

THE OXFORD HANDBOOK OF  
**ADAM SMITH**



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ADAM SMITH

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*Edited by*

CHRISTOPHER J. BERRY

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## PREFACE

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Adam Smith (1723–90) is one of those iconic thinkers, like (say) Marx or Freud, whose name invokes a particular, distinctive perspective on human behaviour and social institutions. Also like Marx and Freud, Smith's work is name-checked more often than it is read. That is to say there is a 'popular' awareness, but typically it is of an uninformed nature. The Adam Smith of popular repute is often referred to as the advocate of 'market forces', the enemy of government regulation, and believer in something called the 'invisible hand' to produce optimum economic outcomes.

Yet if Smith is actually read, then this popular picture can be seen to be more a caricature than a faithful portrait. When Smith is indeed 'actually read' then what is uncovered is a sophisticated thinker, with many shades and many interests. It is worth recalling that Smith's ambit as a professor at Glasgow University was extensive. Beyond courses in philosophy and jurisprudence he also discoursed on history, literature, and language. The economic component of his vision is only *one* of many and was itself interwoven into the total fabric of his thought, as the notes of his lectures at Glasgow testify. Smith, this is to say, was not only the first economist (the 'father of economics' as he frequently appears in undergraduate textbooks of economics); he was also a subtle and significant philosopher, an informed and sophisticated historian, an attentive and insightful sociologist, and a perceptive analyst of culture. In short, he offers a view of the world and of human behaviour that is rich and complex. Only recently has this full richness and complexity, the depth and breadth of his work, come to be recognized.

This Handbook acknowledges and contributes to that recognition. Drawing on the expertise of leading Smith scholars from around the world, it serves, through a series of new essays, to enhance an appreciation of his actual contribution across a range of subjects, to raise the level of contemporary commentary and to inspire more and better analysis of the gamut of human institutions. To reflect the breadth of Smith's intellectual interests, the volume is divided into seven Parts (plus an Introduction). Each Part comprises four chapters around a broad theme. Although the individual chapters can be read as stand-alone essays, the volume is designed to form a coherent whole and stand as a testament to Smith's status as a thinker of world-historical significance.

2009 was the 250th anniversary of the publication of the *Theory of Moral Sentiments* Smith's first great book. This event was marked by a number of conferences, including one in Glasgow, at the University where the seeds not only of the *Moral Sentiments* but also *Inquiry into the Nature and Causes of the Wealth of Nations* (1776) were sown. Chris

Berry was the organizer of this conference and Craig Smith and Maria Pia Paganelli were participants. This Handbook is not a publication of the proceedings but a number of the Glasgow participants are also contributors to this volume. The editors are grateful to all the contributors for their support and to the Press for its decision, and subsequent backing, that Adam Smith is a fitting subject for an Oxford Handbook.

*Christopher J. Berry, Maria Pia Paganelli, Craig Smith.  
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## ABBREVIATIONS

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Inserted in the text are the following abbreviations. All references are to the Glasgow Edition of the Works of Adam Smith, published in hardback by Oxford University Press and in paperback by Liberty Fund Press, Indianapolis.

- AL: *The Principles which lead and direct Philosophical Enquiries illustrated by the History of the Ancient Logics and Metaphysics*. In EPS (cited by paragraph: page).
- AP: *The Principles which lead and direct Philosophical Enquiries illustrated by the History of the Ancient Physics*. In EPS (cited by paragraph: page).
- CL: *Considerations concerning the First formation of Languages*. In LRBL (cited by paragraph: page).
- Corr: *Correspondence of Adam Smith*. Edited by E. Mossner and I. Ross (1987) (cited by letter number: page).
- ED: *Early Draft of part of the Wealth of Nations*. In LJ (cited by paragraph: page).
- EPS: *Essays on Philosophical Subjects*. Edited by W. Wightman, J. Bryce, and I. Ross (1980).
- ES: *Of the External Senses* in EPS (cited by paragraph: page).
- FA: *First Fragment on the Division of Labour*. In LJ (cited by paragraph: page).
- FB: *Second Fragment on the Division of Labour*. In LJ (cited by paragraph: page).
- HA: *The Principles which lead and direct Philosophical Enquiries illustrated by the History of Astronomy*. In EPS (cited by section. paragraph: page).
- IA: *Of the Nature of that Imitation which takes place in what are called the The Imitative Arts*. In EPS (cited by paragraph: page).
- Letter: *Letter to the Edinburgh Review*. In EPS (cited by paragraph: page).
- Life: *Account of the Life and Writings of Adam Smith*. Dugald Stewart. In EPS (cited by section. paragraph: page)
- LJ: *Lectures on Jurisprudence*. Edited by R. Meek, D. Raphael, and P. Stein (1978).

- LJA: *Lectures on Jurisprudence 1762/3* (cited by section. paragraph: page).
- LJB: *Lectures on Jurisprudence 1766* (cited by paragraph: page).
- LRBL: *Lectures on Rhetoric and Belles Lettres*. Edited by J. Bryce (1983) (cited by section. paragraph: page).
- TMS: *The Theory of Moral Sentiments*. Edited by A. MacFie and D. Raphael (1982) (cited by part. section. chapter. paragraph: page).
- WN: *An Inquiry into the Nature and Causes of the Wealth of Nations*. Edited by R. Campbell and A. Skinner (1981) (cited by book. part. chapter. paragraph: page).



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## INTRODUCTION

### *Adam Smith: An Outline of Life, Times, and Legacy*

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CHRISTOPHER J. BERRY

THE chapters that follow examine in depth the various facets of Adam Smith's writings. The aim here is to give some selective background context. As far as possible it is descriptive. No claims, let alone arguments, are made that Smith is a 'product' of his times, in any sense beyond the truism that no-one is immune to their social environment (in the widest sense).

### SMITH'S LIFE (1723–90)

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What follows can only claim to be an outline (for detailed information readers can consult Ian Ross (2010) and, with a different emphasis, Phillipson (2010) who reprises some salient themes in his contribution to this Handbook; see also Gavin Kennedy's chapter which provides some additional biographical detail). Though he has been the focus of many biographies, Smith is not a helpful biographical subject. Unlike his great friend David Hume (1711–76), he was a poor correspondent and he is as far removed from another contemporary—Jean-Jacques Rousseau (1712–78)—as it is possible to get when it comes to self-conscious self-revelation. The objective outlines of his life, though, are well-known.

Adam Smith was born in 1723 in Kirkcaldy on the east coast of Scotland. His father, also Adam, was a lawyer, but he died six months before the son Adam was born. His mother (Margaret), twenty-nine when she gave birth, never re-married, and Adam was a devoted son throughout her long life—she only died in 1788, predeceasing her son by just two years. Dugald Stewart (1753–1828), Smith's first biographer, who knew him and was able to gain additional information from contemporaries, remarks that Adam was a

sickly child who received the ‘tender solicitude of his surviving parent’ but he was ‘able to repay her affection, by every attention that filial gratitude could dictate during the long period of sixty years’ (Life I.2: 269).

He attended the local school in Kirkcaldy from about the age of eight and benefited from the rigour and enthusiasm of a new master. Smith entered Glasgow University (founded 1451) in 1737 at the early—but for the time not unusual—age of fourteen. His school-gained proficiency in the classics was such that he was effectively able to by-pass the early years in the curriculum devoted to Latin and Greek. It is not certain why Glasgow was chosen. There were drawbacks to St Andrews (the closest) and Aberdeen (where there had been some past association) and perhaps Edinburgh was a city more lax in its behaviour than Smith’s mother wished for—in 1759 Smith was less than complimentary, judging it a ‘very dissolute town’ (Corr 42: 59). More positively there may have been a relative (an aunt) in Glasgow, a circumstance that W.R. Scott conjectures would have been an important consideration for his mother (Scott 1937: 28 cf. 235 that reprints a letter to Smith in inferential evidential support). Ian Ross observes that his father had been made a Glasgow burgher and proffers that as a reason to carry some weight in choice of University (Ross 2010: 29).

At Glasgow, Smith studied under some of the leading scholars of the day. He was taught mathematics by Robert Simson, who was (or became) a leading authority on Euclid (Smith owned a copy of the second edition of his *Sectionum Conicarum*). Much later Smith called him one of the two greatest mathematicians of his time (TMS III.2.20: 124). On what we might loosely call the ‘scientific front’, Smith was taught experimental philosophy by Robert Dick, using instruments that been bought as part of a self-conscious ‘modernizing’ drive on Glasgow’s part to elucidate the ‘doctrine of bodies’ and explicitly as that ‘science (natural philosophy) is improved by Sir Isaac Newton’ (Emerson 1995: 29). However, the most important teacher was the Professor of Moral Philosophy, Francis Hutcheson. In a letter towards the end of his life, Smith pays eloquent tribute to his abilities and virtues as the professor of moral philosophy (Corr 274: 301) and this, despite the fact that in his *Theory of Moral Sentiments* (TMS) Smith openly disagreed with his teacher’s views of benevolence and moral sense.

In 1740 Smith was awarded a Snell Scholarship to study at Balliol College, Oxford (this is still in existence today and Tom Campbell the author of Chapter 27 held the same scholarship). The purpose of this scholarship, according to the original bequest, was to enable its holders to prepare for ordination in the Church of England and join the Episcopal Church in Scotland but even before Smith took it up this provision had been nullified (Phillipson 2010: 58). Smith stayed at Oxford until 1746. This was not because he was enthralled by the education on offer; indeed in a frequently quoted passage from *The Wealth of Nations* (WN) he made the scathing remark that at Oxford ‘the greater part of the publick professors have, for these many years, given up altogether the pretence of teaching’ (WN V.i.f: 761). In the absence of documented evidence, the justified presumption is that Smith spent his time at Oxford keeping up his scientific interests, cultivating his linguistic skills and in developing, as Dugald Stewart conjectured, ‘the study of human nature in all its branches, most particularly of the political history of



mankind' (Life I. 8: 271). Nicholas Phillipson has argued that the 'decisive event' in this 'study' was Smith's reading of Hume (Phillipson 2010: 64 and see his chapter below). When Smith first read Hume's *Treatise of Human Nature* (1739: 40) is not known definitively but that he did so during his Oxford sojourn would seem difficult to deny.

On his return to Scotland in 1746 he returned to live with his mother in Kirkcaldy but in 1748 he moved to Edinburgh where, thanks to the patronage of Henry Home (1699–1782)—later ennobled on his appointment as a judge as Lord Kames—he was invited to give a series of lectures on rhetoric and later (though the evidence is less secure) on law and philosophy. There is only indirect evidence of what Smith actually delivered but Phillipson claims that it is plausible that this period is when the 'foundations of his system were laid' (Phillipson 2010: 106). What is certain is that Smith's lectures were successful (he repeated them) and, with the continuing support of Home and, decisively, Archibald Campbell (1682–1761), Earl of Ilay (later Duke of Argyll), Smith returned to Glasgow University.

He was appointed the Professor of Logic in 1751. There was one other candidate and although the vote for Smith was unanimous his rival (George Muirhead) was no cipher and later became Professor of Oriental Languages and then Humanity at Glasgow (Ross 2010: 108). Smith's appointment necessitated that he read a dissertation (*De Origine Idearum*) (Scott 1937: 138 quoting the official University Minute) and that he sign the Confession of Faith, a document embodying Calvinist theology, before the Presbytery of Glasgow. The Kirk maintained a formal link with the University which earlier in the century had been source of dispute (with some bearing on Simson's father, as will be noted below). Smith would appear to have had no qualms about signing this document, but it would be highly presumptive to read into this any indication as to his own beliefs (if he has any such they would be of general Deistic sort) (see Evensky (2005), Otteson (2002), Hanley (2009) and for Smith on religion generally see Gavin Kennedy's chapter below). In 1752 Smith was appointed, without competition, Professor of Moral Philosophy. He succeeded Thomas Craigie, who had moved from St Andrews, to take on the Chair on Hutcheson's death, and whose short tenure was marked by ill health and an early death. Smith held that post until he left academic life in 1764.

Smith professed on a wide variety of subjects. Beyond courses in philosophy and jurisprudence he also discoursed on history, literature, and language and a series of notes of his lectures, on Rhetoric and Belles-Lettres, have been discovered and published (see the discussions below by Michael Amrozowicz, Jan Swearingen, and Catherine Labio). Although in his will he asked for his manuscripts to be destroyed he did allow some essays to be published. Among these is an essay on 'Imitative Arts' (see James Chandler below) and another on the 'History of Astronomy' (see Leonidas Montes' Chapter). The latter is notable not only for the breadth of Smith's knowledge but also for his attempt to link the development of different astronomical accounts to a basic human propensity to seek order. In 1762 the University awarded him a LL.D in virtue of his 'universally acknowledged Reputation in letters and particularly that he has taught Jurisprudence these many years in this University with great applause' (quoted in Scott 1937: 187).

Smith published two great books and the seeds of both were sown in his Glasgow professorial years. TMS appeared in 1759 and drew on his lectures. It went through six editions in his lifetime and the final one, containing extensive revisions appeared in the year of his death (1790). What the simple fact of this chronology tells us is that Smith's commitment to the moral point of view endured alongside and beyond the publication of WN, his second great book published in 1776. Although by that date Smith had left Glasgow, we know, from student notes that have survived, that he had already considered many of its leading themes in his Glasgow classrooms. This judgment is substantiated by the testimony of his pupil, then professorial colleague, John Millar (1735–1801) who recalls that Smith lectured on 'those arts which contribute to subsistence, and to the accumulation of property, in producing correspondent movements or alterations in law and government' (as recorded by Stewart (Life I.19: 275)).

Smith left the University in 1764 for the more lucrative post of tutor and companion to the 18-year-old Duke of Buccleuch; a position obtained through the influence of the Duke's father-in-law, Charles Townsend. The university expressed their 'sincere regret' at this event commenting that his 'uncommon Genius, great Abilities and extensive Learning did so much Honour to this Society' (quoted in Scott 1937: 221). This was not to be Smith's last contact because in 1787 he was elected Rector of the University (a largely formal post). In a letter of thanks he declares that he remembers his professorial days as 'by far the most useful and therefore as by far the happiest and most honourable period of my life' (Corr 274: 309). On leaving Glasgow he travelled with his charge to France, settled in Toulouse but (typically) we know little of what he did there, though this period is the focus of concentrated research by Phillippe Massot-Bordenave. Smith visited, and resided for a while in, Geneva and met Voltaire who lived nearby at Ferney and of whom Smith had a high opinion. Armed with introductions, Smith visited Paris where he mingled with a number of the literary men and some women of the French Enlightenment. Of particular note among those he met were the economists Anne-Robert-Jacques Turgot (1727–81) and François Quesnay (1694–1774). Quesnay was the formative thinker of the Physiocratic school. We know Smith was familiar with the Physiocrat's writings. Quesnay, who sent Smith a copy of his *Physiocratie* (1767), was commended in WN as an 'ingenious and profound author' (WN IV.ix.27: 672) but, as we will note later, Smith was deeply critical of what he called the 'agricultural system'. It is certainly far-fetched to claim that these meetings, and these writings, were decisive in the formation of Smith's arguments (see Nerio Naldi's Chapter).

Smith's tutorship was cut short in 1766 by the unfortunate death of his pupil's brother, who had been with them since 1764. Despite the brevity of his responsibilities Smith was granted a handsome pension (£300) which relieved him thereafter of the necessity of having to earn a living. On his return to Scotland he went back to his mother's house in Kirkcaldy, where, Smith, speaking retrospectively in 1780, states that 'I continued to live for six years in great tranquillity and...amused myself principally with writing my Enquiry concerning the Wealth of Nations' (Corr 208: 252). He moved to Edinburgh (taking his mother with him) in 1777 when, again with the support of the Buccleuch connection, he was appointed a Customs Commissioner. This post paid well and Smith

was able to establish himself in a substantial property but not in the fashionable New Town (whither Hume had moved) but in the Canongate area of the Old Town. The job was not a sinecure and Smith was conscientious in his fulfilment of its obligations to such an extent, though with perhaps a hint of disingenuousness, that he judged that it interrupted his 'literary pursuits' (Corr 208: 253).

Among these pursuits were preparing further editions of both WN and, especially, TMS. The final sixth edition of the latter was an extensive revision and the source of much subsequent commentary (as can be seen in the chapters that follow). Smith may also at this time have been trying to complete 'two other great works upon the anvil; the one is a sort of Philosophical History of all the different branches of Literature, of Philosophy, Poetry and Eloquence; the other is a sort of theory and History of Law and Government' (Corr 248: 286–7). In the end this defeated him as he intimated it would in the Advertisement to the 6th edition of TMS where he remarks that he has left intact the penultimate paragraph from the first edition that expressed his intention to give 'an account of the general principles of law and government and of the different revolutions they have undergone in the different ages and periods of society' (TMS VII.iv.37: 342). There was material, though its extent unknown, since Smith instructed his executors to destroy his manuscripts, excepting some (including the 'juvenile' (Corr 137: 168)) 'History of Astronomy' (HA) which were published in EPS in 1795.

As to Smith the man, his own reticence means relying principally on the testimony of others. Dugald Stewart's 'Life' is the most revealing. Stewart observes that his 'private worth' can be vouched for by 'the confidence, respect and attachment which followed him through all the various relations of life'. He had 'many peculiarities' which, reading between the lines, were perhaps off-putting and it was only his 'intimate friends' who were able to appreciate the 'inexpressible charm of his conversation' and 'artless simplicity of his heart' (Life V.12: 329). As Stewart continues to depict him, the portrait that emerges is of an introverted, self-contained man, given to absent-mindedness and taciturnity in public. As to his external appearance, all Stewart can say is that 'there was nothing uncommon' about it but does add the profile medallion produced by James Tassie 'conveys an exact idea of his profile'. Smith never sat for his portrait (itself unusual among his friends) and, aside from Tassie's work, there only exists a stylized memorial print from John Kay. The statue in Glasgow University is a nineteenth-century 'imagination' as is the recent (2008) one in Edinburgh.

## SCOTLAND IN THE AGE OF SMITH

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In what sort of society did Smith live? All ages are ages of transition but that cliché does have some purchase in eighteenth-century Scotland. What follows is an indicative survey to help situate Smith without making any claims that he was in some way a passive product of his times. This survey will touch upon the political, economic, religious, and educational institutions and conclude with a few words on the informal linkages between them.

The most momentous political events took place before Smith was born though so profound were these that he lived with the consequences. The genesis lies in the seventeenth century. The last Stuart king, James II (and VII) was, in effect, deposed by the English Parliament in the Glorious Revolution of 1688. Scotland at that time had its own Parliament but a succession of bad harvests, the ruinous collapse of the 'Darien scheme' (the Parliament's attempt to establish Scotland as a colonial power) together with a trading dispute with the English supplied a backcloth to the Union of the Parliaments in 1707. Whether the Union was an act of betrayal by some leading Scots, was the product of English chicanery or was an 'escape' from immediate pressing difficulties is still a matter of academic (and political) dispute.

The Treaty of Union gave the Scots as Scots little direct political power (only 16 nobles in the Lords and about 8 per cent of the complement of the Commons). But the Treaty allowed the Scots to retain their own legal system and their own form of church administration and doctrine. These were significant exceptions since it meant that what mattered most immediately to most people remained in Scottish hands. The lawyers became pivotal figures. On behalf of their patrons, such as notably Ilay (whom we have already met), they effectively ran Scotland. Legal independence also reflected an intellectual difference. Unlike English law, Scots law had always had closer links with European/Roman systems; indeed until the eighteenth century, when Law chairs were founded, its lawyers were educated abroad, especially at the great Dutch universities of Leiden and Utrecht. Smith's own law lectures follow, albeit distinctively, the Roman Natural Law curriculum.

When Queen Anne (a daughter of James) died in 1714 the throne of England and Scotland passed to George of Hanover as the closest Protestant heir (he was married to a grand-daughter of James I and VI). It was that succession that had particular political consequences in Scotland. The members of the Scottish Enlightenment were Hanoverians. This meant more than supporting the current system because that very support signified their opposition to Jacobitism. The Jacobites were the supporters of the Stuart line and in the first half of the eighteenth century there were regular flare-ups against the new dynasty. The regularity of these flare-ups suggests that the Hanoverian succession was far from bedded-down (though disquiet with the effects of the Union is not conterminous with support for the Jacobite cause). The two most significant rebellions were the '15 and the '45. The '15 had widespread support, tapping into a well of general dissatisfaction with the perceived lack of benefits flowing from the Union. The '45 initially posed a great threat to the British state as the army of the Young Pretender or Bonnie Prince Charlie penetrated as far south as Derby in England, about 120 miles from London. Smith commented in his lectures *à propos* the effects of commerce that four or five thousand 'naked unarmed Highlanders' took possession of 'the improved parts' without resistance (LJB 331: 540). The initial military success of the Jacobites was not matched by popular support from the bulk of the Scottish people and was soon reversed. After the battle of Culloden (1746), which crushed the rebellion, it was deliberate Government policy to destroy the political separateness of the Highlands (Youngson 1972: 26). One such Act of Parliament abolished 'heritable jurisdictions'.

These jurisdictions, which gave local clan chiefs rights to administer justice (including the power to punish by death), had been explicitly preserved by the Treaty of Union but were nonetheless overturned on the grounds that it had given these chiefs the power to raise an 'army' from their vassals (Shaw 1983: 169). Smith refers to one of these chiefs (Cameron of Locheil) in WN (III.iv.8: 416) in the context of an explanation of the emergence of a commercial society.

One of the motives behind the Union was the need for Scots to gain unrestricted access to English markets. Eventually, by about mid-century, the Union began to have an economic pay-off and rapid change took place (Devine 1985). The growth of Glasgow was the most remarkable of these changes. Its population grew from (roughly) 17,000 when Smith was a student to over 42,000 in 1780 (Hamilton 1963: 18). The city attracted numbers from the rural Western Highlands as a process of urbanization began. A phenomenon that has caused some commentators to speculate that Smith's 'four stages theory', and the attention paid by the Scottish literati to the mode subsistence, as William Robertson called it in his 1777 *History of America* (1840: 823), was stimulated by the rapidity of socio-economic changes apparent in Scotland. Excluding agriculture, the production of textiles, especially linen, was the chief Scottish industry (Durie 1979). In Glasgow the crucial development was the growth in the tobacco trade as it overtook Bristol to become the major port. Smith knew a number of the Glasgow 'tobacco lords'. He participated in the Glasgow Literary Society, presided over by Andrew Cochrane, one of these 'lords' (Sher 1995: 335ff). A passage in WN where Smith remarks on the tendency of merchants to have the ambition of becoming country gentlemen (WN III.iv.3: 411) does reflect the activities of a number of these tobacco merchants such as John Glassford (who, like Cochrane, gave his name to still extant Glasgow street names (Devine 1975: 27)).

The development of 'heavier' industry like mining, chemicals, and smelting did not take off until the last quarter of the century and it is frequently noted that Smith's model of 'industry' was small-scale (Kennedy 2005: 132). What urbanization and textile production did require was a supportive infrastructure both physical and financial. Transportation was by horse (Smith rode to Oxford) and boat. While there was a reasonably efficient coach service between Edinburgh and London, cross-country travel was arduous. The only way to transport in bulk was by boat and to get from Glasgow to Edinburgh (about 45 miles apart) meant a long and hazardous voyage via the Pentland Firth (well over 600 miles). A canal linking the estuaries of the rivers Forth in the east and the Clyde in the west was started in 1768 and completed in 1790. This was a considerable engineering achievement but clearly took extensive capital funding. The concomitant of this capital investment was the development of a banking system. The Bank of Scotland predated the Union but the Royal Bank was established in 1727 and the British Linen Company (Bank) in 1746. There were a host of smaller banks, not all of them viable. One of the problems faced by the shareholders in the Forth-Clyde Canal was the depression in confidence caused by the crash of the Ayr Bank in 1772. Of this Smith was aware and his views on speculators ('projectors') banking and financial regulation are found in WN (see Hugh Rockoff's chapter).

As mentioned above, the Union left intact the 1690 Settlement that established Presbyterianism as the officially sanctioned form of Church government in Scotland and subscription to the tenets of the Calvinist Westminster Confession was made the test of orthodoxy (Cameron 1982: 116). This was not mere lip-service. In 1696 a 19-year-old student Thomas Aikenhead was executed for blasphemy. This confessional commitment lasted into the eighteenth century with attempts to remove for heresy the Professor of Divinity at Glasgow, John Simson (father of Robert) in 1717 and again in 1727. This was a murky business, a mixture of theology, doctrine, and politics—a cocktail that affected more than Simson (Skoczylas 2001). Yet, here too, change was afoot (at least at elite level). The loss of a Parliament at the Union enhanced the Kirk's role as the nearest equivalent to a national debating forum in the form of General Assembly (Clark 1970: 202). This salience made it the focus of political attention and this eventually helped the Scottish Church (or elements of it) and the Scottish Enlightenment to come to some sort of rapprochement, as manifest in the historian William Robertson, Principal of Edinburgh University (1762–93), becoming the Moderator of the General Assembly in 1762 (succeeded by another professor—Alexander Gerard of Marischal College and author of a prize-winning *Essay on Taste*). The shift this represented can be gauged by the fact that Hume and Kames were unanimously denounced in the Assembly for their 'impious and infidel principles' (McIntosh 1998: 70).

Robertson was a leading figure in the 'Moderate' movement. Through astute manoeuvrings, this group of like-minded 'modernizers' managed to make itself the dominant 'party' in the Assembly. This enabled the Moderates to oversee the appointment of ministers sympathetic to improvement and to 'enlightenment'; an outlook suited to the political 'management' of Scotland (Shaw 1983: 100). This does not mean the Moderates' religious beliefs were insincere even if their seeming emphasis on social duties (Christian neighbourliness) and relative effacing of hellfire sermonizing prompted an evangelical reaction (the 'High-Flyers'). It is evident that the Moderates were the 'Enlightenment' party. With the institutional centrality of its key members, this makes the Enlightenment in Scotland very different from that typically associated with the French situation. Smith was friendly with the leading Moderates and this circle was sufficiently catholic (as it were) to include Hume. The view of Moderates like Robertson and Adam Ferguson has been called Christian Stoicism (Sher 1985: 325). Many Smith scholars enlist him, with varying degrees of commitment, in the Stoic camp even if his own religious views are enigmatic (see Ross 2010: 432) and Gavin Kennedy's exploration below).

With the exception of Hume and law-lords like Kames, the thinkers of the Scottish Enlightenment were, like Smith, university professors. For a country of Scotland's size and population the presence of five universities—St Andrews, Glasgow, and Kings College Aberdeen, which predate the Reformation, and Edinburgh and Marischal College Aberdeen, which were Reformation foundations—is striking. The traditional task of these universities was to turn out ministers of religion and this continued throughout the century (Cant 1982: 44) but here, too, there was change. We have already mentioned the establishment of law chairs, and medical schools were officially recognized in Edinburgh (1740) and Glasgow (1760) (the provision of a medical education,

though formally part of the curriculum, had become moribund). This ‘vocationalism’ was symptomatic of the recognized need to address the demands of societal change. The system of regents whereby one teacher took the same class for all its subjects throughout its four years of study was abandoned (only Kings College retained it through the century). A second change was the move from lecturing in Latin. Here Hutcheson at Glasgow was an important pioneer and his personal impact, as well as his writings, has led to him being called the ‘father of the Scottish Enlightenment’. He was a key influence on Smith who, late in life, remembered him as ‘the never to be forgotten Dr. Hutcheson’ (Corr 274: 309). Though Smith criticized Hutcheson’s recourse to a ‘moral sense’, as a constitutive part of human nature (TMS VII.iii.3.13–15: 324–6), he followed his teacher in his opposition to all rationalist and egoistic accounts of morality (Hutcheson features in a number of chapters).

The practical aspect of learning was clearly important. Aside from the development of vocational classes in law and medicine there was expansion in subjects like chemistry and botany which had obvious uses in agricultural improvement and ‘industry’. For example, William Cullen at Glasgow corresponded with Kames on the chemistry of fertilizers and gave special lectures on the principles of agriculture—he had a farm of his own where he put his own principles into practice (Donovan 1982: 100). Cullen also researched into the application of chemistry to linen-bleaching (Guthrie 1950: 62). But the universities were also open to intellectual developments (in which Cullen also made his mark). Curricula were changed and especially notable was the speed with which Newton’s system was adopted and professed (Shepherd 1982). Newton himself gave the Glasgow graduate Colin McLaurin—already a professor at Marischal College—a testimonial for his appointment at Edinburgh in 1725 (Chitnis 1976: 129).

As part of the ‘system’, university appointments were, not surprisingly, another arm of the patronage system. The apparently simple fact that the theorists of the Scottish Enlightenment were overwhelmingly university professors is *prima facie* evidence that in this system ability counted. While it would be a mistake to deny that nepotism and cronyism was present, little was to be gained by appointing lazy incompetents if for no other reason than that they would not attract students to pay their fees (another Scottish practice that Smith compared favourably to Oxford).

Implicit in much of the above is the interweaving nature of the Scottish institutions of the law, the church and the academy. These can be characterized as interwoven strands because the intellectual elite were involved across the board. This involvement was embodied in the proliferation of clubs and debating societies that were established as they formed a point of convergence for the universities, the law, the church and the ‘improving’ gentry (Phillipson 1973). For example, the ‘Select’ Society (or more formally and indicatively ‘the Edinburgh Society for the Encouraging of Arts, Sciences, Manufactures and Agriculture’) included amongst its number key social theorists like Smith, Hume, Kames, Robertson, and Ferguson. For all his somewhat retiring nature and reputation, Smith was an active member of a number of these associations (we have already mentioned the Glasgow Literary club with its mix of ‘town and gown’).

It is instructive that a number of these clubs were concerned with ‘politeness’. English periodicals like *The Tatler* and *The Spectator* were reprinted quickly in Edinburgh and widely circulated (cf. Phillipson 1987: 235). What was attractive in these publications was the attention paid to ‘manners’. In the words of John Ramsay, one of their contemporaries, they ‘descanted in a strain of wit and irony peculiar to themselves on those lesser duties of life which former divines and moralists had left almost untouched’ (Ramsay 1888: I, 6). Such a concern with social propriety was the corollary of the burgeoning urban culture so that indeed ‘urbanity’ (and the related ‘civility’) became positively valued traits of character and behaviour (see Richard Boyd’s chapter). Any reader of TMS cannot but be aware of the centrality of propriety in Smith’s social ethics and his delineation of elaborate social interactions so as to induce, among an ‘assembly of strangers’, a ‘concord’ of sentiments (TMS I.i.4.7–9: 22–3). These aspects of his thought are explored in several of the chapters, especially in Part Three. In summary, it is not too fanciful to see this interweaving mix of formal non-state institutions, informal societies, and civic consciousness as a manifestation of many of the aspects that have come to characterize a ‘civil society’.

## THE ENLIGHTENMENT: SCOTLAND AND BEYOND

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Smith is unquestionably a member of what Peter Gay called the ‘Enlightenment family’ (Gay 1967: 4). The Enlightenment was a self-conscious movement. To a significant extent this self-consciousness militates against a stringent reading that would deny the appropriateness of referring to ‘the’ Enlightenment (see Pocock 1999, Robertson 2005, Sher 2006, and Withers 2007 for a representative sample of the debate). The participants—referred to variously as *philosophes*, the *Aufklärer* and the *literati*—were by definition members of the educated stratum of society. In Scotland, as we have observed, they were professionals, especially lawyers, doctors, and university professors and this is replicated elsewhere (Kant, Linnaeus, Genovesi for example, were also professors). For all its popular association of the Enlightenment with France, France is in this regard something of an outlier, since with one or two exceptions, the *philosophes* were either professional men of letters or of independent means.

Nor was the Enlightenment a localized affair. There were family members throughout Europe as well as America. The *literati* genuinely were participants in an international dialogue, seeing themselves as engaged in the same debates. One form of this dialogue was direct engagement. So, for example, Smith engaged Rousseau by reviewing his *Discourse on Inequality* for the short-lived *Edinburgh Review* in 1755 (included in EPS) (see Dennis Rasmussen below). A second form of dialogue was the widespread dissemination of works and translations. For example, the Italians typically knew WN via its French version and in his professorial days Smith had for a time (1758–60) responsibility for the University Library and in that capacity purchased seven volumes of Diderot’s *Encyclopedie* (Scott 1937: 179).



If we turn to the core concerns of these self-conscious intellectuals, then their imagery of ‘light’ provides a helpful clue. Light implied that earlier times were comparatively benighted. In less metaphorical terms this contrast between light and dark is the contrast between knowledge and reason over against ignorance, prejudice, and superstition. Hence any institutions such as slavery, torture, witchcraft, or religious persecution that still existed were to be opposed as relics, as creatures of the night. Smith’s writings establish his subscription to this agenda (see Samuel Fleischacker below for examples of Smith’s commitment to equality). Even though Smith as a writer was not given to expressions of outrage he was clear that slavery is evil (LJB 132: 451), was unambiguous in his deprecation of judicial cruelty (as in the treatment of Jean Calas (TMS III.2.11: 120) and in his condemnation of infanticide (TMS V.2.15: 210; though see Fonna Forman-Barzilai 2010 for the possible limits to Smith’s sympathy (a topic also explored by Duncan Kelly in his chapter)). On occasion Smith did blazon his Enlightenment credentials as in his open declaration that ‘science is the great antidote to enthusiasm and superstition’ (WN V.i.g.14: 796).

Central to the lifting of darkness was the light shone by science. The brightest star in that firmament was Isaac Newton. Newton was *the* hero of the Enlightenment. To speak generally, his achievement was to encompass within one comprehensive schema an explanation, derived from a few simple principles (laws of motion plus gravity), of the range of natural phenomena, from the orbit of the planets to apples falling from trees. Crucially and decisively these laws were proved to be right. Newton’s calculation that the earth was not, contrary to Descartes, elongated at the poles and flat at the equator but flatter around the poles was vindicated by expeditions to Lapland and the Equator. His prediction that a comet would enter the solar system was duly borne out by its (Halley’s Comet) arrival in 1758. Well before that date Newton’s system had become accepted especially in Scotland.

One hallmark of Newton’s status was that to liken someone’s work to his was to pay it the highest possible compliment. For example, John Millar in his *Historical View* declared Smith to be the ‘Newton of political economy’ because he had discovered the principles of commerce (Millar 2006: 404). Smith shared this Enlightenment enthusiasm and in his case this was backed up by an impressive knowledge of astronomy (see Leonidas Montes’ chapter below). In the posthumous (but very likely early-written) HA, Smith declared that Newton’s system was ‘the greatest and most admirable improvement that was ever made in philosophy’ (HA IV: 67) and his principles ‘have a degree of firmness and solidity that we should in vain look for in any other system’ (HA IV: 76). Though this declaration has been subject to debate—see Berry (2006).

In his rhetoric lectures (on which see Jan Swearingen’s chapter), Smith explicitly identified, within what he termed the didactical mode, a style of writing as the ‘Newtonian method’. This method lays down ‘certain principles known or proved in the beginning, from whence we account for the severall Phenomena, connecting altogether by the same chain’ (LRBL ii.134: 146). Such a procedure is the ‘most philosophical’, especially in contrast to its chief alternative—the Aristotelian method—where a different principle is given to every phenomenon. Because it is the most philosophical then in ‘every science whether of Moralls or Naturall philosophy’ it is sufficient reason to pursue it. Some

commentators have sought out Smith's Newtonianism. Norriss Hetherington (1983: 487), for example, thinks there are 'obvious similarities' between Smith's effort to discover general laws of economics and Newton's success in discovering natural laws of motion and David Raphael (1979: 88) judges that 'Smith clearly regards sympathy as the gravitational force of social cohesion and social balance'. Others have been less confident that Smith himself carried out this project, though this is largely because of their more historically informed appreciation of what Newton's system in fact represented (see for example Schliesser 2005; Montes 2008). As Raphael acknowledges, and as we have already noted, Smith himself is not very helpful—and despite his emblematic status, there are minimal references to Newton in his two major works.

The Scots for their part are believers in progress. This belief required a theory of history and much of the writing of the Scottish Enlightenment was of this cast (Berry 1997). Certainly it is a major component across Smith's work as his adoption of the so-called 'four stages theory' testifies (see, among others, the Chapters by Michael Amrozowicz, Fabrizio Simon, and Maureen Harkin). In this he was part of the Enlightenment mainstream. The Enlightenment's attitude to the past has come in for heavy criticism, for being in effect 'unhistorical' ((Collingwood 1946) is a classic statement and with particular reference to the Scots, see Höpfl 1978). Others have been more sympathetic seeing in this period a new conception of history as universalist, including all of humanity and all facets of humanity in its scope (see e.g. Barraclough 1962; Trevor-Roper 1963).

In Smith and his compatriots this twin-track universalism was captured in the idea of 'civilization'. While they do maintain that it has advanced across a wide front and that the growth of knowledge is indeed a crucial ingredient in this advance, they are less confident than Frenchmen like Claude Helvetius, or Englishmen like Joseph Priestley, that it is automatic and necessarily always and in all respects an improvement. An important factor accounting for this less than wholehearted approach is that the Scots attach less weight to deliberative reason (Forbes 1954). Smith's subscription to the 'law of unintended consequences' (of which the 'invisible hand' is but one manifestation) reveals his awareness of the gradualness of social change and the distance between the particular action of individual agents and its outcomes. Hence the 'revolution' that brought about the collapse of the power base of the 'landed proprietors' was achieved by the 'silent and insensible operation of foreign commerce' as it changed the 'state of property and manners' (WN III.iv.10.8: 418, 416).

'Property' is crucial to the 'four stages' theory, and 'manners' reflects Smith's (and the other Scots') sensitivity to the role of social habits or customs. Here the Scots demonstrate their debt to Montesquieu. The Scots are fulsome in their praise of his *Spirit of the Laws* (1748), though that is consistent with criticism of, for example, his climate theory. Smith (typically) is sparing in his published references to him but it is clear from the LJ editions that he had a close knowledge of the work. What impressed the Scots was Montesquieu's notion of '*un esprit général*' (Montesquieu 1989:19, 4: 310). This 'spirit' was a composite of the many factors that 'govern men' and which impact differently on different nations. It is characteristic of the *Spirit* that it contains a mixture of 'discourses.' It speaks both the language of natural law and gives voice to the idiom of republicanism.

Smith's thought contains both registers and much interpretative debate and scholarship centres on emphasizing differing aspects.

The natural law discourse stems ultimately from the system of Roman jurisprudence that was a staple of Scottish legal education, which Smith both received and delivered. A key ingredient in the curriculum was the re-formulated, post-Reformation, accounts of Natural Law. While there were home-grown authorities (notably James Dalrymple, Lord Stair's *Institutions* (1681)),<sup>1</sup> the most notable of these formulations—and both picked out in this regard by Smith (LJB 1.3: 397–8)—were those of Grotius (*The Law of War and Peace* (1625) and Pufendorf (*On the Law on Nature and Nations* (1672)). The latter was especially influential, obtaining a central place in University curricula; with Scotland no exception (see Chris Berry's Chapter). Gersholm Carmichael, the first Professor of Moral Philosophy at Glasgow, wrote a commentary on Pufendorf's *Duties of Man and Citizen* (1673), that his successor Francis Hutcheson declared, in his *Short Introduction of Moral Philosophy* (1747), to be 'by far the best' (Hutcheson 2007: 3). Hutcheson himself in his lectures followed the jurisprudentialist outlines. As subsequent chapters will explore, one of the significant contributions of Smith was to recast this tradition along what may be called more sociological or historical lines.

But for all its obvious importance, the jurisprudentialist talk of law and rights had no monopoly. An equally venerable vocabulary, with its roots in Aristotle, spoke of virtue and the political or civic life as the authentic expression of human nature (see now classic exposition by Pocock (1975)). This too had a decisive Roman input with the articulation of 'republican' thought and a loaded diagnosis of how it came to be 'corrupted' (a key term of art). Inherent in this tradition was a critical attitude towards commerce because of its preoccupation with private gain and thus possessing the potential to subvert the virtuous commitment to the 'public good'. This dimension gained a new lease of life in the eighteenth century as economic changes unfolded to produce a commercial society, where, as Smith said, 'everyman' becomes 'in some measure a merchant' (WN I.iv.1: 37), a statement seized upon by Marx in his 'early writings' (Marx [1844] 1975: 266; and see Spencer Pack's chapter). Smith's relationship to this critique of commerce is a running theme in this volume and is explored in the chapters by Spiros Tegos and Ryan Hanley among others.

## LEGACY AND REPUTATION

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Aside from the relative weight to be attributed to the twin presence in Smith of the language of *ius* and *virtus* (Pocock 1983: 248) there is a more infamous interpretative question, namely, the relation between Smith's moral philosophy as expressed in TMS

<sup>1</sup> It is an exaggeration to see Stair as a key factor in Smith's articulation of the stadial theory of history (MacCormick 1982). Indeed, there is little evidence of Smith's indebtedness to any supposedly native tradition of thought (for Smith's intellectual hinterland, see Chapter 4).

and his economics and WN. This was given the grandiloquent label of ‘Das Adam Smith Problem’ (ASP). While its initial manifestation, that there was a contradiction between the supposed sympathetic altruism of TMS and the supposed selfishness as the governing principle of WN has been discredited, the relationship itself continues to be investigated (for recent explorations of a ‘new’ ASP, see e.g. Otteson 2002; Montes 2004). What fuelled the initial account of the relation was the fact that Smith ‘the economist’, the author of WN, had overshadowed his work as a moral philosopher. And the more recent treatments which take fully on board, even when they do not start from, TMS still accept the salience of WN in any assessment of Smith.

Smith is, and always will be, indelibly associated with ‘economics’. His economics is, of course, not straightforwardly assimilable into the present practice of the discipline, though as Hugh Rockoff, Tony Aspromourgos, and Nerio Naldi demonstrate in their chapters a number of his conceptualizations and ‘problematics’ are recognizable. His own wider contextualization of the ‘economic’ is picked up by Maria Pia Paganelli in her contribution to that Part.

Smith the economist was neither a lone voice nor without precedence. Within Scotland, Hume’s *Political Discourses* (1752) contained important and influential essays on commerce, trade, money, tax, and interest. In an uncharacteristic acknowledgement of the work of others, Smith commended Hume’s argument in these essays that commerce gradually introduced good government and liberty (WN III.iv 4: 412). He did not offer that compliment to another Scottish (though exiled as a Jacobite sympathizer) economist, Sir James Steuart. This was not from ignorance since Smith says in a letter that he had no need to mention Steuart’s work since he has confuted ‘every false principle in it’ (Corr 132: 164). Steuart’s *Principles of Political Oeconomy* (1767), while also expressing a debt to Hume, and sharing some ground with Smith, nonetheless exhibited a significant difference with its supposition that at the head of government is a ‘statesman’ who will act so as to ‘prevent the vicissitudes of manners and innovations, by their natural and immediate effects or consequences from hurting any interest within the commonwealth’ (Steuart 1966: I, 12). Of his contemporaries, Smith engaged with the French Physiocrats. As we noted earlier, Smith met its leading proponents such as Quesnay and Mirabeau, when he was in Paris. They undoubtedly made an impression on him, but he identified a ‘capital error’ in their dismissal of artificers, manufacturers, and merchants as ‘unproductive’ (WN IV.ix.29: 674).

As this suggests, WN is a notable work of polemics. Of all his targets the ‘mercantile system’ comes in for the heaviest treatment. He does not mince his words. Its endeavour to direct economic activity is ‘mean and malignant’ (WN IV.vii.c.56: 610); it is ill-conceived and injurious to the wealth of nations, that is, to the welfare of its inhabitants. Smith is not a negative figure; he makes the case for various reforms, as with the treatment of the American colonies but he is not sanguine that his advice will be heeded (WN V.iii.68: 934) (for Smith’s complicated relation to ‘reform’, see David Levy and Sandra Peart’s contribution). The epithet ‘father of economics’ frequently attached to Smith reflects the subsequent emergence of ‘liberal’ economics. His commitment to ‘natural liberty’ where everyman is ‘left perfectly free to pursue his own interest his own

way, with its corollary that the ‘sovereign is completely discharged’ from the ‘duty of superintending the industry of private people’ (which is just as well since executing any such obligation is beyond any of ‘human wisdom or knowledge’), constitutes perhaps its basic tenet (WN IV.ix.51: 687). The restriction of government to the seemingly limited tasks of external defence, internal order, and the provision of ‘public goods’ and his judgement that the pursuit of their own interests by individuals will generally produce a superior outcome than one emanating from some predesigned aspiration, are all expressions of a ‘free market model’ (see Craig Smith’s chapter). Of course this is a gross simplification of Smith’s own position, as Amartya Sen argues in the concluding chapter of this volume. Liberty is itself a ‘blessing’ as he terms in LJA (iii.111: 185) and enabling it is good. What government does properly, via the exact administration of justice, is enable the ‘system of natural liberty’ to function. It is morally wrong to use the power of the state to direct individual actions, as in choice of employment or dress (WN II.iii. 36: 346; cf. IV.vii.c.87: 630). It follows, too, that liberty can justifiably be restricted (as with bank lending). Nor is he above criticizing those private individuals who would distort the ‘market’. His well-known judgement of merchants belongs in this context—they are hypocrites who complain of others while being silent on the ‘pernicious effects’ of their own gains (WN I.ix.24: 115); they are conspirators as they contrive to raise prices (WN I.x.c.27: 145), indeed they have an ‘interest to deceive, and even to oppress the publick’ (WN I.xi.p.10: 267). Since unintended outcomes are not always benign, the government’s responsibilities include ameliorating both the material and moral circumstances of its citizens. One example of this is Smith’s argument for the provision of education to counteract the effects of repetitive work.

WN was rapidly translated—it appeared Danish, French (twice) and German (twice) all before Smith’s death in 1790 (Campbell and Skinner 1985: 168). The initial reception in Scotland was enthusiastic. Hume who read it shortly before his death exclaimed his delight (Corr 150: 186) and its arguments (and even his ‘trivial’ example of pin-making) were reproduced. Although there is dispute about the immediacy of Smith’s impact or the depth of WN’s penetration in the reading public (for a critical survey see Sher 2004), Smithian principles did percolate into the political, policy sphere. Prime Minister William Pitt in a 1792 speech declares that it is in only in WN that an explanation has been given as to how capital will accumulate when not obstructed by some ‘mistaken or mischievous policy’; it is, indeed, Smith who has furnished the ‘best solution to every question connected with the history of commerce or systems of political economy’ (in Ross 1998: 159). Notwithstanding this, it would be mistake to assume Smith’s ‘impact’ was univocal. In contrast to Pitt’s view, Samuel Whitbread cited Smith in Parliament in 1795 in support of bill for minimum wage legislation (Rothschild 1992: 85). Indeed, his work was rapidly taken up by Thomas Paine and other ‘radicals’ (Stedman Jones 2004). One consequence of this was that in the early nineteenth century Smith was criticized from the Right. It was much later in that century that he was criticized from the Left because he had by then become associated with the glorification of competition and self-interest.

The history of TMS is far less eventful. As Glenn Morrow remarked in a lecture to mark the sesqui-centennial of WN, the same anniversary had not been celebrated for

TMS (Morrow 1928: 173). The bi-centennial by contrast was marked by conferences in Glasgow and Balliol and globally. The book, however, was far from ignored when it first appeared. Across the Enlightenment it received a warm reception, with eighteenth-century translations into French and German. Although editions continued to appear periodically through the nineteenth century, its impact was muted. In Britain, neither of the two nineteenth-century mainstream approaches—Utilitarianism and Idealism—paid it much attention. Regarding the former, J.S. Mill does not refer to him though he does receive a careful and respectful exegesis in Henry Sidgwick's *History of Ethics* (1886) even if the concluding assessment is lukewarm (Sidgwick 1962: 218). Regarding the latter, T.H. Green selects Hume as his representative target for his critique of 'naturalism' (which quickly passes into his attack on evolutionists) (1906: 5ff). On the continent, Kant's system with its fundamental rejection of the heteronomous reliance on 'experience', and thus 'sentiment', became dominant. But Smith was not a 'target'; indeed the only reference to Smith in Kant's *Metaphysics of Morals* (1797) is to WN (Kant 1996: 71) and Hegel similarly, in his *History of Philosophy* lectures (published 1840), refers to him as the best known of the 'Scottish School' but that is in virtue of his work as an economist (Hegel 1995: III, 378). The French followed Reid's 'Common Sense' (an edition of his works was edited by the influential teachers Jouffroy and Royer-Collard) rather than Hume or Smith. Although, in contrast, Auguste Comte (1842) did commend both these thinkers but singled out HA rather than TMS for particular mention (Comte 1853: II, 428).

Walter Bagehot, in a not unkind if rather patronizing essay of 1876, notes TMS was once celebrated but is now judged to be of 'inconsiderable philosophical value' (though he also dubbed WN an 'amusing book about old times') (Bagehot 1965: 91, 101). A brief volume on Smith by R.B. Haldane was unambiguous in its declaration that 'his contribution to ethics . . . was unimportant' (Haldane 1887: 14). In another slim, though more scholarly book, Hector Macpherson still judged that TMS' 'philosophical value is slight' (Macpherson 1899: 38). Leslie Stephen's late nineteenth-century survey *History of English Thought* (1876) does devote several pages to TMS but treats him as unoriginal and the book as the publication of an ambitious professor's lectures (Stephen 1962: II, 65). In his compendious *The Scottish Philosophy* the President of Princeton, James McCosh, despite seeing William Hamilton's development of Reid as the high point, gives a reasonable overview of TMS though concludes it is likely now to be read for its style rather the theory it expounds (McCosh 1875: 170). The most informed account is by L.A. Selby-Bigge, who included a lengthy extract from TMS in his *British Moralists* (1897). While John Rae's *Life* (1895) and W. Scott's *Smith as Student and Professor* (1937) advanced Smithian scholarship neither indulged in any evaluative discussion of TMS.

Such discussion in any detailed length had to await Tom Campbell's book length treatment of TMS (Campbell 1971) (his chapter in this Handbook revisits some of its themes). Notwithstanding that work, what was crucial to prompting, and then increasing, serious interest in TMS was its appearance in the Glasgow edition of Smith's works of 1976. In the wake of the Glasgow editions the rest of Smith's writings also came into focus. The Glasgow publication in definitive edition of discovered lecture notes (LJ and LRBL)

brought the breadth of Smith's interests to scholarly notice to complement his posthumous collection EPS.

This Handbook aims to reflect, and embody, the depth and width of Smith's work. He was not only responsible for, in Alfred Marshall's judgement, 'the greatest step that economics has ever taken' (Marshall 1890: 55) (only a notch or two down from Thomas Buckle's verdict of 1861 that WN is 'probably the most important book ever written' (Buckle 1904: III, 315)) he was also a subtle and significant philosopher, an informed and creative historian, an attentive and insightful sociologist, and an observant and acute analyst of culture. His view of the world, and of human behaviour inside it, is complex and sophisticated. While he was a son of his time he was also a teacher for future generations. The substantial and up-to-date chapters collected in this volume provide the materials to appreciate the wealth of his work.

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PART I

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ADAM SMITH:  
HERITAGE AND  
CONTEMPORARIES

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## CHAPTER 1

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# ADAM SMITH: A BIOGRAPHER'S REFLECTIONS

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NICHOLAS PHILLIPSON

ADAM SMITH is often seen as an unrewarding subject for biography. Dugald Stewart, his first and greatest biographer, saw him as a quiet, unassuming man who led a relatively uneventful life and preferred the peace and quiet of his native Kirkcaldy and the company of old friends to the bustle of Glasgow, Edinburgh, or London. We know him now as a notoriously poor correspondent who valued his privacy, who deplored the current fashion for biographical tittle-tattle and who, at the end of his life, made an archival bonfire of most of his private papers and unfinished texts in an attempt to preserve his biographical privacy. For Smith was a philosopher who believed that a writer should be remembered for his works rather than his life, and for works that were finished, published and polished rather than for those which were incomplete and had yet to reach the public. It was for this reason that he reluctantly abandoned ambitious plans for new treatises on government, philosophy and the fine arts and spent his last years polishing and perfecting the texts of his two great published masterpieces, the *Theory of Moral Sentiments* and *The Wealth of Nations*. As he told his publisher, 'As I consider my tenure of this life as extremely precarious and am very uncertain whether I shall live to finish several other works which I have projected and in which I have made some progress, the best thing, I think, I can do is to leave those I have already published in the best and most perfect state behind me' (Corr 276: 310–11).

Smith was assuming that these two polished texts could be read as self-standing accounts of his thinking about the principles of morals and political economy, but it was an assumption about which he was notably uneasy. The first edition of the TMS of 1759, which ended with an account of the principles of justice, was accompanied by the announcement that 'I shall in another discourse endeavour to give an account of the general principles of law and government, and of the different revolutions they have undergone in the different ages and periods of society, not only in what concerns justice,

but in what concerns police, revenue, and arms, and whatever else is the object of law' (TMS VII.iv.37: 342). It is biographically poignant that Smith should have returned to this announcement in the advertisement to final edition of TMS, published a few weeks before his death on 17 July 1790.

In the *Enquiry concerning the Nature and causes of the Wealth of Nations*, I have partly executed this promise; at least so far as concerns police, revenue, and arms. What remains, the theory of jurisprudence, which I have long projected, I have hitherto been hindered from executing, by the same occupations which had till now prevented me from revising the present work. Though my very advanced age leaves me, I acknowledge, very little expectation of ever being able to execute this great work to my own satisfaction; yet, as I have not altogether abandoned the design, and as I wish still to continue under the obligation of doing what I can, I have allowed the paragraph to remain as it was published more than thirty years ago, when I entertained no doubt of being able to execute every thing which it announced. (TMS Advt. 2: 3)

Nor was this Smith's only hint that his two published works needed to be seen as part of a much more extensive philosophical programme. He had already developed and published the remarkable lecture on the origins and progress of language out of which his theory of rhetoric had been developed, and had taken the important step of republishing it in 1763 in the third and every subsequent edition of the *Theory*, a reminder to readers that his moral theory was heavily indebted to a distinctive theory of language. Indeed, one of the last and most striking acts of his life was to hint to the executors who were organizing his archival bonfire, that there were certain papers which could be spared and published if they thought it worthwhile. These papers, which included Smith's surviving notes on the origins and progress of philosophy and the imitative arts, and included an extraordinary essay on the history of astronomy of which he was particularly fond, were posthumously published, as Smith must have known that they would be, only to be ignored by generations of readers of his moral philosophy and his political economy who continued to regard his published texts as self-standing treatises and showed little interest in viewing them as part of a more extensive design.

Smith needs to be thought of as a philosopher who published less than he promised. Following the publication of the unauthorized student notes of the Lectures on Rhetoric and the Lectures on Jurisprudence, and the completion of the Glasgow edition of Smith's work, it is now possible to put Smith's authorized and unauthorized texts together. Much of this has involved thinking about the relationship between the two great published and polished texts, drawing, sometimes gingerly, on the evidence of the lectures on jurisprudence to establish a bridgehead between them. Biographically-minded intellectual historians, however, may well want to go further and view Smith's *corpus philosophicus* as a whole, as a single partially realized entity composed of several distinct and separate parts, vast as it seems to me, in scope, coherent in structure and capable of completion. For it may be suggested that Smith was engaged in one of the most formidable projects undertaken by any philosopher of the later Enlightenment, the development of a Science of Man based

on 'experimental' principles. As Smith's biographer, I have tried to throw light on the nature of the project to which he devoted his life and on the circumstances in which he developed it (Phillipson 2010). And because Smith speaks to us mostly through his texts, it is largely on these that I have relied in learning what I can about how he came to the business of philosophy and came to think of the duties of a Scottish philosopher observing and writing for a world that was being transformed by war, commerce and the growth of empire. It is the story of the making of the philosopher that I want to consider here, drawing on, and developing, some of the material about which I wrote in *Adam Smith; an Enlightened Life*, and I want to offer some comments on the significance of this story for a historical appreciation of TMS and WN.

What exactly was Smith's *grand projet* and how and when did it take shape? One of the leading characteristics of Smith's philosophy was his belief in the value of reasoning *en système*. This meant employing a version of the 'dialectic' method, he discussed in the *Lectures on Rhetoric* in which 'the design of the writer is to Lay Down a proposition and prove this by the different arguments which lead to that conclusion'. Smith was particularly attracted to Newton's variant on this method according to which 'we may lay down certain principles known or proved in the beginning, from whence we account for the severall Phenomena, connecting all together by the same chain'. Smith thought that this was the most 'engaging' as well as the most 'philosophical' of methods, on account of the pleasure it gave Newton's readers. They were able to see 'the phaenomena which we reckoned the most unaccountable all deduced from some principle (commonly a well-known one) and all united in one chain' (LRBL ii.126–34: 142–6) and it was the pleasure this gave which had played so important a part in popularizing and giving intellectual authority to Newton's system.

Smith was to adapt this method for his own purposes and use it in all of his philosophy. As he saw it, his particular task as a moral philosopher was to explain the principles of morals, justice, politics, philosophy and the fine arts in terms of axioms drawn from the principles of human nature, developed, refined and fleshed out with 'illustrations' drawn from common life and history, and deployed in such a way that readers would be able to understand why these principles took different forms in different types of civilization. He was well aware that in adopting this method he was criticizing the narrow experimentalism that was characteristic of so much of contemporary English philosophy. As he put it in one of his earliest publications, a contribution to the *Edinburgh Review* of 1755–56,

It seems to be the peculiar talent of the French nation, to arrange every subject in that natural and simple order, which carries the attention without any effort, along with it. The English seem to have employed themselves entirely in inventing, and to have disdained the more inglorious but not less useful of arranging and methodizing their discoveries, and of expressing them in the most simple and natural manner. (Letter 5: 245)

Smith's language is striking. Communicating philosophy persuasively to the public was as important as conducting the experiments on which philosophy depended, and the

best way to ensure this was to develop philosophical reasoning from axioms drawn from common life. But his respect for elegance and economy in the development of a chain of reasoning suggests that Smith was something of a philosophical aesthete, a reminder perhaps that he had a deeply seated affection for the elegance and precision of mathematical explanation. In a much later paper on the imitative arts, he remarked that the appeal of a system of philosophy, like the appeal of great music, lay in its systemic power (IA II.31: 205). It is the language of someone who was already deeply committed to systemic thinking and had thought hard about the problems of developing and communicating it persuasively and it seems likely that he owed this vital part of his philosophical education to Glasgow University which he attended between 1736 and 1740 when he was in his mid-teens.

Smith's Glasgow was a university in the latter stages of a radical intellectual revolution and was now in a position to offer a philosophical education which confronted students with sharply contrasted systems of thinking based on radically different assumptions about the principles of human nature. The professor of logic and metaphysics, John Loudon, offered him an evidently intelligent introduction to Malebranche and the Port-Royale and to a neo-Augustinian view of the mind and the human personality. John Dick's course on natural philosophy included an introduction to Newton which interested Smith so much that one of his friends thought it more likely that he would turn to natural rather than moral philosophy. Robert Simson, who was one of Europe's finest mathematicians and was clearly a charismatic teacher, provided Smith with an introduction to Euclidean geometry which was spiced with his admiration for the Stoics and was to have a lasting and, as yet, insufficiently explored, influence on Smith's conception of philosophical explanation (Phillipson 2010: ch.2).

But it was 'the never to be forgotten' Francis Hutcheson who was to be the primary influence on Smith's intellectual development. The core of Hutcheson's teaching seems to have consisted in a sophisticated and critical introduction to the principal systems of moral philosophy known to the ancient and modern world. Among the former he admired the Stoics. Among the latter, Samuel Pufendorf, to whose philosophy he had been introduced as a student by his predecessor in the moral philosophy chair, Gersholm Carmichael, was of particular significance. Pufendorf's introduction to natural jurisprudence, *On the Law of Nature and Nations* (1672) and the enormously popular accompanying textbook *On the Duty of Man and Citizen According to Natural Law* (1673) was a hugely ambitious attempt to distil an understanding of the principles of government from the principles of natural law and the principles of human nature. It was an enterprise built around Pufendorf's interest in the nature of sociability and the problems governments faced in preserving it in a world which was fractured by lethal confessional divisions. His system had become the most influential academic resource for educating boys preparing to enter the church, the professions and public life. It had earned him an enviable reputation as a councillor to kings and statesmen. Above all, it had demonstrated the central importance of philosophy to public life and the need for viable theories of sociability and human nature to sustain it. The example of Pufendorf was not likely to be forgotten by a young and ambitious philosopher.



As Hutcheson was well aware, the central problem of modern philosophy, and moral philosophy in particular, was that different systems were built on often radically differing and theologically-charged sets of assumptions about the principles of human nature; this was exemplified by Bernard Mandeville, whose cynical and witty approach to the problems of moral philosophy troubled Hutcheson to the point that he was said to have introduced him into nearly every lecture. It was notorious that Pufendorf's own assumptions about the principles of human nature were deeply incoherent, and it was notable that one of his editors, Jean Barbeyrac, called for the development of a 'science of morals' based on 'experimental' principles which would transcend the claims of theology. Hutcheson's own highly sophisticated attempt to address this challenge could not fail to interest his most precocious pupil. Hutcheson aimed to shift the discussion of the fundamental characteristics of human nature from theologically-charged assumptions about the essential 'rationality' or 'selfishness' of human nature to a study of the evaluative process which is activated when we are confronted with what appears to be evidence of virtue or vice in the conduct of others. This led him to conclude that our responses to such situations seem to be so 'natural' that the judgemental 'sentiments' which are awakened must be controlled by a moral sense which is hard-wired in the human personality and inclines us to approve of actions which are benevolent and tend to the public good. It seemed to Hutcheson that the moral sense operated as regularly and naturally as Newton's force of gravity, and that it was a resource that must surely have been implanted by the Deity. Indeed, in the first edition of his *Inquiry into the Original of our Ideas of Beauty and Virtue* (1725), he went so far as to characterize the principles of motion in operation in the moral world in terms of a Newtonian formula; it is also significant that the formula was removed in later editions and in all probability did not feature in his university lectures.

Hutcheson mattered to the young Smith because he introduced him to the world of moral philosophy, to the challenges and opportunities it presented, and to a way of addressing its central intellectual problem. It was for this reason that Smith always regarded Hutcheson as one of the architects of the science of morals. But Hutcheson's influence on Smith was always strictly limited. Although Smith believed that the moral personality was shaped by a moral sensibility, and although he was to develop a remarkable account of the way in which that sensibility was formed, Smith never believed in the existence of a divinely-implanted moral sense. Nor did he believe that it made any sense to think of the principles of morality as having anything to do with the intervention of a deity. For Smith was to owe much more important debts to the man who would become his closest friend: the 'infidel' David Hume.

Smith almost certainly read Hume's *Treatise of Human Nature* in the early 1740s at Oxford when he was in his late teens or early twenties. I've argued elsewhere that he needs to be thought of as a critical as well as an early reader of the *Treatise* who fully realized the force of Hume's claim that his philosophy would place the study of human nature on genuinely 'experimental' foundations (Phillipson 2010: ch.3). He was one of the first to realize that Hume's assault on claims that reason had the power to regulate our understanding and conduct had been decisive. Rather, Hume had argued that what

passes as knowledge has its roots in the imagination, the passions and the cognitive skills we acquire in the course of common life; that the mind, as he iconoclastically put it, was the 'empire' or the 'universe' of the imagination (Hume 1946: 68). Smith unhesitatingly shared Hume's conviction that it is possible to explain all forms of 'understanding' in terms of the experience of common life and the sympathetic relations that regulate every aspect of human life. And the evidence of his published and unpublished texts demonstrates that he was the only Scot who was ready and able to deliver a theologically sanitized Humean science of man.

But Smith was a Humean who was prepared to think critically as well as sympathetically about the problems of developing Hume's agenda for a science of man. For example, in developing his theory of knowledge, Hume had recognized the crucial importance of language in shaping our ideas and sentiments, and he used terms like 'conversation' and 'discourse' to indicate the character of his thinking about the process of linguistic exchange. In spite of this, however, he had never developed a theory of language to sustain this insight. It is striking that Smith's debut series of lectures in Edinburgh in 1748 was devoted to rhetoric and built around a sophisticated and original theory of language, which showed that every stage in the linguistic progress of the child and the species could be explained in terms of the pressure of need and the workings of the imagination. This was the theory he was to develop and republish as a supplement to later editions of the TMS, as a way of underpinning the theory of sympathetic exchange upon which his entire understanding of society, civilization and progress was to depend.

Hume's theory of justice presented Smith with a second, equally fundamental challenge. Hume had shown that we only learn the meaning and necessity of justice in situations in which there is competition for scarce resources. It is only then that we start to think of possessions as 'property' to which we ought to have an exclusive 'right'; only then that we come to recognize the necessity of having a source of authority to enforce it. In his lectures on jurisprudence Smith was to accept this line of argument without question but, once again, was to find Hume's reasoning incomplete. As Hume knew very well, the sense of justice that prevails in primitive societies, which are not based on property relations, will be very different from that which prevails in pastoral, feudal or commercial societies. Despite this realization, Hume never developed a theory which would explain the consequences of these differences for an understanding of the evolution of legal and political institutions and the sense of justice which sustained them. As a future historian of England he also knew that in periods of political and economic change a people's sense of justice could be unsettled in ways which could become politically disruptive. Smith realized that developing a Humean theory of justice would mean working as an historian as well as a philosopher and would certainly raise the question of how governments were to preserve political stability in periods of change. He was to build his jurisprudence around a remarkable 'conjectural' theory of property, which was to be as fundamental to his understanding of society, politics and economic development as his theory of language.

There was a further foundational question to be addressed. Hume knew that the primary motive for all forms of human activity lay in the pressures of need. His theory of

knowledge had shown how we deploy the imagination to satisfy our need for a stable and useful understanding of the world. His theories of justice, politics, and morals had explained how we learn the necessity of constraining antisocial, selfish instincts which threaten to undermine our ability to survive and prosper in political societies. But although Hume knew that the needs of the hunter-gatherer differed from those of the modern merchant, he had once again failed to develop a theory to explain how a nation's sense of its needs changed and multiplied in the course of history. Smith was to address this problem in the last section of his lectures on jurisprudence which dealt with principles of political economy, and it was here that he was to enunciate what was to become one of his cardinal axioms, that 'in a certain view of things all the arts, the sciences, law and government, wisdom, and even virtue itself tend to this one thing, the providing meat, drink, raiment, and lodgings for men, which are commonly reckoned the meanest of employments and fit for the pursuit of none but the lowest and meanest of the people' (LJA vi.21: 338).

This was to suggest that while Hume had laid the foundations of a new science of man, he had in fact failed to deliver that science in the form of a developed *system*. Nevertheless, it would soon become clear that Smith was fully up to the challenge that Hume had presented. Hume had provided an experimental approach to the science of man which founded the principles of human understanding on the experience of common life rather than the principles of natural theology. This meant regarding the human understanding as the product of processes of social exchange which belonged to the history of the individuals who experienced them, to the history of the particular society in which such individuals found themselves, and to the history of the civilizations of which those particular societies were part (see also Labio's essay in this volume). The science of man was thus an enterprise which demanded the skills of the historian as well as those of the philosopher, skills which were sharpened by a sensitivity to biography, autobiography and the study of the making of individual minds, as well as to an understanding of history which melded the demands of civil history and the history of civilization.

Smith left Oxford and returned to Scotland in 1746 at the age of twenty-three, ready, it seems, to embark on an enormous project. Hutcheson had introduced him to the business of moral philosophy and to the intellectual challenge of developing this new science on experimental principles; Hume had provided him with the necessary philosophical resources. His own particular interest in developing this project *en système*, and the ample time Oxford had allowed him for private study, had made it possible for him to lay the foundations of the formidable erudition which would be used to illustrate the axioms on which his science would be based. For Smith had told Dugald Stewart that most of his time at Oxford had been spent reading the literature and historical writing of the ancient and modern world, always, he had said, with an eye on the light it shed on the principles of human nature (Life I.8: 271).

Smith laid the foundations of his own science of man in the ten years following his return to Scotland in 1746, as a successful public lecturer in Edinburgh from 1748–51 and

thereafter as a Glasgow professor. What is remarkable about these years is that he seems to have developed the different branches of his philosophy simultaneously. His first public appearance in 1748 was as a lecturer on rhetoric. The course was repeated a year later and run concurrently with a new course on jurisprudence which concluded with his first thoughts on political economy. These courses were developed after his appointment first to the Logic, and then a year later (1752) to the Moral Philosophy chairs at Glasgow alongside the new course of ethics he was to publish as the *Theory of Moral Sentiments* in 1759. It also seems reasonable to suppose, with most Smith scholars, that this was a period in which he began to develop his own highly sophisticated views about history, philosophy and the nature of philosophical and scientific enquiry. It is at this point that one can begin to understand why Smith was so anxious to remind later readers of his two published works, that they formed part of a much larger philosophical enterprise.

