

Adam Smith's Republican Moment: Lessons for Today's Emancipatory Thought

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Abstract

This paper places Adam Smith within the long republican tradition, and offers an emancipatory reflection on the possible space of republican freedom within societies that harbour certain degrees of market activity. In doing so, it seeks to offer some criteria on the kind of political-institutional action that can be taken in modern societies in order to constitute markets that respect, and even promote, republican freedom. The paper is divided into four sections. Section 1 shows why Adam Smith's ethical-political analysis, which was very influential in the shaping of classical political economy, can be presented as part of the broad republican tradition. Section 2 reflects on the possibilities for a realisation of republican freedom within markets. What I call 'commercial republicanism' is here analysed as a project for modern societies. Section 3 assesses the difficulties for commercial republicanism to unfold within capitalist societies, the structural features of which prevent individuals and groups from enjoying the kind of undominated social relations the republican tradition has always pleaded for. Finally, section 4 draws some conclusions on the epistemic and political meanings of commercial republicanism as an emancipatory project for contemporary societies.

In the early hours of 2 September 1666, after almost a year and a half of arduous struggle against the Great Plague, a new catastrophe wrought further havoc on the people of London: fire. The conflagration devastated four fifths of the city leaving behind it a huge number of homeless and ruined citizens. The Great Fire rocked English society as much as the Lisbon earthquake was going to shake up the conscience of a Europe that was determinedly set on its project of taking the measure of the world.

In his monumental work *The History of England* which appeared between 1754 and 1762, David Hume recorded the dramatic events as follows:

'While the war [against the Dutch] continued without any decisive success on either side, a calamity happened in London, which threw the people into great consternation. Fire, breaking out in a baker's house near the bridge, spread itself on all sides with such rapidity, that no efforts could extinguish it, till it laid in ashes a considerable part of the city. The inhabitants, without being able to provide effectually for their relief were reduced to be spectators of their own ruin; and were pursued from street to street by the flames, which unexpectedly gathered round them. Three days and nights did the fire advance; and it was only by the blowing up of houses, that it was at last extinguished' (Hume, *The History of England*, 6, LXIV, p. 396).

Hume, 'by far the most illustrious philosopher and historian of the present age' (WN, V, I, g, 3),¹ adds:

'The causes of this calamity were evident. The narrow streets of London, the houses built entirely of wood, the dry season, and a violent east wind which blew' (Hume, *The History of England*, 6, LXIV, p. 396).

A century later, with the first signs of what was to be the industrial revolution already present, Adam Smith refers indirectly to the Great Fire in terms that are of deep ethical and political significance. In justifying the need to control the issue of currency by the banks, Smith introduces a brief digression in observing:

'To restrain private people, it may be said, from receiving in payment the promissory notes of a banker, for any sum whether great or small, when they themselves are willing to receive them, or to restrain a banker from issuing such notes, when all his neighbours are willing to accept of them, is a manifest violation of that natural liberty which it is the proper business of law not to infringe, but to support. Such regulations may, no doubt, be considered as in some respects a violation of natural liberty. But those exertions of the natural liberty of a few individuals, which might endanger the security of the whole society, are, and ought to be, restrained by the laws of all governments, of the most free as well as of the most despotical. The obligation of building party walls, in order to prevent the communication of fire, is a violation of natural liberty exactly of the same kind with the regulations of the banking trade which are here proposed' (WN, II, ii, 94).

Adam Smith assumes, in keeping with the axiological and lexical setting of the world he inhabits,² that freedom – like the fire, in fact – is something 'natural'. It therefore makes sense to question any initiative to control 'natural' liberty, in this case that of the bankers to do as they will in their sector. Yet Smith hastens to follow up by affirming that if inappropriately concentrated in a few hands, this 'natural liberty' can endanger the security of 'the whole society'. Hence, it is necessary to intervene to ensure that such inappropriate concentrations of 'natural liberty' – in other words, of economic and social power – do not occur.

Smith, then, takes a stand that clearly differs from that of the doctrinaire liberalism that would take shape in the first third of the 19th Century. He does not imagine that social life takes place in a neutral, politically aseptic space, free of power relations in which people freely and voluntarily enter into contracts. Indeed, the portrait Smith offers of social life shows a world riven by classes, strata, and ranks the distinctions between which have certain identifiable social and historical origins.³ Smith believes then that social life does harbour asymmetries of power and it is necessary to do away with these in order to preserve the good of society as a whole. In brief, liberty can be called 'natural' but in no case it is pre-social or exogenous to social life. It is endogenous to it. Freedom is achieved and *politically* maintained in the bosom of social life, in the bosom of what could come to be an *effectively civil* society.

¹ I refer to *An Inquiry into the Nature and Causes of the Wealth of Nations* and *The Theory of Moral Sentiments* as 'WN' and 'TMS' respectively.

² For a discussion of Adam Smith's usage of natural law categories and styles of reasoning as his intellectual framework, see Winch (2002).

³ John Millar, disciple and friend of Adam Smith, devoted his most outstanding work, *The Origin of the Distinction of Ranks*, precisely to identifying the historical origin and evolution of distinctions between ranks pertaining to both bygone societies and those that shaped his own world (Millar, 1771).

And how to turn 'social life' into effective 'civil society'?⁴ Adam Smith is part of an ethical-political tradition the project of which was – and still is – that of constructing *party walls* and *firewalls* – in other words, that of opening up the doors to relevant doses of State intervention – so that all can exercise such natural liberty, and not only 'a few individuals' (Haakonssen, 2006; Heilbroner, 1996; Skinner, 1996; Slaughter, 2005; Viner, 1927).⁵ This paper is an emancipatory reflection on the possible space of effective freedom within market societies – or, rather, within societies with certain degrees of market activity – and seeks to offer answers to the question of what kind of political-institutional action could be taken in modern times in order to constitute markets that respect – and even promote – effective freedom. Adam Smith has a lot to offer in this respect.

