

## Chapter 5

# Commercial Society

### Introduction

Hume was one of the earliest expositors and defenders of commercial society. In a series of essays, he showed that, when secured in their lives and property, people would trade, transact, exchange, partner, and associate with one another in mutually voluntary and mutually beneficial ways, generating benefit not only for them as individuals but also for their fellow citizens, for their country, and even for others in the world.

The benefits would be both economic and moral. The economic benefits would be the increasing material prosperity that commerce and trade would generate, prosperity that would benefit not just individuals whose resources to achieve their private ends would thereby increase, but also their country, which would find itself in the enviable position of having greater resources on which to call for infrastructure, for education, and for times of exigency like war.

According to Hume, however, commercial society would also encourage good morals. To Hume, this was at least as important as if not more important than the economic benefits of commercial society, significant as Hume thought those would be. The nature of a commercial society, and the way in which it gave people incentives to behave fairly toward one another, would, Hume thought, increase our sociality. It would encourage virtues like honesty and fair dealing, but it would also polish our manners, including our politeness, our punctuality, our tolerance of difference, our amiability, and our concern for others. It would soften our natural selfishness, it would diminish our antagonisms (including our ethnic, nationalistic, and religious prejudices), and it would blunt our violent tendencies and desires for war. Though it would have its own attendant vices as well, they were, Hume reckoned, more than compensated by the benefits.

For these reasons, Hume was, perhaps even more than his friend Adam Smith (who is today often regarded as the founding champion of commercial society), an enthusiastic celebrator of the coming commercial age.

### **Economic benefits of a commercial society**

In one of his first “economic” essays, “Of Commerce,” Hume argued that the “greatness of a state, and the happiness of its subjects,” are “inseparable with regard to commerce” (EMPL: 255). That is, commerce leads to both “greatness” for the country and to “happiness” for its people. How? His claim was that a powerful country can provide security to people’s lives and property, which enables them to generate wealth; at the same time, however, the only way a country can become powerful is when its people engage in commerce and enrich themselves. Hume’s claim was that commerce involves mutually voluntary transactions that are mutually beneficial; the more such beneficial transactions there are, the more prosperity is created for the parties who engage in them. When people’s lives and property are secure and they enjoy the liberty to dispose of their labour and skills, on the one hand, and the produce of their labour (or their goods and services), on the other, they naturally look for ways to increase their industry and productivity by increasing the amount of goods and services they produce. In a commercial society, then, businesses, firms, and ventures proliferate. “When a nation abounds in manufactures and mechanic arts, the proprietors of land, as well as the farmers, study agriculture as a science, and redouble their industry and attention. The superfluity, which arises from their labour, is not lost; but is exchanged with manufactures for those commodities, which men’s luxury now makes them covet” (EMPL: 261).

What happens to the increasing surplus and prosperity they thereby create? It often “goes to the maintenance of manufacturers,” or to supplying the needs and wants of labourers and their families, as well as to “the improvers of liberal arts,” including teachers, professors, artists, musicians, and so on (EMPL: 261). This process enables improvements not only in the material conditions of citizens by providing them more amply with necessities like food, clothing, and shelter, but it also expands our knowledge of science, mechanics, and engineering. Moreover, it helps furnish nonmaterial luxuries like education, literature, art, and music, which improve the souls of citizens. The increasing material

resources generated in a commercial society, therefore, improve the lives of individual citizens in many ways, both material and nonmaterial.

But suppose their country is attacked and needs to defend itself. Or suppose it needs bridges, canals, roads, or other infrastructure. These things are costly and thus require resources and capital. From where will the country get those resources and capital? From the surplus generated by commerce. In this way, commerce benefits not only the individual citizens engaged in it, but it can enable the “greatness” of the country as well. “Thus the greatness of the sovereign and the happiness of the state are, in a great measure, united with regard to trade and manufactures” (EMPL: 262). If one wants one’s country to have the resources to enable the provision of infrastructure, education, the means to defend itself from attack, and so on, Hume’s argument is that the institutions of a commercial society are the best way to achieve this goal.

What is the alternative? If we do not have a commercial society in which citizens are producing wealth and prosperity on their own, how can the state procure resources to fund things like bridges, roads, and a military? The only alternative, according to Hume, is to force citizens to work, and then to extract the resources from them. But this method is counterproductive because people will produce far less if they are forced to work than they otherwise could. If you make others work for you against their will, as opposed to letting them work for themselves and their families, they are far less motivated to work hard and be entrepreneurial and innovative, far less interested to find expedients and novel ways to increase production, and far more likely to find ways to shirk than to labour. They will do the least they possibly can. Hume writes: “It is a violent method, and in most cases impracticable, to oblige the labourer to toil, in order to raise from the land more than what subsists himself and family” (EMPL: 262).