Smith's approach to the science of man was rooted in three particular interests, in sensibility, sociability, and in the duties of governments in preserving and fostering the sociability on which social life depended. It was an approach which was to link his version of Hume's enterprise with that of Grotius, Hobbes, Pufendorf, and their followers, and their interests in sociability and the problem of preserving civil and international peace. And while there can be little doubt that Hume himself was aware of the significance of the *Treatise* for this classic line of enquiry, his own subsequent interests were turning to more particular questions relating to the politics, history and culture of England. He is said to have told a friend 'Pardon me, did I not sett out with a complete Theory of Human Nature which was so ill received that I determined to refrain from System making' (Merolle 2006: 207). Smith's theory was to emphasize how incomplete his friend's system had been.

The core of Smith's system lay in the lectures on moral philosophy he gave in Glasgow between 1752 and 1763, published in 1759 as TMS and tinkered with for the rest of his life. It was here that he developed the analysis of the never-ending process of social exchange which exposes us to the sentiments, judgements and affections of others and teaches us the meaning of propriety. At its most ambitious and controversial, it introduced a discussion of the circumstances which encourage us to evaluate the propriety of our own conduct and instil in us a respect for virtue. It was an analysis which was used to explain the origins of the senses of morality, justice, and political obligation; Smith, significantly, said virtually nothing about the explosive question of the origins of our sense of natural religion. It was an analysis built on a powerful and distinctive theory of sympathy and stressed the importance of the imagination in giving us access to the sentiments of others and an understanding of ourselves. It was the theory which formed the bedrock of Smith's understanding of sociability and the science of man.

As Smith knew very well, his moral theory as it stood did not provide a developed, self-standing theory covering the different forms of sociability known to history; the theories of rhetoric and jurisprudence he had developed in Edinburgh and invoked in different editions of the TMS were needed to *generalize* his moral theory and to place it in the wider context of his science of man. The theory of rhetoric, and the remarkable theory of language which lay at its heart, was, as John Millar pointed out, Smith's way of

'explaining and illustrating the powers of the human mind' by examining 'the several ways of communicating our thoughts by speech and from an attention to the principles of those literary compositions which contribute to persuasion or entertainment' (Life I. 17: 274). For Smith, language was the skill on which all forms of human communication and exchange depended and the ability to use language persuasively was the foundational skill on which a capacity for sociability depended. His discussion of language began with a conjectural account of its origins in aboriginal societies and was remarkable for showing that all questions about the origins and progress of language, in the individual and in the species, could be explained in terms of the pressures of need, the workings of the imagination, and the sense of propriety language users naturally acquire in the course of common life. As such, it was a theory which was particularly memorable for its recognition of the historicity of language and for showing that different standards of linguistic propriety could only be properly understood by being set in much wider historical contexts (see the essays by Amrozowicz and Swearingen in this volume). Just how wide those contexts needed to be was evident in his theory of jurisprudence.

But viewing the sense of justice as the outcome of the harsh psycho-social experiences which teach us that justice is absolutely essential to the maintenance of society was only half of a theory of justice. A developed account of this crucial aspect of our sensibility had to be related to the natural sympathy we feel for those whose rights we believe have been violated. That in turn, would have to recognize the fact that rights would mean different things in societies with different types of property. A general, sentimental theory of justice, in other words, would have to take account of the different historical circumstances in which individuals are constrained to learn the meaning of justice. It was in this context that Smith was to develop the classic conjectural history of property on which his theory of jurisprudence, his complementary history of government and what would have been his complementary discussion of philosophy and the arts would be based. The surviving student notes of Smith's lectures on jurisprudence and government make it clear that, by 1762, this theory was in an advanced state of development. By then his analyses were highly developed conceptually and illustrated by the fruits of the formidable erudition that he brought to bear on his juristic thinking after the publication of the TMS in 1759 when he had more time to develop his theory. Hence his later claims that this aspect of his work was ready to be converted into a treatise fit for publication seem entirely justified.

What is particularly noteworthy is the attention Smith paid to the problems governments faced in preserving the rules of justice. This was partly because his conjectural history was built on the Humean assumption that civil peace was the rock on which individuals' willingness to better their condition was built and on which the progress of society depended. But what is remarkable about the jurisprudence on which he was lecturing in 1762–63, is its famous last section which deals with 'police' and the problems governments faced in creating a 'bon marché or the cheapness of provisions, and having the market well supplied with all sorts of commodities' (LJA i.4: 6). This section was, famously, to contain Smith's first thoughts on political economy, on the division of labour, the theory of markets and the progress of opulence. But it is also

remarkable for its extended introduction in which Smith set out for the first and only time his developed thoughts about need which he, like Hume, thought of as the main-spring of human life, social existence and the progress of society (LJA vi.8–20: 334–8).

Smith conjectured that the differences between man and the other animals were essentially biological. Man was more ‘delicate’, more ‘feeble’ than the others, more prone to disease through exposure to the elements and, interestingly, to the damage to health that eating raw grains and meats could inflict. As he had conjectured in the *Lectures on Rhetoric*, it was exposure to wild beasts that had probably forced aboriginal man to cooperate with others and had given him the incentive to invent the languages he needed to communicate, to exchange services, and to form societies. This conjecture was developed to show that, with relative security, primitive man would *naturally* seek to make his life more ‘convenient’ by building huts, making clothes, and cooking meat. This ‘desire of bettering our condition’, the natural response to necessity, ‘which though generally calm and dispassionate, comes with us from the womb and never leaves us till we go into the grave’ had become the animating principle on which human society and the progress of civilization depended (WN II.iii.26: 341). It had been responsible for shaping customs and habits, ideas of property and subordination, laws and systems of government. It had encouraged a taste for refinement and luxury which went far beyond original notions of necessity or convenience. It had served to render men more discriminating in matters of law, government, and the arts and sciences. Indeed, it is ‘to supply the wants of meat, drink, cloathing and lodging [that] almost the whole of the arts and sciences have been invented and improved’ (LJA vi.18: 337).

This remarkable conjecture contains Smith’s foundational thinking about the principles of human nature and the science of man. It provided the Humean agenda for a science of man with foundations that are lacking in the *Treatise* and, at the same time, provided a non-Christian explanation of the principle in human nature which accounts for the progress of civilization. As such, it provided underpinning for the theory of sociability set out in TMS and for the conjectural histories in the lectures on rhetoric and jurisprudence which supported it. It would provide the foundation for the theories of philosophy and the arts to which Smith would continually return. Above all, it provided the point of entry to WN. In the lectures on jurisprudence, Smith used these conjectures about the principles of human nature as an introduction to his historic contribution to the contemporary discussion of the division of labour. It was the principle which he used to explain the progress of opulence and the growth of inequality. It also pointed to a conclusion which Smith articulated in the strongest and most dramatic terms: ‘He who as it were supports the whole frame of society and furnishes the means of the convenience and ease of all the rest is himself possessed of a very small share and is buried in obscurity. He bears on his shoulders the whole of mankind, and unable to sustain the load is buried by the weight of it and thrust down into the lowest parts of the earth, from whence he supports all the rest’ (LJA vi.28: 341).

Smith was doing very much more than underlining a paradox about the progress of opulence which would have been familiar to students who had read Mandeville’s *Fable of the Bees* or Rousseau’s *Discourse on the Foundations of Inequality among Men*.

The point was being made because it raised the fundamental juristic problem of how sociability could be preserved in commercial societies in which economic, social and cultural divisions were necessarily profound. It was a jurist's question which Smith would eventually address as a political economist, on the grounds that he believed that the future of sociability in the modern state would depend on maximizing its opulence and thus on ensuring the cheapness of provisions. Nevertheless, it seems clear that Smith had identified his immediate political target as early as 1750–1; according to Dugald Stewart his Edinburgh lectures had culminated with angry comments on the 'oppressive measures' which governments, landowners and merchants had resorted to, to raise the price of commodities beyond their 'natural' level. For 'Little else is required to carry a state to the highest degree of opulence from the lowest barbarism, but peace, easy taxes, and a tolerable administration of justice; all the rest being brought about by the natural course of things. All governments which thwart this natural course, which force things into another channel, or which endeavour to arrest the progress of society at a particular point, are unnatural, and to support themselves are obliged to be oppressive and tyrannical' (Life IV.25: 322). It was the first of his 'very violent attack[s] ... on the whole commercial system of Great Britain' (Corr 208: 251).

Here was a classic case of the importance of philosophy for public life. In Smith's view, the supremely important task of preserving sociability in a rapidly commercializing civilization lay in persuading governments to abandon assumptions about the generation of wealth which were deeply engrained in the political thinking of every modern state, in favour of a policy of liberalization which would involve a wholesale retreat from the business of managing markets. The conjecture on which his early lectures on jurisprudence had been based was that 'the division of labour is the immediate cause of opulence', a principle which was the unintentional consequence of that natural disposition to truck and barter and 'that principle to persuade which so much prevails in human nature' (LJB 221: 493).

By 1763 Smith had refined this conjecture by observing that the rate of progress of the division of labour was regulated by the extent of the market. It was a conjecture Smith had to develop, illustrate and propagate convincingly if his thinking was to influence the course of government. What made the problem doubly demanding was that the problem of developing these conjectures would necessarily prove to be complex and would involve working at a level of abstraction for which Smith periodically apologized in the first two books of the WN (e.g. WN I.iv: 46). But Smith never forgot that merchants and manufacturers had differing and mutually exclusive ideas of their interests and their expectations of government or that their interests could never be the same as those of the public. Merchants, in particular, had been assiduous in calling up philosophers to support them with abstract theories of commerce, cloaking ideas of interest with spurious superstitions which Smith thought were every bit as dangerous to the public as those religious superstitions against which Hume and his fellow *philosophes* had inveighed. Indeed, the task of exposing these economic superstitions was never far from Smith's mind when formulating the economic principles on which the WN was based.

Smith devoted Books 3 and 4 of WN to the business of discrediting the assumptions on which existing theories about the progress of opulence depended. In Book 3 he developed the extraordinary conjectural claim that the natural progress of commerce had been distorted by the peculiarities of the feudal system that had developed in Europe and had had disastrous consequences for political thinking about the role of governments in regulating the market. In Book 4 he turned to the principles of a 'commercial system' that was already under attack and to the highly influential and, as he and Hume thought, brilliant and misguided thinking of François Quesnay and the French *physiocrats*. But it was in Book 5, which occupies more than a quarter of the whole, that he turned to the duties of government and the problems of liberalizing the markets of western Europe and those of England in particular. It is an analysis which reviewed the patterns of public expenditure characteristic of modern states in the light of his claims about the benefits of a liberalized market system but it is one which showed a deep appreciation of the problems of implementation. Attempts like those of Quesnay to re-engineer the structure of the French economy by means of an act of state were dismissed as utopian and politically dangerous; like Hume, he thought that such exercises would inevitably offend the sense of fairness and natural justice of many of the different interest groups on which the political stability of any state depended. Thus 'to expect indeed that the freedom of trade should ever be entirely restored in Great Britain is as absurd as to expect an Oceana or Utopia should be established in it' (WN IV.ii.43: 471). Given the tension that would always exist between the long-term demands of liberalization, and the shorter-term demands of maintaining sociability in a period of reform, Smith would always remain the spokesman of a carefully judged pragmatism.

Smith has been criticized from his time to ours for having failed to devote more time to exploring the laws regulating the working of the market and for having devoted too much time in the WN to discussing contemporary politics; his friend Hugh Blair, for example, thought that his discussion of the American question was too much like 'a publication for the moment' (Corr 151: 188). Both criticisms are surely misdirected. The latter fails to appreciate how deeply the political economy of WN was embedded in the classic preoccupations of the enlightened natural jurist with the problem of preserving sociability; the former, more importantly, fails to understand the methodological rules of the Smithian game. Smith's science of man was, to be sure, science like any other, but in Smith's and Hume's idiom all scientific systems were 'mere inventions of the imagination' and, as Smith argued in the *History of Astronomy*, the truth claims made of them rested in the last resort on the sense of truth of the public (HA iv.76: 104–5). The task of the author of an intellectual system was, as he had said of Newton, to propose an axiom or, as Dugald Stewart would put it, a conjecture whose truth value in the eyes of readers would be determined by the precision and elegance with which it was developed and by the cogency of the erudition by which it was illustrated (Life II.48: 293). Smith's variant on this method involved drawing on 'conjectures' frequently drawn from the commonplaces or common concerns of contemporary literature. He illustrated them by appeals to the experience of common life and the evidence of history. His method drew its strength from the extraordinary conjectural history of civilization



developed in the lectures on rhetoric and jurisprudence and used as the most powerful of the critical tools he employed in WN to provide a 'natural history' of the progress of the market. It is Smith's conjectures and the conventions of the science of man as he and Hume understood it that makes the WN the great enlightenment text it is. What posterity has made of it is quite another matter.

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## CHAPTER 2

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# NEWTONIANISM AND ADAM SMITH<sup>1</sup>

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LEONIDAS MONTES

In 1752 Adam Smith was elected to the chair of Moral Philosophy at Glasgow University. Dugald Stewart, in his *Account of the Life and Writings of Adam Smith, LL.D.*, declares:

[h]is course of lectures on this subject was divided into four parts. The first contained Natural Theology... The second comprehended Ethics, strictly so called, and consisted chiefly of the doctrines which he afterwards published in his Theory of Moral Sentiments. In the third part, he treated at more length of that branch of morality which relates to *justice*... In the last part of his lectures, he examined those political regulations which are founded, not upon the principle of *justice*, but that of *expediency*, and which are calculated to increase the riches, the power, and the prosperity of a State... What he delivered on these subjects contained the substance of the work he afterwards published under the title of *An Inquiry into the Nature and Causes of the Wealth of Nations*. (Life 18–20: 274–5)

In this grand plan for a comprehensive Moral Philosophy course that encompasses social science, in which theology played only a formal role,<sup>2</sup> Newton was considered a scientific and philosophical model. According to Gladys Bryson, Adam Smith, ‘eager to bring some order into the chaotic field of social phenomena’ (Bryson [1945] 1968: 20), would think of his own contribution to ‘social sciences’ as following Newton’s successful model. Certainly Smith was another inheritor of an intellectual tradition that, except for a few notable exceptions, venerated Newton and his legacy.

The impact of Newton’s methodology and his revolutionary discoveries during the eighteenth century extended not only to natural philosophy, but also to moral

<sup>1</sup> This chapter, summing up previous research on this topic, heavily relies on Montes (2003, 2006, and 2008). Although some contributions explore the relationship of Smith and Newton (Cremaschi 1981, 1984, and 1998; Lazaro 2002; and Schliesser 2005a, 2005b), in my view what has gone relatively unnoticed is the real nature of Smith’s Newtonianism.

<sup>2</sup> I tend to believe that Adam Smith was an agnostic (see Montes 2004: 37–8), but obviously Smith’s personal religious beliefs are simply a matter of speculation.

philosophy. In query 31 of Newton's *Opticks*, just in the last paragraph of this book, Newton declared '[a]nd if natural Philosophy and all its Parts, by pursuing this Method, shall at length be perfected, the Bounds of Moral Philosophy will also be enlarged' (Newton [1704] 1979: 405). This statement was taken seriously by the eighteenth-century savants. For example, Francis Hutcheson (1694–1746), founding father of the Scottish Enlightenment, probably inspired by Newton's call to enlarge our understanding of moral philosophy attempted a 'mathematical morals.'<sup>3</sup> George Turnbull (1698–1748) in the title page of the first edition of *The Principles of Moral Philosophy* (1740) fully reproduced this quotation insisting upon its importance for the moral world. According to Turnbull, 'we must enquire into moral phenomena, in the same manner as we done into physical one' (Turnbull 1740: 12). Henry Home, Lord Kames, speculating about the theories of vision, refers to Newton as the 'greatest philosopher ever existed' ([1779] 2005: 171). Thomas Reid (1710–96), with his explicit references to Newton and his four rules for the study of natural philosophy, was another inheritor of this Newtonian tradition (see Laudan 1970 and Wood 1994). David Hume (1711–76) in his *Treatise* and his *Enquiries* wished to build his 'Science of Man' explicitly emulating Newton's experimental method. And Smith certainly was no exception in this context. It is not surprising that he praises '[t]he great work of Sir Isaac Newton' (TMS III.2.20: 124).

Newton's influence on moral philosophy, mathematics, political economy, physiology, medicine, among other disciplines, is tremendous and complex at the same time. I will attempt to shed light on the complexity of Newton's legacy and how Newton's method was understood. Newton's discoveries were the paradigm of a scientific revolution, but the nature of Newtonianism is still a matter of debate. And while there is agreement on Newton's explicit and actual influence on Adam Smith, what has gone relatively unnoticed is the real nature of what can be termed as Smith's Newtonianism.

The next section of this chapter discusses the complex nature of Newton's method. The third section examines Newton's reception, arguing that different methodological positions might have been related to contrasting scientific agendas. I suggest that the impact of Newton's spectacular discoveries in Book 3 'Of the Systems of the World' led to a positivistic interpretation of Newton which principally evolved in France. In Britain, and particularly in Scotland, Newton's legacy gave priority to an empirical and more realistic approach. Using textual evidence, especially from Smith's essay *History of Astronomy*, the fourth part of this chapter shows Adam Smith's understanding of Newtonianism was distinctively Scottish. The chapter ends with some brief conclusions.

<sup>3</sup> The first edition of Hutcheson's *An Inquiry into the Original of our Ideas of Beauty and Virtue* (1725) advertised in its first page that the work contained 'an Attempt to introduce a *Mathematical Calculation* in Subjects of *Morality*'. The second edition no longer showed this attempt, and for its fourth edition all mathematical expressions dealing with 'axioms' and 'propositions' were eradicated. However, what might be termed as Hutcheson's mathematical attempt for a 'Newtonian moralism' was not followed by the moral philosophy tradition in Scotland.

## NEWTONIANISM

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A characteristic feature of the Enlightenment was a confidence in the power of human reason. In Kant's 'An Answer to the Question: What is the Enlightenment?' ([1784] 1996), the motto of the Enlightenment was *sapere aude*. And Newton, the father of modern science, was the man who represented the triumph of reason over nature. As Berry has underlined, 'Newton is *the* hero of the Enlightenment' (Berry 1997: 3). Alexander Pope's intended epitaph for Newton (1730), in the second Epistle of his *An Essay on Man*, is a clear and wonderful reflection of this belief and justified admiration:

Nature and nature's laws lay hid in night:  
God said, Let Newton be! And all was light.

In the same sense of this verse, George Turnbull refers to Newton as the one 'who may be justly called the light of the natural world, since a great part of it was utterly involved in darkness, utterly unknown till he was able to penetrate into it and unfold it' ([1742] 2003: 323). This image remained undisputed. The Victorians perpetuated the idealized version of Newton as the father of the 'Age of Reason'. The irrefutable character of *Principia* (*Philosophiae Naturalis Principia Mathematica*, 1687), with its laws of motion and the universal law of gravity 'derived from phenomena', and the spectacular nature of Newton's *Opticks* (*Opticks: or, a Treatise on the Reflexions, Refractions, Inflexions and Colours of Light*, 1704), with its experimental results and its many speculations, influenced the scientific *zeitgeist* of our modern times.

Newton's success with his *Principia* and *Opticks* was the cause of his positions as Cambridge Lucasian Professor, Master of the Mint and President of the Royal Society. His private thoughts, though, were unknown for the public opinion. During his life Newton was extremely cautious regarding his 'private science'. Only few friends knew he was a devout alchemist and a heretic that privately denied the Trinity. Today there is general agreement about the importance of Newton's 'private science' (Dobbs 1975 and 1991; see also Fara 2003).

In addition to Newton's many intellectual influences and activities, *Principia* (1687) and *Opticks* (1704) are the most well-known public sources for understanding Newton's method. The complete title of *Principia*, *Philosophiae Naturalis Principia Mathematica*, much resembles Descartes' *Principia Philosophiae* (1644). The contrasting physical and metaphysical assumptions of Descartes' *tourbillons* against Newton's law of gravity were the origin of a fierce and longstanding debate. And Newton knew quite well Descartes' 'theory of vortices' was completely mistaken, as there was no mechanical cause behind gravity. Therefore, with *Principia*'s full title Newton explicitly pretends to eradicate the enormous influence of Descartes' *Principia* (Newton [1687] 1999: 381–3).

In the first paragraph of *Principia*'s preface, Newton immediately calls our attention to its revolutionary 'mathematical method' (see Cohen 1980). Reportedly he told a friend that he abhorred contentions, therefore he made 'his *Principia* abstruse' just 'to avoid being baited by little Smatterers in Mathematicks' (quoted in Westfall 1980: 459). In that

opening paragraph Newton also exposes his methodology as going from ‘phenomena of motions’ to ‘the forces of nature’, in order to deduce other phenomena from these forces. This is a clear statement of Newton’s analytic-synthetic method, a theme that will be discussed below. The method of resolution allows us to infer causes from phenomena, and the method of composition a (or some) principle(s) from which we can explain other phenomena.<sup>4</sup> Finally, in the aforementioned first paragraph of *Principia*’s preface, after explaining the content of *Principia*, and the need for mastering the general propositions in books 1 and 2 before understanding the ‘system of the world’, Newton suspects the existence of ‘certain forces’ of attraction occasioned ‘by causes not yet known.’ These ‘unknown forces’ gave Newton much trouble: his system was criticized as being depending on some ‘occult causes’, much resembling the discredited Aristotelian-scholastic tradition. But he finishes this long paragraph with the hope of shedding some light either by this mode of philosophizing or simply by giving place to ‘some truer one.’ The latter concern for truth has two important implications. First, Newton was not only relying in his method as the final truth, but also his quest was embedded in a sincere desire to uncover the real nature of things. Secondly, he also presents his discoveries as part of a process. This evinces a scientific realism that allows further scientific progress.

The *General Scholium*, which was Newton’s reaction against theological accusations, was explicitly intended to obliterate the Cartesians and the adherents of ‘mechanical philosophy’. At the outset Newton immediately states ‘[t]he hypothesis of vortices is beset with many difficulties’ (Newton [1687] 1999: 939) and then he bluntly declares against Descartes and ‘mechanical philosophy’ that ‘regular motions do not have their origin in mechanical causes’ ([1687] 1999: 940). Newton refers to Descartes’ theory of vortices dismissively as a ‘hypothesis’, a word that became anathema for Newton after Hooke referred to his findings in his *Opticks* as a ‘hypothesis’ and then Huygens described Newton’s optical discoveries as a ‘probable hypothesis’. Newton’s reluctance to publish his *Opticks* and his dictum *hypothesis non fingo* ([1687] 1999: 943) were only a consequence of this.

Newton justified his attempt ‘to treat of God from phenomena is certainly a part of *natural philosophy*’.<sup>5</sup> He uses this assumption to justify His existence. He uses the same assumption regarding gravity: it does not matter that the cause of gravity is unknown, what really matters is that gravity ‘exists’ (Newton [1687] 1999: 943). This constitutes Newton’s departure from the prevalent ‘mechanical philosophy’ tradition, initiated by Galileo, and followed by Descartes and Huygens, which required a contact mechanism as causing any force (Newton [1687] 1999: 943).

Newton put forward a theory of gravity that explained attraction but did not consider a causal mechanism affecting this force. Finding a cause to gravity was, ironically for one who claimed *hypothesis non fingo*, Newton’s most fertile source for hypothesis. But his realism becomes explicit when he asserts that ‘it is enough that gravity really exists.’

<sup>4</sup> On this issue and its relationship to Smith, see different views in Hetherington (1983).

<sup>5</sup> It is worth noting that in the second edition Newton initially referred to *experimental philosophy*, but for the third edition he broadened this concept changing it into to *natural philosophy* (Newton [1687] 1999: 943).

This apparently theological addendum has an important methodological implication. It not only expands on the nature of Newton's experimental philosophy, but it also suggests that existence is what really matters. Truth is not necessarily manifest. This judgment equally applies to God and to the nature of gravity. Because a cause is unknown, it does not necessarily mean it has no existence. On the contrary, it simply 'is' and we must strive to uncover it instead of supposing a wrong cause like Descartes' 'theory of vortices'.

Gottfried Leibniz (1646–1716), the most capable representative of mechanical philosophy, argued that a contact mechanism was needed to explain gravity. This represented a serious rebuttal of Newton's idea that gravity 'simply exists'. It also entailed a metaphysical question on God's role. If Leibniz put forward a notion of a pre-established harmony stressing God's omniscience, Newton's God intervened in nature initiating an enlightened tradition in which human beings could be capable of finding out the reasons for God's actions. Leibnizians claimed that Newton did not provide a clear mechanical basis, so his system simply represented a return to the Aristotelian-scholastic notion of 'occult qualities'. Yet, Newtonians denied that the world could be simply treated as complete and self-sufficient machine. In sum, *Principia's* mechanical laws do not necessarily explain the origin and sustained existence of natural phenomena.

In the first edition of *Principia*, Book 3 'The System of the World' begins with nine hypotheses that Newton turned into 'rules' and 'phenomenon' in the second and third edition.<sup>6</sup> The first four 'rules for the study of natural philosophy' have become emblematic to understand Newton's 'experimental philosophy'. In particular, the controversial rule 4, that was added for *Principia's* third edition, states:

In experimental philosophy, propositions gathered from phenomena by induction should be considered either exactly or very nearly true notwithstanding any contrary hypothesis, until yet other phenomena make such propositions either more exact or liable to exceptions. (Newton [1687] 1999: 796)

This statement is very different from the commonly received view of Newton's legacy. Instead of an emphasis on the apodictic character of a theory, or a concern for its permanent explanatory powers, Newton simply leaves theories as open-ended. The widespread reception of Newtonianism among economists, linking, in particular, Smith's Newtonianism to general economic equilibrium theory, must be put at rest following the content of this rule (see Montes 2003). An axiomatic-deductive model of science is neither Newton's, nor Smith's inheritance as will be argued below. Newton's commitment is for a theory of science that relies on a potentially open-ended process of successive approximation.<sup>7</sup> Newton accepts that the progress of natural philosophy is

<sup>6</sup> The second edition contains three rules and four hypothesis. The third edition adds a fourth rule.

<sup>7</sup> In fact, Bernard Cohen, George Smith, and Howard Stein are the leading Newtonian scholars who have investigated Newton's commitment to open-ended process of successive approximation. For example, Smith (2002) refers to rule 4 arguing that '*quam proxime* amounts to an evidential strategy for purposes of ongoing research' (Smith 2002: 159) and then brilliantly underlines that 'the process of successive approximations issuing from Newton's *Principia* in these fields has yielded evidence of a quality beyond anything his predecessors ever dreamed of' (2002: 162).

open-ended, arguing for partial truth until proven otherwise. But he also rebuts mathematical event regularities as the hallmark of scientific progress. Laws, for Newton, including the ‘universal’ law of gravity, can be open to refinement as part of this successive approximation process. Adam Smith, as will be shown below, understood this crucial aspect of Newton’s methodology quite well.<sup>8</sup>

In the same tenor as *Principia’s* famous *General Scholium*, many passages in these queries relate to an explanation of God through Newton’s experimental philosophy, especially in its relationship to the cause of gravity. But there are some suggestions about Newton’s actual methodology. For example, at the end of query 28, Newton states:

And though every true Step made in this Philosophy brings us immediately to the Knowledge of the first Cause, yet it brings us nearer to it, and on that account is to be highly valued. ([1687] 1999: 370)

This is another reflection of Newton’s method of approximation to reality. Not denying truth, he is confident that deviations from actual phenomena actually bolster up the advancement of scientific knowledge.

Finally, we can find an additional methodological point when Newton claims: ‘in Natural Philosophy, the Investigation of difficult Things by the Method of Analysis, ought ever precede the Method of Composition’ ([1687] 1999: 404). Also remember that in *Principia’s* *General Scholium* Newton refers to the nature of his ‘experimental philosophy’ in which ‘propositions are deduced from the phenomena and are made general by induction’ (Newton [1687] 1999: 943). This is a crucial message that has been relatively ignored: analysis precedes, and moreover, has pre-eminence over synthesis. If there are no deviations, our conclusions will stand, but if disruptions from phenomena do appear, we should simply enhance the pursuit of scientific truth through reiterative analysis that will successively lead to a new synthesis.

Newton follows his argument, in what is perhaps the best passage to explain his actual analytical-synthetic methodology alluded to earlier:

And if no Exception occur from Phenomena, the Conclusion may be pronounced generally. But if at any time afterwards any Exception shall occur from Experiments, it may then begin to be pronounced with such Exceptions as occur. By this way of Analysis we may proceed . . . in general, from Effects to their Causes, and from particular Causes to more general ones, till the Argument end in the most general. This is the Method of Analysis: And the Synthesis consists in assuming the Causes discover’d and establish’d as Principles, and by them explaining the Phenomena proceeding from them, and proving the Explanations. (Newton [1704] 1979: 404–5)

This kind of dialectical methodology acknowledges a process of successive approximation to reality and, as stated above, a prioritization of the method of resolution

<sup>8</sup> Andrew Skinner (1979 *passim*) had already underlined connections between Smith, Kuhn, and Shackle in terms of his philosophy of science, but Schliesser is more precise in his treatment of ‘Smith as a realist about Newton’s theory’. For excellent analysis of this and other issues, see also Smith (2002); Stein (2002).

(or analysis). This is additional evidence for Newton's realism. Cautious as he is about truth, he never denies its existence triggering more analysis.

## NEWTON'S RECEPTION

The reception of Newton's legacy during the eighteenth century was multifaceted. Schofield (1978) distinguishes Baconian, Leibnizian, Cartesian, and Newtonian 'Newtonianisms'. He also rightly concludes that 'Newton was not a Newtonian in any one of the many versions which can be identified' (1978: 177).<sup>9</sup> More recently Paul Wood has argued that 'his writings [Newton's] were read in such radically different ways that it is difficult to identify a unified Newtonian tradition in the moral sciences' (Wood 2003: 802). Eighteenth-century *philosophes* adopted Newton's successful discoveries as a paradigm, but some of them misinterpreted his methodology.

Bernard Cohen and George Smith raise an important point when they say that following Newton's death, eighteenth-century scientists had the 'difficult task of reconciling Newtonian theory with observation' (2002: 7). Moreover, the spectacular discoveries of Newton's new 'system of the world' left natural phenomena fertile for developing further analysis and synthesis. If Newton had promoted 'a farther search to be made by others' (Newton [1704] 1979: 339), the inevitable outcome was a diversity of interpretations based on his methods. The eighteenth century, after the so-called scientific revolution, witnessed a renewed interest in scientific matters. But this interest was very different in Britain, with the scientific community under Newton, than in France, with its scientific institutions still backing the Cartesian legacy. In Britain, just after Newton took over the Presidency of the Royal Academy in 1703, he was a kind of scientific dictator. But after his death, he became the world's scientific legislator. In terms of scientific development during the eighteenth century: 'Newtonianism set the intellectual boundaries within which much of the activity of eighteenth-century natural philosophy was conducted' (Gascoigne 2003: 289).

Scottish universities were prominently Newtonian and determinant to establish Newtonianism in Britain. From the 1690s onwards, they 'led the way in the institutionalization of the Newtonian system' (Wood 2003: 810). Christine Shepherd has done archival research on Newton's rapid acceptance at the Scottish universities from the 1660s up to early eighteenth century, concluding that Scotland witnessed 'a considerable degree of progress in natural philosophy at the end of the seventeenth century and during the early years of the eighteenth' (1982: 83).<sup>10</sup> This fact was no doubt due to the enormous influence of the Gregorys at St. Andrews and Edinburgh, who taught almost continuously from 1660s to the 1720s. James Gregory (1638–75) invented the reflecting telescope and

<sup>9</sup> On the varieties of Newtonianism, see also Guerlac (1977) and Schaffer (1990).

<sup>10</sup> Brockliss states that '[b]y the 1690s his [Newton's] theory of universal gravitation, as well as his work on light and color, was being discussed by professors of philosophy in the Scottish universities' (2003: 47).



corresponded with Newton. He became professor of mathematics in St. Andrews in 1668, and then professor in the new mathematics chair at the University of Edinburgh in 1674. His nephew, David Gregory (1659–1708), was also an important disciple of Newton and member of his intimate circle. He succeeded his uncle James Gregory as professor of mathematics at the University of Edinburgh in 1683. In 1692 he was admitted to Balliol College, Oxford, and then, supported by Newton, he was appointed Savilian chair of astronomy at Oxford. Both David and James Gregory were fundamental in forming generations of eximious mathematicians that helped to spread Newton's early reception.

Many other Scottish intellectuals contributed to the spread of Newtonianism in Britain.<sup>11</sup> If James Gregory was the inspiring figure, it was David Gregory with his physician friend Archibald Pitcairne (1652–1713), leading exponent of a 'mathematical physick', who spread Newton's achievements.<sup>12</sup> For example, John Keill (1671–1721), a Scotsman who studied with David Gregory, began lecturing on Newton's natural philosophy in Oxford as early as 1699. He initiated an experimental course in Newtonian physics and, according to his successor Jean-Théophile Desaguliers, he was the first one to teach Newtonian Physics 'by experiments in a mathematical manner' (quoted in Guerlac 1981: 118). In 1712 he was elected Savilian professor of astronomy at Oxford. And John Craig, who also studied under David Gregory, was another important Scottish mathematician well acquainted with Newton.

The most influential and popular accounts of Newton's new system during the first half of the eighteenth century were Henry Pemberton's (1694–1771) *A View of Sir Isaac Newton's Philosophy*, published in 1728, a year after Newton's death, and Voltaire's (1694–1778) *The Elements of Sir Isaac Newton's Philosophy* (1738). But MacLaurin's notable *An Account of Sir Isaac Newton's Philosophical Discoveries*, which was published in 1748, is perhaps the best account written in the first half of the eighteenth century.<sup>13</sup>

Colin Maclaurin (1698–1746) was a crucial and fascinating figure who contributed to the early understanding of Newtonianism. He was an exceptionally gifted Scottish mathematician who early in his life, when he was only 15, submitted a sophisticated thesis in which he expounded Newton's law of gravity. He rapidly assimilated Newton's calculus, and 'was arguably the most capable and energetic exponent of Newtonianism working in Scotland, if not in Britain, during the first half of the eighteenth century. He helped not only to consolidate the Newtonian hold on Scottish academe, but also to create public science in the Scottish Enlightenment' (Wood 2003: 102). Maclaurin fully grasped Newton's

<sup>11</sup> See Shepherd (1982) and Wood (2003). Glasgow University initially took longer to accept Newtonianism. But as early as 1711, with the election of Robert Simson to a chair in mathematics, it became part of the Newtonian network (Wood 2003: 100).

<sup>12</sup> Actually they both inspired Scottish figures like John and James Keill, John Freind, Matthew Stewart, George Cheyne, George Hepburn, and William Cockburn.

<sup>13</sup> Initially Maclaurin's contribution was conceived as a companion to a biography of Newton projected by John Conduitt, who was married to Newton's niece, Catherine Burton. Once John Conduitt died (1737), Colin Maclaurin continued to work in his project, which was finally published two years after his death (see Strong 1957: 54). Other very popular and influential works were Francesco Algarotti's (1712–64) *Sir Isaac Newton's Philosophy Explain'd for the Use of the Ladies* (1737), and Bernard de Fontenelle's (1657–1757) popular *The Elogium of Sir Isaac Newton* (1728).

methodology, and his influence through his *An Account of Sir Isaac Newton's Philosophical Discoveries* was tremendous in Scotland and in England. According to Maclaurin:

[Sir Isaac Newton] proposed that, in our enquiries into nature, the methods of analysis and synthesis should be both employed in a proper order; that we should begin with phenomena, or effects, and from them investigate the powers or causes that operate in nature; that, from particular causes, we should proceed to the more general ones, till the argument end in the most general: this is the method of analysis. Being once possess of these causes, we should then descend in a contrary order; and from them, as established principles, explain all the phenomena that are their consequences, and prove our explanations: and this is the synthesis...the method of analysis ought ever to precede the method of composition, or the synthesis. (Maclaurin [1748] 1750: 9, original emphasis)

After this general treatment of those involved in promoting Newtonianism, the crucial question is how Newton's method was understood. Many scholars, most notably Paul Wood, have contributed to clarify what is 'Newtonianism' within the broader project of the Scottish Enlightenment. In my view, it was Newton's methodological influence, epitomized by his analytic-synthetic method, and Newton's acknowledgement of scientific progress as an open-ended process, that contributed to the development of Scottish moral philosophy. With its complexities and different nuances, it is undeniable that 'the Newtonian corpus shaped the pursuit of the human sciences in the Scottish Enlightenment to a far greater extent than is often recognised' (Wood 2003: 107).

The French context was different in terms of Newton's early reception and what came to be known as 'Newtonianism'. Initially it was through Newton's optical work and his reflecting telescope that Newton became famous in French scientific circles. His *magnum opus*, *Principia* was not ignored, simply rebutted. Huygens and Leibniz were competent critics of Newton's law of gravity. They were the most capable inheritors and promoters of mechanical philosophy, so they did their best to explain matter and its interaction as a cause for attraction. If in France it was difficult to accept the notion of a void, the idea of bodies attracting one another without any material cause was generally considered as preposterous. The insistence on mechanisms and contact between bodies was the most entrenched notion in France. It clashed with Newton's notion of universal gravitation as a force operating universally and independently of any direct mechanical contact. Descartes had defined matter as an infinitely extended *plenum*, but Newton formulated his concept of universal gravitation operating in bodies *in vacuo*.

Voltaire's *Letters Concerning the English Nation* (1733) celebrates the image of Newton and his discoveries. But they also reflect the context of a great divide between French Cartesianism and Britain's Newtonianism.<sup>14</sup> The new system of natural philosophy had to break through a well-established Cartesian regime that was deeply institutionalized in the French scientific community.<sup>15</sup> Just to give one example, in the University of Paris

<sup>14</sup> Especially Letter XIV 'On Des Cartes and Sir Isaac Newton', and to a lesser extent Letter XV 'On Attraction' and Letter XVI 'On Sir Issac Newton's *Opticks*'.

<sup>15</sup> It was Malebranche and his followers, especially Maupertius and Clairaut, who disseminated Newton's legacy in France (Guerlac 1981: 61–2; see also Gascoigne 2003: 299). On Malebranche and his great influence on Newton's acceptance in France, see also Hankins (1967).

the first Newtonian lectures at this university were in the 1740s, as it had remained under the reign of Cartesianism (see Jacob 1988: 201). In fact, '[g]iven the tenacity with which members of the French *Académie des Sciences* in the first three decades of the eighteenth century attempted to find a mathematical defense of Cartesian vortex... it is unsurprising that Newton's phenomenological physics was slow to take root in the Continent's colleges and universities' (Brockliss 2003: 61 and 85).

If France gave their students an impressive formation on abstract mathematics, Britain, relying on a tradition initiated by Francis Bacon, gave more emphasis to Newton's 'experimental philosophy'. This created two rival traditions of physics: 'one mathematical and one experimental, which have affected the two countries approaches to natural science ever since' (Brockliss 2003: 86).<sup>16</sup> Meanwhile, Scotland was not only an early advocate of Newtonianism, but more importantly, the Scottish Enlightenment provided a unique setting for rapidly assimilating and applying original approaches to Newton's ideas. It is worth noting that Smith refers to 'The opposition which was made in France, and in some other foreign nations, to the prevalence of this system [Newton's]' (HA 76: 104), explained by the custom of understanding the world as the Cartesians did.

There is another cultural difference between France and Britain at the time of the Newtonian debate, and it relates to the public dissemination of knowledge. In France we have the *salonnières* and in Britain the coffee shops. If the former were polite meetings mainly hosted by women<sup>17</sup> and attended by aristocratic members and intellectuals, the latter were more open meetings and their locations ranged from polite coffee houses to children's nurseries. In Scotland, this cultural phenomenon has led some commentators to advocate a tradition of 'public science'. For example, the Boyle lectures brought Newton's 'system of the world' to the general public, combining his discoveries with a solid theological interpretation that entailed political and ecclesiastical interests.<sup>18</sup>

We are now ready to turn to Smith's own relationship to Newton and Newtonianism.

<sup>16</sup> A representative feature of the British-French divide is that Leibniz's notation for calculus was adopted in France (and the Continent), while in Britain, Newton's notation prevailed during the 18th century. This is the so-called d-dots divide. On Newton's reception in France, Brunet (1931) states that Cartesians opposed Newtonianism in France, but Guerlac (1981) argues that there was no such academic division. See also Hall (1975).

<sup>17</sup> In France women were early promoters of Newton's work. Voltaire's mistress, Madame du Chatelet (1706–49) was close to Maupertius and Clairaut, and also translated Newton's *Principia*, which was published posthumously in 1756. For women and science, see Shapin (2003: 184–210).

<sup>18</sup> Some important Boyle lecturers were Richard Bentley (1662–1742), Samuel Clarke (1675–1729), William Whiston (1667–1752), and William Derham (1657–1735). Gascoigne has argued that: '[t]hanks to the work of university teachers in both Cambridge and Scotland and to the way in which theologians, following the lead of the Boyle lecturers, incorporated elements of Newtonian natural philosophy into the widely disseminated texts of natural theology Newton's work became closely associated with the established intellectual order in Church and State' (2003: 292). Margaret Jacob (1988) presents a vivid account of the socio-political, cultural, and religious underpinnings of the modern development of science, and its influence in the industrial revolution. Although Jacob (1988) has persuasively suggested that the political context was fundamental to Newtonianism, Guerrini (1986) shows that there was a wide variety of political and religious viewpoints within Newtonians.

## SMITH'S NEWTONIANISM

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One important feature of the Scottish Enlightenment, and of the Enlightenment in general, was that the intellectual atmosphere was intensely multidisciplinary. The classical breakdown of philosophy into logic, moral philosophy, and natural philosophy simply meant that Scottish men of letters were simply *philo-sophes* in its broad etymological sense. Certainly '[t]he highest compliment a Scottish scholar could receive was that he commanded a knowledge of wide-ranging subjects' (Redman 1993: 221, 1997: 110). Knowledge, without bounds, was part of a systematic inquiry to discover some simple philosophical principles governing all kinds of phenomena. It is therefore not surprising that Smith wrote about metaphysics, natural history, ethics, political economy, astronomy, rhetoric, jurisprudence,<sup>19</sup> had a perfect command of Greek and Latin, and was also interested in mathematics and physics.

It has become almost commonplace to label Smith as Newtonian, a 'system-builder' (Skinner 1976) who not only found inspiration in the father of modern physics, but also relied heavily on his method. In the General Introduction to the WN's Glasgow Edition, the editors consider that 'Smith sought to explain complex problems in terms of a small number of basic principles, and each conforms to the requirements of the Newtonian method in the broad sense of the term' (WN, intr.: 4). Skinner also believes that Smith's economics 'was originally conceived in the image of Newtonian physics' (1979: 110). For Blaug, the pivotal role of sympathy in TMS and that of self-interest in the WN 'must be regarded as deliberate attempts by Smith to apply this Newtonian method first to ethics and then to economics' ([1980] 1992: 52). Few scholars, to my knowledge, have assumed a different position.<sup>20</sup> In particular, there is a widespread view that:

Adam Smith took Newton's conception of nature as a law-bound system of matter in motion as his model when he represented society as a collection of individuals pursuing their self-interest in an economic order governed by the laws of supply and demand. (Hetherington 1983: 498)

Moreover, Smith has come to be known as a precursor of Walrasian general economic equilibrium theory, because 'both authors [Smith and Walras] looked to Newtonian celestial mechanics as a model for their vision of social science' (Jaffé 1977: 19).

We know that a mechanistic and atomistic view of individuals, as no more than self-interested atoms that interact in society, is not Smith's understanding of human beings as social animals that interact morally and economically in society. But the problem is what the actual nature of 'Smithian Newtonianism' is. So in this section we shall see that

<sup>19</sup> Before his death, Smith ordered his executors to burn 16 folios that presumably contained part of his ambitious project of a Treatise on Jurisprudence.

<sup>20</sup> Deane cautiously declares '[h]ow far Smith did apply a Newtonian scientific method to his inquiry into the nature and causes of the wealth of nations is debatable' (1989: 61), and Redman argues that 'persisting today in labeling Smith's method Newtonian would be deceptive' (1993: 225).

the answer to the question ‘How did Newton actually influence Smith?’ and that its answer is not simple.

Smith not only refers to ‘the great work of Sir Isaac Newton’ (TMS III.2.2: 124), but also acknowledges numerous times his admiration for Newton himself. Although we know that Smith’s judgment admiring ‘the *tranquility* of that great man [Newton]’ (ibid., emphasis added) was far from reality, this idealized notion simply reflects the deified image of the father of the Age of Reason. In his *History of Astronomy* Smith analyses ‘the superior genius and sagacity of Sir Isaac Newton’ that ‘made the most happy, and, we may now say, the greatest and most admirable improvement that was ever made in philosophy’ (EPS: 98). In addition, paraphrasing query 31 of *Opticks* for extending Newton’s methodology to the realm of moral philosophy, Smith is reported to have lectured that ‘the Newtonian method is undoubtedly the most Philosophical, and in every science whether of Moralls or Naturall philosophy’ (LRBL ii.133: 146). Based on all these references, it has often been suggested that Smith attempted to build his system on a Newtonian basis, but the question now is what did Smith make out of his knowledge of Newton, and to what extent did he actually understand Newton. On the latter, Mark Blaug argued that Smith ‘had a naïve view of what constituted Newton’s method’ (1980: 53). On the contrary, I argue that Smith was not only well aware of what Newton actually said, but also that he was a sophisticated interpreter of Newtonianism. The picture is more complex, and I suggest not only that Smith understood Newton better than we thought, but also that many of Smith’s insights are quite original.

The British reaction towards mechanical philosophy was reflected in Smith’s writings. He refers to Descartes as ‘that ingenious and fanciful philosopher’ (HA IV.61: 92). In his *History of Astronomy* he showed he understood how Newton’s system had surpassed the Cartesian theory of vortices. Smith’s essay on astronomy, which was written prior to 1758 (see EPS: 103), perhaps while he was studying at Oxford, gives an important background to understand Smith’s Newtonianism. The full title of this essay reads ‘The Principles Which Lead and Direct Philosophical Enquiries; Illustrated by the History of Astronomy’—‘the pearl of the collection’, according to Schumpeter ([1954] 1994: 182)—immediately calling our attention to its methodological import. It begins with a psychological account of scientific progress. Before investigating the different stages of astronomical discoveries, he explains how psychological principles direct scientific endeavour. Surprise (‘what is unexpected’), wonder (‘what is new and singular’), and admiration (‘what is great and beautiful’) correspond to the different and successive mental stages of our ‘philosophical enquiries’. Surprise is ‘[t]he violent and sudden change produced upon the mind, when an emotion of any kind is brought suddenly upon it’ (HA I.5: 35). Wonder is ‘that uncertainty and anxious curiosity excited by its singular appearance, and by its dissimilitude with all the objects he had hitherto observed’ (HA II.4: 40). The sentiment of surprise exalts the novelty of wonder, ‘the first principle which prompts mankind to the study of Philosophy’ (HA III.3: 51). Finally, admiration is attained with the discovery of ‘the real chains which Nature makes use of to bind together her several

operations' (HA IV 76: 105). Curiosity, intellectual dissatisfaction, and scientific success that will soothe the mind, represent these three states of the mind.

Yet, the triad of surprise, wonder and admiration are successive steps towards scientific progress. The psychological stages from 'what is unexpected', through 'what is new and singular' finishing up in 'what is great and beautiful', respectively, form the ground to understanding the nature of scientific progress as an abstract mental process. Although this underlying abstraction is already present in the classics, it is noteworthy how Smith situates his history within this psychological process. The latter, as an abstraction that gives pre-eminence to the role of imagination, underpins HA. But this story has a peculiar nature.

The philosophical move underlying Smith's methodology is that these 'sentiments' (surprise, wonder, and admiration) must lead to uncovering the 'nature and causes' of natural and social phenomena. Therefore, this particular psychological development of science entails not only an aesthetic view, but also a methodological position that must not be exclusively constructed by looking to reason (Descartes), and certainly not to hidden causes (Scholastics), but by surveying reality in its broad realm. Experience, induction, and also introspection play a relevant role in this process. Smith defines recurrently philosophy 'as the science of the connecting principles of nature' that 'endeavours to introduce order into the chaos of jarring and discordant appearances' (HA II.12: 45–6, emphasis added). Moreover, its aim is to 'lay open the concealed connections that unite the various appearances of nature' (HA III: 3: 51, emphasis added). Obviously this idea of 'connecting together' demands something to be connected, so Smith states:

Let us endeavour to trace it, from its first origin, up to that summit of perfection to which it is at present supposed to have arrived, and to which, indeed, it has equally been supposed to have arrived in almost all former times... Let us examine, therefore, all the different systems of nature... [that] have successively been adopted by the learned and ingenious. (HA II.12: 46)

In this passage, Smith underlines the conditional and successive nature of scientific progress. In an epoch that deemed Newton's discoveries as the scientific climax per se, Newton discovered that 'he could join together the movements of the Planets by so familiar a principle of connection, which completely removed all the difficulties the imagination had hitherto felt in attending them... Having thus shown, that *gravity might be the connecting principle* which joined together the movements of the Planets, he endeavoured next to prove that it really was so' (HA IV.67: 98, emphasis added). Smith's use of *might* is not casual. For Smith, science is also an open-ended process of successive approximations which resembles Newton's methodological legacy.

Smith finishes his account of Newton's discoveries with the following sentence: 'Such is the system of Sir Isaac Newton, *a system whose parts are all more strictly connected together*, than those of any other philosophical hypothesis' (HA IV.76: 104, emphasis added). Neither is Smith's use here of *more* casual. The recurrent idea of connections in nature that exist is sceptically subject to approximation in Smith's account of Newton.

The interpretation that ‘gravity might be the connecting principle’ or the characterization of Newton’s system as ‘a system whose parts are all more strictly connected together’, simply reflect that Newton’s system is the most precise humankind has reached. But it is not the final truth. Newton’s scientific success with his connecting principles, prompts Smith to assert that we should take his principles ‘*as if* they were the real chains which Nature makes use of to bind together her several operations’ (HA IV.76: 105, emphasis added). Note again, the *as if*. Smith understood the open-ended nature of scientific inquiry. This is distinctively Newtonian, as we have shown in this chapter. The final sentence of Smith’s essay is worth reproducing:

Can we wonder then, that it should have gained the general and complete approbation of mankind, and that it should now be considered, not as an attempt to connect in the imagination the phaenomena of the Heavens, but as the greatest discovery that ever was made by man, the discovery of an immense chain of the most important and sublime truths, all closely connected together, by one capital fact, of the reality of which we have daily experience. (HA IV.76: 105)

The reality of gravity, as an observable phenomenon that simply exists, very much reflects the Newtonian reaction against Cartesianism. Mechanical philosophy, and Descartes’ influence, somehow remained in the background and mathematics superseded reality.<sup>21</sup>

The editor of *EPS* considers that *History of Astronomy* ‘[t]hough acceptable to a modern historian in its main lines, it contains so many errors of detail and not a few serious omissions as to be no longer more than a museum specimen of its kind’ (Wightman 1982: 11). But the late Bernard Cohen, an authority on Newtonian studies, once declared that ‘Smith was well educated in Newtonian science’ (1994: 66). I would add that Smith was also quite original in understanding Newton’s methodology. Smith not only reflects eighteenth-century admiration for Newton’s discoveries, he was also well aware that we could approximate successively to reality. This is quite Newtonian. Smith’s view that the aim of philosophy is to find the ‘connecting principles of nature’ (HA II.12: 45), or to ‘lay open the concealed connections that unites the various appearances of nature’ (HA III.3: 51) epitomizes his notion of scientific progress as an evolving process of discovery. The secrets of nature had been unveiled by the simple and familiar principle of gravitation using a progressive process of approximation that is not necessarily the final stage.

Smith’s *History of Astronomy* is just one expression on how Smith understood Newtonianism. One can also find the methodological influence of Newton throughout his *WN* and his *TMS*. The crucial idea that what matters is ‘reality’ is pervasive in Smith’s system. For example one could argue on this point, making an analogy of exchange with gravity, that ‘the propensity to truck, barter, and exchange’ for Smith simply exists, regardless of whether it is ‘one of those original principles in human nature, ... or whether, as seems more probable, it be the necessary consequence of the faculties of

<sup>21</sup> It should be remembered that Smith is cautious about the use of mathematics, ‘the use of those sciences [the higher parts of mathematics], either to the individual or the public, is not very obvious’ (*TMS* IV.2.7: 189).

reason and speech' (WN I.ii.1: 25). The link of Smith's notion of exchange with Newton's gravity, as what really matters is that both simply exist. Of course one reality is psychological, in terms that we accept the propensity to exchange through introspection, and gravity is physical.

It seems not a coincidence that Governor Pownall, at the very beginning of his 1776 Letter reacting to WN, refers to WN as investigating '*analytically* those principles' and then 'by application of these principles to fact, experience, and the institutions of men, you have endeavoured to deduce *synthetically*' (Pownall [1776] 1967: 3, emphasis in the original). This introduction raised by Pownall, recalling the significance and precedence of the analytical and synthetic Newtonian method, must certainly have appealed to Adam Smith.

## CONCLUSION

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Smith's view of the world reflects a clear awareness of the social and political nature of human beings. Although he is remembered as the father of economics, his political economy is founded upon a social system that includes ethics, jurisprudence, history, rhetoric, and methodology. We do not live as isolated individuals within a community, but we live as members of our community. The latter implies social interdependence within the framework of Smith's sympathetic process. But this process is not necessarily a system of 'individuals pursuing their self-interest in an economic order governed by the laws of supply and demand' (Hetherington 1983: 498). This wrong image has given place to many interpretations that view Smith as an inheritor of Newton and father of neoclassical economics. His system of economics would be an image of Newton's system of the world that moves away from a positivistic reading, which is predominant in modern economics. Newton's methodology, and Smith's, as I have attempted to show, entail a notion of an open system, in which the pursuit of truth is a permanent motivation for seeking truth and an emphasis on the method of resolution above composition. In sum, a distinctively Scottish Enlightenment's approach, that favours phenomena over abstractions.

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## CHAPTER 3

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# ADAM SMITH AND ROUSSEAU: ENLIGHTENMENT AND COUNTER-ENLIGHTENMENT

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DENNIS C. RASMUSSEN

ADAM Smith was the first great Enlightenment thinker to offer a thorough and considered response to the writings of Jean-Jacques Rousseau, the first great Counter-Enlightenment thinker. His first—and most direct—response to Rousseau came in one of his earliest writings, an anonymous letter to the *Edinburgh Review* published in 1756 (Letter 11–16: 250–4). In this letter Smith provides an extended review of Rousseau’s *Discourse on Inequality*, which had appeared less than a year earlier. He points to some unexpected parallels between Rousseau and Bernard Mandeville, the notorious defender of commercial vice, and then highlights some of the key elements of Rousseau’s critique of commercial society by translating three long passages from the *Discourse*.<sup>1</sup> In the following years, Smith responded to Rousseau’s critique of commercial society at greater length in both *The Theory of Moral Sentiments* and *The Wealth of Nations*. He never mentions Rousseau by name in either of these works, but at several crucial junctures his arguments are clearly directed at Rousseau’s, and occasionally he even paraphrases passages from Rousseau—the same passages that he had translated in his letter to the *Edinburgh Review* (see Rasmussen 2008: 79, 81–2, 88–9). None of this is to suggest that Rousseau was the thinker who had the greatest impact on Smith—that title undoubtedly belongs to Hume, with Hutcheson and the Stoics as probable runners-up—but it does seem that Rousseau’s critique of commercial society presented Smith with a challenge that shaped the development of his thought in an important way.

Thus, it is not surprising that research on the Smith-Rousseau connection is currently a growth industry, even when measured by the considerable standards set by Smith

\* I would like to thank Chris Berry and Charles Griswold for their helpful comments on this chapter.

<sup>1</sup> For a detailed examination of this letter, see Rasmussen (2008: 59–70).

scholarship more generally. Before the boom in Smith studies that was set off by the bicentennial of *The Wealth of Nations* and the publication of the Glasgow edition of Smith's works in 1976, sustained examinations of Smith and Rousseau were few and far between.<sup>2</sup> A handful of studies of the two appeared in the 1980s and 1990s,<sup>3</sup> but the past decade has seen an explosion of scholarship on various aspects of this connection, including essays on *inter alia* their assessments of the benefits and drawbacks of commercial society, Smith's 'sympathy' and Rousseau's 'pity', how they each envisioned the 'science of the legislator', and their respective views of civic republicanism, poverty, the division of labour, virtue, self-love, human nature, progress, philosophy, and the theatre.<sup>4</sup> There is also a book-length treatment of the Smith-Rousseau connection by the present author (Rasmussen 2008), as well as books currently under preparation by such leading scholars as Charles Griswold and Istvan Hont. It was once rare for books on Smith's life and thought to devote much attention to Rousseau, but now this connection frequently plays a prominent role in such works, and even in studies of the Enlightenment more generally.<sup>5</sup>

This surge of interest in Smith's response to Rousseau seems to be attributable at least in part to the fact that it helps to add nuance to our understanding of Smith, to demonstrate (yet again) that he was not a naïve advocate of *laissez-faire* capitalism or a possessive individualist who built an economic palace on the granite of self-interest.<sup>6</sup> After all, Smith *agreed* with Rousseau's critique of commercial society on several crucial fronts. For instance, he agreed that commercial society necessarily produces great inequalities; that an extensive division of labour can exact an immense cost in human dignity by rendering people feeble and ignorant; that an emphasis on wealth and material goods can corrupt people's moral sentiments; and that the desire for wealth often leads people to submit to endless toil and anxiety in the pursuit of frivolous material goods that provide at best only fleeting satisfaction.<sup>7</sup> Thus, viewing Smith through the lens of Rousseau helps to highlight the fact that he was very far indeed from the traditional caricature of him as a facile defender of greed and unbridled self-interest, the epitome of the Enlightenment at its cold-hearted worst.

The recurrent attempt in recent scholarship to demonstrate the depth and complexity of Smith's stance has done much to correct this caricature, although some scholars seem

<sup>2</sup> Two works that slightly pre-date this boom are West (1971) and Colletti (1972).

<sup>3</sup> See Ignatieff (1986); France (1989); Berry (1990); Barry (1995); Winch (1996: ch. 3).

<sup>4</sup> See Pack (2000); Hurtado Prieto (2003, 2004); Force (2003); Berry (2004); Hanley (2006); Rasmussen (2006); Schliesser (2006); Hanley (2008a, 2008b); Neuhaus (2008: 230–2, 241–8, 262–3); Vaughan (2009); Griswold (2010).

<sup>5</sup> For some leading examples of recent years, see Hont (2005: 91–3, 96, 400–2); Robertson (2005: 392–6); Hanley (2009: 26–31, 36–42, 95–7, 102–9, 116–22, 137–40, 146, 157, 205); Phillipson (2010: 145–570).

<sup>6</sup> C.B. Macpherson does not devote much attention to Smith in his famous book on 'possessive individualism', but he does extend his analysis to include Smith in a later book review (see Macpherson (1962, 1979)). For the oft-cited line about WN being 'a stupendous palace erected upon the granite of self-interest', see Stigler (1975: 237).

<sup>7</sup> These areas of convergence are examined in detail in Rasmussen (2008: ch. 2).

to be on the verge of going too far in the opposite direction.<sup>8</sup> For all of Smith's awareness of the potential problems created by commerce and all of his sympathy with Rousseau, it would be a mistake to view him as a critic of commercial society or of the Enlightenment more generally, for he leaves no doubt that he is ultimately a proponent of both. Despite the many real parallels between Smith and Rousseau that have been highlighted in the recent literature, in the end their differences are more fundamental: Smith falls squarely in the Enlightenment camp,<sup>9</sup> while Rousseau is better considered a Counter-Enlightenment thinker.<sup>10</sup> This essay examines four key areas of divergence between Smith and Rousseau, namely their views on the popular dissemination of the arts and sciences (and popular 'enlightenment' more generally); the moral effects of commerce; the nature of liberty and citizenship; and the idea of progress. In each case, we will see that Smith stands far closer to the leading figures of the French Enlightenment—thinkers such as Montesquieu, Voltaire, and Diderot—than he does to their great critic Rousseau.

## SPREADING 'ENLIGHTENMENT'

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The thinkers of the French Enlightenment were united in their dedication to the spread of education and critical inquiry, as witnessed by their almost universal support of Diderot and d'Alembert's *Encyclopédie*, which served as a tool for the dissemination of

<sup>8</sup> Many of the recent works on Smith and Rousseau focus on the similarities rather than the differences between them, but the scholar who goes furthest in this regard is probably Pierre Force, who claims that Smith was in fact a 'secret admirer of Rousseau' (2003: 20) or even a 'good disciple of Rousseau' (1997: 63).

<sup>9</sup> There is, of course, no universal agreement about what exactly the Enlightenment entailed, and indeed many scholars of eighteenth-century thought now doubt whether it even makes sense to talk about 'the Enlightenment' in the singular at all, given the diversity of thought in this period (e.g. Schmidt 2000; Pocock 2004; Israel 2006). These scholars do us a valuable service in reminding us of the multiplicity and tensions within the Enlightenment, but I am less dissatisfied than most with Peter Gay's well-known metaphor of the *philosophes* as a 'family' or 'party' of intellectuals who differed among themselves in important respects but were ultimately united by a common cause (Gay 1996: 3–6)—not least because these were metaphors that the *philosophes* used themselves. When viewed from a sufficiently but not hopelessly general standpoint, most of the leading thinkers of the period *did* in fact share a number of common ideals and goals. With very few exceptions—Rousseau being one of them, in many respects, as we shall see—they all promoted things like scientific inquiry, technological progress, commerce, limited government, religious toleration, freedom of expression, and legal reforms to limit torture and other inhumane judicial practices. I use 'the Enlightenment' as a convenient short-hand way of referring to this set of ideas. See also Berry's Introduction to this volume.

<sup>10</sup> While all scholars of the period recognize the deep (and mutual) animosity that existed between Rousseau and the leading thinkers of the French Enlightenment, some argue that he should nevertheless be considered an Enlightenment thinker—an outsider, to be sure, but a *philosophe* all the same (e.g. Gay 1964: 255, Hulliung 1994: 35, 213, 242–3). I am persuaded, however, that the differences between Rousseau and the *philosophes* were sufficiently numerous and fundamental that it is more accurate to consider him a Counter-Enlightenment thinker. For arguments along these lines, see Melzer (1996); Garrard (2003); Rasmussen (2008: ch. 1).

knowledge in the liberal and mechanical arts, history, philosophy, politics, and the sciences to a broader public. Diderot's goal in editing and publishing this great work, he proclaimed, was nothing less than to take 'the world as his school and the human race as his pupil' (1992a: 27). 'It is not a matter of indifference that the people be enlightened,' Montesquieu agreed, and thus he famously sought to help his readers 'cure themselves of their prejudices' (1989: xliv). Like his fellow *philosophes*, Montesquieu believed that putting the sciences and liberal arts 'within reach of all minds' would help to undermine religious superstition and bigotry, enhance human power and well-being, and thereby contribute to the ongoing process of 'enlightenment' and civilization (2008: 36). Even Voltaire, who was sometimes startlingly disdainful of the ignorant masses, held out hope that it was possible, 'by speech and pen', to 'make men more enlightened and better' (1994a: 118).

Although Rousseau would later contribute many essays to the *Encyclopédie*, it was clear from his first major work that his views on the popularization of the arts and sciences and the spread of 'enlightenment' were almost diametrically opposed to those of the *philosophes*. In the *Discourse on the Sciences and Arts*, Rousseau announces that so far from making people better, the arts and sciences make them weak, selfish, and corrupt, and thereby undermine citizenship. He offers four main arguments on this score. First, he claims that the arts and sciences lure people away from public-spiritedness, causing them to look to their own self-interest rather than devote themselves to the common good (1997b: 17). Secondly, he maintains, they make the wrong things respectable; people come to admire sophistication and refinement rather than simple virtue, and to 'smile disdainfully at such old-fashioned words as Fatherland and Religion' (1997b: 17–18). Thirdly, the arts and sciences, and the technology and luxury that generally accompany them, render people soft, lazy, and self-indulgent. Civilized peoples grow addicted to comforts and become unwilling to make sacrifices (1997b: 18–23). Finally, these things all help to produce and exacerbate social and economic inequalities; Rousseau proclaims that this is in fact 'the most obvious effect of all our studies, and the most dangerous of all their consequences' (1997b: 23–4).

None of this is to say, of course, that Rousseau is a 'primitivist' who advocates that we abandon the arts and sciences and return to the woods to live like savages, for he clearly and repeatedly denies that this is his intention (e.g. Rousseau 1997c: 84, 1997d: 96). First of all, Rousseau hints near the end of the *Discourse* that the arts and sciences are not *intrinsically* or *necessarily* corrupting, as a few great geniuses—those whom he calls the 'Preceptors of Mankind'—are able to pursue them without any ill effects, and in fact he holds that 'it belongs to this small number to raise monuments to the glory of the human mind' (1997b: 26–7).<sup>11</sup> On the other hand, these geniuses have 'no need of masters' and indeed must 'go forth alone in their own footsteps', and so Rousseau continues to condemn the 'crowd of Popularizers'—including, presumably, the *philosophes*—who seek to disseminate the arts and sciences to the broader public (1997b: 26–7). Yet in later works Rousseau reverses course and suggests that the arts and sciences are in fact *beneficial* in

<sup>11</sup> On this issue, see also Rousseau (1997c: 64, 69; 1997d: 102); Orwin (1998).

most modern societies, including France. It is impossible for a society to simply return to virtue once it has been corrupted, in his view, and in corrupt societies the arts and sciences help to preserve at least a 'public semblance' of virtue and to prevent 'vices . . . from turning into crimes' (1997d: 103–4). His well-known argument in the *Letter to d'Alembert* (1960) is that the theatre is bad for good societies (since it corrupts simple virtue) but good for bad societies (since it prevents the already-vicious from becoming even more so).<sup>12</sup> Thus, even where Rousseau does (backhandedly) advocate popular 'enlightenment', his outlook is very far removed from that of the *philosophes* in spirit and purpose.

Smith concurs with Rousseau that things like formal education and public support for the arts and sciences are more important in civilized societies than in primitive societies, but this is where the similarities end. To begin with, Smith sees formal education as unnecessary in primitive societies not because the arts and sciences would be harmful or corrupting to simple, virtuous peoples, but rather because individuals in these societies generally acquire 'almost all the abilities and virtues which that [society] requires' even 'without any attention of government' (WN V.i.f.49: 781). Given the limited division of labour in these societies, 'the varied occupations of every man oblige every man to exert his capacity', so that even without much instruction individuals generally come to possess 'a considerable degree of knowledge, ingenuity, and invention' (WN V.i.f.51: 783). In commercial society, by contrast, the extensive division of labour confines the occupations of 'the great body of the people' to 'a few very simple operations' (WN V.i.f.50: 781). An individual who spends his entire day in a factory making the eighteenth part of a pin 'has no occasion to exert his understanding' and stands in danger of becoming 'as stupid and ignorant as it is possible for a human creature to become'—that is, 'unless government takes some means to prevent it' (WN V.i.f.50: 782). Smith argues that compulsory and government-supported education would help to remedy this problem, and this is one reason why he sees it as so crucial in commercial society, especially for 'the common people' (WN V.i.f.52–4: 784–5).<sup>13</sup>

Another reason Smith offers for the importance of education is a very un-Rousseauian one. Whereas Rousseau worries that too much popular 'enlightenment' would lure people away from public-spiritedness, Smith holds that education is needed precisely in order to make them better citizens. He claims that 'an instructed and intelligent people' will tend to be 'more decent and orderly' as well as 'more capable of seeing through, the interested complaints of factions and sedition' (WN V.i.f.61: 788). He sees this latter advantage as especially important, for 'in free countries, where the safety of the government depends very much upon the favourable judgment which the people may form of its conduct, it must surely be of the highest importance that they should not be disposed to judge rashly or capriciously concerning it' (WN V.i.f.61: 788). Hence, Smith believes that education can help to produce more dutiful and better informed citizens.

<sup>12</sup> On this as well as other potential political uses of the arts, see Kelly (2003).

<sup>13</sup> Indeed, in Book V of WN Smith devotes more space to education than to any other positive role of the state. Given that Rousseau's treatise on education, *Emile*, was generally well received in Scotland, it is perhaps worth observing that Smith never refers directly to this work.



