karl Marx did not appear until much later.

It is also worthwhile highlighting that the economic system, which Adam Smith put forward as a utopian model in his time, is not ubiquitous. It is a system founded on a certain type of market, a certain type of mutual confidence and self-perception, and a certain type of property and division of labor. Again, in Smith's day, the economy of the Western world was an aristocratic one – based on gifts, tributes and privileges. Examples of other societies that have experienced different modes of economic development, other types of bonds

between material and spiritual phenomena and people abound: ancient Greece, China, India, and Japan, *inter alia*. It is self-evident that the capitalist system could not be studied comprehensively until it had come fully into existence. However, the gradual way in which interest in and conceptual analysis of the capitalist system has grown, from the time of Adam Smith to now, has contributed strongly to the system's expansion and its continued existence. Smith was as much an analyst as a utopian.

The Historical Context of Adam Smith

Why should we go back to such an almost medieval work? Nearly 250 years have passed and the world has changed so much. Our ways of living and conditions of life on this planet have evolved so much. Indeed, concrete analysis, synthesis and specific proposals based on Adam Smith are most likely to be outdated after so many years of social change. Its vintage notwithstanding, we can still, however, continue to benefit from Smith's analysis-synthesis because it was well thought out. It is the way Adam Smith proceeded, in his data gathering and his analysis, that matters the most for us today. We can still learn from the way he carried on his research and made his analysis and synthesis. We can also learn from a systematic study of what has changed since then. We could try to figure out how such different data could have been included in the research process and how it might have affected the conclusions. This is a very normal scientific procedure. Although Adam Smith lived in times when it was not common to address social issues in a scientific manner, that is precisely what he did.

In 1753, when he was 30 years of age, Adam Smith took the chair of moral philosophy at Glasgow University. Six years later he published *The Theory of Moral Sentiments* (Smith 2000(1759); Smith 2002(1759)), a work of great erudition written in a clear language. From the 16th century onward, the problem of morals could be looked at in a non-religious context. Thus, it was no longer a question of teaching humankind what *must* be done with regard to the next world. Rather, the new quest was to understand what the human being actually is and what *can* be done in this world, with humans as they actually are. This is what Adam Smith did. When he was a student, reflections on the origins of society and its smooth operations had become two inseparable aspects of the same research (Rosanvallon 1999, p.12). From the 17th century onward, the idea had spread that the social contract and the workings of society should be studied *on the basis of natural human emotions and not despite them*. In order to endow society with a solid and universally acceptable foundation it was therefore necessary to develop a science of *human emotions* on the lines of the *science of reason*, as exhibited by mathematics. This

implied casting doubt on all forms of power that are not based on reason. Much attention was given to the link between state power and private individuals' wealth. From then on, it became most desirable and valuable to achieve the greatest possible knowledge about human and social behavior as it actually is, without reference to how it should be from the religious viewpoint. Henceforth, what mattered was to make a systematic use of what behaviors could be observed and known in order to maximize the prosperity of the state. If behaviors were to be influenced, it would be for that purpose. In other words, political-economic thinking emerged:

When the term political economy was given utterance for the first time, political and social theory was saturated with doctrines drawn from the sphere of ethics and religion. The concepts of nation, class, interest, utility and market had a radically different meaning. Social morality was the province of the Church. Social cohesion – and consumption – had to be religious and the focus was not on the immanent social bond but on God's transcendent mercy. Economic phenomena were not worldly but instead expressed in terms of moral conduct. Only when economic acts and science were released from the transcendent ethics could political economy become the catechism of a new social order and part of a whole new anthropology in Europe (Bouchet 2011, p.1101).

The very understanding – of what morals, economy, politics are – changed. It was not just about challenging the authorities and splitting the economy off from moral considerations; it was about looking at human behaviors and motivations from a new perspective. Through such redefinition of social issues, it became possible to study human behavior in a more rational way. This quest would not build on tradition and lean on a transcendent norm. It would, instead, build on practical experiences and observations as well as on the theories that can be drawn from those. Intellectuals could rebuild their conceptual apparatus and develop new theories. The very definitions and the various interactions between morals, production, consumption, wealth and power changed. Thus, Adam Smith could study moral sentiments as a scientist and a philosopher (Smith, 2002(1759)). He could follow up on the observations made by those intellectuals he had learned from. For instance, according to Hume (1711-1776), authoritarian regimes discouraged economic growth because military minds held commerce in low regard (Fitzgibbons 1995, p.118). Smith could ask himself the meaning of every single word in such a sentence and inquire into significations and reasons that might explain such a statement and its possible validity. He could raise questions such as these: What factors really condition or influence the military mind? How

are they informed and how can they change? Also, how come and why do such people still have so much power?

