

# ADAM SMITH'S GLOBALIZATION (BUT ANTI-SECULARIZATION) THEORY

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## ABSTRACT

In the Western world the voices calling for a secular society have grown ever louder over the last three centuries. In addition to these normative advocates, various social scientists have propounded the “secularization thesis”; after analysing history from a purportedly positive view, they have argued that “modernization” leads to a secular society. Recently globalization has been seen as another cause of secularization. At the same time, the revival of various religions has cast doubt on these claims. In this paper we return to one of the founders of modernity for guidance. Adam Smith advocated globalization on economic and moral grounds. He did not see secularization as an inevitable consequence of globalization. Further, despite his awareness of the arguments of the advocates of secular society, he rejected their advice. For him, a secular community was neither a necessary nor a desirable consequence of globalization.

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## 1. INTRODUCTION

Community has been the topic of much recent discussion. This is a fruitful turn in intellectual circles. In this paper we turn the focus of this discussion to religion and to the suggestion that this aspect of community is being attenuated by a range of factors, most notably by the forces of globalization. The structure of the paper is as follows. In the remainder of the first section we will sketch some of the secularization literature and then the globalization literature. The second section returns to the views of one of the founders of modernity, Adam Smith (1720-90),<sup>2</sup> to see what light he can shed on these issues. The third section draws some conclusions about the fate of faith in modern commercial community.

“Secularization” is a term whose meaning has been contested. Generally, it refers to a diminished public (and perhaps private) role for religion in society (Wallis and Bruce 1992, 11). The literature on secularization has a long lineage. The first modern advocate of a secular society was Pierre Bayle (1647-1706). Many Enlightenment thinkers were directly influenced by Bayle and adopted his secular aspirations; one example was David Hume, Smith’s contemporary. In later years, thinkers tended to be more indirectly influenced by Bayle. For example, Karl Marx was deeply influenced by Ludwig Feuerbach, who was a disciple of Bayle’s. Marx, of course, openly advocated atheism. These days, Western political theorists often just assume that there should be a secular society.

The collective efforts of the advocates of secularization, and modernization itself, have greatly impacted on society. The empirical evidence for secularization has been extensively studied by social scientists, especially sociologists. After World War II, this work was incorporated into “modernization theory.” “Drawing heavily on the work of Marx and ... Weber and Durkheim, modernization theory posited that industrial development followed a coherent pattern of growth, and would in time produce certain uniform social and political structures across different countries and cultures” (Fukuyama 1992, 68; see also 351-2 n. 34). “The modernization theorists of the past three decades (from Weber by way of Talcott Parsons and Edward Shils to Daniel Lerner, Alex Inkeles, and many others) largely accepted the view of the modern world as a space of shrinking religiosity” (Appadurai 1996, 6). Consistent with this trend, sociologists of religion actively promoted the secularization thesis – that modern society has indeed become increasingly secular and that this trend would continue; the lack of religiosity in Europe was a glimpse into the future for non-Europeans (Davie 2000). Another way of stating it is that “the secularization thesis asserts that modernization ... brings in its wake (and may itself be accelerated by) ‘the diminution of the social significance of religion’” (Wallis and Bruce 1992, 11). The strong religiosity in the USA was portrayed as an “exception” (presumably a temporary one) to the pattern of secularization in the “modern” states.

Let us briefly restate “the orthodox model” of secularization, as presented by Wallis and Bruce. They state that three factors lead to secularization: social differentiation, societization and rationalization. “Social differentiation is the process by which specialized roles and institutions

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<sup>2</sup> Textual references are to Smith unless otherwise noted. My citations from him follow the practice of the editors of *The Glasgow Edition of the Works and Correspondence of Adam Smith*, citing not the page number but the relevant Book, Chapter, Section and paragraph (i.e. WN I.x.b.3 = *The Wealth of Nations* Bk. I, Chap. X, Sect. b, para. 3). References to other philosophers usually follow this pattern. Abbreviations of Smith’s works: *Corr* = *The Correspondence of Adam Smith*; *HLM* = “History of the Ancient Logics and Metaphysics” in *Essays on Philosophical Subjects*; *LJ* = *Lectures on Jurisprudence*; *TMS* = *Theory of Moral Sentiments*; *WN* = *Wealth of Nations*.

are developed ... to handle specific features or functions” such as education, health care, welfare, and so on, all of which were previously united under one (religious) institution (Wallis and Bruce 1992, 12). Societization is the process by which life becomes organized less by “close-knit, integrated, small-scale communities” and more by larger units, such as the “nation” (Wallis and Bruce 1992, 13). Rationalization refers to the increasing influence of rational and empirical exploration; this manifests itself in various ways, including the development of technology (which reduces “uncertainty and thereby reliance upon faith”) and the rationalization of theology and ethics (Wallis and Bruce 1992, 14).

Secularization theorists even influenced theology itself. By 1965 the theologian Harvey Cox could pronounce that “The age of the secular city, the epoch whose ethos is quickly spreading into every corner of the globe, is an age of ‘no religion at all’” (Cox 1965, 3). Of course, over the last twenty-five years there has been some clear evidence of a revival of some forms of religion, notably of Islam and some types of Christianity (Gellner 1994; Beyer 1994, 114-34, 160-84; Beyer 1999, 292-3). Consequently, a more nuanced and ambivalent tone has entered into the analysis of the current reality and the prognostications about the future (Beyer 1994 and 1999). Indeed, from the early 1990s, some commentators began to argue that the secularization found in Europe was actually the exception to the norm (see Davie 2000). One author has even declared the death of the secularization thesis (Stark 1999). Now let us turn to globalization.