In addition to advocating a system of universal primary education, modelled on the parish schools of Scotland, Smith highlights the importance of the arts and sciences in civilized societies. His key object in promoting the arts and sciences, moreover, is a conspicuously ‘Enlightenment’ one—namely, to tame religious enthusiasm. In opposition to David Hume’s advocacy of an established church to ‘bribe the indolence’ of the clergy (see WN V.i.g.3–6: 790–1), Smith supports disestablishment and the flowering of a kind of free marketplace of religions. He surmises that this would lead to the emergence of ‘a great multitude of religious sects’ which would check one another in much the same way that James Madison suggested a multitude of political factions would check one another (WN V.i.g.8–9: 792–4).<sup>14</sup> Yet Smith is wary that this solution might also encourage an overly ‘strict or austere’ morality among the common people, marked by an ‘excessive rigour’ that is often ‘disagreeably . . . unsocial’ (WN V.i.g.10–12: 794–6). Disestablishment alone is not enough to moderate religious enthusiasm, and so Smith calls in the aid of the arts and sciences as ‘very easy and effectual remedies’ by which the state could ‘correct whatever was unsocial or disagreeably rigorous in the morals of all the little sects into which the country was divided’ (WN V.i.g.13: 796).

Smith offers two suggestions on this score. First, he proposes that the state should promote ‘the study of science and philosophy . . . among all people of middling or more than middling rank and fortune’ by requiring individuals to pass examinations in these fields before they are ‘permitted to exercise any liberal profession, or . . . received as a candidate for any honourable office of trust or profit’ (WN V.i.g.14: 796). Like Hume and the *philosophes* before him, Smith holds that ‘science is the great antidote to the poison of enthusiasm and superstition’, and he argues that ‘where all the superior ranks of people were secured from it, the inferior ranks could not be much exposed to it’ (WN V.i.g.14: 796; see also V.i.f.61: 788). Secondly, Smith argues that religious enthusiasm can be tamed by ‘the frequency and gaiety of publick diversions’ (WN V.i.g.15: 796). The state should give ‘entire liberty’ to those who seek ‘to amuse and divert the people by painting, poetry, musick, dancing; by all sorts of dramatic representations and exhibitions’, since these things help to inspire ‘gaiety and good humour’ and thus to ‘dissipate . . . that melancholy and gloomy humour which is almost always the nurse of popular superstition and enthusiasm’ (WN V.i.g.15: 796–7).<sup>15</sup> In other words, one of Smith’s main reasons for supporting the arts and sciences in civilized societies is almost the exact opposite of Rousseau’s: not to distract people from debauchery and crime, but rather to lure them away from an overly strict or rigorous morality.<sup>16</sup>

<sup>14</sup> For an insightful analysis of this argument, see Griswold (1999: 273–92). For evidence that Madison in fact drew on Smith’s arguments for religious disestablishment in making the argument of *Federalist* 10, see Fleischacker (2002: 907–15, 2003: 325–8).

<sup>15</sup> It is interesting to note that Smith seems to think the state should actively support the sciences but leave the arts to private initiative; for a discussion of why this is the case, see De Marchi and Greene (2005).

<sup>16</sup> For a different view, according to which Smith is, in these passages, *following* Rousseau’s dictum that the arts are bad for good societies but good for bad ones, see Hanley (2006: 193–6).

Before leaving this topic, it is perhaps worthwhile to highlight a crucial passage of *The Theory of Moral Sentiments*—one that immediately precedes the only mention of the ‘invisible hand’ in that work—where Smith extols ‘the sciences and arts, which ennoble and embellish human life; which have entirely changed the whole face of the globe, have turned the rude forests of nature into agreeable and fertile plains, and made the trackless and barren ocean a new fund of subsistence, and the great high road of communication to the different nations of the earth’ (TMS IV.1.10: 183–4).<sup>17</sup> As the editors of the Glasgow edition note, part of this passage paraphrases one of the quotations from Rousseau’s *Discourse on Inequality* that Smith had translated for the *Edinburgh Review*. In that passage (given here in Smith’s translation), Rousseau holds that with the progress of civilization ‘property was introduced, labour became necessary, and the vast forrests of nature were changed into agreeable plains, which must be watered with the sweat of mankind, and in which the world beheld slavery and wretchedness begin to grow up and blossom with the harvest’ (Letter 13: 252). Not only do these parallel passages demonstrate the influence of Rousseau on Smith, they also point to very different views on the value of the arts and sciences. In claiming that the spread of ‘enlightenment’ makes people better citizens, in upholding the arts and sciences as useful checks on religious enthusiasm and overly rigorous morals, and in lauding the ability of these things to enhance human power and well-being, Smith stands unambiguously with the *philosophes* and against Rousseau.

## MARKETS AND MORALS

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An important part of the *philosophes*’ agenda was their promotion of commerce, not only as a means of promoting economic prosperity and political liberty, but also as a means of encouraging moral behaviour. This was a striking reversal of the views of Mandeville, who had famously claimed that the ‘public benefits’ produced by commerce were inseparable from ‘private vices’. The thinkers of the French Enlightenment claimed that commerce in fact *supports* morality, for several reasons. First, they held that self-interested cooperation (much like popular ‘enlightenment’) serves as an antidote to prejudice and fanaticism, as witnessed by Voltaire’s well-known description of London’s Royal Exchange, where ‘the Jew, the Mahometan, and the Christian transact together as tho’ they all profess’d the same religion, and give the name of Infidel to none but bankrupts’ (1994b: 30). Further, many of them embraced the doctrine of *doux commerce*, according to which commerce—meaning social interaction generally, but economic trade in particular—leads to *douceur*, or gentleness and mildness.<sup>18</sup> Such gentleness may

<sup>17</sup> Similarly, Smith later says that ‘all the liberal arts and sciences’ help to produce ‘real improvements of the world we live in. Mankind are benefited, human nature is ennobled by them’ (TMS VI.ii.2.3: 229).

<sup>18</sup> Montesquieu writes that ‘it is an almost general rule that everywhere there are gentle [*doux*] mores, there is commerce and that everywhere there is commerce, there are gentle [*doux*] mores’ (1989: 338). For an account of this theory more generally, see Hirschman (1997: 59–63).

be incompatible with the kind of strict political virtue and self-renunciation that was characteristic of the ancient republics, they acknowledged,<sup>19</sup> but it also helps to replace the barbarity, xenophobia, and bellicosity that were characteristic of ancient and primitive peoples with a comparatively more civilized, cosmopolitan, and pacific ethos. Finally, the *philosophes* associated commerce with what are now often called the 'bourgeois' virtues, holding that, as Montesquieu writes in a discussion of democratic republics, 'the spirit of commerce brings with it the spirit of frugality, economy, moderation, work, wisdom, tranquillity, order, and rule' (1989: 48). Where people live by exchanging with one another it is in their long-term interest to exhibit these traits and so, as Diderot succinctly puts it, commerce 'ties [people's] happiness to their virtues' (quoted in Strugnell 1973: 221).

Rousseau, by contrast, agrees with Mandeville: commerce relies on and encourages vice. Whereas Mandeville saw greed, vanity, and deceitfulness as the prices that must be paid for commercial prosperity, however, Rousseau simply 'took Mandeville's *Fable* [ie *The Fable of the Bees*] as commercial society's most truthful and self-incriminating expression' (Hundert 1994: 178). In contrast to the *philosophes*, who lauded commerce for its ability to 'tighten the social ties among men through self-interest... and oblige everyone to contribute to everyone else's happiness in order to secure his own', Rousseau is far less optimistic:

What a wonderful thing, then, to have put men in a position where they can only live together by obstructing, supplanting, deceiving, betraying, destroying one another! From now on we must take care never to let ourselves be seen as we are: because for every two men whose interests coincide, perhaps a hundred thousand oppose them, and the only way to succeed is either to deceive or to ruin all those people. This is the fatal source of the violence, the betrayals, the treacheries and all the horrors necessarily required by a state of affairs in which everyone pretends to be working for the profit or reputation of the rest, while only seeking to raise his own above theirs and at their expense. (1997d: 100)

As Arthur Melzer writes, according to Rousseau 'the modern commercial republic... creates a society of smiling enemies, where each individual pretends to care about others precisely because he cares only about himself' (1997: 282; see also Starobinski 1988: 23). For all of the *philosophes*' talk about 'enlightened self-interest', Rousseau claims, any minimally shrewd person can see that it is often easier to fill one's purse through cheating and manipulation than through honest work. People will always gain more from harming others than peacefully coexisting with them: 'If... I am told that Society is so constituted that every man gains by serving the rest; I shall reply that that would all be very well if he did not gain even more by harming them' (1997a: 198).<sup>20</sup> Thus, Rousseau

<sup>19</sup> That there was generally a trade-off between commerce and strict political virtue was a theme of Montesquieu's writings from the myth of the Troglodytes in *The Persian Letters* to his discussions of the ancient republics in *The Spirit of the Laws*. For a discussion of this theme, see Sher (1994: 371–83).

<sup>20</sup> On Rousseau's argument against the idea that economic exchange encourages integrity since 'honesty is the best policy', see Grant (1997: 37–9, 43–4).

claims quite bluntly that ‘men’s morals can be very accurately gauged by how much business they have with one another: the more dealings they have . . . the more decorously and cunningly are they villains, and the more contemptible they are’ (1997d: 101–2).

All of this is, of course, a long way from *doux commerce* indeed.<sup>21</sup> In explicit response to the argument that commerce makes people gentle (*doux*), Rousseau asks: ‘For being gentler, are you less unjust, less vindictive, is virtue less oppressed, power less tyrannical, are the people less overburdened, does one see fewer crimes, are malefactors less rare, are the prisons less full? What have you gained then by making yourselves soft? For vices that show courage and vigor you have substituted those of small souls’ (2006: 181–2). In other words, rather than applauding the gentleness and mildness that accompanies commerce, Rousseau scorns the softness, weakness, and pettiness that it produces (see Mendham 2010). Indeed, he laments that people had stopped even being *bothered* by these effects: ‘up to now’, he writes, ‘luxury, although often prevalent, had at least at all times been viewed as the fatal source of infinitely many evils’ (1997c: 84). The *philosophes* stood this traditional view on its head when they argued that commerce and luxury were on the whole economically, politically, and morally salutary despite their incompatibility with strict republican public-spiritedness.<sup>22</sup> In a line that echoes Montesquieu (although with a very different inflection), Rousseau laments that while ‘the ancient politicians forever spoke of morals and of virtue; ours speak only of commerce and of money’ (1997b: 18).<sup>23</sup> In his eyes, ‘our’ politicians thereby ensure that their subjects are vicious and corrupt, for commerce simply cannot and will not lead to morality in the way the *philosophes* claimed it did.

On this issue Smith shows some sympathy with Rousseau’s arguments—much more than with his arguments against popular ‘enlightenment’—but his final position is ultimately far closer to that of the *philosophes*.<sup>24</sup> First, Smith too worries that commercial society could lead to a degree of softness or weakness, less because of the activity of commerce itself than because of the effects of the division of labour. His famous passage on the debilitating effects of the division of labour highlights not only the ignorance that it can produce, as we saw in the previous section, but also the undermining of mental courage and martial spirit to which it often leads (WN V.i.f.50: 782). Thus, he warns that ‘to prevent that sort of mental mutilation, deformity and wretchedness, which cowardice necessarily involves in it, from spreading themselves through the great body of the people . . . deserve[s] the most serious attention of government’ (WN V.i.f.60: 787). Smith does not, however, take a clear or unequivocal stand on how the state should fulfil this

<sup>21</sup> On Rousseau’s relationship to the theory of *doux commerce*, see Rosenblatt (1997: 52–840).

<sup>22</sup> To be sure, not all of the *philosophes* approved of luxury entirely and unambiguously. For an overview of the eighteenth-century debate on luxury, see Berry (1994: ch. 6).

<sup>23</sup> Montesquieu had written that ‘the political men of Greece who lived under popular government recognized no other force to sustain it than virtue. Those of today speak to us only of manufacturing, commerce, finance, wealth, and even luxury’ (1989: 22–3). However, Montesquieu’s view of the ancient republics was on the whole far less sanguine than Rousseau’s. See e.g. Pangle (1973: ch. 4); Carrithers (2001).

<sup>24</sup> For a classic analysis of Smith’s views on the ‘stock of moral capital’ in commercial society, one that examines both the ‘asset’ and ‘liability’ sides of the ledger, see Rosenberg (1990).

responsibility. He mentions the compulsory military exercises of the ancient Greeks and Romans and the prizes they awarded to those who excelled in them, but he acknowledges that the modern equivalent, the raising of militias, would require 'a very vigorous police' since it runs against 'the whole bent of the interest, genius and inclinations of the people' (WN V.i.a.17: 698; see also V.i.f.60: 787).

One reason why Smith does not spell out exactly how the state ought to promote martial spirit in the people, it seems, is that he is not entirely sure how far it should go in this regard. Like the *philosophes* before him, Smith sees an *excess* of martial spirit and toughness as even more problematic than a lack of it. In *The Theory of Moral Sentiments*, he contrasts the self-denial and 'Spartan discipline' of primitive societies with the humanity, civility, and politeness of civilized societies, where 'the mind is more at liberty to unbend itself' (TMS V.2.8–9: 205). He expresses amazement at the extremes of self-command and self-denial that the American Indians often displayed (see TMS V.2.9: 205–6), but he also worries that this toughness may come at the cost of their humanity or humaneness (see TMS III.3.37: 153). Because primitive peoples strive so hard to subdue or conceal their feelings, he writes, their passions often become 'mounted to the highest pitch of fury', and when they do finally give way to them their actions are 'always sanguinary and dreadful' (TMS V.2.11: 208). Smith observes, for instance, that it is common in primitive societies to torture prisoners of war to death and to abandon or kill infants and old and sick people (see TMS V.2.9: 206; V.2.15: 210; WN Intro.4: 10). While the lack of toughness and courage in commercial peoples worries Smith to some degree, and while he accepts that commercial and savage societies have different moral balance sheets, each more suitable to its own situation than the other (TMS V.2.13: 209), at the end of the day he seems prefer the humane virtues to the awful ones.<sup>25</sup>

Smith also demonstrates a degree of sympathy with Rousseau's argument when he forcefully asserts that the 'disposition to admire, and almost to worship, the rich and the powerful, and to despise, or, at least, to neglect persons of poor and mean condition' is 'the great and most universal cause of the corruption of our moral sentiments' (TMS I.iii.3.1: 61). Unlike Rousseau, however, Smith does not ascribe this problem to commercial society in particular: that people esteem the rich and powerful more than the wise and virtuous has, he says, 'been the complaint of moralists in all ages' (TMS I.iii.3.1: 62). Moreover, while Smith concedes that people's moral *sentiments* are corrupted by their desire for wealth and admiration for the wealthy, he does not believe that their *actions* will always be immoral as well. On the contrary, he argues, like the thinkers of the French Enlightenment, that commercial society encourages the 'bourgeois' virtues since for most people, most of the time, these virtues are the surest path to success. 'In the middling and inferior stations of life', he writes, 'the road to virtue and that to fortune . . . are, happily in most cases, very nearly the same. In all the middling and inferior professions, real and solid professional abilities, joined to prudent, just, firm, and temperate conduct, can very seldom fail of success' (TMS I.iii.3.5: 63). Given that people in these stations

<sup>25</sup> Smith also seems to believe that the humane virtues could *lead to* the awful ones, whereas the reverse is not the case (see TMS III.3.36: 152; Fleischacker 2004: 254).

depend heavily upon their reputations and that they can seldom gain a good reputation without ‘tolerably regular conduct’, Smith argues, ‘the good old proverb . . . that honesty is the best policy, holds, in such situations, almost always perfectly true’ (TMS I.iii.3.5: 63). And, significantly, the preponderance of people in commercial society are found in these stations: ‘fortunately for the good morals of society, these are the situations of by far the greater part of mankind’ (TMS I.iii.3.5: 63).

People might ignore or merely feign these virtues if they only interacted with others occasionally, but Smith argues that in commercial society, where people *live* by exchanging, this is far from a sensible course: ‘Wherever dealings are frequent, a man does not expect to gain so much by any one contract as by probity and punctuality in the whole, and a prudent dealer, who is sensible of his real interest, would rather chuse to lose what he has a right to than give any ground for suspicion’ (LJB 328: 539; see also WN I.x.c.31: 146; II.iii.12: 335). Because of the frequency of interaction among people in commercial society, in other words, they will generally not be the ‘smiling enemies’ that Rousseau suggests they will, for they must genuinely aim to satisfy the desires of others in order to secure their own long-term interests. People’s selfish interests are simply not always opposed in the way that Rousseau claims they are—it is possible to make mutual gains through trade—and so people can truly help others even while helping themselves. Thus, Smith claims that commerce encourages traits like reliability, decency, honesty, cooperativeness, a commitment to keeping one’s promises, and a strict adherence to society’s norms of justice.<sup>26</sup>

In contrast to Mandeville, then, Smith does not argue that the economic benefits of commercial society are sufficient to answer the moral objections that thinkers like Rousseau level against it; there is no simple trade-off between productivity and corruption in his writings. Even if commerce gives rise to certain moral dangers, Smith sides with the *philosophes* (and against Rousseau) in claiming that it produces even more important moral benefits, including an increase in ‘the gentle virtue of humanity’ (TMS III.3.37: 153) as well as the ‘bourgeois’ virtues. Thus, as Ryan Hanley (2008a: 151) rightly asserts, ‘Smith cannot be easily relegated to either side of Rousseau’s famed line of demarcation separating those ancients forever talking of morals and virtue from those moderns speaking only of commerce and money’.

## LIBERTY AND CITIZENSHIP

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The leading thinkers of the French Enlightenment adopted a basically ‘negative’ conception of liberty, holding that individual liberty should be understood in terms of having a sense of security and independence, protected by the rule of law.<sup>27</sup> Montesquieu, for

<sup>26</sup> For helpful overviews of this argument, see Berry (1990: 123–6); Muller (1993: ch. 10).

<sup>27</sup> This conception includes elements of both the ‘liberal’ and ‘republican’ views of liberty, as those terms are often used today (e.g. Pettit 2008).

instance, declares that the liberty of the citizen ‘consists in security or in one’s opinion of one’s security’, which requires that ‘the government must be such that one citizen cannot fear another citizen’ (1989: 157)<sup>28</sup>—or, Diderot is quick to add, the sovereign (1992c: 99). Voltaire puts the same point in a different way when he writes that ‘freedom means being dependent only on the law’, and not on another individual or the whims of the political authorities (1994c: 59). Given that the *philosophes* saw liberty as consisting in living under settled, standing laws that protect all citizens, and in self-determination within the limits of these laws, they tended to stress civil liberties—security of person and property, the freedoms of speech, press, and conscience—more than political liberties like the right to vote or otherwise participate in political affairs. Thus, Montesquieu takes special care to distinguish liberty from democratic self-rule, warning his reader that ‘the power of the people’ has too often ‘been confused with the *liberty* of the people’ (1989: 155, italics added). Indeed, the *philosophes* frequently stressed the dangers inherent in participatory republics like ancient Sparta and Rome, which they claimed required a painful degree of sacrifice and self-renunciation, cultivated an excessively warlike spirit, and relied on slavery and exclusion to afford citizens the time and opportunity to devote themselves wholeheartedly to the republic (e.g. Montesquieu 1989: 25, 35, 43, 68; Diderot 1992b: 185–6; Voltaire 1994c: 51). Rather, they all saw the liberal, commercial England of their time as a leading example—even a prototype—of a free nation (e.g. Montesquieu 1989: 156 ff.; Diderot 1992b: 189; Voltaire 1994c: 60–1).

Rousseau, in contrast, was one of the most powerful modern exponents of the ‘positive’ conception of liberty, according to which true freedom comes from obedience to a self-imposed law.<sup>29</sup> To be sure, he does not see positive liberty as *apropos* for all people in all circumstances. In fact, the inhabitants of Rousseau’s ‘pure’ state of nature enjoyed a ‘natural freedom’ that was the most negative type of liberty imaginable: complete independence, self-sufficiency, and freedom from interference, unhampered even by the rule of law (see Wokler 1987; Rousseau 1997a: 134, 140–3, 157–9). This ‘natural freedom’ was healthy in the state of nature because *people* were healthy in the state of nature; they did not have the passions that would lead them to abuse it. But Rousseau argues that for the corrupt people of the modern world this kind of ‘freedom’ would make them little better than slaves—slaves to their own passions, especially to *amour-propre* and all the harsh, bitter feelings that it provokes.<sup>30</sup> Once people become social, ‘the impulsion of mere appetite is slavery, and obedience to the law one has prescribed for oneself is freedom’ (1997e: 54). In other words, what people living in society need is not

<sup>28</sup> In addition to ‘political liberty in relation to the citizen’, defined above, Montesquieu also discusses ‘political liberty in relation to the constitution’, which he says is found in a separation of powers (1989: 187).

<sup>29</sup> While I agree with Isaiah Berlin (and many others) that Rousseau is best seen as a member of the ‘positive’ liberty camp (see Berlin 1998: 208, 210, 219, 233), I do not agree that he was therefore ‘one of the most sinister and most formidable enemies of liberty in the whole history of modern thought’ (Berlin 2002: 49).

<sup>30</sup> Rousseau does seem to have believed, however, that a very few individuals with extraordinary strength of soul—philosophers like himself—might be able to live in the modern world without becoming slaves to their passions (e.g. Rousseau 1992: 82–4). This is a theme of Kelly (1987).

‘natural freedom’ but ‘moral freedom’, which requires that the individual be ‘master of himself’ or obey a self-imposed law (1997e: 54). And the surest (perhaps only) way for social beings to achieve this end, it seems, is through ‘civil freedom’—that is, through obedience to the general will (1997e: 54).

Rousseau’s aim in *The Social Contract* is to show how people can be united in society while remaining as free as before, and his seemingly paradoxical solution to this problem is ‘the total alienation of each associate with all of his rights to the whole community’ (1997e: 50). This kind of ‘total alienation’ preserves people’s freedom, according to Rousseau, because it ensures that they obey not another person or group but the will of the community as a whole, and this means that they obey only laws that they themselves have chosen or willed. Because the citizens are themselves the author of the general will, they achieve freedom through self-government. Hence, in sharp contrast to the *philosophes*, Rousseau sees the participatory republics of ancient Sparta and Rome—as well as (an idealized version of) modern Geneva—as models of freedom. In liberal societies like eighteenth-century England people give up their right to directly choose the laws under which they live in return for the state’s protection of their negative liberties, and Rousseau argues that under these circumstances people will constantly be torn between their duties and their inclinations, and thus they will never feel free (1979: 40). Hence, he writes that ‘the English people thinks it is free; it is greatly mistaken, it is free only during the election of Members of Parliament; as soon as they are elected, it is enslaved, it is nothing’ (1997e: 114).

Once again, Smith’s outlook is much nearer to that of the *philosophes*: he too understands liberty in a basically negative way.<sup>31</sup> He famously advocates ‘allowing every man to pursue his own interest his own way, upon the liberal plan of equality, liberty and justice’ (WN IV.ix.3: 664), and he comes close to echoing Montesquieu verbatim when he defines the liberty of the individual as ‘the sense which he has of his own security’ (WN V.i.b.245: 722–3). In Book III of *The Wealth of Nations* Smith contrasts commercial liberty with the direct, personal dependence characteristic of the feudal age, when the serfs had little choice or discretion about things like where to live, what occupation to practice, how to use their property, and even whom to marry (e.g. WN III.ii.8: 386–7). It was only after people gained freedom of choice about these kinds of matters, he says, that they ‘became really free in our present sense of the word Freedom’ (WN III.iii.5: 400). Indeed, Smith insists that *the* greatest benefit of commercial society is its ability to provide people with the security and independence that were so lacking during earlier eras, writing that ‘commerce and manufactures gradually introduced order and good government, and with them, the liberty and security of individuals, among the inhabitants of the country, who had before lived almost in a continual state of war with their

<sup>31</sup> For an examination of the notions of negative, positive, and republican liberty in Smith’s works, see Harpham (2000). Samuel Fleischacker (1999) has argued that Smith in fact upheld a ‘third concept of liberty’ that focuses neither on a simple lack of interference nor on collective self-government, but rather on the individual exercise of judgment. The brief overview offered here is, I believe, compatible with Fleischacker’s nuanced and much more detailed analysis.



neighbours, and of servile dependency on their superiors. This, though it has been the least observed, is by far the most important of all their effects' (WN III.iv.4: 412).

As these statements indicate, Smith sees freedom as consisting much more in personal independence than in collective self-government.<sup>32</sup> This is not to say, however, that he sees no positive role for government. Under Smith's 'system of natural liberty', of course, the state has a duty to provide for national defence, to administer justice, and to establish certain public works (WN IV.ix.51: 687–8). Like the *philosophes*—and unlike, for instance, Jeremy Bentham in his extreme moments—Smith recognizes that not every law undermines liberty, and in fact that liberty is *advanced* by predictable rules of fair play and by protecting individuals from each other and from other outside forces. As Emma Rothschild rightly notes, throughout his writings Smith is concerned that the state be *strong* enough to defend individuals against the sometimes oppressive measures of 'churches, parish overseers, corporations, customs inspectors... masters, proprietors', and the like: 'The criticism of local institutions, with their hidden, not quite public, not quite private powers, is at the heart of Smith's politics' (Rothschild 2001: 71, 108).

Nor does Smith's embrace of negative liberty lead him to advocate atomistic individualism or unbridled self-interestedness. Society may be able to 'subsist' where people merely abstain from harming one another, he says, but it will not 'flourish' or be 'happy' unless the citizens 'are bound together by the agreeable bands of love and affection, and are, as it were, drawn to one common centre of mutual good offices' (TMS II.ii.3.1–3: 85–6). Indeed, Smith allows that the state 'may prescribe rules... which not only prohibit mutual injuries among fellow-citizens, but command mutual good offices to a certain degree' (TMS II.ii.1.8: 81). He warns that to push these kinds of commands too far 'is destructive of all liberty, security, and justice', but he also maintains that 'to neglect it altogether exposes the commonwealth to many gross disorders and shocking enormities' (TMS II.ii.1.8: 81). A degree of civic virtue is indispensable for a society to thrive, and thus it is not beyond the state's purview to promote the moral character of its citizens.

Still, Smith refuses to accept Rousseau's basic claim that people can attain true freedom only in and through politics, through obedience to a self-made law. On the contrary, he joins the *philosophes* in seeing participatory republics of the kind found in the ancient world as significant *threats* to freedom, above all because the collective self-government of the citizens would be impossible without the labour of slaves and the exclusion of many others from citizenship (see LJA iv.69: 226; iv.110: 242–3; v.86–7: 304). Thus, he holds that when the entire population is taken into account, it is clear that liberal societies produce not only greater prosperity about also greater freedom or independence

<sup>32</sup> Here I agree with Duncan Forbes, whose classic essay on Smith's 'sceptical Whiggism' holds that for Smith 'what matters, and the true end of government, is liberty, but liberty in the sense of the Civilians and Grotius, Pufendorf, and the authoritative exponents of natural law: the personal liberty and security of individuals guaranteed by law, equivalent to justice, peace, order, the protection of property, the sanctity of contracts' (Forbes 1975: 184).

than more participatory regimes.<sup>33</sup> Smith does highlight the importance of representation and a widespread franchise (see WN IV.vii.b.51: 584–5; LJA v.8–11: 273–4), but his reason for doing so is that elections serve as an important check on power, not that participating in politics allows people to attain freedom through collective self-government (see Fleischacker 2004: 246–9). Indeed, like Madison after him, Smith worries about the ‘rancorous and virulent factions which are inseparable from small democracies’ (WN V.iii.90: 945). Moreover, like Montesquieu, Voltaire, and Diderot, Smith heaps praise upon the liberal regime of England, where an ‘equal and impartial administration of justice . . . renders the rights of the meanest British subjects respectable to the greatest’ (WN IV.vii.c.54: 610) and where the common people ‘are rendered as secure, as independent, and as respectable as law can make them’ (WN III.iv.20: 425).

Hence, it is not surprising that in his letter to the *Edinburgh Review* Smith had proclaimed that Rousseau’s writings embody ‘the true spirit of a republican *carried a little too far*’ (Letter 12: 251, italics added). Whereas Rousseau sees true freedom as a matter of collective self-government, Smith—like the vast majority of Enlightenment thinkers—sees it as consisting instead in a sense of security and personal independence.

## THE PROGRESS OF SOCIETY

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Contrary to the traditional caricature of the French Enlightenment, none of the leading *philosophes* held a naïve belief in inevitable or endless progress (not even Condorcet).<sup>34</sup> The author of *Candide*, for one, can hardly be accused of blind optimism regarding the future. Nor can Diderot, who at times appeared to decry the onslaught of civilization in a manner reminiscent of Rousseau (e.g. 1992b: 193–7, 1992d: 41–5), or Montesquieu, who lamented that ‘an infinity of abuses slips into whatever is touched by the hands of men’ (1989: 73).<sup>35</sup> These thinkers were all deeply and manifestly—one wants to say instinctually—anti-utopian. Yet they also believed that the world had improved in important respects. For instance, Voltaire describes the ways in which the conditions of mid-eighteenth-century France were unquestionably an improvement over those of the same nation little more than a century earlier, when ‘the streets of Paris, narrow, badly paved and covered with filth, were overrun with thieves’; when the ‘spirit of discord and

<sup>33</sup> Several of the recent studies of Smith and Rousseau highlight the convergences between them on ‘civic republican’ themes; see especially Force (2003: 159), Ignatieff (1986: 188). However, what I find more compelling is Christopher Berry’s argument that Smith self-consciously rejected the participatory ideal of the civic republican tradition in favour of liberal, commercial society, which he thought offered ‘a superior form of freedom—that of liberty under law, the hallmark of civilisation’ (1990: 116).

<sup>34</sup> On Condorcet, see Rothschild (2001: ch. 7). That the *philosophes* were far from unqualified believers in progress was demonstrated decades ago by Vyverberg (1958).

<sup>35</sup> Indeed, in Book VIII of *The Spirit of the Laws*, Montesquieu stresses the seemingly inevitable corruption from within of each type of regime, and he mournfully concludes the famous chapter celebrating the English constitution by noting that ‘since all human things have an end, the state of which we are speaking will lose its liberty; it will perish’ (1989: 166).

faction . . . pervaded every community in the kingdom'; and when 'the French nation was steeped in ignorance' to the point where people believed unreservedly in astrology, sorcery, and exorcism (1961: 17–18). Eighteenth-century France may not have shined in the arts to the degree that it had under Louis XIV, but the lives of most people were far more tolerable. Likewise, Diderot and Montesquieu concurred that the Europe of their time had experienced real advances through the spread of 'enlightenment' and science, the rise of commerce, and the relative wane of religious fanaticism. While the *philosophes* did not believe that progress was inevitable, endless, or all-embracing, then, they *did* believe that their world constituted an improvement in significant ways over what had come before it.<sup>36</sup>

Rousseau, however, famously saw human history not as a tale of progress and civilization, but rather as one of decline and corruption. According to his narrative in the *Discourse on Inequality*, the earliest societies—'savage' societies—were on the whole an improvement over the 'pure' state of nature, since they constituted 'a just mean between the indolence of the primitive state and the petulant activity of our *amour-propre*' (1997a: 167). But the further steps of 'civilization'—especially the rise of private property, the division of labour, and political power—tore people from their natural goodness, happiness, and independence, and made them wicked, miserable, and enslaved. Ever since humanity left savage society, Rousseau proclaims, 'all subsequent progress has been so many steps in appearance toward the perfection of the individual, and in effect toward the decrepitude of the species' (1997a: 167). As Laurence Cooper notes, few thinkers have argued for humanity's natural goodness *or* for its present badness as forcefully as Rousseau does, much less both sides at the same time (1999: x). But in a way the former argument reinforces the latter: Rousseau condemns civilized people so vehemently precisely because they had strayed so far from their natural goodness; an account of how good human beings once were helps to underscore how bad they are now.

Once again, none of this is to say that Rousseau is a 'primitivist' who advocates a return to savage life. To begin with, while he sees the degeneration of humanity as the result of a series of accidents rather than an inevitable development written into the laws of History, he insists that once people have become civilized they cannot simply retrace their steps to an earlier, happier time (see Rousseau, 1990: 213, 1997a: 203). Civilization changes people in a fundamental way, unleashing faculties and passions such as the imagination, foresight, and above all *amour-propre*, and once these changes have taken place a return to original simplicity is impossible. Moreover, Rousseau occasionally suggests that a return to savage life would be undesirable in some ways even if it *were* possible. He writes in *The Social Contract* that although in civilized society man

deprives himself of several advantages he has from nature, he gains such great advantages in return, his faculties are exercised and developed, his ideas enlarged, his sentiments ennobled, his entire soul is elevated to such an extent, that if the abuses of this new condition did not often degrade him to beneath the condition he

<sup>36</sup> For a more detailed discussion of Voltaire's and Diderot's views of progress, see Rasmussen (2011: 20–6).

has left, he should ceaselessly bless the happy moment which wrested him from it forever, and out of a stupid and bounded animal made an intelligent being and a man. (1997e: 53)

Yet the ‘if’ in this sentence is crucial. After all, even in his most optimistic moments, Rousseau holds that the benefits of civilization accrue almost exclusively to the few rather than the many—to the ‘Preceptors of Mankind’ from the *First Discourse*, for instance, or to those lucky enough to live in a healthy, virtuous republic like Geneva (at least as Rousseau saw it early in his career).<sup>37</sup> For the rest of us, Rousseau believes that the corruption and misery of bourgeois society is our fate.

Once again, Smith sides with the *philosophes* and against Rousseau. He routinely speaks of ‘the natural progress of things toward improvement’, and he suggests that this progress will generally trump obstacles like ‘the extravagance of government’ and even ‘the greatest errors of administration’ (WN II.iii.31: 343; see also IV.v.b.43: 540; IV.ix.28: 674). And according to Smith’s ‘four stages’ theory—which traces humanity’s progress through its hunting, shepherding, agricultural, and commercial stages<sup>38</sup>—history is a story of humanity’s ever-widening conquest of nature; whereas people originally had to remain content with accepting what nature provided, in later stages of society they are able to control and harness nature and thereby ensure themselves a more comfortable existence. Yet Smith is not, any more than Montesquieu, Voltaire, or Diderot, a blind optimist or a naïve believer in inevitable progress. Contrary to what the ‘four stages’ theory is sometimes assumed to imply, Smith never suggests that history must move in a linear fashion. Indeed, he maintains that ‘the natural course of things’ is often diverted (WN III.iv.18–19: 422), and he accepts that societies can and do move backward, as Europe did after the fall of Rome (WN III.ii.1: 381–2).<sup>39</sup> He also never suggests that ‘progress’ is an unqualified good; as we have already noted, Smith accepts that commercial society has important drawbacks of its own. Like the *philosophes*, Smith’s belief in progress stems more from his bleak view of the past than from his hopes for the future. In other words, he too refuses to posit any kind of supernatural agency, transcendent design, or Hegelian dialectic that means that the world will improve continually or indefinitely, but he too believes in progress in the sense that the liberal, commercial societies of eighteenth-century Europe constituted a real improvement (at least on balance) over what had come before them.

<sup>37</sup> Thus, Rousseau writes that civilization has led to ‘what is best and what is worst among men, our virtues and our vices, our Sciences and our errors, our Conquerors and our Philosophers, *that is to say a multitude of bad things for a small number of good things*’ (1997a: 184, italics added).

<sup>38</sup> While the ‘four stages’ theory bears only the slightest of resemblances to the history outlined in Rousseau’s *Discourse on Inequality*, it is much closer to Rousseau’s view in the *Essay on the Origin of Languages*. In the latter work, Rousseau divides history into ‘three states of man considered in relation to society’: ‘The savage is a hunter, the barbarian a herdsman, the civil man a plowman’ (1998: 309; see also 307). For a comparison of Rousseau’s view of history in these two works with the ‘four stages’ theory, see Meek 1976: 76–91.

<sup>39</sup> Thus, as several scholars have stressed, Smith intended the ‘four stages’ theory less as a rigid framework for how societies must develop than a heuristic device that provides a means of comparing different forms of society; see Skinner (1996: 82); Berry (1997: 114); Pocock (1999: 322–3).

Significant portions of WN and even larger portions of LJ read like little more than extended descriptions of the astonishing range of ills that dominated previous stages of society.<sup>40</sup> Smith holds that in the earliest ages—the hunting stage—poverty was the keynote to all aspects of life (WN V.i.b.7: 712). And whereas Rousseau sometimes waxes eloquent about the ruggedness and simplicity that come with poverty, Smith sees nothing redeeming about the kind of poverty that primitive societies face. He notes on the first page of WN that many ‘savage nations... are so miserably poor, that, from mere want, they are frequently reduced... to the necessity sometimes of directly destroying, and sometimes of abandoning their infants, their old people, and those afflicted with lingering diseases, to perish with hunger, or to be devoured by wild beasts’ (WN Intro.4: 10). Because of the scarcity that prevails in these societies, he writes, ‘every savage... is often exposed to the greatest extremities of hunger, and frequently dies of pure want’ (TMS V.2.9: 205). People might seem to have a great deal of liberty or independence, at least, given that there is little or no government in this stage, but Smith claims that this was far from always being the case. Before the rise of government there was no authority that could intervene in family life, and so ‘the father possessed a power over his whole family, wife, children, and slaves, which was not much less than supreme’ (LJA iii.7: 143–4). Husbands ‘had absolute power over [their wives], both of death and of divorce’, and fathers were not obliged to provide for their children (LJA i.155–6: 66; see also iii.78: 172). Even the adult males in these societies could not enjoy their relative independence, simply because life was so utterly precarious: ‘unprotected by the laws of society, exposed, defenceless’, a person in the first ages of society ‘feels his weakness upon all occasions; his strength upon none’ (HA III.1: 48).

If the keynote of life in the hunting stage is poverty, in Smith’s view, the defining element of both the shepherding and agricultural stages is dependence. According to his account, wealthy individuals in these societies normally ‘maintain’ a great multitude of dependants over whom they enjoy almost complete control (see WN III.iv.5–7: 413–15; V.i.b.7: 712–13). His chief example is the feudal lords of Europe who held their serfs—who often numbered in the thousands—utterly at their mercy: ‘every great landlord was a sort of petty prince. His tenants were his subjects. He was their judge, and in some respects their legislator in peace, and their leader in war. He made war at his own discretion, frequently against his neighbours, and sometimes against his sovereign’ (WN III.ii.3: 383). As noted above, Smith repeatedly draws attention to the unfortunate condition of the serfs under this system, who had no property that was free from encroachment by their lord, who were bought and sold with the land and so were unable to freely move, who typically could not choose their own occupations, and who often had to obtain their lord’s consent to get married (e.g. WN III.ii.8: 386–7). Because the vast majority of people were so heavily dependent on the caprice of another person in these societies, he claims that ‘a more miserable and oppressive government cannot be imagined’ (LJB 46: 414). While subsistence was not as precarious in the shepherding and agricultural stages as in

<sup>40</sup> The following two paragraphs draw heavily on the more detailed analysis in Rasmussen (2008: 141–4). I thank the Pennsylvania State University Press for permission to reprint this material.

the hunting stage, in other words, Smith holds that the vast majority of people still had little liberty or security.<sup>41</sup>

Given the enormous drawbacks that Smith associates with pre-commercial societies, he takes it as obvious that the commercial societies of his time constituted a step forward, their very real imperfections notwithstanding. This kind of historical assessment is arguably *the* central element of Smith's defence of commercial society, for, as Griswold writes, he believes that 'one's affirmation of a particular theory of political economy must be informed by an appreciation of its virtues relative to the competition, and these must be understood at least in part through historical analysis' (1999: 256).<sup>42</sup> Thus, the differences between Smith and Rousseau on the theme of progress in many ways encapsulate the other themes of this essay: their basic divergences on the desirability of popular 'enlightenment', the moral effects of commerce, and the nature of liberty were both a cause and consequence of their nearly opposite views of the course of human history. On each count, Smith stood against Rousseau, and with the Enlightenment.

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<sup>41</sup> As we saw in the second section above, Smith believed that in commercial society the interdependence of the market and the rule of law serve to replace the direct, servile dependence of earlier stages. For more detailed discussions of the differences between Smith and Rousseau on the issue of dependence, see Berry (1990: 114–22), Rasmussen (2008: 144–50).

<sup>42</sup> For a helpful discussion of the differences between Smith and Rousseau with respect to the necessity of relying on historical analysis, see Fleischacker (2006: 253–4).

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## CHAPTER 4

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# ADAM SMITH AND EARLY-MODERN THOUGHT

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CHRISTOPHER J. BERRY

‘EARLY-MODERN’ is a term of art. It is a convenient label to characterize a period from the Renaissance and/or Reformation to the French Revolution. This characterization is not, however, an arbitrary post hoc imposition. While doubtless fuzzy at the edges, as scholars debate whether, for example, Bacon (1561–1626) or Grotius (1583–1645) deserve the label ‘modern’, there is ample evidence of self-consciousness among sixteenth and seventeenth-century thinkers that theirs was a ‘new age’.

This self-consciousness is also evident in Adam Smith. In the context of justice, he identifies Plato, Aristotle, and Cicero as ‘ancient moralists’ and in the following sentence judges Grotius ‘the first’ who attempted a system of foundational principles for the laws of nations (TMS VII.iv.27: 341–2). On another occasion he refers to the ‘modern genius’ in learning (Letter 3: 243). More often, however, this ancient/modern division is implicit. This is to be expected for by the eighteenth century the ‘ancients and moderns’ had become, especially in literary studies, an accepted trope. Even when the ‘ancients’ were ostensibly defended in, for example, Swift’s *Battle of the Books* (1710), that itself bore testament to the division.

I shall use an instance of this general self-consciousness as my starting point in this synoptic and necessarily gross-grained selective survey, which makes no claims to completeness. In the second part of his *Preliminary Discourse to the Encyclopedia* (1751) Jean D’Alembert (1717–83) identified four significant predecessors, who ‘prepared from afar the light which gradually by imperceptible degrees would illuminate the world’ (1963: 74). His nominated quartet were Bacon, Descartes, Newton, and Locke. Since Newton has been covered in detail by Leonidas Montes’ chapter, I will deal with the other three. But this trio is clearly not exhaustive. Partly, of course, because D’Alembert himself was being strategic (in ancient regime France imprisonment awaited—as Diderot, the *Encyclopedia’s* editor, had discovered—those overtly critical of the status quo). This context also helps explain, for example, D’Alembert’s omission of Pierre Bayle (1647–1706), who had become notorious for his allusive critique of his contemporary society.

But before proceeding, Smith's own comments on his intellectual hinterland need heeding. In that *Letter to the Edinburgh Review*, already mentioned, he refers to English thinkers 'who have led the way not only in natural philosophy' but also in 'morals, metaphysics and part of the abstract sciences'. He then produces an illustrative list: Hobbes, Locke, Mandeville, Shaftesbury, Butler, Clarke, and Hutcheson (Letter 10: 249–50).<sup>1</sup> I will use this list selectively as a guide.<sup>2</sup> A second comment occurs at the start of his 1766 jurisprudence lectures. There, after having, in identical language to that used in TMS, claimed for Grotius a priority, he proceeds to identify Hobbes as the next 'writer of note', followed by Pufendorf (with Cocceii's commentary on Grotius added at the end) (LJB Intro.: 397–8). I will supplement the *Letter's* list by also paying particular attention to Pufendorf in this survey. These explicit references by Smith are not exhaustive and I will include a brief discussion of Harrington, as a representative of an important strand of early-modern thought otherwise not represented. While Smith can be seen to take something from all these thinkers, without exception this is done critically. This duality will surface on occasion as this survey proceeds.<sup>3</sup>

To generalize sweepingly, it is possible to identify what I will call an 'early modern consensus'. To a significant extent this is negative because for all their differences, especially over the role and efficacy of reason, Descartes, Bacon, Hobbes, Grotius, and others like Spinoza reject the Aristotelian Scholastic legacy (see further below). This inextricably had repercussions on theology and ecclesiology. Many of the leading modernists were labelled 'atheists' by their contemporaries—by adherents and defenders of the various varieties of Protestantism as well as Catholicism. This persisted into the eighteenth century—Hume was famously tarred with that brush though Baron d'Holbach and his circle in France supposedly announced themselves (though *intra muros*) atheists (but see Kors 1976). On the religious front Smith was typically cautious (see Kennedy in this volume) but he fundamentally accepts the early-modern consensus. This is exhibited by his subscription to the view that seeking the truth about human nature (and thence of morality and human social life—including its economic dimension—more generally) is to search for efficient or material causes.<sup>4</sup> Smith thinks in this regard the science of human nature is in its infancy (TMS VI.iii.2.5: 319).<sup>5</sup> His immediate context is a critique of the rationalist doctrine that holds that it is human reason, as an independent faculty

<sup>1</sup> Compare Hume's list, in the Introduction to the *Treatise* (1739), of those who have put the 'science of man on a new footing' (2002: 5n) contains all of those who appear in Smith's (the two exceptions are Hobbes and Clarke), though Hume does append an 'et cetera'.

<sup>2</sup> I exclude Clarke and Butler. The former is included in the list it may be supposed for his defence of Newton against Leibniz (and I am here not exploring that avenue) plus Clarke's own philosophy is a species of rationalism to which Smith is opposed. Butler is omitted because he is a contemporary, in the same way that I do not systematically discuss Hume. (Butler is discussed in Christel Fricke's chapter and Hume in Nicholas Phillipson's.) Hutcheson will be discussed as Smith's teacher.

<sup>3</sup> Thanks to Craig Smith for planting this suggestion.

<sup>4</sup> See Hobbes' revealing subtitle to *Leviathan* (1651) as 'The Matter, Forme and Power of a Commonwealth', with its allusion to Aristotle's four causes (material, formal, efficient) while pointedly excluding 'final'.

<sup>5</sup> See Berry (2012) for an exploration of Smith's argument.

of the human mind, that serves to distinguish right from wrong. Although Smith does not here name him the enunciation of this core 'modern' rationalist position was a central component of Descartes' pioneering philosophy.

## DESCARTES (1596–1650)

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The standard textbook depiction of Descartes as the 'father of modern philosophy' stems from his methodical search for first principles. He was prompted in this quest by the need, as he perceived it, to establish certainty. In doing this he was rebutting the various sceptical arguments that had emerged (associated by posterity with the work of Montaigne (1533–92)) but without falling back on the dogmatism of the Scholastics, whose writings, as he puts it in *Discourse on Method* Pt VI (1637), are like ivy that is restricted to the Aristotelian tree upon which grows (1960: 55). In his *Meditations on the First Philosophy* (1641) and his *Principles of Philosophy* (1644) he set his cap against scepticism with his now famous 'thought-experiment' that even seeming immediate experience might be in a dream (*First Meditation*). The aim was to establish the limits of doubt. The conclusion of which is that it is indubitable that I am doubting or thinking (*cogito ergo sum*). By 'thought' he means that of which we are immediately conscious, from which it follows that the thinking part (mind) is not only different from the corporeal part (body) but precedent to it because it possesses greater certitude (see *Principles* Pt 1 (1960: 167)). From this indubitable foundation Descartes proceeds to deduce the necessary existence of God from which in turn it follows that all that is clearly and distinctly perceived is true (for God cannot deceive). The paradigm of clear and distinctive truths are mathematical (Descartes was one of the leading mathematicians of his era). Sensory derived information is by contrast far less certain. It is this reliance on the efficacy of reasoning for which Smith criticizes him in HA and reiterates in passing in TMS (VII.ii.4.14: 313). But Smith also recognizes that Descartes was a pioneer in his rejection of the Aristotelian method such that the superiority of Descartes' own method made it 'universally received by all the Learned of Europe at that time' (LRBL ii.134: 146). Furthermore, though his philosophy is now 'almost universally exploded', Smith acknowledges that Descartes was an 'ingenious and fanciful philosopher' (HA IV.61: 92) and his *Meditations* aimed at being 'original' in morals and metaphysics and judges that his successors, such as Malebranche (1638–1715), merely offered refinements of his system (Letter 10: 249–50).

Smith's comment perceptively reveals that it would be misleading to view Descartes' enterprise as narrowly philosophical. Indeed, as Bernard Williams observes, his 'philosophy' was intended by him to 'be preliminary to a larger enterprise of science, medicine and technology which would confer practical benefits on mankind' (1978: 31). (This imputed intention, as we shortly see, was shared by Bacon.) Though Descartes hints at this wider project in his published writings it was only after his death that aspects of it were made available. His *Treatise on Man* was published in 1662 and on *Light* in 1664. Both of these pursue, in full 'modernist' Galilean spirit, a 'mechanistic' approach.

Hence in *Man* he opens by supposing the body to be ‘a machine’ so nerves, for example, can be compared to ‘the pipes in the mechanical part of fountains’ (1998: 107). And though there is a ‘rational soul’ (otherwise we would not be human, that is capable of thought) this does not, Descartes affirms, determine the action of nerves, digestion etc. (1998: 171)—a critique of the Scholastic notion of a vegetative or sensitive soul (1998: 169).

This mechanistic view was to be influential (Julien LaMettrie, for example, wrote a book *Man a Machine* (1748) and see Vartanian (1952) for wider impact on this theme). Nor was Descartes alone of course in this pursuing this line of enquiry—Hobbes adopted, as we shall also see, a similar mechanistic approach. But there is a crucial wider ingredient in Descartes’ legacy. A corollary of the conclusion to which his method leads is that everyone potentially is capable of appreciating truth, of having clear and distinct ideas. He attributed this potentiality to the universal human possession of what he variously calls natural light, common notions and innate ideas. What ‘natural light’ shows to be true is indubitable; ‘common notions’ are discovered by the mind when it demonstrates mathematical propositions (like the properties of a triangle (1960: 170)) and ‘innate ideas’ are those implanted by God and derived from thought alone. These notions and ideas, in virtue of their very universality, cannot arise from any particular source, that is, from experience because necessarily that differs from individual to individual. Of course, this capacity may not be fully or properly exercised by individuals because humans are prone to error and prejudice. It is for these commitments to universality, the acknowledgment of the force of prejudice and especially because he threw off ‘the yoke of scholasticism, of opinion, of authority’ that D’Alembert’s selected him as one who ‘opened the way for us’ (1963: 78, 80).

## BACON (1561–1626)

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Smith hardly mentions Bacon but we are not here pursuing the chimera of pinpointing ‘influences’. Bacon’s importance is as much ‘cultural’ as it is ‘intellectual’. He had an iconic status; it was what he was perceived to stand for that mattered. In an oft-quoted footnote, John Millar, Smith’s pupil then colleague at Glasgow University, in his *Historical View* (1797: 1803) remarks, ‘the great Montesquieu pointed out the road. He was the Lord Bacon in this [history of civil society] branch of philosophy. Dr Smith is the Newton’ (2006: 404n)—of which there is no greater praise in the eighteenth century. Millar was not alone in this positive evocation. Aside from D’Alembert placing Bacon as the first member of his quartet, for Voltaire (*Philosophical Letters* (1734)) he was ‘the father of experimental philosophy’ (1956: 337) while Hume, in his *History*, following D’Alembert’s characterization, invokes Bacon’s pioneering status in his observation that he ‘pointed out at a distance the road to true philosophy’ (Hume 1894: I, 112).

Bacon himself was a lawyer not a scientist; indeed he did not accept the Copernican system. However, his cultural importance or honorific status stems from his arguments that the aim of ‘philosophy’ is the cultivation of knowledge that should contribute to

improving the human lot. His own reasons for adopting this practical or utilitarian bent are open to debate; whether, for example, he was driven by his commitment to Puritanism and a providential view of history (Webster 1975: 25) or by his desire to promote an imperial state (Martin 1992: 141). But, in the current retrospective context, the touchstone is his declaration, toward the end of the *Advancement of Learning* (1605), that he was driven by ‘a desire of improving’ (1853: 375). It was this that resonated with Enlightenment thinkers, Smith included as Dugald Stewart observed in his *Life* (Life IV.7: 245–6).

Bacon campaigned for old practices to be swept away. The most conspicuous target in this campaign was the ‘old’ organon or system of Aristotle, who ‘corrupted natural philosophy by logic’, and his heirs in medieval scholasticism (1853: 400). He titled one of his key texts *New Organon or True Suggestions for the Interpretation of Nature* (1620). But Bacon also set his sights on two other trends in early-modern thought: the alchemical tradition, with its reliance on individual practitioners of natural magic, and scepticism, with its philosophy that all was uncertain or doubtful. As we have seen, this endeavour to clear the decks Bacon shared with Descartes. But whereas Descartes does not tackle Aristotle head-on that is very much Bacon’s agenda.

The early-modern consensus, as mentioned above, is crucially formed around its rejection of the Aristotelian world-view. While this is most dramatically evident in the work of Galileo (1564–1642) and his successors it is also apparent in the ‘moral sciences’. For the purposes of illustration we can cursorily contrast Aristotle’s moral psychology with that adopted by mainstream modernists. As he expresses it in the *Nicomachean Ethics*, for Aristotle the virtuous or moral man acts from self-disciplined choice and not from ‘desire’ (*epithumia*) (Aristotle 1894: 1111b15; 1976: 116). Indeed, all humans properly have as the goal of their actions a condition of fulfilment or ‘happiness’ (*eudaimonia*), which is a ‘perfect and self-sufficient end’ (Aristotle 1894: 1097b15–20, 1976: 74). Those who attain *eudaimonia* are living life as it should be lived. This is a complete or fulfilled life, one that is lived without being subject to demands of ‘desire’. Aristotle does not deny that there are ‘natural desires’ but these are naturally (*kata phusin*) limited (Aristotle 1894: 1118b15–18; 1976: 138), that is, it is a hallmark of those who remain in the thrall of desire that they pursue bodily pleasures excessively, contrary to the adjudication of ‘right reason’ (*para ... orthon logon*; Aristotle 1894: 1151a10–12, 1976: 245). Hence, for Aristotle to live the ‘good life’ we, ideally, transcend desire as we ‘put on immortality’ and live the ‘contemplative life’ (*bios theoretike*) in accordance with what is definitive of us as humans, our reason (Aristotle 1894: 1177a–b, 1976: 331). In contrast to this teleological perspective, with a decisive role played by final causes, the moderns emphasize efficient causes (‘how’ not ‘why’). Hence, for the ‘modernist’, humans as creatures of desire are always ‘on the move’ with reason counselling the best direction not determining it.

This is the underlying philosophical psychology behind one of Smith’s most famous remarks, namely, that the ‘desire of bettering our condition [is] a desire... which comes with us from the womb and never leaves us till we go into the grave’. Nor is this a mere background condition, because he goes on to declare that ‘there is scarce perhaps a single instant in which any man is so perfectly and completely satisfied with his situation as to be without any wish of alteration or improvement of any kind’ (WN II.iii.28: 341).

Smith's relation to Aristotle is the subject of debate<sup>6</sup> and, more broadly, it broaches one of the more deeply contended issues in some recent Smith scholarship. Does his apparent commitment to 'a natural order' reveal or indicate an ultimately teleological or metaphysical cast to his thought or is it an empirical inductively arrived at generalization?<sup>7</sup> While the 'natural principles' which support preservation and propagation can be treated as the 'wisdom of God' (TMS II.ii.3.5: 87) there is nothing here that precludes 'scientific' enquiry of those principles or sentiments and this enquiry can be, as Samuel Fleischacker (1999: 144) observes, 'agnostic' about final ends. Moreover, just as investigation of the efficient causes of dental decay aids the alleviation of tooth-ache so the science of human nature has the equally Baconian aim of the amelioration of human life.

The most important element in Bacon's legacy is, as mentioned above, his resolute utilitarianism, notwithstanding he acknowledges that contemplation of truth is more 'exalted' than utility (1853: 442). The legacy is apparent in what has become his best known proposition, 'knowledge and human power are synonymous, since the ignorance of the cause frustrates [*destituit*] the effect' (1853: 383). Rather than the Aristotelian ideal of contemplation of the immutable First Cause, for Bacon the 'real and legitimate goal of the sciences is the endowment of human life with new inventions and riches' (1853: 416). The true role of theoretical knowledge was to direct practical activities (Golinsky 1988: 12). Bacon gives a clue to what he envisages here in his deliberate 'take' on Thomas More's *Utopia* (1516). In his *New Atlantis* (1624), immediately after repeating once again his key theme that the purpose of Solomon's house is the 'enlarging of the bounds of human empire' by 'the knowledge of causes', he gives examples of this enlargement. He mentions digging caves to produce 'new artificial metals', de-salinization plants and orchards, which 'by art' produce more fruit more often, as well as methods to improve medicines (1868: 297–9). The fact that this 'goal' jelled with the Enlightenment ethos of 'improvement' is a further indication why he was singled out as a pioneer. Thomas Reid, Smith's successor as Professor of Moral Philosophy at Glasgow, judged that Bacon had 'delineated the only solid foundation on which natural philosophy can be built'. Reid then immediately went on to claim that Newton had reduced these principles to a few axioms (1846: 436). This linkage between Bacon and Newton was widely accepted (Gaukroger 2001: 2). While Newton never mentioned Bacon, neither did he disavow the association

<sup>6</sup> For example, Calkins and Werhane (1998: 50) claim that on a practical level Smith's and Aristotle's notion of human flourishing differ 'very little', though they immediately say 'Smith's scheme lacks Aristotle's focus on the telos or universal and final end of happiness'. Hanley (2007: 19, 20), for his part, while charting similarities in Smith's and Aristotle's substantive accounts as well as their conceptions of methods and ends of ethics admits there are 'crucial differences' between Smith and Aristotle that 'may be insurmountable'. Fleischacker (1999: 120, 140) considers Smith as close to Aristotle while yet being crucially different.

<sup>7</sup> While Minowitz (1993) argues Smith is covertly atheistic and Dunn that, like Hobbes and Hume, he is a 'practical atheist' (1983: 119), others—the majority—see him as committed to some form of theism (e.g. Otteson 2002, Evensky 2005, Raphael 2007, Hanley 2009; and again others see him as ambivalent (Alvey 2003)). For a subtle account of a duality between theological presupposition and secular empiricism in Smith, see Tanaka (2003).



(Perez-Ramos 1996: 319); an association that, as Millar's footnote demonstrates, was so much part of received Enlightenment wisdom that it could be put to rhetorical use.

## HOBBS (1588–1679)

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Hobbes worked for a while for Bacon and was an associate of Descartes in the Mersenne Circle in Paris, whence he had fled at the outbreak of the English Civil War (1641). The power and originality of his thought is now widely recognized and those qualities were also evident to his contemporaries. However, to them he was judged a dangerous thinker whose ideas would undermine the foundations of society. His masterpiece was *Leviathan* (1651) but he developed a complete philosophical system, as well as engaging in a variety of polemics. Hobbes' threat was deemed to flow from the consequences he drew from his resolute adherence to the Galilean world-view that nature was but matter in motion. As in Descartes' *Treatise on Man*, the body was seen as machine as in the action of the heart as it pumped blood around the body (a recent discovery by his friend William Harvey—*On the Motion of the Blood* (1628)). But in addition to this account of 'involuntary motion', Hobbes attended more directly to human 'voluntary' motion. The direction of the latter was determined by desire (movement towards what pleases) or aversion (movement away from what pains). The consequence of this, as Hobbes momentarily proceeded to deduce, was that individuals 'called good' that which they desired and 'called evil' what they hated (1991: 39). These 'moral' distinctions thus reposed on the particular desires of particular individuals; crucially they were not made by (universal) reason. Reason's task was, rather, to 'reckon' the most efficient way to achieve these desired aims (1991: ch. 5). Given this radical reading of motivation Hobbes argued that an authorized sovereign (with the thereby licensed power to enforce sanctions) was required to define unequivocally the meaning of right and wrong. However, almost without exception, contemporaries read this to mean morality was no more than (forced) adherence to a sovereign's edict.

Smith in TMS explicitly criticized Hobbes on those grounds. He identified Hobbes' 'avowed intention' to be to 'subject the consciences of men immediately to the civil, and not to the ecclesiastical powers'. As befits the character of the discussion in TMS Part VII, Smith's treatment is largely descriptive. Hence while he referred to Hobbes' position that there was 'no natural distinction between right and wrong' as 'odious' this is in the context of portraying the facts that he offended theologians and 'all sound moralists', who responded sometimes by 'sober reason' and sometimes by 'furious declamation' (TMS VII.iii.2.2.3: 318). These remarks occur as Smith sets up a discussion of those, like Cudworth, who rely on 'reason' and which, as we noted earlier, led to Smith's declaration about the infancy of the science of human nature. In the preceding chapter Hobbes is himself the representative subject of 'those systems which deduce the principle of approbation from self-love'. There is, however, something curious about Smith's design. In this chapter he cites Mandeville and Pufendorf as also adherents of the self-love view but

earlier (VII.3.4), when discussing ‘licentious systems’ of virtue, this is entirely given over to Mandeville, with no mention of Hobbes. In the ‘self-love’ discussion there is minimal engagement. Smith is chiefly concerned to point out that the various expressions of this view are confusingly indistinct and he detects at the heart of this approach a ‘misapprehension of the system of sympathy’, thus providing Smith with the opportunity to give his most forthright declaration on this subject in the whole book, ‘sympathy... cannot in any sense be regarded as a selfish principle’ (TMS VII.iii.1.4: 317).<sup>8</sup>

Smith, it is worth noting, does not associate Hobbes with Epicurus. The latter is the chief representative of that philosophy which makes ‘virtue consists in prudence’. The Hobbes–Epicurus association was, however, often made, although typically this is simply an expression of the common rhetorical ploy of ascribing to Epicurus (or more commonly the adjective ‘Epicurean’) views that are unacceptable (Spiller 1980: 93). Pierre Force (2003), for example, outlined what he calls the Augustinian–Epicurean genealogy, the chief members of which he identifies as Pascal, Nicole, Bayle, La Rochefoucauld, and Mandeville (especially). To which he contrasts a Stoic lineage in which he locates Smith. This is misleading (Berry 2004). Not only has some recent scholarship (Rothschild 2001: 304; Haakonssen 2002; and Leddy 2009b) sought to align Smith with a strand of Epicurean thought but also Smith’s subscription to Stoicism is dubitable.

Doubtfulness is apt because a definitive answer is unlikely. This position is underwritten by the fact that by the eighteenth century Stoicism is such a diffused doctrine that identifying some aspects in almost any thinker is not difficult. The seemingly central issue of self-preservation is a case in point. Again Hobbes’ position in virtue of its uncompromising presentation is pivotal. His quintessential ‘modernism’ lay in the identification of death as a *summum malum* so that human ‘endeavour’ sought its avoidance (1991: 70). Humans ‘moved’ to preserve themselves. That ‘movement’ was a scientifically underwritten ‘objective’ universal, there is no corresponding objective *summum bonum*; an end aimed for because it was good. This in direct contrast to the Aristotelian commitment to an objective ‘good life’ as the ‘end’ of human action, as humans realized the *summum bonum*. Contrast this also with the Stoic thinker Seneca’s typical declaration in one of his *Moral Letters* that ‘life itself is but slavery if the courage to die is absent’ (1969: 128). Yet the Stoics also said that it was proper to nurture one’s own well-being and that this was in harmony with well-being more generally. This doctrine (*oikeiosis*), especially as promulgated by Cicero but which Grotius had explicitly invoked (2005: 81), proved helpful to those modernists who wished to dissociate themselves from Hobbes (we will meet an example of this in Pufendorf later in the chapter). Against this broad-brush background it is no surprise to read Smith observing that ‘every man is no doubt by nature first and principally recommended to his own care’ (TMS II.ii.2.i: 82); a view that he later attributes not to Hobbes but to Zeno ‘the founder of the Stoical doctrine’ (VII.ii.i.15: 272).

But it is too hasty to make this observation definitive of Smith as Stoic. A more rounded view of his argument in TMS can seriously question that affiliation, without of course claiming to remove the dubiety that colours this issue (see Vivenza (2001) for a

<sup>8</sup> On Smith’s strategy in TMS Pt 7, see Hanley in this volume.

survey of Smith's relation to classicism). In a well-known passage (see Rasmussen (2008) and his chapter and that of Chandler in this volume), Smith likens society to a mirror (TMS III.1: 110–11). The thrust of this is that morality is a matter of socialization. Social intercourse teaches individuals what behaviour is acceptable and, in due course, these social judgments are internalized as conscience. Smith knows full well this is contrary to classical Stoicism, where the 'sage' demonstrates his superior virtue in his indifference to others. Smith is unequivocal; 'the sentiments of *other people* is the *sole* principle which, upon most occasions, overawes all those mutinous and turbulent passions' (VI.concl.2: 263 my emphasis). This interaction, moreover, is the source of the central Stoic virtue of self-command. Even Smith's very attenuated version of this in the 'wise and virtuous man' (TMS VI.ii.3.3: 235) lacks the certitude of a true Stoic (see Fricke in this volume). While more comprehensively Smith declares 'the plan and system of Nature... [are] altogether different' (as demonstrably evident after Newton) from that enjoyed by the Stoics (VII.ii.1.43: 292).

Smith's explicit rejection of Hobbes reflects most obviously the impact of his teacher Hutcheson, whose moral philosophy was inspired by a principled commitment to overturn Hobbes' and especially his perceived successor Bernard Mandeville (see further below). And yet this is too simple. Although the implications of Hobbes were rejected by Smith he nonetheless shares some of his basic 'modernist' tenets. This reflects a typical duality in Smith's engagement with his predecessors, at once receptive and critical. We can detect his acceptance of 'modernism' in his account of 'motivation'. For Smith humans are motivated by pleasure and pain, these are 'the great objects of desire and aversion' (TMS VII.iii.2.8: 320). The 'natural fact' that humans are creatures of desire is a no mere incidental attribute in Smith, we have already quoted his comments on the omnipresence of the desire to better one's condition. This is coupled with another aspect of Hobbes' generic legacy. For Hobbes to desire is to move and since 'life itself is but motion' (1991: 9) (the heart pumps blood) then it follows the only cessation of desire is death. That humans are in Hutcheson's Lockean terminology 'uneasy'<sup>9</sup> is echoed by Smith's lapidary remark in his *Lectures* that 'man is an anxious animal' (LJB 231: 497), who 'has many wants and necessities and is continuall care and anxiety for his support' (LJA vi.85: 363). A corollary of what I have called generic Hobbesianism (subscribed to by both Hume and Hutcheson) is that the first perceptions of right and wrong cannot be derived from reason (TMS VII.iii.2.7–8: 320). This is a further dimension to Smith's critique of the Stoics, as with explicit reference to them, he pointedly contrasted 'the reasonings of philosophy' to the natural causal role played by desires and aversions. Though the former may, if properly taught, play a tempering role, these causes will produce their effects on individuals, according to their 'actual sensibility' (TMS VII.ii.1.47: 293).

<sup>9</sup> Locke (1854: I, 377, 378) defines 'desire' as 'an uneasiness of the mind for want of an absent good' and remarks that 'we are seldom at ease and free enough from the solicitation of our natural and adopted desires, but a constant succession of uneasinesses out of that stock, which natural wants or acquired habits have heaped up, take the will in their turns: and no sooner is one action dispatched... but another uneasiness is ready to set us to work'. Locke also sees uneasiness as 'the chief, if not only, spur to human industry and action' (1854: I, 353). For Hutcheson, see (1994: 81).

In Hobbes his particular account of the operation of reason as reckoning the ‘consequences of names’ was used by him to undermine traditional accounts of Natural Law both scholastic and ‘modern’. In the orthodox Natural Law tradition, its principles were discerned by reason. For Aquinas, humans by means of their divinely implanted possession of reason were able to participate in God’s rational governance of mankind and know thereby right from wrong (1951: 358). As befits Smith’s depiction of him as the ‘first’, Grotius, in the Prolegomena to his *Laws of War and Peace* (1625), famously attempted to efface reliance on divine superintendence, ‘all we have now said would take place, though we should even grant what without the greatest wickedness cannot be granted that there is no god’ (2005: 89).<sup>10</sup> Grotius still proclaimed the Law of Nature a ‘dictate of right reason’ which, as such, was unchangeable, even by God. He cannot cause  $2 + 2$  not to equal 4 and nor can He cause what is ‘intrinsically evil be not evil’ (Grotius 1625: Book I; ch. 1; para. 10). The association here with the ‘truths’ of arithmetic is of piece with Descartes who, as we noted, similarly anchored certitude in mathematics (the properties of a triangle as a ‘common notion’). Confronted with inter-Christian religious warfare (the Thirty Years War) Grotius found he had to place seemingly even greater reliance on human rationality, as a universal, that is, not a confessionally inflected attribute, in order to establish substantively Natural Law to govern human conduct, in the crucial area of war and peace (Grotius 1925: I-1–12). This was also Hobbes’ intent (he like Grotius was writing in the context of war, and one that also had a sectarian dimension) but he argued that the ‘natural’ injunction to ‘seek peace’ was only an ‘article of reason’ (1991: 90) and, as such, bereft of any motivating force. Since these ‘laws’ are ‘contrary to our natural passions’ then the requisite motivation took the form of fear of retribution from an artificially instituted sovereign who can ‘by terror’ produce compliance (1991: 117, 120).

