

Hume on the Labor Theory of Value and “The Progress of Reason”
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1. Introduction

In contrast to Adam Smith, the received view about David Hume is that he did not subscribe to a labor theory of value. Certainly, Hume never states the propositions that Smith prescribed, such as the distinction between labor-embodied and labor-commanded or the temporal-unit-of-labor analysis of a price for beaver and deer. Granting that it is difficult to define the labor theory of value, for my purposes here I will assume that it centered on the claim that labor creates value and wealth, and furthermore is the dominant factor in determining a price, particularly in the longterm. It does not deny the presence of demand, or the return to capital, but capital is also created by labor. I will assume that the labor theory of value served as a unifying thread for the classical economists, from Smith to John Elliott Cairnes, and was vehemently adopted by Marx. Associated with this theory is the corollative acknowledgment of the rights of laborers that might be gleaned in some of Smith’s passages about the happiness of the multitude, and that came to the foreground of economic discourse by the 1830s and 40s with the Ricardian socialists and John Stuart Mill. Hume, it is often maintained, was unsympathetic to the lower orders and for this reason as well it seems wise situate him apart from the classical economists.

This paper will argue the converse, namely that Hume held a labor theory of value and devised a theory of prices that is consonant with this. Hume has much to say about how goods are valued, both in and outside the market place, and he sketches a theory of price formation and links this back to the input of labor. Hume has a strong adherence to the distinction between the nominal and the real, in terms of the wages and prices. Although he recognized the scissors of supply and demand operating on the nominal price of the moment, his focus is directed to longterm underlying prices in real terms, that is, in terms of purchasing power and the consequences of this for general wellbeing. Furthermore, Hume’s analyses of value and prices rest upon a commitment to factor mobility and price adjustment mechanisms, regional, national and international. He was less inclined to believe, as Smith would remark, that a “man is of all sorts of luggage the most difficult to be transported” (WN 1:93).

There is considerable textual evidence for placing Hume alongside Smith as attentive to the plight of the laboring class. No one disputes that both advocated high wages, but Hume, I will argue, was more drawn to reducing inequality than Smith. Yes, both were conservative, and opposed rioting or any strong form of rebellion (the American republicans ought to negotiate and not fight for their warranted independence). Hume was not an egalitarian, insofar as “perfect equality” was unsustainable and would quickly degenerate into “tyranny” (EPM). But Smith seemed more willing to whitewash extreme inequality, certainly in his passage on the invisible hand in the *TMS*. “Providence” had not forgotten the poor, even if “a few lordly masters” owned most of the earth, because beggars have more peace of mind than kings (*TMS* 184-5). Quite the opposite, for Hume “a rich man

feels the felicity of his condition better by opposing it to that of a beggar" (T 205). But more to the point, Hume was more inclined to lessen the difference, "so that a greater number of persons . . . share the productions of these [mechanical] arts" (E-265). Hume saw all industry as in the service of freedom and happiness, and believed that the spread of wealth would act as a powerful solvent on social ranks, conventions and the inhibiting mores of former ages. Hume was more open about libertine virtues and the importance of friendship than Smith, and he was certainly more attentive to the standing of women, wishing far more than Smith to see that women were brought into the company of men and thus cultivate their talents. Smith's salient virtues are courage and self-command, which he construed in a masculine light, while for Hume they were arguably feminine: virtue disrobed is construed as "gentleness, humanity, beneficence, affability . . . and gaiety" (EPM 79).

Hume developed a narrative about the long diminution of superstition and enthusiasm, and the elimination of what he called "total ignorance." He underscored the significance of the Reformation, for promoting independent thought and literacy, for the mobilization of skills as in the case of the expulsion of a million Huguenots in 1695, and for instilling a strong work ethic in Western Europe in opposition to the corrupt practices of the Vatican. Hume construed weavers as capable of adjusting their expenditures, undertaking the "expedients of frugality and industry" in "years of scarcity" (E-347). In the case of monetary interventions, such as a debasement, or an arbitrary tax, the "people in this country (UK) are so good reasoners whatever regards their interests, that such a practice will deceive nobody" (E-638). In sum, he gave common folk more presence of mind in the economic landscape; everyone was benefitting from the spread of arts and sciences.

Hume was also more favorably disposed toward merchants and manufacturers than Smith, who gave priority to agrarian capitalism. Hume, by contrast, portrays the new capitalist class as enterprising, inclined to emulate and improve upon foreign techniques, and to take risks abroad. He was less critical of colonial undertakings and might not have welcomed Smith's somewhat deprecatory remark that Britain had become a "nation of shopkeepers" (WN 2:613). Hume portrays a merchant or manufacturer as a ray of sunshine, as akin to an "inferior minister of providence" for providing food and clothing and instilling "skill and industry" (EPM 9-10). They were the "heros" of the modern world, for putting an end to scarcity and deprivation, and enabling everyone to pursue higher order ends, friendship and good offices.

Why has no one, at least to the best of my knowledge, ascribed a labor theory of value to Hume? Keynes remarked of Hume that he had "a foot and half in the classical world" but was "still enough of a mercantilist" (1936, 343n). The standard sources on Hume—the lengthy account by Eugene Rotwein, the overview by Andrew Skinner, or Terence Hutchison's large tome *Before Adam Smith*—each emphasize Hume's mercantilist leanings. Rotwein set Hume apart from Smith and Ricardo, claiming that Hume did not underscore the "pain cost" of labor that formed the core ingredient of the labor theory of value, "the toil and trouble of acquiring it [a commodity]" (Rotwein, xliii-iv). Skinner starts his account of Hume in the *Cambridge Companion* with the claim that Hume offered a theory "associated with mercantilism" (Skinner 382). Hutchison positions Hume with earlier thinkers,

Gershom Carmichael and Francis Hutcheson, rather than with James Steuart and Smith. He notes that Hume attacked mercantilist doctrines on money, but also quibbles with Keynes and claims that “this description of Hume as three-quarters ‘classical’ goes too far” (Hutcheson, 214).

The question of why scholars have not attributed a labor theory of value to Hume is impossible to answer, but one plausible reason stems from the fact that Hume did not, purportedly, spell out a systematic theory of value and prices, so the question is a nonstarter. But Hume was explicit that he sought to devise a science of commerce as part of the science of man, and that he sought a general theory built from laws that were epistemically comparable to those in physics or astronomy (EHU 11). At the start of his first essay of the *Political Discourses*, “Of Commerce,” he declares the intention of arriving at “universal propositions, which comprehend under them an infinite number of individuals, and include a whole science in a single theorem” (E-254). But although Hume does not deliver on this promise--the Slutsky equation comes to mind--it is clear that he is including everyone, “an infinite number,” and not just looking to the activities of merchants as Thomas Mun had done in forging his theory of trade.

Additional difficulties stem from the fact that Hume rarely repeated himself, so that any given principle, however important, was stated only once. Yet Hume revised everything he wrote multiple times, including the *Treatise of Human Nature* insofar as it was repackaged into three shorter works. There were on average ten editions for each of his works, and numerous drafts over some twenty-five years of his one posthumous book, the *Dialogues Concerning Natural Religion* (1779). From this we can infer that Hume had anchored each and every proposition to his satisfaction, even if for us, extracting a systematic theory of value and distribution, or for that matter, almost any core position proves challenging. Hume’s ethics, for example, belies ready classification. Hume’s epistemology is half-baked in that he did not pair his philosophy of mind with a philosophy of language, and there is little on perception notwithstanding the established Cartesian scepticism on sensory input or the study of vision by George Berkeley. In political theory, it is unclear whether Hume endorsed republics over constitutional monarchies. The problems of interpreting Hume in economics are compounded because he sought to influence those in power, particularly in Scotland, but often masked these dictates with examples from ancient Greece or Rome.