Like the term secularization, “globalization” has been defined in various ways. “[G]lobalization is a contested concept” (Robertson and White 2003b, 2). Generally it refers to “world-compressing trends” (Robertson and White 2003b, 2). In recent times, “globalization” has become a popular term and the topic of a considerable literature.<sup>3</sup> The term may be new but the essence of what it refers to is not: globalization is “a very long term process, extending back through thousands of years” but it accelerated from the late nineteenth century (Robertson and White 2003b, 8). Similarly, some have seen “[g]lobalization theories ... [as] developments of the fundamental modernization thesis” (Beyer 1994, 8). A major cause of modernization is economic change and globalization has been an integral component of this process. One effect of globalization has been the weakening of the economic autonomy of so-called “nation-states.”<sup>4</sup>

Of course, globalization has impacts well beyond the economic structure. According to Appadurai, presumably because of globalization, the “nation-state” is entering a “terminal crisis” (1996, 21); the weakening and potential collapse of this institution has many political and military consequences. Also, some commentators have seen globalization as a force for “homogenization” (Barnet and Cavanagh 1996; Hetata 1998), or “creolization” (Lechner 2003), of culture in the broadest sense, including religion. To the extent that “creolization” refers to a cultural melting pot under the heat of modernization, the same secularizing forces mentioned by Wallis and Bruce are at work: globalization tends to bring secularization. Going back beyond World War II one can find a clear statement of the thesis in Karl Marx.<sup>5</sup>

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<sup>3</sup> The term “globalization” gained currency “about 1980” (Robertson and White 2003b, 1). A useful introduction to the literature is Robertson and White 2003a.

<sup>4</sup> The “state” is the entity accepted in international law as the territory of a country. The “nation,” or “people,” usually has established racial or cultural characteristics. The early modern goal of having the state boundaries coincide with that of a “people” was rarely achieved in practice.

<sup>5</sup> The following paragraph draws from Alvey 1987.

For Marx, history moves in a series of stages towards the ultimate atheistic, global, communistic society. The materialistic foundation of Marx is evident in his view that the “mode of production” determines the division of the stages of history; the other features of society (such as law and religion) are lumped together as “superstructure” and are regarded as epiphenomena (*Poverty of Philosophy* 102; *Capital* Vol. I, 83). The mode of production, or economic base, actually has two components: the forces of production (technology, human skills and so on) and the relations of production (class relations resulting from the ownership of the means of production). History’s driving force is the change in the forces of production.<sup>6</sup> As these forces advance, eventually tension arises with the change-resisting superstructure. Class struggle arises and intensifies; after a revolution a new superstructure and set of class relations arise; a new stage of history begins (*Poverty of Philosophy* 159-60). In the capitalist epoch the mode of production becomes more capital-intensive and the scale of production constantly increases; the market becomes increasingly global. After the socialist revolution that overturns capitalism, the society gradually shades into communism; society loses its oppressive superstructure, including religion, which upholds the position of the ruling class. There is no autonomy for the state; in the communist world at the end of history there is a global culture, including a uniform acceptance of atheism. Marx certainly presents us with “the globalization leads to secularization thesis.”

This thesis was implicitly adopted and modified by neo-Marxists and other proponents of the secularization thesis. In many ways the fate of the “globalization leads to secularization thesis” is linked to that of the general secularization thesis. Hence, recent debates in the latter have been reflected in the former.

One such debate concerns the relative weight given to the threats and opportunities that globalization presents for religion (Beyer 1994). If secularization is not inevitable, the outcome of globalization depends partly on the strategies adopted by the particular religion and partly on the type of religion itself (Beyer 1994, 28-32). As the nation-state weakens, a clear threat arises for territorially-based religions. On the other hand, great opportunities emerge for these religions to become global; religions which are already global may gain considerably. There is now greater potential for the globalization of religion.

The empirical evidence also undermines the “globalization leads to secularization thesis.” The following quotation from Appadurai is apposite: “There is vast evidence in new religiosities of every sort that religion ... may be more consequential than ever in today’s highly mobile and interconnected global politics” (1996, 7). Another commentator says that:

the notion of secularization as a straightforward loss for religion of all societal influence does not apply to global society as a whole.... It may be that globally, at the level of individual involvement and orientations, religion is as strong or weak as it has ever been. (Beyer 1999, 293-4)

The shift in opinion about the fate of religion has also influenced thinking in international relations. In response to the end of the Cold War (and Fukuyama’s end of history thesis),

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<sup>6</sup> One referee was concerned about my misrepresentation of the subtlety of Marxists and other materialists throughout the paper and especially as far as this suggests a simplistic account of history. I acknowledge that many materialists now permit the influence of factors other than material ones.

Samuel Huntington suggested that the new environment allows for the revitalization of religion and that old religions would form the basis of a new “clash of civilizations” (Huntington 1996). This paper cannot address the vast literature on secularization or that on globalization. Our more limited purpose in what follows is to stand back somewhat from the debates found in these overlapping literatures and gain some perspective from the vantage point of one of the most profound proponents of modernity, Adam Smith.

## **2. ADAM SMITH’S VIEW OF GLOBALIZATION AND SECULARIZATION**

Adam Smith has been called a founder or “charterer of commercialism” (Justman 1993, 56; see also 3,26,29,55,71,87; Cropsey 2001, 120). At the beginning of the modern era he saw perhaps more clearly than we can the trajectory of what we call capitalism. As a political economist he was an advocate of one variety of what we call globalization. This is hardly surprising given his seminal role in the founding of the discipline of economics (Canterbury 1976, 2). Yet people often forget that he was also a moral philosopher, historian, sociologist, literary critic and linguist. We will address a range of questions below. From the normative perspective of a moral philosopher, did he propose secularization or the end of piety? As a social scientist he looked for long historical patterns and applied those that he found to his projections into the future. In this role what predictions did he make about religion? Would globalization promote the emergence of a secular society? Our first task, however, is to present some justification for studying Smith as a globalization theorist.

### **2.1 Smith as a Social Scientific Observer and Analyser of Globalization**

Smith wrote over two hundred years ago when the Industrial Revolution was just beginning. What are his credentials as a globalization theorist? Was Smith really aware of the global tendencies of commercialism? What role does commerce, and material factors in general, play in history?

Smith’s social scientific analysis of the globalizing tendencies of commercialism is primarily set out in his second book, *The Wealth of Nations*. Smith was aware of the flightiness of capital: “The capital of the wholesale merchant” has “no fixed or necessary residence anywhere”; it shifts around “according as it can either buy cheap or sell dear” (*WN* II.v.14). Sometimes the great owners of capital can be induced to stay in a country where profit rates are low, however, *if* they are given considerable political power, as was the case in Smith’s day in Holland. This exception would soon vanish, however, if the republican form of government should cease. The end of their political rule would lead the Dutch merchants to “remove both their residence and their capital to some other country, and the industry and commerce of Holland would soon follow the capitals which supported them” (*WN* V.ii.k.80). The flightiness of capital clearly impacts on national prosperity.