Clearly, like us all, Adam Smith was a product of his times. Rather than just being in tune with his times, however, he seriously and willingly tried to contribute to a new ‘tuning of the times’. Smith wanted not only to understand but also to make use of the knowledge acquired to propose and promote relevant ideas about what could be done to improve society. This is how and why he ended up establishing a new discipline as he wrote his seminal *The Wealth of Nations* (Smith 2004 (1776)).

We can learn from Smith’s thoughts. We can plunge into Smith’s work to find out what he really said and why he said so. By doing so, we find out – as stated earlier – that the term ‘invisible hand’ is not central to his work. Moreover, we soon realize that Adam Smith was not an apostle preaching that the market is a superior substitute for politics and morals, as many of those who refer to this so-called summarizing concept of the “invisible hand” still pretend. This is indeed interesting and important. Remember, however, that – like Smith – we live in a changing world. It is most likely that the very definitions and the various interactions between production, consumption, wealth and power would continue to evolve further, and that the “center of gravity” of the whole system would keep shifting:

[We] should pay attention to the articulation between the different social institutions, the power relations, the representations, the structures of meaning, the value systems, the distribution of roles, the rules of conduct, the exchange of goods and ideas, the patterns of production and consumption. All this interacted then to produce significant changes within and between communities at all levels of organization and representation. Something similar is occurring today in relation to the accelerated globalization of political and economic relations, the impacts of individualism and of the financial crisis, the diminishing faith in economic progress and the growing focus on sustainability and on the exhaustion of natural resources (Bouchet 2011).

Like Adam Smith then, researchers and intellectuals should not only be interested in scientific truth but also in the public good and in how the former can improve the latter.

Thus, in order to identify and propose new opportunities for the contemporary world it is even more interesting for us to try to figure out what Smith would have paid attention to today and how he would have integrated his observations in his research and his analysis in the current conditions.

We should try to figure out how some of the observations, theoretical developments, statements and conclusions of Smith clearly do not take into account some radical differences between his time and ours. We should challenge the very definitions of many of the core concepts we still use today without wondering enough whether they really make sense today in the same way.

In the times of Adam Smith, whole societies were about to change faith. The ideology of 'progress' was gaining ground (Bouchet 1994). Europeans would soon put their faith in personal interest, and political economy would be conceived as the rational tool to achieve peace and common wealth. An understanding of these momentous changes can inspire us today in our analysis of the massive contemporary economic and political changes.

Seeking Contemporary Inspiration from Adam Smith

Clearly, the purpose of this article is neither to summarize Adam Smith work, nor to correct the delusive image of the invisible hand. Smith's writings are almost as easy and pleasant to read as those of Alexis de Tocqueville (Tocqueville 2002; Tocqueville 1969 (1835)); and many reliable introductions are available (Bessone 2009; Biziou 2003; Bouchet 2015; Fitzgibbons 1995). In the remainder of this paper, I do not intend to either analyze accurately how and precisely why Smith's work has been so improperly summarized or to review more deeply why it is so misleadingly advertised (for a view of the soaring ascendancy of neoliberal marketization, for example, readers can go to Özgün, Dholakia and Atik 2017).

There has been an ongoing deceptive branding process – the characterization of Adam Smith as an uber-neoliberal, radical free-marketer and anti-regulation intellectual figure. Such (mis)branding of Adam Smith indeed should be the subject of a comprehensive doctoral thesis. For this article, it was just our point of departure. It had to be unveiled in order to legitimate and promote a return to a classical work. Thus, what I would like to do here is to motivate an update and relaunch of Smith's research program. In order to do so, I will emphasize some of the observations and points made by Smith and invite everyone to try to re-contextualize them and to update them in the light of what has changed since Adam Smith made his contributions. There is much to be gained from revisiting Adam Smith's legacy in order to figure out its contemporary relevance, paying attention to social change and cultural differences along with attending to matters of an economic nature.