Another point that needs to be underscored is that Hume’s economic thought much exceeds the set of essays in his *Political Discourses* of 1752. There are many important economic principles and insights about human agency and about property, markets and money, to be found throughout his extant writings. Even in the *Dialogues Concerning Natural Religion*, we find a statement extolling a work ethic and the prudent use of capital (DNR, 110). If one takes the trouble to go beyond the *Political Discourses*, and keep an eye to various passages in Hume’s other works and correspondence, it becomes evident that Hume adhered to a labor theory of value and favored a redistribution of wealth and the reduction of inequality. That said, there is a footnote in the *Treatise* where Hume takes issues with Locke’s ascription of property emanating from one’s labor, more specifically, the metaphor of fixing labor into objects. Hume states plainly, “we cannot be said to join our

labour to any thing but in a figurative sense. Properly speaking, we only make an alteration on it by our labour" (T 324n). This claim, however, does not reduce the importance of labor. Hume is questioning Locke's belief that property commences at the moment the labor comes into contact with an object, the nuts or plums that are picked from the tree. Hume's aim is to remove the ancestral claims of property, that give historical priority to the first picking. Rather, property is "artificial" in the sense that it rests entirely on convention and arbitrary will. Hume sought to reduce the force of Locke's ascription of property in a state of nature. His footnote, however, could be read as singling out labor as the one proximate cause of the formation of any wealth, with or without title.

The final point to be argued here is that Hume's analysis of value and prices rests upon his more extensive account of rational action from the ground up, his trope of "the progress of reason" that he ascribes to Britain since the Glorious Revolution (E-510). Hume's commitment to uniformities in the market and the groundswell of monetization only makes sense if people, even those in the lower orders, are savvy enough to seek out a higher wage or look ahead and save for when times are harder. Hume's ascription of rational agency, broadly construed, was intended for each and every social rank, and is a critical part of his more overarching analysis of markets and international trade. In his account of public credit, for example, he refers to the apathy that has "creeped into all ranks of men" (E-360). Workers are not passive or uninformed players in his narrative.

2. Casting Labor in a Positive Light

In the opening essay of the *Political Discourses*, "Of Commerce," Hume asserts that "Every thing in the world is purchased by labour; and our passions are the only cause of labour" (E-261). Hume thus flicks out the idea that labor is de facto the original determinant of exchange-value—what Smith would call the original purchase price. Hume also treats our labor as *sui generis* in the sense that passions invariably stem from internal impressions. For Hume, action or the state of being active, is one of the three ingredients for a happy life, along with pleasure and indolence (E-269). But in addition to producing the goods we like to consume, pleasure comes from "exercise and employment," and for the virtuous person, indolence is construed as a respite from industry, needed for the nourishment of work, and not an end in itself (E-300). Hume also connects "every particular exertion of industry" to the resulting "gain," and speaks of "harmless" ways of using one's "mind or body" (E-301). Moreover, the work itself yields net utility. "Men are kept in perpetual occupation, and enjoy, as their reward, the occupation itself, as well as those pleasures which are the fruit of their labour" (E-270). Only the professions in the military or the church are, for Hume, more pain than gain, although both soldiers and priests, he notes, have found clever ways to avoid undue suffering that come with the trade, the first by mimicking combat and the second, particularly in the Vatican, by lavish expenditures under the guise of devotion (E-326).

Rotwein offers a detailed account of Hume on the passion of labor, pointing to passages in the essays known as the happiness quartet that provide numerous insights into moral psychology. The picture painted by Hume is one where we must be aroused from our indolence and inspired to undertake arduous work, but that

once we taste its pleasures we are increasingly inclined to work intensively and prudently. Rotwein believes that Hume attributes too much pleasure to business or exertion and that this is a reason not to ascribe a labor theory of value to Hume, since labor, to be a cost, must be cast in terms of (net) disutility. As Rotwein has argued, there is a fair amount of analysis on offer by Hume of the distinctions between mental and physical labor. Hume delved into the virtues of a “constant bent of mind” and the “repeated habit” of hard work that induces order into one’s life (E-171). Hume perhaps overplayed the net utility of mental labor. The “mind [has] acquired new vigour; enlargens its powers and faculties; and by an assiduity in honest industry, satisfies its natural appetites, and prevents the growth of unnatural ones, which commonly spring up, when nourished by ease and idleness” (E-270). It is through effort that one might advance; “by art and attention alone thou canst acquire that ability, which will raise thee to they proper station in the universe” (E-147). Moreover, if one pursues conscientiously a career in manufacturing or commerce, the activity of being industrious serves as a “powerful means of reforming the mind, and implanting in it good dispositions and inclinations” (E-170-1). Hume commits to a strong work ethic, in the sense that “indolence will seem a punishment” (E-171).

Hume’s gaze in these passages is primarily directed at those in “industrious professions,” but he also commits to a trickle down effect. In a letter to Turgot, he notes that the wealthy commercial classes in France and England have provided “labour to the poorer sort,” especially in manufacturing (HL 2:94). Hume points to the gradual spread of a “spirit of industry,” that has fostered new and better skills and techniques amongn artisans, in a nation undergoing commercialization (E-276). For Hume, the modern commercial world has helped foster more attentive and skillful workers. “In times when industry and the arts flourish, . . . the mind acquires new vigour; enlarges its powers and faculties; and by an assiduity in honest industry, both satisfies its natural appetites, and prevents the growth of unnatural ones, which commonly spring up, when nourished by ease and idleness” (E-270). The fact that excellent woollen cloth is produced in the modern era is testimony to the fact that “the minds of men . . . turn themselves on all sides, and carry improvements into every art and science” (E-271). Above all, “men enjoy the privilege of rational creatures, to think as well as to act, to cultivate the pleasures of the mind as well as those of the body” (E-271). It is clear that by including weavers in this account Hume is not speaking only of those in the middle class. The cloth is “perfected” because of skills and this results from the fact that everyone has their minds stretched.

In Tudor England, Hume notes that the number of criminals executed had dropped significantly, from 2,000 per year under Henry VIII to only 400 per annum under Elizabeth I. He attributed this directly to the salutary effects of commercial society on the poor, who could now find employment “with greater ease,” provide for their families and not resort to “theft or robbery” (HE 3:329). His sympathies with workers are most evident in a letter to Smith in 1772, upon hearing of the collapse of the Bank of Ayr and expressing fears that a cascade of insolvencies would ensure. Hume remarks that the Carron Ironworks near Stirling “is reeling, which is

one of the greatest Calamities of the whole; as they gave Employment to near 10000 People” (HL 2:263).

Hume grants that the ordinary laborer might not enjoy the exercise of the mind, that such work is for the most part a physical ordeal. He states clearly that, “poverty and hard labour debase the minds of the common people, and render them unfit for any science and ingenious profession” (E-198). But the implication of this is that they might have been able to ascend to a higher station if their work had been more fulfilling. Hume grants that there are cases of talented persons rising up in the world; there are “low people, without education, [who] will start up amongst us, and distinguish themselves in every profession” (E-208n). Smith, in his *Lectures on Jurisprudence*, is registered as stating the opposite: “an upstart is always disagreeable” (LJ 402). The point is echoed in the TMS: “An upstart, though of the greatest merit, is generally disagreeable, and a sentiment of envy commonly prevents us from heartily sympathizing with his joy” (TMS 41). Recall Smith’s poignant tale of the overly-ambitious son of a poor man who aspired to climb above his station only to realize at the end of his life that it was not worth the ticket, that the bought pleasures of fine clothing were outweighed by the demeaning grovelling to one’s superiors of the first few months at the outset (TMS 181-2).