A proper understanding of globalization leads to theorizing about how wealth accumulates. In Smith’s view, one of the principal causes of economic growth is the division of labour (*WN* Intro.1-3; I.ii.1). This is limited by the extent of the market. Removing various impediments to trade in domestic markets would allow the size of the market to expand and with it the division of labour. Similarly, removing impediments to international trade would promote the division of labour within the trading countries and also globally. Smith commented as follows on the early

stages of the international division of labour: “the commerce of a great part of Europe in those times [from the time of the Crusades]... consisted chiefly in the exchange of their own rude, for the manufactured produce of more civilized nations” (*WN* III.iii.15). Of course, this embryonic stage of the international division of labour arose even though there were significant obstacles to trade of all types (*WN* III.iii.2). Shortly, we will discuss Smith’s advocacy of international free trade; his policies would further promote specialization domestically and globally.

Next, let us turn to how this analysis fits with Smith’s view of history.<sup>7</sup> Like Marx, Smith uses a materialist perspective in dividing the stages of history. In his scheme of history there are four stages: hunting, shepherding, agricultural and commercial (*WN* V.i.a.1-8). Perhaps Smith’s most sustained presentation of history is to be found in his treatment of Europe in the period after the Fall of Rome (*WN* III throughout). Here he places a good deal of stress on material factors in the progress of history: “the silent and insensible operation of foreign commerce [globalization] and manufactures gradually brought about” the end of feudalism, one variety of society found in the agricultural epoch (*WN* III.iv.10). In Marxian terms, Smith places a lot of emphasis on the changes in the economic base. Yet he makes it clear that other factors are involved as well – such as the lay-lord’s vanity and fascination with finely-crafted objects, which led to obsessive purchasing (*WN* III.iv.10) – in the gradual undermining of the power of the feudal lay-lords; the autonomy of these lords had held back the arrival of the commercial epoch. Globalization would be driven by economic factors but there would be complications due to various psychological factors and perhaps even chance (*WN* V.i.a.43).

While Smith could not have imagined all that has transpired since his day, he seems to have understood the basic principles of globalization (Machan and Chesher 2002, 170 n.1). From the perspective of Smith as a social scientific analyst, we turn to him as a normative theorist, beginning with his moral theory.

## 2.2 Smith’s Moral Theory<sup>8</sup>

Smith’s theory of human nature and morality is largely presented in his first book, *The Theory of Moral Sentiments*. How does morality arise? Is religion central to its establishment? How is morality refined over time? How is it inculcated? What role does religion play in the maintenance of morality?

A few comments need to be made here about Smith’s view of human nature. He assumed that certain universal characteristics of human nature exist (*WN* I.ii.4; *HLM* 2; see Young 1997, 42) and on the basis of these characteristics morality develops. Smith gives short shrift to those, like Rousseau (see *Second Discourse* Part I throughout), who had suggested that there was a pre-social state of nature. Humans are social creatures and desire to be believed, to persuade and to seek agreement (*TMS* I.i.4.7; III.2.31; VII.iv.25).

According to Smith, all humans live in society and it is not long before the first humans start to compare the appearance and actions of others in the group (*TMS* III.1.4). This soon leads to a second stage when individuals discern that they are themselves being observed and evaluated, physically and morally (*TMS* III.1.4-5). At this stage the innate desire to seek approval is activated and we “become anxious” as to what others think of us, and how far “we deserve

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<sup>7</sup> This paragraph draws from Alvey forthcoming.

<sup>8</sup> This section draws from Alvey 2001.

censure or applause” (*TMS* III.1.4-5). We imagine ourselves in the position of the observer or spectator, even of our own actions: in “the imagination we place ourselves in his [the spectator’s] situation” (*TMS* I.i.1.2). We sympathize with the imagined views of the spectator. For Smith, sympathy has a special meaning, differing from compassion: it refers to “our fellow-feeling with any passion whatever” (*TMS* I.i.1.5). Given this special meaning, let us return to Smith’s presentation of human development where humans act as spectators of themselves. The person, in his imagination, divides himself into two persons: one is the judge and the other is the person whose action is judged (*TMS* I.i.1.6). We try, vicariously, to judge ourselves through the eyes of a spectator. From the perspective of the spectator “we either can or cannot entirely enter into the sentiments and motives which influenced [the action]” (*TMS* III.1.2). Hence, we either approve or disapprove of our own action. In judging the actions of another person an analogous process applies.

The third stage in maturity is to gain even greater distance from our own biased evaluations, by transforming our notion of spectatorship. We try to gain some perspective or distance from our own action:

We endeavour to examine our conduct as we imagine any *fair and impartial spectator* would examine it. If, upon placing ourselves in his situation we thoroughly enter into all the passions and motives which influenced it, we approve of it, by sympathy with the approbation of this supposed equitable judge. If otherwise, we enter into his disapprobation, and condemn it. (*TMS* III.1.2 emphasis added)

In this case we sympathize with an ideal standard: we transform the *partial* spectator into the “*impartial* spectator.” By judging ourselves by the latter standard, we attempt to free ourselves from our partiality to ourselves. The same standard applies in judging the actions of others.

We strive for “harmony and concord” of the emotions of the actor and the spectator (*TMS* I.i.4.7). In striving for this concord, the actors have to moderate the pitch of their own emotions to that level which is acceptable to the spectator. The emotions of these socialized individuals have to be modified not by the views of a biased observer, but by the views of a third, ideal, or imaginary person. The subjective sentiments of actors can be compared to this more “objective” standard. Observation of the conduct of others, over long periods of time, leads humans to form “general rules concerning what is fit and proper” (*TMS* III.4.7). The “general rules of morality” thus arise out of sympathy (which is based on imagination), notably sympathy with the imaginary “impartial spectator” (*TMS* III.4.8).