By contrast, if the state protects people’s lives and property, and allows them to work, trade, and associate according to their own lights, suddenly everything changes: they become entrepreneurial, they become industrious, and they generate surpluses of all manner of goods and services. The beautiful part about this, from Hume’s perspective, is that all of this will happen naturally, if it is only allowed. Citizens will not have to be forced or mandated to work and produce; if they are secure in their lives and property, they will see how they themselves benefit from their industry, and so they will do it all on their

own. “Furnish him with manufacturers and commodities, and he will do it of himself” (EMPL: 262). If the state were then to require resources, and decide, for example, to tax people of some of the surplus wealth they have generated, this will then be much more easily borne by citizens: “Being accustomed to industry, he will think this less grievous, than if, at once, you obliged him to an augmentation of labour without any reward. [...] The greater is the stock of labour of all kinds, the greater quantity may be taken from the heap, without making any sensible alteration to it” (EMPL: 262).

Hume’s argument was thus a kind of “invisible hand” argument (though he did not use that term as Adam Smith did): in a commercial society, individuals’ self-interested motivations will lead them to engage cooperatively with others to produce more wealth and prosperity, and this will benefit not only themselves but others, even the country overall, as well.

Hume extended this argument in several other essays. In his “Of Refinement in the Arts,” he argues that in a commercial society, “industry, knowledge, and humanity” are encouraged, and these virtues are beneficial not “in private life alone: They diffuse their beneficial influence on the *public*, and render the government as great and flourishing as they make individuals happy and prosperous” (EMPL: 272). How? “The encrease and consumption of all the commodities, which serve to the ornament and pleasure of life, are advantageous to society; because, at the same time that they multiply those innocent gratifications to individuals, they are a kind of *storehouse* of labour, which, in the exigencies of state, may be turned to the public service” (EMPL: 272). So, people’s natural desires for goods and services that will improve their lives lead them to work to generate and procure commodities that increase their “pleasure of life” and supply them “innocent gratifications.” These are good things in themselves. In addition, however, they generate surplus wealth—a “storehouse of labour”—on which the society can draw when necessary.

### **Moral benefits of a commercial society**

The kind of government Hume came to recommend is what he called a republic in which citizens are allowed to own property, to buy, sell, trade, and give their property, and are otherwise generally left alone to order their lives and their

activities according to their own lights. He gave several reasons for supporting such “free states” (EMPL: 118).

First, they historically give rise to the rule of law, not of men. When citizens enjoy the freedom to dispose of their lives and property as they see fit, they develop individual identities and a robust jealousy of their freedom and independence. When they own property and enjoy the right to allocate it—when no one, not even the king, may summarily take their property without their willing consent—this circumscribes the government’s ability to tyrannize over them or act unjustly. It is one thing to command a single person, like a slave, or a single united group, like a military; when a country is made up of independent property owners, however, it is another thing altogether to try to command them all, because the would-be tyrant has to command each of them separately—a more difficult thing to do. The independence that citizens in a free republic come to enjoy leads them to demand steady and secure protections of their lives and property, and honest, fair, and impartial adjudication of disputes. This, in turn, leads them to demand known and settled laws respecting the nature of property, the causes and processes by which one may be dispossessed of it, and the mechanisms for resolving disputes. If, by contrast, all these matters were left to the discretion, or whim, of an individual person—a judge, a magistrate, or the king—then citizens would not be able to predict how secure their property might be, whether their voluntary agreements would be honoured, what might be a crime, or how a crime might be punished. To alleviate these uncertainties, and to enable them to engage in the productive activity that would improve their situations, free citizens of a republic would demand—and get—a rule of law.

The first benefit, then, of a free republic is an independence of spirit among its citizens. The second is the security that arises from the rule of law they would demand. As Hume argued, however, this security is not something such citizens would merely passively enjoy: they would *use* it. Specifically, they would use it to search entrepreneurially for new and better ways to improve their situations. Thus, this security gives rise to curiosity, exploration, and innovation, and these, in turn, give rise to improvement in both the mechanical arts and the sciences. People tinker, seek out expedients and improvements, risk new ventures, develop new tools and new methods and new ideas, and thus

expand the frontiers of human knowledge. “From law,” Hume wrote, “arises security: From security curiosity: And from curiosity knowledge” (EMPL: 118). “Great wisdom and reflexion,” then, are “refinements [that] require curiosity, security, and law. The *first* growth, therefore, of the arts and sciences can never be expected in despotic governments,” but, rather, in “free states” (EMPL: 118). Regarding, then, “the rise and progress of the arts and sciences,” Hume claimed “*the only proper Nursery of these noble plants [is] a free state*” (EMPL: 124).