Hume did not softpedal the presence of envy that is joined with the consumption of luxuries; as with Smith, he discerns that the pleasure of luxuries comes as much from the admiration it garners as from the intrinsic merits of a fine house or carriage (T 202-6). But Hume emphasized the capacity of some to transcend this human weakness. The gallant master at the feast will sit at the lowest place and eat after his guests have had the better cuts of the roast. While living in Rheims at age 23, Hume commented on the fact that the nouveau riche tended to hide their wealth by living off the main avenues. He witnessed this as well in Rotterdam when he landed there in 1748, noticing the dearth of windows and the more austere and sober manners of the Dutch notwithstanding their prosperity (HL 1:115). While travelling to Vienna along the Rhine, he noted that the lavish palaces of Catholic regions tended to be conjoined with greater poverty than the Protestant regions, where there was greater overall prosperity but fewer austentatious displays (HL 1:119-24).

Hume admired this rising bourgeois culture, more than Smith. He was less inclined to issue deprecatory claims about the new consumer culture, the pointless love of gadgetry, the emptiness of fashion, or the scheming wives of aldermen securing the superior place at table. Hume recognized the sway of rank over lesser minds but emphasized its ephemeral nature. In 500 years, footmen and those in the carriages, he speculated, would change places; the rentier class in possession of bonds had already ascended into a more dominant place than would have been imagined a century before and were already without ties to their nation. In short, Hume was more inclined to grant the fluidity of rank and national identity, as his essay on national characters also makes plain (T 206). And he welcomed cosmopolitanism (T 275; E-331).

Furthermore, Hume believed that people, at least those in his own region of the world, are more alike in their talents than not. For Smith the porter and the philosophers were not half so different as two breeds of dog, but for Hume they

were in fact evenly endowed at birth with natural abilities or talents. Education, as Smith would also make note, is what separates people into ranks. Hume also suggests that the lower classes are in a position to cultivate the virtues of “patience, resignation, industry, and integrity” (E-546) and favors the modern disdain for intemperance or gluttony. In general, the modern era is more sober, frugal and prudent. “A sense of honour and virtue” abounds in “ages of knowledge and refinement,” and dampens the excessive pursuit of pleasure or the “avaricious love of money” (E-276). The unintended consequence of urbanization is the increase in social capital. People in towns become more civil and law-abiding, “from the very habit of conversing together” (E-271). Hume attends to the importance of a number of modern socializing dispositions, trust and honesty, that Amartya Sen would later generalize as “commitment,” and serve as a counterweight to the egoistic behavior of the “rational fool.”

In his account of the transition from a barter economy to a monetized economy, with an implicit nod to the Scottish highlands, Hume suggests that the wide circulation of money induces lower real prices. Hume celebrates the advent of a monetized world, one where “no hand is empty of it [money]” (E-294). He proclaims the advantages of the new ten-shilling Scottish bank-notes, that are low enough to cover the weekly wages of a tradesman in Edinburgh or Glasgow. Smith, by contrast, opposed these lower-denominations because he believed ordinary workers were insufficiently prudent to use them without going into debt. For Hume, once money comes into widespread use, everything becomes cheaper. Hume emphasizes the treatment of money as a medium of exchange—that which oils the wheels of trade—but he also recognized that a monetized world alters the behavior of modern consumers. They enjoy cheaper real prices and become more civil in their transactions, more transparent and predictable. When money circulates smoothly throughout society, there is a clear sense of a collective recognition; “the sense of interest has become common to all our fellows, and gives us a confidence of the future regularity of their conduct” (T 3.2). Money embodies a pledge and thus forges an infinite chain of transactions, reaching backward and forward in time; “the freedom and extent of human commerce depend entirely on a fidelity with regard to promises” (T 3.2).

Hume commits to a relatively elastic labor supply particularly in terms of the intensity of the work on offer by each individual worker. In the famous passage where money arrives from Cadiz due to the export of English-made cloth, the weavers and farmers are inspired by the good-minted coins to work with “greater alacrity and attention” or provide “additional toil and fatigue” (E-286-7). The reason is that the merchants bring good silver coins from Spain and the manufacturers, rather than indulge in luxuries, are inspired to invest in an increased output because of the successful exports. They inspire the weavers to work more intensively without yet raising wages, because they are “good paymasters,” meaning they give them solid coins. This enables them to settle their debts with local shopkeepers and not continue to pay “by tick”. As a result, the shopkeepers give them a “greater quantity and of better kinds” of food and drink, even though prices have not yet risen. The depletion of inventories inspires the “farmer and gardener” to “apply themselves with alacrity to the raising more” and find that their augmented

revenues enable them to purchase “better and more cloths from their tradesmen, whose price is the same as formerly” (E-287). The upshot of this is that everyone is inspired to be more industrious before wages or prices rise. The money, as it spreads through “the whole commonwealth . . . must first quicken the diligence of each individual, before it encrease the price of labour” (E-287).

In this example, wages do not rise until after the intensification of the workday, in both the manufacturing and agrarian sectors. The first injection of specie induces an increased output of cloth by the artisan, who is working longer hours. More workers might also be hired, but insofar as they “never dream of demanding higher wages,” the wage is still the customary one (say by the bolt of cloth). Finally, Hume is clear that the price of cloth not rise initially, and hence the now remunerated farmer can also increase his demand. Why is Hume so adamant that wages and hence prices have not yet risen as such? Part of the answer lies in his predilection for the stickyness of wages and prices. His illustration of this follows immediately after the Cadiz scenario. He underscores the inertia of prices to increase even in the case of a significant debasement that de facto increased the money supply. But the primary answer is the labor theory of value. The price say of cloth is primarily a function of the wage, and the supply of labor itself is highly elastic. The degree of attentiveness or effort per hour is responsive to incentives (the promise of immediate payment) and rewards (the better food on the table). Only as demand starts to tug prices up (with depleting inventories) do the money wages respond in kind.

In the Cadiz account, output is a direct function of the real labor supply, all running below the surface of the veil of money, although it has pierced it initially. Hume also grasps that the extant money supply must now service the additional transactions for the additional output, and hence that, *ceteris paribus*, prices must decline. The fact that they do not means that the velocity of money has increased, “the specie may encrease to a considerable pitch, before it have this latter effect . . . [that is, to] encrease the price of labour” (E-287). Money wages lag behind the income multiplier that pushes up prices in one sector after another. But in equilibrium, the price is clearly commensurate with the genuine cost of the labor. The period of growth only transpires in the “interval” between the arrival of foreign specie and the establishment of a higher price level.

Hume articulates several types of market adjustment processes, for example the effects of a change in supply. “Every thing is dearer, where the gold and silver are supposed equal; and that because fewer commodities come to market [decreased supply], and the whole coin bears a higher proportion to what is to be purchased by it; whence alone the prices of every thing are fixed and determined” (E-293). In his *History of England*, he notes the example of price-fixing. Henry VII set a ceiling to the price for archery bows and as a result, “the people would be supplied with bad bows, or none at all” (HE 3:73). He also notes this in the case of food prices and that “in reality the increase of prices is a necessary consequence of scarcity” (HE 2:172).