So is morality culturally relative? Smith is a conscience theorist and hence even in early times, conscience suggests that there is a moral standard beyond mere public opinion (*TMS* I.iii.2.8). Indeed, “[t]here are certain principles established by nature for governing our judgements” (*TMS* III.2.31). The “Author of nature,” God, gave us conscience (*TMS* II.i.510). We cannot escape from “the demigod within the breast,” “conscience, the inhabitant of the breast, the man within, the great judge and arbiter of our conduct” (*TMS* III.2.32; III.3.4). These demigods are also called the “vicegerents of God within us” (*TMS* III.5.6). If the vicegerents are authorized by one god, it seems unlikely that their rulings will diverge significantly. We would have found out

more about Smith's views on these themes had he finished his planned book on jurisprudence.<sup>9</sup> In the final paragraphs of the *Theory of Moral Sentiments* he prepares the readers for that book (*TMS* VII.4.36-7). Here he tells us that there is one ultimate standard of morality and law: "natural jurisprudence" refers to "the general principles which *ought* to run through and be the foundation of the laws of *all* nations (*TMS* VII.4.37 emphasis added). This cosmopolitan standard, of course, emerges only over time. This story has clear relevance for the historical progress of human beings and human society and also Smith's own advocacy of globalization.

Next, let us turn from the *standard* of moral action to the *practice* of moral action: from theory to application. Acting virtuously is easiest if it is the spontaneous response to the actor's own tender, moral sentiments; unfortunately, people often lack these sentiments (*TMS* III.5.1). On the other hand, if the person was "virtuously educated," he will always strive to act *as if* he had them (*TMS* III.5.1). This might mean that the motive of action is just "a reverence for the established [general] rules of duty" (*TMS* III.5.1). Smith implies that this "virtuous education" is moral education in the home and in the churches.

In the best case, therefore, the moral sentiments automatically lead us to moral action. In the second-best case, "virtuous education" as a child provides us with the rules of life which we follow rigidly. In the third-best case – where we either lacked such education or were corrupted by "bad company" (*TMS* VI.ii.1.17) – we have to rely upon the surveillance of actual, interested (as opposed to partial) spectators to guide us when we are actually or potentially deviating from the general rules of morality.

In short, for Smith, morality "on the ground" evolves over time. He suggests that the ultimate standard of morality is fixed; it is given by the cosmopolitan, impartial spectator (*TMS* III.3.4). This type of spectator, however, can only be imagined once globalization begins and thus the widespread adoption of this standard "on the ground" in actual communities will only be possible after globalization is well advanced. In order for the evolving standard to lead to virtuous action, a considerable role is allocated by Smith to active community participants, such as churches. More will be said about the role of churches and religious sects shortly. Before doing so, however, we should now develop further the reasons for Smith's advocacy of one type of globalization.

### 2.3 Smith as an Advocate of One Type of Globalization

Smith wrote at a time when one type of globalization already prevailed: mercantilism.<sup>10</sup> He rejected this as a deviant variety and called for an overthrow of these nationalistic policies; his advocacy of free trade was "revolutionary" at the time (see Hutchison 1978, 19). Smith advocated this second type of globalization on economic and moral grounds. What were his

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<sup>9</sup> After Smith's death, two sets of student notes from Smith's lectures on jurisprudence were found (*LJ* (A) and *LJ* (B)). These are now called Smith's *Lectures on Jurisprudence* in the *Glasgow Edition of the Works and Correspondence of Adam Smith*.

<sup>10</sup> Mercantilism was an economic doctrine and a set of nationalistic economic policies. While its economic theory was weak, its policies (aimed at encouraging exports and discouraging imports) have been remarkably resilient over the years. One referee questioned the appropriateness of the label "globalization" for mercantilism, given that nationalism was the foundation of the doctrine; presumably, in this view, nationalism is set in opposition to cosmopolitanism. I suggest that the outward orientation of mercantilism (exports and imperialism; contrary to a closed economy aiming at self-sufficiency) partly justifies the label.



economic arguments? What were his moral arguments? Perhaps the former arguments are well-known but the latter probably are not.

Although we have claimed that Smith advocated globalization, his book which primarily addressed economic themes did not have “globalization” in the title. *An Inquiry into the Nature and Causes of the Wealth of Nations* still pays some regard to the old political structures (nation-states) but his approach is dominated by cosmopolitanism (see Minowitz 1993, 2). Smith’s economic analysis is cosmopolitan and his policy advice is designed to integrate all states into a global commercial system that was free of mercantilism.

The starting point, therefore, should be Smith’s analysis of trade. For him, trade was beneficial for both parties: “trade which, without force or restraint, is naturally and regularly carried on between any two places, is always advantageous ... to both” (*WN* IV.iii.c.2). This is true for domestic and international trade. Trade is viewed as what we now call a positive-sum game (see Fusfeld 1999, 160). Smith’s nationalistic opponents, the mercantilists, saw trade as a zero-sum game: what one party gains is the loss for the other (see Hollander 1987, 19; Fusfeld 1999, 160). In more recent times, neo-Marxist and other structuralist commentators have viewed international trade as a system of exploitation: “international trade is plunder of the majority of the people, especially in the South [the Developing Countries]” (Hetata 1998, 276; see Balaam and Veseth 2001, 67-86). Smith rejected explicitly or implicitly both the mercantilist and neo-Marxist views; for him voluntary exchange signified that both parties gained.

He advocated economic growth and rising living standards for the population as a whole, whilst the mercantilist view was that the cost of production, especially wages, had to be held down in order to promote the all-important surplus on the balance of trade (*WN* I.viii.43; Hollander 1987, 21). Free trade, whether in the domestic or in the international sphere (when combined with a range of other factors such as peace, and law and order), would bring about the desired outcome by voluntary means. The often-mentioned “trickle-down effect” is developed by Smith (*WN* I.i.10). The international division of labour is desirable as a means to increase economic growth in all of the participating countries.

For Smith there are moral dimensions of commercialism in general and globalization in particular, at least when these are not perverted by monopoly and mercantilism. There is a range of moral *causes* and *consequences* of commercialism. Let us begin with the causes of trading.