Hobbes’ emphasis on motivation itself provided a source of certainty. Like Grotius and Descartes but unlike the inductivism advocated by Bacon, Hobbes also thought reasoning was deductive and so the ‘laws of reason’ can be aptly described as ‘precepts’ or ‘theorems’ (he regarded geometry as the ‘mother of all naturall science’ (1991: 34, 91, 461)). But their motivational impotence is offset by the natural fact that humans fear violent death, desire to live commodiously and hope by their industry to achieve such a life (1991: 90). These are universals. It is thus possible to erect scientifically an account of ‘the mutuall relation between protection and obedience’ (1991: 491). Never a modest man, Hobbes claimed that ‘civil philosophy’ (political science) was no older than his *De Cive* (the Latin draft of what was, though with changes, to become *Leviathan*) (quoted in Watkins 1965: 51). The implicit saliency and foundational status given to self-preservation,

<sup>10</sup> I have cited the eighteenth-century translation of Barbeyrac’s edition for the modern accessibility of this edition. The standard twentieth-century translation by Francis Kelsey (1925: 13) renders the crucial phrase in this passage ‘what we been saying would have a degree of validity even if we should concede that which cannot be conceded without the utmost wickedness that there is no god’. The Latin original is ‘*Et haec quidem quae jam diximus, locum aliquem haberent etiamsi daremus, quod sine summo scelere dari nequit, non esse Deum ...*’. For comment on this passage see, for example, Haakonssen (1996: 29f) and Edwards (1970) who especially emphasizes the role played by ‘degree of validity’.

and the natural interest of the self in that, led Joyce Appleby to claim that its expression in market behaviour led to 'economics becoming the first social science' (1978: 184). That this is a road that leads to Smith is followed also by other scholars (for example, Hutchinson 1988; Myers 1983; Force 2003) and even when it might be judged rather a cul-de-sac (Schabas 2005) it is a bumpy one jolted by the links made by Jansenists like Pierre Nicole (1625–95) between 'self-love' and human sinfulness.<sup>11</sup>

Though Hobbes had formally linked Natural Law and reason that this linkage was in his argument 'naturally' ineffective proved unpalatable. In the present context there were two notable post-Hobbesian attempts to retrieve Natural Law while still subscribing to the modern consensus. These were undertaken by Locke and Pufendorf, both of whom are central to Smith's more immediate intellectual context.

## LOCKE (1632–1704)

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Locke is important for two reasons. His mature political thought contains a seemingly traditional account of Natural Law and this includes developing the individualism that characterized both Grotius and Hobbes. Here Smith, closely following Hume, diverges but before turning to that we need to address the other, arguably more significant, reason for Locke's importance. This is his role as the key articulator of empiricism.

In his 'Epistle to the Reader' prefaced to his *Essay concerning Human Understanding* (1689), Locke called himself an 'underlabourer' (1854: II, 118). While there was an element of disingenuousness in this self-description, it does reflect a genuine appreciation that the 'cutting-edge' of intellectual progress lay now with the 'master-builders', that is with 'scientists', like the 'incomparable' Newton or Boyle. The task of the underlabourer was to clear away 'some of the rubbish that lies in the way of knowledge' (1854: II, 121).

As a major component of this 'rubbish', Locke identified the (Cartesian) doctrine of innate ideas with its claim that the mind contained within it certain universal truths or primary ideas. This doctrine was an obstruction to the construction of knowledge. For Locke we are only able to build once it is accepted that the infant's mind does not come ready-equipped with 'ideas' but is, rather, a 'white paper' (1854: II, 205) or 'empty cabinet' (1854: II, 142). Once that is acknowledged then we are able to recognize that our ideas come from 'experience'; it is in experience that 'all knowledge is founded, from that it ultimately derives itself' (1854: II, 205).

<sup>11</sup> Nicole (1990: 370–87), for example, follows Hobbes to state that 'fear of death is the first tie that binds together civil society' and 'self-love' is the 'monster we carry in our bosom' (lest saved by Divine Grace) but in practice its operation in society causes it to imitate charity and other social virtues. The link between this position and that of Mandeville is made by Force—see above in text. Phillipson (2010: 61) claims that Smith and Mandeville must have known Nicole's work though he supplies no evidence. The whole issue is complicated, with a mix of intentions and appropriations, sometimes opportunistic, and it is impossible to do any more than acknowledge the simplifications here presented.

This was a more sophisticated and consequential notion of experience than the one Bacon had put forward. It was in virtue of this assertion of empiricism that D'Alembert included Locke as a key precursor. Locke he declared had 'created metaphysics almost as Newton had created physics' (1963: 83). (By 'metaphysics' here D'Alembert means 'the experimental physics of the soul' (1963: 84).) This is not to say that Locke was adopted *tout court*. His own account which had distinguished sensation from reflection was simplified to subsume the latter in the former. The Abbé Condillac's *Essay on the Origin of Human Knowledge* (1746) was an important French source for adapting and improving Locke (and it too acknowledged in its Introduction Bacon's early role in recognizing that knowledge comes from the senses). But before Condillac, Hume's *Treatise* (1739: 40) had proceeded on the basis that 'ideas' were faint images of 'impressions' or sensations. It is now generally accepted that Smith read the *Treatise* when at Oxford (Phillipson 2010: 65). Smith was also familiar with the work of another significant post-Lockean British philosopher, George Berkeley (see ES 60–2: 156–8) but he was initially exposed to Locke's philosophy through his Glasgow teacher, Francis Hutcheson (on whom more below).

What the Lockean image of the mind as 'white paper' enabled was an explanation of unreason and the potential for validated knowledge to accumulate. This permitted superstitions, for example, to be identified as the product of credulous ignorance. This was one of the core components of Enlightenment thought and one firmly endorsed by Smith (see e.g. his account of polytheism in HA III.2: 49). Beyond this Smith, along with a number of his fellow Scots, argued that the explanation for this ignorance lay in social conditions and circumstances. It was the proper task of Newtonian social scientists to seek such explanations (Berry forthcoming). Here again Hume's 'science of man' was a key articulation. The Baconian dictum that knowledge of causes is power (also cited by Hobbes (1991: 36)) underpinned this for it meant, given that sound ideas can be produced by sound experience, the more 'educated' society becomes then the less ignorant and the more 'civilized' it will become. There is no inherent barrier within human nature to this process. In line with this essentially egalitarian premise (see Samuel Fleischacker in this volume for an exploration of this), Smith pointedly observes that the difference between the porter and philosopher 'seems to arise not so much from nature, as from habit, custom and education' (WN I.ii.4: 28). This recognition of the power of 'moral causation' (Berry 1997: ch. 4) fuels not only his enquiry into the 'nature and causes' of the wealth of nations but also his examination of moral sentiments as a process of moral education.

Locke wrote an influential tract on education but his own moral philosophy is implicit in his political writing on toleration and the principles that determine the 'true original and extent' (to cite the subtitle of his *Second Treatise of Government* (1690)) of civil government. It is in discerning these 'principles' that Locke invokes Natural Law. His relationship to Hobbes' account is coy. His ostensible target is Robert Filmer's *Patriarcha* (published 1680) with its advocacy of 'natural rule', according to which kings are the fathers of their subjects, who are born naturally subordinate to him. However, the thrust of Locke's argument is to challenge Hobbes' position that unless a sovereign, as the third-party beneficiary of a contract, is authorized to rule then notoriously the 'life of man is

solitary, poore, nasty, brutish and short' (1991: 89). Locke's version of the 'natural condition of mankind' (the 'state of nature') is rather that pre-civil life is 'inconvenient' (1963: para. 13). The crucial difference is that in Locke there are operative natural obligations, because—contrary to Hobbes—the law of nature is effective, albeit imperfectly (hence the inconveniences). The law essentially enjoins 'do no harm to and help others'. This injunction he declares to be 'intelligible and plain to a Rational creature' (1963: para. 12).

While there may appear to be some tension between this and his 'empiricism', for Locke himself this is not an issue. Reason is indeed not innate and knowledge of Natural Law is acquired, like all knowledge, through experience. Moreover, this acquisition is not onerous—any and everyone can grasp the correctness of doing no harm to others and, where one's own life is not thereby jeopardized, assisting others when they are in need of help (1963: para. 6). Humans, of course, are not perfect and such injunctions are not always followed hence they consent to relinquish some of their rights to secure the protection of others. They agree to obey a ruler as long as the protection is supplied—this is the nub of a supposed contract to establish civil government. It follows that this government has a limited end, one that Locke summarizes as the 'protection of property', which he defines capaciously as 'life, liberty and possessions' (1963: para. 123).

In another expression of his dual-aspect, Smith took issue with this. He does not do so politically because he accepts the fundamental liberal (as it is now called) thrust of Locke's defence of limited government. Rather his objections are methodological. He charges that in effect Locke's political thought does not follow his own empirical principles; it is not a work of social science but a piece of speculation. The trappings of a state of nature and social contract are fundamentally rejected. Humans are social and nothing is gained by postulating seemingly discretely monadic individuals existing in some theoretical construct. And to explain the origin of civil government as the work of rational deliberation is nonsensical. Here he follows Hume's explicit critique of Locke in his essay 'Of the Original Contract' ([1748] 1987: 487).<sup>12</sup> Hume was particularly severe on Locke's idea of tacit consent. Smith repeated effectively verbatim in his Glasgow lectures (LJA 177: 317) Hume's analogy that this consent is like remaining aboard ship and freely consenting to the captain's rule even though one was carried aboard asleep and the only alternative is leaping overboard and drowning. Elsewhere Smith is tersely forthright, 'contract is not therefore the principle of obedience to civil government' (LJB 18: 404).

More generally, Smith's empiricism caused him to turn to historical and comparative evidence when it came to questions of government. Accordingly, we find him giving a completely different gloss on the connexion between government and property. Whereas Locke portrayed this in normative terms—this is the proper function of government—Smith historicizes it through his stadial account of social institutions (see Simon in this volume and Berry 1997: ch. 5). In the opening stage of hunter gatherers there is no formal governmental institution, merely initially ad hoc acquiescence to the decisions

<sup>12</sup> Why Locke should have been thus singled out is largely explained by the role that he was seen, by Hume and others, as playing in early eighteenth-century British political debate. See, for example, Thompson (1976); Kenyon (1977); Dickinson (1977).

of certain individuals on the basis of their personal qualities, such as strength or wisdom accrued through age (WN V.i.b.5–6: 711). Only in the second stage of shepherds is there sufficient property to warrant some more permanent basis of rule. The permanence is derived from differential ownership of the herds. Hence while this rule is in an ostensibly Lockean sense for the purpose of property protection what this actually (that is evidentially) means is that it is rule by the rich (the herd owners) to defend their property against the poor (LJB 20: 404). Similarly, to anticipate later discussion, despite the vital role played by property in James Harrington's argument, Smith's account owes more to Natural Law than to republicanism.

## PUFENDORF (1632–94)

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Gershom Carmichael (1672–1729), Glasgow's first professor of Moral Philosophy, wrote a commentary (1718) on Pufendorf's *Duties of Man and Citizen* (1673). Of this work his pupil, then later his successor, Francis Hutcheson declared, in his *Short Introduction of Moral Philosophy* (1747), it to be 'by far the best' (Hutcheson 2007: 3). The *Duties* was a shorter version of Pufendorf's major work *Of the Laws of Nature and Nations* (1672) (LNN). Smith as we have noted continued the (scarcely unique) Glasgow tradition of utilizing his work pedagogically. While making all due allowances, Smith, in contrast to Carmichael, does not directly 'engage' with Pufendorf. It is difficult to discern any direct impact so that any supposed Pufendorfian novelty in establishing a framework to enable the development of a stadial theory is at best inferential (for a stronger case, see Hont 2005).

Of course, 'influence' is often diffuse and difficult to demonstrate. In keeping with the generalizing, synoptic character of this chapter, we can declare that Pufendorf shares with Locke a post-Hobbesian account of modern materialism while dissociating their own arguments from Hobbes' radical conclusions (or Spinoza's somewhat similar ones but he had less 'impact', certainly in Smith's intellectual pedigree—he neither cites him nor obviously alludes to him<sup>13</sup>). But whereas Locke never mentions Hobbes, Pufendorf is explicit. Indeed, where Carmichael (and Leibniz) take issue is that he was too influenced by Hobbes (Pufendorf acknowledges in the Preface to the first edition of the LNN that Hobbes' work contains 'many things that are of some value' because he has 'deeply probed the structure of human and civil society' (in Tuck 1987: 102)). Carmichael considered his own purpose to be to 'elevate moral science from the human realm to which it has been too much reduced by Pufendorf' (2002: 17). This does not mean that Carmichael is opposed to the Natural Law enterprise as started by Grotius, whom he calls 'incomparable' and whom he judges led the way in purging the 'absurdities of previous ages' (2002: 9). Leibniz, in his *Opinion* on Pufendorf (1706) also called Grotius

<sup>13</sup> Smith owned no copies of his work. Hume does refer to Spinoza as 'that famous atheist' (2002: 158) but probably gleaned his information from Bayle. Smith did own a copy of Bayle's *Dictionary*.



‘incomparable’ and while acknowledging Hobbes’ ‘profound genius’ judges him to have ‘lain down truly wicked principles and adhered to them with too much fidelity’ (1988: 65–6). Nor were Carmichael and Leibniz novel in judging Pufendorf too close to Hobbes. Hutcheson followed suit (2006: 203 and called him an Epicurean though of the ‘better sort’ (1989: 77)) and indeed Smith made the same connection when identifying Pufendorf, along with Mandeville, as one of those like Hobbes who associates approbation with self-love (TMS VII.ii.1: 315n).

Pufendorf, though, makes clear his rejection of Hobbes’ argument. While he realized, as Richard Tuck put it, ‘Grotius could not be preserved if Hobbes was to be refuted’ (1979: 161), he did adopt Grotius’ addition of a reference to sociability in the later (post-1631) editions of *Laws of War and Peace* (Blom 2009: 44) to oppose Hobbes’ notorious ‘war of all against all’. Indeed, this recourse to sociability drew selectively on Stoicism (see above) (Hochstrasser 2000: 62). Methodologically, Pufendorf adopts a Cartesian deductive mode (Krieger 1965: 51). Hutcheson implicitly picked up on this in his *Inquiry into the Original of our Ideas of Beauty and Virtue* (1725) when he judged as ‘awkward’ Pufendorf’s reliance on sociability as a ‘single fundamental principle’ from which he ‘deduced the several dutys of men’ (1994: 22). One key manifestation of Pufendorf’s method was his employment of the standard practice of postulating a state of nature or ‘that condition for which man is understood to be constituted by the mere fact of his birth, all inventions and institutions... being disregarded’ (1934: Book 2, ch. 2, para. 1). This is a postulate because he is clear that such a condition ‘never actually existed’ (1934: 2-2-4).

Like Locke was to do, Pufendorf also denies that the state of nature is anti-social (1934: 2-2-5); indeed because humans are rational (reason is their ‘chief adornment’ (1934: 2-2-9)) then in this ‘state’ there is a ‘uniform standard of judgment’ that conduces to peace. Yet—and here is where Pufendorf was thought too ‘close’ to Hobbes—this peace is insecure because of human ‘cupidity which menaces what belongs to others’ (1934: 2-2-12) since ‘man is an animal extremely desirous of his own preservation’ and ‘at all times malicious, petulant and easily irritated, as well as quick and powerful to do injury’ (1934: 2-3-15). Of course, Pufendorf explicitly distances his argument from Hobbes; insecurity should not be equated with the war of all against all (1934: 7-1-8). In Pufendorf’s estimation, Hobbes by supposedly depriving humans of reason and speech made his ‘state of nature’ resemble more that of beasts (1934: 2-2-4). But Pufendorf’s chief objection is that Hobbes’ depiction of natural ‘war’ is contrary to the ‘infallible authority of Sacred Scriptures’ which shows the natural condition to be that of peace (1934: 2-2-9). Nevertheless Pufendorf, like Grotius, declares that the law of nature can be proved by the power of reason, even without divine aid (1934: 2-3-13). Moreover, he openly says he agrees with Hobbes that the law of nature and law of nations is identical (1934: 2-3-23) and the ‘laws’ of nature only enjoy that status if they emanate from a superior (a role played by God in Pufendorf (1934: 2-3-19) and by the Sovereign in the Hobbesian ‘commonwealth’ (1991: ch. 26)).

The necessary methodological counterpart to the state of nature in the form of ‘contract theory’ is followed by Pufendorf. But here too he could seem dangerously akin to

Hobbes. Humans did not enter a civil state of their own free will but were led there to 'avoid graver evils'—the product (again) of man as the 'most fierce and uncontrolled animal' (1934: 7-1-4). Pufendorf produces an elaborate account of the formation of government—an initial pact to establish a government then a decree to establish its form followed by a further pact whereby the rulers bind themselves to provide security and the subjects to obey (1934: 7-2-7: 8).

All told, this was a powerful theory that synthetically established a basic framework of political and moral philosophy in the late seventeenth and eighteenth centuries, so that 'if one was up to date one had to know Pufendorf' (Oestreich 1982: 123). To this Smith could hardly be immune, if only, as we have already stated, because of its utility in the teaching of jurisprudence. In addition, it is always possible to 'spot' similarities, especially from a work as capacious as LNN. One such similarity that strikes a Smithian scholar is Pufendorf's remark that 'obligation affects the will morally with a special internal sense that compels it to censure its own actions and deem itself blameworthy if it has not conformed itself to the prescribed norm' (1934:1-6-5: compare TMS III.2.1: 114). But such 'spotting' has a tendency to abstract passages from their operant contexts and impute a link that may not be there. Certainly, Smith disagrees fundamentally with Pufendorf's methodology.

In addition to the Pufendorfan jurisprudential route, there were other responses to Hobbes. One was to reaffirm the claims of reason as found in thinkers such as Cudworth and the so-called Cambridge Platonists. As we have seen, Smith does not think this is a modern way of thinking and constituted an unproductive way forward. Two other responses had more effect on Smith. The first I will discuss only briefly before commenting more expansively on the second, which more directly connects to Smith.

## HARRINGTON (1611–77)

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This first response takes issue with Hobbes' political philosophy, his defence of an absolute sovereign. James Harrington in his *Oceana* (1656) identifies Hobbes as the pre-eminent defender of what he calls 'modern prudence', which he characterizes as an 'empire of men not laws'. This is contrasted with 'ancient prudence' which is the 'empire of laws not men' (1977: 161). Machiavelli (1469–1527) is cited as the 'politician' who has sought to retrieve it. However, Harrington is no blind adherent. He criticizes Machiavelli for not appreciating the significance of 'balance'. Harrington's argument is that power (or 'empire') resides with those who hold the balance of landed property, for 'an army is a beast that hath a great belly and must be fed' (1977: 165). Where land is owned by one then monarchy is the outcome, where held by few (as in feudal Europe) then it is rule by the nobles or aristocracy but where land ownership is dispersed then 'equality of estates causeth equality of power, and equality of power is the liberty not only of the commonwealth but of every man' (1977: 170). Harrington came up with elaborate schemes,

especially a form of Agrarian Law, to maintain that equality. In this way he reformulated the basic tenets of 'classical republicanism'.

The roots of this lie in Aristotle's argument that the city-state or polis is 'a community of free men' (1944: 1279a). These men were heads of households (independent property-owners) who possessed an educated ethical disposition to maintain the public good which they exercised in active citizenship. The citizen was a man of virtue. This vision of citizenship was rearticulated by Roman political moralists, who identified the citizen as one who devoted his activity to the public affairs (*rei publicae*) (whence the association of this vision with 'republicanism') and it re-emerged in the independent city states of Renaissance Italy. Republican virtue, which was anchored in the stability of landed property, was threatened by self-interest as manifest in the growth of luxury and what sustained it, trade or commerce. A society where luxury is established will devote itself to private ends and the public concern or 'thing' will atrophy; most dramatically men will be unwilling to act (fight) for the public good. This society, it follows, will be militarily weak—a nation of cowards will easily succumb. The only way a luxurious, soft nation could meet its military commitments or needs was by hiring others to play that role. To make that feasible the nation had to have the wherewithal. Hence arose an association between luxury, wealth (commerce) and mercenary armies. For republicans this was a negative association in counter to which they characteristically advocated a citizen militia. All of these themes can be detected in Harrington and were echoed by his successors (Pocock 1975: Pt 3), who include a Scot, Andrew Fletcher,<sup>14</sup> as well as perhaps the most famous, if characteristically unorthodox advocate of republican virtue, Jean-Jacques Rousseau (1712–78).

Some writers have seen elements of this in Smith (see e.g. discussion in (influentially) Hirschman 1977; Robertson 1983; and Montes 2003) but, even discounting Harrington's exclusion from the 'list' in the *Letter*, it seems clear that it is one of his central aims to vindicate commerce against republican disparagement (Berry 1992 and for his engagement with Rousseau, see Rasmussen 2008). While he does seemingly lament a decline in 'martial virtue' in commercial societies (WN V.i.f.50: 782) he is clear that remedial recourse to a militia is now inapt (there was a contemporary campaign in Scotland to establish one, Adam Ferguson for example was a prominent supporter/advocate). Indeed, in one of his few references to 'men of republican principles' Smith notes their view that standing armies are 'dangerous to liberty' (WN V i.a.41: 706) but then rejects it. Indeed, suitably organized, a professional army 'can be favourable liberty' (WN V i.a.41: 707). As he observed to his students that had the few thousand 'naked unarmed Highlanders' in 1745 not been opposed by a standing army they would have seized the throne 'with little difficulty' (LJB 331: 540–1). Going by these criteria a standing army is superior to a militia (for further discussion of this, see Tegos' chapter in this volume).

<sup>14</sup> In an idiosyncratic interpretation George Davie (1981) sees the Scottish Enlightenment and Smith as centrally involved in an argument with Fletcher.

## SHAFTESBURY (1671–1713) AND MANDEVILLE (1670–1732)

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The second Hobbesian response did have considerable, if significantly mediated, bearing on Smith. This route was opened by Anthony Ashley Cooper, third Earl of Shaftesbury in his *Characteristics of Men, Manners and Opinions, Times* (1711). Although Smith's moral philosophy travelled along this road he did not follow Shaftesbury's own journey. Indeed, in LRBL he makes it clear that he was no fan of Shaftesbury's 'style' (LRBL i.49: 21—see Den Uyl 2011 and Swearingen in this volume) and his own passing reference to him in TMS was to judge his moral philosophy inaccurate (TMS VII.ii.1.48: 293). Shaftesbury himself was an eclectic thinker sympathetic to Platonism as well as Stoicism (Grean 1967: 7) and emphatically he was no adherent of Locke (who for a while was his tutor). He explicitly invoked the late Stoic moralists, such as Aurelius and Epictetus, to support the position that desires should be controlled (1900: II, 278–9). Without such discipline then a delusory 'good' is attached to 'things of chance and dependency' such as 'plate, jewels... [etc.] titles or precedences' (1900: II, 278). To counteract the desire for luxury, Shaftesbury counsels 'just frugality' and reason or strength of mind to determine what is necessary. It is clear that in WN Smith has very different reading of the effects of luxury trinkets and baubles and even in TMS where he refers (seemingly echoing Shaftesbury) to the delusory nature of the imagination the full context reveals a fundamentally positive assessment of its effects, as by stimulating 'industry' it leads to the development of 'all the sciences and arts which ennoble and embellish human life' (TMS IV.1.9–10: 183).

Shaftesbury nonetheless is, in a diffuse way, influential. Over a century ago John Robertson judged he deserved to 'rank as one of the very first sociologists', prefiguring Hume and Ferguson (1900: xli). More recently Lawrence Klein has argued that he influentially used 'notions of sociability and politeness... in the name of a new Whiggish culture' (1994: 8). Smith was certainly an inheritor of that culture but Isabel Rivers exaggerates misleadingly when she calls Smith 'the most original heir of Scottish Shaftesburianism' (2000: 258) and see rather Richard Boyd's chapter in this volume for its careful discussion of the idea of 'civility'. Shaftesbury's key contribution is his rejection of Hobbes' philosophy because it rested on a faulty reading of human nature. Humans were not irreducibly self-centred; they also possessed what he called a 'natural moral sense' (1900: I, 262); a notion that was to have considerable impact on Smith's teacher Hutcheson. Though, as we shortly see, Hutcheson differed from Shaftesbury he was sufficiently, and self-consciously, indebted to include a reference to Shaftesbury in the subtitle of the *Inquiry* (1725) (though he was drop it for the third edition (Darwall 1995: 209)).

Shaftesbury's impact was mediated by the powerful intervention of Mandeville, who has already featured in this discussion. Like Hobbes but in more openly provocative language Mandeville declared in his *Fable of the Bees* (expanded 1732) that 'Moral Virtues

are the Political Offspring which Flattery begot upon Pride' (1988: I, 51). Mandeville's notoriety, as encapsulated in that phrase, was guaranteed by accusing all upholders of virtue (all right-thinking individuals in other words) of hypocrisy. Certainly he continually pointed out the difference between what humans actually *do* (they *enjoy* the comforts of life) and what they *say* (often in Stoic language) is truly pleasurable (1988: I, 166). Shaftesbury was a frequent target for such jibes. But what was so potentially damaging was Mandeville's claim that Shaftesbury's theory is untrue because it is 'inconsistent with our daily Experience' (1988: I, 324).

Mandeville is perhaps best known for his aphorism 'private vices, public benefits'. He was always a mischievous writer and this phrase was coined to provoke. In a supposedly orthodox way (but his contemporaries were not 'taken in') he observed that, for example, all those who lived a life of 'pride and luxury' (the 'sensual courtier', the 'profuse rake' and so on) were sinful reprobates. Yet, as he also observes, in practice, these 'sinners' add 'spurs to industry' and encourage the 'skilful artificer to search after further improvements' and produce the comforts of life which all enjoy (1988: I, 85, 130, 355). All of which has struck many commentators as a prefiguring of Smith's key notion of unintended consequences. This supposed connection between the two thinkers is abetted by the obvious 'economic' purchase (including signalling the importance of the division of labour) that Mandeville gives to his account alongside its historical dimension as humans have developed from primitive simplicity to current luxury. Smith knew his Mandeville and, as we have noted, named him as one of those thinkers who have developed moral science. Of course, this seeming endorsement is offset, in Smith's typically 'dualist' manner, by the fact that, without exception, when he subsequently mentions Mandeville it is to criticize him. Nor is this confined to the ethical sphere, since he takes (implicit) issue, for example, with Mandeville's advocacy of 'low wages' (WN I.viii.43: 99; Mandeville 1988: I, 193). But it is no distortion to see Smith as exploiting for his own ends (including paraphrasing parts of Mandeville's discussion, as pointed out by Smith's editors) the combative, somewhat unsystematic, quality of Mandeville's arguments (for discussions see Goldsmith 1988, Hayek 1967, Hundert 1994). Central to Smith's overt reticence is his broad acceptance of his teacher, Francis Hutcheson's, critique of Mandeville's 'ethics'.

## HUTCHESON (1694–1746)

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Hutcheson was a pre-eminent defender of Shaftesbury against Mandeville (see especially his *Observations on the Fable of the Bees* (1726)). Hutcheson's reply was to turn Mandeville's claim back against him. This is evident in the very first sentence of his *Inquiry* (1725). There Hutcheson defines 'moral goodness' as 'our idea of some quality apprehended in actions which procures approbation and love toward the actor, from those who receive no advantage by the action' (1994: 67). In contrast to Hobbes and Mandeville, Hutcheson firmly separates morality from 'advantage' or self-interest.

Smith's own opening sentence in TMS directly reflects that same position and its strategy: 'How selfish soever a man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others and render their happiness necessary to him, though he derives nothing from it except the pleasure of seeing it' (TMS 1.1.1.1: 9). Hutcheson proceeds to state that his intention is to discover the 'general foundation there is in Nature' for moral goodness (and moral evil) (1994: 67). He finds this foundation in the moral sense possessed by all humans. Although Shaftesbury had used the term 'moral sense' Hutcheson's usage, in sharp contrast to Shaftesbury, reflected his adoption of Locke's empiricism (despite some qualms on the consequences that can be drawn from the rejection of innate ideas (1994: 35)).

This divergence from Shaftesbury put him firmly in the 'modernist camp'. This is captured by William Leechman (contemporary Professor Divinity (1743–61) at Glasgow) who in his 'Account' of Hutcheson's life, prefaced to the posthumous *System of Moral Philosophy* (1755), observed that Hutcheson had seen how 'natural philosophy had been carried to a greater degree of perfection than ever it was before' and was convinced that 'only by pursuing the same method' could 'a more exact theory of morals' be formed. And, as Leechman also observes, this meant that for Hutcheson, moral philosophy was properly not a matter of metaphysics but of 'observations and experiments' (Leechman 2005: xiii–v). In line with this experimentalism, Hutcheson likened the principle of benevolence to that of gravity (1729: 222). Similarly, human action is the product of affection or desire and we 'have instincts determining us to desire ends'. In typical 'modern' fashion reason's role is the instrumental one of seeking the means to obtain our ends (1728: 233) and of itself is 'too slow, too full of doubt and hesitation' to direct our actions (1994: 109).

It is on this foundation that Hutcheson develops his own notion of a moral sense. He defines a sense in general as 'every determination of our minds to receive ideas independently and to have perceptions of pleasure and pain' (1728: 4). He claims on the basis of that definition it is evident we possess a moral sense, which he, in turn, defines as 'a determination of our minds to receive amiable or disagreeable ideas of actions, when they occur to our observation antecedent to any opinions of advantage or loss to redound to our selves from them' (1994: 75). By basing this sense in universal human experience Hutcheson, as Daniel Carey puts it, 'democratised the moral sense' (2006: 100). This further served to differentiate his argument from Shaftesbury's, which presupposed a level of aristocratic detachment and sensibility (as well as a Deist disposition that went against Hutcheson's deep Presbyterian commitments). Hutcheson's own position is neatly captured in one of his examples: although we benefit equally from two men; the first does so 'from delight in our happiness', the second from 'views of self-interest or by constraint' we have 'quite different sentiments of them' (1994: 71). That 'difference' is perceived by the moral sense.

Hutcheson believes that this account is true to 'human nature as it is' (1994: 129). While this shows up the inadequacies of the rationalist accounts of morality it is chiefly used against his chief targets, the egoistic systems. The whole thrust of his argument is that the principle of self-interest is insufficient to explain the reality of morality.

Of course, he does not deny that humans are motivated by self-love. Indeed, it is this notion that obstructs universal benevolence but this is grist to his mill since self-love can only be understood as ‘obstructing’ or ‘interfering’ with something already supposed, namely, moral conduct (and indeed the presence of moral language at all). Hutcheson recurrently insists on the manifest evidence of benevolent motives and deeds. The desire for the public good, the exercise of generosity and other virtues is inexplicable on the assumption that humans are solely motivated by a sense of their own advantage. And, with explicit reference to Mandeville, he reinforces his argument by pointing out that if nobody ever did ‘love the publick or study the good of others’ but only for their benefit then ‘we could form no idea’ of such conduct (1729: 228).

All of this Smith accepted but, as we have come to expect, this acceptance had its limits. In his survey of ‘systems’ of moral philosophy in the final Part of TMS he identifies Hutcheson as the ‘most acute’ and ‘judicious’ proponent of the argument that virtue consists on benevolence (VII.ii.3.3: 301) but when he turns to his use of moral sense he is dismissive. He makes three criticisms. Hutcheson can neither explain why we approve of both tenderness and daring though the sentiments in these two cases is different nor why it is that this supposed universal sense has been so little noticed that it has no name in any language and thirdly it is superfluous (TMS VII.iii.3.13–16: 324–6). The last of these is especially telling. There is no need to invoke a special sense because—and this is the nub of Smith’s own account—the agreement of sentiments between spectators and actors is sufficient to produce the judgment of approval.<sup>15</sup> While for Smith this was a process of social learning and moral education Hutcheson was committed to the view that the moral sense operates prior to all instruction (1994: 99).

## CONCLUSION

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Smith is the heir to a wider and deeper change in European thought. These ‘fundamental rethinkings of the age’ (Rabb 2006: 145) were such that is difficult for anyone to be unaffected. Some admittedly were affected to react against ‘modernity’ but Smith is very definitely not of their party. As Rabb’s use of the plural ‘rethinkings’ betokens this was not a monolithic or uniform process—there were diverse pathways that frequently intersected and clashed. But these altercations meaningfully occurred within what I have

<sup>15</sup> Smith never explains the title of TMS. It might be conjectured that he wanted by using ‘sentiments’ to signal his distance from Hutcheson. Hume also disagreed with Hutcheson’s ‘moral sense’ nonetheless still used the term, as well as ‘sentiments’. In the *Letter*, Smith refers in passing to the ‘Theory of agreeable sentiments’, published in 1747, by Lévesque de Pouilly (Letter 10: 250). On that basis the TMS editors think it ‘likely’ that it ‘suggested’ his title to him (TMS Intro. 14). Their caution seems well-judged but even if this particular work did not influence him, French letters did. In the *Review* he famously discusses Rousseau but also refers to Diderot’s *Encyclopedia* and TMS contains passing reference to Marivaux and Riccoboni (among others) (TMS III.3.14: 143). See Labio’s chapter in this volume. That this genre of sentimental fiction had an impact has been pressed by Leddy (2009a).

called the early-modern consensus. While Smith (typically) is sparing in his explicit acknowledgements, and it is a perilous activity to impute ‘influences’, it is clear that Smith was a self-conscious participant in this consensus. That is hardly a revelatory observation but by its very nature this survey never pretended to present an epiphany. Smith is a down-to-earth thinker. The wealth of nations lies in the material well-being of its members (see Paganelli in this volume) and ‘the affirmation of ordinary life’ (as Charles Taylor termed it (1989: Pt 3)) goes to the core of Smith as an early-modern.

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PART II

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ADAM SMITH ON  
LANGUAGE, ART,  
AND CULTURE

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## CHAPTER 5

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# ADAM SMITH'S AESTHETICS

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CATHERINE LABIO

ADAM Smith never used the word 'aesthetic' or any of its cognates in his published works and correspondence. He never completed the investigation into 'the different branches of Literature, of Philosophy, Poetry and Eloquence' he mentioned in a 1785 letter to La Rochefoucauld (Corr 248: 287). His remarks on arts and letters are often dated and derivative: his reflections on drama draw heavily on French neo-classical criticism, his observations on rhetoric on the works of the ancients, his thoughts on beauty and the impact of literary works on Addison's essays 'On the Pleasures of the Imagination'. As a new paradigm emerged, which charged poets and artists to shed light onto the world rather than copy nature (Abrams 1953), he highlighted 'the imitative arts' and side-stepped contemporary debates on originality, the criterion at the heart of the eighteenth-century aesthetic revolution.

Perhaps unsurprisingly critics have tended to downplay Smith's contributions to the field of aesthetics.<sup>1</sup> Malek (1972) offers narrow praise: '[i]t is primarily for his analysis of the essential differences between vocal and instrumental music that Smith's essay [on the imitative arts] deserves to be remembered as a significant contribution to eighteenth-century British aesthetics' (54). Jones (1993) contends that Smith was not very interested in matters of taste, beauty, and aesthetic judgment and concludes that 'he failed to build on his ideas about the distinctive expressive character of music' (61). De Marchi (2006) proposes that the essay on the imitative arts is not so much about aesthetics as about choice, preference, and productive labour, and is best thought of as a 'counterweight and pendant to *The Wealth of Nations*' (156).

The largely negative assessment of Smith's aesthetics partly results from scholars' propensity to define aesthetics narrowly and concentrate on the works ostensibly devoted to the arts, rhetoric, and literature. Yet, Smith's entire works yield ample evidence of his unflagging interest in the fine arts and 'fine writing', his familiarity with contemporary debates on matters of taste, and the centrality of aesthetic considerations

<sup>1</sup> See Labio (2006) for a survey on the secondary literature on Smith and aesthetics, rhetoric, and literature.

to his philosophy. It is only by studying his works together that one can identify the core tenets of his aesthetics and distinguish between his more and less original contributions to the field. Doing so also foregrounds the extent to which aesthetics is key to understanding his philosophy as a whole, too often broken up according to later disciplinary models, an approach at odds with his own belief, expounded in the *Essays on Philosophical Subjects* (EPS), in the need for a systematic approach to the exercise of philosophy.

In this essay I read Smith's complete works with three distinct but related questions in mind: (1) Did aesthetic thinking help found Smith's philosophy? (In other words, to what extent do issues, concepts, and faculties central to the emerging discourse of aesthetics inform his entire oeuvre?) (2) What are the main thrusts of his writings on art and literature? (3) Can one reconcile his love and extensive knowledge of arts and letters with his conviction that they are both morally suspect and economically useful? I begin my analysis with inquiries into the essays on the 'History of Astronomy' and the 'External Senses', which provide the foundation or, to use Smith's terminology, principles upon which his philosophy rests. I then turn my attention to the works explicitly devoted to matters of taste, literature, and the arts—the 'Essay on Imitative Arts' and the *Lectures on Rhetoric and Belles Lettres* (LRBL)—and show that Smith's writings are richer than is usually supposed. Finally, I demonstrate that it is only once one has studied the *Lectures on Jurisprudence* (LJ), *The Theory of Moral Sentiments* (TMS), and *The Wealth of Nations* (WN) alongside Smith's other works that one can speak of a Smithian aesthetics, which, for all its shortcomings, sketches a valuable socio-economic and cultural alternative to the Kantian model that has long dominated the field.

## 'THE HISTORY OF ASTRONOMY', OR WHY THE IMAGINATION MATTERS

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Some of Smith's most important remarks on taste can be found in 'The Principles which Lead and Direct Philosophical Enquiries; Illustrated by The History of Astronomy', published posthumously in 1795. This short inquiry into philosophical principles (more than into the history of astronomy) demonstrates Smith's familiarity with eighteenth-century writings on taste and exemplifies his persistent tendency to draw on literary references both ancient and modern. More importantly, as already noted by Thomson (1965), it provides ample evidence of the centrality of aesthetic thinking to his philosophy and describes some of the core tenets upon which his aesthetics rests.

Smith opens the work customarily referred to as 'The History of Astronomy', with a discussion of 'wonder, surprise, and admiration' (HA Intro. 1: 33). With these few words he positions the essay within current debates on taste, from Addison's essays—explicitly referenced by Smith—to later inquiries into the sublime. He also signals that sentiments and the imagination are keystones of all philosophical enquiries, including his own.



Indeed, the discussion that ensues builds on the premise that the imagination plays a fundamental role in the creation of human knowledge.

For Smith, as for many eighteenth-century thinkers, the successful exercise of the understanding was tied to the principle of the association of ideas, namely the tendency to think in terms of natural contiguities and/or imaginary affinities (Kallich 1970). The principle was distrusted by some, most notably John Locke (1975: 394–401), who saw in its uncontrolled application a potential threat to rationality, but embraced by others, including David Hume (1975: 54–5, 1978: 11–13), who emphasized its regulatory potential. Smith was primarily interested in the role played by the imagination in making associative or analogical thinking possible and helping to fill gaps in the chain of knowledge. The imagination helps to fulfil our need for coherence and buttresses our natural compulsion to connect disparate notions by allowing ideas to follow one another in rapid succession. In the 'Astronomy', it allows the mind to prevail over the epistemological interruptions introduced by the experience of wonder and novelty. It thus plays a foundational role in the establishment of natural philosophy, defined by Smith as the 'science of connecting principles of nature' (HA II.12: 45).

Complying with the requirements of the imagination even trumps the accurate representation of natural facts. The primary goal of natural philosophy is 'to sooth the imagination, and to render the theatre of nature a more coherent, and therefore a more magnificent spectacle, than otherwise it would have appeared to be' (HA II.12: 46). In other words, learning itself must defer to the demands of the imagination, or, as Smith contends, 'Philosophy, therefore, may be regarded as one of those arts which address themselves to the imagination' (HA II.12: 46). The question is thus not whether scientific theories are correct, but whether they can be made familiar through analogical thinking and conform to the demands of the imagination. According to this criterion, chemistry, which Smith thinks is very different from other branches of knowledge, is an inferior science. Only accessible to a few experts, it does not lend itself to the process of 'smoothing the passage of the imagination betwixt any two seemingly disjointed objects' (HA II. 12: 47). In contrast, though Descartes' natural philosophy is erroneous in almost every particular—a point Smith also makes in LRBL (ii.134: 146)—it is nonetheless valuable because it is coherent and appeals to the imagination. In other words, Descartes' natural philosophy is flawed, but beautifully and thus persuasively so.

These methodological precepts explain Smith's deliberately 'interdisciplinary' approach to learning, which rests on the principle that there should be no gap in knowledge and therefore no isolated field of inquiry. This conviction accounts in part for his turn to aesthetic thinking and for his sustained use of examples from literature and the arts across his philosophical works. Indeed, the reader should not be surprised by Smith's decision to open the 'History of Astronomy' with analyses of quotes from Milton and Dryden or to draw analogically on the experience of visiting a workhouse or the backstage of an opera house in order to describe the process by which we come to comprehend nature: just as the feeling of wonder that first overwhelms visitors to the workhouse and the opera gradually yields to an understanding of the various activities that take

place there, so does the initial awe caused by the apparent chaos of the natural world give way in due course to scientific knowledge.

Additionally, Smith's assessment of the various theories that comprise the history of natural philosophy revolves around such familiar eighteenth-century aestheticological criteria as beauty, agreeableness, harmony, grace, novelty, connection, regularity, coherence, and simplicity. In so doing, he both echoes and departs from contemporary investigations into the nature of beauty. Indeed, the above-mentioned analogies point to a significant methodological reversal: whereas eighteenth-century writings on the beautiful and the sublime tend to use nature as a model or point of reference, Smith uses aesthetic thinking to describe nature. As he notes in his concluding statement, 'all philosophical systems are mere inventions of the imagination' (HA IV.76: 105).

## ‘OF THE EXTERNAL SENSES’: PERCEPTION, LANGUAGE, MEANING

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According to its editors, Smith's little-studied essay 'Of the External Senses' (ES) is 'devoid [...] of any reference to [...] "principles of philosophical investigation"' (ES Intro.: 133). This remark is only true in the most literal sense. In this essay Smith argues that, contrary to what the title suggests, the source of our sensations—and thus knowledge—is never external but internal, a claim closely related to the contemporaneous discourses on taste. Even though the essay is unfinished and a superficial reading might lead one to dismiss it as just another Lockean work on the senses, it matters because it further demonstrates the centrality of aesthetics to the epistemological assumptions upon which Smith's system rests.

The term 'aesthetics' was coined by Alexander Gottlieb Baumgarten, who defined it as a form of logic—an 'aestheticologica'—founded on the laws of the imagination and the association of ideas.<sup>2</sup> According to Baumgarten, the imagination, working in tandem with the senses, allows people 'to model the universe' (1983b: §557). Smith's decision to write about the senses reflects the growing consensus among Enlightenment thinkers that the imagination and the senses combined are essential to the generation of knowledge (Labio 2004). This is why the thesis of the essay on touching, tasting, smelling, and hearing is that the source of sensations is to be found in the body, not in whatever object appears to generate them. A sound, he insists, does not come from a particular location, but 'can never be heard or felt any where but in our ear' (ES 24: 143). Smith thus appears to share the increasingly acceptable notion that the subject is the primary source of knowledge, an argument that culminated in Immanuel Kant's claim that 'We have complete insight only into what we can ourselves make and accomplish according to concepts' (1987: §68: 264).

The primacy of subjective perception is especially evident in the case of seeing, which Smith treats separately from the other four senses. In this respect, 'Of the External Senses' has much in common with the privileging of sight that is a standard feature of

<sup>2</sup> Baumgarten (1983c: §485 and 1983a: §561).

the scores of essays on the sister arts published during the eighteenth century. This partiality is tied to the notion that the value of a particular art hinges on the level of abstraction it supposedly requires. Sculpture and architecture, which are dependent on touch and/or tend to serve utilitarian purposes, were more closely associated with the body and thus often seen as inferior to painting, the creation and appreciation of which requires control and distance between the subject and object. In contrast, to the extent that poetry and music could be seen as the most abstract, disembodied, and a-sensual forms of artistic expression, they were frequently prized above all others.

Smith approaches the question of the sister arts somewhat differently. In the essay on the senses, he does not ask whether sight is a superior sense because it requires that the subject be distant from the object under observation. Instead, echoing numerous eighteenth-century inquiries into the nature and origin of languages and drawing on Berkeley and the recent popular account of a young man's first experience of sight once congenital cataracts were removed, he argues that sight requires the acquisition of a visual language as arbitrary as spoken and written language. Anticipating the twentieth-century inquiries into the mutual arbitrariness of visual and verbal signs encapsulated by René Magritte's *La Trahison des images* (1929), familiarly known as *Ceci n'est pas une pipe*, he proposes that 'as, in common language, the words or sounds bear no resemblance to the things which they denote, so, in this other language, the visible objects bear no sort of resemblance to the tangible object which they represent' (ES 60: 156).

Smith's position offers a partial answer to the central question of the essay, namely whether 'any of our other senses, antecedently to such observation and experience, instinctively suggest to us some conception of the solid and resisting substances which excite their respective sensations; though these sensations bear no sort of resemblance to those substances?' (ES 75: 164). He ultimately does not provide as full an answer as one might wish, but does make a number of valuable points. First, he underscores the human origins of all knowledge. Secondly, he notes that the sense we make on the basis of sensory inputs is arbitrary. Indeed, though the point is made only implicitly in 'Of the External Senses,' one of Smith's great insights is that the formation of the subject is culturally determined, an insight he reached in part by founding his philosophy on the study of the imagination, the senses, and the arts, an aesthetic logic that resonates throughout his writings and asks for a reconsideration of some of his more underrated works, starting with his essay on the imitative arts.

## THE ESSAY ON THE IMITATIVE ARTS: THE CASE FOR DISPARITY

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As in the case of the essay on external senses, the title of the essay on the imitative arts, 'Of the Nature of that Imitation which takes place in what are called The Imitative Arts,' is potentially misleading. As Smith makes abundantly clear, though the arts may be

inherently imitative, this quality does not determine the value of a work of art. As he notes in the opening paragraph,

The most perfect imitation of an object of any kind must in all cases, it is evident, be another object of the same kind, made as exactly as possible after the same model. What, for example, would be the most perfect imitation of the carpet which now lies before me?—Another carpet, certainly, wrought as exactly as possible after the same pattern. But, whatever might be the merit or beauty of this second carpet, it would not be supposed to derive any from the circumstance of its having been made in imitation of the first. This circumstance of its being not an *original*, but a copy, would even be considered as some diminution of that merit; a greater or smaller, in proportion as the object was of a nature to lay claim to a greater or smaller degree of admiration. (IA.1: 177)

Artistic merit stems instead from the nature of the gap between the source and the work, or ‘disparity between the imitating and the imitated objects’ (IA.10: 181). In other words, the opposite of imitation. Indeed, the greater the disparity, the greater the aesthetic pleasure. The value placed on disparity as a central criterion of aesthetic judgments introduces a fundamental distinction between the work of the artist and of the natural philosopher. While both rely on the imagination, the natural philosopher—unlike the artist—does so in order to eliminate the very feeling of disparity the artist is attempting to generate.

If disparity rather than resemblance is the defining quality of a work of art, how does one assess artistic value? Smith gives short shrift to some of the most familiar criteria. Beauty, defined in one instance as the resemblance between the matching parts of an object, animal, or person (as in the case of the different parts of a building or the two sides of a face), is not determinative. Nor is there a correlation between labour and the value of a work of art. The Dutch master’s work may be laborious, but that alone does not determine the value of his product. Using the hypothetical example of a painting representing a carpet, Smith notes that the artist, who can finish a painting in a few days, is paid far better than the weaver, whose work can take years to complete. Works of art, the value of which is not dictated by the combined amount of time or skill that they take to complete, thus show the limits of the labour theory of value expounded by Smith in WN: ‘It is natural that what is usually the produce of two days or two hours labour, should be worth double of what is usually the produce of one day’s or one hour’s labour’ (WNI.vi.1: 65).

Art is in short a unique, even unnatural—in the sense that it does not have a natural price—kind of good, though not for the reasons given by Kant. Indeed, Smith’s aesthetic theory is remarkably different from Kantian aesthetics. As we have seen, for Smith, the value of a work of art turns neither on the labour expended to create it nor on its intrinsic beauty. More importantly, assessing the value or, as Smith prefers to call it, the ‘merit’ of a work is not a matter of disinterested judgment. The ‘merit’ of a work lies in its exchange value. Owners, not critics, determine the value of works of art, because they have a vested interest in making sure that the works they own are not copies. As Smith notes, ‘The owner of the copy, so far from setting any high value upon its resemblance to the original,

is often anxious to destroy any value or merit which it might derive from this circumstance. He is often anxious to persuade both himself and other people that it is not a copy, but an original, of which what passes for the original is only a copy' (IA.4: 178).

Smith's keen understanding of the social and economic value of art is a distinguishing feature of his aesthetic theory. The arts have no apparent use. It does not follow, however, that their pursuit is disinterested. Instead, their uselessness is precisely what allows them to 'address themselves not to the prudent and the wise, but to the rich and the great, to the proud and the vain' (IA.13: 182–3). They are, in other words, a sign of what we now refer to as cultural capital (Bourdieu 1986).

Smith's recognition of the social dimension of the demand for the arts lets him resist the temptation to come up with a theory of aesthetic value that focuses on the work of art. In the essay on the imitative arts, though he permits himself to be drawn into the ranking game played by many of his contemporaries and argues that painting is inherently superior to sculpture since there is a greater disparity between the object being imitated and the work of art in the case of two-dimensional art, he also cautions that our ability to evaluate a work is conditioned by a number of environmental factors: 'though in Statuary the art of imitation appears, in many respects, inferior to what it is in Painting, yet, in a room ornamented with both statues and pictures of nearly equal merit, we shall generally find that the statues draw off our eye from the pictures' (IA19: 186). Instead of focusing on the work, Smith concentrates on the viewer. He thus shares the key Enlightenment insight, expressed by Baumgarten as well as Kant, that aesthetic judgment is more about the subject than the work. This epistemological shift accounts for Smith's tendency to discuss the arts primarily in terms of their impact on the viewer or listener. Moreover, his claim that the experience of all artistic works is fundamentally disruptive of 'the natural state of the mind, the state in which we are neither elated nor dejected, the state of sedateness, tranquillity, and composure' (IA II.20: 197) echoes Edmund Burke's argument that the experience of pain or pleasure does not exist on a continuum, but upsets the 'state of indifference' (1757: 3) in which the human mind normally finds itself. Smith's distinctive contribution, however, is his recognition that the subject's social position determines the value of a work of art and that aesthetic judgment depends on custom or culture rather than on the disinterested appreciation of the beautiful, the criterion at the heart of aesthetic theory since the triumph of Kant's Third Critique.

## THE LECTURES ON RHETORIC AND BELLES LETTRES, OR WHY CHARACTER MATTERS

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The *Lectures on Rhetoric and Belles Lettres* of 1762–3 and the 'Considerations concerning the First Formation of Languages' (1761), a published version of the third lecture, contain the most explicit and sustained treatment of arts and literature to be found

among Smith's works. It does not amount to a fully-fledged aesthetic theory in the modern sense, but is steeped in the rhetorical tradition and draws on the contemporary debates on the origin of languages, a topic to which Smith contributes very little. Consequently, critics interested in Smith's views on the arts and literature must sift through a work that aims above all to offer practical advice to a student audience. Their task is complicated further by the fact that the first lecture is missing. Moreover, the lectures come to us second-hand, compiled by students and not vetted by Smith, who disapproved of note-taking. Smith's aesthetics—in the narrow sense—must thus be pieced together on the strength of disparate and unauthorized remarks on the arts and on literature. The reader must also make a number of inferences on the basis of implicit connections between LRBL and his other works. Fortunately, since Smith tended to return to the same topics throughout his oeuvre, a lot of cross-referencing is possible, which puts one's conclusions on a somewhat surer footing.

Two further preliminary remarks are in order before I highlight some of the most salient features of Smith's writings on fine arts and fine writing. First, it is important to note that Smith's terminology is far more capacious than ours. 'Arts' can refer to anything man-made or crafted and to things learned (as, still today, in the phrases 'liberal arts' and 'arts and sciences'). Also, Smith does not use the word 'literature' in the modern sense. Instead, as befits a work influenced by classical rhetoric, poems, drama, and novels are a subspecies of letters. Smith is more attuned to what they have in common with other forms of writing, such as history, than what separates them.

Secondly, it is fair to say that many of Smith's pronouncements about what we would now consider literature are either dated or unremarkable. Lectures 19 and 21 in particular show the very strong influence of French neo-classical critics. Indeed, when it comes to literary analysis, Smith never veers far away from the French tradition, as his multiple references to seventeenth and eighteenth-century French writers indicate. Nowhere is this tendency more apparent than in his views on theatre, which are characterized by deference to the paradigm of the three unities (of time, place, and action). Smith even agrees with French critics that Shakespearean drama is often marred by impropriety. Nonetheless, his embrace of French dramatic theory is neither slavish nor mechanical, but supported by multiple references to closely read primary sources. More importantly, it is limited to those aspects that support some of the most crucial principles of his philosophical system. In particular, his defence of the three unities suits his views on narrative more generally, which rest on the epistemological principle that gaps should be avoided at all costs: 'We should never leave any chasm or Gap in the thread of the narration even tho there are no remarkable events to fill up that space. The very notion of a gap makes us uneasy for what should have happened in that time' (LRBL ii.36: 100).

The goal of any scientific inquiry is, obviously, to fill gaps in our knowledge. How one proposes to do so depends on the methodology one espouses in order to make sense of data. Smith, following Rousseau's example, adopted a chronological or historical rather than a causal methodology. This decision accounts for the importance of poetry, in the broader sense of the word, in an otherwise empiricist and rationalist system. Poetry is not only the earliest form of history—an observation frequently expressed in

eighteenth-century texts—it is also the ‘Language of wonder’ (LRBL ii.44: 104), the sensation at the root of our interest in the natural world according to the Astronomy. Poetry thus connects the different areas of inquiries Smith worked on and accounts in part for his ongoing use of conjectural narratives, from his writings on society, language, law, and morality to his work on astronomy.

Smith was hardly alone among Enlightenment thinkers to resort frequently to conjectural history. As the many truisms included in the ‘Considerations Concerning the First Formation of Languages’ demonstrate, it was something of a methodological cliché. His approach was distinctive, however, in that he relied on narrative throughout his works. His stance on what we now call literature thus matters enormously. Two related threads are particularly noteworthy: his emphasis on the need to consider the impact a work has on a reader/observer when assessing its value and his focus on the role played by character in a writer’s style.

Smith’s assessments of literary works tends to hinge on how affected ‘we’ are by a story, be it historical or fictional. This approach is in keeping with his claim that indirect descriptions that focus on characters’ reactions are more effective than direct descriptions of objects or other characters, even though the indirect method presents a bigger challenge: ‘whatever difficulty there is in expressing the external objects that are the objects of our senses; there must be far greater in describing the internal ones, which pass within the mind itself and are the object of none of our senses’ (LRBL i.161: 68).

Smith’s emphasis on the emotional impact of a work rather than on its intrinsic qualities accounts in some measure for his willingness to examine poetry in relation to the other arts. His discussion of the reception of non-narrative works such as odes, elegies, and pastorals draws analogically on the experience of watching two-dimensional art. Both paintings and poems work if they ‘represent a state not far different from that we are generally in when we view the Picture’ (ii.95: 126). In addition, privileging the perception of a direct emotional correspondence between work and reader in the evaluation of a work of art or literature provides further justification for his decision to grant exceptional status to instrumental music in the essay on imitative arts: ‘Whatever we feel from instrumental Music is an original, and not a sympathetic feeling; it is our own gaiety, sedateness, or melancholy; not the reflected disposition of another person’ (IA II.22: 198) (see also Chandler in this volume).

Smith’s contention that a work should be evaluated on the basis of its ability to generate a matching emotional response is accompanied by a corresponding emphasis on the character of the author. Author, work, and audience are linked by an emotional chain. Indeed, in spite of Smith’s bias in favour of the French critical tradition, he shows a great reluctance to adopt a rule-based model analogous to Boileau’s *Art poétique* (1674). He maintains instead that literary and rhetorical excellence result from a close equation between the work and the character of the author. To the extent that the lectures were aimed at students, Smith’s observation—a variation on the notion that a good writer knows his or her own voice—is motivated in part by a desire to impress upon them the need to develop a style that suits their own character. There is a lot more to Smith’s emphasis on character than writing advice, however. It also reflects the late

eighteenth-century belief that the human character itself has changed. It is no longer enough to know whether a person or character is virtuous, wise, or brave, as was deemed sufficient by the ancients, or representative of a particular type, as in the case of La Bruyère's *Caractères* (1688). In the modern era, 'It is not so much the degree of Virtue or Vice, probity or dishonesty, Courage or Timidity that form the distinguishing part of a character, as the tinctures which these severall parts have received in forming his character' (LRBL i.190–1: 78). Unlike their predecessors, eighteenth-century writers are therefore compelled to describe characters in great detail. Literary characterization suddenly matters more than ever before.

This shift in the very definition of character and the accompanying emphasis on characterization in literary works led to the emergence and codification of a new standard, exemplified by 'the man of feeling', the eponymous hero of the novel by Scottish author Henry Mackenzie, a friend of Smith's. Sensible persons are not a new phenomenon—Smith gives Cicero as an example—the difference is that the 'man of great Sensibility, [...] who enters much into the happiness or distress either of himself or others' (LRBL ii.235: 192) is now the norm, a norm Smith explores at great length in TMS. Smith has a broader goal in mind in LRBL, however: to underscore the very importance of character. In particular, Smith devotes Lectures 2 and 7–11 to the proposition that style and character are one. Since showing that the plain man has a plain style and the simple man a simple style does not require six lectures, however, it is safe to suppose that Smith's interest in character goes well beyond the mechanics of writing.

To demonstrate that style reflects the character of an author, Smith devotes three lectures to three authors with very different personalities (character). Taken together these form a stylistic spectrum, with the morose Swift and the gay Lucian at both ends and the modest Addison somewhere in the middle. Note that in keeping with his definition of character, Smith does not assign traditional virtues but personality traits to his three authors. The gist of the three lectures—besides Smith's marked preference for Swift, upheld as an example of stylistic perfection throughout LRBL—is that all three authors have a style that befits their respective characters. Smith's most telling example, however, is his counter-example, examined in the memorable Lecture 11, which consists of a sustained—even savage—attack on Anthony Ashley Cooper, third Earl of Shaftesbury that shows the potential pitfalls of a character based theory of literature.

Smith objects to Shaftesbury's 'grand and pompous diction' (LRBL i.146: 59), which he ascribes with atypical venom to Shaftesbury's 'puny and weakly constitution' (i.138: 56) and 'feableness of body as well as mind' (LRBL i.139: 56). The tone is as telling as the claims. The following passage is therefore worth quoting at some length:

Abstract reasoning and deep searches are too fatiguing for persons of this delicate frame. Their feableness of body as well as mind hinders them from engaging in the pursuits which generally engross the common sort of men. Love and Ambition are too violent in their emotions to find ground to work upon in such frames; where the passions are not very strong. The weakness of their appetites and passions hinders them from being carried away in the ordinary manner, they find no great difficulty in conforming their conduct to the Rules they have proposed to themselves.



The fine arts, matters of taste and imagination, are what they are most inclined to cultivate. They require little labour and at the same time afford an entertainment very suitable to their temper and abilities. Accordingly we find that Lord Shaftesbury tho no great reasoner, nor deeply skilled in the abstract sciences, had a very nice and just taste in the fine arts and all matters of that sort. {We are told he made some figure as a speaker in bothe houses of Parliament tho not very extraordinary, but we do not find that he was ever distinguished in debate or Deliberation in Politicall matters} Naturall philosophy he does not seem to have been at all acquainted with, but on the other hand he shews a great ignorance of the advances it had then made and a contempt for its followers. The reason plainly is that it did not afford the amusement his disposition required and the mathematicall part particularly required more attention and abstract thought than men of his weakly habit are generally capable of. The pleasures of imagination as they are more easily acquired and of a very delicate nature are more agreeable to them. (LRBL i.139–41: 56–7)

Smith's criticism rests on two internal contradictions. First, if style and character are one, can Shaftesbury be faulted for having adopted a style that reflects who he is? Smith tries to anticipate this objection by arguing that Shaftesbury's style is more accurately a reflection of his absence of character, which has forced him to imitate or affect a particular style, in this case the 'grand and pompous' style. Appropriate in the case of Cicero, whose style Smith discusses in Lecture 26, the grand style suits neither Shaftesbury nor eighteenth-century British writers more generally. Secondly, Smith's lengthy discussion of the connection between the style and the character of an author contradicts the claim made in Lecture 28, on judicial eloquence, regarding the essential instability of a person's character: 'The character of man is a thing so fluctuating that no proof which depends on it can be altogether conclusive' (ii.192–3: 171).

There is indeed more than a question of style—or character—at stake in Smith's condemnation of Shaftesbury, which is all the more surprising if one factors in the similarities that obtain between the two authors (Otteson 2008: 123–7). As a recent conversation involving Den Uyl, Otteson, and Hanley (2011) demonstrates, however, no consensus obtains regarding the root cause of the virulence of Smith's attack. I agree that it proceeds in part from the Scottish philosopher's desire to take Whig philosophy into a new direction (Phillipson 2010: 98–102) and to offer a new model of moral discourse (Hanley 2008: 93). I would also argue that it is of a piece with the distaste Smith expresses towards the aristocracy throughout his works. A full investigation of this topic lies outside the scope of this chapter. Nonetheless, it is important to note here that Smith's contempt for 'this nobleman' (LRBL i.138: 56) is closely tied to the claim that Shaftesbury's weak disposition had led him to live the life of an aesthete. In other words, Smith's attack on Shaftesbury is also an attack on the fine arts. Both are inherently suspect on socio-political grounds.

Lecture 11 thus brings to the fore one of the most important questions that reading Smith's writings on literature and the arts raises: does he value them? At first blush the question is absurd. No-one who dislikes either would write so knowledgeably and extensively about both, as his architectural diagram of Virgil's *Georgics* in Lecture

24 demonstrates. Yet, one also finds throughout LRBL (and elsewhere) a marked ambivalence about the moral and social value of the fine arts. Smith does not deal with this issue directly in LRBL however. It is thus impossible to determine solely on the basis of the lectures whether Smith thought that literature and the arts have an intrinsic value, or even whether they occupy a separate cultural or epistemological sphere.

## LECTURES ON JURISPRUDENCE, OR THE INSTITUTIONALIZATION OF ART AND LITERATURE

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*The Lectures on Jurisprudence* (LJ) provides clues as to some of the reasons for Smith's ambivalence regarding the fine arts even though he concentrates here on the arts understood in the primary sense of the word, namely, learned skills and their application, from the practice of agriculture to the acquisition of knowledge and the development of commerce and manufacturing. The arts both address and reinforce man's weakness. While they are necessary to human survival and allow societies to thrive, our unremitting longing for further refinements eventually leads us to value objects that have little or no intrinsic value, a point highlighted by the water-diamond paradox (also evoked in WN). The expansion of the *fine* arts is thus a comparatively late development. It requires that a society be commercially advanced and wealthy. The problem with this timing, as it were, is that taste becomes a matter of some cultural importance at an evolutionary tipping point for a particular society. Progress is a double-edged sword, a realization that led Smith to include in LJ remarks that anticipate the famous splenetic passage in book V of WN:

When the armies are fighting abroad the conquering state enjoys great peace and tranquillity at home. This length of peace and quiet gives great room for the cultivation of the arts, and opulence which follows on it. [...] The wealth which this introduces, joined to that which is brought in by the conquest of other nations, naturally occasions the same diminution of strength as in a defensive republick. (LJA iv.93: 235)

This passage articulates the underlying cause of Smith's ambivalent attitude towards the fine arts. To the extent all that is human—from institutions to sentiments—evolves, a dialectical relationship obtains between social progress and the fine arts. On the one hand, the triumph of the fine arts signals that a society has reached an advanced stage, distinguished by peace and wealth. On the other hand, it is accompanied by gross increases in economic and institutional inequalities, including slavery, and the rise or consolidation of abusive forms of government such as feudalism and absolutism, a correlation long noted by historians of the Roman Empire, from Livy to Edward Gibbon.

In LJ, Smith attempts to resolve this paradox by praising above all the arts that are central to commercial activity, from shipbuilding to writing, geometry, and arithmetic, and argues that laws and government exist to support them. In doing so he echoes the

long-standing claims, repeated by Pope, Montesquieu, Hume, and numerous other eighteenth-century writers, regarding the civilizing influence of commerce. Moreover, Smith entertains matters of taste, particularly with respect to architecture and painting, because, as he also notes in the essay on the imitative arts, their execution is subject to the existence of wealthy patrons and have significant economic value. Smith's defence of the fine arts hinges here on the largely Mandevillian argument that the acquisition of luxury goods by the wealthy benefits even the poorest labourer, who, thanks to the effects of the division of labour is able to afford the 'conveniencies of life.' He is consequently better off than the 'savage [who] has the full enjoyment of the fruits of his own labours' (LJA vi.26: 340) in spite of the labourer's grim circumstances: 'He bears on his shoulders the whole of mankind, and unable to sustain the load is buried by the weight of it and thrust down into the lowest parts of the earth, from whence he supports all the rest' (LJA vi.28: 341).

Smith is ultimately unable to propose a solution to the inexorable triumph of luxury and the social decline it brings, in part because his criticism of luxury is always qualified by a recognition of its benefits. LJ matters to the student of the arts, however, because it highlights his awareness of their social nature. In LRBL Smith stresses the importance of emotions in the modern definition of character. In LJ he adds that the changes in human character that literature models are caused by institutional shifts, as in the case of romantic love, which only became the lynchpin of modern literature in response to modifications to the institution of marriage:

But when marriage became indissoluble the matter was greatly altered. The choice of the object of this passion, which is commonly the forerunner of marriage, became a matter of the greatest importance.—The union was perpetuall and consequently the choice of the person was a matter which would have a great influence on the future happiness of the parties. From that time therefore we find that love makes the subject of all our tragedies and romances, a species of epic poems till this time. It was before considered as altogether triviall and no subject for such works. (LJA iii.22: 150)

## THE THEORY OF MORAL SENTIMENTS: AESTHETICS, ETHICS, AND ECONOMICS

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From the opening lines of TMS Smith emphasizes that morality is grounded in both altruism and pleasure: 'How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it except the pleasure of seeing it' (TMS I.i.i.1: 9). Unlike self-interest, the natural interest in the welfare of others requires that we imagine ourselves having the same feelings as another human being. Such a task is fraught with difficulties: 'Though our brother is upon the rack, as long as

we ourselves are at our ease, our senses will never inform us of what he suffers. It is the impressions of our own senses only, not those of his, which our imaginations copy' (TMS I.i.i.2: 9). Yet, it is indispensable. Smith therefore draws liberally on aesthetic thinking in TMS. Moral sentiment is grounded in the imagination, the senses, and the body. It requires, as in the case of the imitative arts, with the notable exception of instrumental music, that we attempt to copy an original that is and will always remain other. Moreover, the sympathetic understanding upon which morality rests is exercised from a safe spectatorial distance, from which it is even possible to take pleasure in the misery of others. As Paganelli notes, this distance must be calibrated properly, if one is to avoid the ethical Charybdis and Scylla of partiality and indifference (2010: 431–3). Developing one's aesthetic faculty helps one to acquire the proper or necessary moral distance. Particularly in the most emotionally charged situations, however, sympathy can only do so much: 'The thought of their own safety, the thought that they themselves are not really the sufferers, continually intrudes itself upon them' (TMS I.i.4.7: 21).