This paper is divided into four sections. Section one analyses the roots and scope of such a political project aimed at building firewalls. In doing so, I shall present Adam Smith's ethical-political analysis, which was very influential in the shaping of classical political economy, as a set of lines of thought echoing in various ways the main elements of the broad republican tradition. In section two, I shall reflect on the possibilities for a realisation of republican freedom within markets. What I have called 'commercial republicanism' (Casassas, 2010) will be here analysed as a project for modern societies. In section three I shall assess the difficulties for commercial republicanism to unfold within capitalist societies, the structural features of which prevent individuals from enjoying the kind of undominated social relations republicanism has always pleaded for. Finally, in section four I shall draw some conclusions on the epistemic and political meanings of commercial republicanism as an emancipatory project for contemporary societies.⁶

1. Adam Smith within the Republican Tradition

The republican tradition revolves around the idea that individuals are free when they are not arbitrarily interfered by others and, besides, they live in a social-institutional scenario that guarantees, through *firewalls*, that there is not the mere possibility of being arbitrarily interfered by others. It is only when they enjoy such a social status of social invulnerability that they have the real capacity to deploy a rich myriad of forms of interdependence and creativity with other fellow citizens that is based on autonomous decisions by all parties.⁷

In order to understand the aim of these concepts and definitions, there is need to contextualise them. A rigorous historical approach to republicanism aiming at understanding

⁴ It is worth noting here that such a project of politically turning social life, which can be – and tends to be – an openly *barbarous* space, into effective *civil society* (TMS, II, ii, 3-4; VII, iv, 36) – hence the important role of the legislator (Haakonssen, 1981) –, is also that of Adam Ferguson, who aims at building those economic and legal foundations for a 'polite' life in common which, thanks to an undominated division of labour and tasks, respects everyone's talents, wishes, and projects (Casassas, 2010). For a review of the history of the concept of 'civil society', see Wagner (2006).

⁵ The most vivid and rigorous defence of State intervention Adam Smith makes, which includes reflections on both public expenses and taxation-secured revenues, can be found in book V of WN. A couple of decades before, Smith had written that 'the civil magistrate is entrusted with the power not only of preserving the public peace by restraining injustice, but of promoting the prosperity of the commonwealth, by establishing good discipline, and by discouraging every sort of vice and impropriety; he may prescribe rules, therefore, which not only prohibit mutual injuries among fellow-citizens, but command mutual good offices to a certain degree. [...] Of all the duties of a law-giver, [...] this, perhaps, is that which it requires the greatest delicacy and reserve to execute with propriety and judgment. To neglect it altogether exposes the commonwealth to many gross disorders and shocking enormities, and to push it too far is destructive of all liberty, security, and justice' (TMS, II, ii, 1, 8).

⁶ This introduction has been partially taken from Casassas (2010).

⁷ In essence, republicanism should be understood as a political tradition fundamentally embracing this idea of freedom (Domènech, 2004; Casassas, 2010; Pettit, 1997; Raventós, 2007). But there is a further issue arising here that needs clarification. In order to have political institutions truly aimed at building this kind of social-institutional scenarios – republicans argue –, there is need to institute mechanisms that render those institutions fully controllable – and contestable – by all fully-fledged members of the community. Historically, a republic, not a monarchy, has been the form of state most commonly associated to these goals. However, some republican thinkers have also conceived of forms of monarchy – or principedom – in which sovereignty goes to the people, and the monarch – or the prince – act as mere trustees of the former (Gauthier, 2006).

the goals of concrete republican struggles very clearly shows that there has always been an institutional condition for republican freedom to emerge: what permits the enjoyment of this freedom is property, property understood as socioeconomic or material independence (Domènech, 2004; Simon, 1991). In effect, counting on a set of resources guaranteeing our existence gives us decisive bargaining power when it comes (not) to sign all kinds of contracts,⁸ when it comes to reach – or refuse – all kinds of agreements.

As it can be inferred, such an analytical approach to the material conditions of freedom is very closely linked to a particular social ontology one can identify all along the republican tradition. In it the world is split into classes, and this is due to differential access to the property and enjoyment of external resources. And this leads to class struggle. To go no further, Adam Smith's analysis of wage fixation processes shows a brutal scenario where two opposed classes – that of proprietors of the means of production and that of dispossessed workers – very harshly fight in order to impose the terms and conditions of social interaction within the productive field. It is needless to say that the former count on a greater strength:

'In all such disputes the masters can hold out much longer. A landlord, a farmer, a master manufacturer, or merchant, though they did not employ a single workman, could generally live a year or two upon the stocks which they have already acquired. Many workman could not subsist a week, few could subsist a month, and scarce any a year without employment. In the long-run the workman may be as necessary to his master as his master is to him; but the necessity is not so immediate' (WN, I, viii, 12).

Two questions must be clarified here. Firstly, the republican tradition does not conceive of socioeconomic independence as a path towards a world made of isolated atoms; rather, it sees it as the condition to make possible the emergence of an interdependence that is erected in a way that respects everyone's autonomous wishes and decisions regarding everyone's life plans. Although it emphasises the need for protection from alien control, republicanism is strongly linked to the prospects of an openly active, creative side of freedom: many life plans that are really 'of our own' (Harrington, 1656-1747) need to be explored and unfolded.⁹ Secondly, socioeconomic independence constitutes a necessary yet not sufficient condition for freedom. In effect, there exist other factors such as cultural and symbolic patterns to be considered when it comes to assess the prospects of republican freedom (Laborde, 2008). Having made these two clarifications, one can go back to the starting point: socioeconomic independence deriving from the enjoyment of a certain set of material resources has always been seen as the key component of republican freedom, for the former constitutes a crucially determining necessary condition for the latter.¹⁰

The question that republicans must ask themselves in every historical period is the following one: property of what? In the case of classical republicanism – that of Greece and Rome, but this can be extended to American Founders like Thomas Jefferson –, the guarantor of socioeconomic independence was mainly property of land, although property of slaves and cattle played an important role as well. In the case of 'commercial republicanism' –

⁸ Note that contracts should be effective *con-tracts* – that is, agreements or treaties among peers aiming at instituting something together –, not mere *impositions* by certain privileged parties.

⁹ Smith himself discusses the importance of (economic) interdependence within civilised countries in WN (I, ii, 11).