As some recent commentators have shown (Young 1997, 55-77), Smith explains the origins of trading by reference not to calculation but to benevolence. The earliest societies were comprised of very small, autarkic households within which benevolence would prevail. The close, intimate relationships of household members comprise the innermost sphere in what has been called the “spheres of intimacy” in Adam Smith (see Nieli 1986).<sup>11</sup> Beyond the household there are other people who were encountered regularly, occasionally or never; as the social “distance” increased, the level of intimacy decreased, and with it the extent of benevolence. For Smith, the

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<sup>11</sup> The most intimate relations are with one’s self and one’s family (*TMS* VI.ii.1.1-2). Next, there are cousins who, unlike the family members, have usually lived separately (*TMS* VI.ii.1.5-8). Then come intimate friends, occupational colleagues, residential neighbours, and those who have acted with benevolence towards us (*TMS* VI.ii.1.15-16). The final group that Smith mentions are those within the “nation-state” (*TMS* VI.ii.2.2; VI.ii.3.6). The extent of benevolence diminishes as you move outward through these “spheres” (*TMS* III.iii.9; VI.ii.2.4). Of course, this leaves open the possibility that those beyond the “nation-state” with whom one has contact can enter into the spheres of intimacy, probably in the third sphere.

origins of trade are to be found in gift-giving *between* autarkic households. As there was no economic need for exchange, gift-giving was symbolic of good-will between friends. Over time, gift-giving became routine, guided by the moral virtue of gratitude (the virtue “of which the rules are most precise” (*TMS* III.6.9; see Young 1997, 62)). Gift-giving was eventually transformed into a calculative activity between people who knew each other; clearly, a diluted benevolence still applied in this type of exchange. The benevolence of relationships within the household could be extended in a diluted way to outsiders through trade: “Commerce ... among individuals, [is] a bond of union and friendship” (*WN* IV.iii.c.9; see Young 1997, 61). According to this style of interpretation of Smith, the market price represents a sort of just price (see Young 1997, 61-2,77; Fitzgibbons 1995, 176); commerce can convert all trading partners, even strangers, into friends. Young calls “[t]he friendship/gifts/self-interest/persuasion/exchange nexus” Smith’s benevolent model; by contrast, “slavery, colonialism, monopoly, and international trade based on the mercantile policy” is called Smith’s malevolent model (1997, 63-4). The former is the model that Smith adopted himself (Young 1997, 206-7).

There are other moral aspects to competitive commercialism and economic growth. They require, to give a few examples, the virtues of industry, prudence, circumspection and frugality (*TMS* III.5.8; VI.iii.13; *WN* II.iii.25; see Young 1997, 164-5). They also have direct moral effects: they increase the independence, honesty and punctuality of the people (*LJ* (A) vi.6-7; *LJ* (B) 204-5, 326-8; see also Montesquieu *Spirit of the Laws* V.6). By increasing incomes, the indirect moral effect of economic growth is that people no longer have to abandon their old and their young (*WN* Intro.4; I.viii.24-6; Young 1997, 165-6, 169-72). Whilst some critics of commercialism may find it a strange notion, Smith suggested that commerce improves the morals of the people. Now let us turn to globalization in particular.

Globalization requires meeting those from other countries and reaching agreements with them on the goods to be traded, and so on. As one becomes familiar with these foreigners an awareness increases of other cultures and other ways of doing things. In the mercantile version, the response is hostility and force. In the free-trade version the ways of foreigners become less strange and a bond of friendship develops; these foreigners can be incorporated into the middle range of the “spheres of intimacy.” In other words, under free-trade globalization, by promoting cosmopolitanism, the standard of morality insensibly develops towards the perspective of the cosmopolitan impartial spectator; by widening the circle of humans with whom one can sympathize, people are morally perfected by globalization.<sup>12</sup> Taken together with the general moral effects of competitive commercialism, free-trade globalization provides a considerable degree of human perfection for a wide range of people (see *TMS* I.iii.3.5; Fitzgibbons 1995, 145).

Smith also drew a linkage to international relations. International trade was potentially a means to peace; free trade produces a “bond of friendship” among nations (*WN* IV.iii.c.9). By contrast, mercantilism, and the associated policy of trading monopolies, would lead to the promotion of national hostilities and eventually cause war (*WN* IV.ii.38; IV.iii.c.9; IV.viii.48; V.ii.g.2). Smith’s advocacy of free trade coincided with his pacific view of the goals of international relations.

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<sup>12</sup> Cosmopolitanism allows for a softening of *moeurs*. This is another improvement in character that commerce produces.

Smith's cool view towards war and nationalism also applies to colonialism (which was often associated with mercantilism). For Smith, the European empires were immoral and economic failures (*WN* Into.7; IV.ii.21; IV.vii.c.11-3; see also Fitzgibbons 1995, 174). At the brink of war with the American colonies, he called for a political union between the colonies and Britain; and after the War of Independence began, he argued that the most advantageous British strategy would lead to "the dismemberment of America" (*WN* IV.vii.c.75-7; *Corr* 384). In our own times, critics of globalization may suggest that powerful states (like the USA) use globalization as a means of exploitation; even if there is no legal empire there is a sort of neo-colonial empire. This view is espoused by neo-Marxists, like Modern World System theorists; the latter claim that the globe comprises three types of states--the "core," the "periphery" and the "semi-periphery"--where the "core" states (including the USA) can exploit those states outside of the "core" through unequal exchange (Balaam and Veseth 2001, 79-81). As was mentioned earlier, for Smith international trade leads to mutual gain. By contrast, empire and imperialism are unlikely to yield mutual benefits for the colonial power and her subjects.

In short, in Smith's view, free-trade globalization produces various benefits. For individuals, it produces mutual benefits for the participants, cosmopolitanism and moral improvement; for countries, it contributes to economic growth and friendship and peace between nations. Thus, Smith recommended one type of globalization for various reasons, and even the "economic" reasons had "moral" aspects. Now let us turn to Smith's views on religion in the light of the existing and projected commercialism.