Smith's understanding of the workings of sympathy intersects with contemporary theories on the sublime, an aestheticized feeling of terror experienced from a distance by a spectator who is merely imagining her/his imminent demise. This distance or disparity between the original and the copy is further proof of the asymptotic nature of sympathy or the relationship of self to other. As it occurs, however, the successful exercise of sympathy requires that the spectator be unaware of this gap, or pretend that it does not exist, just as reading novels or going to the theatre entails the willing suspension of disbelief. In other words, the exercise of sympathy, which Smith defines as 'our fellow-feeling with any passion whatever' (I.i.i.5: 10), is inherently fictional. He is therefore steadfast in his belief that literature plays a vital role in the modelling of morality. Fiction teaches readers how to sympathize by making them believe that they identify with the characters, even though such an identification is not possible.

By arguing that sympathy is both a natural and a learned passion, Smith draws attention to the social roots of literary pleasure:

When we have read a book or poem so often that we can no longer find any amusement in reading it by ourselves, we can still take pleasure in reading it to a companion. To him it has all the graces of novelty; we enter into the surprise and admiration which it naturally excites in him, but which it is no longer capable of exciting in us; we consider all the ideas which it presents rather in the light in which they appear to him, than in that in which they appear to ourselves, and we are amused by sympathy with his amusement which thus enlivens our own. On the contrary, we should be vexed if he did not seem to be entertained with it, and we could no longer take any pleasure in reading it to him. (TMS I.i.2.2: 14)

Like Kant, who argues that our tendency to expect assent when we render aesthetic judgments rests on the assumption that universal assent on matters of taste is theoretically possible, Smith observes that we are taken by surprise when another person does not share our enjoyment of a work of literature. More than Kant, however, Smith is open to the idea that judgments of taste may be culturally determined. Inasmuch as taste draws on the human disposition to feel sympathy, it is the product of a social transaction.

Sympathy can be willed. It is a secondary or conditional emotion, not a primary passion. Disagreements regarding a particular work of fiction stem not from a gap between perfect vs. individual judgment, but from poor learning, one might even say from poor socialization. Reading fiction can rectify this problem since it causes the reader to internalize the proper uses and manifestations of sympathy. Fiction helps to construct the (social) self by staging us to ourselves from a variety of perspectives and forcing the reader to participate as judge and defendant in an endless trial. For that reason Smith praises those modern writers who excel at fashioning the newly appropriate sensibility: "The poets and romance writers, who best paint the refinements and delicacies of love and friendship, and of all other private and domestic affections, Racine and Voltaire; Richardson, Maurivau, and Riccoboni; are, in such cases, much better instructors than Zeno, Chrysippus, or Epictetus" (TMS III.3.14: 143).

Though Smith values the role played by modern authors in the modelling of sympathy, he also expresses the concern that literature can interfere with what he sees as the state of equanimity to which he believes that people aspire and which he thinks of as the norm. While he never refers to the *Republic*, he shares Plato's disapproval of the poet's excessive emotional displays. Rather than acknowledging, let alone praising, tragedy's cathartic properties, Smith contends that people are naturally inclined to resist surrendering to the emotions that tragedy evokes: "If we shed any tears, we carefully conceal them, and are afraid, lest the spectators, not entering into this excessive tenderness, should regard it as effeminacy and weakness" (TMS I.iii.i.9: 46). He consequently disapproves of the representation of 'unsocial Passions' in *Othello* and mocks modern literature's fascination with love. Moreover, he objects to the delusions to which literary works give rise when they lead readers or spectators to identify and want to switch places with 'the great', a delusion that upsets the social and emotional mean upon which individual happiness and social order depend.

'It is the misfortunes of Kings only which afford the proper subjects for tragedy' (TMS I.iii.2.2: 52), Smith reasons. Those who sympathize with the great forget that happiness is more likely to be found among people in the middle ranks of society. Additionally, imaginary mis-identifications can lead to the adoption of skewed moral judgments. How else is one to interpret Smith's remark that 'All the innocent blood that was shed in the civil wars, provoked less indignation than the death of Charles I' (TMS I.iii.2.2: 52)? They also bring about a dangerous privileging of superficial values: "The external graces, the frivolous accomplishments of that impertinent and foolish thing called a man of fashion, are commonly more admired than the solid and masculine virtues of a warrior, a statesman, a philosopher, or a legislator" (TMS I.iii.3.6). Such misguided preferences tend to make people unhappy, as in the case of poets, whose works are judged on the grounds of propriety as well as taste. They are thus far more sensitive to public criticism than mathematicians or natural philosophers and 'apt to divide themselves into a sort of literary factions; each cabal being often avowedly, and almost always secretly, the mortal enemy of the reputation of every other' (TMS III.2.23: 125).

Once again, Smith's views on literature are characterized by a deep ambivalence. On the one hand, literary works are key to the establishment of a morality grounded in

sensibility and imaginary identification. On the other hand, deferring to them can lead to emotional intemperance and mask their basic frivolity. Literature matters to the extent that it fosters the acquisition of moral sentiments and models proper social behaviour. Inasmuch as it is subject to judgments to taste, however, it matters very little. The analogical thinking that allows Smith to use the discourse of aesthetics as a model for his understanding of moral sentiments—he even compares justice to grammar and the rules of virtue to those of composition—is therefore not associated with a praise of art and literature for their own sake. Aesthetic judgments may serve as a model for moral judgments and moral sentiments may depend on the imagination and literary expression, but the experience of beauty is not linked to morality since judgments of taste do not require sympathetic identification between observer and object (including another person's conduct). Judgments of taste are a subspecies of scientific judgments and are in this respect purely disinterested.

It does not follow, however, that the pursuit of knowledge or taste is a sign of true virtue or moral excellence. Disinterestedness suggests instead that issues related to the arts and sciences do not affect us so directly that we are apt to argue over them: 'Though you despise that picture, or that poem, or even that system of philosophy, which I admire, there is little danger of our quarrelling upon that account. Neither of us can reasonably be much interested about them' (TMS I.i.4.5: 21). In spite of this somewhat surprising statement (given Smith's familiarity with university life), he does appear to make an exception for works whose agreeableness stems from their utility, long deemed 'one of the principal sources of beauty' (TMS IV.I.1: 179). This is particularly true in the case of architecture, which Smith, throughout his works, tends to invoke first when discussing matters of taste. As his argument unfolds in Book IV of TMS, however, he questions the traditional emphasis on utility as a criterion of aesthetic judgment and suggests instead that aesthetic pleasure ultimately does not depend on either utility or convenience:

But that this fitness, this happy contrivance of any production of art, should often be more valued, than the very end for which it was intended; and that the exact adjustment of the means for attaining any conveniency or pleasure, should frequently be more regarded, than that very conveniency or pleasure, in the attainment of which their whole merit would seem to consist, has not, so far as I know, been yet taken notice of by any body. (TMS IV.I.3: 179–80)

In this instance, which Smith highlights by underscoring, in uncharacteristic fashion, the originality of his claim, he posits that beauty exists independently from the end or purpose of a particular work. Nevertheless, his subsequent point-counterpoint exploration of the ultimate reason behind a person's preference for a particular room arrangement appears to undermine this assertion:

When a person comes into his chamber, and finds the chairs all standing in the middle of the room, he is angry with his servant, and rather than see them continue in that disorder, perhaps takes the trouble himself to set them all in their places with their backs to the wall. The whole propriety of this new situation arises from its

superior conveniency in leaving the floor free and disengaged. To attain this conveniency he voluntarily puts himself to more trouble than all he could have suffered from the want of it; since nothing was more easy, than to have set himself down upon one of them, which is probably what he does when his labour is over. What he wanted therefore, it seems, was not so much this conveniency, as that arrangement of things which promotes it. Yet it is this conveniency which ultimately recommends that arrangement, and bestows upon it the whole of its propriety and beauty. (TMS IV.I.4: 180)

In this case, the idea of perfect convenience eventually trumps the unnecessary inconvenience it appears to dictate. Smith then goes on to criticize the frivolous purchase of an expensive watch simply because it is a more perfect machine on the grounds that the new acquisition will not improve its owner's punctuality. He is thus ultimately unwilling to contend that beauty may be valuable for its own sake or ground his aesthetic theory in what Kant would refer to as 'purposiveness without a purpose'.

In short, Smith understands the centrality of aesthetics to his philosophical system. He knows that the discourse of aesthetic is tied to the emergence of a new sensibility. He is also well aware of the connection between aesthetics, ethics, and economics. This very awareness, however, also causes him to refuse to grant separate status to works of fine art and fine writing and this for two very different sets or reasons—one moral/individual, the other economic/social—as he explains in the long passage in Part IV that starts with the parable of the poor man's son, whose toil and suffering lead in due course to the realization 'that wealth and greatness are mere trinkets of frivolous utility' (TMS IV.I.8: 181). On the one hand, fine objects are artificial, vain, frivolous, trifling. They are false idols, 'baubles [...] in the oeconomy of greatness' (TMS IV.I.10: 184). Their quest deprives us of tranquillity, their property weakens us. On the other hand, taken in the aggregate, their pursuit is providential, because it unwittingly causes the rich, to 'divide with the poor the produce of all their improvements. They are led by an invisible hand to make nearly the same distribution of the necessaries of life, which would have been made, had the earth been divided into equal portions among all its inhabitants, and thus without intending it, without knowing it, advance the interest of the society' (TMS IV.I.10: 184–5). For good and evil, beauty is always interested. Smith sees better than most of his contemporaries that the contemporary sacralization of beauty upon which aesthetics rests only furthers public interests: 'The same principle, the same love of system, the same regard to the beauty of order, of art and contrivance, frequently serves to recommend those institutions which tend to promote the public welfare' (TMS IV.I.11: 185).

One is then faced with an interesting paradox: to value beauty is to embrace both frivolity and social welfare. From the perspective of the history of aesthetics, it is important to note that Smith makes no room for disinterestedness in either instance. Just as the love of beauty has deceived us into being industrious, the foundation of a discourse of aesthetics predicated on the sacralization of beauty and its disinterested appreciation has blinded us to and thus only reinforced the social usefulness of art.

## THE WEALTH OF NATIONS: (UN)PRODUCTIVE LABOUR

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Even though Smith objects on moral grounds to the love of luxury, particularly in the case of people who do not belong to the wealthier ranks of society, he also recognizes that the desire for conveniences (as opposed to, in this instance, necessities) is one of the motors of the economy. He therefore repeats in WN the claim that in civilized nations ‘even of the lowest and poorest order, if he is frugal and industrious, may enjoy a greater share of the necessaries and conveniences of life than it is possible for any savage to acquire’ (WN Intro. 4: 10).

Smith’s observations on the arts and literature in WN are coloured by the historically based principle that once the division of labour is established, ‘[e]very man [...] lives by exchanging, or becomes in some measure a merchant, and the society itself grows to be what is properly a commercial society’ (WN I.iv.1: 37). In such a context works of art and literature are not intrinsically different from other goods. In accordance with the water-diamond paradox, Smith argues that rarity and demand determine the value of artistic goods: the more unlikely success in a particular profession is, the more people will admire and reward those who do succeed. Counter-intuitively, the very contempt in which some artistic professions are held, by making success particularly unlikely, has led to ‘[t]he exorbitant rewards of players, opera-singers, opera-dancers, &c.’ (WN I.x.b.25: 124). Conversely, what Smith calls ‘[t]hat unprosperous race of men commonly called men of letters’ (WN I.x.c.37: 148) owes their paltry rewards to the fact that access to a free education has produced an oversupply of talent.

Though the law of supply and demand has limited the value-in-exchange of the work produced by men of letters and teachers, it does not follow that their labour is fundamentally useless, contrary to what Smith’s famous characterization of the labour of men of letters as ‘unproductive’ is too often deemed to suggest. In WN the labour of artists, writers, performers, and members of the liberal profession is unproductive for the same reason that the labour of menial servants and sovereigns is: ‘Their service, how honourable, how useful, or how necessary soever, produces nothing for which an equal quantity of service can afterwards be procured. [...] Like the declamation of the actor, the harangue of the orator, or the tune of the musician, the work of all of them perishes in the very instant of its production’ (WN II.iii.2: 331). These forms of labour are thus unproductive only in relation to the superior productivity of manufacture and agriculture. In addition, Smith argues that some of the unproductive professions—teaching in particular—are necessary counterweights to the imbalance brought on by the unfettered reliance on the division of labour.

Though Smith praises the contributions of manufactures to the wealth of nations, he is also wary of their social, political, military, and human costs. He describes these in the famous ‘spleenic passage’:

The man whose whole life is spent in performing a few simple operations [...] 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. Of the great and extensive interests of his country, he is altogether incapable of judging; and unless very particular pains have been taken to render him otherwise, he is equally incapable of defending his country in war. (WN V.i.f.50: 782)<sup>3</sup>

Therefore, despite his stated contempt for some universities and teachers, Smith advocates for public education as a means to prevent 'the almost entire corruption and degeneracy of the great body of the people' (WN V.i.f.49: 781) occasioned by the division of labour. He appeals on both moral and expedient grounds:

A man, without the proper use of the intellectual faculties of a man, is, if possible, more contemptible than even a coward, and seems to be mutilated and deformed in a still more essential part of the character of human nature. Though the state was to derive no advantage from the instruction of the inferior ranks of people, it would still deserve its attention that they should not be altogether uninstructed. The state, however, derives no inconsiderable advantage from their instruction. The more they are instructed, the less liable they are to the delusions of enthusiasm and superstition, which, among ignorant nations, frequently occasion the most dreadful disorders. An instructed and intelligent people besides are always more decent and orderly than an ignorant and stupid one. They feel themselves, each individually, more respectable, and more likely to obtain the respect of their lawful superiors, and they are therefore more disposed to respect those superiors. (WN V.i.f.61: 788)

This complicated rationalization is typical of the moral complexities of Adam Smith's system, which is predicated on the notion that '[i]n every civilized society, in every society where the distinction of ranks has once been completely established, there have been always two different schemes or systems of morality current at the same time; of which the one may be called the strict or austere; the other the liberal, or, if you will, the loose system. The former is generally admired and revered by the common people: The latter is commonly more esteemed and adopted by what are called people of fashion' (WN V.i.g.10: 794). This postulate accounts in large measure for the paradoxes upon which Smith's views on the fine arts are founded. The arts can be useful, as in the case of architecture, but they appeal primarily to 'people of fashion'. However, though the demand for art is symptomatic of the looser system of morality, it benefits everyone by driving the economy.

<sup>3</sup> Smith's remarks offer a pointed rebuttal of Hume's more sanguine belief that we need not 'fear, that men, by losing their ferocity, will lose their martial spirit, or become less undaunted and vigorous in defence of their country or their liberty. The arts have no such effects in enervating either the mind or body. On the contrary, industry, their inseparable attendant, adds new force to both' (1987: 274). Nor does Smith embrace Hume's perhaps overly convenient distinction between innocent and vicious luxury (1987: 278–9). His historical reading of luxury ultimately owes more to Rousseau's association of progress with degeneration.

## CONCLUSION

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Smith never reconciled his conviction that the love of beautiful objects is essentially frivolous with the defence of bourgeois virtues at the heart of his moral philosophy. He did, however, draw on examples from the world of arts and letters throughout his works and placed the aesthetic categories of the imagination, novelty, beauty, and narrative at the epistemological core of his natural and moral philosophy. Indeed, studying the entirety of the writings and lecture notes that have survived reveals the foundational role played by aesthetic thinking in his philosophy. In addition, though his reflections on art and literature are fragmentary and even trite in many respects, several of his core insights are worth rediscovering. I think in particular of the distinction he drew between the role played by the imagination in his natural and moral philosophy on the one hand and in his aesthetic theory on the other. While relying on the imagination makes epistemological continuity and the exercise of sympathy possible, in the case of the 'imitative arts' the imagination succeeds when its use results in the introduction of a disparity or gap between the work and what it professes to imitate. Moreover, the value of a work is not intrinsic but determined by the viewer, particularly in the case of owners. Indeed, Smith's most important contribution to the field of aesthetics is that he laid the groundwork for a socially based critique of aesthetic judgment. By calling attention to the role played by a culturally determined and thus historically variable subject's class and social position in determining the value of art and literature, he charted a potentially radical alternative to the Kantian model that has dominated aesthetic theory since the late eighteenth century.

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## CHAPTER 6

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# ADAM SMITH AS CRITIC

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JAMES CHANDLER

SMITH'S interest in the arts is well documented, and so is his effort to spread his views about them by way of lecture and written treatise. The precise character of his arguments about the arts has had too little attention, however, as has the place of his thinking about the arts in his larger framework of thought. In introducing the *Lectures on Rhetoric and Belles Lettres*, J.C. Bryce has argued for the importance of seeing 'the Rhetoric and TMS as two halves of one system, and not merely as occasional points of contact' (LRBL Introduction: 19). This picture of strong mutual complementarity between parts of a system should be extended to include Smith's criticism of the arts. Smith's student and early biographer, Dugald Stewart, strongly attested to Smith's interest in criticism and aesthetics. The only work in his papers for which Smith encouraged posthumous publication, apart from an essay on the history of astronomy, was a work about the imitative arts, one on which he laboured for many years. The volume that appeared soon after his death, *Essays on Philosophical Subjects*, accordingly includes his piece 'On the Nature of that Imitation which takes place in what are called the Imitative Arts', though the editors of *that* volume in the Glasgow edition are careful to explain that the precise relation of this essay to the larger project remains uncertain.

I propose to look at a particular issue at the heart of Smith's practice as a critic—the question of 'imitation' itself, *mimesis*—and to try to understand what its implications might be in the broader and more influential context of the *Theory of Moral Sentiments*. Smith was writing towards the end of the famous shift from the mimetic to the expressive orientation in aesthetics as charted by M.H. Abrams in *The Mirror and the Lamp*, but was still working within the earlier paradigm, as was Rousseau, with whose views Smith is known to have engaged. The question that motivates my inquiry is that of whether Smith's account of mimesis in the essay on the Imitative Arts proves in any way illuminating for the account of mutual sympathy so central to the *Theory of Moral Sentiments*. My findings so far suggest that it does prove so, especially in the context of Rousseau's far better known and more controversial positions on the arts, and most particularly in his notorious campaign against the music theory of Jean-Philippe Rameau.

Let me begin by suggesting some reasons for thinking such a focus on Smith the Critic might prove productive, especially in relation to Smith's key topics and characteristic moves in the TMS. The question of imitation, so central to Smith's critical preoccupations in the *Essay*, actually plays a crucial role in three of the most important arguments Smith makes in the TMS. The first of these arguments—broached in the book's first chapter—concerns the very fact of the human impulse to sympathize. With the sort of straightforwardness that Smith advocated in his writings on rhetoric, the opening words of the TMS make this point directly.

How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it except the pleasure of seeing it. Of this kind is pity or compassion, the emotion which we feel for the misery of others. (TMS I.i.1: 9)

In order to avoid the false conundrums of what the Germans came to call 'Das Adam Smith Problem', it is important to recognize that Smith is not saying here that human beings have selfish impulses. Seventeen years after the *Theory of Moral Sentiments* he produced a book nearly twice as long as that one that argues a different but not incompatible thesis, famously captured in an early claim like this one: 'It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity, but to their self-love, and never talk to them of our own necessities but of their advantages' (WN I.ii.2: 27). What Smith *is* saying in the TMS is that no matter how far we extend the principle of self-love in explaining human conduct, we cannot ignore this other feature of our constitution: our sympathetic capacity.

When Smith sets out to prove this point, he cites an example from everyday life of the sort for which Edmund Burke praised him when he wrote to Smith after reading the copy of TMS given him by David Hume.<sup>1</sup> Smith's example:

When we see a stroke aimed and just ready to fall upon the leg or arm of another person, we naturally shrink and draw back our own leg or our own arm; and when it does fall, we feel it in some measure, and are hurt by it as well as the sufferer. The mob, when they are gazing at a dancer on the slack rope, naturally writhe and twist and balance their own bodies, as they see him do, and as they feel that they themselves must do in his situation. (TMS I.i.3:10)

Sympathy, it seems, depends on a certain form of imitation. The spectators who watch the slack-rope dancer instinctively mimic the movements they behold. But if you know this text you are aware that there is a wrinkle in the story, hinted at by the phrase 'and as they feel that they themselves must do in his situation'. Sympathy does not directly

<sup>1</sup> In September of 1759 Burke wrote: 'I own I am particularly pleased with those easy and happy illustrations from common Life and manners in which your work abounds more than any other that I know by far. They are indeed the fittest to explain those natural movements of the mind with which every Science relating to our Nature ought to begin' (Corr 38: 46).

mimic feeling. It is only a sharing of feeling ‘in a certain sense’, to use a Smithian qualifier. Sympathetic spectators of this or any other episode do not reproduce the feeling of the person they behold; rather they produce a kind of mimetic imagination of what they should feel were they in the same situation.<sup>2</sup> It is a ‘changing [of] places in fancy with the sufferer’ (TMS I.i.3:10), and this important principle in Smith’s *Theory of Moral Sentiments* must be understood as foundational for what he will argue later at the start of *The Wealth of Nations* in insisting that, whatever we might have thought to the contrary, the division of labor does not *create* the impulse to truck, barter, and exchange but rather is *founded* on it—just as the division of labour is the *cause* rather than the *result* of the differentiation among personal skills, talents, and abilities. The point for our purposes here is that this key notion in Smith, as foundational as anything in his writing, is presented by him as a certain kind of imitation.

A second major argument of *The Theory of Moral Sentiments* has to do with the kinds of situations in which humans most readily find themselves in sympathy. At the very outset Smith names pity and compassion as being ‘principles’ of the sort that he has in view when he talks about sympathy. It eventually becomes crucial to his argument, however, to establish that we more readily sympathize with those better off than ourselves than with those who are worse off. It is for this reason that any suffering person who seeks our compassion for the dire condition in which they find themselves must be careful not to overstate the difficulty of their situation—indeed they must tone down their emotions (‘flatten the tone’, as Smith puts it (TMS I.i.47: 22)) to increase the likelihood of our sympathetic response. Smith’s account of why we more readily sympathize upwards, and how he can be so sure that we do, is certainly controversial, but its consequences for his theory are just as certainly far-reaching. Thus, for example, he explains that it

is because mankind are disposed to sympathize more entirely with our joy than with our sorrow, that we make parade of our riches, and conceal our poverty... The rich man glories in his riches, because he feels that they naturally draw upon him the attention of the world, and that mankind are disposed to go along with him in all those agreeable emotions with which the advantages of his situation so readily inspire him. (TMS I.iii.2.1: 50–1)

On this principle, Smith goes so far as to claim that the profit motive is essentially a matter of our wishing to make ourselves prosperous enough to gain the sympathy (and avoid the awkward condescension) of our fellow human beings. And on this principle he also bases his views about the basic elements of social power: ‘on this disposition of mankind, to go along with all the passions of the rich and the powerful, is founded the distinction of ranks, and the order of society’ (TMS I.iii.2.3: 52). Most tellingly, for our purposes, with this disposition goes an impulse to imitation as well, one that surfaces most explicitly in the realm of fashion: ‘It is from our disposition to admire, and consequently to imitate, the rich and the great, that they are enabled to set or to lead

<sup>2</sup> In stressing the role of ‘mimetic imagination’ in Smith’s analysis of the crown and the rope dancer, I mean to push back against a reading of this passage as undercutting Smith’s explicit resistance to the contagion theory of sympathy associated with Hutcheson and Hume.

what is called the fashion' (TMS I.iii.3.7: 64).<sup>3</sup> This 'going along with all those agreeable emotions' that constitutes sympathy with the rich thus also, then, explicitly involves an aspect of imitation.

The third major argument of the TMS to consider here has to do with the crucial question of the impartial spectator, Smith's figure for the workings of conscience in the human breast. The impartial spectator is a principle of moral self-reflection that develops over the course of our lifelong experience of exchanging places with others through the practice of imaginative sympathy, a practice that Smith figures as a kind of mutual mirroring. It is fully dependent on our social intercourse:

Were it possible that a human creature could grow up to manhood in some solitary place, without any communication with his own species, he could no more think of his own character, of the propriety or demerit of his own sentiments and conduct, of the beauty or deformity of his own mind, than of the beauty or deformity of his own face. . . . Bring him into society, and he is immediately provided with the mirror which he wanted before. It is placed in the countenance and behaviour of those he lives with, which always mark when they enter into, and when they disapprove of his sentiments; and it is here that he first views the propriety and impropriety of his own passions, the beauty and deformity of his own mind. (TMS III.1.3: 110)

This capacity to reflect on ourselves, this mirroring function, derives from our capacity to see ourselves as others see us—borrowing here Robert Burns' succinct reduction of what he read with admiration in TMS as a young man.

By virtue of this practice of the sympathetic exchange of places we gain perspective on our sentiments and motives: 'we remove ourselves, as it were, from our own natural station, and endeavour to view them at a certain distance from us'. And the only means we have for doing so is to view them 'with the eyes of other people, or as other people are likely to view them'. That is, 'we endeavour to examine our own conduct as we imagine any other fair and impartial spectator would examine it'. This impartial spectator—the little man in our breast, the judge in our breast—*derives* from sympathy but it also *functions* by way of sympathy:

If, upon placing ourselves in his situation, we thoroughly enter into all the passions and motives which influenced [our conduct], 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, I.1.3: 110)

Since the impartial spectator works by a principle of sympathy, and since sympathy has from the very opening of the TMS been understood as a practice of a certain kind of imitation, what I earlier called the 'mimetic imagination', we may conclude that imitation is an important part of the story for this central doctrine of Smith's. Thus, in his later discussion of that Stoic exemplar, 'the wise and just man who has been thoroughly bred in the great school of self-command', Smith says:

<sup>3</sup> Smith also cautions against the impulse to mimic the forms of politeness among the superior ranks.

He has never dared to forget for one moment the judgment which the impartial spectator would pass upon his sentiments and conduct. He has never dared to suffer the man within the breast to be absent one moment from his attention . . . He has been in the constant practice and, indeed, under the constant necessity, of modeling, or of endeavouring to model, not only his outward conduct and behaviour, but, as much as he can, even his inward sentiments and feelings according to those of this awful and respectable judge. He does not merely affect the sentiments of the impartial spectator. He really adopts them. He almost identifies himself with, he almost becomes himself that impartial spectator, and scarce ever feels but as that great arbiter of his conduct directs him to feel. (TMS III.3.25: 146–7)

Smith's notion of the model, like the attendant notion of modelling as an activity, is not quite the same as that of the 'original' or 'copy', which also comes up when Smith talks about that which the imitation takes after. It addresses a special dimension of the act of imitation, suggesting a plan or pattern according to which an imitation is undertaken.

When Smith returns to his elaboration of the ways of the 'wise and virtuous man' later in the TMS, he tells us more about this notion of modelling, explaining how it is that in 'estimating our own merit, judging of our own character and conduct, there are two different standards to which we naturally compare them' (TMS VI.iii.23: 247). One might call them the normative and the normal. One is 'the idea of exact propriety and perfection', whereas the other is 'the degree of approximation to this idea which is commonly attained in the world, and which the greater part of our friends and companions, of our rivals and competitors, may have actually arrived at'. It is to the first standard, Smith explains, that the wise and virtuous man attends. In him, the 'outlines' of this idea of exact propriety and perfection 'have been made with the most acute and delicate sensibility, and the utmost care and attention have been employed in making them'. And he tries his utmost to 'assimilate his own character to this archetype of perfection'. All this largely recapitulates the earlier discussion, but Smith does go on to add two interesting points of elaboration.

First, in assimilating his own character to this 'archetype of perfection', the wise and virtuous man 'imitates the work of a divine artist, which can never be equaled', and thus is he forced to recognize time and again how far, in spite of his efforts, he has 'departed from that model, according to which he wished to fashion his own character and conduct'. Secondly, Smith indeed spells out an elaborate analogy between the kind of imitative work done by all great artists and that of the wise and virtuous man:

In all the liberal and ingenious arts, in painting, in poetry, in music, in eloquence, in philosophy, the great artist feels always the real imperfection of his own best works, and is more sensible than any man how much they fall short of that ideal perfection of which he has formed some conception, which he imitates as well as he can, but which he despairs of ever equaling. It is the inferior artist only, who is ever perfectly satisfied with his own performances. He has little conception of this ideal perfection, about which he has little employed his thoughts; and it is chiefly to the works of other artists, of, perhaps, a still lower order, that he deigns to compare his own works. (TMS VI.iii.26: 248)



In light of this analogy, the demands of moral life in Smith are perhaps best understood as the challenges faced by a mimetic artist committed to the highest standards. Yet, difficult as is the challenge of the great artist committed to the ideal that he imitates, it does not come close to the challenge faced by the wise and virtuous man in his commitment to imitate his ethical ideal: 'the conduct and conversation of a whole life to some resemblance of this ideal perfection, is surely much more difficult than to work up to an equal resemblance any of the productions of any of the ingenious arts' (TMS VI.iii.26: 249). It is hard not to be struck by Smith's tendency to formulate moral arguments in terms associated with the practice of imitation and by his explicit comparison of some of his key moral concepts to notions taken from the domain of the imitative arts. Taken together these connections suggest that Smith the Critic might have something of some relevance to say when he turns his attention directly to that latter subject.

In fact, the 'Essay on the Imitative Arts', published posthumously in 1795, does offer highly suggestive material for such an inquiry, even if it remains difficult to reach sharply drawn conclusions from it. Part of the problem has to do with the way in which Smith both is and is not systematic in his procedures, or to put it another way with the way in which he remains committed to a certain form of inductivism that he shares with his friend Hume. One can see one effect of this inductive propensity in Smith's division of the essay into two parts, the first dealing with Painting and Sculpture and the second with Music and Dancing. Each of the Essay's two parts seems to focus most intently on issues relevant to the kinds of art forms in question.

At the same time, however, it is possible to see common themes across both parts, and I believe it is even possible to see the two parts together as traversing the complicated ground between what might be called two 'limit cases' of imitation, two defining poles of the field of objects and issues that interest him. The first limit case appears at the outset of the Essay's first part, on Painting and Statuary, the other at the end of the second part, on Music and Dancing. The former may be seen as the case of perfect imitation and the latter as the case of impossible imitation. I would like to use each of these in turn as points of entry into the two parts of Smith's essay.

First, the account of perfect imitation. 'The most perfect imitation of an object of any kind', Smith begins, 'must in all cases, it is evident, be another object of the same kind, made as exactly as possible after the same model' (IA I.1: 176). Thus, the most perfect imitation of the carpet on the floor in front of him as he writes would be another carpet, as he puts it, 'wrought as exactly as possible after the same pattern'. Smith explores several dimensions and implications of this notion of perfect imitation. He is interested in questions of value or merit here in a way that, at this stage, involves no strong distinction between aesthetic value and commercial value. And this value-diminishing factor increases with the merit of the original object. A carpet of 'exquisite workmanship' would be much more diminished in value by an imitation than one of ordinary workmanship. Smith also makes a distinction between perfect imitations of whole objects and perfect imitations of parts of a set or larger whole—e.g. columns in a temple—which can have the effect of enhancing the merit of the whole.

All of these observations are made explicit in the wake of the opening sentence of the Essay, but what remains implicit is that, in the arts which are called imitative, the imitation involves not only a relation of two objects (whether of the same or of different kinds) but also a relation between an object and a model or pattern. The relation between the original object and the object which is its copy is something Smith tends to call imitation. Sometimes he actually refers to the second object as the ‘imitation’ of the original as when, distinguishing Painting from Sculpture, he says that in ‘Painting, the imitation frequently pleases, though the original object be indifferent, or even offensive’ (IA I.7: 179). But the *relation* between an object and the model on which it was based is something he also describes as an imitation. This relation is captured in the sort of language that Smith uses in that opening sentence and throughout, when he writes that, in the paradigmatic case for producing an imitation, we make it ‘after the same model’ as the original.

This sense of a double axis implicit in imitation, the idea that there is a mimesis at once of an object and of its ‘model’, does not originate in Smith. In the 1764 essay ‘On Theatrical Imitation’, subtitled ‘An Essay Drawn from Plato’s Dialogues’, Rousseau argues for a similar way of seeing the issue:

In order to imitate a thing, one must have the idea of it. This idea is abstract, absolute, unique, and independent of the number of examples of this thing which may exist in Nature. This idea is always anterior to its execution: for the Architect who builds a Palace has the idea of a Palace before beginning his own. He does not fabricate its model, he follows it, and this model exists in his mind in advance. (Rousseau 1998: 337–8)

Rousseau’s Platonic account offers some help in understanding how the remarks on the visual arts in Smith’s essay might matter to his *Theory of Moral Sentiments*. There, as we saw, Smith envisions us as engaging in imitative acts of sympathy in daily life, and also as developing our capacities, insofar as we are virtuous, for imitating the ‘model’ sentiments supplied by the impartial spectator. Moreover, in the TMS, Smith further suggests that by virtue of our effort to imitate this model of ideal perfection, we also imitate the divine artist (Rousseau suggests much the same in his 1764 essay on Theatrical Imitation).

In the latter consideration, Smith, like Rousseau, seems to be making a Platonic gesture, especially since Smith explicitly argues that the human artist attempting to fashion his life according to the model of the impartial spectator necessarily fails in this task, in that he is willy-nilly involved in an impossible effort to imitate the divine artist who is responsible for making our nature what it is in the first place. But in the former consideration—that is, in Smith’s account of how we develop the internal ‘model’ that is the impartial spectator—we see Smith resisting both Plato and Rousseau. For not only is it the case that the development of the impartial spectator happens in the course of and as a result of our experience of the world. It is also the case that it can only happen in the world of human commerce. Smith explicitly argues that the creature denied social intercourse will never develop such an internal model. In this respect, Smith’s sense of the

visual arts shows another ambivalence about the Platonic order of things of the sort that Charles Griswold traces toward the end of his study of Smith and the ‘virtues of enlightenment’ (Griswold 1999: 330–49).

It is when Smith turns away from Painting and Sculpture to take up Music and Dancing that the disagreements with Rousseau become more explicit. It is important to recognize, though, that part of the conceptual bridging structure for the two halves of the essay lies in Smith’s distinction between imitations involving objects of the same kind and those involving objects of different kinds. This distinction is developed early in part one. Between objects of the same kind, Smith insists that ‘whatever merit a copy may derive from its resemblance to the original, an original can certainly derive none from the resemblance to its copy’ (IA I.4: 178). And yet he also insists that ‘a production of art’ can be rightly said to ‘derive a great deal [of merit] from its resemblance to an object of a different kind’—for example, when a carpet is imitated not in the production of another carpet but rather in a painted still life. And in general, the greater the ‘disparity’ between the kinds of objects involved in the imitation, the greater the art, and the greater the merit. So painted representations of three-dimensional objects involve a greater disparity between the original and the imitation than representations of such objects in sculpture or statuary.

This point about the relation of artistic merit as a function of the disparity between kinds of objects becomes one of the key themes linking the first and second parts of the essay. Eventually, in fact, it leads to Smith’s development of the other limit case of his analysis, where he suggests that when the disparity in kind between the object represented and the representing object is too great, imitation becomes all but impossible. This is the point he argues in respect to instrumental music towards the end of the essay.

The puzzle Smith poses for himself in these final pages of his essay is the question of why it is that instrumental music seems almost completely incapable of imitating sentiment on its own, but that it can nonetheless, with the supplement of words or pictures (poetry or scenery), ‘produce all the effects of the finest and most perfect imitation’ (IA II.19: 196). The answer that Smith argues for, one which he says requires no descent ‘into any great depth of philosophical speculation’, is that music induces various emotional states without imitating them, and that the merest suggestion of reference—in the more imitatively capable media of word, gesture, and picture—allows us to suppose that the emotions we experience are imitative. It is in the course of making this argument that Smith reaches the pole of his discourse that marks the other extreme from that of his opening claim that a perfect representation is between objects of the same kind that have been fashioned on the same model. This other categorical extreme he states as follows: ‘There are no two things in nature more perfectly disparate than sound and sentiment; and it is impossible by any human power to fashion the one into any thing that bears any real resemblance to the other’ (IA II.23: 198). Sound and sentiment constitute a relationship that marks a limit for the domain of the imitative arts. It is a relationship that does not reliably meet Smith’s minimum criterion: ‘In the imitative arts, though it is by no means necessary that the imitating should exactly resemble the imitated object, that the one should sometimes

be mistaken for the other, it is, however, necessary that they should resemble at least so far, that the one should always readily suggest the other' (IA II.19: 196).

In order to see what is at issue for Smith in this contention that instrumental music is fundamentally not an imitative art, it helps to attend to what he says about vocal music, which for him most assuredly is imitative—so much so that he actually outlines three different 'species of imitation' involved in it. The first is what he describes as the 'general' sort of imitation that takes place when poetry is added to music and thereby music 'is made to resemble discourse' (IA II.15: 194). Whenever music is married to poetry, 'or even to words of any kind which have a distinct sense or meaning', then the result is 'necessarily and essentially imitative' (IA II.9: 190). Even in the case of didactic or historical songs—where the words 'express merely some maxims of prudence and morality', or a 'simple narrative' of some event—'there will still be imitation'. That is, as Smith spells out the point, 'there will still be a thing of one kind, which by art is made to resemble a thing of a very different kind'. The minimum criterion would thus be met.

The second species of imitation involved in vocal music—not 'essentially' involved, like the first, but 'commonly'—is that which might be called 'impersonation'. That is to say, the words that are wedded to the music 'may and commonly do, express the situation of some particular person, and all the sentiments and passions which he feels from that situation'. Smith actually lists a series of such situated personae: 'a joyous companion who gives vent to the gaiety and mirth with which wine, festivity, and good company inspire him'; 'a warrior who prepares himself to confront danger, and who provokes or defies his enemy'; etc. (IA II.10: 190).

The recitative and the aria offer two broad varieties of the manner in which vocal music imitates the sentiments and passions. And in either mode, the person who sings may add to the 'double imitation of the singer [ie the general and the particular] the additional imitation of the actor' (IA II.15: 194). That is, the singer can 'express, not only by the modulation and cadence of his voice, but by his countenance, by his attitudes, by his gestures, and by his motions, the sentiments and feelings of the person whose situation is painted in the song'. Supported by these three kinds of imitation, then, vocal music not only qualifies as an imitative art, as instrumental music does not; it even exceeds the other imitative arts in ways that Smith specifically outlines: in the function of repetition, in the happy choice of its object of imitation, and in its capacity, unavailable to Painting and Statuary, to 'add . . . new beauties of [its] own to the beauties . . . which it imitates' (IA II.14: 193).

Smith's claims for the imitative power of vocal music are bold. It not only remains squarely in the spectrum of the imitative arts, unlike instrumental music, but it also constitutes an imitative art of exceptional merit. The very disparity between music and its subject, which renders instrumental music non-imitative, redounds to vocal music's credit. As he explains:

... it should be remembered, that to make a thing of one kind resemble another thing of a very different kind is the very circumstance which, in all the Imitative Arts, constitutes the merits of imitation; and that to shape, and as it were to bend, the measure and the melody of Music, so as to imitate the tone and the language of

counsel and conversation, the accent and style of emotion and passion, is to make a thing of one kind resemble another thing of a very different kind. (IA II.11: 191)

At this stage of the argument, Smith establishes the distinctive value by the same logic, and on the same ground, that had earlier led him to rate the imitative merits of Painting over Sculpture: the principle of difficulty overcome.

For anyone interested in Smith's moral theory and its impact, the special importance of vocal music in his account is that his description of its mode of operation brings it so closely into line with the sorts of issues about which he concerns himself so strenuously in the *Theory of Moral Sentiments*: issues having to do with our sympathetic relation to the sentiments and feelings of a person in a particular situation—that is, with what he goes on to call 'the reflected disposition of another person' (IA II.22: 198). In a summary passage distinguishing the operation of instrumental music from vocal music, Smith makes clear for the first time a key mechanism of the genuinely imitative arts. It turns on a notion familiar from the TMS: 'It is not, as in vocal Music, in Painting, or in Dancing, by sympathy with the gaiety, the sedateness or the melancholy and distress of some other person, that instrumental Music soothes us into each of these dispositions' (IA II.22: 198, my emphasis). In the case of instrumental music, to stress the key point, the composition

becomes itself a gay, a sedate, or a melancholy object; and the mind naturally assumes the mood or disposition which at the time corresponds to the object which engages its attention. Whatever we feel from instrumental music is an original, and not a sympathetic feeling: it is our own gaiety, sedateness, or melancholy; not the reflected disposition of another person. (EPS, 198)

Note that Smith here makes the distinction between original and sympathetic feeling perfectly congruent with the distinction between an original object and its imitation. We seem to be arriving at a moment in the Essay in which the intersection with the arguments of the *Theory of Moral Sentiments* has become hard not to recognize.

And it is just here in the Essay, intriguingly, that Smith invokes the theory of musical imitation proposed by Rousseau in the entry on 'Imitation' that he first published for his 1768 *Dictionnaire de musique* and later republished under the same title in the *Encyclopédie* of 1777, and again in the *Essay on the Origin of Languages* (to which I will return momentarily). Describing 'Mr. Rousseau of Geneva' as 'an Author, more capable of feeling strongly than of analysing accurately', Smith then goes on to cite Rousseau's account of imitation virtually in its entirety. I will somewhat abridge the quoted passage for present purposes:

'Painting, which presents its imitations, not to the imagination, but to the senses, and to only one of the senses, can represent nothing besides the objects of sight. Music, one might imagine, should be equally confined to those of hearing. It imitates, however, every thing, even those objects which are perceivable by sight only. By a delusion that seems almost inconceivable, it can, as it were, put the eye into the ear; and the greatest wonder of an art which acts only by motion and succession, is, that it can imitate rest and repose... Though all nature should be asleep, the person

who contemplates it is awake; and the art of the musician consists in substituting, in the room of an image of what is not the object of hearing, that of the movements which its presence would excite in the mind of a spectator.—That is, of the effects which it would produce upon his mood and disposition. ‘The musician’ (continues the same Author) ‘will sometimes, not only agitate the waves of the sea, blow up the flames of a conflagration, make the rain fall, the rivulets flow and swell the torrents, but he will paint the horrors of a hideous desert, darken the walls of a subterraneous dungeon, calm the tempest, restore serenity and tranquility to the air and the sky, and shed from the orchestre a new freshness over the groves and the field. He will not directly represent any of these objects, but he will excite in the mind the same movements which it would feel from seeing them.’ (IA II.24: 199)

This is the only moment in the essay where Smith cites another writer on imitation, and as you can see, he does so at considerable length. Further, his critique is particularly pointed for so customarily polite a stylist:

Upon this very eloquent description of Mr. Rousseau I must observe that, without the accompaniment of the scenery and action of the opera, without the assistance either of the scene-painter or of the poet, or of both, the instrumental Music of the orchestre could produce none of the effects which are here ascribed to it; and we could never know, we could never even guess, which of the gay, melancholy, or tranquil objects above mentioned it meant to represent to us. (IA II.25: 199)

What precisely is the dispute here and what, for Smith, are its stakes? Smith expresses concern about an error on the part of Rousseau over the question of musical imitation. Rousseau wrongly supposes that the power of music is synaesthetic, that music enables us not only to hear, but also to see, and to feel (*éprouver*) in response to that embedded seeing of the eye in the ear. Smith insists that no such thing takes place in instrumental music as such, that such effects as Rousseau ascribes to a magical eye in the ear are, for Smith, associative effects transferred from properly imitative media.<sup>4</sup>

The concluding sentence in the quoted entry on ‘imitation’ might seem to bring Rousseau’s position quite close to Smith’s. Rousseau does not say that the musician ‘directly represents’ the visual objects listed in his imaginary catalogue. And he describes the effect in terms remarkably Smithian (‘the same movements which the mind would feel in seeing them’—*Il ne represententera pas directement ces choses, mais il excitera dans l’ame les memes mouvements qu’éprouve en les voyant*). This sounds much like Smith’s recurring formulation in the TMS of how we should think about sympathy: not feeling what the other feels but rather what we would feel if we were in their situation. But Smith draws quite a sharp line, and I believe this is because Rousseau’s formulation involves a different kind of hypothetical transfer and a different understanding of sympathetic reaction.

It helps to recall here Rousseau’s broader treatment of pity in his 1764 essay ‘On Theatrical Imitation,’ a text closely related to the piece on musical imitation, and also like

<sup>4</sup> Smith’s investment in associationism is on display elsewhere in the essay, as when he refers to the ‘train of thoughts and ideas which is continually passing through the mind’ (IA II.20: 196).

that companion piece, much reprinted.<sup>5</sup> In this essay, a critique of contemporary arts practice, and of the sentimental mode in particular, Rousseau mounts an avowedly Platonic critique of those arts that make *pathos* central to their practice. The premise that underlies Rousseau's analysis is that the work of sympathy involves the inevitability of the audience's imitation of the emotions that are represented in the work. Confronted with a spectacle of pathos, the audience has no choice but to mimic it: 'Who', Rousseau asks, 'does not feel the feeling represented to us arise in himself?' (Rousseau 1998: 348).

This, of course, is exactly the position that Smith takes such pains to counteract in the opening pages of TMS. Again, sympathy is not an imitation of another's feeling, he stresses, but an imitative response based on what we imagine *we* would feel in the other's situation. And this distinction between a sympathetic and an original feeling is crucial to the distinction Smith makes between vocal and instrumental music. The sympathetic feeling comes, as we have seen, from what Smith calls the reflected disposition of another person. While Rousseau's account of musical imitation, the one cited by Smith, stresses indirectness in the representation of objects, the audience's response, though synæsthetic, is direct: a matter of imitative excitation, one might say, rather than what I have called Smith's 'mimetic imitation'. In Rousseau you feel what the other feels but in a way that is synæsthetic and that does not involve the question of the person's relation to a situation: their 'disposition'. In this apparently technical issue about the limit case of the imitative arts, serious issues in moral theory seem to be imbricated.

I suspect that the path to develop this comparative analysis further lies through Rousseau's *Essay on the Origin of Languages (In Which Melody and Musical Imitation are Treated)*, completed in 1761, but published only posthumously in 1781. We cannot be sure what Smith knew of this essay, but it does bring together a number of issues that Rousseau published in other pieces, and it was completed just before the years of Rousseau's close and disastrous contacts with Smith's dear friend David Hume in the mid-1760s. Rousseau's essay returns him to the arguments at issue in his longstanding quarrel with the composer Rameau about the priority of melody over harmony, and it connects them with some of the questions in the entry on imitation. Here it becomes explicit that, unlike Smith, Rousseau regards both vocal and instrumental music as fundamentally imitative, and that instrumental music is imitative so long as it follows the voice and maintains the priority of melody. Melody, he insists, not sound, is the principle of imitation in music, just as design is in painting. Melody is to sound, indeed, as design is to colour.

The narrative logic of Rousseau's essay is to suggest that both language and melodic music, whose origins are coeval, degenerate over time: language into logic, music into harmony. These events form a part of the corruption of the arts, broadly considered, in the movement from simpler forms of life into advanced commercial society. To undertake a close reading of Rousseau's positions in his essay with Smith the Critic in mind is

<sup>5</sup> We know that Smith was familiar with Rousseau's general views on language from his comments of the latter's Second Discourse in *Considerations concerning the First Formation of Languages*, which first appeared as an appendix to the third edition of *Theory of Moral Sentiments* (1767). See Berry (1974).

to discover Smith's implicit alliance with Rameau in respect to this question of harmony, which figures repeatedly in Smith's analysis as the emblem and achievement of social intercourse in a world of sympathetic spectators in response to each other. The first such passage comes early on and establishes the theme with its account of the person who gains the sympathy of others:

To see the emotions of their hearts, in every respect, beat time to his own, in the violent and disagreeable passions, constitutes his sole consolation. But he can only hope to obtain this by lowering his passion to that pitch, in which the spectators are capable of going along with him. He must flatten, if I may be allowed to say so, the sharpness of its natural tone, in order to reduce it to harmony and concord with the emotions of those who are about him . . . These two sentiments . . . may . . . have such a correspondence with one another as is sufficient for the harmony of society. (TMS I.i.4.7: 22)

*The Theory of Moral Sentiments* is a theory of advanced society as aspiring to a kind of harmony. How can Smith not find himself at odds with a theorist of the imitative arts who happens in this period to be both advanced society's most relentless critic and harmony's most stubborn opponent?<sup>6</sup>

Such are the still-preliminary speculations I offer by way of bringing the work of Smith the critic to bear on Smith the moral theorist. There is much more to do, I believe, especially with the issue of mirroring (Smith has a long analysis of our relation to actual mirrors in the part of the essay that deals with painting), with point of view (Smith distinguishes Painting from Sculpture by way of issues of perspective), and with satisfaction (a topic I scarcely broach here). The connections are not as straightforward as one might hope, but they can be developed with patience.

The intelligent flexibility of his writings on the imitative arts is a trait that makes for some of the frustrating inconclusiveness of the larger claims and broader generalizations, yet it also carries a deeper resonance in Smith's oeuvre. This deeper resonance has to do with his general style of thought, and indeed with his explicit thematization of this style of thought at certain key moments in his writings. We might recall in this connection some remarks that Smith makes in the concluding pages of the TMS, observations

<sup>6</sup> One should also recall the passage about the concerto as a piece of pure instrumental music in the Essay on the Imitative Arts. The passage has caught the eye of several commentators, including Griswold (1999: 332), who connects Smith's emphasis on harmony with an anti-Platonic aesthetics. But no one to my knowledge has noticed that this emphasis has a more immediate and specific context in Rousseau's (Platonic) politicization of melody in the great controversy with Rameau:

A well-composed concerto of instrumental Music, by the number and variety of the instruments, by the variety of the parts which are performed by them, and the perfect concord or correspondence of all these different parts; by the exact harmony or coincidence of all the different sounds which are heard at the same time, and by that happy variety of measure which regulates the succession of those which are heard at different times, presents an object so agreeable, so great, so various, and so interesting, that alone, and without suggesting any other object, either by imitation or otherwise, it can occupy, and as it were fill up, completely the whole capacity of mind, so as to leave no part of its attention vacant for thinking of anything else. (IA II.30: 204-5)



which introduce his critique of casuistry as a method for approaching moral problems. In the final section of the final part of the book, a chapter entitled ‘Of the Manner in which different Authors have treated of the practical Rules of Morality’, Smith reminds his reader of a distinction he has made between the rules of justice and the rules of all other virtues. The former, he says, are ‘precise and accurate’, the latter ‘loose, vague, and indeterminate’. He then offers a way of understanding this distinction by way of two familiar departments of knowledge:

[T]he first [the rules of justice] may be compared to the rules of grammar; the others to those which critics lay down for the attainment of what is sublime and elegant in composition, and which present us rather with a general idea of the perfection we ought to aim at, than afford us any certain and infallible directions for acquiring it. (TMS VII. I.iii.4.1: 327)

The distinction between the grammarian and the critic becomes the basis for Smith’s critique of those moralists who follow the path of the grammarians—those writers he calls ‘the casuists’—who ‘do not content themselves with characterizing in this general manner that tenor of conduct which they would recommend to us, but endeavour to lay down exact and precise rules for the direction of every circumstance of our behaviour’ (TMS VII.iv.7: 329). And likewise it becomes the basis for his promotion of those writers who proceed as he does—those who follow the other path, the path of ‘criticism’. This invidious comparison preoccupies Smith’s attention throughout the concluding pages of his very long book. The critic’s way of doing things is valued in relation to *all* the virtues except that of justice—and sometimes even there (recall his discussion of the promise extorted by the highwayman), because, crucially, it is the critic, rather than the grammarian: casuist, who allows for ‘feeling and sentiment’ to be recognized as they should be in the work of judgment (TMS VII.iv.33: 339). Smith’s self-identification as ‘critic’ in this sense is fundamental to his identity as the author of the *Theory of Moral Sentiments*, which is, after all, all about the role of feeling and sentiment in moral judgment—in approbation, admiration, and the recognition of merit.

I would not want to appear to argue that the only thing which Smith’s critical writings have to recommend them is a certain fuzziness about their conclusions. That would seem to set him up for a critique lodged against him by no less an authority than William Wordsworth. In 1815, the embattled poet produced a defence of his own poetry against what he judged to be a cool public reception. He was especially miffed about the response to the recent publication of *The Excursion*, the first instalment of his ambitious new Miltonic epic for a post-Revolutionary moment. The *Lyrical Ballads* project of the turn of the century had produced three rounds of apologetics from Wordsworth in his own defence (the prefatory writings of 1798, 1800, and 1802). Now, around the time of Waterloo, another three rounds. *The Excursion* (1814) had included both a prose preface and some verses intended, he said, as a kind of prospectus to the whole. A year later he issued the first major ‘collected edition’ of his poems, lovingly edited by himself, with an explanatory preface. But all this had apparently not, in his view, done quite enough to

address the problem of resistance to his poetry. He therefore added another apologia, the *Essay, Supplementary to the Preface* (1815).

*The Essay, Supplementary* is an exercise remarkable for many reasons, not least that it rewrites the history of English poetry on the (arguably self-serving) principle that no truly great and original poet was ever really very well received in his own time. Shakespeare might seem to be an exception, but Shakespeare was really more playwright than poet. Pope might seem to be another exception, but there is an explanation for this too: the ‘arts by which Pope . . . contrived to procure to himself a more general and a higher reputation than perhaps any English Poet ever attained during his life-time, are known to the judicious’ (Wordsworth 1974: III:72). This remark, and others like it, severely aggravated Byron’s enmity toward Wordsworth and helped fuel the so-called Pope Controversy of the ensuing decade. But among Wordsworth’s nastiest comments, in what can only be called a rather churlish performance, is one occasioned by his summary observation about how well the undeserving poets tend to fare with the public, and how ill the deserving poets, like himself: ‘So strange are the obliquities of admiration, that they whose opinions are much influenced by authority will often be tempted to think that there are no fixed principles in human nature for this art to rest upon’ (Wordsworth 1974: III:71). To this declaration Wordsworth appends the following footnote: ‘This opinion seems actually to have been entertained by Adam Smith, the worst critic, David Hume not excepted, that Scotland, a soil to which this sort of weed seems natural, has produced.’

The editor of Smith’s *Lectures on Rhetoric and Belles Lettres* for the Glasgow edition, J.C. Bryce, expresses understandable puzzlement at this comment: ‘The premise of this remark is so mistaken, and the quantity of Smith’s literary criticism in the printed works, especially *Theory of Moral Sentiments* (TMS) and *Essays on Philosophical Subjects* (EPS), so fragmentary and scanty, that the violence of Wordsworth’s language is difficult to explain’ (LRBL Introduction: 31–2). Bryce goes on to offer some help with the puzzle by pointing to a letter Wordsworth had written back in 1802, defending *Lyrical Ballads* against the charge of indelicacy. There, by way of counter-charge to his critics, Wordsworth dismissively cites ‘the instance of Adam Smith, who, we are told, could not endure the ballad of *Clym of the Clough*, because the author had not written like a gentleman’ (Wordsworth 1967: 354–5). Wordsworth writes ‘we are told’ because Smith’s comment on the ballad is reported second-hand in an anonymous essay (frequently reprinted after Smith’s death) about Smith’s critical opinions on a variety of topics. There is more to the story of Wordsworth and Smith—and, for that matter, the story of Wordsworth and Hume—but at minimum it is clear that Wordsworth took Smith the critic seriously enough to attack him in this way, and, secondly, that he made a point in the 1815 Preface of locating Smith in the critical tradition of Scotland.

One of Smith’s first commentators, the aforementioned Dugald Stewart, wrote in his account of Smith for the first publication of the *Essays on Philosophical Subjects* in 1795 that Smith’s interest in the arts was motivated almost entirely by an interest in ‘the general principles of the human mind’ (Life III.15: 305). Whatever Wordsworth’s issues with Smith and Hume, his own epistemological frame of reference is profoundly indebted to

the tradition of Frances Hutcheson's theory of ideas, which set the terms for the sort of Scottish criticism that Wordsworth roundly disparages. Wordsworth has a track record of criticizing elements of this tradition out of one side of his mouth while ventriloquizing it out of the other: 'Torpor', that keyword in Wordsworth's cultural analysis designating what happens to men in cities under a 'uniformity of... occupations', is a term he almost certainly picked up from a passage in Book V of *The Wealth of Nations* where Smith describes a similar set of circumstances having to do with labourers in the system of the division of labour (Wordsworth 1974: I, 128). I suspect that Wordsworth's real issue with Smith has mostly to do with Smith's willingness to place carpets and poems in the same spectrum of imitative artistic production.<sup>7</sup>

In sum, then, my twofold argument is that Smith is a critic of the arts whose views deserve attention in their own right, and secondly that these views form an integral part of his larger system of thought. Rousseau may deserve some of the credit for this integration, since Rousseau made a literary career out of showing the connections among theories of music and the arts, theories of politics and society, theories of education, and so on. Smith's lifelong engagement with Rousseau must have been a partial spur to creating strong relations among his contributions to different domains of thought. Smith's moral and political works rely heavily on the figures of the critic and spectator, and on the tropes of harmony and mimesis. These figures and tropes were powerfully elaborated in the small but substantial body of work he devoted more specifically to the arts.

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<sup>7</sup> In the Preface to *Lyrical Ballads*, Wordsworth denounces critics 'who talk of Poetry as of a matter of amusement and idle pleasure; who will converse with us as gravely about a taste for Poetry, as they express it, as if it were a thing as indifferent as a taste for Rope-dancing, or Frontinac or Sherry' (Wordsworth 1974: I, 139).

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## CHAPTER 7

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# ADAM SMITH: HISTORY AND POETICS

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MICHAEL C. AMROZOWICZ

ON Wednesday 11 May 1791, the year following Adam Smith's death, James Anderson's *The Bee, or Literary Weekly Intelligencer* published a short collection of anecdotes purporting to 'throw light on the character and opinions of the late Adam Smith, LLD' (LRBL 'Appendix' I: 227). Whether or not 'Amicus', the author of this piece, provides his readers with a trustworthy account of Smith's assessment of his literary contemporaries and forbears, there is contained in this piece an important touchstone for thinking about Smith and historical writing, given by Amicus as one of the 'Doctor's' 'singular opinions':

I was surprised at hearing him prefer Livy to all other historians, ancient and modern. He knew of no other who even had a pretence to rival him, if David Hume could not claim that honour. [...] I would have expected Polybius to stand much higher in his esteem than Livy, as having a much nearer resemblance to Dr. Smith's own manner of writing. Besides his miracles, Livy contains an immense number of the most obvious and gross falsehoods. (LRBL Appendix I: 229)

It comes as no surprise that Livy is highly esteemed by Smith, as his histories are quite frequently touchstones for Smith's own writing and lectures. What is telling about this retelling of Smith's historical proclivities, though, is that the likening of Smith's manner of writing to an historian is an indication of the tortuous intertwining of eighteenth-century methods of historiography with the Scottish Enlightenment's project of what Hume terms in his *A Treatise on Human Nature* the 'science of man' (Hume 2011: 4). History for Smith is a necessary tool for establishing the principles of a science of human nature because of its ability to chart the formation, maintenance, and decline of the cultural institutions of a given society, which he sees as expressions of the universal principles that constitute human nature. The battleground of eighteenth-century historiography was also a place where modern conceptions of fact, historical accuracy, and authorial-institutional bias were in hot contention. What this means for Smith is that he

has a complex understanding of how the ‘most obvious and gross falsehoods’ operate in different genres of writing, and especially in the intertwining of history and literature—thus his affinity with the historiographical methods of Livy. While Smith did not produce a work of history as we define the field today, or even by the standards of his countrymen and contemporaries such as Hume and Edward Gibbon, he did have quite a lot to say about how history should be written and what uses historical writing can have for both writers and readers.

The defining project of Scottish Enlightenment thinkers in the eighteenth century, according to Clifford Siskin, was the construction of ‘master systems that would simplify and popularize by arranging and methodizing *all* earlier systems’ (Siskin 2010: 168, italics in original). The reason for this, Siskin explains, is that Smith and others realized that by writing master systems that encompass all previous systems within them, they would essentially be able to write Scotland into integration with Britain and thus the wider world as well. What they felt this meant for Scotland was progress—political, economic, cultural—and Smith’s ‘master system’ is a declaration of the possibility of this progress. To what extent his system was completed, we will never know; nor will we ever be able to verify what role history and historiography played in the volumes of written material consigned to the ashes by Smith’s literary executors. The works we do have—the published *Theory of Moral Sentiments* and *Wealth of Nations*; the posthumously published manuscripts in *Essays on Philosophic Subjects*; his *Correspondence*; and the unpublished sets of lecture notes recorded by students and collected into *Lectures on Rhetoric and Belles Lettres* and *Lectures on Jurisprudence*—are evidence enough of the importance Smith granted history in the creation of his master system.

Smith set two tasks for his master system. The first was to map the terrain of human behaviour into a system of thought. Although unrealized in his lifetime, Smith’s system aimed to articulate a means of identifying progress in human society through the development of what he calls the ‘science of human nature’ (TMS VII.iii.2.5: 319). Defined by Christopher Berry as a ‘convergence on the idea that human nature is constant and uniform in its operating principles’, the science of human nature and the identification of its operating principles—‘its determining motives (passions), source of knowledge (sense experience) and mode of operation (association of ideas)’ (Berry 2012: 1)—allowed for social reform once the principles could be scientifically explained and disseminated. Social reform based on the constancy of the principles of human nature leads in theory to the progress of civilization, and one way Smith felt he could prove this was by demonstrating that cultural institutions—like European jurisprudence in *LJ* and Britain’s economic system in *WN*—are expressions of the uniformity of human nature, and that their evolution over time is a direct manifestation of these expressions. Dissemination of the knowledge that this type of examination produces is important for effecting social reform because it leads the reader of moral philosophy or history or literature to an understanding of this system, and therefore towards a type of moral education. This is the second task Smith set for his master system. In sum he attempted—but never completed—to construct a ‘Philosophical History of all the different branches of Literature, of Philosophy, Poetry and Eloquence’ (Corr 248: 286–7).

Considering the two tasks of Smith's master system, he found that in order for people to effect moral education and thus social reform they must have the ability to communicate effectively. Smith's theories of history and literature are a product of this theory, and in most cases the texts he analyses in TMS and LRBL are valued based upon the quality (or lack thereof) of moral education they can provide the reader. Thus his treatment of literature and historiography are informed by his moral theory. For these reasons, the divisions between literary genres and forms Smith attempts to establish are not always clean or clearly delineated and therefore present some interesting challenges and contradictions within his system. One of the roots of this nascent literary theory of communication is sociability arrived at through sympathy. As Nicholas Phillipson describes it, Smith's experimental theory of human nature was 'thus a theory of sociability which was derived from a natural history of the progress of the self-understanding of human beings who were faced with the problem of living sociably in societies whose mores were shaped by distinctive economies, constitutions, and cultures' (Phillipson 2000: 71–2). The civilizing process of society, then, is contingent upon sociability, and the natural occurrence of sympathy as a universal principle in human beings is the driving force of sociability and therefore progress. But sociability depends upon an effective form of communication in order for progress to be wrought more quickly than it naturally occurs. This became a primary goal for Scottish Enlightenment thinkers occupied with theorizing means to effect progress through the articulation of conjectural histories and stadial theory.

Historical analysis of cultural institutions is the tool Smith often proposes for most effectively collecting theoretically verifiable empirical evidence towards the science of human nature. However, that most historical writing is a conjectured *representation* of a series of events that occurred in a physical place at a specific point in time is a major source of anxiety found in Smith's work. The worry is not necessarily with how the representation is arrived at, but instead to what purpose the representation will be employed. This is not to say that he is not concerned with factuality; in fact, quite the opposite. In lecture 17 of LRBL he states that in historical writing, 'The facts must be real, otherwise they will not assist us in our future conduct, by pointing out the means to avoid or produce any event' (LRBL ii.18: 91). Because the science of man is based on verifiable empirical evidence found in the constant and uniform operating principles in man, both the history that provides empirical evidence as data and that which endeavours at moral education based on this data must be based in fact. Anything to the contrary, such as writing that includes 'Feigned Events and the causes contrived for them, as they did not exist, can not inform us of what happened in former times, nor of consequence assist us in a future plan of conduct', and become little more than what Smith terms as 'Romance, the Sole view of which is to entertain' (LRBL ii.17–18: 91). What Smith must come to terms with in this formulation, then, is how texts like Livy's can contain 'an immense number of the most obvious and gross falsehoods' and at the same time provide empirical data or evidence of human nature as well as moral education for readers.

This chapter will examine Smith's views on poetics with particular attention to their relationship to his broader social theoretical concerns with conjectural history. I will

argue that history and poetics cannot be clearly separated in Smith's system, and therefore that Smith's poetics must be approached *through* his understanding of history and historiography and their reliance on fact as he conceives it as part of the science of man. I first outline Smith's theory of historiography as it is found in LRBL and TMS and show its relation to the science of human nature. From there, it is shown how moral education can be effected and how it leads to the progress of society. This leads directly to the place literature holds in Smith's system of human nature and the role it plays in the process of moral education. Poetry becomes an interesting anomaly within this system. That is, he harbours some anxiety over poetry's capability, based on its form, to relate the facts of the science of human nature to its readers and thus provide them with moral education.

Nowhere in Smith's writings are his historiographical methods and prescriptions for the uses of history as fully developed as in LRBL, the collection of student notes recording Smith's lectures delivered as the Professor of Moral Philosophy at the University of Glasgow in 1762–3.<sup>1</sup> These lectures were originally conceived in Edinburgh around 1748 as part of Henry Home, Lord Kames' project of Scottish improvement whereby students in Scotland were prepared for integration into a wider world of British commerce, politics, and culture. In these lectures, Smith states that 'every discourse proposes either *barely to relate some fact*, or to prove some proposition' (LRBL i.149: 62, italics mine). Following this binary division, he creates a system of classification for most forms of written composition—including history, literature, works of science and natural philosophy, and judicial and political speeches—whereby he categorizes them into three forms of discourse: the 'narrative,' the 'didactick,' and the 'oratoricall'. The narrative discourse, according to Smith, is the means for presenting factual information and mostly concerns written works of history, but literature is also included seemingly under the aegis of presenting the principles of human nature. The other two methods of discourse—the didactic and the oratorical—differ from the narrative in that they both present a proposition and then attempt either to illuminate or to prove that proposition. The didactic seeks to prove a scientific theorem by presenting both sides of the matter objectively and allowing the reader to choose. The oratorical seeks, by using various rhetorical methods, to convince an audience of one side or another in a debate.

History, poetry, and certain types of literary fiction are included in Smith's narrative category because they are supposed to provide either factual information for the science of man or moral instruction towards the progress of society. Smith adapts the narrative in this sense directly from its classical roots, redefined by Pierre Le Moyne in the late seventeenth century as a true narration of public events that is both entertaining and intended for instruction, with the historian deciding the causes of events instead of solely providing description; events chosen for their particular impact upon the reader's role as a member of society (Hicks 1996: 8–9). 'The Design of History', Smith tells us,

<sup>1</sup> For the development of this curriculum at the University of Glasgow, see Jan Swearingen's chapter in this volume.



compounded of both of these [external and internal facts] is to relate the remarkable transactions that pass in different nations, and the designs, motives and views of the most remarkable men in those times, so far as they are necessary to explain the great changes and revolutions of States which it is intended to relate. (LRBL i.151–2: 63)

Smith has good reason for maintaining the rigidity of classical narrative, in which historical description should narrate the actions of men concerned in public events: in this figuration, we read historical writing for the information it provides about expressions of the principles of human nature found in the progression of historical cultural institutions in various societies.

The internal and external facts Smith mentions above are both techniques of historical representation that an historian has the option of using in describing his subjects. External facts are those described directly by an historical narrative—such as inanimate objects—and these can be provided in two ways: as a description of the object itself by an enumeration of its parts and as a description of the object through the eyes of an observer as the object of his senses. Internal facts, which are far more difficult to describe than external facts according to Smith, are those that describe an historical actor's emotional state upon witnessing an event. Smith gives an example of the difference in Lecture XX of LRBL, the continuation of his 'History of Historians' begun in Lecture XIX. Tacitus was the first to depart from simply describing external fact in historical writing. Before him 'history' was produced either to amuse or to instruct readers how certain events may be 'brought about or avoided'. Tacitus by contrast narrated 'the more important facts and *those which were most concerned in the bringing about great revolutions, and unfolding their causes*' (LRBL ii.62: 111, my italics). He thus changed historical writing by producing histories 'consisting entirely of such events as were capable of interesting the minds of Readers by accounts of the effects they produced' on the emotions of the historical actor concerned in the event, or 'were of themselves capable of producing this effect on the reader' (LRBL ii.63: 111–12). The value of Tacitus's decision to write history by narrating internal as opposed to external facts, for Smith, is that Tacitus introduced a way that historical writing could exhibit the universal principles of human nature. In fact, Smith goes so far as to say that this type of writing 'will be more interesting and lead us into a science no less usefull, to wit, the knowledge of the motives by which men act [...]' (LRBL ii.67: 113). This paragraph remains unfinished in the students' notes, but one can presume that 'a science too that could not be learned from ...' finishes either with an example of another historian's writing or, more likely, with the claim that this 'science' could not be learned by the reader from a mere description of events and their causes. Mark Salber Phillips perceptively connects Tacitus's preference for internal description to Smith's sentimentalist reading of his histories, especially as exhibited in both LRBL and TMS (Phillips 2000: 85–6). But what this connection also makes clear is how a certain type of historical writing with a specific way of presenting fact can elucidate sympathy—for Smith a universal principle of human nature.