Again, from a serious reading of Smith's work not only can we learn how to study markets, consumption and social change, but also heighten our awareness of socio-historical distinctive characteristics as well as our attentiveness to factors of change. So, we should pay

attention to what Adam Smith actually did as a social theorist when he studied human behavior and social change in his days and age, and to what it is that is so different in our present world that motivates an upgrading of Smith's analysis.

We can initiate the process of putting into practice some of the principles Smith used in his analysis in order to see whether it can help us in starting a similar process of identification of factors leading to interesting suggestions for us today. This promises to be a massive and exciting intellectual enterprise; and, to conclude this paper, I will illustrate just one aspect of such an enterprise.

Illustrative Smithian Approach: Integrating Social Factors

As we read Adam Smith's works, we realize that he made use of many social factors. When Adam Smith was studying what was going on, and what could be emerging in markets, between nations and within civil societies he had to refer to information about and to study relations between the core institutional elements and the many cultural, moral, practical elements – listed in the two columns of Table 1.

Table 1: Insights through Interrelating Multiple Social Factors

<i>Core Institutional Elements</i>	<i>Multiple Cultural, Moral, Practical Elements</i>
<ul style="list-style-type: none"> • Government ambitions • Power relations • Relations of production • Production factors • Productivity • Distribution systems • Consumption patterns • Education systems • Justice institutions • Laws of justice • Civil Rights • Law principles 	<ul style="list-style-type: none"> • Living conditions • Relation between individual interest and common one • Divergence of interests • Satisfaction of needs • Moral principles • Mores • Religious beliefs • Family structure and family relations • Relation between morals and economy • Role of the military • Nature of military thinking • Technologies • Transportation facilities • Toll charges and Custom duties • And more

All of the factors in Table 1 were much different in the Adam Smith period from what they are today. All of these entries, however, remain relevant today. Moreover, like in Adam Smith's days, it is even more important to study the relations among these factors. In other

words, what we should pay attention to is the articulation in the system of significations. It is also important to get some information and understanding regarding how those concepts were used in the days and places of Adam Smith. So we should not only be interested in how Smith marshalled his data, built up his theoretical framework, and came up with his social analysis and political suggestions; we should also relate these to their historical context, how the context influenced all this, and how history itself was impacted by Smith's work. In this way, we can develop ways to contextualize contemporary social analysis and public policies, as well as gain an understanding of how contemporary analysis and policies could shape the unfolding current history.

Also, it is worth figuring out whether Adam Smith's ways to conceptualize and categorize information, motivation and behavior still make sense today; and if they need to be changed, then in what ways should the changes proceed. For example, key terms such as Nation and Class did not mean the same then (Williams 1976) as they do now. Actually, the work of Smith contributed to their change of meaning. Other examples of categories that did not conjure up or evoke the same configuration of imaginary representations are Wealth, Growth, Church, Capital and even Market. In other words, although while remaining meaningful, such core concepts have evolved and transformed in the 250 years prior to Adam Smith, continued to change 250 years after Smith, and will keep evolving in the centuries to follow. Furthermore, the meanings of Nation and Market varied then, depending on whether one was located in England, the Netherlands or India; and such variations persist across cultures, polities and geographies.

Living conditions as well as power relations were also much different in the times of Adam Smith. This was also the case for the relations between different kinds of consumers. For most people, consumption was related to necessities of survival. For rich people, consumption had more to do with tradition than to novelty. Many infants died and many young children worked. Relations between generations – within society and families – involved only two generations. Imported goods were mostly consumed by a privileged minority. Transportation was much slower and most people just walked around.

Moreover, the importance, complexity, and significance of economic relations within and between nations was not so clearly perceived. This is what Adam Smith was mainly pointing at. I mentioned it already: What mattered the most, for European governments then was war, money and agriculture. Adam Smith criticized outdated ideas on wealth and political economy. Thus, merely accumulating precious metals and colonies does not, *ipso facto*, increase a nation's wealth. Labor is the real source of wealth. He

believed that it is “the market” that should be the center of attention, rather than money or land. This market he was referring to, however, was not – and still is not – easy to identify. It clearly showed that it is not an easily separable social entity.