#### **2.4 Smith's Views on the Role of Religion in the Context of Commercialism and Globalization<sup>13</sup>**

Smith saw the advance of commercialism as productive of both benefits and costs. Our primary concern in what follows is to elaborate the moral problems produced by that advance. In this environment how can religion play a positive socializing or moral role? What are the ideal religious institutions in the commercial society (the final stage of history)?

Commercial society tends to increase the size of cities. Of course, urbanization is often seen today as one of the consequences of globalization. The large, perhaps cosmopolitan, city may have considerable moral advantages (by refining one's notion of spectatorship) but Smith was troubled by some of its potential moral costs. In this light Smith's discussion of the poor man from the country who moves to a large city takes on considerable significance.

When the poor man resides "in a country village" he will be known and his conduct will be observed; he will have a moral "character" which will require upright conduct to be maintained in such a small community (*WN* V.i.g.12). Upon moving to a "great city," however, such a man is likely to be lost in the obscurity and anonymity of the new environment; he may drift towards vice unless he participates in the right sorts of groups or associations which will "observe and attend to" his conduct (*WN* V.i.g.12). Smith only suggests one such group that will do the job: a religious association; religion has "a constructive role to play in character formation... countering this source of corruption in commercial society" (see Griswold 1999, 273; see also 275). By "becoming a member of a small religious sect" his behaviour will be "attended to" (*WN* V.i.g.12). It has to be small in order for closeness of contact to be maintained and

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<sup>13</sup> This section of the paper draws from Alvey 2001; see also Griswold 1999, 266-92.

behaviour really monitored. Smith does not think that large Churches, especially those stressing theological or philosophical abstractions, can do the appropriate socializing role.

There is then, for Smith, a need for small sects. How can a sufficient supply of these vigorous small sects be actualized in large cities? Smith says that the answer is the disestablishment of the church (establishment means that the Church theology is enforced by the state). The need for sects will be met through the supply generated by disestablishment (*WN* V.i.g.8).<sup>14</sup> In Smith's best regime, where disestablishment has occurred, the citizens will not be atomized individuals, their conduct will be "observed and attended to." Smith was committed to large societies because of their viability, but he had to "provide against the moral disadvantages of mass society by simulating the conditions of small republics" (Cropsey 2001, 96 n.88). In Smith's somewhat communitarian (*TMS* II.ii.2.16; Winch 1978, 170 n.3) best regime, people are perfected through associations with others in groups.<sup>15</sup>

There is a side-effect of disestablishment which Smith was aware of and sought to remedy: the strict nature of most of the sects (*WN* V.i.g.15). He was concerned that once the problem of depravity was overcome, the problem of "rigorous and unsocial sects" would arise (*WN* V.i.g.12). There was a role for government here to overcome the "melancholy and gloomy humour" of the sects; it had a duty to "correct ...the morals" of the sectarians by a certain type of education (which is more than vocational but less than what we would call a liberal education) and by promoting the "frequency and gaiety of public diversions" (*WN* V.i.g.13,15; see V.i.f.53-61).

These policies would complement the moralizing effects, that were mentioned above, of competitive commercialism in general and free-trade globalization in particular. Smith thought that, without the support of the state, religious competition would lead the various sects to make "concessions... to one another"; the more absurd would wither away and this might, over time, reduce "the doctrines of the greater part of them" to something like a "pure and rational religion" (*WN* V.i.g.8). The long-run consequences would be "philosophical good temper and moderation with regard to every religious principle" (*WN* V.i.g.8).

Even though Smith praises the learning and decency of the Presbyterian clergy in Switzerland and Scotland in his own day, because they were established at the Canton or national level, they were not his ideal (*WN* V.i.g.37,41; Black 1999, 213). He states that the closest thing to his ideal was to be found in his day in the North American colony of Pennsylvania (*WN* V.i.g.8). "[I]n Pennsylvania, ... the law in reality favours no one sect more than any other, and it is there said to have been productive of this philosophical good temper and moderation" (*WN* V.i.g.8).

Smith's approach contrasted with that of many of his contemporaries who openly attacked religion. For example, Hume advocated the retention of an established Church *because* it would weaken religious faith (*History of England* Vol. III, 133-6 quoted in *WN* V.i.g.3-6). Others promoted different policies but shared Hume's goal. Consider Montesquieu's view that the "way to attack religion is by favour, by the comforts of life, by the hope of fortune, ... by what makes one forget it [religion]" in the light of his eulogy of the commercial spirit in England

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<sup>14</sup> Recently, rational choice theory has investigated religion. "Supply side" theory has been used to explain the difference in the religiosity found in the USA and Europe (see Davie 2000).

<sup>15</sup> Smith is aware of the tension between individual rights and community that has been discussed by recent theorists.

(*Spirit of the Laws* XXV.12 cf. XI.6 and XIX.27). By contrast Smith seems to rule out the possibility that “social conditions can be structured ... [so] that religion ceases to be a felt need” (Griswold 1999, 276; see also 286,291).

As an Enlightenment philosopher, Smith was hardly a religious “enthusiast” or zealot (*WN* V.i.g.8). He wished to see the competitive marketplace for goods and services extended to include religion. The effect of this competition would be to smooth out the religious extremes and the generation of a more moderate and rational religion. Nevertheless, he saw religiosity as inevitable and a diluted version of religion was a desirable component of decent commercial societies of the future. For example, along with parents, Smith saw religious sects playing a major role in moral education. Griswold comments that Smith “would find the demise of religion itself to be a matter for grave concern, especially if it were to occur in the context of a modern commercial society” (1999, 292). Before closing our main presentation of Smith’s analysis of religion, let us consider how religion links with his view of history.

## 2.5 Smith’s Views on Religion in the Light of his Teaching on History

We saw earlier that Smith presented history as being driven by material factors but with various other factors also having an impact. Does religion have a role to play in determining the path of history? Is it an independent variable?