¹⁰ A subsequent question republicans have always had to deal with is the level of political inclusiveness of a society ruled by this notion of freedom and harboring this kind of institutional conditions for it. We talk about 'democratic republicanism' when the political community universalises the condition of material independence as a step towards a fully inclusive civil society. We talk about 'antidemocratic or oligarchic republicanism' when the political community excludes from citizenry entire groups because of their sex, race, geographical origin, or inherited social position, which amounts to say that the political community deprives those groups of access to those resources that would help make them independent (Bertomeu, 2005; Casassas, 2010; Casassas and Raventós, 2008).

that of Smith and many other forms of *Atlantic and Italian* republicanism – real estate is less important; what is crucial here is the property or control over installations and facilities, production equipment – in other words, means of production – professional dexterities, opportunities to access markets, opportunities to place our commodities – that is, the fruit of our labour – within those markets, etc. All these elements can make us as independent as land ownership used to do in ancient and pre-modern societies.¹¹

Interestingly, the socialist tradition, which is heir to these republican schemes (Domènech, 2004), kept the link between freedom and property or socioeconomic independence. This is what explains that its main goal was to attain collective property – or control – over the means of production; for this meant politically guaranteeing the material basis for collective self-determination within the productive field. As Bernstein (1895) and Meek (1954, 1977) show, the backdrop of all these forms of thought and action was an emancipatory yearning linking 19th Century socialist projects back to 18th Century Scottish Enlightenment's political program and to 17th Century English revolutionary republicanism, with the Levellers and the Diggers at the left of the movement and, in its centre, moderate yet prominent figures like Harrington, who asserted that 'the man that cannot live upon his own must be a servant; but that can live upon his own may be a freeman' (Harrington, 1656-1747: 269).¹² Two centuries later, Marx stressed that 'the man who possesses no other property than his labour power must, in all conditions of society and culture, be the slave of other men who have made themselves the owners of the material conditions of labour. He can only work with their permission, hence live only with their permission' (Marx, 1875: 18). And this is why, according to Marx, there was need to build a 'republican system for the association of free and equal producers'.¹³ The republican resonances of Marx's analysis are unambiguous.

But let's go back to Smith. Adam Smith's aspiration to what I call 'a commercial form of republicanism', like that of other members of the Scottish Enlightenment and that of the bulk of the political economy of Enlightenment (Hudson, 2009), had to do with the ideal of the 'free producer', a *producer* that is *free* either because he is the proprietor of the means of production or because he enjoys effective control over his productive activity and workplace, over the social and economic space where he operates (WN, I, viii, 9; I, x, c, 12).¹⁴ Needless to say, such a free producer emerges only once political institutions have erected those *firewalls* that are required to avoid and remove social and economic privileges and to extend economic participation and inclusiveness. In effect, no free production is possible without appropriate State intervention.

Notice that this has nothing to do with the project of doctrinaire liberalism, which starts unfolding during the first third of 19th Century and which Napoleonic civil codes somehow disseminate all over the world – a project that contemporary neoliberalism has fully inherited. It is a project that promotes an idea of freedom as mere equality before the law – the so-called 'isonomic freedom' – which completely disregards the question of the material

¹¹ For an analysis of the importance Scottish 18th Century thinkers accorded to property in the making of civilised social and political arrangements, see Berry (1997) and Skinner (1996).

¹² It is worth noting here that A.S. Skinner (1996) has shown that Smith's ideal of a truly free commerce fostering personal liberty somewhat springs from the Whig foundations of the English Revolution Settlement.

¹³ Quoted by Domènech (2005: 95).

¹⁴ Interestingly, classical republican Roman Civil Law distinguishes between the *locatio conductio opera* of the independent producer – a contract where individuals sell goods and services in exchange for a price – and the *locatio conductio operarum* of the wage-earning worker – a contract where individuals sell their labour force in exchange for a salary. This second kind of contract is not a contract between free citizens, because the wage-earning worker is being forced to (partially) alienate his freedom, which (partially) makes of him an *alieni iuris*, as Cicero argues in his *Officiis* (Domènech, 2004; Bertomeu and Domènech, 2014). In the light of this, Smith aspires to a productive world where the dominant element is independent work – that is, *locatio conductio opera* – and where wage-earning work – *locatio conductio operarum* – is carried out under freedom-enhancing institutional conditions protecting workers from employers' arbitrariness. As it will be seen in section three, though, Smith is very pessimistic about the real prospects of European dispossessed wage-earning populations to effectively enjoy undominated working trajectories.

foundations of those lives that are lived within the world that is ruled by such law. Adam Smith has nothing to do with such a liberal – and subsequently neoliberal – intellectual and political scenario.¹⁵

2. The Realisation of Republican Freedom within Markets

Is such a materially-based idea of personal freedom possible within market societies?¹⁶ The answer Smith offers is cautious yet positive. Before we get into more detailed analysis, there is need to incorporate an important methodological starting point Smith himself helps us understand, namely: ‘market’, in singular or abstract terms, does not exist; what do exist are different forms of markets historically configured as a result of a political option – or a set of political options. In other words, all markets are the result of State intervention – at the very least, all markets are the result of the sedimentation of layers of legislation of a particular political orientation. It does not make sense to oppose ‘the State’ to ‘the market’: there is no market that has not emerged as a result of a certain kind of State intervention.

A host of historical and empirical examples assist us to support this perspective. For instance, markets can be open by force: Polanyi (1944) and Pomeranz (2001) have shown that the ‘great divergence’ between the Western World and Asian societies had to do, to an important extent, with global trade and political conjunctures that, even partially fortuitous, must also be explained as the result of Western military force’s shaping of global markets for the benefit of British and other Western colonial powers.¹⁷ Other examples of the political genesis of markets can be found in areas such as the structure of property within those markets (the presence/absence of monopolies or oligopolies), work legislation, intellectual property rights and so on.¹⁸

As institutionalist economists will do more than one century later, Smith understood the running of markets in this way.¹⁹ In effect, according to Smith, markets are not metaphysical entities, but human creations that emanate from a specific political-institutional option or set of options which, in turn, is the outcome of concrete forms of class struggle. And this is why his project, like that of part of classical political economy and that of institutionalist economics, is that of firewalls: it is mandatory that political institutions constitute those markets that can be compatible with – and even causative of – republican freedom; and this means extending within markets those social relations that are free of bonds of dependence

¹⁵ It is an intellectual and political scenario that has been described as a ‘liberal oligarchy’ and as an ‘isonomic oligarchy’ by Castoriadis (2010) and Domènech (2004) respectively. For close reconstructions of the republican roots of Smith’s thought, see Forbes (1975), Hont and Ignatieff (1983), Stimson (1989), and Winch (1978, 2002). Also, the fact that Adam Smith’s contemporaries took for granted that his conceptual-analytical framework was that of republicanism can be clearly observed in John Rae’s majestic biography of Smith (Rae, 1895).

¹⁶ I understand ‘markets’ as those social institutions through which individuals and groups exchange resources of many sorts in a decentralised way, which normally – yet not necessarily – implies the use of money. Note that this definition of markets is compatible with both capitalist and non-capitalist societies. Also, this definition does not blur the fact that all societies actually *decide* which resources can or should be the object of market exchange – and under which terms – and which cannot or should not.

