

Adam Smith and the Division of Labour: Influences, Ancient and Modern

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Adam Smith is often referred to as the “Father of Modern Economics”, and thus it is unsurprising that he makes an appearance in the Student Economic Review. Indeed, Smith’s thought is still taught to Economics students the world over, despite the fact that the field has progressed by leaps and bounds since he published his magnum opus, “The Wealth of Nations”. In this paper, Ciarán Mulqueen explores the influence of the doctrine laid out in this very book, comparing the thought contained within its pages to that of ancient writers and of Smith’s contemporaries. Mulqueen finds that, when compared to similar ideas propounded by ancient writers, there is a clear improvement in the works of Smith, with his work possessing a more scientific edge and focusing on the quantity of production rather than the quality of production seen in Plato’s arguments for the division of labour. He also finds that, contrary to popular belief, Smith’s analysis for the division of labour was not wholly original, and that the arguments laid out in “The Wealth of Nations” were fairly well established by the mid-18th Century. Even some of the finer points of Smith’s argumentation had featured in the works of others. The only mentionable difference found between the works of Smith and that of his contemporaries is the clarity of exposition and the power of his emphasis. Maybe this forceful emphasis, then, is the reason why Smith’s name has been eternally attached to the idea of the division of labour, and why he has been immortalised as the “Father of Modern Economics”.

I. Introduction

Provocatively, scholars such as Schumpeter and Rashid have claimed that there is not a single new analytic idea to be found in the *Wealth of Nations* (Rashid, 1998: p. 6; Schumpeter, 2006: pg. 179). Even defenders of Smith, such as Jacob Viner, have said that his “main merits as an ‘analytical’ or ‘scientific’ theorist... lie in his eclecticism” (1991: pg.257), a statement meant to down-play the originality of the work, concentrating instead on other qualities. In this essay, I will attempt to assess the originality of Adam Smith’s doctrine of the division of labour (DL) by tracing its origin in both ancient and modern authors. Although Smith had several other defining doctrines, such as the distinction between productive and unproductive labour, and that free trade was beneficial to all the countries involved, his views on the DL, the specialisation of labour and the tasks labourers perform stood apart from other theories due to the great emphasis he put on the DL in his work. Several scholars have noted the importance he placed on the doctrine. For example, Schumpeter remarks that: “With A. Smith [the division of labour] is practically the only factor in economic progress” (2006: pg. 182); and more recently, Skinner and Campbell (2009) wrote that, for Smith, “...the division of labour remained in practice the fundamental cause of economic growth”. Indeed, if we had to answer, as Smith himself would, his guiding research question, “what determines the wealth of a nation?”, as sparingly as possible, we would do well to say it is “the extent of the division of labour”. To begin, I shall lay out Smith’s own view on the DL and how it compares to those of ancient authors.

II. Adam Smith’s doctrine and its advance over the ancients

It is usually nothing more than a bad anachronism to claim, after citing a passing remark from an ancient author, that the author in question anticipated the work of a modern scholar, or, even more boldly, to claim that the modern scholar in question was influenced by the work of the former. However, in the case of the DL and Adam Smith there is at least, *prima facie*, evidence that this is not the case. First, several ancient authors such as Xenophon and especially Plato wrote about the DL, or “the eternal commonplace of economics”, as Schumpeter calls it,

in more than just some passing remarks (Republic 369E-370E; Republic 374A-374E; Cyropaedia 8.2.5). Second, we are in a position to know from biographical sources that Smith was a curious individual with a wide range of interests (Viner, 1991: pg. 250) and he had the opportunity to read the works in question when he studied moral philosophy at the University of Glasgow, and also during his time as a Snell exhibitioner (essentially time that could be dedicated to private study) at Balliol College Oxford (Phillipson, 2010). The Republic, particularly, would have been a staple in any philosophical education. Third, we know, from his library, that at the time of his death he held several copies of Plato's complete works (Bonar, 1894: pg. 86). Most importantly, Smith himself implies that he had read Plato's entire catalogue when he writes about one of Plato's beliefs that, "there is not a single dialogue in all of his works which does not refer to it" (Smith, 1967: pg. 127; as cited by Foley, 1974: pg.242).