Hume also points to the role of demand in numerous passages, including substitutions between rum and brandy, the cultivation of a taste for novel luxuries, or the phenomenon of demand elasticity (E-310). In a letter to Adam Smith, he

noted “that the Price is determined altogether by the Quantity and the Demand” (HL 2:311). And in his *History of England*, he asserts that artisans in response to an increase in demand for their products, will “increase as much as possible their skill and industry,” that “the [supply of the] commodity is always sure to be at all times nearly proportioned to the demand” (HE 3:128). Note the categorical tenor, that the determination of the price is “altogether” (exhausted by) or the fact that supply meets demand holds “always” and “at all times”. In his essay “Of Money,” he asserts the principle of effective demand, that it is only market transactions that count; coins or grains that are hoarded or consumed within the household of the producer, might as well not exist in the formation of price. Rather, “it is only the overplus [supply], compared to the demand, that determines the value” (E-290). There is nothing equivocal here. Hume is clearly using the word value as a synonym for price, since he has just emphasized that prices are only manifest if money is used in the exchange.

Hume saw the virtue of “necessity,” and the “utility of poverty” for earlier stages of economic development, but repudiated for his own commercial age. He was an advocate of high wages and believed that a well-paid worker is more productive than a poorly-paid one. He compared the productivity of the English worker to the Irish to make his point. In his *History of England*, Hume positioned the Enclosure movement in a positive light, that the hardships “forced” farmers “to become more industrious and frugal” (HE 3:79; see also 3:370). He sees the take-off of the modern era starting in Tudor England. That the Enclosures brought about “the encrease of industry and of the arts, which have given maintenance, and what is almost of equal importance, occupation to the lower classes” (HE 3:329). He recognized too that the vassals or overseers on the manor that were subordinate during the feudal era, were able by their ingenuity to become more enterprising, export cloth to Bruges or Barcelona, and accumulate wealth that rendered them independent of their former lords. Hume approved of the practice whereby titles could be purchased, a significant source of revenue for the crown and a sign of upward mobility (T 330).

Hume did not, however, endorse the universal principle later articulated by Smith, that everyone, the beggar or the king, seeks to better his condition from cradle to grave. In regions that have not undergone commercialization, Hume maintained that “a habit of indolence naturally prevails” and everyone, soldier, farmers and manufacturers tend to be “ignorant and unskilful” (E-261). Hume also that peasants in feudal times were “lazy” and lacking in ambition, and that the inhabitants of tropical regions tend to over-indulge in carnal pleasures, because they are able to procure their basic necessities with little effort, and thus have few aspirations to work. But in northern regions, where the land is less productive, everyone must become more prudent and enterprising. And by generating a surplus, they are inspired to shift their time and energies from agriculture to manufacturing and thus expand their consumption bundle and cultivate yet new desires. Trade and commerce ensue and every one’s boat rises with the tide of economic growth.

In Hume’s analysis of the early modern commercial state, the peasants have become “rich and independent” and effectively no longer peasants (E-277). The

average British commoner is wealthy by historical standards, a point made graphically by Locke and echoed by Smith. Hume notes that “every person in England is computed by some to spend six-pence a day; Yet he is esteemed but poor who has five times that sum” (E-429). The point he is making is that what now counts as poor would have seemed ample in times past. “No man is ever esteemed rich for possessing what may be reckoned an equal distribution of property in any country, or even triple or quadruple that wealth” (E-429). A porter, for Hume, could now enjoy “bacon and brandy,” and the peas that were once only consumed by the lord of the manor at Christmas were now on every plate across the land (E-276; 279). Hume points to the fact that some 5,000 new inhabitants flock to London each year. Rearing a child in London, he notes, is very expensive and it proved far more economical to import adult workers who had been raised in poorer regions.

In Hume’s *History of England*, the critical take-off started under Henry VII, with improvements in the agrarian sector and overseas trade. By 1750, one-half of Western Europeans lived off the farm, and of those who did, Hume reckoned one-third or more worked as artisans (E-256n). Many of them were concentrated within one hundred miles of the Dover-Calais axis, Hume’s “blue banana” that took in London, Paris, and Flanders (E-448). Those remaining on the land continued to improve crops and animal husbandry (E-505; HE 4:384). Hume witnessed some of this firsthand, on the family estate of Ninewells where his older brother had significantly improved the yield and hence the revenues on the sale of its produce. Hume attributed this to the use of knowledge and know-how, the study of “the science of agriculture.” Hume favored Britain returning to its one-time glory as a net exporter of corn and sending it to France in exchange for wine (E-315). With a gesture to the principle of comparative advantage, he went one step further and suggested that France devote all its acreage to wine and import corn (E-315-6). He also supported the linen trade in Scotland, and made the exception of trade protectionism for that infant industry as well as Jamaican rum (E-324). Nevertheless, these were temporary measures. Hume clearly favored a world of unrestricted trade, in goods and services, specie, and the factors of production such that each region would fulfill the mandate of its natural endowments.

3. Hume on Value

From various sources, including his *Early Memoranda*, we know that Hume had read Aristotle’s *Nicomachean Ethics* and *Politics* before he wrote the *Political Discourses* (1752) and possibly before he wrote the *Treatise*. Hume was particularly drawn to Aristotle’s insights on friendship in the last book of the *Ethics*, and this may have prompted ruminations on the rapport between men and women. From Aristotle, Hume would have understood a price as a ratio that represents barter exchange. Aristotle had drawn the distinction between use-value and exchange-value, and gestured to role of supply and demand, both in his analysis of monopolies and in his geometrical representation of barter exchange, whereby the livelihood of the builder and the shoemaker are sustained, hence costs of production are covered, and needs are met in market transactions. Aristotle also bequeathed deeper problems that remain unanswerable to this day, the fact that a price masks the underlying incommensurability of all commodities.

Aristotle, as would Hume, grasps that money represents value but does so with distortion. In the *Treatise*, Hume draws an apt analogy between money and language as systems of representation, one of value, the other of mental objects. “In like manner are languages gradually establish’d by human conventions without any promise. In like manner do gold and silver become the common measures of exchange, and are esteem’d sufficient payment for what is of a hundred times their value” (T 315). Hume here assents to Aristotle’s point that gold does not nourish and hence is intrinsically far less valuable—a hundred times less valuable--than food or shelter. Aristotle also gestured to the fact that barter and monetary exchange are not quite the same, since we have the power to alter the metric of money or even render it useless. And money has its own intrinsic powers to divert a man, the mythical Midas most famously, from the path of virtue. In sum, Aristotle has broached the distinction between the nominal and the real, as well as the conventionality of money, and these tenets became central to Hume’s analysis of money and prices.

Hume had also delved into early modern economic discourse, for example Mun, Law, Melon, and Du Tot, possibly while spending a year at Rheims at age 23. His “mentor,” Noel-Antoine Pluche, was interested in economics and Hume’s brief record of that town—the birthplace of Jean-Baptiste Colbert—reflects nascent thinking about prices and patterns of consumption. From reading these sources, Hume would thus have had a firm command of market mechanisms, the principles of supply and demand, price elasticities, the quantity theory of money, and the balance of trade. There are brief allusions to these ideas in his *Early Memoranda* and mature articulations in the *Political Discourses* (1752).

Hume draws distinctions between pecuniary goods, wine or cloth, and non-pecuniary goods, friendship and equanimity. “A wise man” would seek to “place his happiness on such objects chiefly as depend on himself,” such as the books one would read, or the friendships one sustains (E-5). A person with refined tastes “receives more enjoyment from a poem or piece of reasoning than the most expensive luxury can afford” (E-271). Hume also believes that the chief benefit of cultivating the mind, of studying philosophy or history, “proceeds more from its secret, insensible influence, than from its immediate application” (E-170). The cultivation of learning and taste tend also to be joined with honesty and honor. It “rarely happens, that a man of taste and learning is not, a least, an honest man” (E-170).