There is another kind of moral refinement, however, that Hume argued is encouraged only in commercial societies—namely, sociability and “humanity.” He claimed that “*industry, knowledge, and humanity*, are linked together by an indissoluble chain, and are found, from experience as well as reason, to be peculiar to the more polished, and what are commonly denominated, the more luxurious ages” (EMPL: 271). In the eighteenth century, luxury was considered a vice, because it connoted vanity, indulgence, and dissipation. Hume argued, however, that luxury can also be “innocent”: “if a man reserve time sufficient for all laudable pursuits, and money sufficient for all generous purposes, he is free from every shadow of blame or reproach” (EMPL: 269). A desire for luxuries can lead one to work hard to attain them; that is, it can lead one to be industrious. This industry in turn can lead one to learn new skills and trades and to develop one’s abilities, or increase one’s knowledge. “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” (EMPL: 270).

Finally, this increasing knowledge can lead one to become “more sociable”: people in a commercial society “flock into cities; love to receive and communicate knowledge; to show their wit or their breeding; their taste in conversation or living, in clothes or furniture” (EMPL: 271). The result, according to Hume: “beside the improvements which they receive from knowledge and the liberal arts, it is impossible but that they must feel an encrease of humanity, from the very habit of conversing together, and contributing to each other’s pleasure and entertainment” (EMPL: 271). There is, then, according to Hume, a beneficial multiplier effect from commercial society, a virtuous spiral upwards:

the individual benefits both materially and morally, and his country benefits as well, again both materially and morally.

### **Commerce and greed**

Let us address an objection one might have about commercial society, namely, that a commercial society will lead people to be greedy, to focus on base material goods instead of higher, perhaps nonmaterial, goods. Hume's answer: "nor is a porter less greedy of money, which he spends on bacon and brandy, than a courtier, who purchases champagne and ortolans. Riches are valuable at all times, and to all men; because they always purchase pleasures, such as men are accustomed to, and desire: Nor can any thing restrain or regulate the love of money, but a sense of honour and virtue; which, if it be not nearly equal at all times, will naturally abound most in ages of knowledge and refinement" (EMPL: 276). So, all people, whether rich or poor, are self-interested, even "greedy"; but there are few problems in anyone's life that cannot be ameliorated by an increase in wealth. And which kind of society is it that most abounds in "knowledge and refinement"? Commercial societies.

Thus, Hume did not deny that people will be greedy in commercial societies. But he believed that people will be greedy in all societies, regardless of their institutions. So, we have no hope of eradicating greed. The best we can hope for is to channel it in less destructive, or possibly even in productive, directions. That is what Hume believed a commercial society does. By protecting people's lives and possessions, a commercial society offers only one route to satisfy one's greed: namely, enriching oneself through mutually voluntary, and thus mutually beneficial, commercial transactions. Such transactions are not zero-sum where one person gains at another's expense; instead, they are positive-sum where one person can gain only by simultaneously benefiting another. In a commercial society, each of us retains his or her opt-out option, or the right to say "no, thank you" to any proposal, offer, or request. That means that in order to execute a transaction that would benefit me, I have to offer something to you that is of sufficient value to you to make the transaction worth your while. I may be the greediest person in the world, but if I can get what I want through no other way than by offering something of value to you (that is, something that you yourself value), then my attention will inexorably be drawn,

even despite myself, to you—to your needs, your wants, your desires, your preferences, your values. In that way, my greed, though a vice, can be transformed into a relentless drive to provide you and others with benefit.

It may even turn out that the more this happens—the more time I spend thinking about others in the hopes of procuring voluntary exchanges—my selfish focus only on myself might begin to wane. I may in time come to consider others' interests as being not only something I must pay attention to in order to get what I want, but as important in their own right. In that way, I may be unwittingly drawn to soften my selfishness, and to develop what Hume called "humanity." Now, that might not happen; perhaps I am so obdurate and selfish that I can never become genuinely concerned about others.<sup>9</sup> Even in such an extreme case, a commercial society can still elicit benefit from my selfishness. But Hume's argument was that the only hope we have of encouraging people to be less selfish and more concerned for others is by regular interactions with others in which they must think about, pay respect to, and act out of regard for others' interests. And that happens, Hume claimed, only in a commercial society.

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9 Hume denied, however, that people's behaviour can always be explained only by reference to self-interest or selfishness. We all frequently act toward others out of "friendship and virtue" that is "disinterested"—interested, that is, in the good of the other, not of ourselves. Even if we receive a gratification or pleasure when we help another, Hume argued that this is not evidence of our selfishness: "I feel a pleasure in doing good to my friend, because I love him; but do not love him for the sake of that pleasure" (EMPL: 85-6).