Potential Research Question:

Is it possible to integrating ‘ownership of the means of production by the people’ (Karl Marx) into our understanding of Adam Smith?

Adam Smith: Combining Market Commerce and Strong Society.

The insights of Adam Smith have implications for the relationship between ‘markets’ and ‘social integration’ and the operation of all alliances including between Government and Citizens and Regulators/Banks/Citizens etc.


Adam Smith (1759) The Theory of Modern Sentiments.

Equals

‘In an effort to facilitate their respective searches for happiness, individuals spontaneously try out, and then discard or adopt various habits of behavior. …We have there, then, the beginnings of a process that acts as a natural cement for human society: because mutual sympathy is sought by all, each person tries to put himself in situations in which such sympathy can be obtained. (Otteson, 2002: 291-292).

And

This creates a ‘Hence, contrary to what one might have expected, according to Smith’s account, allowing an extension of self-interested behavior (within, as always, the bounds of justice) in economic markets can actually lead to an extension of natural affection for a benevolence towards others –indeed, perhaps more so than in other types of economic arrangements’. (Otteson, 2002: 12).

Equals the Foundation of Alliances...

As Lord Ralph Harris of High Cross wrote about ‘Alliances & Co-Evolution (2005)’ - ‘In this extremely well-presented monograph, the author, Dr ul-Haq, generously shares with fellow-students as well as with advanced practitioners the rich fruits of his extensive reading, theoretical understanding and penetrating practical insights. His sure footed analysis comes to life with a fascinating wealth of evidence drawn from painstaking personal interviews and questionnaires. The result is an exciting presentation of the unsuspected ways that Adam Smith’s apparently simple precept of the division of labour leads on to varied and intricate patterns of collaboration between otherwise independent companies. Some of these strategic alliance arrangements are for narrow, specific, short-term purposes, while others develop more widely and may even lead to a full blown merger or a take-over. This study illustrates from the dynamic world of local, national and international banking how both entrepreneurial bankers and their customers can benefit from carefully specified forms of corporate cooperation in increasingly competitive universe which is here to stay.’ - Lord Harris of High Cross, Cross Bench Member of the House of Lords, President of the Institute of Economic Affairs, UK.
Karl Marx

The key insight of Karl Marx is generally considered to be that ‘the means of production should belong to the people’. How this effect our understanding of Adam Smith?

Capitalist Societies

In Capitalist societies, particularly those with Stock Markets, the ‘means of production’ are the Multinational Corporations, owned by the Pension, Insurance and other institutions as a proxy for the people and directly by the people. Small and Medium Sized Enterprises are directly owned by the founder-manager-entrepreneur.

Communist Societies

In Communist societies the means of production are owned by the State as a proxy for the people. Coase (2012) documents in detail how China is moving fast away from Communism to Capitalist in its economic organization, though not yet in its political organization.

Citizens

I suggest that the self-determination of the Citizen is more effectively enabled by Capitalism, with its diffuse and multilayered ownership and therefore diffuse power and control, than by Communism with its single source of ownership, the State, and therefore focused power and control.

Quoted Sources:


Suggested Additional Readings:


Dr Rehan ul-Haq, 1st October 2015

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