Smith's preference of internal fact over external fact as a method of historical description is indicative of the role sympathy plays as an agent of moral education in his system of historiography. The objective of providing a description of internal fact is to affect the

reader's emotions by imaginatively placing 'himself' in the situation of the historical actor. Imagination in TMS, as D.D. Raphael has pointed out, is almost always a necessary 'prerequisite' to sympathy, which then allows the spectator to make a moral judgment. 'Sympathy' in Raphael's schema, then, is what arises from (1) the spectator imagining himself in the place of the agent; (2) a comparison between the 'motivating feeling of the agent' and the spectator's own feeling if he were in the same situation; (3) a judgment that concludes with the appropriateness of the agent's actions or responses to their situation, which means they align with the spectator's own imagined response (Raphael 2007: 13). If there is no alignment between spectator and agent, there exists no sympathy, and the agent's action is deemed inappropriate to the situation. This schema seems to act as a ground for Smith's thoughts on the uses of historical writing he forwards in TMS:

We may, upon many different occasions, plainly distinguish those two different emotions combining and uniting together in our sense of the good desert of a particular character or action. When we read in history concerning actions of proper and beneficent greatness of mind, how eagerly do we enter into such designs? How much are we animated by that high-spirited generosity which directs them? How keen are we for their success? How grieved at their disappointment? In imagination we become the very person whose actions are represented to us: we transport ourselves in fancy to the scenes of those distant and forgotten adventures, and imagine ourselves acting the part of a Scipio or a Camillus, a Timoleon or an Aristides. So far our sentiments are founded upon the direct sympathy with the person who acts. Nor is the indirect sympathy with those who receive the benefit of such actions less sensibly felt. (TMS II.i.5.3: 74–5)

When an author undertakes writing a work of history, he needs to be aware that its construction should replicate this exact process in its entirety. The same also holds true for writing literature. In effect, if the process is constructed in this fashion, the work of history should direct the reader to a sympathetic response and therefore to a judgment that facilitates his moral education. By imagining himself in the place of an historical agent who is selected by the author as one to whom the reader is probably not emotionally indifferent—such as a Cato or a Scipio—the reader, via the sympathetic process, cannot fail to come to a moral judgment about himself and how he would act in a similar situation.

Smith's concept of sympathy concerning history's effect on the reader's emotions, of course, operates differently in TMS than it does in LRBL. Sympathy in its TMS usage, as shown above, is responsible for leading the spectator to a moral judgment, while sympathy in LRBL in effect is simply a kind of empathy, and Smith does not fully develop the consequences of moral judgment concerning sympathy in LRBL. That said, sympathy is an important factor in historical writing in both TMS and LRBL because of its effectiveness in drawing out a sympathetic response from the reader which then works to elucidate the universality of the principles of human nature. Expression is the writer's most effective tool for accomplishing this, according to Smith: 'When the sentiment of the speaker is expressed in a neat, clear, plain and clever manner, and the passion or affection

he is possessed of and intends, *by sympathy*, to communicate to his hearer, is plainly and cleverly hit off, then and then only the expression has all the force and beauty that language can give it' (LRBL i.v.56: 25; italics in original). Smith repeats this claim in both Lectures 8 and 11, and spends so much time on the power that language contains to affect the emotions of the reader (Lectures 2–11) because of his commitment to sympathy as one of the operating principles in his science of human nature.

Language is also a distinguishing mark between the two types of histories because of the power certain sentence lengths have on the reader. He identifies Sallust, Tacitus, and Thucydides as historians whose writing makes use of concise expressions and 'short turned periods,' usually only proper for those historians who 'narrate facts barely as they are, or those who write in the didactick stile' (LRBL i.12: 7). Conciseness, in Smith's system of communication laid out in LRBL, is usually a benefit to the writer as it aids in transmitting ideas quickly and effectively; but in the case of historical writing, Smith advocates an approach that instead favours 'precision and a close adherence to a just expression' found in longer sentences (LRBL i.11: 7). Expression, again, is the important word here in that a proper historical narrative should express the inner emotional state of an historical actor, and it is above all the historian's job to be aware of how he is representing this emotional state contingent upon his designs for his history. To exhibit the principles of human nature and provide moral education to the reader, the history must be consciously constructed by the historian to perspicuously display them and thus provoke the reader's interest in the subject: 'Design and Contrivance is what chiefly interests us, and the more of this we conceive to be in any transaction the more we are concerned in it' (LRBL ii.15: 90).

Yet Smith also fears that historical writing can become too designed or contrived so as to occlude the operating principles of human nature with what he calls 'Long demonstrations' and 'Dissertations which are everywhere interwoven into Modern Histories':

As the historian is not to make use of the Oratoricall Stile so neither has he any occ[c]asion for the didactick. It is not his business to bring proofs for propositions but to narrate facts. The only thing he can be under any necessity of proving is the events he relates. The best way in this case is not to set a labourd and formall demonstration but barely mentioning the authorities on both sides, to shew for what reason he had chosen to be of the one opinion rather than the other. Long demonstrations as they are no part of the historians province are seldom made use of by the ancients. The modern authors have brought them in. Historicall truths are now in much greater request than they ever were in the ancient times. (LRBL ii.39-40: 101–2)

Long demonstrations and dissertations also preclude sympathetic identification with historical actors because the reader becomes caught up in ascertaining the truth or falsity of a particular assertion, which ultimately distracts him from the narrative. It is this distinction between Smith's espousal of the narrative style of the classical historians, who like Tacitus, according to Salber Phillips 'had already shaped their narrative along sentimental lines,' and his attempt to reclaim modern historical writing from an

antiquarian, dissertative style built on proving ‘historically fact’ that not only creates tension<sup>2</sup> in Smith’s theory of historiography but also affects the way literature and poetry fit into this schema.

In his LRBL lectures Smith was among the first thinkers in the Western world to treat the subject of English language and literature as a tool for expounding a methodology of effective communication. Smith’s lectures also sketched the rudiments of a system of literary criticism, especially his examination of perspicuity and propriety in an author’s use of language, his discussion of the novel—at that time a relatively new literary phenomenon—and his approach to the use of tropes and metaphor. This system is far from complete, and is also not limited to LRBL, as we find traces of Smith’s thoughts on literature scattered throughout his corpus. Yet LRBL, of all his work, provides the most coherent and structured of his thoughts concerning literature and especially poetry. LRBL is also an important component of Smith’s system for a science of human nature because it demonstrates that Smith was thinking about how literary forms and genres could be analysed and effectively used to illustrate factual data that verified its operating principles. The elements of a nascent system of literary analysis, on par with Smith’s method of historical analysis of cultural institutions, here begin to be elucidated. An historical analysis of a society’s literature, it seems, can yield the same results in terms of the science of human nature that the study of history can—but it must be remembered that for a work of fiction to transcend the categorization of ‘romance’, it must clearly demonstrate the operating principles endemic to human nature.

The object of the narrative form of writing, for Smith in LRBL, is not to narrate the inner emotions of an historical actor for simple entertainment; nor is it merely to provide a moral exemplar for its readers, as Lord Bolingbroke would have it.<sup>3</sup> Smith is primarily interested in how the principles of human nature are expressed in historical cultural institutions and how these institutions can be made to progress through the identification and understanding of principles like sympathy. To that end, the instruction that Smith was giving his students in the LRBL lectures was intended to help them gain access to careers in British cultural institutions like government, law, and commerce in order to effect change in Scotland’s favour. Smith’s overall concern in LRBL is to provide his students with the ability to communicate their thoughts in a clear and succinct manner without overburdening the reader with redundancies. The tool he chooses to use to exhibit his precepts of perspicuity in language is that of literature, and he often provides as his examples the prose of Bolingbroke and Swift (an Irishman whose proper English style proved that it was possible for Smith’s Scottish students to learn the same) and the poetry of Pope. His reasoning behind choosing these authors as his models is that they exhibit great ease in transmitting their ideas to the reader: ‘Bolingbroke especially and Swift have excelled most in this respect; accordingly we find that their writings are so plain that one half asleep may carry the sense along with him,’ Smith says in lecture

<sup>2</sup> On Smith’s debate and use of ancient and modern historical styles, see Pocock (1999: 325–6) and Phillips (2000: 82–4).

<sup>3</sup> See for instance Bolingbroke ([1752] 1972) especially Letter 3.

2 (LRBL i.10: 7). These authors' ideas are clear and easily accessible to the reader because they have been composed with 'perspicuity' and 'purity of stile', in which there are 'no words that are superfluous but all tend to express something by themselves which was not said before and in plain manner', which is exactly the style Smith implores his students to develop.

Perspicuity and plain style were not only beneficial to the literary arts in Smith's view, but also formed the basis of his thoughts on the exchangeability of language between English and Scottish subjects still ill at ease with the 1707 Act of Union. As TMS promotes the easy exchange of sympathy through social interaction, and WN promotes the easy exchange of commodities through free-market economics, so too LRBL promotes the easy exchange of ideas and culture through language. The exchangeability of language, for Smith, was to facilitate Scotland's progress from a primitive to a civilized state in the context of his stadial theory, and one way to accomplish this was to introduce his students to a style of language that would prepare them for professions in government and law where they would necessarily be judged by their use of that language. The English plain style Smith taught would make his students more useful British subjects, thereby assisting Scotland in advancing in wealth and trade.

Eighteenth-century Scottish stadial theory, first introduced in works by Sir John Dalrymple in his *Essay Towards a General History of Feudal Property in Great Britain* (1757) and Lord Kames in his *Historical Law-Tracts* (1758), and with different theories subsequently put forth by Smith, John Millar, and William Robertson, among others, held that societies progress through a series of stages which are mainly defined by their means of subsistence and their view towards personal property.<sup>4</sup> Each stage has attendant political, legal, and cultural characteristics that serve to distinguish it from the others, but these characteristics are supposed generalities and applied to the creation of a 'history of Society' (Berry 1997: 64) that is more or less universal and describes a typical society with a typical point of origin. What this means is that when an historian writes stadial history, he is not providing a narrative of particular events from which broader generalizations about human nature could be extrapolated but instead the converse. Stadial history provides a generalization of how societies might have been formed over time, from which the principles of human nature can be applied to specific societies in an effort to historically reconstruct their origins.

Stadial history is a form of what Dugald Stewart called 'conjectural history' where, when 'unable to ascertain how men have actually conducted themselves upon particular occasions, of considering in what manner they are likely to have proceeded', the historian must supply 'the place of fact by conjecture' (Life II.46: 293). Smith's theories of both stadial history and the origin and progression of language are examples of types of conjectural history; and while Smith does not make explicit connections between the two theories, they both interact within the totalized construction of a system of conjectural history throughout his works. Janet Sorensen connects stadial history with the evolution

<sup>4</sup> For the origin and development of stadial theory in Enlightenment Scotland, see Meek (1976); Berry (1997); Pocock (1999); and Phillips (2000).

of language when she writes that Lowland Scots tried to distance themselves from Highland Scots and their language 'through the narrative of conjectural history' (Sorensen 2000: 153). The 'polite language of the Lowland elite signaled their society's advanced status in a four-stage chronology of human societal development', she continues, which for Smith meant the 'polite language' of England's commercial society and the elimination of Scotticisms.

Stadial history operates as a cornerstone of Smith's literary theory by serving to differentiate the uses of poetry and prose from each other and to track them through various historical epochs. This in effect allows him to validate modern English as a language that has evolved to suit commerce, the fourth stage of history, while Gaelic, the language of the Scottish Highlanders, has languished in its progression alongside Highland Scotland's advancement through the four stages. Robert Crawford observes that the only point in LRBL when Smith discusses the Scottish poetic tradition is when he explains how poetry comes before prose in society's progression from a primitive to a refined state: 'he [Smith] skillfully associates Scots writing with the widely scorned Gaelic ... and then moves swiftly on, in a discrediting anthropological glide, to 'the most Rude and Barbarous nations' and African 'savages', which are contrasted with a culture of commerce, modern security, and urban refinement' (Crawford 2000: 31). Smith is saying here that Greece, Rome, and England all produced poetry before they produced prose, and that prose in these countries arose as a result of commerce and opulence, which 'commonly precede the improvement of arts, and refinement of every Sort' (LRBL ii.114: 137). While there have been several poetical works written in the 'old Scots Language', Smith says, there has not been 'one bit of tollerable prose' (LRBL ii.113: 137) produced in Gaelic, and therefore the implicit argument is that Scotland, and especially Highland Scotland, had not yet progressed to the commercial stage. The apprehension and use of English by Scottish students, conversely, would allow them to participate in a society that had progressed to the commercial stage and that now enjoys opulence and refinement, as indicated by England's development of prose.

As societies progress through the four stages of stadial theory, they become more complex as new systems of economics and law need to be invented or adapted in order to protect and regulate new forms of wealth, property, and government. So too, language becomes, according to Smith in the 'Considerations', more prolix and verbose over time as people attempt to improve and adapt it to their ever changing needs. Thus while modern language has 'become more simple in its rudiments and principles', i.e. grammatical structure, it has meanwhile grown 'more complex in its composition' without the fluidity inherent in a language with a complex grammatical structure (CL 40: 223). Smith in his 'Considerations' creates a theoretical explanation for the origin and evolution of language in a society, just as stadial history postulates the progress of a society through different stages of development. 'Two savages, who had never been taught to speak, but had been bred up remote from the societies of men', writes Smith, 'would naturally begin to form a language by which they would endeavour to make their mutual wants intelligible to each other, by uttering certain sounds, whenever they meant to denote certain objects' (CL1: 203). From its humble beginnings, Smith conjecturally charts the development of

a language as it changes and adapts to meet the growing needs of a society as it progresses through the different stages of development; and while not specifically correlating particular advancements in language to particular stages of society in the 'Considerations', it is clear that Smith believes language possesses different forms and functions throughout. Such is the case with both poetry and prose, whose function in part depends upon the particular stage of society in which they are situated.

The distinction between history and poetry made by Smith in LRBL is one most importantly of form. Smith's historiographical theory is in part based on the 'sympathetic' experience the reader should have with an historical text, one which should be carefully managed by the historian through both the form and content of his writing, i.e. the way in which he constructs his narrative and the subjects and occurrences he decides to include. For this reason, among others, Smith believes that the form of poetry, especially in modern commercial society, is incapable of transmitting factual information, and especially historical narrative. Yet he includes poetry within his rhetorical division of the narrative in the LRBL, and says in lecture XXI that the same general rules of the genre of historical narrative can be applied to 'Poeticall compositions'. In his analysis of the function of poetry contained in lecture XXI of LRBL as an addendum to the section on narrative, Smith relegates poetry to 'intertainment' based on form, not content, while other discursive divisions advanced in LRBL are based on content, not form. This is the only portion of any of the discursive categories that does so, and is remarkable because the distinction signifies that Smith's theory of poetics is based upon factors that are founded on his theory of stadial history and its relation to the science of human nature. That Smith makes the distinction between form and content in poetry, in fact, is indicative of the form's difficulty of composition resulting from its progression through the four stages of society in that poetry becomes more difficult to compose as a direct result of the prolixity that a language gains throughout its evolution.

What is it exactly that incites Smith to arrive at the conclusion that poetry is incapable of transmitting factual information? He states that the great advantage poetry has over prose, an advantage so important to his overall theory of linguistic exchangeability, is its conciseness and the 'great effect harmony and regular movement has on us when it commands our attention so much that we are never necessitated to Repeat the same thing over a second time' (LRBL ii.76: 118). Poetry's power, according to Smith, lay in its brevity and succinctness, characteristics of composition that facilitate the easy transmission of ideas between people. Why then does he prohibit the use of the particular form of poetry from transmitting historical and factual data even after he states that the 'same rules' as the 'narrative, where the business is to relate facts' are also 'equally applicable to Poeticall compositions' (LRBL ii.74: 117)? After all, he asks, 'what is it which constitutes the essential difference betwixt a historical poem and a history? It is no more than this that one is in prose and the other in verse' (LRBL ii.74: 117).

It seems that according to the advantages poetry has over prose in the respects stated by Smith, he would confer it greater use in conveying fact. But because it is so much more difficult to compose, 'amusement and intertainment was the chief design of the poet' (LRBL ii.74-6: 117-18). Form is exactly the reason, in Smith's view, that poetry has

become inept at conveying factual narrative, for it is hard to use and even harder to master. This is the case all the more so given that Smith argued in the ‘Considerations’ that modern languages had become more verbose and unwieldy than classical languages, which permitted easier composition of poetry because of their more complex structure.

Ancient cultures were indeed able to transmit ‘fact’ through poetry, as Smith says in Lecture XIX, his *‘History of Historians’*:

The Poets were the first Historians of any. They recorded those accounts that were most apt to surprise and strike the imagination such as the mythological history and adventures of their Deities. We find accordingly all the most ancient writings were ballads or Hymns in honour of their Gods recording the most amazing parts of their conduct. As their Subject was the marvellous so they naturally expressed themselves in the Language of wonder, that is in Poetry, for in that Stile amazement and surprise naturally break forth. (LRBL ii.44: 104, italics in original)

Of course, a modern historian would not consider a deity a worthwhile subject of factual narrative as evidenced by Smith’s discussion of the proper subjects and styles of historical narratives in lectures XII–XX. As human understanding of the world changes over time, so too do our conceptions of what facts are and are not. Smith says that the first subjects upon which poet-historians wrote were those of the ‘marvellous’ until ‘Knowledge was improved’ among ‘Rude and Ignorant People’, when the poet-historian also chose different subjects of ‘knowledge’ (LRBL ii.60: 111). Smith’s account of the ancient poet-historians shows that they took as their subjects the stories they believed to be worthy of recording and disseminating, such as the actions of a hero in war, much as the recording of history in prose narratives had done well into Smith’s time, with their subjects being great men and their actions. Yet, when Smith speaks of modern prose as compared to poetry in relation to the discursive divisions in LRBL, he includes in the narrative style not only historical writing but also any type of information that needs to be transmitted as fact and whose accurate transmittal is the cornerstone of everyday commercial, legal, and social transactions that do not permit the muddling of information. Hence, as noted above, his reasoning for teaching his students plain style. That Smith breaks modern poetry apart from prose based on its inability to convey factual information is indicative of his theory that modern languages were becoming too unwieldy.

The difference Smith posits between poetry and prose composed in a commercial age is that poetry is intended to entertain, and that its authors actually signal in advance that a work is intended to entertain by their decision to use the form of poetry (LRBL ii.74: 117). That poetry is composed using numbers, ‘for there can be no poetry without numbers’, is also a chief indicator that the form is meant to please, more than likely because Smith connects early poetry with the rhythm and beat of music: ‘They [savage nations] naturally express some thoughts along with their musick and these must of consequence be formed into verse to suit with the music’ (LRBL ii.114: 137). Here Smith links poetical composition to savage nations, or those that subsist within the first or early



second stages of society, for prose only arises once a society sees the ‘Introduction of Commerce or at least of opulence’, which ‘first brings on the improvement of prose’ (LRBL ii.114: 137). Prose then becomes the ‘Language of Business; as Poetry is of pleasure and amusement’, for ‘Prose is the Stile in which all the common affairs of Life all Business and Agreements are made. No one ever made a Bargain in verse; pleasure is not what he there aims at’ (LRBL ii.115–16: 137). Because poetry is difficult to compose, and because of its superior beauty and strength to even the ‘best prose composition’, Smith sees it as unfit for use in the mundane transactions of quotidian life. And because the writer of history also seeks to be understood as effectively as possible, then poetry, since its sole purpose is entertainment, is not a suitable form for use in writing a historical narrative. In Smith’s view, it is not the content of poetry that distinguishes it from prose, like the fictional content of the novel distinguishes it from the factual content of the historical narrative; but instead the difficulty found in composing the form of poetry itself, which became more profound and prohibitive as language changed over time.

Lecture 3 of LRBL contains the main ideas of what would become in 1761 the published version of the ‘Considerations’ (see also Swearingen in this volume). The title of this lecture is ‘Of the origin and progress of language’, which makes it particularly clear—especially as he conjectures the beginning of language with the meeting of two ‘Savages’—that Smith intends to base his theory of language on his stadial history. The ‘Considerations’ extends the scope of lecture 3, and shows how language originated as two savages agreed on names for particular objects, then their classes, and then ‘by the particular relation which [something] stood in to some other things’ (CL 3: 205). In this way prepositions were formed, along with adjectives and abstract properties, and then an ‘expedient’: ‘to make some variation upon the noun substantive itself, according to the different qualities which it is endowed with’ (CL 8: 207). Smith thought that the modification of a noun to express a quality of an object was just as natural and poetic as nature was in assigning the object that quality (CL 8: 207–8).

‘Nouns adjective’ were then created and gave more variation to the description provided by nouns substantive; and these, according to Smith, would ‘naturally’ be given ‘the same terminations with the substantives to which they were first applied’ (CL10: 208). ‘From that love of similarity of sound’, he continues, ‘from that delight in the returns of the same syllables, which is the foundation of analogy in all languages’, the variation of the termination of the noun-adjective that corresponds to the gender of the substantive ‘which takes place in all ancient languages, seems to have been introduced chiefly for the sake of a certain similarity of sound, of a certain species of rhyme, which is naturally so very agreeable to the human ear’ (CL11: 208–9). This rhyming quality and the ease with which it was facilitated by the complex structure of the language itself, coupled with the lack of verbosity, made the ancient languages, in Smith’s view, optimal for the composition of poetry.

In imparting to his students some general rules for composition in lecture 5 of LRBL, Smith makes a comparison between ancient and modern languages that echoes the discussion from the ‘Considerations’ above. Even though not talking chiefly about poetry but rather of well-written prose and the proper arrangement of sentences, his reasoning

applies as well to poetry and its difficulty of composition in the modern languages. To attain an 'agreeable cadence of periods' was much easier 'in the ancient than the modern languages' because 'the similarity of sound in the different members ... was allways to be come at without any great labour: Their verbs and nouns generally having the same or similar terminations in the same parts' (LRBL i.v.49: 21). 'By this means,' he continues, 'the cadence of their sentences were easily rendered smoothe and Uniform' (LRBL i.v.49: 21). But because the verbs and nouns in modern languages do not have the similarity of terminations that they do in ancient languages, the 'chief help in our language to a good cadence is to make the different members end nearly with the same number of words and those of the same sort' (LRBL i.v.49–50: 21). Otherwise, 'it often hurts the propriety and perspicuity of the sentence,' two elements that must be regarded with higher priority in Smith's system than the proper cadence of sentences. As society progressed and new descriptive and communicative needs arose, the structure of language became more and more complex, in the 'Considerations' Smith measures this by the expanded use of declensions and conjugations. Smith posits that language would have continued moving in the direction of complexity of structure were it not for the mixture of several languages with one another as occasioned by migration, conquest, and trade. If two nations mixed with one another, one or the other population, or both, would have to learn another language in order to communicate. As this happened, the 'greater part of individuals' of that population would be 'extremely perplexed by the intricacy of declensions and conjugations' in a language wholly new to them, and would resort to supplying prepositions separately from the nouns to which they are connected, in effect completely dropping the genitive and dative cases (CL 33: 220). Smith gives as an example the Greek language since Constantinople had been taken over by the Turks:

The words are, in a great measure, the same as before; but the grammar is entirely lost, prepositions having come in the place of old declensions. This change is undoubtedly a simplification of the language, in point of rudiments and principle. It introduces, instead of a great variety of declensions, one universal declension, which is the same in every word, of whatever gender, number, or termination. (CL 33: 221)

Thus, simplification renders languages 'more and more imperfect, and less proper for many of the purposes of language,' such as poetry as a conveyance of factual narrative in the case of Smith's literary system.

Simplification renders language imperfect for three reasons, according to Smith in the 'Considerations'. In the first place, language becomes 'more prolix, several words having become necessary to express what could have been expressed by a single word before' (CL 43: 224), as happens when prepositions and other descriptive modifications are separated from the infinitive and become words themselves. As Smith believes the 'beauty of any expression depends upon its conciseness' (CL 43: 224), the prolixity that modern languages contain is not well suited for poetry, of which he says in lecture 21 that the reason Pope decided to write the *Essay On Man* in verse as opposed to prose was that he felt he could do it in a much more 'concise manner,' which shows he was 'very

sensible of the great Superiority of Poetry over prose in this respect' (LRBL ii.76: 118). Yet, Pope had a mastery of the English language and could make its prolixity bend to his will in arranging words and sentences—a mastery which a majority of people did not possess and therefore would not have the ability to communicate their social or business transactions in this manner. Secondly, Smith believes that the simplification of modern languages 'renders them less agreeable to the ear' than classical languages because of the loss of complex declensions and conjugations and the variety of termination they facilitate, which adds a 'sweetness to their language altogether unknown to ours' (CL 44: 224). And thirdly, simplification of structure 'ties down many words to a particular situation' and therefore 'restrains us from disposing such sounds as we have, in the manner that might be most agreeable' (CL 45: 224). This happens as a result of simplification: there are less rules of grammatical structure, which in turn requires the use of more words in a language, but these words are locked into specific places and functions within a sentence and thus become locked into a particular situation, reducing the need for a large variety of linguistic sounds to accommodate a language's variety of grammatical situations.

Smith ends the 'Considerations' with the main reason that modern languages have lost their music, so to speak:

Because the terminations in the Latin determine the reference of each adjective to its proper substantive, which it is impossible for any thing in the English to do: How much this power of transposing the order of their words must have facilitated the composition of the ancients, both in verse and prose, can hardly be imagined. That it must greatly have facilitated their versification it is needless to observe; and in prose, whatever beauty depends upon the arrangement and construction of the several members of the period, must to them have been acquirable with much more ease, and to much greater perfection, than it can be to those whose expression is constantly confined by the prolixness, constraint, and monotony of modern languages. (CL 45: 226)

That the 'Considerations' is a work of conjectural history allows Smith to link the evolution of language to the development of society and show, reasoning from the 'Considerations' and lecture 3 in LRBL, that poetry was severely impacted by the progression of society through the four stages and became, in Smith's view, solely a vehicle for entertainment because of its difficulty of composition and consequently its inability to transmit the factual information of the universal principles of human nature.

The act of teaching plain style and the attempt to ingratiate their students into the 'proper' English-speaking world was not only an effort by the educators of eighteenth-century Glasgow and Edinburgh to prepare their students for the wider world of British law and politics. Smith and others of the Scottish Enlightenment were also making a great attempt to turn their theoretical social science into a true method of practice. If they believed they had discovered in the four stages theory the elements that propelled every society from one stage to the next, with the ultimate goal being the commercial stage, then how could they not institute a practice in their teaching methodology that would advance Lowland Scotland from the agricultural to the commercial stage? With examples of hunting and pastoral societies so close to home in reports about Native

American societies from the British colonies of the New World, and Highland Scotland right in their own backyard, observable examples of every one of the four stages of society were available to the Scottish philosophers for study. The pedagogy employed by Smith and others in the mid- and late-eighteenth century show that a Great Experiment was taking place in the spirit of the science of human nature, and that the time was perfect for these theorists to examine their theories in action by coaching a whole generation of Scots on how to move from one stage of society to the next.

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## CHAPTER 8

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# ADAM SMITH ON LANGUAGE AND RHETORIC: THE ETHICS OF STYLE, CHARACTER, AND PROPRIETY

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C. JAN SWEARINGEN

It was not until Adam Smith's (1748–51) and Robert Watson's (1751–6) Edinburgh lectures under the sponsorship of Lord Kames that there was an overt attempt to define the 'new' rhetoric in relation to the emerging moral theory of sentiments. That sense, sentiment, and emotion could be anything other than the enemy of reason challenged longstanding doctrines of human nature and moral thought alike. Smith's *Lectures on Rhetoric and Belles Lettres* and *Theory of Moral Sentiments* together build upon Francis Hutcheson's doctrine of an innate inner moral sense attracted to beauty and virtue, and capable of being improved through environment and culture to achieve propriety and benevolence. The lectures on rhetoric explore relations among several subjects: the origin of language and the utility of a rational grammar; the effects of culture and environment on the shaping of language use and moral behaviour; observations of negative and positive examples of perspicuity of style, fine taste, and sound judgment in ancient and modern authors; rules of criticism, morality and common sense which 'every one assents to'; and observations about and examples of the different genres of writing, which Smith approaches, not surprisingly, as examples of patterns of thought. Narrative and history in this regard are cousins, as ways of thinking; characters in literary works, like the persons and events of history, serve as examples in the great experiment of scrutinizing human nature in order to perfect the possibilities of virtue. Perspicuity as beauty and thereby as effective style should be cultivated to stimulate sympathy, fellow-feeling, and common sense. Unlike several of his colleagues, including Watson and Hugh Blair, Smith begins rather than ends his lectures on rhetoric with a consideration of language in general.

Smith's lectures on moral sentiments and on rhetoric were delivered simultaneously (1748–63), but Smith published only the TMS. With a version of the LRBL now available, a number of parallels may be observed.<sup>1</sup> Because understandings of human emotion, will, and passion were being significantly rearranged among Scottish thinkers beginning with Hutcheson and George Turnbull, and because there was a general movement away from classical and medieval methods of rhetorical instruction, Smith's lectures provide one of the first examples of the new synthesis of ethics and rhetoric. The development at Glasgow of a distinctive curriculum in rhetoric and moral philosophy began with Carmichael's revision of the course in Logic, followed by Hutcheson's expansion of that course to include within Moral Philosophy a consideration of aesthetics and affections, alongside the study of ancient and modern history and literature. The prominence of visual images in Smith's representations deserves particular attention. His concepts of detached observer, spectator, sympathy, and propriety were directed at imagining oneself into the mind and sentiments of the person or persons being spoken to, with an eye to their edification and improvement through the achievement of sympathy going in both directions. A review of Gersholm Carmichael and Hutcheson's political theory suggests further continuities among Smith's rhetorical, moral, and political thought. All three figures build upon related Christian Stoic and Calvinist republican models which conceive of the individual and society as participating in a natural order that is nonetheless improveable through education, sociability, and the pursuit of civic virtue. Though often said to be at odds with TMS, WN can also be seen as its complement expanding upon the interdependence of liberty of thought, freedom of speech, civic virtue, and improvable collective judgments. Equating perspicuity with beauty as a stimulant to sympathy, fellow feeling, and cooperation for mutual benefit, Smith's 'visuals' link specifically rhetorical considerations of style with their counterparts in moral thought, history, and political theory.

Given his emphasis upon observation, detachment, and perspicuity, it is not surprising that Smith draws a number of parallels between rhetoric and its counterparts among the visual arts, including painting, sculpture, and architecture. Visual metaphors illuminate his explanations of effective rhetoric, perspicuity, and naturalness of style. The characteristics of the detached observer are themselves visual; a perspicuous rhetorical or literary style affects and evokes sentiments by inviting attention. Whether 'seeing' others' feelings with imagination in the mind's eye, or observing them directly with an observer's eye visual perception is a central metaphor for the formation of moral insight. Because words on the page are also perceived visually, the role of the eye becomes important to written composition, due to the role it plays in composing eloquent oratory. The reader's or auditor's share is as important as the writer's or speaker's ability to sympathetically imagine the effects of his discourse. Although Smith seems to rationalize sentiments and emotions in his focus on moral more than aesthetic considerations, the centrality of sympathy to his concept of rhetorical effectiveness is inescapable.

<sup>1</sup> For background on the LRBL and on their complementary relationship to TMS, see Bevilaqua (1965); Bryce (1983: 19); Miller (1997: 144–204).

By imaginatively entering the inner worlds of others and reconstructing their feelings we will be able to predict the effect of our rhetorical self-representations and compositions. '... It is altogether absurd and unintelligible to suppose that the first perceptions of right and wrong can be derived from reason' (TMS VII.iii.2.7: 321). Although the 'detached observer' may seem engaged in a paradoxical partnership with 'fellow feeling' and 'sympathy', Smith's spectator and observer roles are directed at a larger whole: the discovery and then deployment of 'sentiment', 'affection', and 'fellow-feeling'. The experimental approach to moral philosophy and rhetoric alike had become popular and widely discussed by mid-century. When moral philosophy and rhetoric replaced logic among the fourth and fifth-year subjects of the Glasgow Arts curriculum the change was welcomed within and outside the university, marking an unusual collaboration of cultural and academic innovations. Smith's lectures were well received and well remembered.

In *The Scottish Philosophy*, one of the first earliest accounts of the distinctiveness of eighteenth-century Scottish thought, James McCosh recounts Adam Smith's childhood abduction by tinkers, and considers what he might have done had he not been found and rescued. 'When about three years old he was stolen by a party of tinkers, who took him to the woods, but was fortunately rescued. We should have liked to hear him, in his later years, speculate as to what might have been his place in the gypsy camp had he been brought up among them. We can conceive that, while fashioning spoons out of horns and mending tin dishes, his comprehensive head would have been spinning a theory of the organization of the tribe. But it would have been beyond the capacity even of the explorer of the nature and causes of national wealth to determine what he himself or any other might have become if trained in such different circumstances' (McCosh 1875: 163). McCosh's conjecture concerning the limitations of Smith's speculation is a fitting example of Smith's theory and practice of speculative history, sympathetic conjecture regarding the inner thoughts and sentiments of others, and observations concerning the effects of circumstances and training upon the formation of moral character. Through the interlocution of self and other, a subset of the interlocution between self and circumstances, are formed the thoughts, words, affections, and moral character that sustain the virtue of individuals as well as their irreducibly social contexts. Emphasizing a common life based upon benevolence, Smith rethinks many previous understandings of rhetorical purposes and effects. Instead of 'persuading', 'affecting', and 'stimulating' moral sentiments become the verbs defining rhetorical purposes. Instead of 'character' understood as a false mask, a persona adopted by a successful orator for a particular speech, Smith encourages mastery of a variety of styles, understood as natural representations of one's true character, in the moral sense of that word. Acknowledging the rich but sometimes outdated contributions of classical rhetorical models, Smith replaces many of those concepts with an entirely new theory of composing reciprocal and mutually edifying articulations. Affecting sympathy and fellow-feeling through the representation of such interactions are precisely what Smith intends in his stadial histories of human progress, and in his speculative histories of rhetoric, literature, and culture (LJA i.27: 14).<sup>2</sup>

<sup>2</sup> On stadial theory, see Berry (1997: 93–106) and Broadie (2009: 198).

## RHETORIC AND CHARACTER

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Outward appearance, effective self-presentation, and propriety as external manifestations of inner character are central and related concepts throughout Smith's discussions of moral sentiments, language, rhetoric, and literature. Whether there is an invisible hand directing the events and outcomes of history we may never know; but visible, observable, and exemplary behaviour—the self-presentation of character—is the human capacity that Smith explores and encourages throughout LRBL and TMS. Hume's reference to the view of TMS as a commendable 'performance' (Corr 31: 36 and Life II.59: 298) suggests additional eighteenth-century idioms drawn from rhetorical and dramatic concepts of represented character. In the cases of language and rhetoric the importance of style as ethical embodiment has several implications: that effective literary and rhetorical compositions should provide vivid and stimulating representations, not only of objects and events, but also of sentiments and affections; that they should be 'fitting' to the context and situation, and thereby models of propriety; and that they should affect and excite moral sentiments and judgment. 'When sentiments appear to be naturally expressed, when the passion of affection is properly conveyed and when their thoughts are so agreeable and naturall that we find ourselves inclined to give our assent to them . . . It is when all the thoughts are justly and properly expressed in such a manner as shew the passion they affected the author with, and so that all seems naturall and easy. He never seems to act out of character but speaks in a manner not only suitable to the Subject but to the character he naturally inclines to' (LRBL i.135: 55).

One of Smith's distinctive ideas is that we form moral sentiments not solely or even initially through individual experience and reflection, but from the observation of others. By putting ourselves in the position of those we observe, we partake with them in their affections by fellow feeling, or sympathy—in its older sense of 'feeling with' rather than 'feeling for'. In this way we form our concepts of right and wrong, as well as our judgments about the moral virtue or defects of the agents we observe, including ourselves. Widening the circle surrounding self-reflective introspection, internal dialogue, and deliberation that were the hallmarks of Hutcheson's aesthetically-based inner moral sense and moral beauty, Smith spells out the interdependence of self and other by emphasizing the importance of external models of moral virtue. 'These first perceptions of right and wrong . . . cannot be the object of reason, but of immediate sense and feeling' (TMS VII.iii.2.7: 320).<sup>3</sup> In his depiction of ethical sentiment and character developing in a necessarily reciprocal, and rhetorical, relationship between self and others, Smith expands upon Hutcheson's and Hume's notions of sympathy and benevolence in several different ways.

For Hume sympathy is a 'principle of communication by which the spectator comes to have a passion that he believes the agent to have, and comes to have it because of this

<sup>3</sup> Compare Hume, 'All morality depends upon our sentiments' (2000: III.2.5: 322).



belief', Smith holds that 'it is possible for a spectator sympathetically to have a passion that he does not believe the agent to have, or even that he knows the agent cannot [or does not] have'. On seeing an agent suffer, 'we spectators form in our imagination a copy of such impressions of our own senses' as we have experienced when we have been in a situation of the kind the agent is in. We 'form some idea of his sensations' and even feel something, 'which, though weaker in degree, is not altogether unlike them';... 'we enter as it were into his body, and become in some measure the same person with him'... 'If I sympathetically grieve with you in your bereavement my 'grief is entirely upon your account and not in the least upon my own' (Broadie 2009: 202–4). Entering 'into the body' of another through sympathy and imagination may even promote affections and feelings that the other does not have, a result of reciprocal fellow feeling that Smith encourages. The discovery of a text of Smith's *Lectures on Rhetoric and Belles Lettres* has permitted further explorations of the correspondences among his approaches to ethics, rhetoric, language, and economics as related, and irreducibly social relations in which by benevolently affecting one another we guide the improvement both of ourselves and of society as a whole. On this basis can be solved the Adam Smith problem, that his two masterpieces are incompatible, TMS about sympathy, and WN about self-interest (Raphael and Macfie 1982: 20–5).

Smith's emphasis upon outward visible propriety revives the classical rhetorical concepts of *to prepon* and *ethos* that were understood in different but related ways by Aristotle, Cicero, and the Stoics. In Aristotle's *Rhetoric*, *to prepon*, propriety was a characteristic of the style and wording of the speech, its *logos*, which, distinct from the *pathos* or emotional effect of the speech, would effect a conscious rational and aesthetic judgment from hearers. Aristotle linked propriety with clarity and style effective with individual audience types, as does Cicero in *de Oratore*. However, in *de Officiis* Cicero follows the Stoic dictum that propriety directs us to obey culturally agreed upon ethical norms. In associating rhetorical with ethical propriety Cicero prescribes the cultivation of virtue through an education emphasizing self-control, moderation, and civilized verbal behaviour. The analogy between rhetorical and ethical propriety rests upon the idea that 'virtue is knowable... only through an apprehension of propriety, which is the sensible correspondence between character and deed, almost inevitably deeds that are spoken or accompanied by speech' (McKenna 2006: 50; Agnew 2008). It was a classical maxim that only by words well-spoken could deeds finely done be remembered and revered. Cicero's synthesis of Stoic ethics with rhetorical understandings of *to prepon*, as an outward and visible manifestation through style, of ethical character, was a notable influence upon Shaftesbury and Scottish thinking about rhetoric and ethics.<sup>4</sup> Smith's distinct contribution was the movement beyond a focus upon how the individual is

<sup>4</sup> For an account of Shaftesbury's importance to Scottish moral and rhetorical thought, and of differences between Locke and Shaftesbury on matters of rhetoric and moral thought, see Isabel Rivers (2000: 2): '... the conflict between English Lockeanism and Scottish Shaftesburianism, and the ultimate triumph of the English [in England] over the Scottish interpretation of Shaftesbury'. The earlier study of Wilbur Samuel Howell (1956), emphasizes the English Aristotelian logical tradition of Whateley, in contrast to the belles-lettres and common sense schools of the Scottish thinkers.

shaped and towards an interactive model of individuals and societies dynamically shaping one another for better or worse. His focus on the psychology of this reciprocity, its motives and effects, the necessity of affection and visibility to its productive functioning, mark a significant advance upon previous models of psychology and pneumatology as these had been received by previous Scottish thinkers from Aristotle, Bacon, and Shaftesbury. Turnbull and Hutcheson, among others, had begun to conceive of a science of the mind. The individual psyche and human society had been seen as organic wholes, and as such as parallel structures from the early Greek philosophers onwards, through the Stoics and the Christian Platonists. Smith's considerations of emotions and feelings, senses and sentiments, were pursued with the eye of scientific detachment, but with the ultimate aim of promoting forms of articulation that would be effective and moving. A key interface between inward senses and outward, visible, presentation, lay in the concept of character as style.

Classical conceptions of *ethos*, the character or persona adopted by an orator, artist, or author, were of intense interest to Smith and his contemporaries. Presenting models of style to Scottish students was an important cultural and educational goal, facilitating their mastery of polite forms of English. One of Smith's students, John Millar, recounted the rationale behind the pedagogy. 'The best method of explaining and illustrating the various powers of the human mind, the most useful part of metaphysics, arises from an examination of the several ways of communicating our thoughts by speech, and from an attention to the principles of those literary compositions which contribute to persuasion or entertainment' (quoted in Life I.17: 274). Just as the ethical and the stylistic are merged in most of Smith's discussions of propriety and perspicuity, Smith's attention to psychology led him to include emotion, affection, and common sense in his discussions of style and rhetoric. Cicero expanded Aristotle's *logos*-based presentation of propriety in the style given to the content of a speech, to include ethical and social considerations. Similarly, Smith moved beyond science and reason in his attention to stimulating proper sentiments and fellow feeling through mutual observation and the setting of examples. Reason and logic alone would not suffice. Because his emphasis is so firmly upon the 'sharing of sentiments and attitudes', not merely ideas or facts, he regards style as equally important in conversation, speech, and writing (Bryce, 1983: 19). Smith gives extensive attention to persuasion, and provides significant revisions of earlier views of persuasion as manipulation and unethical exploitation of emotions. He directed his students' attention instead to the uses of *ethopoieia*, adapting a method of instruction well known in the classical schools under several headings: *ethologia*, *prosopopoieia*, *eidolopoieia*, and other variations on the theme of speaking in and through the voice of another, in the style of another (Bryce 1983: 17; Swearingen 1994). Practising style through recitation and imitation had long been a rhetorical exercise, but adding to it the idea that moral character and virtue are being 'internalized' through the emulation of exemplary models amplified a superficial focus on style by emphasizing the interactive shaping of character in an ethically inflected common life.

Smith's considerable attention to history is of particular interest in understanding the goal of cultivating moral character through stylistic propriety and perspicuity. He sees

in history past and present not only an account of actions and events, but a repository of represented characters whose motives and actions are preserved for our appraisal by careful descriptions of their speech. Smith assesses the treatments of character, motive, and action by various historians, and considers Thucydides and Livy among the best not only in their own perspicuous style but also in their attention to the causes and motives of individuals virtuous and evil alike. In discussions of representations of speeches in classical histories, Smith acknowledges that they are reconstructions and fabrications. However, he emphasizes that this does not detract from their value as representations of character or as models of different oratorical genres and styles, and as a way of better understanding deliberation and negotiation. Applauding Livy's practice of speaking not only in his own voice but also through the speeches of his characters, he remarks,

Speeches interspersed in the narration do not appear as faulty as long observations or Rhetoricall declamations. . . . [They] make a part of the facts related. Livy often makes this use of them: Thus he introduces his reflection on the hazard, the importance and generosity of the undertaking of the Fabii not in his own person but by making their design the subject of Debate in the Senate, which also adds to the sentiments he would inspire us with. The only objections then that can be made against the using speeches in this manner is, That tho they be represented as facts, they are not genuine ones. But neither does <he> desire you to consider them as such but only as being brought in to illustrate the narration. (LRBL ii.44: 103)

Like his contemporaries, particularly Kames and Robertson who also composed speculative and conjectural histories, Smith had no problem with the method first defined by Thucydides: to reconstruct speeches as they would have been spoken, true to the characters of those represented, in order better to understand the character and motives, as well as the lessons to be learned from observing the decisions and actions of the agents represented.<sup>5</sup> Smith's own practice and defence of stadial, speculative, and conjectural history includes methods of representing speeches first developed by classical historians, with the express purpose of including speeches in histories as outwardly visible character representation, readily available for ethical appraisal and as rhetorical models.

Smith crafts characters of his own in order to illustrate and embody the speech characteristics and moral temperaments he asks his students and readers to consider and emulate. His discussions of the 'Plain' and the 'Simple' characters are especially noteworthy for their direct attention to the character and style of the clergy, as well as of the common man to whom the clergyman addresses his words. 'A Plain man . . . thinks it enough to support what he says that it is his opinion, and is at no pains to enquire into those of others. Such a character is what clergymen generally assume, and those who come to age' (LRBL 1.86: 36–7. Also see Lecture 30). That the discussion develops within the context of the rhetorical genres of the didactic historian and the orator is no accident. Smith continually encourages his readers, and presumably his auditors as well, to

<sup>5</sup> Two recent reappraisals of the representation of speeches in classical histories are Barker (2009: 203–66) and Pitcher (2009).

take care to match their character-in-speech, their styles, to the characters of those they are addressing, in order to achieve optimum effectiveness in conveying their sentiments and affections.<sup>6</sup> After all, he observes, it is no more than common sense that directs us to follow the Rule of each person speaking in his own style, ‘and such an one as is agreeable to his generall character’ (LRBL 1.137: 56). The ethical and rhetorical importance of representing one’s true character well, rather than striving for an artificial, or distinguished, or contrived style, lies behind Smith’s objections to Shaftesbury’s style. The ‘sickly’, he posits, ‘are prone to the pursuit of Love and Ambition. The weakness of their appetites and passions hinders them from being carried away in the ordinary manner, they find no great difficulty in conforming their conduct to the Rules they have proposed to themselves. The fine arts, matters of taste and imagination, are what they are most inclined to cultivate’ (LRBL i.139: 56–7). Smith’s views of Shaftesbury’s style as artificial and thus an untrue representation of himself raises several larger issues: the objections Smith and others developed to Hutcheson’s aestheticism even while admiring and building upon much of his moral theory, pertain to the political and moral quietism that might be encouraged by the belles-lettres movement, together with their ambivalence toward the ‘imagination’ and the ‘sublime’, a concern that would be fulfilled in later objections to the Romantic movement. Too much focus on individual genius impeded the project of fellow feeling and benevolence; shaping the collective life to ethical ends. Too much focus on the sublime, in contrast to common sense understandings of beauty and virtue, could also redirect attention away from the common life.<sup>7</sup> At the same time, Smith’s accounts of Shaftesbury’s style and character, like his depictions of the Plain and Simple man, border on the satiric in places, suggesting that Smith perhaps was stirring the sentiments of his readers.

Smith’s exposition trains the recipient and not just the originator of outward visible beauty, style as character, embodied in language, and its counterparts in works of art, fashion, and the actions of others. In discussing deliberative and judicial rhetoric, he gives careful consideration to propositional logic and argumentation as styles that some people can and some people cannot follow. He posits a natural limitation, a mathematical symmetry guiding the number of ideas that should be combined in a single composition. When subordinate propositions in any argument exceed five, he warns, ‘the mind can not easily comprehend them at one view; and the whole runs into confusion. Three or thereabout is a very proper number; . . . this number is much more easily comprehended and appears more complete than two or four. In the number three there is as it were a middle, and two extremes; but in two or four there is no middle on which the attention can be so fixt as that each part seems somewhat connected with it. The Rule is in this

<sup>6</sup> For a closely related characterization of speech-in-character, as taught and practised in the Hellenistic rhetorical schools, see Stowers (1994) especially the section on *prosopopoieia*, ‘Speech in Character’, 17–22.

<sup>7</sup> John Witherspoon’s *Ecclesiastical Characteristics* (1753) articulates the ethical, aesthetic, and political concerns that were developing around the *moderati* in general and the perceived political quietism of their aestheticism as a preoccupation with style and taste. Ironically, it is a masterful piece of satire in the literary idiom of the *moderati*.

matter the same as in Architecture; the mind cannot there comprehend a number at sight and without counting above 9 or 10' (LRBL ii.127: 143). His allusion to architecture refers to a mnemonic device taught in the Roman rhetorical schools, by which one could memorize the sections of a speech by visualizing columns, windows, and interior rooms, a device well known to Smith and his contemporaries. This is a striking example of how visually toned was his thinking about style and composition as well as about grammatical parts and syntax.

## LANGUAGE

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Because it is based upon the observation of others and does not begin with introspection into one's own motives and affections, moral sentiment, in Smith's account, is consonant with his thinking concerning language, for language is learned, much as is moral sentiment, by observation, selection, and mimesis. 'Considerations Concerning the First Formations of Languages' (1761, 1767) begins with the origin of individual words, an evolution from simple to more abstract word forms, a devolution from simple to complex grammatical forms, a related tendency toward prolix, rigid, and unappealing styles in modern languages, and the need for a rational grammar. Viewed in the larger context of LRBL, where three lectures on language introduced the subjects to follow, the 'Considerations' assumes a larger role than it appears to play by itself. Many shorter comments running throughout the *Lectures* amplify the points raised in 'Considerations' regarding the origins, structure, grammar, and style of language. Since the *Lectures*, like those of Blair, Watson, and Thomas Sheridan, are intended to improve English as spoken and written in Scotland at the time, Smith's ample commentaries and examples, drawn from classical and modern literature, complement the more empirical descriptions in 'Considerations'.<sup>8</sup> That Smith regarded the 'Considerations' as a more advanced scientific work is suggested by its publication with TMS, whilst the *Lectures* remained unpublished until rediscovered in student notes.

Regarding the origins of language, Smith builds upon Condillac's (1746) and Rousseau's (1754) inquiries, developing the conjecture that it must have been savages describing 'objects' and 'events' who first invented language. 'Two savages, who had never been taught to speak, but had been bred up remote from the societies of men, would naturally begin to form that language by which they would endeavour to make their wants intelligible to one another, by uttering certain sounds when they meant to denote certain objects.' Smith's further conjecture is that verbs must have been the first words. 'Verbs must necessarily have been coeval with the very first attempts towards the formation of language. . . . The word denoting this event, or this matter of fact, which is

<sup>8</sup> See Berry (1974: 130), particularly the discussion of Smith's involvement with Hume, Kames, and Blair in the Select Society, formed for 'Promoting the Reading and Speaking of the English Language in Scotland'; and the importation of Thomas Sheridan from Ireland to give lectures in English elocution.

the subject of our affirmation, must be a verb' (CL 1, 27: 203, 215). An early attempt at a rational grammar, Aristotle's *Categories*, had classified verbs differently. Identifying underlying categories of thought in terms of parts of speech, Aristotle classified all words in ten categories as 'names' (*nomoi*), nouns denoting substance, quality and attribute, active or passive, among other qualities, and designated verbs as a peculiar sort of noun, one that names an action. The problems of employing an already abstracted nomenclature to describe and classify the parts of speech, to produce a 'natural' or 'rational' account of grammar are elsewhere addressed by Smith. In Lecture 6 he quotes Butler's 'Hudibras', 'for all a Rhetorician's Rules: are but the naming of his tools', to illustrate the futility of categorical grammars. 'The Grammarians, finding that the best authors frequently deviated from their general rules... introduced figures of speech... finding that they were most frequently met with in the most striking and beautiful passages,... that these figures gave the passage its beauty,... and that this beauty flowed from the sentiment and the elegance of the expression [and]... more fittingly expressed the sense of the author than the common stile' (LRBL v.58: 26). Smith's comments here and elsewhere in LRBL suggest not only a concern with the limitations posed by classificatory grammars, but also of differences between a scientific study of language and the pedagogical purposes of the *Lectures* where the latter aimed to encourage and inspire the composition of effective written and spoken language through the study of the best authors past and present.

The discussion of rule-governed, prescriptive, categorical grammars, beginning with Aristotle, had long since become a standard topic of discussion among philosophers of rhetoric. Of the *Categories*, Augustine commented, 'What good did this study bring me? None. In fact it made difficulties for me because I thought that everything that existed could be reduced to these ten categories' (Augustine 1961: 88). He recalls from his childhood that grammatical correctness and traditional rules of pronunciation were emphasized far more than the 'categories of sin'. Augustine's observation of the division made in his time between the values of grammatical and stylistic correctness, and ethical values, illuminates an issue central to eighteenth-century Scottish approaches to language, style, and ethics. The parts-of-speech grammar to which Augustine objected on grammatical, epistemological, and ethical grounds had by the eighteenth century become the standard form of teaching language. Greek and Latin were learned first, and set the template for grammar so firmly that the preference of Smith for elegant Latin over vernacular rhetoric and poetry is an unsurprising element in his *Lectures*. However, Smith was a leading thinker about moral sentiments as well, and believed that only through effective uses of spoken and written language would fellow-feeling be cultivated. Perspicuity, propriety, and virtue are parts of a whole. He often recommends a plain or simple style in the *Lectures*, for ethical as well as stylistic reasons, and it is clear that he, like Augustine, teaches that attention to ethics, style, and character must be integrated in any sound theory and practice of language. Where does the 'Considerations' fit within this larger whole?

It is telling that Smith regards the formation of words that denote general ideas and categories—'tree' rather than 'the brown oak tree'—as advances in thought as well as in language. Similarly, in discussing rhetorical genres he regards history and narrative as

advances upon song and poetry, as a family of genres depicting the causes of actions, character, and events, “The mind naturally conceives that the facts happened in the order they are related, and when they are by this means suited to our natural conceptions the notion we form of them is by that means rendered more distinct” (LRBL ii.31: 31). According to Smith’s schema, developing a parallel between ‘savages’ and children, abstract words and propositions stating ideas come late in the development of languages, just as they do in children’s linguistic development. ‘Savages’ and children are not yet fully inducted into human society, where more complex forms of language and thought develop to their fullest potential when properly nourished. ‘Conjectural’ and ‘speculative’ history, the name that Dugald Stewart was the first to give to this method, consisted of a search for the general or ‘natural’ features of the human phenomenon under consideration, the ‘general principles’ which Smith and other Scottish thinkers believed could be discovered through an inductive method (Berry 1974; Bryce 1983; Land 1977). An epistemological and psychological paradox remains. How aware were Smith and others of the normative assumptions behind their ‘inductive’ method for studying language, shaped by grammatical categories derived from the study of classical languages? The developmental and grammatical portions of Smith’s ‘Considerations’ do not fully address these issues.

Published in 1767 ‘Considerations’ was removed from its original context in the LRBL; a shorter version was presented as the third of the lectures, beginning in 1751. By including ‘Considerations’ in the third edition of TMS, Smith indicates a strong commitment to the subject of language’s history, progress, and development. The account has been seen as unfinished and unsatisfying on several points.<sup>9</sup> Emphasizing a decline from the perfection achieved in the classical languages, Smith’s account of modern languages and style seems to run against the grain of an idea of development and formation. Secondly, his rationalist and taxonomical approach to word-forms and grammar provides little account of the social relations, affections, and fellow feeling which in TMS as well as in LRBL he emphasizes as essential to any understanding of how humans use language, how they are shaped by language, and seek to influence one another through perspicuity and style. As reported by Stewart, Smith valued his work on language (Life II, 44: 292), and wished to accomplish more in the area. Some have interpreted this as an admission of its inadequacy or incompleteness (Aarsleff 2008: 481–3).

Unlike many of his contemporaries, Smith gives little attention in ‘Considerations’ to the view advanced by Reid among others, that language is the quintessential precondition of human society. In an essay on eloquence, Reid asserts, “The Power of Speech is one of the best gifts of God to Man. . . without it they could never have associated in Political Society, . . . never had laws or government, . . . must have remained Savages to all Generations’. And, ‘In Greece and Rome it [eloquence] grew up with Liberty . . . declined with and was buried in the Grave of Liberty’.<sup>10</sup> Inverting the formula, Smith looks into

<sup>9</sup> On the inadequacy of ‘Considerations’, see Aarsleff (2008).

<sup>10</sup> Compare Reid (2004) ‘Eloquence’, in ‘Rhetoric and the Fine Arts’, 198, 207. On four different but overlapping views of the origin of language held by Smith and his contemporaries, see Berry (1974).

the origin and development of language prior to and outside of human society, unless the 'two savages' count as a society. Like Condillac and Rousseau, he adopted the method of breaking sentences into their smallest units as a means of constructing a 'rational grammar,' one of the goals of the inquiry.<sup>11</sup> The method Smith employs is a valuable index of the state of linguistic inquiry prior to Sir William Jones's 1786 report to the Royal Asiatic Society of his discovery of the parallels among Sanskrit, Greek, Latin, and the Germanic and Celtic languages, the discovery that inaugurated comparative philology as a basis for the study of languages. No longer would linguists attempt to distinguish inferior from more developed languages. The distinction between 'prescriptive' and 'descriptive' approaches to the study of language had not yet emerged. Smith's 'Considerations,' then, not only emphasizes his commitment to studying language as an embodiment of the mind's striving towards conceptualization, 'the metaphysical,' but also to using an historical method in seeking the principles guiding the mind: comparing, classifying, abstracting (Bryce 1983: 25). That he began LRBL with three lectures on the history and nature of language attests to this commitment, as do his numerous comments elsewhere on the subject, often as frames for lectures on subjects concerning rhetoric, style, and moral sentiments.

## HISTORIES: SPEECH, STYLE, AND CHARACTER

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In addition to classification and abstraction, the formation of 'rational' grammatical categories to name language and parts of speech, Smith's emphasis on verbs also bears on his discussions of the progression of predication and causation in sentences and in narratives historical, rhetorical, and literary.

One of many instances uniting linguistic with stylistic and moral thinking occurs in Lecture 15, where Smith turns from discussing effective descriptions of objects in general, and the distinction between external and internal objects, to the question of how best to represent characters and events: the materials of narrative and history. He compares ancient to modern authors, Theophrastus with La Bruyer [sic] in this instance. 'The same methods that are proper to describe a Particular character are also applicable to that of a nation or body of men. . . . The great fault we are apt to fall into in the description of characters is the making of them so Generall that they Exhibit no Idea at all; who for example can form any Idea of Lord Falkland from the Character which Clarendon gives him? . . . To avoid this there ought to be always some particular and distinguishing Circumstance annexed such as that description of Agricola by Tacitus. You would have known him by his Look to be a good man, you would have rejoiced to find him a great

<sup>11</sup> Smith in a letter of 1763 remarks of a draft of William Ward's *An Essay Grammar* (1765) that 'I approve greatly of his plan for a Rational Grammar and am convinced that a work of this kind executed with his abilities and industry, may prove not only the best System of Grammar but the best System of Logic in any Language, as well as the best History of the natural progress of the Human mind in forming the most important abstractions upon which all reasoning depends' (Corr 69: 87-7).



one' (LRBL i.197, 199: 82–3). Representations of character are the last of the single-term, single-category topics addressed in LRBL.

When he turns to the 'history of historians' in Lecture 19, Smith begins, as he does several other lectures, with a natural history of genres: 'The Poets were the first Historians of any . . . In all Countries we find poetry has been the first Species of writing, as the marvelous is that which first draws the attention of unimproved men. The oldest original writings in Latin, Italian, French, English, and Scots, are all poets . . . Their Elves and Fairies, Dragons, Griffiths . . . the Creatures of an Imagination engendered by the terror and Superstitious fear which is always found in the ruder state of Mankind' (LRBL ii.44–7: 104–5). He then turns to a comparative consideration of Herodotus, Livy, and Thucydides, particularly their treatments of civil history. Lecture 20 continues the historical narrative of genres before turning to a further consideration of historians. 'In the same way as we now see that the Stories of withches [sic] and Fairies are swallowed greedily by the ignorant vulgar, which are despised by the more knowing. As the marvelous could no longer please authors had recourse to that which they imagined would please and interest most; that is, to represent such delicate actions and passions as, being affecting in themselves, or displaying the delicate feelings of the Human heart, were likely to be most interesting.' Tragedy arose at this stage, and then the 'extravagant Romances which were the first performances of our ancestors in Europe'. Historians, by contrast, made it their aim 'not only to amuse but by narrating the more important facts, and those which were most concerning in the bringing about great revolutions, and unfolding their causes, to instruct their readers in what manner such events might be brought about or avoided' (LRBL ii.62: 111). He notes many instances of Tacitus' excellent attention to causes. Throughout the lectures on narrative and history are woven comments on degrees of maturity and 'knowledge' that correspond to the developing genres and their purposes; a clear if indirect instruction to his student auditors that they, too, may create in their listeners and readers an improved discernment and understanding.

The 'Considerations', as a work of science, employs several kinds of division and subdivision, numerous classifications of the sort from which Smith discourages the deliberative orator, but it also employs narrative and a bit of fabulation, such as the conjectural savages who first created language. Unlike rhetoric, oratory, and effective literary and historical works, 'Considerations' is more dryly descriptive and taxonomical; a stylistic example of the genres of science and philosophy characterized in several of the *Lectures*, and throughout TMS. Its historical narrative invites further exploration alongside Smith's characterizations of the stages of history writing. From myth and fable, poetry and the fabulous, humankind has advanced to prose and philosophy, the language of abstraction, and moral sentiments based upon benevolence rather than fear (see Amrozowicz in this volume). And yet in the 'Considerations' he is also critical of the devolved styles of modern European languages, including English. The styles he recommends, describes, and, in Hume's word, 'performs' therefore present an inviting range of examples that deserve further study alongside and as examples of the moral thinking he advanced.

## LEGACIES

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Given his emphasis on community and commonality, it is only fitting to conclude by placing Smith among those who preceded and succeeded him in order better to understand the significant role he played in the ascent of Scottish intellectual life during the eighteenth century. The continuities within and among the Scottish universities are important in understanding the centrality of moral philosophy and rhetoric to Scottish educational reforms that were the cradle of the Scottish Enlightenment. At Glasgow, Francis Hutcheson (1730–46), the founder of Scottish moral sense philosophy and generally acknowledged father of the Scottish Enlightenment, while Smith himself, who had lectured on rhetoric in Edinburgh from 1748–51 before assuming the professorship at Glasgow (1752–64) that Hutcheson had held was followed by Thomas Reid, educated under Turnbull and active with Beattie and Campbell in the Aberdeen Philosophical Society from the 1740s onwards. Reid's foundational influence upon common sense moral philosophy dominated the field into the early nineteenth century, in both Scotland and America. A similar line of descent at Edinburgh following Pringle and Stevenson is represented in Kames's sponsorship of Smith's lectures on rhetoric and jurisprudence in Edinburgh 1748–51. John Stevenson, Professor of Logic and Metaphysics from 1730–77, taught Hugh Blair and John Witherspoon among others, and introduced two important reforms, the custom of lecturing largely in English, also introduced at Glasgow by Hutcheson as essential to the movement away from classicism, and the introduction of Lockean ideas into the logic curriculum. Stevenson gave lectures on rhetoric and belles-lettres, and had his students write compositions, deliver, and defend them in English as well as Latin. The student essays that survive include topics such as taste, and the cardinal points of [literary] criticism. One student wrote on 'the History of our own Country' and argued that one must master the 'art of making himself agreeable by the charms of a well regulated conversation', as 'the most natural and certain method of rising in the world and making one's fortune'. In his autobiography, Stevenson's student, Alexander Carlyle, recounts Stevenson's judicious incorporation of Aristotle, Longinus, Heineccius, and Locke; the rhetorical theory of Cicero and Quintilian, and as literary exemplars, Dryden, Pope and Addison (Miller 1990 4–5).

Robert Watson lectured on rhetoric in Edinburgh under Kames's sponsorship (1751–56), before he left to assume the professorship in rhetoric at St. Andrews; and Blair's lectures on rhetoric at Edinburgh University beginning in 1759, resulted in an appointment to a new Chair of Rhetoric and Belles Lettres in 1762, the first Chair of English Literature in the world (Bator 1994, Bryce 1083: 8–9). The moral philosophy chair at Edinburgh was held by Adam Ferguson (1764–85) and then Dugald Stewart (1785–1810), who ties the Edinburgh line to the Glasgow line through his studies under Reid (Miller 1990: 6). George Campbell was influenced not only by Reid but also by the Philosophical Society of Aberdeen and its exponents of the science of man. Aberdeen, too, presents a line of descent that emerges in George Campbell's *Philosophy of Rhetoric*

(1776), which along with Reid's works on common sense became a staple of rhetorical education on both sides of the Atlantic. Supplementing the aesthetic moral theory and belles-lettristic, criticism-based approach to rhetoric advanced by Hutcheson, Smith, and Blair, common sense philosophy amplified the rhetorical curriculum focused on human psychology and practical reasoning. It anchored rhetorical theory and practice in an expanded philosophy of common sense, but continued to build upon Baconian and Lockean modes of induction, and moral doctrines of sociability and community, to encourage assessments of human motives, understanding, and moral choice (Bevilaqua 1967). Smith's work straddles the aesthetic and common sense developments in eighteenth-century Scottish thought concerning rhetoric and moral philosophy in several important ways.

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PART III

.....  
ADAM SMITH AND  
MORAL PHILOSOPHY  
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## CHAPTER 9

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# ADAM SMITH: THE SYMPATHETIC PROCESS AND THE ORIGIN AND FUNCTION OF CONSCIENCE

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CHRISTEL FRICKE

### INTRODUCTION: CONSCIENCE IN THE *THEORY OF MORAL SENTIMENTS*

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SMITH's moral theory has recently attracted much attention even beyond the circles of academic scholars specializing in the history of Scottish moral philosophy. One of the reasons for this new interest arises from the awareness of Smith having pursued a bottom-up approach to morality which appears to be particularly promising at a time of an increasing sensitivity to and respect for the varieties of moral cultures to be found all over the world. Rather than defining and justifying general moral principles that can then be used for making moral judgments about agents and their actions from a third person point of view without any particular concern for their personal circumstances and cultural identities—as a top-down approach to morality would—Smith takes his starting point from actual social and moral practices within a particular society (see for example Darwall 2006: 70–90 and Sen 2009: 124–52). The core element of his moral theory is a close analysis of the so-called 'sympathetic process' which underlies every moral judgment. Smith describes the moral judge in terms of an 'impartial spectator'. But neither the impartiality nor the spectator role Smith ascribes to the moral judge prevents this judge from taking a second person point of view of the agent who is the object of his attention and getting directly involved with him.<sup>1</sup> This involvement is guided by

<sup>1</sup> See Darwall (2004: 131); Carrasco (2011).

both emotional (in particular: sympathetic) and reflective elements and one can thus characterize Smith's moral theory as a kind of *reflective sentimentalism* (Frazer 2010: 10).<sup>2</sup> Conscience plays a key role in shaping the impartial spectator's sentiments towards an agent.<sup>3</sup>

Scholars of Smith's *Theory of Moral Sentiments* agree in reading this book as containing an account of moral judgment (see Raphael (2007: 10) who stresses the importance of this topic), an account of the socialization and moral education of the individual person (see Phillipson (1985) and Griswold (1999), the latter with a particular focus on the result of this education on the moral self), and an account of the shaping of a moral consensus within a particular social community over time (see e.g. Campbell (1971) and Forman-Barzilai (2010)). Whether Smith also developed a meta-ethical theory of the moral judgment is a matter of controversy: Did he try to argue for the claim that moral judgments can make justified claims to something like moral rightness beyond the factual authority they might have for the members of a particular society or cultural group? And if so, did he succeed? The answer to these questions depends on the reflective power one attributes to the faculty of conscience as Smith presents it in the TMS: Does a person, by acquiring the faculty of conscience, merely internalize the social norms and rules of his society or cultural community or does he acquire the power of critically reflecting about these norms and rules, aiming at an understanding of morality which would be impartial and therefore really proper or right in virtue of being free from both personal and cultural prejudices?<sup>4</sup>

According to Smith, the acquisition of moral conscience is an essential part of a person's moral education. My claim is that moral conscience as conceived by Smith enables a person to intentionally take the role of an impartial spectator. Such a spectator makes moral judgments, either of himself or of other people, based on sympathetic processes rather than on the application of general moral principles.