However, Smith's work contrasts to Plato's in at least three respects. Firstly, while Smith stresses that a rise in the DL would lead to an increase in the *quantity* of goods produced; Plato thought it would only improve the *quality* of goods¹ (cf. Smith, 1976: pg.21; Republic 370B). Second, Plato believed this stemmed from individuals being naturally different. This, he claimed, left some individuals with a greater natural ability to perform certain tasks (ibid.). For Smith, the differences we observe in people are not so much the cause of the division of labour but its effect (McNulty, 1975: pg. 376). Instead, Smith gives three reasons for the beneficial effects of the DL (1976: pg. 21-22). In the order he presents them, they are;

- 1) The increase of dexterity in every workman;
- 2) The saving of time from switching from one task to another;
- 3) The invention of new machines to complete the workman's task.

¹ I am only aware of one passage where Plato, uncharacteristically, mentions that an increase in specialization would lead to an increase in the quantity produced. He writes "The, result, then, is that more plentiful better-quality goods are more easily produced if each person does one thing for which he is naturally suited..." (Republic 370C).

While I will have more to say about them and their origin in the subsequent sections of this essay, the first two are sufficiently clear, as they are presented, to pass over without explanation. On Smith's third reason, he believed that when people are focused on one specific task their mind will naturally wonder about how to ease its completion. This would, he thought, lead workers to invent new machines that would help them in the completion of their tasks (Smith, 1976: pg. 24).

Thirdly, Plato's views differ as they are prescriptive and general while Smith's are descriptive and specific. Plato thought that people were naturally different and so, he thought, only capable of specific virtues. For instance, he thought the virtue of soldiers was courage, whilst the virtue of leaders was wisdom. For these reasons, Plato thought individuals morally ought to fill specific societal roles. This was both broader than Smith's view, which was particularly about productive activity, and moralising, which Smith's view was not.

One of Smith's well-known views, that the DL is limited by the extent of the market, has no parallels in ancient texts. His main argument for the view is that, as individuals only specialise in order to trade the product of their labour, they will only have an incentive to do so if there is a market for this product (Smith, 1976: pg. 35). This would rightly be considered as a significant advance over ancient authors if it was still accepted by contemporary economists without clarification. However, it is not. Now that I have laid out Adam Smith's central views on the DL, and commented on them with respect to ancient authors, I will progress onto how his views on the DL were influenced by modern authors.

III. The modern influences on Smith's "division of labour"

When establishing what contemporary (or near contemporary) influences Smith drew on in forming his views on the DL it can be tempting to point to the first publication of the "Wealth of Nations" in 1776 as a cut-off-point. We might say that anything before that point could have influenced him, while anything written after could have been influenced by him. However, after the scholarly work of Cannan (Smith, 1896) and Scott (1937), this is no longer a tenable position. The former published notes from Smith's lectures on jurisprudence that touch on several of

the themes in the “Wealth of Nations”. The latter, on the other hand, published two fragments of Smith’s work and what is now considered an early draft of the Wealth of Nations itself. These publications present us with earlier, previously unpublished, portions of Smith’s writing which vividly show the growth of his economic views. Summing up, Scott believes that Smith’s earliest writing on the division of labour date from his time lecturing at Edinburgh. More recently, Meek and Skinner have argued that the earliest fragments date from a later period, which they tentatively claim is around the 1760s (1973: pg. 1096).

With this in mind, some sources still clearly pre-date Smith’s contributions. As Campbell and Skinner point out in a footnote (1981), the first specific mention of the word “division” (in the economic context we are concerned with) comes from William Petty when he writes in 1683:

For in so vast a City Manufactures will beget one another, and each Manufacture will be divided into as many parts as possible, whereby the work of each Artisan will be simple and easy: As for Example. In the making of a Watch, If one Man shall make the Wheels, another the Spring, another shall Engrave the Dial-plate, and another shall make the Cases, then the Watch will be better and cheaper; than if the whole Work be put upon any one Man. (Petty, 1899: pg. 457)

This quote quite clearly shows a keen appreciation of both the improvement in quantity and quality that comes from the division of labour. It also points to an anticipation of Smith’s doctrine that the DL is limited by the extent of the market. In fact, some scholars have gone further. Schumpeter, for example, saw in Petty’s work a full anticipation of all Smith’s essential views on the DL (2006: pg. 207). While there is some evidence for Schumpeter’s position, at no point does Petty clearly and explicitly lay out Smith’s view, that the extent of the market limits the division of labour. Smith’s clarity represents an advance.