¹⁷ Parthasarathi (2011) explains why and how State intervention played a crucial role in the articulation of the economic spaces – markets, economic sectors, entire economies, development patterns – that sustained the industrial revolution and, in particular, British 19th and 20th Century capitalism.

¹⁸ In the words of Michael Hoexter (2012), ‘most of what is recognisable as a modern economy has benefited from collaboration between government actors and private actors [...]. The early American government helped build an industrial base via the ‘American System’ of protective tariffs against European competition. [...] The economic ‘miracles’ of almost all current industrial powers [...] have been engineered by for the most part adequately-designed industrial policies’.

¹⁹ For an analysis of the proximity of Adam Smith’s *institutional* analysis to that of 19th and 20th Century *institutionalist* economics, see Sobel (1983).

and forms of domination²⁰ by guaranteeing everyone the property or the control over a certain set of productive resources.

Hence Adam Smith's justification of State intervention. Smith's demand for public policy such as infrastructures, educational programs or taxation schemes, and for any other measure a society might want to implement,²¹ is always aimed at dissolving asymmetries of power and bonds of dependence, both those coming from old times – feudal, guild-related and mercantile hierarchies (Kalyvas and Katznelson, 2008; Winch, 2002)²² – or from modern times: new privileged power positions of certain proprietors or employers within new markets (WN, I, vii, 27).

Clearly, Adam Smith is one of the greatest advocates of free trade. His political project is one that might be called 'free trade republicanism' or 'commercial republicanism': modern societies – Smith said – should be able to make good use of the advantages of decentralised exchanges of goods and services of many sorts, for decentralised exchanges permit living a productive life in an autonomous non-dominated way, that is, without having to ask arbitrary authorities the permission to do every little thing you might want to do in the field of giving and receiving reciprocally.²³ But being an advocate of 'free trade republicanism' or 'commercial republicanism' does not mean being in favour of *laissez-faire* (Viner, 1927). On the contrary: freedom in the markets is to be politically constituted through radical – yet not necessarily massive – State intervention.²⁴ A State intervention that is *radical* because it goes to the *root* of the problem, namely: power relations, which must be dismantled by guaranteeing material existence and therefore a position of socioeconomic independence to everyone.

What about then that famous²⁵ idea of an 'invisible hand'? What Smith tells us is that decentralised exchanges, when guided by our own 'common sense' regarding the best ways to improve our living conditions, *can* lead us to stages of greater liberty, wellbeing and happiness; but for this to happen, it is mandatory that political institutions make sure that those decentralised exchanges are really free, which requires that they radically intervene to dissolve those bonds of dependence and power relations that are deeply rooted on class privilege (Haakonssen, 2006; Hudson, 2009).²⁶ Therefore, the invisible hand metaphor is not

²⁰ Smith's claim that individuals *should* be enabled to enjoy undominated social relations within non-fractured social formations rests on ethical-political grounds that are widely developed in his TMS.

²¹ In the prologue to the third edition of the WN, Smith makes crystal clear that any policy recommendation will always be contingent – there are no closed policy programs of any trans-historical validity. Nevertheless, the goal of public policy always remains the same, namely: the construction of an economic sphere that is free from any form of domination or systemic subjugation.

²² Smith harshly criticises landlords' discretionary behaviour emanating from relations of power and dependence that were typical for the 'disorderly' feudal times – and the servile condition of those subject to the will of such landlords – in WN (III, ii, 3; III, iii, 2).

²³ This is very clear when Smith presents those commercial cities that have achieved their own institutions for societal self-determination as 'independent republics in the heart of [the kings'] dominion' (WN, III, iii, 7). Also, Smith stresses that the increase of commerce constitutes a means to destroy the arbitrary power of 'the great barons' and 'the clergy' (WN, V, I, g, 25). In effect, decentralized exchanges help remove all kind of bonds of dependence (WN, III, iv, 12).

²⁴ I am referring here to forms of State intervention including – just to mention a few telling examples – the compulsory regulation of mortgages (WN, V, ii, h, 17); the governmental control of the coinage and the small note issue (WN, II, ii, 94) so as to have a stable banking system; the use of taxation as a step towards social transformation – for instance, Smith proposes taxes on those proprietors of land who demand rents in kind (Viner, 1927) –; the control over the rate of interest – for 'sober people are universally preferred, as borrowers, to prodigals and projectors' (WN, II, iv, 15); the provision of those public goods – transport infrastructures, for instance – that are essential to the running of an efficient and equitable economy (WN, V, I, c, 1); the promotion of public health (Viner, 1927); and the implementation of educational systems to avoid the corruption of people's minds that tends to extend within large manufacturing units and modern cities (WN, V, I, f, 54-7).

²⁵ It is a 'famous' metaphor despite the fact that Smith mentions it only once in his TMS and only once as well in the WN. Undoubtedly, 19th and 20th Century liberal hermeneutics and apology for capitalism managed to distort and turn such a marginal metaphor into a true political flag for liberal and neoliberal scientific and political programs.

²⁶ This is actually the contrary of what factions-friendly mercantilist ministers like Colbert tend to do, which is the very reason why Smith harshly criticizes mercantilist biased regulatory practices (WN, IV, ix, 3). Also, Smith encourages institutional action aimed at removing those entry barriers that undermine the progress of the 'system of natural

only compatible with the republican political perspective, but its proper functioning requires taking from republican politics its claim for institutional action – firewalls – aimed at removing all those asymmetries of power that permeate social life.

That was Adam Smith's project, as it was that of many of those who reflected on the space for effective freedom within manufacture and commerce at the dawn of the 'great transformation' (Polanyi, 1944), that is, before the triumph of industrial capitalism - an industrial capitalism Adam Smith would have mercilessly censored and the first expressions of which he actually did severely censor. Let's see in which terms.

3. Why Modern Times Obstruct Commercial Republicanism? Adam Smith and the Philosophical-Political Critique of Capitalism

This section examines four main features of capitalism that make it incompatible with commercial republicanism. I present capitalism as a historically-indexed phenomenon entailing an extension and global connection of productive networks and markets that can be explained as the result of historical processes of material dispossession of the great majority leading to the appearance of a vast disciplined working class.²⁷ Let us see, then, how this process took place and in which sense it threatens and prevents the deployment of commercial republicanism.