In his short autobiographical essay, “My Own Life,” Hume suggests that there is an implicit ranking of higher order goods in terms of utility. He puts an implicit price tag on the non-pecuniary goods that he himself had acquired through his long and difficult path as a philosopher. He claims he would prefer his “rising reputation,” that came with the success of the *Political Discourses* and second *Enquiry*, than to have been “born to an estate of ten thousand a year” (E-xxxvi). His autobiography portrays himself as indifferent to wealth, much like Socrates whom he admired for that reason among many (E-411). This seems disingenuous, however, since there are also revealing remarks that suggest Hume in fact valued himself by his earnings and was keenly desirous of removing himself from poverty. He notes the various landmarks along the way, “master of near a thousand pounds”

because “the copy-money given me by the booksellers, much exceeded any thing formerly known in England; I was become not only independent, but opulent” (E-xxxviii). Of course, he wasn’t opulent, at least not in comparison to many in his circle of friends at Edinburgh who had landed estates (Kames, Steuart) or owned banks, mines, or factories (Argyll, Coutt, Oswald). Hume was able to afford to build, in the last five years of his life, his own “small house” in Edinburgh, but there was no estate, no livery, and no score of footmen.

For a man who chose his words with such care, the word “opulent” does not ring true. Hume in fact complained that he was poor and underpaid and he remained “cheap” even with his one thousand pounds, returning the copies of Buffon’s *Histoire Naturelle* to the bookdealer in Paris rather than keeping the gift. Hume’s meager annuity of fifty pounds with which he entered adulthood as a second-born son of a modest country estate meant that he had to work. After trying his luck as an accountant for Bristol sugar merchant, he made his way to France, stopping first in Paris and then Rheims, but found both too expensive. He eased up on a frugal regime after a decade or so, but still complained that he was not sufficiently remunerated for his work as tutor to Marquess of Annandale (Hume wrote about 100 pages demanding the full settlement of the contract, all of seventy pounds). He also bemoaned the poor pay as librarian for the Advocates in Edinburgh, and persisted for years, unsuccessfully, to secure the half-pension he believed was due for his service to General St. Clair. Even before that, Hume found himself, in 1747, lamenting to Lord Kames, who mentored Hume when he studied the law in late teens, that he could not afford to live in London and yet realized as well that it was too late to enter the legal profession.

Hume’s autobiographical essay also conveys the message that he earned his money honestly, by his ingenuity and perseverance, even if he was unjustly paid. He makes this clear as well after his depiction of his appointment to the embassy in Paris and his work in London as Under-Secretary of State for the Northern Department. “I returned to that place [Edinburgh], not richer, but with much more money, and a much larger income . . . than I left it” (E-xxxix). The contrast of “not richer” with “more money” suggests that there are non-pecuniary sources to wellbeing. One might be the richer for achieving “literary fame” or sustaining “an open, social, and cheerful humour,” without the additional shillings or pounds. At the close of his second *Enquiry*, Hume makes note of the “unbought satisfaction of conversation, society, study, even health and the common beauties of nature, but above all the peaceful reflection of one’s own conduct” (EPM 82). These contrasted to “feverish, empty amusement of luxury and expense” (Ibid.). Again, with a gesture to implicit comparisons of utility, he declares that the first set are “really without price; both because they are below all price in their attainment, and above it in their enjoyment” (Ibid.).

What did Hume mean by this observation? The goods in life one most values, health, friendship, or equanimity, cannot be bought; furthermore, their value much exceeds goods that are available on the market. They are priceless. The implication of this is that ordinarily for sale, those “toys and gewgaws,” have a price that is commensurate with their value (EPM 82). Elsewhere he declares that subjective estimations forge relative values for goods in the market place. “The value, which all

men put upon any particular pleasure, depends on comparison and experience" (E-276). Hume was in command of this pearl of wisdom when reflecting on sojourn with the Marquis of Annandale. In a 1747 letter to Lord Kames, he notes that notwithstanding the luxuries he experienced, "an elegant table has not spoilt my relish for sobriety; nor gaiety for study" and that he would "return very cheerfully to books, leisure, and solitude" (HL 1:99-100). Hume clearly has judgments about lower and higher-order goods and the manner, and the manner by which they are esteemed or measured by money. It is not so much that he here established a labor theory of value as that he cast doubt that values would succumb to a system of cardinal utility.

4. Hume as a Nascent Microeconomist

Some fifty years before Hume, contributors to economic discourse claimed that labor costs were the primary determinant of a price. Istvan Hont notes that circa 1700 Charles Davenant and John Pollexfen built, respectively, upon the ideas of John Locke and were clear that "wages formed the decisive component of prices, that they [prices] were extremely inelastic" (Hont 245). But other economists, Henry Martyn most notably, argued that while "food prices were relatively insensitive to wage costs" and that wages tended to be sticky, the price of manufactured goods (e.g. textiles, watches and ships) were more flexible and responsive to the cost of labor. Martyn emphasized the importance of enhanced skills, efficiencies induced by the division of labor, and the increased use of tools and machinery. These were accompanied by higher wages but overall tended to reduce the price of manufactured goods and prompt increased exports (Hont 250-2). Hume adopted a similar stance; nations with high wages need not fear foreign competition provided they induced efficiencies in every other respect of the production process. Prices were thus a product of overall costs of labor and capital, but insofar as capital is just stored labor, were therefore a clear function of the cost of labor.

An attentive reader would find Hume making note of the role of demand about a dozen times in his entire corpus. His main focus, however, is on the price level overall, and on the longterm movement of prices in conjunction with purchasing power. But demand exists as a necessary condition for a good to come to market; Hume is crystal clear about that and even the fact that novel desires drive inventiveness and innovation in manufacturing. He refers to the role of supply and demand in a couple of places, stating in a letter to Adam Smith at the end of his life, written on April 1, 1776, that "Price is determined altogether by the Quantity and the Demand" (HL 2:311). Having just read the *Wealth of Nations* as he lay dying of cancer, Hume corrects Smith by maintaining that rent does not enter into the formation of price (HL 2:311-12). The implication is that Hume accepted the other two components put forth by Smith, namely the return to wages and to profits per unit good. There is, however, substantial evidence that Hume had forged this understanding of the formation of a price before he met Smith, circa 1750, and that these final remarks were not forged in 1776. In his *Early Memoranda* for example, he observes that "a Pound of Steel when manufactur'd may become of 10.0000 £ Value" (MEM: 503). The only way to make sense of this is that the labor that went into

producing the steel added significantly to its value. There is also textual evidence that Hume grasped the inverse profit-wage relationship that follows from a two-factor analysis of prices, as would be made canonical by David Ricardo. Let us look at the relevant passages.

In his acknowledgement of innovations in Scottish banking, notably daily-interest lines of credit, he points out that merchants and manufacturers could subsequently trade on smaller profits, and that this would in turn mean that they would remain competitive and remunerative with a lower per unit price. This implies the sense in which the return to the capital is figured into the price. If capital is used efficiently, and pooled into ever-larger sums, then the return per unit item sold could be lowered. He suggests this in other passages as well, and commits to the view that increased rivalry or, dare we use the word, competition, tends to lower the profit and hence the price. Because Hume believed that capital is highly mobile, potentially exportable, he maintains that this pressure will also drive prices down. This downward trend on profits, as witnessed in the secular decline of the interest rate, is accompanied by a longterm increase in wages, both nominal and real. It is in this sense that Hume sets up the inverse profit-wage relationship, as secular trends that move in opposite directions. The longterm tendency is for the nominal price to rise and the real price (in terms of purchasing power) to fall.