A little background on what Smith saw as the preconditions for the commercial epoch, is required at this point. Most of these preconditions are related to domestic and international security; “tolerable security,” in turn, was only possible if several other conditions were met (*WN* I.xi.n.1). First, there needed to be peace and the rule of law (*WN* V.iii.7). Second, religion had to be properly ordered so that it did not threaten the rule of law or domestic peace (*WN* V.i.g.21-3). Hence, the transnational, highly political, Catholic Church had to be drastically weakened; this will be discussed shortly. Third, individuals with considerable political, military and legal autonomy from the sovereign needed to be greatly restrained. In feudal Europe the lay-lords in the rural areas had such autonomy; restraining them would often lead to royal absolutism (*WN* III.iv.7; *LJ* (A)iv.162).<sup>16</sup> Fourth, in addition to these political, legal and religious factors, foreign commerce would also be required (*WN* III.iv.10, 17). The appearance of large-scale foreign commerce really showed that security had been achieved; opulence would soon follow, along with the transition to the commercial epoch.

In the light of this theory, let us turn to Smith’s presentation of the historical transition to the commercial epoch in Europe, concentrating on the fourth factor. The rise of foreign commerce occurred in England during the reign of Elizabeth I (1558-1603) (*WN* III.iv.20). Some countries had progressed faster to this stage than had England. Smith refers to France having achieved “a considerable share of foreign commerce near a century before England was distinguished as a commercial country” and he specifically refers to this as having been achieved by the time of “the expedition of [King] Charles the VIIIth [of France] to Naples,” an event that occurred in 1494-5 (*WN* III.iv.21). Even earlier, the city-states of Italy engaged in extensive foreign commerce: “The cities of Italy seem to have been the first in Europe which were raised by commerce to any considerable degree of opulence” (*WN* III.iii.14). Due to their role as “commissaries” of the armies of the Crusades to “the Holy Land,” the Italian “republics” of

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<sup>16</sup> Absolutism did result in many countries; in Britain it began with the reign of the Tudors (Henry VII ruled England from 1485 to 1509) (see *LJ* (A)iv.164).

“Venice, Genoa, and Pisa” were propelled to the commercial stage sometime between the twelfth and early in the fifteenth centuries (*WN* III.iii.14).<sup>17</sup>

We can now turn to the religious counterpart to this economic history of Europe. Smith has an interesting but relatively brief account of the history of Roman Catholicism.<sup>18</sup> His account is important for three reasons. First, Catholicism was a superstition that greatly opposed reason (*WN* V.i.g.24). Second, it had undermined the rule of law and peace in Europe for centuries and thus held back the progress of commercial society (*WN* V.i.g.21-3). Third, Smith’s account should tell us more about how developments there aligned with the Marxian superstructure/base dichotomy and the corresponding materialist view of history.

After four centuries of almost unassailable power in Europe, by the beginning of the fourteenth century Smith suggests that the Catholic Church began to decline as a temporal and spiritual authority; it was “by the natural course of things, first weakened, and afterwards in part destroyed” (*WN* V.i.g.24). What he means by “the natural course” is “[t]he gradual improvements of the arts, manufactures, and commerce” (*WN* V.i.g.25). In addition to these material factors, there are other causes (the same psychological factors that undermined the lay-lords, namely vanity and the fascination with finely-crafted objects) which led to the collapse of the “temporal power of the clergy” (*WN* V.i.g.25). The “spiritual authority” soon followed, when the clergy were unable to provide “charity and hospitality” on the scale that they had previously and the people became “disgusted by the vanity, luxury, and expense of the richer clergy” (*WN* V.i.g.25).

It was in this decayed state that Catholicism came to face its greatest challenge: the Reformation, which began in 1517. In Marxian terms, change in the superstructure completes the transition to the next stage of history. Hence, the period from 1517, perhaps throughout the rest of the century, should mark the shift to the commercial epoch. Unlike the Marxian theory, for Smith, the Reformation occurred after the various Italian city-states and France arrived at the commercial stage.

Smith does not follow the view of religion as a mere epiphenomenon advanced by Marx and other materialist advocates of secularization theory. Religion can play an important role in history. It was one factor impeding the rise of commerce but the power of the lay-lords was also important and the latter influence persisted longer. So Smith’s view of history was more subtle than Marx’s and many other materialists. Let us now turn to some concluding remarks.

### 3. CONCLUSION

Smith was aware of the dynamism of commercial society and its globalizing tendencies. He saw evidence of it being misdirected by nationalism, mercantilistic commercialism and imperialism.

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<sup>17</sup> The period of the Crusades began with the First Crusade (1095-1101) and persisted until at least 1669. The Crusades were initially directed to the “conquest of the Holy Land” but the purpose of the Crusades changed over time. Hence, the period that Smith refers to is not clear historically or in his account. Similarly, the date by which these Italian cities entered the commercial epoch is unclear historically and in Smith’s account. Nevertheless, Smith’s reference to them as “republics” suggests that he has in mind the period before Pisa’s subjugation by Florence (in 1409), or even the period before Pisa began its decline following its naval defeat by Genoa (in 1284).

<sup>18</sup> This account is discussed in Alvey forthcoming.

There was another type of globalization which avoided these forces; this variety Smith supported on economic and moral grounds. His analysis of religion suggests that it can and should play a positive role in commercial, and increasingly globalized, society. Smith indicated that his religious ideal could be found in Pennsylvania. What did Smith predict about the future of religion in commercial societies? Did he think that global convergence towards the Pennsylvanian model was likely? Was Marx's global secular society a likely outcome? What about homogeneous belief in a global religion? By introducing many sects into the "nation-state," globalization would apparently have the same effect as disestablishment. Does this mean that globalization effectively brings about the Smithian ideal even *without* disestablishment? Are there any pessimistic paths for the future? Is there any autonomy for the state?

Some support for the global convergence, or homogenization, thesis can be found in Smith's view of what was even then a global religion: Roman Catholicism. As we saw, Smith said that Catholicism as a whole (across the globe) had declined. What is even more interesting is the social scientific prediction that he makes based upon his study of the long sweep of European history. The strength of "arts, manufactures, and commerce" leads Smith to predict that Catholicism "is now likely in the course of the next few centuries more, perhaps, to crumble into ruins altogether" (WN V.i.g.25,24). This strong dose of material causation leaves open the optimistic possibility that the former, and soon-to-be-former, adherents of Catholicism were, and will be, converted to more rational (Protestant?) religious sects along the lines proposed in the discussion of disestablishment.