(1) First, capitalism is the result of the 'so-called primitive accumulation' – to put it in Marxian terms.²⁸ In effect, Smith reckons that modern societies, which are to a large degree the result of highly inequitable processes of enclosures of the commons, have witnessed an unequal appropriation of external resources – of means of production. This phenomenon has implied the dispossession of the vast majority of the population, for private appropriation of external resources did not leave 'still enough and as good' to others, as John Locke's proviso had established (Locke, 1689).²⁹ It is needless to say that when republican freedom is understood as materially-based personal independence, generalised dispossession means the rupture of any elementary realistic civilisatory project. Under these conditions, the progress of republican freedom becomes impossible, for freedom requires individuals' property or control over material resources for them to enjoy relevant degrees of bargaining power. Marx, Smith, and Polanyi (1944) very clearly explain how capitalist markets – starting with capitalist labour markets – become unavoidable because of those great processes of dispossession of the vast majority.³⁰

In this point, the works of Pomeranz (2001), Parthasarathi (2011), Brenner (Brenner and Isett, 2002), and Meiksins Wood (2002), which have complemented Marx's and Polanyi's analysis, help us understand why 17th and 18th Century 'industrious revolutions' (de Vries, 2008), which already entailed forms of household economy, putting-out systems and active commercial networks, led Western Europe to the 'industrial revolution' but did not *industrialise* economically active East-Asian societies, where such 'industrious revolutions' were also taking place (Goody, 2006). In effect, full material dispossession of the bulk of European

liberty' he pleads for (WN, IV, ix, 51). In effect, such entry barriers constitute a violation 'of this most sacred property which every man has in his own labour' (WN, I, x, c, 12).

²⁷ In other words, neither private property, nor markets, nor the use of money, nor the search for profits, etc., are phenomena that appear with capitalism, but they have been present in almost all societies since the Bronze Age. What makes capitalism a very special social formation – or, in other words, what constitutes a real 'novelty' – is the fact that it is deeply rooted in huge long-reaching processes of full dispossession of the vast majority of the population, which explains the making of an enormous disciplined (by need) workforce that is ready to meet all kind of (labour) markets' demands (Meiksins Wood, 2002).

²⁸ As noted by Meek (1954), Marxian social theory has in the works of the Scottish Historiographical School a very clear and openly admitted precursor.

²⁹ See Locke's *Second Treatise of Government*, V, 33.

³⁰ For an extremely telling analysis of all these processes from a gender perspective, see Federici (2004).

popular classes played a crucial role in creating and disciplining a modern mass working population that was ready – or, rather, *forced* – to become industrial proletariat at capitalists' disposal. For the ownership or control over a certain set of resources – for instance, the *common land* of a manor – constitutes a *backyard* for autonomous social and economic self-management, as it guarantees that those who have access to it will enjoy relevant degrees of bargaining power when it comes to interact with others as relatively *independent* agents. But the enclosure of open fields meant the generalisation of personal and collective dispossession, not because it entailed private property – Parthasarathi (2011) shows that East-Asian societies harboured forms of private property as well –, but because it involved the introduction of *exclusive* private property over the means of production – hence the general loss of freedom and autonomy. In sum, capitalist accumulation processes took and still take place through the dispossession of the vast majority – hence David Harvey's analysis of old and new forms of 'accumulation by dispossession' (Harvey, 2003).³¹

(2) Second, all these historical processes lead to the imposition of wage-earning work, which therefore becomes compulsory, inevitable. And when there is no 'exit door' (Hirschman, 1970), any social relation becomes a source of unfreedom, because individuals must fully accept the terms and conditions imposed by others. Because of dispossession, wage-earning work constitutes the only way to subsist for the vast majority, and this of course poses important normative concerns. As White (2011) clearly points out in his republican critique of capitalism, unequal wealth distribution has a strong impact on personal liberty, as it leads to power asymmetries within (labour) markets and to subservient social relations: because of a hugely dissimilar access to the ownership of material resources, proprietors enjoy a higher bargaining position and can exercise an arbitrary power over workers, who live at their mercy. Needless to say, this is a key problem for the republican ideal because of its incompatibility with the status of being a free person.³²

Wagner (2008, 2012) states that the project of 'modernity' has to do with the extension of personal and collective autonomy and self-determination, even within the productive sphere. This is a statement that clearly picks up the hopes of Enlightenment authors like Smith, who saw in manufacture and commerce *new* ways for individuals and groups to choose and develop the (productive) lives they really wish to live, and to do so under conditions of absence of domination. But this requires having 'exit options' available: it is important to have the option to *leave* in order to credibly threaten and effectively codetermine the ways in which we *stay*, in which we engage with others in the *creation* of productive arrangements of our own. Because of dispossession, the institutions of capitalism – labour markets, companies, etc. – undermine – or remove – individuals' opportunities to *leave* – that is, to *stay* on a footing of equal capacities to found, institute and drive. No democracy-oriented form of modernity is possible without the availability of 'exit options'.

(3) The third feature of capitalism that turns it incompatible with commercial republicanism is that wage-earning work takes place within productive units – capitalist firms – that are rigidly vertical, where we lose control over what we do. These productive units turn

³¹ It is interesting to note here that authors writing before 1830 never thought that the world was making its way towards what had to be called 'industrial revolution', but towards something closer to expanding 'industrious revolutions' resting on networks of relatively independent free producers. In effect, the idea of an 'industrial world' is a 19th and 20th Century intellectual category (Parthasarathi, 2011).

³² This is why some suggest today, as Thomas Paine did in the past (Paine, 1797), that the political institution of a basic income guaranteeing everyone's material existence – and therefore making sure that there is 'none so poor that he is compelled to sell himself', to put it in Rousseauian terms (Goodhart, 2007) – would make the best of senses in democratic republican terms. See, for instance, Casassas (2007) and Raventós (2007). Also, some welfare-state mechanisms can be seen as partial historical achievements to the cause of commercial republicanism, for they help promote different degrees of individual and collective socioeconomic independence and bargaining power within market societies – in some specific cases, like Scandinavian welfare-states, such mechanisms have even been close to allowing the decommodification of labour force, which means that they have importantly contradicted the main effects of the dispossessing nature of capitalism.

therefore to be highly alienating. It is important to recall that while Smith theorises the advantages of *technical* division of labour – the allocation of tasks according to our skills and to what we wish and are able to do –, he also analyses the disadvantages and damages of *social* division of labour – the fact that we perform certain unpleasant alienating activities precisely because we are part of the dispossessed class, whose only way to subsist is to resort to the kind of wage-earning work that is demanded into actual labour markets. In effect, Smith analysis helps us theorise alienation as a phenomenon that is characteristic of hierarchically-driven ‘big’³³ companies – or companies of an *arbitrarily administered* hierarchy – where one’s mind tends to degrade because it becomes increasingly difficult to keep an overview of what the productive process as a whole really is (WN, I, I, 2). Of course, this has disastrous effects on human psyche:

‘In the progress of division of labour, the employment of the far greater part of those who live by labour, that is, of the great body of the people, come to be confined to few very simple operations; frequently to one or two. But the understandings of the greater part of men are necessarily formed by their ordinary employments. The man whose whole life is spent in performing a few simple operations, of which the effects too are, perhaps, always the same, or very nearly the same, has no occasion to exert his understanding, or to exercise his invention in finding out expedients for removing difficulties which never occur. He naturally loses, therefore, the habit of such exertion, and generally becomes as stupid and ignorant as it is possible for a human creature to become. The torpor of his mind renders him, not only incapable of relishing or bearing a part in any rational conversation, but of conceiving any generous, noble, or tender sentiment, and consequently of forming any just judgment concerning many even of the ordinary duties of private life. [...] The uniformity of his stationary life naturally corrupts the courage of his mind’ (WN, V, I, f, 50).

Also, there is need to add to these problems that of massive losses of productivity and efficiency deriving from the fact that the vast majority of people are forced to perform activities they do not wish and therefore turn into ‘forced labour’ – labour that is *forced* by need, by dispossession. This does not happen when individuals have the real opportunity to work on what they wish, on what they have dexterities in, on what they have real ‘entrepreneurial spirit’ for. Therefore, capitalism seems to be a system that is both unjust – because its ‘free enterprise’ system constitutes a privilege of the few – and inefficient – because it blocks and buries a huge myriad of forms of productive work individuals and groups would like to do but cannot because they are obliged to perform the kind of work that is ‘demanded’ within existing dispossession-based labour markets.

Smith’s analysis of workers’ alienation processes is a clear precursor of (and has a great influence on) Marx’s *Economic and Philosophic Manuscripts of 1844* – it is not in vain that the works of both authors share deep roots in Classical and Hellenic ethics. In fact, classical theories of virtues permeate the bulk of Smith’s ethical and political analysis. According to Smith, who echoes Aristotelian moral psychology, individuals deploy their personal identities not in isolation, but when they have the means to interact with others in all spheres of social life (Casassas, 2010, Kalyvas and Katznelson, 2008; Winch, 2002), and

³³ It is worth recalling here that the kind of units Smith is considering are companies with no more than twenty workers: ‘It sometimes happens [...] that a single independent workman has stock sufficient both to purchase the materials of his work, and to maintain himself till it be completed. [...] Such cases, however, are not very frequent, and in every part of Europe, twenty workmen serve under a master for one that is independent’ (WN, I, viii, 9-10).

when these interaction processes take place on the basis of equity among peers, which has to permit *excellent, virtuous* unfolding of life plans. In this way, one can link Adam Smith's critical analysis of alienation within capitalist companies to apparently minor issues like his critique of the effects of religious sects on individuals' minds and his defense of public promotion of theater plays as a way to favour people's socialisation, amusement and education through their encounter and exchange with others (WN, V, I, g, 12-15).

(4) Adam Smith helps us understand that capitalism has deep problems in terms of economic participation and inclusiveness. If we try to enter markets as producers, then it occurs that we simply cannot do it. Why? Because of the existence of many forms of entry barriers: monopolies, oligopolies, patents, certain forms of dumping by long-established companies, advertising, etc. In other words, capitalism has an intrinsic tendency to the concentration of economic power and to restrict individuals' opportunities to develop their own 'entrepreneurial spirit', which – again – becomes a privilege of the few.

Smith is probably the first thinker that helps us understand that capitalism goes inherently against effective free competition – competition being understood as people's presence and participation within the productive field. The very reason why this is the case is clearly explained in WN: proprietors – capitalists – are intrinsically motivated to oppose and try to block any decrease of prices to the level of costs because they know that at this point in which prices equal costs, profits disappear. Therefore, proprietors tend to come to factious agreements aimed at limiting competition, participation, and the entry of new producers who could endanger their profits – for new producers tends to mean lower prices. Smith says:

'The rate of profit does not, like [...] wages, rise with the prosperity, and fall with the declension of the society. On the contrary, it is naturally low in rich, and high in poor countries. [...] The interest of this [...] order [that of 'those who live by profit'] has not the same connection with the general interest of the society as that of [the order of 'those who live by wages']'. Therefore – he adds –, 'the proposal of any new law or regulation of commerce which comes from this order, ought always to be listened to with great precaution, and ought never to be adopted till after having been long and carefully examined, not only with the most scrupulous, but with the most suspicious attention. It comes from an order of men, whose interest is never exactly the same with that of the publick, who have generally an interest to deceive and even to oppress the publick, and who accordingly have, upon many occasions, both deceived and oppressed it' (WN, I, xi, p, 10).³⁴

Hence, State intervention must be aimed at putting an end to new privileges of modern employers, who must be seen as potential rentiers. It is important to understand that Adam Smith's ideal, like that of classical economics as a whole (Milgate and Stimson, 1991), is aimed at promoting undominated social relations within the realm of manufacture and commerce according to a very important proviso: everyone must be remunerated – including employers, who invest and manage, and therefore are entitled to get reasonable profits, which is the way in which we remunerate capital –, but no rents – be they land, capital or

³⁴ As Marx did in the 19th Century when he analysed the tendency of the rate of profit to fall, Keynes reintroduced this old Smithian idea when he discussed the fall of the 'marginal efficiency of capital'. In effect, according to Keynes, the development of capitalism means, together with more complex production systems, more producers and more competition, which leads to a decrease of what capital can afford producers in terms of profits. In this context – Keynes adds – it is mandatory that public institutions control capitalists, as they have strong incentives to introduce entry barriers and to seek in various forms of speculation those high profit rates productive economic activity may not be offering (Keynes, 1936).

financial rents – can be nourished and consolidated. In effect, rents³⁵ are the result of unproductive labour,³⁶ and they all must be politically extirpated because they tend to be the source of freedom- and participation-limiting concentrations of economic power and forms of market power.³⁷ They enable the few to control entire markets and economies and, therefore, undermine the opportunity of the many to develop their own life plans on a footing of equal independence and freedom.³⁸