In his analysis of taxes, both in his essay "Of Taxes," and in a 1766 letter to Anne-Robert-Jacques Turgot (HL 2:93-5), Hume shines a spotlight on the trade-off between wages and profits in determining the price. He positions the three classes of workers, merchants, and landowners as in direct opposition to one another and argues that it is impossible for the burden of a tax to fall entirely on one of them. There are only two choices for an "artisan" when a necessity or convenience is taxed: "he may retrench somewhat of his expense, or he may encrease his labour" (E-346). Hume argues that an increase in wages is the last resort; "they must be very heavy taxes, indeed, and very injudiciously levied, which the artizan will not, of himself, be enabled to pay, by superior industry and frugality, without raising the price of his labour" (E-347). The reason, Hume notes, is foreign competition that governs wages. "By what contrivance can he raise the price of his labour [when faced with a burdensome tax]? The manufacturer who employs him, will not give him more: Neither can he, because the merchant, who exports the cloth, cannot raise its price, being limited by the price which it yields in foreign markets" (E-347). In his letter to Turgot, Hume adds that the "profits and income [of merchants] can surely bear retrenchment" (HL 2:95). Hume thus links the payment of wages directly to the price and implicitly commits to the inverse profit-wage relationship.

5. Hume as a Nascent Macroeconomist

More than others of his day, Hume tended to think in macroeconomic terms. He is one of the first to reflect on the price level overall as a function of what we would call gross domestic product and to link this to aggregate levels of employment. He also makes the interest rate salient and looks to its longterm movement as most indicative of capital accumulation. And his Cadiz account clearly links a reduction in unemployment with manifest inflation.

An important relationship discerned by Hume is in the case of a fixed money supply. If there is growth, and the domestic product augments, the price level must decline, and vice versa. This is stated very clearly in his essay "Of Money." "The necessary effect [of increased manufacturing and trade and hence monetary transactions] is, that, provided the money encrease not in the nation, every thing must become much cheaper in times of industry. . . . It is the proportion between the circulation money, and the commodities in the market, which determines the prices" (E-291). The pattern in Western Europe for the past 250 years, however, had been one of increasing money supply due to the Spanish conquests in Mexico and Peru. Hume estimates that the amount of specie doubled in the first ten years after Christopher Columbus and that by 1750 it had grown by a factor of eight. The price level, however, had at best grown by a factor of four. It followed from this that output had doubled over the 250 years from 1500 to 1750 (approximately). This was most evident in England, where "a crown in Harry VII,'s time served the same purpose as a pound does at present" (E-281). A crown is five shillings and a pound twenty shillings, so from 1500 to 1750, prices had rise by a factor of four for the same basket of goods; "the prices of commodites are always proportioned to the plenty of money" (ibid.). Hume thus distinguished between nominal and real prices, and emphasized that in the modern commercial world, everything had become considerably cheaper and hence there was a substantially higher standard of living.

Hume was not the first to articulate the specie-flow mechanism (and never used that specific terminology), but it was his version that became best known. It built directly on Thomas Mun's principle of the balance of trade; the money would follow the trade and the specie align with the real level of imports and exports. Mun also made clear that this would transpire even with strict regulations on the flow of specie beyond the nation's borders, partly because enterprising merchants would find ways to avoid these and partly due to smugglers. Hume also made note of the powerful effect of smuggling, in the case of "draining" Spain "of its immense treasure," notwithstanding the death penalty for exporting specie. "Can one imagine, that it had ever been possible, by any laws, or even by any art or industry, to have kept all the money in Spain?" Goods bought in France at one-tenth the price were smuggled over the Pyrenees, and arbitrage worked its magic (E-312). The inexorable force of men to make a profit, even with immense risk, means that the money would distribute itself in terms of the real economy. "It is impossible to heap up money, more than any fluid, beyound its proper level" (ibid.).

This is all more or less in Mun, but Hume added the important idea of the law of one price, albeit with an appeal to the uniformity of wages and hence the implicit assumption that production costs in general would become uniform. Again, this is in a letter to Turgot, and not in his published work. That is unfortunate, but there is no question that Hume had a clear understanding of the matter. Here is the passage, written to disupte Turgot's assertion that a tax on wages would increase the nominal wage:

The Price of Labour will always depend on the Quantity of Labour [supply] and the Quantity of Demand; not on the Taxes. The Tradesmen who work in Cloath, that is exported, cannot raise the Price of their Labour; because in that Case the Price of the Cloath wou'd become too dear to be sold in foreign Markets: Neither

can the Tradesmen who work in Cloath for home Consumption raise their Prices; since there cannot be two Prices for the same Species of Labour (HL 2:93). This passage makes plain that Hume believed the nominal wage is governed by the supply and demand of labor, and that the export market plays a role in determining the price of goods and hence the domestic wage. Because of labor mobility, there is a strong propensity to a uniform wage within a nation, and even for those who produce the same good abroad provided there are trade channels in place. It is only for the fact that China is cut off from Europe that the drastically lower wages in Chian do not eliminate British exports. Henry Martyn had considered the case of cloth production in India and noted, as would Hume, the importance of British techniques and efficiencies that enabled them to retain their market share abroad. Because there cannot be two different wages for the same line of work, such as weaving cloth, Hume has come close to articulating the law of one price. Moreover, Hume does not confine his gaze to commodities that are exportable. He not only recognizes that some services are exportable, as in the case of Dutch brokers, but also that there are some goods and services that are non-transportable. Both of these added features of the modern commercial world play a role in determining the overall price level.

Hume also granted an unprecedented degree of mobility in capital markets, noting that capital would "flee" overseas if it could secure a much lower wage for the same line of production. Hume points to a strong tendency within a nation to a uniform profit rate, induced by banking, especially in Scotland where banks were given more degrees of freedom to compete with one another. John Locke had already discerned this with his distinction between a natural and a market interest rate; if monopolistic banking was eliminated, the market rate would converge on the natural rate. As Hume noted, the prevailing profit rate for a region was readily observed by the interest rate for the market of loanable funds. The "interest [rate] is the barometer of the state, and its lowness is a sign almost infallible of the flourishing condition of a people" (E-303). It had fallen from ten percent under Elizabeth I to roughly three per cent in 1750. Hume was content to receive a four per cent return on his stock market investments in the 1760s, which suggests it was marginally above the return on a bank deposit. A lower profit rate indicated efficient capital markets, with lower priced goods such that everyone enjoyed higher nominal and real wages. The result was an increase in aggregate demand that prompted yet more production and trade overseas. Hume's rallying cry to reduce the jealousy of trade was built on the simple principle that a nation could easily increase its wealth if there was an increased foreign demand for its products. He is crystal clear about the importance of the stimulus effect of an increasing aggregate demand.

