

# SMITH AT 300: ADAM SMITH ON EDINBURGH AND GLASGOW

BY  
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It is a difficult task to narrow down a favorite passage from a body of work as rich as that of Adam Smith. One of the things that has always amused me about Smith is his use of Scottish examples to make universal points. In one of these he launches himself into the long-running rivalry between Scotland's two major cities: Edinburgh and Glasgow. Smith lived for a time in both cities and worked on what would become the *Wealth of Nations* in what were then, as now, two very different cities. In *The Wealth of Nations* he makes use of this to develop a classic example of Smithian social theory.

There was little trade or industry in Edinburgh before the union. When the Scotch parliament was no longer to be assembled in it, when it ceased to be the necessary residence of the principal nobility and gentry of Scotland, it became a city of some trade and industry. It still continues, however, to be the residence of the principal courts of justice in Scotland, of the boards of customs and excise, &c. A considerable revenue, therefore, still continues to be spent in it. In trade and industry it is much inferior to Glasgow, of which the inhabitants are chiefly maintained by the employment of capital. (Smith [1776] 1976, *WN* II.iii.12:336)

Smith's simple observation, that cities with political treasuries attract people who are employed by revenue, while those without them instead rely on employment by capital, is a nice generalization. Smith integrates it into his wider argument in the chapter "Of the Accumulation of Capital, or of Productive and Unproductive Labour." Here he dismantles the physiocratic idea of productive and unproductive labor, relates it to the generation of capital, and then reassembles it as an analytical tool to explore different patterns of capital accumulation and dissipation. Smith's analysis draws on all the classic methodological moves that run through his works. He begins with a simple empirical observation: Glasgow is more industrious than Edinburgh. Edinburgh is the seat of government; Glasgow is not. Where government

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expends revenue it attracts those who would draw on that revenue through “unproductive” labor: courtiers, servants, lawyers, and functionaries. Where such employment is absent, people accumulate capital from their own parsimony and are employed by each other in “productive” activities. Glasgow has no parliament, so Glaswegians employ and are employed by capital. Edinburgh, prior to the Union of the Parliaments, had a parliament and so revenue rather than capital dominated its economic activity.

At this point Smith makes a further observation. Edinburgh lost its Parliament after the Union of the Parliaments with England in 1707. The result was that some industry began to develop there as the courtiers and other “unproductive” laborers followed the Parliament south or sought new sources of employment in capital-supported industry. Smith’s statement is accurate as Edinburgh developed an industrial base in the nineteenth century, with particular focus on brewing. The observation also fits into an explanation of the wider phenomenon of the spectacular economic growth experienced by Scotland in the eighteenth and nineteenth centuries—the Union removed Scotland’s “unproductive” political class and replaced them with “productive” employers of capital (hence also the development of Scottish banks and financial houses involved in the circulation of that capital).

Bringing his observation up to date, Smith suggests that the presence of the remaining offices of the Scottish civil service and the courts continues to provide a source of revenue in Edinburgh in such a way as to limit its development as a center of industry. Glasgow remains a more industrious city than Edinburgh, not so much because it had a head start but because the balance of “productive” and “unproductive” labor there remains on the side of industry.

Now it might seem at first glance that Smith is saying Glasgow is better than Edinburgh (which of course it is), but that is not really the point of his analysis. His categories of “productive” and “unproductive” labor are analytical rather than normative. He recognizes that both are necessary for the smooth operation of a wealthy society, but as a theorist of society he also understands that they operate in different ways and affect the economy around them in a distinct fashion. Smith can explain why there is more industry in Glasgow than in Edinburgh.

As always with Smith, the generalization is qualified. He notes in the passage before that there are exceptions to his observation—noting that London, Lisbon, and Copenhagen are the only three cities that are both political capitals and major centers of industry. Smith then goes on to show that this is a result of the situation of these cities, which suits them as *entrepôts* for the wider market of the country. As always Smith is careful to generalize and careful to qualify his generalization and offer an explanation for the exceptions that prove the rule.

It might also be worth a final observation. If Smith is correct in his analysis, we should see a rise in those employed in “unproductive” labor dependent on revenue when we see functions of government moved into new cities. A testable experiment. Indeed, given the opening of the devolved Scottish Parliament in Edinburgh in 1999, we might even use Smith’s Scottish examples to explore the longer term truth of his observation. Or perhaps we might just look at the fact that the new Scottish Parliament is built on the site once occupied by the headquarters of the Scottish and Newcastle Brewery.

## COMPETING INTERESTS

The author declares no competing interests exist.

## REFERENCE

Smith, Adam. [1776] 1976. *An Inquiry into the Nature and Causes of the Wealth of Nations*. Edited by R. H. Campbell, A. S. Skinner, and W. B. Todd. Oxford: Oxford University Press.