If it is not possible for economic actors to introduce rent-making devices into the economy in order to make profits in an unproductive way, a question may arise: can a problem of lack of incentives to produce emerge? Will producers produce if they cannot obtain rents and hence live as rentiers do? Smith's point with regard to this is clear. There is need, first, to politically expel from economic life – through *firewalls* – those actors whose only motivation to produce has to do with obtaining big amounts of wealth and economic power through the introduction of forms of market power and economic privilege. Second, there is need to find ways – through appropriate institutional design – to promote the projects of those producers who aim at developing their dexterities and inclinations in a virtuous way, that is, within an *inclusive* productive field – because they do not want to produce and live in a way that erodes social cohesion and communication (Winch, 2002)³⁹ – and in an *excellent* happiness-enhancing manner. In other words, Smithian commercial republicanism entails a renewal of classical ethics of virtues, which are now related to the spheres of manufacture and commerce, and is committed to the promotion of the freedom- and civilisation-enhancing economic behaviour of all those who 'just' seek to produce – and to contribute to the making of the social product – in a skilful excellent way, which is the way to achieve relevant degrees of self-realisation. For these individuals and groups, economic success is a byproduct or spin-off effect, and constitutes the *sign* that they are doing well – notice the Aristotelian echoes of this analysis.⁴⁰ Therefore, these individuals and groups will be fine with those 'naturally low' rates of profit that are characteristic of prosperous societies, that is, of economically inclusive societies. Adam Smith, in the wake of Montesquieu⁴¹ and Hutcheson, offers a modern manufacture- and commerce-oriented take on classical theories of virtue: in opposition to Aristotle, who denies the possibility of virtue among those who *live* by the labour of *their hands*, Smith claims that (Aristotelian-like) virtues are also possible for those independent

³⁵ 'Rents' must be understood here as those unproductive sources of income and economic dominion that certain actors obtain and maintain through the exercise of power relations.

³⁶ Unlike neoclassical economics, Smith thinks that there is a clear *objective* distinction between productive labour – that which adds value to the economy – and unproductive labour – that which does not –, a distinction that Marx picks up in his *Theories of Surplus Value* (I, IV, 5). See, for instance, his description of the activities of state bureaucrats as unproductive labour (WN, II, iii, 2).

³⁷ Hence Keynes' idea about the need for a politically instituted 'euthanasia of rentiers' (Keynes: 1936). Rentiers must be fiscally destroyed, Keynes says in chapter XXIV of his *General Theory*, and a policy of low interest rates needs to be implemented in order to help promote undominated economic participation of everyone who is willing to enter markets, invest and produce – he adds.

³⁸ For a republican analysis of the negative impact of capitalist private control of investment on popular sovereignty, see White (2011). Stuart White alerts us to the threats to freedom and democracy implied by the fact that a few can (in)directly decide on how markets, economies and even state policies are to be shaped. Interestingly, Donald Winch argues that 'the openness of [England's] parliamentary institutions to pressure from merchants and manufacturers constituted a major threat to the idea of public good Smith was articulating in the *Wealth of Nations*' (Winch, 2002: 304-5).

³⁹ Smith openly declares that a fully deployed personal identity can only emerge within the context of an inclusive human community built upon a dense net of close yet non-dominating social relations where individuals can perform those acts of imaginative sympathy that constitute them as human beings (TMS, II, ii, 2, 1; III, i, 3).

⁴⁰ Smith devotes long passages of his TMS (III, I-II) to show that individuals are deeply motivated by the desire to be approved – or, more importantly, to be *approvable* – by the others. In effect, rather than a blind increase of profits, public approbation constitutes, according to Smith, a very important part of the reward producers aim at getting.

⁴¹ For a discussion of Montesquieu's views on the favourable effects of commerce on virtue and civilization, see Manin (2001). Also, Donald Winch explains how Adam Smith takes these views up and champions that commercial interdependency and manufacture can help promote liberty and civilization. Smith presents urban commercial and manufacturing activities as forces that can eliminate servile dependency, among other reasons because 'commerce provides the modern alternative to what the ancients attempted to achieve by means of an agrarian law designed to overcome large concentrations of property and power' (Winch, 2002: 301).

producers who make a living out of manufacture and commerce, and that it is mandatory that public institutions help deploy these virtues (Casassas, 2010; Kalyvas and Katznelson, 2008).⁴²

4. Commercial Republicanism Today: Lessons for Emancipatory Thought

What conclusions can be drawn from all previous analysis? I shall outline some that are worth considering both for epistemic and political-normative reasons.

(i) Markets are politically constituted. All markets are the result of a political option that materialises into a certain form of State intervention. They are not metaphysic entities the nature of which we cannot discuss and politically dispute. Markets are of humans' doing. The question to be asked is of course which group(s) of human beings (do not) participate in the making of markets.

(ii) Markets are not to be necessarily seen as a part of a conservative, neoliberal, right-wing agenda and toolkit. What is part of the conservative, neoliberal, right-wing agenda are *capitalist* markets, which, by the way, are as politically constituted as any other kind of market is or could be – again, all capitalist markets are the result of (sometimes massive) State intervention.

(iii) Consequently, there is need to make a complementary claim: markets *can* be part of an emancipatory agenda, and it is highly unfortunate that some emancipatory social and political projects and schemes wash their hands of markets and sell them to the (neo)liberal right-wing universe at bargain prices.⁴³

(iv) Furthermore, markets – as systems for the allocation of resources and tasks in a decentralised manner – have always existed – or, at least, they have done so since the Bronze Age. Polanyi (1944) and Goody (2006), among others, have shown that it is false that markets were born with (Western) capitalism or that they should be of a capitalist nature. Besides, Baum (1996) recalls that according to Polanyi himself, markets are even needed because they sometimes can help solve coordination problems in complex societies.

(v) Even more, Smith says – *if appropriately constituted* – that is, if bonds of dependence have been duly extirpated from their bosom thanks to *firewalls* – markets can favor the externalisation of our capacities, the deployment of our personal and collective identities, the free expression of our propensities and inclinations, which can be valued and recognised under conditions of political equality (Kalyvas and Katznelson, 2008).

⁴² For a contemporary republican approach to markets as social institutions that, if appropriately designed, can help strengthen individuals' social positions as agents interacting on a non-coercive basis, see Pettit (2006).

⁴³ In fact, there is a long tradition of conceptual and terminological gifts and offerings from 'the Left' to 'the Right' that can only be explained as the result of a full misunderstanding of what emancipatory traditions have contributed and can still contribute to concepts, terms and values like 'freedom', 'the individual', the 'private sphere', and, of course, 'the market': all of them have been and are sometimes bizarrely seen as necessarily 'liberal' or 'bourgeois'.