The reason the interest and profit rates converge was quite simple, stemming from an appeal to instrumental reason. "No man will accept of low profits, where he can have high interest; and no man will accept of low interest, where he can have high profits. An extensive commerce, by producing large stocks, diminishes both the interest and profits" (E-303). Hume goes into some detail about what happens when merchants retire or their sons turn prodigal. "The low profits of merchandize induce the merchants to accept more willingly of a low interest, when they leave off

business, and begin to indulge themselves in ease and indolence” (E-302). Because of international trade and the uniformities induced by the price-specie flow mechanism, domestic prices would be subject to international forces, as Hume’s letter to Turgot made clear. But Hume also peeled away the nominal representation and argued that the quantity of loanable funds on offer was an effect and not a cause, and de facto reflected the actual stock of human labor and output. Having canvassed the “uses for which men borrow money” he concludes that, “the greater or less quantity of it [loanable funds] in a state has no influence on the interest. But it is evident, that the greater or less stock of labour and commodities must have a great influence; since we really and in effect borrow these, when we take money upon interest” (E-304). Hume thus links the monetary representation of profits to the actual capital stock in a nation. The interest rate is above all a reflection of frugal and prudent behavior.

Hume is clear that capital is “a kind of storehouse of labour” that the state could draw upon in times of war (272). The reason a good government requires that the people know “how to make a spinning-wheel, or to employ a loom to advantage” is precisely because it can harness this accumulated capital when amounting “fleets and armies” (E-272-3). Hume gives as an example the capital required for breeding cattle, or growing corn in Britain where the land needs more attention than in the south of France (E-266-7). Peasants in Burgundy lack sufficient bread and make wine with the meager capital of twenty shillings for their “instruments of husbandry” and one “sorry horse” (E-267). Because the English land is less fertile, this has induced prudential behavior. “A farmer, therefore, in England must have a considerable stock, and a long lease; which beget proportional profits” (E-266). Hume also observes that considerably less labor is now required to produce the grains necessary to feed his country due to capital accumulation, that only about thirty per cent of Britons now worked in the agrarian sector. Hume was strongly critical of Quesnay’s *tableau economique* for ascribing fifty percent of the population to the farms, since he believed that more than sixty percent were already living in villages or towns (HL 2:205). He witnessed the pronounced trend of urbanization in his travels through the more prosperous parts of central Germany, in 1748, noting that even the farmers lived in villages and that the urban dwellers of Frankfurt had summer cottages to feed their desire for husbandry. Hume in general celebrated the manufacturing sector over the agrarian, and discerned the importance of technical skills, as ideas transferred from one place to another. He pointed to the production of silk as a good example, moving from China to Lyon to London.

Hume peels off the veil of money countless times. For example, he considers the hypothetical case of England undergoing an economic expansion without an increase in the money stock. He maintains that this could transpire and England possibly achieve the same level of output, because the primary reason for growth is a change in the “habits and customs” of the people. But “the same people would, in that [hypothetical] case, be found in the kingdom, the same commodities, the same industry, manufactures, and commerce; and consequently the same merchants, with the same stocks, that is, with the same command over labour and commodities, only represented by a smaller number of white or yellow pieces” (E-306-7). Note the

disdainful description of money as mere white or yellow pieces, yet he had just described in considerable detail the demise of both ancient Rome in the time of Tiberius and of Spain by the middle of the sixteenth century because of their love of lucre gained by plundering and conquest. Wealth in real terms unequivocally stems from securing an industrious workforce and not by accumulating specie. Labor, suitably configured, is the source of economic growth. His advice to the magistrate is leave the money alone since by this means “he keeps alive a spirit of industry in the nation, and encreases the stock of labour, in which consists all real power and riches” (E-288). It is no incidental that Hume devotes about one hundred pages to establishing that the contemporary population of Europe had exceeded that of ancient Rome. This was the best demonstration that the commercial age had significantly improved the standard of living and resulted in larger families.

4. Conclusion

Although Hume does not measure labor in terms of hours or days and link this explicitly to prices, he is clear that labor creates wealth and that exchange-ratios reflect the cost of that labor, the money wage. Hume also defines capital as stored labor and recommends stockpiling and accumulating capital. Furthermore, his historical account emphasizes the immense value of a burgeoning work ethic. Labor, inspired to work more intensively, is the source of economic expansion, tugged by the desire for new conveniences or luxuries. An emergent spirit of industry is a salient feature of the modern commercial era; constant and well-remunerated work prompts new dispositions, above all to work more productively. Industry is valued as an end and not just a means.

Finally, Hume recognizes that if the labor required in production were rendered more efficient, through the advancement of skills or by a more granular division to induce efficiencies, this would bring down the market price. He recognizes as well that a relatively competitive wage market exists in a developed commercial state such as Britain and that the convergence of wages has induced considerable price uniformity. “There is more difference between the prices of all provisions in Paris and Languedoc, than between those in London and Yorkshire” (E-354-5). He also demonstrates that from 1500 to 1750, the real price of goods in Western Europe has fallen significantly, notwithstanding a four-fold increase in nominal prices. And he points to the strong competition in capital markets that has induced a uniform profit rate that has also declined secularly, from ten per cent to about three per cent, and that contributed to the reduction of the prices of commodities, even with rising real wages.

In the manufacturing nations of Western Europe, the rise in standards of living is such that many goods, paper for example, that were once luxuries have become conveniences and perhaps even necessities. This expansion of the consumption bundle for ordinary citizens garners Hume’s approbation. Moreover, he emphatically discredits those who oppose luxuries as “disordered by the frenzies of [religious] enthusiasm” (E-268). Hume had little patience for puritanical modes of living, since they were too resonant of the monkish virtues of fasting and solitude he strongly denigrated. By contrast, the modern secular world is a fountain of

reason and good taste; people eat and drink much better and these pleasures increase human happiness.

In his analysis of taxes, Hume's gaze is firmly drawn to the "common people". He argues against a tax on necessities, or the dreaded poll tax because both harm those who labor. He mounts an argument that the best policy is an excise tax on luxuries, "because such taxes are least felt by the people" (E-345). Hume reveals a sense of distributive justice here and in other passages. His account of the longterm migration of capital, whereby one nation is enriched only to be superseded by another a century later, also speaks to a distributive justice at the global level. Providence has seen that no one nation is the monopolizer of wealth, he avers. There is just desert for a nation, such as Holland, that has acquired skills and frugality, to sustain its standard of living even if its potential future growth is arrested, but at some point, if shipping could become considerably cheaper, Hume makes note, "everything we use would be Chinese" (HL 1:143).

Hume famously articulates the principle of the marginal utility of income, whereby a penny is worth far more to a poor person than to a rich one. While not the first to state this, it is an important cornerstone of his vision for a more egalitarian age in the future. We see this with his appeal to the enterprising middle class that forms the backbone of representative governments. Hume also despairs of the rentier class, however, and believes that the mounting public debt would mean, perhaps within "half a century," that a small segment of population, roughly 17,000 investors, might bring the nation down to its knees and "that millions may be sacrificed for ever to the temporary safety of thousands" (E-364-5). And he makes clear in this passage and elsewhere that his predilections lie with the multitude.

Hume also subscribed to a common trope of his age, that people are more alike at birth than is normally understood, and that it is education that separates people later in life, Smith's-example of the philosopher and the street porter. In Hume's words, "when we consider how nearly equal all men are in their bodily force, and even in their mental powers and faculties, till cultivated by education," (E-467-8). Hume challenges Locke's ascription of an original contract, but notes that the early formation of government was to be understood in terms of "the nature of man, and in the equality, or something approaching equality, which we find in all individuals of that species" (E-468). Hume expressed sympathy to the cause of the levellers, though less to John Wilkes for seeking to expand suffrage.