For the fourth (1774) (and subsequent) editions of the TMS, Smith added to the title page a subtitle containing a description of the content of the book which reads as follows:

An Essay towards an Analysis of the Principles by which Men naturally judge concerning the Conduct and Character, first of their Neighbours, and afterwards of themselves.<sup>5</sup>

As this subtitle makes explicit, moral self-judgment is a central concern of the TMS. Smith first introduces moral conscience as the faculty that enables a person to make

<sup>2</sup> Griswold attributes to Smith a 'sophisticated emotivism' (Griswold 1999: 130 and 157: 8). Carrasco uses the formula of a 'cognitive feeling' (Carrasco 2004: 100). Macfie already pointed out that Smith, with his analysis of impartial sympathy, rejected the Humean claim according to which 'reason is the slave of the passions' (Macfie 1967: 86–8).

<sup>3</sup> According to Macfie, it was via his theory of conscience that Smith—in a 'most subtle piece of analysis'—reconciled 'his rationalist beliefs... with the sentimental psychology' (Macfie 1967: 93).

<sup>4</sup> On culture as a source of prejudices and partial (and therefore improper) moral judgments in the TMS, see Fricke (2011).

<sup>5</sup> Quoted by the editors of the Glasgow edition of the TMS in their 'Introduction' (Raphael and Macfie 1976, 1984: 40).



such judgments. Some of the most important changes Smith made for the second (1761) and sixth (1790) editions of the TMS concern the standards and function of self-judgment for a person's moral character: The topic was indeed of special concern for Smith and he continued to seek further clarification until the last edition published during his lifetime. The editors of the Glasgow edition of the TMS have claimed that 'Smith's special concept of the impartial spectator was developed to explain a man's moral judgments about himself' (Raphael and Macfie 1976, 1984: 17).<sup>6</sup> But one can just as well see it the other way around: The reflective skills which enable a person to make moral judgments about himself (or herself) also and essentially enable him (or her) to intentionally take the role of a properly impartial spectator—be it of himself (or herself) or of other people. This is what I shall argue for in this chapter. Exercising these skills is essential for overcoming a person's natural partiality for himself and his closest family and friends as well as the partiality implicit in the cultural prejudices he has endorsed in the process of his socialization within a particular society. Conscientious reflection is aiming at impartiality by searching for prejudices that stand in its way and trying to overcome them. The question is whether and how this reflection can reach not only beyond the confines of a family circle but also beyond the confines of a particular society or cultural community and embrace the whole of mankind. A moral judgment is justified in virtue of being made by a spectator who actually is morally conscientious and impartial. But impartiality—and thereby the justification of moral claims—comes in degrees. Even those who excel in conscientious reflection, the 'wise and virtuous', will never reach ideal impartiality.

This chapter is divided into seven sections. I start from Smith's account of a child's moral education within the circle of its family. But in that setting moral judgments repose on naïve trust in norms and rules which cannot make any justified claims to impartiality. Section II outlines how, outside the family circle, a young person interacts with peers and will be disposed to trust a critical judgment from an unconcerned spectator. But submitting to the guidance of unconcerned spectators is not always an option, so an agent tries to look at himself from an unconcerned spectator's point of view and learns to become his own spectator and judge, thus acquiring the faculty of conscience. In sections III and IV, I discuss various scholarly interpretations of the role of conscience in Smith but argue they give insufficient weight to disagreement between an agent and an unconcerned spectator. In section V, I point out that Smith recommends many people to rely on the 'common rules of morality' rather than on sympathetic processes alone. But, I maintain, such reliance represents merely a second best procedure for reaching a properly impartial moral judgment. Section VI focuses on the 'wise and virtuous'. While they may well improve on the impartiality of the 'common rules of morality', even their moral judgments will never be perfectly

<sup>6</sup> Recently, this reading has been reaffirmed by Hanley who writes about Smith's 'mechanism' of the 'impartial spectator': 'The intention of this mechanism is to enable a person to become a self-spectator and thereby promote the development of conscience' (Hanley 2009: 136). The notion of a 'mechanism' in this context has been used by other scholars as well. See for example Haakonssen (1989: 55) and Fleischacker (1991: 258); it is, however, misleading.

impartial or certain beyond doubt. Finally, I summarize my argument and address the suspicion of an inconsistency in Smith's moral theory.<sup>7</sup>

## MORAL EDUCATION, THE SYMPATHETIC PROCESS, AND NAÏVE MORAL JUDGMENT

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According to Smith, human beings are essentially social (TMS III.2.6: 116). Their happiness depends to an important extent on enjoying the approval of other people and living in social harmony with them. But approval and social harmony are not the only objects of their natural desires. Among their further concerns is their own survival, health and general well-being. It is a person's self-love, his selfish desire to survive and be well, which is a constant source of partiality:

Every man... is much more deeply interested in whatever immediately concerns himself, than in what concerns any other man... (TMS II.ii.2.2: 82–3)

Acting from unrestrained selfish passions stands in the way of being approved by others. Smith speaks of the 'violence and injustice of our own selfish passions' (TMS III.4.1: 157).<sup>8</sup> One of the most important things children have to learn while growing up is to exercise control over their selfish passions and to restrict them to what is considered as socially acceptable (Heilbronner 1982: 431). In particular, they have to become aware of their spontaneous and unrestrained emotional responses to other people's actions as being a source of partiality, and to adapt them to what is generally considered as proper within their community (see TMS III.4.12: 161). Actions arising from properly moderated self-love will be praised by others and thereby promote both the individual agent's happiness and social harmony within his community.

According to Smith, a child has a natural instinct both to care about itself and to emotionally engage with other people. Still, a child has to learn how to satisfy its natural desires, and it does so with the help and guidance of its parents or whoever it is who takes care of it. On the one hand, it gradually learns what and how much to eat and drink in order to be healthy and what to avoid in order not to become unwell or ill (TMS VI.i.2: 212). On the other hand, it learns how to gain the approval of other people, driven by its 'natural desire to please' its educators, its 'parents', 'masters', and 'companions' (TMS III.2.31: 129). It learns how to adapt its behaviour to their behaviour and to gain their sympathy and approval. Its natural disposition to adapt is further encouraged by the parents' and masters' 'indulgent partiality' for the child (TMS III.3.22: 145). The child

<sup>7</sup> I would like to thank Maria Alejandra Carrasco for extensive discussions on the subject of this chapter. All remaining errors are, of course, mine.

<sup>8</sup> See also TMS III.4.5 and 6, 158. And, as Hanley put it: '... for Smith the chief problem in practical ethics is the egoistic distortion of judgment that occurs when individuals are judges in their own cases ...' (Hanley 2009: 72).

will gradually, even though not necessarily explicitly, endorse its parents' and masters' social habits and the social norms and rules underlying it.

These norms and rules have an implicit impact on the way in which educators, as spectators engaged in a sympathetic process, will judge a child in its role as an agent. Within such a process, the question how impartial these norms and rules are is not an issue. Furthermore, engaged in such a sympathetic process, parents and masters do not interact with the child as being their equal; the child is expected to adapt to the parents' and masters' behaviour rather than to question the norms and rules underlying it (Hope 1989: 105).

A sympathetic process in the full and specifically Smithian sense of the term is a process of interaction between an agent and his spectator or judge. It is a *sympathetic* process because this interaction is essentially, even though not exclusively, driven by the spectator's and the agent's natural 'sympathy' in general and by their natural desire for 'the pleasure of mutual sympathy' (TMS I.i.2.title: 13) in particular. It is because of their sympathy that humans generally feel 'pity' or 'compassion . . . for the misery of others' (TMS I.i.1.1: 9). Sympathy allows them to have a 'fellow-feeling' with others' responsive feelings of resentment and gratitude and with 'any passion whatsoever' (TMS I.i.1.5: 10). The spectator's attention is drawn to the case of the agent, the person concerned by certain circumstances and actively responding to them, by witnessing this agent's behavior and facial expression and by hearing him express his emotional concerns.<sup>9</sup> What Smith is mainly interested in are not cases of spontaneous, unreflected 'transfusion' of passions from the agent to the spectator as they can take place even among higher developed animals (TMS I.i.1.6: 11). Rather, he is interested in cases where a spectator makes his sympathy for the agent observed dependent on his approval.

To perform as a moral judge, a spectator who observes an agent and his passionate response to certain circumstances has to avoid letting himself be the subject of a transfusion of passions. Still, his attitude to what he observes is partly emotional; his emotional response should, however, not be spontaneous but rather informed by a cool-minded and sensitive awareness of the factual circumstances, including the particular cognitive and emotional disposition of the agent (see TMS I.i.1.10: 12). But factual information alone does not allow the spectator to judge the agent and his performance: The spectator's emotional response is constitutive of his evaluative attitude. This is because, according to Smith, making a spectatorial moral judgment is not a purely intellectual task. It does not simply consist in subsuming a particular case (an agent and his action in response to given circumstances) under a general moral principle. What the spectator does is to put himself imaginatively into the position of the agent, he 'enter[s] . . . into his body', trying to 'become in some measure the same person with him' in order to 'form some idea of his sensations, and even feel something which, though weaker in degree, is not altogether unlike them' (TMS I.i.1.1: 9). By this imaginative, emotional, and cognitively informed manoeuvre the spectator gets an idea of what he, the

<sup>9</sup> The spectator has access to what an agent feels by the 'view of a certain emotion' which the agent expresses in his 'look and gestures' (TMS I.i.1.6: 11) and by his 'behavior' (TMS I.i.1.6: 11).

spectator, would feel if he were someone like the agent in that situation. The imaginative feeling will, however, be lower in degree than the corresponding actual feeling. It will also be different in kind since it is not a passion immediately triggered by external events but based on an act of imagination and cool-minded and well-informed reflection. The spectatorial feeling is a reflected sentiment, not a passion triggered immediately (without reflective mediation) by perceptual data. To finally reach his evaluative judgment of the actual performance of the agent, of his emotional and behavioral response to the respective circumstances, the spectator compares this agent's emotional state as expressed by him (through his facial expression, talk, and behaviour) with his own 'sympathetic emotions', that is, the emotional state he imagined himself to be in and actually felt to some degree when imaginatively taking the position of this agent in these circumstances:

When the original passions of the person principally concerned are in perfect concord with the sympathetic emotions of the spectator, they necessarily appear to this last just and proper, and suitable to their objects; and, on the contrary, when, upon bringing the case home to himself, he finds that they do not coincide with what he feels, they necessarily appear to him unjust and improper, and unsuitable to the causes which excite him. To approve of the passions of another, therefore, as suitable to their objects, is the same thing as to observe that we entirely sympathize with them; and not to approve of them as such, is the same thing as to observe that we do not entirely sympathize with them. (TMS I.i.3.1: 16)

In this passage, Smith uses the notions of 'sympathy' and 'sympathetic emotion' for two kinds of feelings which have to be distinguished: The 'sympathetic emotion' is the emotion the spectator imagines he would feel (and then to some degree also feels) if he were someone like the agent and exposed to such circumstances; this 'sympathetic emotion', a reflected sentiment, is the point of comparison with the emotion the agent expresses in his observable behavior. The spectator's 'sympathy', however, is not an imagined and then imaginatively triggered actual first order feeling, but a second order feeling triggered by the discovery of emotional concord between the spectator involved in his imaginative change of position and the agent.<sup>10</sup> Should the spectator discover a lack of emotional concord instead, his first order feeling would still be a 'sympathetic emotion'; but his second order feeling would not be 'sympathy' but rather what Smith aptly calls 'antipathy' (TMS II.i.5.4 and 5: 75).<sup>11</sup> Moral sentiments underlying moral judgments are feelings of sympathy of the second kind. But such feelings do not by themselves provide a judge with anything that would allow him to make justified claims to impartiality.

<sup>10</sup> On the account of Smith's spectatorial sympathy in terms of a second order emotion, see also TMS VI.ii.i.1: 219. See also Griswold (1999: 121) and Carrasco (2004: 100).

<sup>11</sup> In his famous objection to Smith's account of sympathy, Hume overlooks the crucial distinction between first order 'sympathetic emotions' (which can be as manifold as first order emotions are and which can, in particular, be more or less agreeable) and second order 'sympathy' (which is always agreeable) or second order 'antipathy' (which is always disagreeable). See the footnote which Smith added to TMS I.iii.1.9: 46 in the second edition of the book.

As this passage makes explicit, the spectator sets the standard for his evaluative judgment himself: He imagines how *he* would feel if he was someone like the agent and exposed to such circumstances and naïvely assumes that the way *he* would feel would be the *proper* or *right* way to feel. And he makes his sympathy with the agent dependent on this agent responding to the circumstances exactly as he, the spectator, imagines he would have responded himself (Valihora 2001: 145). What the spectator actually imagines he would feel depends partly on his human nature, his previous experience of his own vulnerability, and on his knowledge of the observed facts about the agent and his response to the given circumstances. Implicit in his spectatorial attitude to an agent is the assumption that the agent is as vulnerable as himself (Fricke 2011). Still, his ‘sympathetic emotion’ or imagined feeling on which he relies as a standard of propriety is also shaped by his underlying evaluative habits, by the social norms and rules he has endorsed in the course of his previous socialization within a family or local community—and he might not clearly distinguish these from his acquired personal tastes. His attitude as a spectator and moral judge is informed by a naïve trust in the propriety of his own standards of evaluation. He does not raise the question whether or not these standards allow for impartial moral judgments under all circumstances, whatever their particularities might be.

Where sympathetic processes take place between a child and its educator, the roles are clearly distributed: The educator takes the role of a spectator and the child that of the agent who is the object of the spectator’s attention. If the educator, even though feeling an ‘indulgent partiality’ for the child, does not sympathize with the child’s response to particular circumstances, he will encourage it to change its behaviour. The child is supposed to let itself be guided by the educator and not object to his judgment, and it is motivated to do so by its natural desire for praise and its unquestioned trust in his educator’s judgment.

But this does not mean that the child, while growing up, does not take the role of a spectator when interacting with his peers: Its natural sympathy draws its attention to agents responding to certain circumstances and induces it to get itself involved in a sympathetic process and judge the response of the agent according to its sympathy or antipathy with him. But just as its educators, its own performance as a spectator making moral judgments about other people is based on a naïve trust in the rightness of the social norms and rules it endorsed in the process of its socialization.

In cases where a naïve spectator sympathizes with the agent who is the object of his attention and approves of how he responded to certain circumstances, there is no need for the agent to be concerned about the propriety of his behaviour. The agent can enjoy the approval and actual praise of his spectator. Social harmony between them is not in danger. Nor does the spectator see in such cases any reason for questioning the propriety and impartiality of his own judgment. But, outside the family circle, where people interact as peers, without the ‘indulgent partiality’ with which an educator addresses a child, and without the natural trust a child has in its educators, an agent can find himself confronted with the antipathy and disapproval of his spectator and moral judge, and this disapproval can represent a challenge for both of them.

## CONSCIENTIOUS MORAL SELF-JUDGMENT AND THE EXPLICIT CONCERN FOR IMPARTIALITY AND PRAISEWORTHINESS

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According to Smith, children leave the exclusive circle of their families when they are ‘old enough to go to school’ and ‘mix with . . . equals’ (TMS III.3.22: 145). Still, for an agent interacting with peers, moral disapproval from a spectator continues to represent a serious challenge. This is because his desire for approval and social harmony is not limited to the members of his own family. According to Smith, spectatorial sympathy is the ‘sole consolation’ of an agent concerned and he therefore desires it strongly (TMS I.i.4.7: 22), not only from the members of his own family but also from everybody else. But since, outside family circles, the spectator is not normally in the position of an educator and the agent not normally in the position of a child who is naturally disposed to trust its educator, there is the question why the agent should trust the judgment of an antipathetic spectator.

Smith’s answer to this question is implicit in his account of a spectator’s impartiality, or, to be more precise, in his account of a necessary condition for a spectator’s impartiality: An agent can trust a peer-spectator’s judgment about him in so far as this spectator himself is not directly concerned by the circumstances to which the agent responds. In principle, any person can take the role of an agent’s spectator as long as he witnesses the agent and his behaviour under certain circumstances and is at the same time not himself concerned by them. This lack of concern or indifference from the side of the spectator is crucial: Only if the spectators’ selfish interests are not at stake can they look at the circumstances and the agent’s response to them with a sufficiently cool mind, free from the prejudices and partiality which arise in spontaneous selfish passions and desires.<sup>12</sup> But this lack of concern may only be ‘momentary’, induced by the spectator’s natural sympathy for others; more selfish concerns, such as the ‘thought of their own safety’ constantly ‘intrude’ themselves on the spectator’s state of indifference (TMS I.i.4.7: 21).

The agent’s trust in the judgment of his unconcerned spectators and his desire for their sympathy motivate him to adapt to the spectators’ judgment and the implicit standards of propriety and to ‘lower [...] his passion to that pitch, in which the spectators are capable of going along with him’ (TMS I.i.4.7: 22). However, this adaptive attitude to antipathetic, but unconcerned spectators is, for the agent, not always a promising strategy for achieving their praise and a state of mutual harmony. It may occur that an agent finds himself confronted with several unconcerned spectators who do not agree among themselves about how to judge his behaviour. In such a case, trying to gain the sympathy of all of them would be an ‘absurd project’ (TMS III.2.31: 129).<sup>13</sup> And there is more for an

<sup>12</sup> See TMS I.i.4: 19–23.

<sup>13</sup> The passage appears in editions 2 to 5 of the TMS exclusively.

agent to encounter in the world than just disagreement among unconcerned spectators. People might object to proper behavior of which an unconcerned spectator would approve because they find their selfish interests unfavourably affected by it:

The fairest and most equitable conduct must frequently obstruct the interests, or thwart the inclinations of particular persons, who will seldom . . . have candour enough to enter into the propriety of our motives, or to see that this conduct, how disagreeable soever to them, is perfectly suitable to our situation. (TMS III.2.31: 129)<sup>14</sup>

What can an agent do in a state of such confusion of ‘partial judgments’ (TMS III.2.31: 129)? One version of Smith’s answer to this question reads as follows:

We soon learn . . . to sett up in our minds a judge between ourselves and those we live with. We conceive ourselves as acting in the presence of a person quite candid and equitable, of one who has no particular relation either to ourselves, or to those whose interests are affected by our conduct who is neither father, nor brother, nor friend either to them or to us, but is merely a man in general, an impartial spectator who considers our conduct with the same indifference with which we regard that of other people. (TMS III.2.31: 129)<sup>15</sup>

But how can anyone conceive of such a ‘man in general’? In other passages, Smith chooses a psychologically more realistic way of describing this move of the confused agent: The agent is ‘led to imagine in what manner he would be affected if he was only one of the spectators of his own situation’ (TMS I.i.4.8: 22), taking an unconcerned spectator as a role model. Suffering from a lack of approval on the one hand and not knowing whom he can trust as a spectator on the other, the agent gets himself involved in a sympathetic process, trying to look at himself from an unconcerned spectator’s point of view. He tries to imagine himself in the position of such a spectator. And in so far as he succeeds in imaginatively switching roles with such a spectator, he becomes his own spectator, looking at himself and the circumstances to which he spontaneously responded with the cool and unprejudiced mind of a person unconcerned with but sensitive to the feelings of others. He might, then, find himself displeased with his spontaneous emotional and behavioural response to the given circumstances and try to lower his passion to that ‘pitch’ at which both he himself as his own unconcerned spectator, as well as any other properly unconcerned spectators, can sympathize. By lowering his passions, he might succeed in gaining approval from properly unconcerned spectators and enjoy a state of mutual sympathy if not with everybody, at least with them.

Taking a spectatorial, unconcerned, and cool-minded, even though sensitive point of view, and looking at oneself and one’s spontaneous response to certain circumstances from it is, according to Smith, a matter of conscience. Conscience is, for Smith, an acquired faculty, it can only be learned from others who actually take the role of

<sup>14</sup> The passage appears in editions 2 to 5 of the TMS exclusively.

<sup>15</sup> The passage appears in editions 2 to 5 of the TMS exclusively.

unconcerned spectators. A human being who grew up in full deprivation of society could not learn to be conscientious.<sup>16</sup> The role of conscience and, in particular, the role of moral self-judgment in the moral practice of a person is the main topic of Part III of the TMS. According to Smith, once they have acquired conscience, people can judge about the propriety or impropriety of their own feelings, intentions and actions in a way analogous to that in which they judge those of other people (TMS III.1.1: 109).

Smith's claim is that, in judging the propriety of our own behaviour, we have to engage in a sympathetic process of the same kind as the one we previously relied on in order to pass an impartial judgment on another agent. Only that, in the case of self-judgment, it is one and the same individual who plays both the part of the spectator or judge and the part of the person being judged: When judging the propriety of our own behaviour, 'we suppose ourselves the spectators of our own behaviour and endeavour to imagine what effect it would, in this light, produce upon us', thereby dividing ourselves 'into two persons' (TMS III.1.5 and 6: 112 and 113). Smith describes an agent's acquisition of the faculty of conscience in terms of an act of internalizing the external unconcerned spectator to whose judgment he was previously exposed: Judgments of conscience are judgments of 'the man within' (TMS III.1.32: 31) or the 'judge within' (TMS III.3.1: 134). Just as any external judge, this 'judge within' has to make an effort and try to be 'fair and impartial' (TMS III.1.2: 110); and he cannot succeed unless he is as cool-minded and well-informed, unprejudiced, indifferent, and impartial as any unconcerned and impartial external spectator would be.

Conscience enables a person to be aware of himself or herself as an agent who can exercise control over his or her actions and is to be taken as responsible for them by other people. But whereas the acquisition of a certain amount of self-control is part of what a child learns from his parents, conscience as a particularly moral faculty enables a person to critically judge his own responsive attitudes and behaviour and to question their impartiality.<sup>17</sup> What motivates a conscientious person to exercise control over his behaviour are not merely psychological and social concerns for approval and praise, but first and foremost *normative concerns* to understand what is really proper and what should therefore be approved by an unconcerned spectator, whether there is anybody around who actually takes the role of such an unconcerned spectator or not.<sup>18</sup> This is particularly explicit in Smith's distinction between actual praise and real praiseworthiness of an agent:

<sup>16</sup> See TMS III.1.3: 110–11 and Berry (1997: 165, 2003: 253). Griswold makes the same point in the following terms: 'Our awareness of the "voice" of conscience is not a "fact of reason", to borrow Kant's phrase, or some innate "moral sense" but rather an acquired form of moral self-awareness' (Griswold 1999: 131).

<sup>17</sup> See e.g. TMS III.2.9: 118 and Carrasco (2012).

<sup>18</sup> For Smith's insistence on the difference between a merely psychological and a properly normative concern about acting properly, see TMS III.2.32: 130–1. Carrasco has pointed out that one has to distinguish between two kinds of self-command a child has to learn: self-command as a condition for social adaptation and moral self-command which aims at impartiality and moral propriety. See Carrasco (2012).



Man naturally desires, not only to be loved, but to be lovely; or to be that thing which is the natural and proper object of love. He naturally dreads, not only to be hated, but to be hateful; or to be that thing which is the natural and proper object of hatred. He desires, not only praise, but praiseworthiness; or to be that thing which, though it should be blamed by nobody, is, however, the natural and proper object of blame. (TMS III.2.1: 113–14)<sup>19</sup>

Conscience makes a person aware of his being ‘but one of the multitude’ (TMS III.3.5: 137), of the fact that, as one of the multitude, he cannot make any claims to special treatments of the kind a child would naturally expect and receive from his loving parents. Making such unjustified claims would express a lack of respect for others as equals, as persons with equal rights to be respected and to be treated with fairness and justice.<sup>20</sup>

Describing conscience as an acquired faculty can be misleading: It is not a new sense, a kind of moral sense that people acquire by learning to be conscientious. Smith explicitly rejects the Hutchesonian claim that people have a particular moral sense—be it a natural or an acquired sense.<sup>21</sup> Conscience, as Smith understands it, is a faculty of critical self-reflection and self-judgment:

... it is reason, principle, conscience, the inhabitant of the breast, the man within, the great judge and arbiter of our conduct. (TMS III.3.5: 137)

In so far as conscience enables a person to be explicitly concerned about his impartiality as a moral judge, to be aware of selfish passions as sources of partiality and to exercise control over them, to intentionally take the role of an unconcerned spectator and not let any selfish concerns intrude themselves on his state of indifference, one can conclude that conscience is a spectator’s skill that cannot be reserved to those spectators involved in self-judging exclusively. The conscientious spectator can just as well pass judgments on other people. Conscience is not conditional for taking the role of an unconcerned spectator as our natural sympathy motivates us to do so without thinking about it. But the conscientious spectator does not depend on the working of his natural sympathy exclusively for silencing any selfish concerns in order to engage in a sympathetic process with an agent: He can do so intentionally, he can make an explicit effort to be unconcerned. But there is the question why an agent has a reason to trust his own ‘judge within’ (TMS III.3.1: 134) any more than an external spectator.

<sup>19</sup> Most of the chapter which contains the text quoted here was ‘added or re-written’ for the 6th edition of the TMS (see TMS 113, editorial footnote a). The distinction is indeed made much more explicit in the 6th edition and it is also given more weight (see the whole chapter TMS III.2: 113–34, but in particular III.2.25: 126). Still, the distinction has been present since the 1st edition. See e.g. TMS III.1.7: 113.

<sup>20</sup> See also TMS III.3.6: 138. On the role of equality of people in Smith’s moral theory, see Fricke (2011) and Fleischacker’s contribution to this volume.

<sup>21</sup> See TMS III.4.5: 158.

## CONSCIENTIOUS MORAL SELF-JUDGMENT

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The conscientious self-judgment of an agent will not always bring forth an agreement between him and his external spectators. In cases of such disagreement, should preference be given to the agent's self-judgment? Does conscience open a window through which an agent can see absolute moral truth, an answer to the question what is absolutely proper or right to do under particular circumstances? And is this moral intuition such that it cannot be shared with others? There are, especially in the sixth edition of the TMS, but also in editions 2 to 5, passages where Smith seems to answer this question in the positive. Indeed, sometimes Smith speaks as if conscience gave a person direct access to the moral judgments of a 'higher tribunal': Thus, in editions 2 to 5 of the TMS, he describes the 'judge within' as a 'higher tribunal' and distinguishes this tribunal from the 'inferiour tribunal' provided by an external spectator (TMS III.2: 128). And this way of speaking prevails in the sixth edition where Smith speaks of an agent's 'own conscience' as of a 'higher tribunal' (TMS III.2.32: 130). In these passages Smith seems to imply that the only function of an external spectator is educational and psychological, that he has to provide a role model which an agent can internalize, and that an agent, once he has acquired the faculty of conscience, is independent of others in his moral self-judgment.

Several scholars have followed this line of interpretation, first and foremost the editors of the standard Glasgow edition of the TMS.<sup>22</sup> But they have provided different accounts of Smith's understanding of conscientious moral self-judgment. Vivienne Brown (1994: ch. 3) and Emma Rothschild (2004: 153), in particularly explicit statements, of this view, have denied that an external spectator could be a moral judge at all, since he could not be explicitly concerned about impartiality and make any claims to justified authority of his judgment. According to their readings, the properly impartial spectator or moral judge can only be a virtual spectator.<sup>23</sup> But what makes the conscientious agent less naïve in his self-judgment than any external spectator would be? What entitles the conscientious person to speak in the name of a 'higher tribunal'? James Otteson (2002: 240 and 245–52), Ann Firth (2007: 119) and, most recently, Ryan Hanley (2007: 119) have attributed to Smith the view that conscience gave a person access to moral principles arising from a transcendent source—as if the conscientious person did not have to take other people's points of view imaginatively into account before making a properly impartial, moral judgment. But, as Samuel Fleischacker has already pointed out, 'viewing moral laws *as if* they issued from God, . . . was highly unusual in the eighteenth century'.<sup>24</sup>

<sup>22</sup> See above, p. 179.

<sup>23</sup> Vivienne Brown reads Smith's conception of the moral judgment as 'soliloquy', arising from an 'inner debate' of the conscientious agent with himself (Brown 1994: 48). She does not deny that a person depends, for acquiring conscience, on social interaction with external spectators. But once a person has acquired conscience, his moral concerns are self-centred, since 'moral excellence is an intensely private form' (Brown 1994: 183).

<sup>24</sup> Fleischacker (1991: 254). See also Griswold (1999: 160–1) and Broadie (2006: 186–7, 2010: 217–18).

Others have denied that, by the acquisition of conscience, an agent could have access to any kind of superior moral standards, to standards that were not accessible to all. In particular, they have denied that any impartial spectator, not even the conscientious ‘judge within’, was capable to question whether and to what extent the social norms and rules he endorsed in the process of his socialization might themselves be sources of partiality. Fonna Forman-Barzilai (2010: 86–105; and see her contribution to this volume) has most explicitly rejected the idea that the conscientious agent’s moral judgment could reach beyond the confines of his own society or cultural community and embrace the whole of mankind. And Fleischacker (2005) has claimed that an impartial spectator could inspire trust and have authority only for an agent who was a member of the same social community or cultural group, as if sympathetic processes could only take place among people within the circles of their social and cultural familiarity. According to such a sceptical reading of Smith’s moral theory, neither sympathy nor conscience allow a moral judge to recognize the social and moral norms that define a social community or cultural group as potential sources of partiality that stand in the way of reaching real propriety or impartiality of a moral judgment.

Carola von Villiez and Maria A. Carrasco have interpreted Smith’s account of conscience in terms of a special kind of reasoning in which the conscientious moral judge gets involved. Von Villiez has argued that, while an external spectator was inevitably naïve, judging in accordance with the social norms and rules he endorsed in the process of his socialization (the ‘communal moral rules’ as von Villiez calls them) without questioning them, only the conscientious agent in his self-judgment could leave this naïve trust in the communal moral rules behind. According to her, the conscientious ‘judge within’ gets involved in a thought experiment, following the Rawlsian method of reflective equilibrium, in order to make sure that his moral judgment takes all relevant facts about all people directly or indirectly concerned into account. Thereby, he can achieve ultimate justification of moral judgments without, however, transcending the circles of the respective social community, that is, without challenging the moral intuitions the members of this community share (von Villiez 2006: 121–3). In this reflective process, ‘general principles’ as they are contained in the communal moral rules of a community, play a part analogous to the Principles of Justice in Rawls’ account of the method of reflective equilibrium (von Villiez 2006: 127–8). Von Villiez does not raise the question whether or not Smith attempted to provide more than a normative account of moral judgment within a social community or cultural group, that is, whether he actually aimed at providing a meta-ethical theory of a moral judgment that could rightly claim authority for all people. Her reading of Smith does not explicitly address objections of the kind Forman-Barzilai has brought forward.

Maria A. Carrasco attributes to Smith the aim of providing such a meta-ethical theory. According to her reading of the TMS, the conscientious moral judge relies on practical reasoning—of a kind similar to that of the Aristotelian *phronimos*—in order to leave all human selfish concerns behind and take the point of view of a properly and absolutely impartial spectator, referring in particular to the passages where Smith speaks of the impartial spectator in terms of the ‘man in general’, of the ‘abstract man’ or the

‘representative of mankind’ (TMS III.2: 129–130). Carrasco (2011: 18) reads Smith’s impartial spectator as identifying an ‘impersonal standpoint’ as it has been described by Thomas Nagel, a standpoint which is in no way affected by the limitations of standpoint relativity or partiality but still a human standpoint, rather than a ‘view from nowhere’ which abstracts even from humanity (Nagel 1991: 12; Carrasco 2004: 105–6).

The controversial interpretations of Smith’s meta-ethical ambitions and of his account of moral conscience in particular reveal a difficulty inherent in any moral theory that tries to combine a naturalistic understanding of the origins of morality in human emotions and sociality with a straightforwardly normative project of attributing to the moral judgment more than factual authority within a particular social community or cultural group, namely an authority that all human beings have reason to respect. That Smith did have such far reaching meta-ethical ambitions is most explicit in the following passage from Part VI of the TMS (which was in its entirety written for the sixth edition):

Though our effectual good offices can very seldom be extended to any wider society than that of our own country; our good-will is circumscribed by no boundary, but may embrace the immensity of the universe. (TMS VI.ii.3.1: 235)

Smith himself was aware of the challenge implicit in his bottom-up approach to morality which aimed at a normative and universal understanding of the authority of moral judgments nevertheless. This becomes evident in his exchange with Gilbert Elliot.

Elliot, an attentive reader of the first edition of the TMS,<sup>25</sup> already understood Smith’s account of the external spectator of an agent as being intrinsically naïve, as someone relying on his judgment of the agent based on principles of common good manners without questioning their impartiality. Elliot then wondered why Smith thought that an agent, by relying on his conscience and judging himself, could improve on the impartiality of the moral judgments made about him by an external spectator.<sup>26</sup> The letter to Smith in which he raised this question has not been preserved. But we have Smith’s answer to him, a letter which Smith sent to his thoughtful critic with manuscripts for revisions of the text of the TMS for the second edition, asking him for his ‘opinion’. Smith’s answer to Elliot does not provide any evidence for Smith’s thoughts having undergone any substantive changes in the course of the two years between the first and the second edition of the TMS. In particular, Smith did not change his mind about the self-judgments an agent makes about the propriety of his emotions and actions: Not only can they diverge from those made by an external spectator about the same agent, they can also improve on the impartiality of the latter. Smith wrote back to Elliot in the following terms:

You will observe that it [the revised text of the TMS] is intended both to *confirm* my Doctrine that our judgments concerning our own conduct have always a reference to the sentiments of some other being, and to shew that, *notwithstanding this*, real

<sup>25</sup> For more details about Elliot, see Phillipson (2010: 163–5).

<sup>26</sup> Elliot was not alone with this reading. It seems that Thomas Reid read Smith’s moral theory in the same way—and objected to it with very similar concerns. See Hanley (2009: 145–6). Hanley also quotes further contemporary critics joining in this objection to Smith. See Hanley (2009: 146 fn. 23).

magnanimity and conscious virtue can support itself under the disapprobation of all mankind. (Corr 40: 49, my italics)

In this passage, Smith makes a twofold claim. On the one hand, he confirms his view that moral judgment is a matter of—actual or virtual—interaction between an agent and his spectator in a sympathetic process: Be the interaction merely virtual or actual, there is in both cases a need for ‘reference to the sentiments of some other being’. On the other hand, he wants to ‘make Virtue sufficiently independent of popular opinion’ (Corr 49), implying that virtue can only be achieved by relying on one’s conscience—rather than by adapting to the judgments and expectations of external spectators. And the ‘notwithstanding this’ in his reply to Elliot makes explicit that Smith is aware of its not being self-evident that these two claims are mutually compatible: it sounds as if he was endorsing the importance of popular opinion for spectatorial self-judgments and rejecting it at the same time. The most important of his revisions of the text of the TMS for the second and then, almost 30 years later, for the sixth edition address this problem.

How can Smith meet this suspicion of inconsistency? In order to answer this question, I shall again focus on Smith’s account of the sympathetic process and, in addition to that, on his theory of virtue. Implicit in this account is the assumption that the agent and his spectator involved in a sympathetic process are not supposed to try and overcome any disagreement between them by manipulating the respective other’s judgment, by exercising any kind of power or coercion over the respective other, or by simply disrespecting and ignoring the other or putting him (or her) to silence—even though in actual processes of communication between agents and their spectators such manoeuvres are not uncommon.<sup>27</sup> Both have to try and understand what is really proper, morally right, or praiseworthy, be it in accordance with any social norms and rules or not.

## CONSCIENCE, VIRTUE, AND THE PROBLEM OF ERRONEOUS MORAL JUDGMENT

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In the text of the second edition of the TMS, Smith’s makes Elliot’s concern explicit in the following terms:

But though this tribunal within the breast be thus the supreme arbiter of all our actions, though it can reverse the decisions of all mankind with regard to our character and conduct, and mortify us amidst the applause, or support us under the censure of the world; yet, if we enquire into the origin of its institution, its jurisdiction we shall find is in a great measure derived from the authority of that very tribunal, whose decisions it so often and so justly reverses. (TMS III.2: 129)<sup>28</sup>

<sup>27</sup> Smith mentions explicitly the procedures of ‘intrigue’ and ‘cabal’ and of ‘[bribing] all the judges’ on which a person might rely to obtain their approval. See TMS III.2.24: 126.

<sup>28</sup> This passage was removed from the 6th edition.

Here, Smith confirms that the external spectator of an agent and the agent himself in his conscientious self-judgment (the ‘judge within’) rely on the same procedures for making their judgments of the propriety of the agent’s response to certain circumstances. How can their judgments diverge nevertheless? Since ‘nothing pleases us more than to observe in other men a fellow-feeling with all the emotions of our own breast’ and since we are never ‘so much shocked as by the appearance of the contrary’ (TMS I.i.2.1: 13), the occurrence of the spectator’s antipathy alarms not only the agent but also the spectator himself. Both of them would much rather enjoy a state of mutual sympathy.<sup>29</sup> In cases of explicit divergence between the judgment of a conscientious external spectator of an agent (a spectator who is not manipulating the agent but, like him, concerned about understanding what is morally right) and that of the conscientious agent himself (the ‘judge within’), further efforts for finally reaching a state of mutual sympathy can be made; both parties have to make sure that they have not committed any *errors* in their respective judgments. Errors can prevent agreement.

As far as the external spectator is concerned, in cases of a remaining lack of mutual sympathy with the conscientious agent, he has to make sure that his attitude towards the agent has been entirely free from any concern for himself and his own wellbeing and that he has looked at the agent and his circumstances with the greatest sensitivity, care and attention to detail; he has to bring home to himself ‘every little circumstance of distress which can possibly occur to the sufferer’ and ‘adopt the whole case of his companion with all its minutest incidents’ (TMS I.i.4.6: 21). Sources of error the external spectator has to avoid include the lack of sufficient attention, a particular challenge when the agent observed is a stranger to him, and the distraction arising from being ‘employed about other things’ (TMS I.i.3.5: 18). If the spectator is as unconcerned and cool-minded as he should be, he can take many more aspects of the respective circumstances into account than the agent concerned did in his state of spontaneous passion induced by self-love. All this the external spectator can only achieve if he is conscientious and does not naïvely—or dogmatically—trust in the propriety of his own judgment and of the social norms and rules underlying it. Smith describes this attitude in terms of ‘virtue’.

By acquiring conscience, people are disposed to acquire ‘two different sets of virtues’, corresponding to the roles of the agent and the spectator in sympathetic processes. That is, as spectators they acquire the ‘soft, the gentle, the amiable virtues, the virtues of candid condescension and indulgent humanity’, while as agents they acquire the ‘great, the awful and respectable, the virtues of self-denial, or self-government, of that command of the passions which subjects all the movements of our nature to what our dignity and honour, and the propriety of our own conduct require’ (TMS I.i.5.1: 23). The development and perfection of these virtues is a lifelong enterprise—and in real life, there are plenty of sources of distraction on the way to achieve this noble goal, first and foremost the natural disposition of people ‘to admire the rich and the great’ (TMS I.iii.3: 61–6). Only a few people actually

<sup>29</sup> See also TMS I.i.2.6: 15: ‘As the person who is principally interested in any event is pleased with our sympathy, and hurt by the want of it, so we, too, seem to be pleased when we are able to sympathize with him, and to be hurt when we are unable to do so.’

succeed—sometimes—in restraining their selfish and indulging their benevolent passions to a high degree and get close to what Smith calls ‘the perfection of human nature’, a state of character which ‘can alone produce among mankind that harmony of sentiments and passions in which consists their whole grace and propriety’ (TMS I.i.5.5: 25):

Virtue is excellence, something uncommonly great and beautiful, which raises far above what is vulgar and ordinary. (TMS I.i.5.6: 25)

By acquiring conscience people finally understand what virtue would consist in, and they are motivated to become virtuous—even though human vanity and pride represent common weaknesses that can discourage people from taking the path to virtue.<sup>30</sup> Conscience enables them to get actively and fruitfully involved in sympathetic processes, aiming not only at mutual sympathy in general but at mutual sympathy in accordance with real praiseworthiness in particular. However, in order to be involved in such processes, be it in the role of the agent or in that of an external spectator, a person does not need to have acquired total wisdom and perfect virtue. Smith distinguishes between ‘ordinary’ and ‘uncommon’ degrees of moral education; the latter depends on the achievement of a high degree of wisdom and virtue, whereas the former, restricted to ‘mere propriety’, is what ordinary agents and spectators rely on when making moral judgments (TMS I.i.5.6: 25). Accordingly, he distinguishes between ‘two different standards’ by which we determine ‘the degree of blame or applause which seems due to any action’: the ideal standard of ‘complete propriety and perfection’ and the degree ‘the greater part of men commonly arrive at’ (TMS I.i.5.9: 26).<sup>31</sup> For the ‘bulk of mankind’ (TMS III.5.1: 162) it is sufficient to respect the ‘common rules of morality’ (TMS III.4.8: 159), the ‘established rules of behaviour’ or ‘of duty’ (TMS III.5.1: 162).

For making his judgment, the conscientious or virtuous spectator should be as well informed as possible. But there are certain limits to acquiring all relevant information: As an external spectator, he has to rely on observation of the agent and his circumstances. He has no direct access to the agent’s actual thoughts, beliefs, emotions, and intentions and depends on the agent’s making them explicit either by articulating them verbally or by expressing them in his face or general behavior. This dependency can be abused by the agent: He may mislead his external spectator, either intentionally or not, he can be a ‘liar’ or a ‘coxcomb’ (TMS III.2.4: 115), and the external spectator may remain unaware of either.

Since the agent has privileged access to his own thoughts, emotions, and intentions, he might realize that certain misunderstandings and errors could mislead his external spectator in his judgment. In such cases, the agent will or at least should be ‘more indifferent about the applause, and, in some measure, despise the censure of the world’ (TMS III.1.5: 112).<sup>32</sup> Whatever the external spectator has to do in order to avoid an error of his

<sup>30</sup> On vanity and pride, see TMS VI.iii.35–53: 255–62.

<sup>31</sup> For Smith’s distinction between two standards of propriety, see also TMS I.i.5.6: 25.

<sup>32</sup> See also TMS III, 111: ‘We must enter, in short, either into what are, or into what ought to be, or into what, if the whole circumstances of the conduct were known, we imagine would be the sentiments of the others, before we can either applaud or condemn it.’ This passage was removed from the text for the 2nd edition.

judgment goes for the internal spectator as well. Now, given the agent's privileged access to his own emotions, intentions, and beliefs, one might expect that he himself as his internal spectator has a natural advantage over his external spectator. These cognitive advantages of the internal spectator are, however, counterbalanced by certain disadvantages: An agent who relies on self-judgment exclusively rather than exposing himself also to the judgment of an external spectator is likely to deceive himself: '... there is not in the world such a smoother of wrinkles as in every man's imagination, with regard to the blemishes of his own character' (TMS III, 112).<sup>33</sup> Self-judgments based on self-deceit may well be incompatible with the corresponding judgment of an external spectator: '... self-deceit', says Smith, 'is the source of half the disorders of human life' (TMS III.4.6: 158).

The agent's privileged access to his own thoughts, emotions, and intentions allows him to make himself an object of self-judgment already in the state of intention:

There are two different occasions upon which we examine our own conduct, and endeavour to view it in the light in which the impartial spectator would view it: first, when we are about to act; and secondly, after we have acted. (TMS III.4.2: 157)

Smith is aware of the danger of self-deceit in both cases; but he sees a comparatively greater challenge to overcome partiality when an agent is under the 'eagerness of passion', when he is responding emotionally to circumstances and about to act (TMS III.4.3: 157). Therefore, we often have occasion to look back at our past actions with 'vain regret and unavailing repentance' (TMS III.4.5: 158). This regret and repentance are the driving forces of moral learning through involvements in sympathetic processes, especially with one's 'judge within.' But Smith is perfectly aware of the fact that the exercise of self-control over the selfish passions represents a constant challenge; regret over past actions does not always secure us 'from the like errors in time to come' (TMS III.4.5: 158).

Given the challenges involved in taking an impartial spectator's view of oneself when under the influence of passion, Smith recommends that a person who is about to act rely on 'general rules of morality' (TMS III.4.8: 159) for making his choices. His aim should be that 'all such actions are to be avoided, as tending to render us odious, contemptible, or punishable, the objects of all those sentiments for which we have the greatest dread and aversion' (TMS III.4.7: 159). This meta-rule recommends acting always in accordance with the general rules of morality. For making the general rules of morality explicit, an agent can rely on previous experience of behaviour that was generally approved, as well as on inductive reasoning.<sup>34</sup>

Smith is optimistic that the general rules of morality widely respected by the members of a social community do not normally miss real propriety entirely: After all, at least some of the social norms and rules which members of a community have agreed to respect in a continuous process over generations will have been constituted through sympathetic processes in which people get naturally involved, due to their sympathy.<sup>35</sup>

<sup>33</sup> This passage was removed from the text already for the 2nd edition.

<sup>34</sup> See also TMS III.4.7–8: 159–60; III.2.5: 116; VII.iii.2.7: 320. At TMS III.5.2: 163, Smith speaks of these rules in terms of 'the general rules of civility and hospitality.'

<sup>35</sup> See on the topic of the constitution of social norms and rules TMS III.4.7–8: 159–60.



One should, however, not overlook that relying on these rules for making a moral self-judgment is second best in comparison to properly engaging in a sympathetic process. This is because, general as these rules inevitably are, they may be ‘loose’ and ‘inaccurate’ when it comes to judging about a particular case (TMS III.6.2: 171).<sup>36</sup> Given their general nature, they do not allow for a sensitivity to detail—concerning both the individual agent and the circumstances which affect him and to which he responds—as it characterizes the attitude of the impartial spectator.<sup>37</sup> But, on the other hand, ‘without... [a] sacred regard to general rules, there is no man whose conduct can be much depended upon’ (TMS III.5.2: 163). And since these rules represent inductive generalizations of previously observed behaviour that was generally found socially acceptable, they presuppose sympathetic processes of socialization and moral education. Indeed, Smith is optimistic in his claim that ‘there is scarce any man, ... who by discipline, education, and example, may not be so impressed with a regard to general rules, as to act upon almost every occasion with tolerable decency, and through the whole of his life to avoid any considerable degree of blame’ (TMS III.5.2: 163).

The conscientious external spectator and the equally conscientious agent can disagree in their moral judgments about the agent and his response to certain circumstances because none of them is immune to error. Disagreement will represent a challenge for both of them, and they will try to detect their errors and eliminate them. Still, disagreement between them may prevail. This brings us back to Smith’s claim according to which more authority and more independence ‘of popular opinion’ (Corr 40: 49) should be accorded to the self-judgment of an agent rather than to that of a conscientious external spectator.<sup>38</sup> But why? Would one not—in the light of what Smith says about the dangers of self-deceit—draw the opposite conclusion and say that, in cases of remaining disagreement, the conscientious external spectator should be trusted more than the agent and his self-judgment? After all, it is the ‘judge within’ who has to rely on ‘the general rules of morality’ rather than on sympathetic processes exclusively for preventing self-deceit. And the ‘general rules of morality’ (TMS III.4.8: 159) are likely to represent an important part of ‘popular opinion’.

Smith does not claim that, when disagreement prevails even between a conscientious agent and his equally conscientious spectator after they have tried to detect and eliminate errors in their respective moral judgments, preference should be given to the self-judgment of the agent. On the level of common morality, such a disagreement cannot be overcome. Only a wise and virtuous person can help to detect remaining errors and pave the way to an agreement and a state of mutual sympathy. Smith’s idea, it seems to me, is

<sup>36</sup> See also TMS VI.ii.1.22: 227. This does not, however, apply to the rules of justice, but these rules are of a different kind and function anyway. See TMS III.6.10, 175 and Fricke (2011).

<sup>37</sup> Carrasco makes this point, referring it back to Aristotle and to Douglas S. Hutchinson’s reading of Aristotle in particular. See Carrasco (2004: 90, 108). More recently, the point has been repeated by Amartya Sen (2009: ch. 1).

<sup>38</sup> See above, p. 188. See also Broadie (2006: 180), ‘The impartial (internal) spectator cannot simply be a repository of social opinion, nor is it possible to reduce the judgment of the impartial [internal] spectator to the judgment of society ...’

that common people, when engaged in sympathetic processes, be it as agents or as spectators, will tend to respect ‘the common rules of morality’ rather than questioning them. But this does not mean that they are—or should be—concerned about praise for respecting the common rules of morality rather than about real praiseworthiness. Widespread respect for ‘the common rules of morality’ enables a society to exist (TMS III.5.2: 163). But these rules vary from one society to another. Implicit in Smith’s account of an uncommon degree of wisdom and virtue and in his distinction between two standards of propriety is his denial that moral judgments or self-judgments about particular agents made in accordance with the ‘common rules of morality’ can as such claim to tell us what is really proper or morally right, what is really praiseworthy and what is not. People can only reach beyond the communal morality of ‘mere propriety’ and understand what real propriety consists in by becoming ‘wise and virtuous’. But this is a challenge and only few people actually make the effort.

## THE ‘WISE AND VIRTUOUS’

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In order to understand the role Smith attributes to conscience in a person’s questioning of the common rules of morality and trying to acquire an idea of what real propriety or impartiality consists in, we have to look at his account of the ‘wise and virtuous’, of those few men<sup>39</sup> who have acquired more than common virtue. Such individuals rise ‘above what is vulgar and ordinary’ (TMS I.i.5.6: 25) and understand better than others—even though still not perfectly—what real propriety or moral truth consists in. They direct their attention to ‘the idea of exact propriety and perfection’ rather than to ‘that degree of approximation to this idea which is commonly attained in the world’ (TMS VI.iii.23: 247).

What is it that distinguishes the uncommonly ‘wise and virtuous’ man from ordinary people? What is it that his conscience allows him to achieve that ordinary conscientious people do not achieve? Smith’s answer to this question is surprisingly simple: What he attributes to the uncommonly ‘wise and virtuous’ is nothing but an extraordinary degree of self-command, combined with more comprehensive knowledge of the facts relevant for a moral judgment about a particular agent at a particular time and place, responding to particular circumstances. Both features are essential for enabling the wise and virtuous to be really impartial and to always ‘regard . . . the rules of justice’ (TMS VI.i.15: 216). Other than the common rules of morality, these rules are ‘accurate in the highest degree, and admit of no exceptions or modifications’ (TMS III.6.10: 175) and impose on the wise and virtuous man ‘a sacred and religious regard not to hurt or disturb in any respect the happiness of . . . [his] neighbour, even in those cases where no law

<sup>39</sup> Indeed, Smith speaks exclusively of ‘men’ in his account of uncommon degrees of wisdom and virtue. But there is nothing in his theory that stands in the way of allowing women to achieve such a degree of wisdom and virtue just as well.

can properly protect him' (TMS VI.ii.intro.2: 218). Lack of self-command and lack of relevant information are sources of partiality and might come in the way of unconditionally respecting the rules of justice.

What characterizes the wise and virtuous is that they are more suspicious than ordinary people, not only of themselves and their own passions, but also of the prejudices and partiality that might be inherent in the common morality of their culture: They suspect remaining partiality, be it in favour of themselves or in favour of those whose cultural habits they share. Rather than trusting the common rules of morality, they try to look at an agent and his action from the point of view of all those who might, be it directly or indirectly, be affected by the respective consequences, be it within or outside the respective community. Their point of reference is not limited to a particular community but reaches out to the whole of mankind.<sup>40</sup> In their search for hidden or commonly overlooked or ignored sources of partiality, they have to rely on as much information as they can get hold of and which might be relevant for the moral evaluation of the agent. There are indeed several passages where Smith underlines the importance of comprehensiveness of relevant information for making an impartial judgment (TMS III.2.5: 116; III.4.6: 159; VI.iii.1: 237).

The sympathy of a 'wise and virtuous' spectator is a 'reflected passion' (TMS I.i.4.8: 22). But his capacity of moral reflection should not prevent the wise and virtuous moral judge from directly addressing the agent who is the object of his reflection, and this agent may well be some other person. The wise and virtuous man, as Smith describes him, does not have to be in a state of withdrawal from society, he is not exclusively an internal, virtual spectator morally judging himself. But there may be societies where corruption is so widely spread that no agent is willing to engage in a sympathetic process with a wise and virtuous man. In such cases, such a man cannot help but rely on his self-judgment exclusively, without hoping to achieve a state of mutual sympathy with anybody else (TMS VI.iii.18: 245).

Still, the uncommonly wise and virtuous man should not be too sure about the superiority of his moral understanding in comparison with that of ordinary people. The feeling of superiority can be still another source of prejudice and partiality. A man's wisdom and virtue should always be accompanied by a certain amount of self-criticism, by the constant awareness of 'the imperfect success of all his best endeavours' and of the difficulty to successfully avoid all spectatorial errors as they arise in 'want of attention' or 'want of judgment' (TMS VI.iii.25: 247). He should have 'real modesty' in judging his achievement in the realm of self-command and knowledge (TMS VI.iii.25: 248). His real modesty includes a constant memory of the fact that 'he is but one of the multitude' (TMS II.ii.2.1: 83) and that the superiority of his self-command and knowledge does not raise him above this multitude once and for all times.

His modesty enables the wise and virtuous man to sacrifice his own private interest to the public interest (TMS VI.ii.3.3: 235). But this does not mean that he should be willing to sacrifice himself. His being one of the multitude means that he is neither better nor

<sup>40</sup> See above.

worse than any other, and for this reason he should not neglect himself either.<sup>41</sup> Furthermore, even for the wise and virtuous, absolute certainty in moral matters is not possible. The ‘approbation of... conscience can scarce... content the weakness of man’ (TMS III.3.1: 134), and the wise and virtuous man is no exception (TMS III.2.24: 126 and 128; III.3.35: 152). His superior self-command and knowledge should not induce him to rely on his conscience and ‘judge within’ exclusively when making moral judgments. He should continue to take the part of an external spectator and get involved in sympathetic processes with other agents.

Due to his conscientious self-command and high degree of information, a wise and virtuous man can make justified claims to a higher degree of impartiality for his moral judgments than other people. But since even he cannot make any claims to ultimate certainty,<sup>42</sup> he should not insulate himself from others but stay involved with them: On the one hand, he can be a role model for others (see TMS VI.ii.17: 224), and on the other, there may be other people who, even though being neither wise nor virtuous, challenge the moral judgments by the wise and virtuous by relying on their natural sympathy alone.

## CONCLUSION

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We can now see that the suspicion of inconsistency raised by Elliot concerns the interface of Smith’s moral psychology with his explicitly normative meta-ethics. An agent learns from his external spectator to look at himself as his own spectator. This is a natural move for the agent to make in response to untrustworthy judges and external spectators who disagree among each other; the agent cannot please all of them. The motivation for the agent to make this move can be explained in psychological and pragmatic terms. But underlying it is the agent’s concern for understanding what is really proper or right, rather than just trusting the appearances (appearances—in the shape of actual praise—do not provide a consistent idea of what is really proper). The agent, by becoming his own conscientious judge, is explicitly concerned about real praiseworthiness, he does not any more trust actual praise to reveal what is really praiseworthy. By acquiring conscience, however, he does not endorse unquestioningly the external spectator’s apparently naïve trust in the rightness of the standards underlying his moral judgments. His concern for impartiality induces him to question the impartiality of his external spectators.

In his suspicion of inconsistency, Elliot overlooked the transition from the merely psychological to the normative realm of Smith’s moral theory—a transition every rational agent has to make in the course of his moral education. When the distinction

<sup>41</sup> See TMS VI.iii.18, 244–5. But there are exceptions for military personal, e.g. soldiers. See TMS VI.ii.3.4, 236.

<sup>42</sup> This is an aspect of Smith’s conception of moral judgment that has been stressed by Emma Rothschild (2001: 38–9). See also Ballestrem (2001: 79).

between Smith's enquiry into moral psychology on the one hand and his normative moral theory on the other is made explicit, the apparent inconsistency disappears.

In any case a person, in all states of her or his moral development, should rely on sympathy and sympathetic processes for making a moral judgment—rather than on general principles exclusively. The 'wise and virtuous' are no exception from this device. Notwithstanding this, respect of the 'common rules of morality' in self-judgment can be instrumental for avoiding the dangers of self-deceit. But this is merely a pragmatic point. These rules are not sacrosanct. They may be challenged, but that should be attempted only by the uncommonly wise and virtuous people. Wisdom and virtue do not depend on access to some kind of absolute moral knowledge. Wisdom and virtue simply consist in an uncommon high and persistent degree of self-command and factual information. For the evaluative part of their judgment, the wise and virtuous depend on their natural sympathy—just like everybody else.

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## CHAPTER 10

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# ADAM SMITH AND THE LIMITS OF SYMPATHY

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DUNCAN KELLY<sup>1</sup>

A little over twenty years after the publication of the first edition of Adam Smith's *Theory of Moral Sentiments* (TMS) in 1759, the little known figure of Seguin Henry Jackson published a two-volume treatise on *The Nature of Sympathy* (Jackson 1781). It was basically a medical treatise, which focused on the connection between sympathy and imagination in general, and 'febrile' sympathy in particular. That is to say, it examined the connection between bodily organs and vessels and the capacity for sympathy. For Jackson, sympathy was a natural quality which 'even gave us life', and which was either mental, and grounded in sensation and imagination, or corporeal, acting externally upon the nerves (Jackson 1781: 5ff). This naturalistic account of a science of man, grounded in the passions but framed by the idea of a natural history, was the broad arena within which celebrated writers like David Hume and Adam Smith had earlier developed their theories.<sup>2</sup> And their proposals for a natural history of sympathy and sociability opened up a space for thinking not only about the conjectural history of law, government, and society in terms of the mechanism of sympathy, but also about the relationship between passions, actions and political judgments. Indeed, when Smith, in the final chapter of the last revisions of his study of moral sentiments, talked about such naturalistic explanations of the passions as stemming from 'harsh prescriptions of the great Physician of nature' (TMS VII.ii.i.38: 289) he was highlighting the ways that ancient philosophy could offer a harsh form of therapy for the fevered soul looking to conform their sentiments to the demands of the natural world. While such therapy was, perhaps, too burdensome at least as Smith understood it, he was extremely interested in the way that questioning the natural sociability of mankind alongside the natural capacity and desire for sympathy could be explained.

<sup>1</sup> The argument in this chapter builds upon the lengthier discussion in Kelly (2010: ch. 3).

<sup>2</sup> See e.g. Broadie (2006: 186ff).

Both elements are necessary to fully understand Smith's planned, though not formally completed, conjectural history of law and government, which has come down to us in the form of posthumously published notes from undergraduate lectures, but which actively informed his analysis of the *Wealth of Nations*.<sup>3</sup> Indeed, integrating his account of government with his account of sympathy produces interesting results, and those results add useful detail to back up some of his more general claims about the particular limits of sympathy within modern commercial society. For if Smith is right, as some modern historians have certainly claimed, that to understand the nature of political authority one has to understand why rulers have long been thought to be different from the majority of the population, then he has to show that the obedience shown to them is the result of a particular application of the mechanism of sympathy (TMS I.i.2: 9; Koselleck 2004: 186). Moreover, according to Koselleck's analysis, we might assume that both the experience of sympathy and the interpretation of rule in Smith's period were allied to the development of new forms of possible explanations and imaginative understandings of action within the framework of a novel form of historical time that emerged in the middle of the eighteenth century. It presupposes a philosophical anthropology, which in Smith's terms is a theory of natural human sociability, and the analysis of the limits of sympathy that Smith operates with is directly connected to his analysis of the conjectural history of law, government, and commercial society.<sup>4</sup> The limits to sympathy, therefore, can be explored in moral and political, commercial and historical, as well as providential and jurisprudential terms. My discussion here is an attempt to show how these limits interweave and interconnect across Smith's body of work (see also Amrozowicz, Simon in this volume).

## AUTHORITY AND UTILITY

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Authority and utility are the two principles that, as Smith suggests, explain the nature of political power. Authority underpins a natural deference to superiority, whether in terms of qualifications, age, fortune, or birth, while utility underpins a more focused, rational account (LJA v.123: 318f). In terms of political allegiance and political obligation, these track a difference between Tories (non-rational authority) and Whigs (rational utility) (LJA v.123–4: 319f; cf. TMS VI.ii.2.16: 233 and n. 7). Moreover, Smith's mingling of both accounts in terms of both historical and conceptual analysis suggested that in direct contrast to Locke, all sense of 'morall duty' stems from that which persons are explicitly 'conscious of' (LJA v.127; Dunn 1983: 133). By rewriting the political theory and history of authority, Smith begins to update questions that were raised by Locke, and attacked by Hume, concerning what duties do in fact stem from consciousness of authority. And what persons are especially conscious of is the way in which both their

<sup>3</sup> Cf. Cannan (1896); Lieberman (2006: 215f); Hont (2009).

<sup>4</sup> See Pocock (1999: 309–29); Rothschild (2001); Israel (2011: 238f, 244).



own actions, and their judgment of the actions of others, is governed by the relationship between sympathy and propriety. Moreover, that relationship is filtered through the medium of our imagination. So when Smith talks about sympathy in terms of a natural desire for approbation, he was making it clear that we need to see the demand for sympathy as intimately connected to our own natural sociability. TMS, therefore, offers the intellectual foundation for Smith's conjectural history of commercial society published in WN but also earlier presented earlier in his lectures on jurisprudence. The literature dispelling the supposed difference between the place of sympathy in TMS and self-love in WN (The Adam Smith Problem, as it was known) reflects this unifying approach of Smith's works. Indeed, more recent attempts to reconstruct the unity, rather than the disunity, of Smith's science of man extend to the biography of his work, as well as his person (Phillipson 2009).

First, because everyone has a natural disposition to respect established authority and perceived superiority, the principle of authority applies most clearly to monarchies. By contrast, republican governments are more typically obeyed because of their 'utility'. However, in long-standing republican states, it is because that utility is buttressed by deference to the authority of particular ideas or institutions (of Parliament, the people, of office) that it has force. In Britain, with its curious mixture and balance of power between King, Lords, and Commons, 'there is also the principle of utility in it' (LJA v.123: 318f). Yet although utility is a central principle of evaluation, it can never be the foundation of justice or moral agency generally, because justice requires putting propriety first. Judgments of propriety are judgments of right and wrong, of the fittingness or the impropriety of action, which are themselves the culmination of ever more refined knowledge about the general rules of society that have developed over time. And for that there has to be a concrete relationship between individuals, governed by strict political and legal enforcement mechanisms. So we want to do things that are worthy of being praised, and not just being praised for its own sake, and certainly not just to act in ways that immediately benefit us (TMS VII.ii.2.7: 11–14; II.i.5, 7–10: 76ff).<sup>5</sup> In fact, although we might well seek after pleasure and hope to avoid pain, the utility of an action in Smith's terms is 'irrelevant to what first recommends an action to our moral approbation' (Otteson 2003: 36). Sympathy is paramount, but it is partial, and it is partial because it is underpinned by Smith's account of spectatorship and his limits (Broadie 2006: 158f, 186ff).

Smith recognized the partiality of sympathy in at least two ways. The first problem is one of perception. Our sympathy is divided through the mechanisms by which we think, perceive, act, and then judge the quality of both our own agency and that of others. Secondly, the partiality of sympathy stems from Smith's claim about the interconnection between sociability and self-interest. Putting aside the obviously distorted lens through which much of contemporary economics sees Smith's analysis of the hidden, or invisible hand of the market that responds to self-interested forms of maximizing utility, the powerful moral qualities that underscore Smith's analysis of self-interest are governed by the relationship between sympathy and spectatorship. Narrow self-interest is tempered

<sup>5</sup> Cf. Griswold (1999: 126ff).

thanks to an equally powerful desire for approbation through sympathy. Nevertheless, the natural ferocity of self-interest is amply demonstrated in Smith's account of our natural condition. This is a desire not only to better our condition, but it masks a more fundamental 'love of domination and authority', made manifest in the pleasure we have in getting others to carry out our will. This can be even more strongly expressed as the natural 'love of domination and tyrannizing' (WN II.iii.28: 341f; cf. Rasmussen 2008). What seems to have interested Smith the most, however, was how this natural desire for superiority comes to be tempered by countervailing social tendencies, and in particular by the peculiar and unnatural configuration of modern commercial society (LJA iii.114: 186).

Allied to this, our natural state is to feel 'love and admiration' for those whose 'character we approve of', as well as those who we feel obliged to obey. In tandem, though, the source of our drive to better our condition stems from 'emulation, the anxious desire that we ourselves should excel' and which 'is originally founded in our admiration of the excellence of others'. Nevertheless, 'in order to attain the satisfaction this brings, we must become the impartial spectators of our own character and conduct. We must endeavour to view them with the eyes of other people, or as other people are likely to view them' (TMS III.2.3: 114). By learning to balance the 'frivolous pleasures of vanity and superiority', social life becomes an exercise in persuasion of a very particular sort, where others approve of the claims we make on them and judge the actions we undertake on the basis of how persuasive our claim to their approval or sympathy might be. To be persuasive requires a standard of judgment, and that standard of judgment in Smith is a function of the propriety, and therefore the quality, of agency. This in turn relates liberty to the requirements of intersubjective recognition, which are governed by claims of justice and sympathy (TMS III.3.31: 150; cf. Kalyvas and Katznelson 2008: 24f, 28, 30ff).

## IMAGINATION

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We might also think about the limits of sympathy through the medium of vision and its perceptual limits. However, if visual persuasion is necessary, it is insufficient because we always assess the propriety of agency in a variety of other ways, particularly through language and the imagination. By calling attention to the imagination, Smith sets up his worry that we might easily be deluded about what we see and hear, and thus about what we deem appropriate in the first place. Furthermore, not only are we often apt to be deluded about the actions of others, we are equally often deluded about what is truly in our interest. Following the gaudy attractions of wealth rather than our own tranquillity might be one pertinent illustration of this. Despite the delusional possibilities, however, it is always through the filter of our imagination that we come to sympathize with others, and on the basis of the imperfect information this provides, we have come to live peacefully with others in commercial society. According to many interpreters, something like the divine hand of providence lies behind this apparent cunning of reason, although the socialized version of sympathy Smith outlines also relates to contemporary discussions

of a ‘fraternity of spectators’ whose proximity changes the scope and scale of politics in relation to the pleasures of the imagination.<sup>6</sup> In any case it seems right to say that for Smith, sub-rational behaviour becomes more corrupted the further the distance it travels from our natural sentiments (Viner 1972: 78–83; 66ff) (see Tegos in this volume). Although we might be deceived about questions of reasonableness or rationality, however, such deception might turn out to be consequentially beneficial (TMS III.4.3: 157; Morrow 1923: 73). His focus on the importance of the imagination in understanding sympathy, therefore, is a particular species of the multiple varieties of Whiggism in eighteenth-century political discourse concerned with a view of politics both as citizenship and as factional strife between parties (Pocock 1985: 215–310; Bourke 2010: 749).

Smith’s concept of imagination, as constituting a compound of perception and moral judgment, is exemplified in a discussion of painting (EPS 152; TMS III.3.2: 134). Put simply, because what we see is not everything that is visible, we are required to use our senses in combination with our imagination. It is similar when thinking about moral judgment, where we are required to imagine the situation of another and to judge the context in which they act, as well as to consider the action itself, both in terms of our own immediate sense of it, and also in terms of our own perception or judgment of ourselves as the judge of actions. This split between essence and appearance, or imagination and perception, is crucial and the connection between visual perception and moral calibration allows us to make sense of distance and therefore to gauge appropriate levels of sympathy. It lies behind the evocative claims made by Smith (as well as Hume) about the manner in which distant suffering on a consequential scale seems importantly to matter less to the far-away individual more concerned with their own immediate circumstances. For example, ‘in the same manner, to the selfish and original passions of human nature, the loss or gain of a very small interest of our own, appears to be of vastly more importance’ than the ‘greatest concern of another with whom we have no particular connexion’ (TMS III.3.3: 135). It also lies behind his provocative thesis about how our sympathies can be supplemented or lessened, through literature and drama (Kelly 2011: 128–45) (see Labio this volume). Yet equally because of the progress of human societies through language and sociability, we are able to learn over time to cultivate the more *general* form of sympathy and approbation, and apply it towards strangers as well as friends and compatriots where sympathy comes close to morphing into empathy. Indeed, historians have developed this point extensively.<sup>7</sup>

More broadly, though, our continual development as a species actually requires us to conform to the ‘constitution of human nature’, and thereby to begin to identify personal situations and actions in the same way that some ‘ideal man within the breast’ would do. In other words, to see ourselves as strangers see us. In cultivating this capacity, we come to internalize a certain way of thinking about moral judgment as embodying our own conscience so that we can, in an abstract sense, imagine ourselves in the place of another

<sup>6</sup> See Addison (1902, no. 10 (12 March 1711): 19; no. 411 (21 June 1712): 593). See also Paganelli in this volume.

<sup>7</sup> For one particular illustration, see Moyn (2006).