(vi) The relevant point is always the social structure of the conditions under which market exchanges occur: do they take place under conditions of socioeconomic independence of all parties? This is the crux of the matter. And, unlike what the (neo)liberal credo maintains, this is something that can be politically achieved – again: through public intervention, through *firewalls*. Also today.

There are many ways to inherit and interpret such a political legacy. There are good reasons to think that it is mandatory, in order to counteract the dispossessing nature of capitalism, to conceive of public policy schemes aimed at universally and unconditionally transferring and provisioning resources of many sorts, in order to confer a position of social invulnerability upon all individuals. This public policy approach should not limit itself to *ex-post* assist those who fall, but should *ex-ante* empower individuals as independent social actors that are effectively capable of building productive and life projects of their own.⁴⁴

Such a public policy must aim at constituting individuals' social positions as independent actors in a threefold way: (1) first, by *ex-ante* guaranteeing individuals' basic material existence as a right, for instance through a basic income – a regular stream of income high enough to satisfy basic human needs and paid to every citizen on a monthly basis⁴⁵; (2) second, by preventing or dissolving those great accumulations of private economic power that are so often linked to factious control of strategic resources and to rent-seeking and that tend to imperil freedom: in effect, an economic floor trying to empower the weak 'constitutes a significant achievement from a republican point of view, but it nevertheless falls short of realising republican freedom when powerful actors still retain the capacity to exercise significant social and economic control over others' (Casassas and De Wispelaere, 2012: 181), when powerful actors still retain the power to determine the rules of the social and economic space in which such freed citizens are expected to develop their lives;⁴⁶ (3) and third, by reinterpreting welfare-state mechanisms such as health care, education, housing, and care policies, among others, not as a way to simply *ex-post* assist the worse-off within unavoidable capitalist markets, but as part of the strategy of *ex-ante* empowering individuals and groups for them to exit those social relations that harm their freedom and to autonomously erect and deploy a world in common.⁴⁷

This constitutes a way to attempt to *reappropriate* the commons that were and are still being lost because of the dispossessing dynamics of capitalism. In effect, doing so is equivalent to contradicting capitalist dispossession and to rethinking ways to put into practice the so-called 'principles of commoning' (Linebaugh, 2008) by creating a 'common pool' of (im)material resources to be equally and democratically enjoyed. In the same vein, it must also be stressed that many forms of cooperatively-owned and self-managed productive units

⁴⁴ Notice that all this echoes the idea of a property-owning democracy, as it was suggested by Jefferson in the end of the 18th Century and as it has been more recently conceived of and interpreted for contemporary societies by authors like Meade (1964), Rawls (2001), and O'Neill and Williamson (2012).

⁴⁵ For a republican justification of a universal and unconditional basic income, see Casassas (2007), Domènech and Raventós (2007), Pettit (2007), and Raventós (2007). Of course, there are other possible ways of interpreting such political program of unconditionally guaranteeing an economic floor for all: in the case of South Africa, for instance, many authors have shown how land restitution and distribution may play a very similar role (Gotlib, 2012; James, 2007; Walker, 2008).

⁴⁶ These controls over great accumulations of economic power can be implemented either by 'directly limiting the range of economic inequality' – through the taxation system and upper and lower limits to wages and to other forms of earnings, as a Rousseauian strategy of preventing economic inequality would recommend – or by introducing Roosevelt-like 'measures [that] would allow economic inequality but impose a regulatory ceiling on what the vast economic wealth can do in terms of arbitrary interference in other citizens' lives' (Casassas and De Wispelaere, 2012: 180).

⁴⁷ It is needless to say that such a program is not possible without public resources enough to fund those packages of measures. For an analysis of fair taxation systems as necessary conditions for freedom, see Holmes and Sunstein (1999).

and projects that emerge independently of State agencies (Ostrom, 1990) can multiply and be reinforced by the kind of universal and unconditional public policy schemes that are being vindicated here.

Packages of measures and self-managed projects of this sort are highly important in order to socioeconomically empower individuals and groups to autonomously determine when to resort to markets in order to organise social and economic life⁴⁸ and when to leave and do without them - in other words, when to bring certain resources and activities into markets and when to decommodify them. To go no further, labour is one of the resources that, according to the principles of the republican political economy examined in this paper, ought to be *decommodified* – or, at the very least, *decommodifiable*. Having the ‘exit option’ available is crucial to secure the freedom-respectful nature of markets – like that of any social institution or relation. As can be easily realised, all historical forms of capitalism, including the present ones, are openly incompatible with this ethical-political project.

These are then some guidelines to think of ways to politically guarantee that decentralised exchanges take place under conditions of socioeconomic independence by all parties. After all, such a public policy is a means to make of ‘social life’ effective ‘civil society’; in other words, to prevent the city to be ‘in flames’, to ‘burn’ as it did in the passages of Hume’s *History of England* and Smith’s WN. Hence the validity of Adam Smith’s commercial republicanism for today’s emancipatory thought and action.

Acknowledgements

The research leading to these results has received funding from the European Research Council under the European Union’s Seventh Framework Programme (FP7/2007-2013) / ERC grant agreement n° 249438 – TRAMOD. I am grateful to the members of the ‘Trajectories of Modernity’ (TRAMOD) Research Project (University of Barcelona) for detailed comments on an early draft. Also, this paper has benefited from the discussion held at University of Brighton’s Centre for Applied Philosophy, Politics, and Ethics (CAPPE) on the occasion of a research seminar on ‘Adam Smith and the Left’. Finally, I am indebted to Andy Denis and Gian Paolo Faella for very useful comments.

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⁴⁸ As it can be noticed again, the kind of republicanism I am here showcasing is fully compatible with having a commercial world – this being the reason why I call it ‘commercial republicanism’. In effect, not being forced to perform wage-earning work does not mean that you will never perform wage-earning work, and, more importantly, it does not either mean that, in case you do not perform wage-earning work at all, you will not produce goods and services that you can lead to markets. In other words, commercial republicanism offers us an intellectual and political perspective for us to erect a world where the decisions on *what* to (de)commodify – and *how* to (de)commodify it – are open to democratic discussion between all parties, and where no choice is made on a dominated basis.

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SUGGESTED CITATION:

Casassas, D. (2013) 'Adam Smith's Republican Moment: Lessons for Today's Emancipatory Thought'. *Economic Thought*, 2.2, pp. 1-19.
<http://www.worldeconomicsassociation.org/files/journals/economicthoughtWEA-ET-2-2-Casassas.pdf>