In his sketch of the modern commercial era, Hume notes that "both sexes meet in an easy and sociable manner" and this yields more humanity, "knowledge and the liberal arts" (E-271). Much of this stems from the spread of liberal mores and enhanced rights of association and expression, as well as religious toleration. Hume is explicit on this. "Progress in the arts is rather favourable to liberty . . . [and] the liberties of England . . . have never flourished so much" (E-276-7). Hume sees this in the drift toward libertine mores, of which he seemingly approves; "there is as much liberty, and even, perhaps, licentiousness in Great Britain, as there were formerly slavery and tyranny in Rome" (E-12).

Hume attended to plight of women, particularly those in his own circle. He had been schooled by his mother until the age of ten, and left a number of books to his only sister, who lived with him for most of his life. He befriended Catherine

Macaulay, the historian, and spoke very highly of her work, and also praised the two French women who translated his work, Mademoiselle de la Chaux on the *Political Discourses* (1758) and Madame Octavie Guichard Bulot on his *History of England* (HL 2:343). Of the latter, he wrote to his friend William Robertson in 1763, "Among other agreeable circumstances, which attend me at Paris, I must mention that of having a lady for a translator, a woman of merit " and he goes on to recommend she translate more British history books (HL 1:415). Hume lobbied his publisher to translate and issue the work of Marie-Jeanne Riccoboni, a French novelist whom he admired. Hume described the remarkable women he met in the Parisian salons as the "Sovereigns of the *learned World*" (E-EW 536). In several of his letters he remarks on the intelligence of women has come to know and seeks out their opinions (e.g. HL 1:428). And in London, he knew several business-women, one Mrs. Anderson who ran a coffeshop in Charing Cross, and two sisters, Anne and Peggy Elliot, who ran his lodgings (Mossner 392-4).

Hume's feminism was highly qualified, however, and he seemed committed to a gendered-mind. Nevertheless, Hume encouraged women to move in the same circles as men and most certainly to cultivate the study of history. He deplored the type of enslavement of women he believed existed in "Asiatic" societies. "What must be supposed of a Turkish lady? She must not be supposed to have a being at all" (E-628). Seraglios were the worst because they did not permit women any contact with a man other than her master. Hume argued that polygamy destroys the possibility of friendship, and turns each household into a separate kingdom ruled by a tyrant (E-184-5). He favored liberalizing the laws for divorce. Hume praised his own British society: "our free commerce with the fair sex, more than any other invention, embellishes, enlivens, and polishes society" (E-628). Roy Porter has emphasized the much-expanded sphere of contact between both husband and wife, and non-related men and women during the eighteenth century. Hume seems to have made note of this and wished for more. The "sovereignty of the male is a real usurpation, and destroys that nearness of rank, not to say equality, which nature has established between the sexes" (E-184).

Hume also sought to emancipate women from the excessive restrictions imposed by chastity. He speculated that if the paternity of children could be ascertained by alternative means (as they are today with genetic testing), then women might partake, as do men, in pre-marital sexual exploration. Hume questions the strong paternalism of his world in terms of property and title. Why does the name and property belong in the male lineage, "tho' the mother shou'd be possess of a superior spirit and genius to the father, as often happens" (T 201). Hume wrote a great deal about unorthodox sexual practices, including homosexuality, incest and polyandry. In an essay later withdrawn, "Of Moral Prejudices," he explored the case of a child, much desired, but born out of wedlock. A well-to-do Parisienne forces a formal contract with a male lover to meet her strong desire to have a child without the encumbrance of marriage. Hume writes approvingly, but notes that the laws of the time did not. Hume thought in very radical terms for his age, and questioned the status quo in the sphere of sexual associations. For the most part, he wrote in favor of increasing the degrees of

freedom for women, of extending their education and thus giving them a voice. He was considerably more of an egalitarian in this important regard than Adam Smith.

Views about the equality of women may not appear to be connected to the labor theory of value. But they do, since the original form of labor is just that, the creation of laborers. If women are allowed to have more control over reproduction, as is implied by Hume on his accounts on the formation of families and the rights of women in that sphere, then this would have a direct influence on the size of the labor supply. His analysis of reproduction in the case of slavery suggests that there are complex layers that influence the number of children one bears; he thinks that some slave women practiced abortion or infanticide so that their children would not suffer the same fate as themselves. Reading this and his general attack on slavery (albeit with unfortunate bigotted remarks), Hume sought to correct the injustices of his world, and in so doing he displayed sympathy with the lower orders.

Hume's irreligious program seeks to reduce superstition (the bane of the uneducated) and give people a full claim on flourishing during this lifetime. There may be no afterlife, he argues, and the Catholic ritual of trans-substantiation is a farce; suicide should become acceptable and many of the religious limits on social interactions removed altogether. J.C.A. Gaskin has advanced the view that Hume's system of ethics was profoundly radical, if only because he attempted to sever his system of ethics from Christianity. And Hume recognized all too well the extent to which Christianity, in his own sphere, reaffirmed the system of ranks. It was the very reason he was denied a professorship at both Glasgow and Edinburgh. Hume also sought to expose the misguided belief in a providential justice. In the *Dialogues* he broaches the idea that since we have no other world to compare ours to, it is entirely possible that God grew lazy and left us in a highly imperfect world. And once the door was opened to a "fatherless world," to use Smith's apt phrase, it is a slippery slope into a world that is considerably more egalitarian, certainly if it is a fully monetized world where the mechanisms of the flow of specie, capital and labor constitute forces far stronger than any national sovereign. With enough time, the natural endowments of the globe, utility and labor will come into alignment. Hume asserts that every person "enjoy the fruits of his labour, in a full possession of all the necessities, and many of the conveniences of life" (E-265). There will always be rich and poor, but there is good reason to shift towards greater equality, since "no one can doubt, but such an equality is most suitable to human nature, and diminishes much less from the *happiness* of the rich than it adds to that of the poor" (E-265). He doesn't get much more categorical than this.

References

Abbreviations

David Hume

HL *The Letters of David Hume*. Edited by J. Y. T. Greig, 2 vols. (Oxford: Clarendon Press, 1932).

- T *A Treatise of Human Nature* (first published 1739-40). Edited by David Fate Norton and Mary J. Norton (Oxford: Oxford University Press, 2007).
- MEM Ernest Campbell Mossner, "Hume's Early Memoranda, 1729-1740: The Complete Text," *Journal of the History of Ideas* 9, no. 4 (October 1948): 492-518.
- HE *The History of England*, 6 vols. (Indianapolis: Liberty Classics, 1983).
- E *Essays: Moral, Political, and Literary*, edited by Eugene F. Miller (Indianapolis: Liberty Classics, 1985; rev. ed. 1987) [variorum edition of 1777].
- EHU *An Enquiry Concerning Human Understanding* (first published 1748 as *Philosophical Essays Concerning Human Understanding*). Edited by Tom Beauchamp (Oxford: Clarendon Press, 1998).
- EPM *An Enquiry Concerning the Principles of Morals* (first published 1751). Edited by Tom Beauchamp (Oxford: Clarendon Press, 1998).
- NHR *Natural History of Religion*, edited by Tom L. Beauchamp (Oxford: Oxford University Press, 2007).
- DNR *Dialogues concerning Natural Religion*, ed. N.K. Smith (Oxford: Clarendon Press, 1935).

Adam Smith

- TMS *The Theory of Moral Sentiments* [1759]. Edited by D.D. Raphael and A.L. Macfie. Oxford: Oxford University Press, 1976.
- LJ *Lectures on Jurisprudence* [1762-63, 1766]. Edited by R.L. Meek, D.D. Raphael, and P.G. Stein. Oxford: Oxford University Press, 1978. [Extant lecture notes by two of Smith's students]

WN *An Inquiry into the Nature and Causes of the Wealth of Nations* [1776]. 2 vols.

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