Despite this particular possibility, Smith was actually pessimistic that this convergence to his ideal would become the norm. The cosmopolitan standard of morality may be glimpsed, only to be undermined by the self-interest of religious or other leaders. Smith suggests that once religions become established, the church becomes wealthy and the leaders become more learned (WN V.i.g.1). At the same time, the clergy neglect their preaching zeal and lose popular support; they become vulnerable to attacks from "enthusiasts" or zealots (WN V.i.g.1). Once actual attacks occur, by "popular and bold, though perhaps stupid and ignorant enthusiasts," the established church is unable to defend itself and has to call in the support of the state; the clergy "call upon the civil magistrate to persecute, destroy or drive out their adversaries" (WN V.i.g.1). The result is a movement away from the ideal towards religious persecution.

So what would result from globalization? Smith does not spell this out clearly. Nevertheless, it seems to follow from the preceding analysis that under conditions of domestic religious monopoly, globalization may lead to more enthusiasm (greater fanaticism) and superstition (irrationalism).

With this sketch in mind, let us briefly consider Smith's social scientific predictions on the future of religion and evaluate their success. First, Smith ruled out as practical possibilities both a global secular society and the convergence of religious belief to a single global religion. These were ruled out by the uniform human longing for justice in the first case and the variable human customs, tastes, and imagination in the second. With the possible exception of Western Europe, these predictions have been validated.

Second, let us examine whether the USA serves as an enlargement of the Pennsylvanian model. In the USA the separation of church and state became a central tenant of the regime. That country today is also the centre of globalization forces. While various religious sects, including

“fundamentalist” types, have not become moderate and reasonable (Beyer 1994, 114-34), many of the Pennsylvanian features that Smith discussed and favoured can be found there today. For example, a large number of vibrant religious sects exist there and religious belief is high. Hence, Smith’s prediction seems to have been moderately successful there.

Third, as indicated previously, writing in 1776, Smith predicted the end of Roman Catholicism within a “few centuries,” even if it was established in various countries (*WN* V.i.g.24). His wording in this passage (“likely” and “perhaps” are mentioned) is a little vague on this point, nevertheless there does not seem to be any sign of this result.

Fourth, we should consider Smith’s views on non-Christian religions. His view on the fate of these religions is not explicitly stated. Nevertheless, let us take further our suggestion regarding the pessimistic path of globalization where a domestic religious monopoly prevails: the exposure to other religions increases fanaticism and irrationalism. One might suggest that this is what transpired recently in Islamic countries. The reality may be more complicated. It may be that what happened there (and also in cases of Christian “fundamentalism”) was the rise of views opposing the central features of modernity itself. While “global culture ...[is] the culture of modernity,” fundamentalism strives for “communal and societal identity” and a return to a “highly integrated and closed” society (Lechner 2003, 136, 138). In addition, fundamentalism often opposes social differentiation and rationalization. The three causes of secularization that arise from modernization, mentioned in the introduction, are opposed.<sup>19</sup> To some extent, the revival and radicalization of Islam appears to be a global movement brought on, in part, by a strategic rejection of the apparently secularizing tendencies of modernity: “fundamentalism ...[is] a form of antimodernism” (Lechner 2003, 136). The impetus may have been globalization itself; a global religion may have rebelled against the scientific, technological, bureaucratic, and rationalistic impulses of globalization. To the extent these were the factors, the *initial* cause of the revival of Islam differed from Smith’s projections. Nevertheless, one goal of the Islamic revival is enforcement by the state of fundamentalist beliefs. Once the state is brought back in as the enforcer of religious belief, a *secondary* cause of the revival of Islam enters; at this point Smith’s pessimistic projection resumes its validity.<sup>20</sup>

Fifth, the previous point raises the question of whether fanaticism is actually the norm once established religions confront globalization. The confrontation of established churches in Western Europe may be instructive. Two points about the European situation are of interest. First, there is the often-mentioned lack of religiosity in the European population. Until recently it was the religiosity in the USA that was seen as exceptional, but it may be that the real anomalies are in contemporary Europe; only there is secularism advanced (Davie 2000). Second, even though they were established, at least in recent times, the European churches did not persecute non-adherents. The established churches received some benefits from the state but they did not act, or could not act, as a religious monopolist by requiring persecution of their opponents. This restrained monopoly power was not anticipated by Smith.<sup>21</sup> It may be that this

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<sup>19</sup> The political units that are the focus of such fundamentalist movements these days are often much larger than those small communities that were discussed in the introduction (consider the size of modern Iran, for example).

<sup>20</sup> The separation of church and state has not been accepted in Islamic countries. Turkey may be an exception.

<sup>21</sup> In addition, these days, with mass migration to Europe, the real challenge to these churches may come from non-Christian religions which Smith may not have anticipated. The revival of Islam may mean that religiosity will increase *on average* in Western Europe. The response may be an increase of Christian bigotry and politicization of religious issues (a clash of civilizations *within* European countries) or a slow secularization of the Islamic immigrants.



middle position (between a religious market with a ruthless monopolist and a market with many small players acting in a perfectly competitive manner) best brings about the secular society sought by secularizers. Smith does not have a satisfactory analysis of these European cases. While the secularization theorists may have a better fit with their theory here, their analysis is generally less satisfactory.

What are the implications for modern community founded on commercial ideals? For Smith there is an interplay between global and local factors. Clearly there are important global factors at work, as seen in his prediction of the demise of Catholicism. On the other hand, I have suggested that Smith's analysis leaves some room for state autonomy. The establishment and disestablishment of the church is a matter for the state and the decision made will have enormous religious, moral and social consequences. Whilst there is a materialist component in Smith's work, his view is more subtle than that of many materialists.

For Smith, secularization was not an inevitable consequence of globalization. Further, he was aware of the arguments of the advocates of secular society, yet he rejected their advice. For him, a secular community was neither a necessary nor desirable consequence of globalization. At least one type of globalization provides an opportunity to move towards Smith's ideal but it may not be actualized even there. Whilst his social scientific predictions of the future of religion achieved mixed success, the contemporary revival of various types of religiosity would probably come as no surprise to him.

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