The work of one of Smith’s Professors, Francis Hutchinson, also played a formative role in the development of Smith’s views on the DL. This is, perhaps, the clearest and most direct line connecting Smith’s own economic thought to one of his predecessors. Cannan (and Scott before him) drew attention to the fact that the economic themes in Hutchinson’s

“System” and Smith’s lectures on jurisprudence are laid out in nearly exactly the same order (1904, pg. xli). Quite reasonably, he concludes that Smith had drawn on his old lecture notes when preparing his own course. Hutchinson specifically addressed the division of labour, noting:

“Nay, ‘tis well known that the produce of the labours of any given number, twenty for instance, in providing the necessities and conveniences of life, shall be much greater by assigning to one, a certain type of work of one kind, in which he will acquire skill and dexterity, and to another assigning the work of a different kind, than if each one of the twenty was obliged to employ himself, by turns in all sorts of labour requisite for subsistence, without sufficient dexterity in any” (1755, pg. 288).

First, it is worth highlighting that Hutchinson claims his statement about the division of labour, which asserts that as the DL increases so too does the quantity produced, is already well-known at this stage. Second, his discussion of increased dexterity parallels Smith’s first reason for the beneficial effects of the DL. It is also worth mentioning that although the first edition of this work was published posthumously in 1755 (still nearly twenty years before the first publication of the *Wealth of Nations*), at the latest, earlier manuscripts of the work existed in 1746, the year of Hutchinson’s death, that would have pre-dated even Smith’s earliest economic writings.

There is also clear evidence that Smith took inspiration from the French encyclopédistes when he crafted his theory of the DL. First noticed by Garnier in his preface to the French translation (1802), Smith’s renowned pin making example was largely based on Delaire’s article in the encyclopédie titled “Épingles” (cf. Delaire, 1763: pg. 804-808; Smith, 1976: pg. 1819). In both cases, the two authors claim there are eighteen separate operations that go into the making of a single pin. Further, some of the examples Smith uses correspond to those given by Delaire. As Peaucelle points out, there is also significant biographical and textual evidence that Smith read and approved of the encyclopédie (Peaucelle, 2006: pg. 492). First, even though he was criticized by his colleagues, Smith made a subscription to the encyclopédie as part of his

duties purchasing books and articles for the library of the University of Glasgow. Second, Smith gave quite a positive review of the encyclopédie in the *Edinburgh Review* (1756: pg. 66). It seems uncontroversial then, to claim that this is another source of influence for Smith's theory.

IV. Conclusion

In this essay, I assessed the originality of Adam Smith's doctrine on the DL, the heart of his theoretical contribution to political economy. I started by tracing its historical sources from the most influential ancient authors. Smith's doctrine was, in fact, a clear improvement over ancient authors. Smith did not moralize in his views on the division of labour nor did he claim that the benefits arose, as Plato did, from the natural abilities and talents of individuals. Smith also concerned himself with the quantity of goods, not just their quality, which was the overwhelming focus of ancient authors. On the other hand, when Smith is compared to modern authors his lack of originality becomes much more blatant. The DL and its benefits were already a well-established topic of discussion by the mid-18th Century. Even in the finer points of Smith's theory, such as the claim that the DL is limited by the extent of the market, he was only partially original. Further, on some points, it seemed likely that Smith had taken both the examples and structure of previous authors without acknowledgement.

If Smith stands out at all from these earlier sources it is only that in his exposition, he is slightly clearer, and, in his emphasis, he is more forceful. In conclusion, Adam Smith's doctrine of the DL, the most important doctrine in his economic thinking, was not, in any significant sense, an original contribution to political economy.

V. References

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