In Smith’s time, production was more evidently what one should be most concerned about. Today, the role/significance of consumption for national economies and individual identities is often set out as being more important than that of production. Eight or ten generations ago, when Smith lived, it was the reverse.

Also, we might want to broaden the perspective by looking even more closely to the political context in which what we now call political economy arose and being attentive to how it ended up becoming a political instrument. If I may quote myself, one could – as an exercise – use these two paragraphs to find similarities and differences with the situation today:

An important factor in this breakthrough of governmental reason and of the constitution of the European states with their economic policies has been the civil wars that destabilized so many regions of Europe from the Reformation in the middle of the 16th until the middle of the 17th century. The European civil wars and the division of the Churches made it clear that no Christian economic and political standard was any longer possible. The experience of Holland where trade and tolerance flourishing together inspired more treaties in political economics that made use not only of the contemporary advances in physics, statistics and mathematics, but also the longing for peace and control shared by political men and the populace.

It is not only the appeal from the new economic interest that made the difference. This economic interest also became part of a political strategy that transformed people into individual political economic subjects. In order to establish, maintain and expand their domination the new states will make systematic use of scientific knowledge with the aim of assessing and influencing the behavior of their subjects. And they will do this assuming that people’s behavior is mainly motivated by interest. Government now consciously wants to deal with the interests of *individuals* in order to serve its own interest. Political economics will not only consist of observing people’s self-interested behavior, it will also promote it. The main issue in the politics of states will be to figure out ways to anticipate what might happen in order to influence economic expansion. The new politics will not only go together with a reflection about the interest of the state but also implies that those in power have to think differently about their individual roles in relation to and about the way their personal motivation fits with the

raison d'État. Also, each state has to evaluate its interest in relation with all other rival states. Thus, the new arithmetic of interests applies at all levels of society. Political government by means of people's interests and everybody's self-government by means of an interested conduct are but two aspects of the same new theory and practice of the modern state (Laval 2007, p.59) (Bouchet 2011, p.1103).

Concluding Comments

Adam Smith provided us with a remarkable synthesis of the economic and political ideas of his time and developed a conceptual system to analyze social interactions that mattered for the wealth of nations. He proposed a radically different roadmap for the future development of the society he lived in. The fact that his original analyses were rooted in a given historical context and were founded on a well thought-through conceptual system should not be ignored. The galvanizing effect of the dribs and drabs of Adam Smith ideas that have been bandied about are a long way from the powerful insights imbued in the original ideas. As we put Adam Smith's ideas back into context we come to think about how much has changed since he made his observations. As we look into what he observed we realize that the entities he referred to, no longer exist in the same way: contemporary families, production units, and political institutions are almost unrecognizable from a Smith-era perspective. Power structures, production activities, consumption patterns, international relations, market places and market forces are much different today than they were in the times of Adam Smith. Nevertheless, it remains that it is precisely by looking into how all those institutions, relations and factors today intertwine that we can begin to address the challenges of our times. And, in order to do so, we have not only to look into which institutions have changed and which concepts remain valid, but also to imagine what kind of market and society might be worth fighting for and for what reasons. Remember that, as I pointed out, Smith was as much an analyst as a utopian. As far as I know, he was the first to emphasize the need *to create* a true market society. The market of which he spoke did not yet exist in his time. In his time, he tried to focus on what mattered for the establishment of a veritable market society. There is not much reason to believe that today's market actually reflects his idea of a market. Smith never denied the moral foundation of economic behavior. For him, moral philosophy and economics are one and the same science. According to Smith, it was no longer a question of teaching mankind what *must* be done with reference to the next world, but rather to understand what the human being actually is and what can be done in this world with humans as they actually are. The social contract and the workings of society should be studied on the basis of natural human

emotions and not despite them. Smith believed there to be a link between the wealth of each individual and the wealth of everyone in society. According to him, the division of labor plays a fundamental role in the transformation of society and the consumer becomes a citizen of a secular society. I doubt seriously that Smith today would have recommended teaching individuals to forget their role as citizens and put their faith in a market conceived as a transcendent institution to be revered religiously, in the temple of commercial capitalism.

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