(TMS VII.iii.i.4: 317; cf. TMS VI.iii.25: 247–8; Phillipson 2001: 78–82). This is what allows an agent to become the ‘impartial spectator of his own situation’ (TMS III.3.29–31: 148–50). And even if this theory of self-development and self-regulation through conscience is only ‘another fiction generated by language, rhetoric and the imagination’, or indeed a genetic account of conscience, the spectatorial vision becomes real through the ordinary demands of persuasive agency (Raphael 2007: 7, 128; cf. TMS III.ii.31–2: 129–31 n).

We cannot literally see ourselves as others see us, nor see others in all their complexity, without an imaginative and sympathetic effort. This makes literal envisioning insufficient as a theory of judgment. Yet Smith has more to offer than just the focus on vision in response to such possible objections, because of the centrality of both language and imagination to the evaluation of propriety. In determining the ways in which he has to ‘divide myself, as it were, into two persons’ to ‘examine my own conduct’, this ‘I, the examiner and judge, represent[s] a different character from that other I, the person whose conduct is examined into and judged of’. Put in the terms of his general argument, the first person is the ‘spectator, whose sentiments with regard to my own conduct I endeavour to enter into, by placing myself in his situation’, whilst the ‘second is the agent, the person whom I properly call myself, and of whose conduct, under the character of a spectator, I was endeavouring to form some opinion’. In different terms, the first person is the judge, the second, the ‘person judged of’ (TMS III.1.6: 113).

## PROPRIETY AND SYMPATHETIC JUDGMENT

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In Smith’s hands our imaginative capacity for sympathetic judgment or moral approbation is capable of being generalized. Imaginative projection into the sphere of another agent, or seeing things their way, is something that is always undertaken by an individual when thinking, acting, and judging. But it can be generalized to think about how any individual within a society could and should offer or refuse sympathetic approbation. Therefore, judgments about sympathy that are grounded in propriety are publicly motivated, because they always take place in specific contexts. Yet Smith also wants to show how we come to internalize a more general point of view about morality itself, through the development of independence and conscience through history. That is, he wants to show how the actual external spectator we rely upon and from whom we learn as children, eventually *does* become the man within our breast, as we learn to judge our own action in the same way as the impartial spectator. The cultivation of conscience (that ‘great demigod within the breast’), which provokes us into this austere self-judgment, is thereby our secular imitation of the ‘work of a divine artist’ (TMS VI.iii.25: 247–8; cf. III.5.12–13: 170). The theistic residue here implies something more than a Humean focus on passionate contiguity. Furthermore, although Smith recalls Hume’s account of passions and experience as differentiated from one another through our own impressions, he does not follow Hume’s assertion of the ‘conversion’ of an idea into an impression when discussing the nature of ‘sympathy’ (Hume 1981: 320, 319). For Smith, our natural

desire for approbation is both a cause and a consequence of sympathy and spectatorial judgment, and those causes and consequences can be tracked through a theoretical or conjectural history. The judgment itself is derivative upon Smith's assessment of propriety or appropriateness, which develops over time into the general rules of society.<sup>8</sup> An appropriate understanding of these general rules is consequently 'of great use in correcting the misrepresentations of self-love' (TMS III.iv.12: 160). Once again, a major limiting condition for sympathy is provided by history. Indeed, the commerce or interplay between moral evaluation, historical progress and the requirements of justice and political liberty provides a powerful defence for Smith's focus on the character of persuasive and intersubjective agency. Propriety itself, as intimated above, is a result of the reaction against injustice, so that in acting justly, we are acting with propriety. But because justice is a negative virtue that restrains but does not necessarily do positive good, propriety seems to be a rather weak standard upon which to base a moral and political theory. Without propriety, however, there could be no progress and no way of assessing the quality of sympathy and agency that it motivates. For in coming to see and judge ourselves as others do, we must use the same standards of judgment and these are grounded in Smith's notion of propriety. Propriety or impropriety consists in the 'suitableness or unsuitableness, in the proportion or disproportion, which the affection seems to bear to the cause or object which excites it' (TMS I.i.3.6: 18). To this extent, propriety is both an expressive judgment about the rightness or wrongness of an action, but it is also a general standard of judgment concerning the motivation behind the action. Some have suggested that this separates the standard of judgment from the capacity to sympathize with it unnecessarily (Raphael 2007: 12–26). Yet, because propriety first makes proper sense in context, and because sympathy is derivative upon propriety, both are bound up with the theory of spectatorial moral and indeed political judgment. Here, there are at least two provocative points to note.

First, because of sympathy, which is derived from propriety, both general rules of justice and common standards of judgment develop over time. This general point of view was central to Smith, though his account of sympathy and propriety also remained distinctive and agent-relative (Darwall 1998: 261–82). Imagination, without which we cannot act with sympathy for another, might not always recognize propriety because we are apt to be easily deceived. To try and minimize this, an appropriate distance is central to the possibility of impartial judgment of oneself and others. This is clearly difficult, and self-deception is a 'fatal weakness of mankind'; indeed it 'is the source of half the disorders of human life' (TMS III.4.6: 158; cf. Forman-Barzilai 2005: 193, 200–4). Failing to see ourselves as others see us, we suffer from 'self-delusion' (TMS III.4.4, 6: 157ff). Smith suggested that the remedy to this was to be sought in ordinary life and interactions. By acknowledging how certain facts of our nature (our desire for approval, authority, and reputation) lead us towards the 'general rules or morality', he claimed that our judgments are 'ultimately founded upon experience of what, in particular instances, our moral faculties, our natural sense of merit and propriety, approve, or disapprove of'. History once

<sup>8</sup> See Ignatieff (1986: 122) and Fleischacker (1999: 157).

more provides a limit. Moreover, the original approval or condemnation of actions does not relate to whether 'they appear to be agreeable or inconsistent with a certain general rule'. Instead, the general rule 'is formed, by finding from experience, that all actions of a certain kind, or circumstanced in a certain manner, are approved or disapproved of' (TMS III.4.8: 159). Through a capacity for socially acceptable action, moreover, we cultivate our own capacity for independent moral judgment through the development of conscience and the vision of the impartial (ideal) spectator. That is to say, we come to be able to make judgments about morality in general, separable from social or conventional morality (see Fricke in this volume). Morality once more also provides a limit. We move, as Haakonssen has suggested, from being actual spectators ruled by conventional propriety, to thinking as impartial spectators judging ourselves in terms of an absolute or a general propriety for each particular situation, and action is our best effort to reconcile the real and the ideal in these senses. In any event, our judgments of propriety always come before judgments of merit or demerit (Haakonssen 1989: 54–7).

The second point at issue here is that it is precisely this continual search for the general point of view, which (although unceasing and always incomplete) actually makes social life possible and progressive, and makes politics a specific form of work, or activity, that cultivates the capacity to act in conformity to an appropriate disposition. To this extent, Smith's account is strongly reminiscent of the Aristotelian *phronesis* of the *Nicomachean Ethics* and the specific learning by citizens who are already predisposed to want to know about it, the question of how to be good as a form of ethical *action* (Aristotle 2000: 1141b24; 1095a5–6).<sup>9</sup> Because society is a mirror, we learn quickly that others are as critical of us as we are of them, and we temper our actions appropriately if we want to get the approval and sympathy we crave. In so doing, we give ourselves the opportunity to hone this capacity over the course of a life in historical time, seeking out what is appropriate and rooting out the inappropriate. We come through experience towards knowledge of the general rules of society, rather than knowing the general rules that should govern our actions in advance. As a mechanism of selection, propriety roots out inadequate or inappropriate agency through our natural desire for emulation and approbation. In this way, moral judgment is filtered through the mechanisms of mutual sympathy. This form of 'situational propriety' is central, but again shows how nature and jurisprudence also provide certain limits to sympathy (Haakonssen 1989: 58–62).

Because we are able, as rational agents, to cultivate a sense of situational propriety in particular alongside a more general assessment of morality, we can also successfully (rather than problematically) separate propriety from moral evaluation, or intention from consequence, when making judgments of others. The importance of imagination to Smith's account of judgment is clear, as is the problem of delusion to which the imagination is subject. Both claims have implications for Smith's understanding of the paradoxical effects of natural ambition in pursuit of the luxuries that commerce can bring.<sup>10</sup> Equally, an obvious point which adds still further complexity to Smith's discussion is the

<sup>9</sup> See the discussion in Burnyeat (1980: 81–7) and Frank (2005: 108, 116f).

<sup>10</sup> See Wokler (1994: 383–90) and Rasmussen (2008).

interesting problem that our actions take place in contexts over which we do not have complete control, because they are subject to the vagaries of fortune. It is possible therefore that our intentions can be judged separately from this fact, and from the resulting fact of our action. However, if we are deluded about both our intentions, and have no direct control over the consequences of our actions, then whether our actions are approved of or sympathized with can either be in line with or wholly irrespective of our initial intentions.

There is a triple move here that illuminates some of the implications of the transition, in terms of moral reasoning, which Smith outlines. For these begin with laws of nature derived from experience, which are cultivated into a secondary focus on reason as a guide to conduct, until finally we reach for the still more distant guidance provided by speculative reasoning, whether philosophical or political. First, Smith offers a consequentialist ethics where an action is judged according to propriety, and then merit or demerit, on its own terms. Secondly, however, because the ethics of intention behind the action is at least conceptually separable in terms of thinking about its propriety, the consequences of our agency can also be judged in light of those intentions. Thirdly, because our good intentions can go badly wrong in terms of consequences, those consequences will inevitably inform how people look back on our intentions in the first place. Smith's is a theory of situated or embodied judgment that runs these three elements together for the purposes of explaining appropriate or responsible agency under conditions of uncertainty.

The well-intentioned agent, whose actions unintentionally produce bad consequences, 'strives to regard himself, not in the light in which he at present appears, but in that which he ought to appear, in which he would have appeared had his generous designs been crowned with success.' This requires 'his whole magnanimity and firmness of soul' (TMS II.iii.3.6: 108; Haakonssen 1989: 65). According to Smith, then, a consequence of the natural desire for approbation is to feel the need for self-correction when intention and action fail to coincide. This is because of our need to act in ways that are not only praised, but which are deemed to be praiseworthy in their own terms. It is, moreover, premised upon Smith's account of natural and commercial sociability, where society acts as a mirror for the individual. Upon entering society individuals develop an appropriate 'mirror', giving knowledge of how to act appropriately. This natural capacity is geared towards self-preservation and our natural desire to persuade. Thus although 'our first moral criticisms are exercised upon the characters and conduct of other people', unsurprisingly 'we soon learn that others are equally frank with regard to our own' (TMS III.i.3-5: 111-12). The capacity for sympathy is thus practically innate, possibly even conceivable as an internal humour or vital fluid within the natural economy.<sup>11</sup> It certainly highlights both natural sociability and a capacity to self-identify with the figure of a spectator, though without a necessarily consequentialist, or utilitarian form of moral reasoning (TMS III.iii.28: 148; cf. Campbell 1971: 95, 150 and his essay in this volume).

<sup>11</sup> See Schabas (2003: 272).

In fact, and to reiterate an earlier claim, although we might well seek after pleasure and hope to avoid pain, the utility of an action is ‘irrelevant to what first recommends an action to our moral approbation’ (Otteson 2003: 36). Given that we need propriety, followed by sympathy or approbation, and because of the immediacy of passions and the reactions they invoke in us, we have necessarily to understand the relationship between the passions and propriety in order to explain the limits of sympathy both in and through agency. And here, Smith initially sounds utilitarian, stating that ‘pleasure and pain are always felt so instantaneously’ that they cannot be post-facto justifications of behaviour. Indeed, Smith repeats a provocative claim about the way the self here is engaged in constituting the social world (TMS I.i.2. I, 13f; III.i.3: 71ff).<sup>12</sup> It is a claim that has been fundamental to recent work on Smith’s place in an eighteenth-century context.<sup>13</sup> What he has already rejected, however, is the idea that utility is the foundation for judging action and measuring sympathy. For that, propriety is required, but propriety cannot be understood separately from the strict concept of justice that runs through both TMS and WN.

Just consider Smith’s point that ‘the propriety of every passion excited by objects peculiarly related to ourselves, the pitch which the spectator can go along with, must lie, it is evident, in a certain mediocrity. If the passion is too high, or if it is too low, he cannot enter into it’. In the next section he continues, arguing that ‘this mediocrity, however, in which the point of propriety consists, is different in some passions’. And ‘if we consider all the different passions of human nature, we shall find that they are regarded as decent, or indecent, just in proportion as mankind are more or less disposed to sympathize with them’ (TMS I.ii.Introduction.1–2: 27). Persuading others of the appropriateness, and hence of the mediocrity of our claims to their sympathy, is in fact the hallmark of action governed by justice because this is the measure of propriety. Without propriety our actions fail to generate sympathy, because they are simply judged as unjust. Without sympathy we cannot persuade others of the validity of our actions and claims, nor can we feel the satisfaction of thinking something done correctly because that is how we would have done it. And without political liberty, we can neither act freely in the pursuit of our desires in the first place, nor be held responsible for them at the bar of justice. The chain of reasoning is important, and its rhetorical elements are purposeful. What Smith recognized elsewhere as the ‘true propriety of language’ applies to the true propriety of agency and liberty, but if our agency is to persuade, then our speech is a central component (LRBL Lecture 11.137: 56). Language too, then, is both a cause and a consequence of the limits of sympathy, and because the ‘desire to be believed, the desire of persuading, of leading and directing other people, seems to be one of the strongest of all our natural desires’, it is ‘the instinct upon which is founded the faculty of speech’. From this, and building on his claim about our natural desire for superiority, ‘speech is the great instrument of ambition, of real superiority, of leading and directing the judgements and conduct of other people’. It is, he

<sup>12</sup> See Berry (2004: 455–8) and TMS VII. iii. 2. 27: 127.

<sup>13</sup> For example Dickey (1986: 590–7); Hulliung (1994: 25, 28); Griswold (1999: 105–8, 362); and Robertson (2005: 396).



wrote, 'always mortifying not to be believed, and it is doubly so when we are supposed to be unworthy of belief' (TMS VII.iv.25–6: 336; TMS VII.iv.28: 337).

If justice requires clear and rigidly enforced laws, those laws, much like Aristotle's account of them in the *Politics*, command through habit, and their authority develops over time (Aristotle 1998: 1269a20). Its demands are as strict as the rules of grammar, but are applied to society as a whole. Yet as a negative virtue, justice does not require anything more than mere propriety to uphold it. This is because reactions to injustice are universal, and the consequence of injustice is a feeling of the unsocial passion of resentment. Everyone can sympathize with that reaction, but because it is a universal reaction, injustice can very quickly lead to social and political breakdown. In this way, the accounts of resentment offered by Hume and Smith have certain similarities (Baier 1980: 145f). Justice becomes the central organizing framework of society, as Smith's contrast between the necessity of justice and desirability of beneficence showed. Although beneficence and dutiful actions are the ends of honourable patriotism and attachment to public service, it is insufficient to form the bedrock of a society.<sup>14</sup> Justice, by contrast, is 'the last and greatest of the four cardinal virtues' and 'the foundation which supports the whole building' (TMS VII.ii.i.9–10: 269; II.ii.3.4: 86; III.6.10–11: 175f). As he writes, 'society, however, cannot subsist among those who are at all times ready to hurt and injure one another. The moment that injury begins, the moment that mutual resentment and animosity take place, all the bands of it are broken asunder, and the different members of which it consisted are, as it were, dissipated and scattered abroad by the violence and opposition of their discordant affections.' 'Beneficence', by contrast, is 'less essential to the existence of society than justice. Society may subsist, though not in the most comfortable state, without beneficence; but the prevalence of injustice must utterly destroy it' (TMS II.ii.3.3: 86).

Baldly stated, the absence of justice causes resentment, whereas beneficence is a positive phenomenon capable of being cultivated but whose removal does not threaten psychic and social breakdown. This is slightly different from Hume's argument about justice as the type of relationship that is appropriate for property owners, where all members of a society have an equal consideration as possible property owners under conditions of moderate scarcity, moderate selfishness, and a certain measure of equality (Moore 1976: 111ff; Hume 1982: 188; Phillipson 1993: 314, 319). For Smith, moreover, justice and property are related in the history of liberty with the rise of independence and regular law. Whether directly in his account of jurisprudence, in his account of ancient philosophy, or in his moral theory more generally, according to Smith 'the rules of justice arise from spectator disapproval of injustice' (Haakonssen 1989: 86).<sup>15</sup> Here, crucially, the real lives and experiences of concrete individuals determine Smith's account, and these real lives and experiences are part of the conjectural history of government as much as they are part of the moral evaluation of forms of agency. Given its place as the cardinal but negative virtue, upholding justice is the foundational task of government. When it

<sup>14</sup> See Vivenza (2001: 66) for a discussion of TMS VI.ii.2.11–12: 231. See also Cicero (1991, Book II § 72: 92).

<sup>15</sup> See Waszeck (1984); Vivenza (2001: 99); and Simon in this volume.

upholds those laws that ‘give the inhabitants of the country liberty and security’, then ‘their benign influence gives room and opportunity for the improvement of all the various arts and sciences’ (LJA, vi.18–19: 337f). This is how the system of ‘natural liberty’ develops, eventually progressing towards opulence, and Smith’s sense of what is at stake in the political management of this development is provided in his account of the science of the legislator and the conventional tasks of ‘police’.<sup>16</sup> Smith wrote that to guarantee justice and popular security, ‘in general the best means of bringing about this desirable end is the rigorous, severe, and exemplary execution of laws properly formed for the prevention of crimes and establishing the peace of the state’ (LJA vi.2: 331). This could be explored historically, through the ways in which morals, manners and sentiments have driven transformations in politics, and which in turn have cultivated particular developments in these aspects of human relations. For freedom to exist, laws must provide justice and regulate independence. Commerce, and not revolution, with its defence of independence ‘is one great preventive’ of an otherwise customary slide towards dependence and domination in Smith’s work. He claims, famously, that just as ‘nothing tends so much to corrupt and enervate and debase the mind as dependency’, equally ‘nothing gives such noble and generous notions of probity as freedom and independence’ (LJA vi.2: 331) (see Rasmussen in this volume). Narrating the rise of civil government through commerce and civilization was to frame a story about the rise of opulence, the arts, and commerce, which meant that ‘in order to consider the means proper to produce opulence it will be proper to consider what opulence and plenty consist in, or what are those things which ought to abound in a nation’ (LJA vi.8: 333). Furthermore, although modern commercial society is deemed unnatural and retrograde, when put into the matrix of a four-stage model, what remains clear for Smith is that the science of the legislator and the science of political economy go together. Justice and politics provide more limits to sympathy.

In terms of the moral limits to sympathy, a further level of complexity is built into the system, when Smith inquires into the sympathy or approval we feel towards the actions of another agent who is acting upon a third party. Whether we sympathize or approve constitutes a judgment either of our gratitude and approbation or of our disapproval and possibly resentment. When ‘to the hurtfulness of the action is joined the impropriety of the affection from whence it proceeds, when our heart rejects with abhorrence all fellow-feeling with the motives of the agent, we then heartily and entirely sympathize with the resentment of the sufferer’ (TMS II.i.4.4: 74). The ‘injustice’ of action causes resentment because it causes real ‘injury’ with violating the strict grammar of the negative virtue of justice. It offends literally and metaphorically, affecting our real judgments as well as our sense of justice and its interpretation (TMS III.6.11: 175). We know this because its opposite, injustice, prompts a universal reaction amongst spectators of the passion of resentment. As Smith prosaically expresses the point, ‘resentment seems to have been given us by nature for defence, and for defence only. It is the safeguard of justice and the security of innocence’ (TMS II.ii.I.4: 79). Justice therefore is necessity, while

<sup>16</sup> See Tribe (1995: ch. 1) on the wider sense of police-science.

resentment, in an updated rendering, is ‘a reaction to injury or indifference’ (cf. Strawson 1968: 84). Propriety is its handmaiden.

If before approving of resentment we ‘must disapprove of the motives of the agent,’ it is the converse with gratitude (TMS II.i.4.3: 74). This stems instead from our judgment of the ‘beneficent tendency of the action’ and the cognate ‘propriety of the affection from whence it proceeds.’ It occurs ‘when we entirely sympathize and go along with the motives of the agent’ so that the ‘love which we conceive for him, upon his own account, enhances and enlivens our fellow-feeling with the gratitude of those who owe their prosperity to his good conduct’ (TMS II.i.4.2: 73). As he had earlier expressed the same point, both ‘gratitude and resentment, therefore, are the sentiments which most immediately and directly prompts to reward and to punish.’ They are ‘proper and are approved of, when the heart of every impartial spectator entirely sympathizes with them, when every indifferent by-stander entirely enters into, and goes along with them’ (TMS II.i.1.7: 69; II.i.2.2: 69). Smith illustrated this problem once more through the medium of our imagination. He asks us to imagine our feelings in certain highly unusual and extreme conditions, such as seeing our brother on the rack, or to imagine our sympathy for the happiness of the man who is ignorant of the fact that he has actually lost his mind. He also asks us to consider our sympathy with the dead, deprived as they are of all the beauty of nature. Yet although these situations might be as unnatural as the commercial order itself, Smith implies that some form of imagination (and possibly imaginative delusion) is required to understand both.<sup>17</sup> Of course, most of us act without any specific concern for the public good, or without any coherent rational calculation whatsoever, but so too had those merchants whose self-interested actions had advanced the progress of opulence unintentionally. And just as actions have consequences beyond our control, so too can (and did) commercial progress occur independently of the fact that there were (or are) very few men of excellence and virtue (Griswold 1999: 268ff, 372–6).

Underpinning all of this is the idea that sympathy applies to actions undertaken according to the rules of justice and in accordance with propriety. Here, the value of Smith’s account of mediocrity becomes apparent, for there is a sense in which the justice driven requirements of a polite and commercial society requires only the most basic levels of civility to maintain it (see Boyd in this volume). Yet if there is to be social interaction that goes beyond merely ‘sitting still,’ it is necessary that there be ‘persuasive mediocrity’ to bridge the gap between propriety as a judgment of appropriateness or justness, and sympathy understood as an evaluation of the merit or demerit of an action. With his focus on what we might think of as persuasive agency, filtered and practised through vision, speech, action, or imagination, individuals are held responsible for their agency both in terms of intentions and in terms of consequences. Here, Smith argues that the person of good or just character will have to have ‘habitual reverence’ for the rules of justice, and as part of what is generally taken to be an expression of mitigated scepticism, the religious tenor of Smith’s language is striking (Griswold 1999: 237).

<sup>17</sup> See Hirschman (1977: 110ff, 120f); Berry (1992: 69–88); Holmes (1995: 61ff); Force (2004: 223f, 243ff); also, WN IV.ii.9: 456.

The threat of exact justice in the next world still seems to be one of the final causes of human motivation, and certainly in this at least resembles Locke's political theory. Locke argued that religious sentiments constrain the rationality of individual action, and Smith appears at first glance to offer a secular version of the argument about the inviolability of individual freedom based on observing strict rules of justice. Yet the rhetoric of providentialism seems to justify his stance in ways that may well constitute his most serious response to problems, raised earlier by Pierre Bayle, about the possibility of social life without the authority of religion (See Dunn 1985: 119; Harris 2003: 240). Indeed, he directly contrasted the rule of nature (to 'love ourselves only as we love our neighbour') that is premised on his view of spectatorial judgment, with the Christian ethos that we 'love our neighbour as we love ourselves'. Exemplary standards of judgment might also be required if we are to motivate individual actions and to militate against the parochialism of partial and misguided self-interest. These concerns nevertheless remain internal to the individual, rooted in processes of social reproduction that are assumed in 'the love of what is honourable', according to 'the inhabitant of the breast, the man within, the great judge and arbiter of our conduct' (Dunn 1985: 119–22; TMS III.3.5: 137). Between the ideal and the real, Smith suggests that we still structure our actions in the light of assumptions about divine providence. His account of final causes, for example, seems to Christianize the otherwise classical roots of the impartial spectator, which bears more than a passing resemblance to his classical sources (Dunn 1985: 119–22; TMS III.3.5: 137). Exemplary conduct alongside the promise of divine justice, provide still further limits to sympathy.

## CONCLUSION

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This myriad combination of the limits to sympathy underpins the complexity of Adam Smith's conjectural history of government and laws, his analysis of the promise and paradox of commercial society, as well as his defence of justice and his ambiguous ambivalence over Christianity and theism, given his avowed desire to construct an ethics independent of theology (Raphael 2007: 94–104). The justice-based focus of his history of jurisprudence, however, ultimately highlights the centrality of judgment to his argument. As the central framework for understanding authority, justice has a history, and its history shows is part of a story of progress though certainly not of perfection. And that is the subject of his natural jurisprudence (see Simon in this volume). Jurisprudence provides the general rules for making judgments, and this structures the framework within which sympathy and propriety coalesce. It therefore structures his analysis of wealth and luxury as conceptual markers for interpreting authority (TMS VII.iv.10: 330; I.iii.2.4: 53; I.iii.3: 61–6; WN V.i.b.7: 712). This also makes plain that when Smith talks of the moral qualities of spectatorship in terms of property acquisition through occupation and prescription, or personal rights and obligations, for example, in his lectures on jurisprudence he is talking about the same thing as he did in his work on

moral sentiments (LJA i.36–8: 17–18; LJA 42: 19; LJA i.76: 32; LJA ii.43–4: 87; LJA 90: 104; LJB 150: 459; LJB 153: 461; LJB 182: 475; Raphael 2007: 106–12). His concern was with combining and understanding judgments about oneself, about oneself in relation to others, and about the judgments of others in terms of the general rules of conduct governed by the development of jurisprudence and government that had culminated in the political form of the modern, commercial, and representative republic.

Given this combination of interests, and the relentless focus on the standards of judgment that are involved in questions concerning the quality of agency and what might be called the propriety of both individual and political liberty, it is little wonder that Smith's work looks to be an applied form of political theory that attempts to offer a more stable and dependent account of the conjectural history of authority. To the extent that this is right, then the limits of sympathy for Smith are much broader than the limits imposed either by scepticism or by theology, but the character of those limits to sympathy suggests that the apparent break between Smith's historical sociology of law, morality, wealth, and virtue, and Locke's theological politics is not necessarily as great as has sometimes been made out.<sup>18</sup> What differentiates the two sets of arguments is that although relationships of dependence exist across space and time because of a natural deference to wealth, superiority, and authority, the structural preconditions of dependence had changed markedly with the progressive development of modern, commercial societies. The political economy of dependence was transformed into a complex web of interdependence and commercial exchange, and thus economic and social change restructured the general rules that govern situational sympathy and propriety. This stands in sharp contrast to Locke's claim that a transformation in political and economic relations of dependence was the result of a revolution against wealth and corruption.

Equally, Smith's critical analysis of political economy transformed 'republican political analysis' concerned with the rise and fall of empire and liberty, into 'modern political science', seeking the causes of why nations rise, and indeed why they fail, through a dialectical focus on luxury, corruption and liberty in terms of the unnatural and retrograde development of commercial society in Europe (WN III.1.8–9: 380; Hont 2009: 153, 162, 168). It is a concern that has hardly evaporated from the field, though the explanatory language of democracy and claims about the character of inclusive institutions, economic prosperity and political equality as part of what it means to talk about democracy is today somewhat different.<sup>19</sup> Finally, Smith's theoretical history of authority and liberty offers a way of gauging the limits of political judgment in a way that has profound implications for both the history of modern political thought in its own terms, but also for how an understanding of his place in the history of political thought might gain traction in understanding the politics of judgment and the economic limits to modern politics. Smith's political theory of liberty and authority in fact is part of a complex transition in the language of modern politics filtered through the sphere of the economy. It is embedded within a revolution in political judgment whose ramifications we have still not fully

<sup>18</sup> See Dunn (1983: 129, 133); Raphael (2007: 102ff); Hont (2009: 138ff).

<sup>19</sup> See recently Dunn (2005); Przeworski (2011: 85); and Acemoglu and Robinson (2012).

understood (Bourke 2009; Milgate and Stimson 2009). When placed in this complex setting, Smith's concern to render the minutest attributes of sympathetic interaction understandable within an ambitious and comprehensive theoretically informed history of sensibility and commerce, offers an attractive combination for the modern historian of emotions or affects in context. Indeed, what Smith offers through his consideration of the limits to sympathy might be seen as a way of reconciling two major historiographical fields. First, his focus on sensibility and sympathy offers a framework for moving beyond a history of mentalities. And secondly, his micro-historical appreciation of the singularities and anomalies in the moral lives of individuals exists within a much broader theoretical history of moral and political development. This might be able to bridge the gap between understanding and judgment that can appear when micro-history treats questions of intellectual rather than cultural history but without recourse to economic determinism.<sup>20</sup> That would be quite an achievement.

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<sup>20</sup> See Febvre (1941: 12–26); Ginzburg (2001: 168ff, 2012: 193–214); Wickberg (2007); and Anderson (2012: 7).

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## CHAPTER 11

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# ADAM SMITH AND VIRTUE

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RYAN PATRICK HANLEY

THE recent resurgence of scholarly interest in Adam Smith and in *The Theory of Sentiments* in particular has had the welcome consequence of bringing to the fore Smith's virtue theory. Thanks to several recent studies, we now understand better than ever the place that virtue has in his larger economic and political system, the sources on which he drew in developing his theory of virtue, and the ways in which his theory of virtue can contribute to illuminating various debates in contemporary ethical theory.<sup>1</sup> In what follows I touch on each of these themes. My principal goal, however, is to provide a reconstruction of the essential elements of Smith's theory of virtue in a manner that might be of use to those working on each of these fronts, as well as others.

To this end the chapter proceeds in four sections. The first section focuses on the nature of Smith's virtue theory and the associated question of how it is best categorized. The next section examines Smith's conception of the essential ethical virtues, or virtues of character. The third section then turns to the related but less studied question of his conception of the essential intellectual virtues—the virtues of practical judgment and theoretical inquiry. The final section presents a portrait of the peak figure of Smith's ethics, 'the wise and virtuous man', who combines the ethical and intellectual virtues in the highest degree.

## SMITH'S ECLECTIC VIRTUE THEORY

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In Part VII of *The Theory of Moral Sentiments*, Smith insists that there are two questions to be addressed in a theory of ethics: first, 'wherein does virtue consist', and secondly, 'by what power or faculty in the mind is it' that we come to judge of and admire virtuous

<sup>1</sup> For recent book-length treatments of Smith that address his theory of virtue, see esp. Griswold (1999: esp. 179–227); Montes (2004: esp. 57–96) (which helpfully documents certain of Smith's classical sources in support of its claim that Smith's theory is best placed in the context of the civic humanist *vir virtutis* tradition); and Hanley (2009a) which more fully develops the treatment of ethical virtue in the second section of this essay.

behaviour (TMS VII.i.2: 265). The present chapter will largely focus on the first of these questions, addressing the second only to the degree to which it bears on the first. But before turning to Smith's response even to the first question we might do well to address another question that naturally presents itself: namely why is Smith interested in virtue in the first place? Smith clearly lacks several of the motives to develop a virtue theory that were familiar to his philosophical forebears; living in the relative peace and opulence of the Enlightenment, Smith wrote for a world far removed from that of those Stoics and others who, on his own account, felt themselves compelled to develop virtue theories capable of responding to the often dire and extreme conditions of pre-modern life (see e.g. TMS VII.ii.1.28: 281–3).<sup>2</sup> Smith had different concerns, and indeed his defence of commercial society's conduciveness to the growth and spread of 'universal opulence' invites a different conception of what was needed from a moral theory than that offered by ancient and other pre-modern systems. So why then did Smith insist that the question of 'wherein virtue consists' is the primary question of ethics, and why indeed was he so interested in developing a theory of virtue in his own right?

One possibility is that Smith believed that so far from compelling a departure from or abandonment of the traditional centrality of virtue to morality, commercial society in fact compelled a return to virtue, and did so on two fronts. First, Smith's defence of commercial society itself seems to presume the widespread acceptance of certain moral norms and specific virtues that can further the ends and processes of commercial life. Thus far from arguing that self-love guided by an invisible hand is sufficient to maintain a commercial order, Smith frequently suggests that the proper functioning and continued perpetuation of a free commercial society requires both a respect for and embrace of a host of virtues. These include the prudence that promotes saving and investment, the integrity that promotes performance of contract duties, and the industry that stimulates growth and innovation—not to mention the no-less indispensable courage that keeps borders secure, the justice that maintains domestic order, and the beneficence that preserves human dignity.<sup>3</sup> Yet Smith's commitment to commercial society also necessitates a return to virtue in a second sense. For not only does Smith think commercial society requires certain virtues in order to realize its positive aims, so, too, he argues that an attachment to virtue is needed to mitigate commercial society's most deleterious effects. Indeed, as many commentators have noted, Smith's enthusiasm for the benefits of commercial society hardly blinds him to an acute recognition of its negative externalities—from the 'mental mutilation' of the labourer, to the increased propensity to egocentrism of the rich and famous, and the pusillanimity of those attached to comfort.<sup>4</sup> For these

<sup>2</sup> The tensions between ancient contexts and modern conditions has been a key theme in virtue theory at least since MacIntyre (1981). On the place of virtue in modern liberal theory, see e.g. Macedo (1990) and Berkowitz (1999).

<sup>3</sup> This theme is helpfully developed in Berry (1992); Calkins and Werhane, 'Adam Smith, Aristotle, and the Virtues of Commerce' (1998) and McCloskey (2006).

<sup>4</sup> Each of these has been extensively treated. On mental mutilation and alienation, see esp. Nathan Rosenberg (1965) and Pack (1991). On corruption more generally, see most recently Evensky (2005); Hill (2006); and Rasmussen (2008). I develop this theme in greater detail and with

reasons, Smith was especially insistent that commercial societies rededicate themselves to virtue as the means of both preserving commercial society's gains and ameliorating its potential costs.

Smith, we can then say, had very 'modern' reasons for seeking to recover the 'ancient' category of virtue.<sup>5</sup> But this raises a new question. What sort of virtue theorist is Smith? More specifically: what kind of virtue theory emerges from this attempt to use ancient categories to illuminate modern problems? On some basic level, the result is necessarily a hybrid, one that transcends easy categorization. Or to use a recently emergent term—here quite well applied, I think—Smith's theory of virtue is 'eclectic'.<sup>6</sup> The term is apt for several reasons. First, it reflects Smith's own rather striking if underappreciated interest in the ancient Eclectics (TMS VII.ii.3.1–3: 300–1)—a philosophical school largely unstudied today but key for the eighteenth-century understanding of the history of philosophy. Secondly, and more importantly, to call Smith's virtue theory 'eclectic' is to attest to the growing recognition that it is best seen as an attempt to synthesize elements from several different sources. For many years, and especially in English-language scholarship, a central question concerned the degree to which Smith's theory was indebted to and aligned with Stoicism, and especially with the brand of Christianized Stoicism that exerted such a powerful pull on the Scottish Enlightenment.<sup>7</sup> Yet this debate, however important, has given way more recently to the general recognition that Smith's ethics, and his theory of virtue in particular, was shaped by his direct engagement with a wide range of sources and schools, from Epicureanism to Aristotelianism to Augustinianism, in addition to Stoicism and natural theology, among many others.<sup>8</sup> Hence Smith's own claim that 'almost all' of 'the most celebrated and remarkable' theories of morality 'coincide with some part or other' of his own (TMS VII.i.1: 265). To emphasize the eclecticism of Smith's virtue theory is thus in the first place to call attention to the degree to which this theory represents an attempt to synthesize elements of multiple schools rather than merely an effort to offer some sort of modern restatement of one approach or another.

Smith's theory of virtue is also 'eclectic' in at least two other senses. First, Smith has recently been described as taking an approach to ethics that correlates with what is today called 'virtue ethics'.<sup>9</sup> That is, in contrast to the two other main approaches in

much more extensive reference to the relevant secondary literature in chapter one of Hanley (2009a).

<sup>5</sup> Cf. Griswold's related but slightly different claim (1999: 181).

<sup>6</sup> For recent invocations, see e.g. Leddy (2009:184); Ross (2011: xviii, 52, 88, 180, 458 n.3, 455 n.8, 464 n.8, 478 n.2); see also Montes (2004, 2008) and Garrett's (2011) reference to Smith as a 'scientifically minded eclectic'. These should be compared to Griswold's view that Smith's virtue theory is fundamentally a propriety theory (1999: 179–85).

<sup>7</sup> The key piece was Raphael and Macfie's introduction to the Glasgow edition of TMS (see esp. 5–10).

<sup>8</sup> On Smith and Epicureanism, see Leddy (2009); on Smith and Aristotle, see now Broadie (2010), alongside the pieces cited in Hanley (2009a: 54 n.4); on Smith and Augustinianism, see Force (2006). On Smith and Stoicism, see Montes (2008); and on Smith and natural theology, see most recently Oslington (2011).

<sup>9</sup> See e.g. Hanley (2006); McCloskey (2008: 43–71); and the pieces cited in Hanley (2009a: 55 n.6).

contemporary moral philosophy—deontology, which is concerned to define the rules for ethical behaviour; and utilitarianism, which is concerned to define as good those actions that maximize specific outputs and optimize general wellbeing—virtue ethicists are concerned to define the virtues of the flourishing character and that are most likely to lead to happiness.<sup>10</sup> Smith himself takes this approach in his study of character, aiming in general to sketch portraits of praiseworthy characters and their qualities rather than delineate rules for morality. To use his terms, Smith's approach accords with the methods of those 'critics' who aim to present us with 'a general idea of the perfection we ought to aim at' rather than those 'grammarians' who aim to give 'certain and infallible directions for acquiring it' (TMS VII.iv.1–2: 327; cf. III.6.9–11: 174–6). Smith's system of course draws conspicuously on other approaches—as is especially evident in his efforts in the *Lectures on Jurisprudence* to identify rules of justice, and his efforts in the *Wealth of Nations* to identify policies which promote the growth and spread of 'universal opulence'.<sup>11</sup> Yet insofar as Smith privileges a virtue ethical approach within his moral philosophy proper, his system as a whole represents an eclectic synthesis of the three approaches familiar today. Secondly, not only does Smith's system aim to harmonize elements of multiple approaches, but his resulting theory represents a synthesis of several discrete virtues of both character and intellect. And herein lies one of the most remarkable elements of Smith's virtue theory. Far from privileging one set of virtues over another—such as the soft and 'amiable' virtues of modern politeness over the harsh and 'awful' virtues of ancient propriety—Smith instead aims to develop a theory of virtue that can accommodate a range of virtues and thereby a diverse plurality of conceptions of human excellence.

## SMITH ON THE ETHICAL VIRTUES

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Smith's theory of the ethical virtues, or virtues of character, receives its most significant statement in Parts VI and VII of *The Theory of Moral Sentiments*. Part VII presents a survey of the answers given by Smith's philosophical predecessors to the two fundamental questions noted above, and served as the final Part of the book in all editions including the significantly revised sixth edition of 1790. Part VI, on the other hand, was new to the sixth edition. Entitled 'Of the Character of Virtue', it seeks to present what Smith in private correspondence to his publisher called 'a practical system of morality' (Corr 287).<sup>12</sup> In this section, I aim to reconstruct the core elements of Smith's theory of ethical virtue from these two texts.

<sup>10</sup> For useful introductions to contemporary virtue ethics, see e.g. Crisp (1996) and Annas (2007: 515–36).

<sup>11</sup> For important treatments of the generation of the rules of justice, see esp. Haakonssen (1981: chs 5–6); Pack and Schliesser (2006).

<sup>12</sup> I treat this aspect of the sixth edition revisions in chapter three of Hanley (2009a) and there engage with several other treatments, including two deserving of particular recommendation: Dickey (1986) and Dwyer (2005).

Part VII of *The Theory of Moral Sentiments* proceeds sequentially, offering a nuanced overview of selected ancient and modern answers to the two questions of ‘the nature of virtue’ and the ‘principle of approbation’. Our focus is of course the former, and in TMS VII.ii Smith examines three theories of the nature of virtue: first, that virtue consists in propriety, or ‘the proper government and direction of all our affections’ (TMS VII.ii.intro.1: 266); secondly, that virtue consists in prudence, or ‘the proper government and direction of those selfish affections’ (TMS VII.ii.intro.2: 266–7); and thirdly, that virtue consists solely in disinterested benevolence, or ‘those affections only which aim at the happiness of others’ (TMS VII.ii.intro.3: 267). As Smith proceeds we learn what he means when he insists that each view is ‘in some measure in the right’ but also ‘in some respects in the wrong’ (TMS VII.i.1: 265). For as he makes clear, each of these theories captures a side of human excellence, even as it fails to capture the whole. This deserves emphasis at the outset since Smith’s comments in his own name elsewhere in TMS reinforce the suggestion in Part VII that to reduce virtue to propriety or prudence or benevolence alone is to do an injustice to the phenomenon of virtue as a whole.

Smith begins VII.ii by examining those systems that have identified virtue with propriety, naming Plato, Aristotle, and Zeno as ancient exemplars, and (more briefly) Clarke, Wollaston, and Shaftesbury as modern heirs of this position. Smith clearly finds much to admire in it; Plato’s view that virtue consists in each part of the soul doing its function without encroaching on the others, for example, Smith insists coincides ‘in every respect’ with what he has himself said regarding propriety (TMS VII.ii.1.11: 270). Even more significantly, Smith repeatedly praises the normative effects of such systems, which exhibit a ‘spirit and manhood’ that contrasts markedly with the ‘desponding, plaintive, and whining tone’ of modern systems (TMS VII.ii.1.29: 283).<sup>13</sup> At the same time, Smith resists the claim that virtue can be reduced to propriety; thus in his concluding summary, he explains that while propriety is an ‘essential ingredient’ in every virtuous action, it is not the ‘sole ingredient’. Genuine virtue not only encompasses what is proper, Smith insists, but also elicits from us ‘that superior degree of esteem’ that genuinely superior actions seem to deserve (TMS VII.ii.1.50: 294). Elsewhere Smith will make the same point even more forcefully. Thus in Part I he insists that there is in fact a ‘considerable difference between virtue and mere propriety’, for where the latter requires only ordinary and common capacities ‘which the most worthless of mankind are possessed of’, virtue requires something more altogether: ‘virtue is excellence, something uncommonly great and beautiful, which rises far above what is vulgar and ordinary’ (TMS I.i.5.5–7: 25).<sup>14</sup>

<sup>13</sup> It should also be noted that several creative recent studies have developed sides of Smithean propriety that extend well beyond its connection to the virtue theory treated here; on rhetoric and propriety, see Stephen McKenna (2005); on freedom and propriety, see Kelly (2011: ch. 3).

<sup>14</sup> Smith’s distinction replicates the classical distinction between ordinary duties of propriety, or *decorum*, and those infinitely more beautiful and at once more rare actions associated with *honestum* (see e.g. Cicero *De officiis* 1.93–5).

Propriety is thus the first of three ‘false friends’ profiled in TMS VII.ii. The second is prudence. Smith’s discussion of prudence in TMS VII.ii.2 replicates two of the essential features of his discussion of propriety in TMS VII.ii.1. First, here too he insists that prudence is a genuinely admirable quality, yet one that falls considerably short of genuine virtue. Secondly, here too he insists that what distinguishes prudence from genuine virtue is its propensity to be satisfied by ordinary standards of esteem rather than the higher and more exacting standards of true praiseworthiness. Both elements are prominent in his discussion in TMS VII.ii.2 of Epicurus, the chief ancient representative of the view that virtue consists in prudence (Smith does not name a modern counterpart in this chapter). Here Smith conspicuously praises the doctrine of Epicurus as promoting a degree of tranquillity and calmness that is to be welcomed (TMS VII.ii.2.2–7: 295–6). Yet Epicurus misses the fact that ‘to be amiable, to be respectable, to be the proper object of esteem, is by every well-disposed mind more valued than all the ease and security which love, respect and esteem can procure us’ (TMS VII.ii.2.12: 297–8). Smith’s accusation here replicates his accusation against propriety: that in identifying virtue with the procurement of ordinary worldly goods, prudence fails to speak to that which stands ‘far above’ such goods, the natural but noble desire to be deserving of such goods.

If prudence is the second false friend, the third is benevolence, the subject of TMS VII.ii.3. Here Smith profiles the ethical theories, first, of the ancient Eclectics—the Alexandrine philosophical school that flourished in the first three centuries AD—and secondly, of his teacher, Francis Hutcheson. Here again, Smith finds much that is admirable, praising this system for both its capacity ‘to check the injustice of self-love’ as well as its ‘peculiar tendency to nourish and support in the human heart the noblest and the most agreeable of all affections’ (TMS VII.ii.3.14: 303–4). It is a significant claim, insofar as the system of benevolence is the only one of the three systems here profiled that specifically encompasses the concern for ‘uncommon beauty’ that we have seen Smith insist is central to virtue. Yet even if this system is able to account for this beauty, Smith takes it to task for neglecting the other side of human nature, and for failing to account for those ‘inferior virtues’ associated with self-concern, including prudence and temperance and other forms of practical self-regard (TMS VII.ii.3.15: 304). Hence Smith’s repeated accusation in this chapter that the partisans of benevolence tend to regard it ‘alone’ or it ‘only’ as virtue (e.g. TMS VII.ii.3.2, 6, 7, 9, 13). Such a view does violence to our nature, he thinks, for insofar as ‘so imperfect a creature as man’ is necessarily dependent upon many external goods to which we are driven by seemingly natural impulses, to regard all pursuits of such as vicious is to condemn human nature out of hand (TMS VII.ii.3.18: 305). Thus, as we shall see, Smith hardly denies that prudence and benevolence are true virtues; what he resists is the suggestion that either one alone can be regarded as the whole of virtue.

In sum: Smith objects to the system of benevolence on the same grounds that he objects to the systems of prudence and propriety: each does justice only to half of our nature. The benevolent system encourages ‘the soft, the amiable, and the gentle virtues’, but yet ‘seems entirely to neglect the more awful and respectable qualities of the mind’,

just as the system of propriety recommends ‘the great, the awful, and the respectable virtues’, but rejects the humane virtues as ‘mere weaknesses’ (TMS VII.ii.4.2–3: 306–7). The system of prudence suffers from a similar shortcoming: while it encourages several useful qualities, it ‘seems to degrade equally both the amiable and the respectable virtues’, stripping the former of their ‘beauty’ and the latter of their ‘grandeur’ (TMS VII.ii.4.4: 307). But if all the previous systems capture only half of the whole, what genuinely complete theory of virtue can Smith provide in its stead? More specifically: what theory of virtue can Smith provide that accommodates our natural self-regard and our natural other-regard—both the ‘concern for our own happiness’ as well as the ‘concern for that of other people’ (TMS 6.concl.1: 262), each of which he repeatedly suggests is natural to us (see e.g. TMS I.i.1.1: 9). And secondly, what theory of virtue can Smith provide that also accommodates the concern that virtue be both practically useful to its possessor and also reflect the attainment of a level of excellence distinguished by ‘beauty’ and ‘grandeur’?

Smith begins to answer this question in the final chapter of TMS VII.ii, which he dedicates to the study of ‘licentious systems’. In the sixth edition of the work the only named target is Mandeville. Mandeville, Smith insists, is engaged in the same sort of reductionism as the other thinkers previously examined, with the difference that where they each sought to reduce all forms of virtue to one original, Mandeville reduces all behaviour to vice, and self-love in particular (TMS VII.ii.4.7: 308–9). Smith finds this objectionable, and his reasons for such can serve to introduce the foundational schema of his own theory of virtue. According to Smith, Mandeville’s reduction of all behaviour to ‘vanity’ does violence to ‘the desire of doing what is honourable and noble’ that he here and elsewhere insists is central to virtue (TMS VII.ii.4.8: 309–10). In his defence of this claim, Smith distinguishes three basic ethical dispositions: first, ‘the frivolous desire of praise at any rate’; secondly, ‘the desire of acquiring honour and esteem by really deserving those sentiments’; and thirdly, ‘the desire of rendering ourselves the *proper objects* of honour and esteem’ (TMS VII.ii.4.9: 310, my italics). In so doing, Smith sets up a hierarchy: at bottom, those who seek merely to claim praise and are indifferent to desert; above them, those who seek to claim only those praises which are in fact deserved; and above them, those who seek only to be deserving of praise and are indifferent to claiming actual praises. Smith also names these dispositions, calling the first simply the ‘love of praise’, the second ‘the love of true glory’, and the third ‘the love of virtue’ (TMS VII.ii.4.7–8: 308–10). This distinction reappears in a key passage in Part III added to the sixth edition in which he again, and in his own name, calls attention to these same dispositions: first, the desire ‘to obtain the approbation of mankind, where no approbation is due’ (which he finds ‘contemptible’); secondly, the desire ‘to obtain that approbation where it is really due’ (‘not unworthy even of a wise man’); thirdly, the desire ‘to be that thing which deserves approbation’ (which Smith clearly most admires and again calls ‘the love of virtue’) (TMS III.2.7–8: 117).<sup>15</sup>

<sup>15</sup> This claim is much more fully elaborated in Hanley (2009a: ch. 3) and the discussions of prudence, magnanimity and beneficence below are respectively the subject of Hanley (2009a: chs 4–6).

Why is Smith so invested in this schema as to twice insist on it? A possibility is that it is central to his own theory of virtue. As we saw above, Smith thinks that a comprehensive theory of virtue must accommodate two different binaries. First, it must accommodate both the self-regarding and the other-regarding dimensions of our nature. Secondly, it must accommodate both practical utility and noble beauty. Smith's tripartite schema seems dedicated to accommodating each. The virtues of the lover of praise and esteem do justice to our natural self-regard, and the virtues of the lover of true glory and the lover of virtue join to such the concern to promote the well-being of others. Secondly, the virtues of the lover of praise and esteem are those that promote practical utility and individual advancement, whereas those of the lover of true glory and the lover of virtue represent a pronounced and conscious concern for nobility. Smith's own theory of virtue is, I think, dedicated to a recovery of each of these types of virtue in order to accommodate each of these binaries, and the key text for Smith's theory of the ethical virtues so regarded is Part VI of *The Theory of Moral Sentiments*. Here Smith describes a sequence of ethical virtues that are best regarded as forming a progressive sequence, the whole of which is designed to achieve such an accommodation. And the discrete parts of this whole include the virtues of prudence (the virtue of the lover of praise), magnanimity (the virtue of the lover of true glory), and beneficence (the virtue of the true lover of virtue).<sup>16</sup>

Smith dedicates the first section of Part VI to prudence. Prudence, the chief virtue that concerns our efforts to promote our private well-being, is naturally the first of the virtues insofar as it governs those cares that 'Nature first recommends to the care of every individual' (TMS VI.i.1: 212). These include our efforts to supply bodily necessities, but also our 'credit and rank' (TMS VI.i.3: 212–13); thus Smith's claim that prudence concerns itself at once with 'the care of the health, of the fortune, of the rank and reputation of the individual' (TMS VI.i.5: 213). This formulation suggests two key elements of prudence. First, as many have noted, prudence leads its possessor to pursue external goods in a particular manner, and indeed in a manner conducive to the aims and conditions of commercial society. Throughout *The Theory of Moral Sentiments*, Smith offers several portraits of imprudent agents—from the fops and dilettantes who care only for present enjoyment, to the poor man's son who rushes headlong into a life of care and struggle in a vain search for happiness (see e.g. TMS I.iii.2.4–5: 53–6 and IV.1.8: 181–3). One of the most important effects of prudence is its capacity to temper such self-interested pursuits in a way that renders them more conducive to individual tranquillity and to commercial growth. It is in this vein that Smith praises the prudent man for 'the regularity of his temperance', 'steadiness of his industry', and 'the strictness of his frugality' (TMS VI.i.9: 214). All of these traits clearly benefit the sober spirit that Smith thinks conducive to the economic system described in the *Wealth of Nations*, and perhaps none more so than the prudent man's sacrifice of present 'ease and enjoyment' for 'the probable

<sup>16</sup> Noting Smith's particular emphasis on specific virtues, commentators have sometimes spoken of Smith's fidelity to a 'cardinal virtues' tradition; see esp. Montes (2004: 69–75), as well as the several other pieces cited in Hanley (2009a: 92 n.26).



expectation of the still greater ease and enjoyment' of a later but more lasting time (TMS VI.i.11: 215).<sup>17</sup> This in turn points to the second key aspect of prudence. Many of Smith's most unhappy figures are impatient for recognition and succumb too readily to the 'love of praise'. Prudence, as conceived by Smith, is meant to remedy the potential dangers of this love. Where unchecked desire for esteem can often prompt the worst sort of folly, prudence can, without disabusing the ordinary agent of the desire for praise, point him to a more moderate and temperate means of pursuing his goal.

Prudence thus has clear social utility insofar as it promotes the saving and investment that is central to commerce, and it also benefits the individual insofar as it enables him to pursue praise moderately and calmly. But for all this, prudence has decided shortcomings. In particular, prudence fails to accommodate the concern for the honourable and noble, the genuinely beautiful and excellent, that Smith thinks a constituent element of genuine virtue. Smith makes precisely this point at the end of his TMS VI discussion of prudence. Here he explains that while prudence is often 'respectable', it never appears as 'one, either of the most endearing, or of the most ennobling of the virtues', and can never command any 'ardent love or admiration' (TMS VI.i.14: 216). For this, we are compelled to turn elsewhere, and to the virtue of magnanimity in particular. Near the conclusion of his treatment of prudence Smith introduces the distinctive elements of magnanimity. Here Smith distinguishes what he calls 'inferior prudence' from what the 'superior prudence' that is 'directed to greater and nobler purposes than the care of the health, the fortune, the rank and reputation of the individual' (TMS VI.i.15: 216).<sup>18</sup> Later, Smith comes to identify this nobler virtue with the virtue of magnanimity. Magnanimity, on Smith's account, is the consummate self-command exhibited by those 'heroes of ancient and modern history' whose firmness and fortitude amidst danger and distress strikes us with a 'dazzling splendour' that 'necessarily commands a very high degree of admiration' (TMS VI.iii.5: 238). A magnanimous man is specifically able to withstand torments and to persist in his course of action because he feels most strongly 'what the dignity of his own character requires' (TMS VI.iii.18: 244–5). Genuinely magnanimous men thus not only seek glory, but also to be worthy of such glory. On these grounds the magnanimous man represents an improvement on the prudent man in two respects. First, where the prudent man sought only an ordinary degree of esteem, the magnanimous man seeks recognition of a higher order, better understood as honour or glory. Secondly, whereas the prudent man is concerned simply to garner praise, the magnanimous man's consciousness of his dignity and worth leads him to seek to be worthy of such praises.

Yet the magnanimous man is far from perfect; like the prudent man, he too has his shortcomings. The magnanimous man is often moved to deeds of heroism and nobility,

<sup>17</sup> An especially useful treatment of the economic implications of both prudence and self-command is offered in Davis (2003). On prudence as a commercial virtue more generally, see esp. the pieces cited in n.3 above and Griswold (1999: 203–7), and the several pieces cited in Hanley (2009a: 112 n.15).

<sup>18</sup> The tension between Smith's accounts between the 'lower' and 'higher' virtues has long been noted and demands interpreters make some effort to explain their commensurability. Important treatments include Norbert Waszek (1984); Dickey (1986); Muller (1993: 165); and Griswold (1999: 225–7. For an important and creative recent treatment, see Herzog (2011).

yet his zeal for glory often renders him indifferent to the effects of his actions on others (TMS VI.conc.7: 264); caught up in his ‘excessive self-admiration’ and ‘excessive presumption’, the magnanimous man too often acts in ways ‘contrary to every principle of justice’ or ‘humanity’ (TMS VI.iii.27: 249–50 and TMS VI.iii.8: 239–40). This leaves Smith with a problem. Prudence moderates the love of praise, but fails to do justice to the concern for nobility that is a necessary part of virtue. Magnanimity remedies this concern, yet in so doing it fails to speak to accommodate virtue’s other side, the humane and just concern for others that Smith believes natural to us.

With this in mind we come to beneficence. The virtue of beneficence brings together the two concerns central to our account to this point: respect for the noble as well as the practical, and recognition of the other-directed side of our nature as well as the self-directed. Smith’s interest in this other-directed side is pronounced, and indeed strikingly expressed:

Man was made for action, and to promote by the exertion his faculties such changes in the external circumstances both of himself and others, as may seem most favourable to the happiness of all. He must not be satisfied with indolent benevolence, nor fancy himself the friend of mankind, because in his heart he wishes well to the prosperity of the world. That he may call forth the whole vigour of his soul, and strain every nerve, in order to produce those ends which it is the purpose of his being to advance, Nature has taught him, that neither himself nor mankind can be fully satisfied with his conduct, nor bestow upon it the full measure of applause, unless he has actually produced them. (TMS II.iii.3,3: 106)

This is an arresting statement coming from Smith and it alone should be sufficient to dethrone the idea that Smith is somehow the champion of an atomistic individualism; in sharp contrast, he consistently insists that nature has ‘formed men for that mutual kindness, so necessary for their happiness’ (TMS VI.ii.1.19: 225).<sup>19</sup> Beneficence is thus the virtue that enables its possessor to achieve both ‘the purpose of his being’ as well as promote social utility through mutual kindness. Smith’s most complete sketch of the beneficent character comes in his portrait of the wise and virtuous man, the subject of our final section below. For now, two other points demand notice. First is Smith’s conscious distinction between beneficence and benevolence, the former of which denotes genuine good acting whereas the latter suggests mere good willing.<sup>20</sup> Smith’s own sympathy clearly lies with the first of the two. Secondly and relatedly, Smith is very keen to demonstrate that in fact the concern for actual beneficence as opposed to mere good wishes constrains action in several ways, and especially insofar as it forces one to think locally rather than globally. On the whole then the thrust of Smith’s account of beneficence in TMS VI is to emphasize the superiority of practical action to mere cosmopolitan sentiment or good feeling.<sup>21</sup>

<sup>19</sup> The idea that human beings were made for action is a strikingly common trope in the Scottish Enlightenment; see Hanley (2008).

<sup>20</sup> On this distinction in general, see Frankena (1987); for the distinction as it specifically pertains to Smith, see esp. Montes (2994: 106 n.14).

<sup>21</sup> For an important critical examination of Smith’s ostensible cosmopolitanism, see esp. Forman-Barzilai (2010).

To the central virtues of prudence, magnanimity, and beneficence, two others need to be added, each of which occupies a particular place in his system. The first is self-command. Self-command is unique for two reasons. One concerns the degree of its excellence, and the other the degree of its ubiquity. Both are prominent in his most comprehensive treatment of self-command, that given in TMS VI.iii. Smith's treatment here begins by dividing the passions that are the object of self-command's restraint into two classes: first, those requiring a 'considerable exertion' of self-command to restrain 'even for a single moment', and secondly, those easy to restrain at any one moment but which mislead us over time by their 'continual and almost incessant solicitations' (TMS VI.iii.2: 237). Smith associates the former with fear and anger, and the latter with the love of ease and pleasure. Applied to the former, self-command tends to take the form of the virtue of moderation or temperance, and applied to the latter, self-command tends to take the form of the virtue of magnanimity profiled above (again TMS VI.iii.5–7: 238–9). It is in this latter form that self-command reaches its highest excellence, leading Smith to praise it as 'a great virtue' (TMS VI.iii.11: 241). But equally striking in both forms of self-command is its ubiquity. Smith attests to this ubiquity in several places, insisting that self-command is indispensable to all forms of virtue; thus his opening claim that a perfect knowledge of the rules of prudence or justice or benevolence is not alone sufficient to enable one to act virtuously; 'the most perfect knowledge, if it is not supported by the most perfect self-command, will not always enable him to do his duty' (TMS VI.iii.1: 237). In a very real sense, self-command is part of the practice of all virtues, and thus Smith accords a special place to it and distinguishes it not only as 'a great virtue' unto itself but also the one from which 'all the other virtues seem to derive their principal lustre' (TMS VI.iii.11: 241).<sup>22</sup>

The second virtue to which Smith accords special treatment is justice. Justice is distinguished on several fronts for Smith. In the first place, he insists, in recalling 'that remarkable distinction between justice and all the other social virtues' which was established by Lord Kames, we have a 'stricter obligation' to justice than these other virtues, given the indispensability of justice to social order. On such grounds Smith insists that justice, unlike the other virtues, may be extorted by force—one of the very few instances of legitimate coercion in Smith (TMS II.ii.1.5: 68). His elaboration of this point in the remainder of his comparison of justice and beneficence in Part II itself contains some of the most striking and often-quoted statements in all of *The Theory of Moral Sentiments*. Here, Smith explains, justice ought to be regarded as 'the main pillar' supporting society's edifice, and beneficence merely an 'ornament which embellishes' the building (TMS II.ii.3.4: 87). This, in conjunction with the claim that justice is typically 'but a negative virtue' which can often be entirely fulfilled by simply doing no harm and 'sitting still and doing nothing' (TMS II.ii.1.9: 81–2), has given rise to a widespread belief that Smith regards beneficence as supererogatory, and means to privilege a form of justice as individual restraint that would

<sup>22</sup> For an especially helpful treatment of self-command, see Montes (1994: 76–86), and esp. the argument concerning how self-command 'underpins' all Smithean virtues; in a similar vein, see Griswold (1999: 203) and Sen (1986).

be especially conducive to a liberal society.<sup>23</sup> There is more than a seed of truth to this, but when either taken out of context or pushed too far it can do violence to Smith's intentions. Some clarity can be gained by reading the comparison of benevolence and justice in Part II against the brief comments on the same theme in Part VI. Here, Smith makes clear, first, that justice and beneficence, so far from either independent or opposed are in fact aligned; each, that is, is animated by a concern for the happiness of others, in contradistinction to prudence, which is concerned only with our own happiness (TMS VI.concl.1: 262). Furthermore, justice demands something more from its possessor than simply the commitment to let others be, as the discussion in Part II might seem to imply. The just are also characterized by 'a sacred and religious regard not to hurt or disturb in any respect the happiness of our neighbour' (TMS VI.ii.intro.2: 218)—a formulation that suggests something more than passive self-restraint and rather an active and robust commitment.<sup>24</sup>

Smith's theory of ethical virtue thus represents a genuinely eclectic synthesis of virtues from both ancient and modern traditions. But to what do they all add up? How exactly do they hang together, and indeed what exactly do they get us? Smith's answer seems to be twofold. First, his theory of ethical virtue has a specific political purpose, insofar as these are the virtues necessary for life in a free commercial state that depends on the embrace of certain moral norms rather than coercive power for agents to act properly. Even more particularly, these virtues are the ones that Smith thinks especially necessary in order not just to function in commercial society, but indeed in order to ameliorate some of the most destructive potential features of commercial society. As we noted above, Smith was hardly a stranger to commercial society's negative externalities. But each of the virtues profiled above has a role to play in ameliorating these negative externalities. Thus prudence helps to mitigate egocentrism, magnanimity to mitigate the acceptance of mediocrity or indifference to nobility; and beneficence to mitigate the propensity towards individualism and indifference to the poor. Yet Smith hardly considered the ethical virtues valuable only for their instrumentality to certain social ends. He also, as we have seen, considered them the necessary prerequisites of a flourishing and happy life. And this because he believed our natures to be twofold, embracing both self-regard and other-regard. Any genuinely human excellence needs to reflect both sorts of excellence, and this is ultimately what Smith, through his eclectic virtue theory, sought to provide, and in so doing pass beyond what he took to be the reductionism of his predecessors.

## SMITH ON THE INTELLECTUAL VIRTUES

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Hitherto our focus has been on Smith's conception of the ethical virtues, the most familiar side of his theory of virtue. But it is hardly the only side. Also central to his theory is his conception of what he twice calls 'the intellectual virtues' (TMS I.i.4.4: 20; cf. VI.i.15: 216).

<sup>23</sup> e.g. Hill and McCarthy (2004: 11). I provide a more systematic response to this claim in Hanley (forthcoming).

<sup>24</sup> This point is nicely developed in Fleischacker (2004: 70–1).

This side of his virtue theory has received comparatively little attention, which is unfortunate for two reasons. First, Smith's conception of the intellectual virtues is central to his larger conception of human flourishing and thus demands study by those seeking a comprehensive understanding of his ethical and political thought. Secondly, Smith's theory of intellectual virtue bears on a number of debates within the recently emergent field of contemporary virtue epistemology. In particular, his view of intellectual virtue bears on questions concerning the virtues or skills needed for moral judgment, the virtues or skills needed for scientific or philosophic inquiry, and the ways in which these cognitive virtues or skills are best cultivated. In what follows I present Smith's core propositions in these fronts in an effort to defend the claim that he ought to be understood as a contributor not simply to virtue ethics but also to virtue epistemology.<sup>25</sup>

The principal texts for Smith's theory of intellectual virtue include his three essays on 'the principles which lead and direct philosophical inquiries' (that is, the essays on astronomy, ancient physics, and ancient logic and metaphysics), his essay on the origins of language, and his essay on the external senses. Yet even within *The Theory of Moral Sentiments* the concept of intellectual virtue is central if perhaps yet underappreciated. This is evident in part from the very way in which Smith sets forth the two foundational questions in TMS VII with which we were engaged above. The first question of 'wherein does virtue consist' is generally and indeed perhaps not appropriately taken as a question regarding ethical virtue—and it is of course in this vein that Smith's inquiry in Part VII principally unfolds, as we have seen. At the same time, Smith's glosses on this question deserve notice; thus in his elaborations, Smith explains that the first question, properly understood, concerns 'the nature of virtue, or of the temper of mind which constitutes the excellent and praise-worthy character' (TMS VII.ii.intro.1: 266; cf. TMS VII.ii.1.11: 270). His twice-repeated reference to the 'temper of mind' suggests the centrality of cognitive states and capacities to his theory of virtue. And so too with regard to his question concerning the 'principle of approbation'. Here the role of cognition is more obviously pronounced; thus Smith frames the question as one concerning 'the power or faculty of the mind which renders certain characters agreeable or disagreeable to us' (TMS VII.iii.intro.1: 314–15). His answer to this question is complex and extends beyond the scope of this essay.<sup>26</sup> But what does demand notice here is the degree to which Smith frames his two questions not simply as questions regarding actions or behaviours, but as questions concerning the specific qualities and dispositions of the mind of the virtuous agent.

What then distinguishes the mind of Smith's virtuous agent? Or in his own (slightly amended) terms, wherein does intellectual virtue consist? Answering this question is slightly more challenging than answering the question regarding ethical virtue. For where Smith's answer to that question chiefly consisted of elucidations of the principal

<sup>25</sup> For useful introductions to contemporary virtue epistemology, see e.g. Crisp (2010: 22–40) and Battaly (2008).

<sup>26</sup> Treatments of Smithian judgment that I have found especially helpful include Fleischacker (1999: 125–39); Valihora (2001); and Carrasco (2004).

ethical virtues—prudence, magnanimity, beneficence, self-command, and justice—Smith's treatments of the central intellectual virtues—practical reason, theoretical judgment, intellectual courage and curiosity, and wisdom—are much less systematic and must be reconstructed from observations across his corpus. At the same time, there is a clear logic to these dispersed treatments. This is most readily seen in Smith's conception of the way in which the mind develops and indeed comes to acquire the intellectual virtues. This process of cultivation occurs in two specific stages, and especially the transition from mere sensation to genuine cognition.

Smith develops the core of this theory in two key paragraphs in *The Theory of Moral Sentiments* and then applies it in a strikingly diverse range of places across his corpus. The key idea is that the process of intellectual cultivation necessarily begins with the sensory experience of discrete particulars, and culminates in a specifically cognitive process that uses principles of association and reason in order to develop a capacity for judgment. Smith's case for sensation as the necessary departure point for all ethical reasoning is laid out most clearly in his response to Cudworth's response to Hobbes, and in particular the claim that reason ought to be regarded as the foundation of moral approbation:

But though reason is undoubtedly the source of the general rules of morality, and of all the moral judgments which we form by means of them; it is altogether absurd and unintelligible to suppose that the first perceptions of right and wrong can be derived from reason, even in those particular cases upon the experience of which the general rules are formed. These first perceptions, as well as all other experiments upon which any general rules are founded, cannot be the object of reason, but of immediate sense and feeling. It is by finding in a vast variety of instances that one tenor of conduct constantly pleases in a certain manner, and that another as constantly displeases the mind, that we form the general rules of morality. (TMS VII.iii.2.7: 320)

Smith makes two key claims here. First, moral judgment has its genuine origin not in reason but in 'immediate sense and feeling'. But secondly, and more importantly, immediate sense and feeling is the necessary departure point for ethical judgment as it is the source of the particular data that is the stuff of moral judgment. It is only after a considerable amount of this sense data has been gathered that the cognitive faculties proper can make such judgments. Hence the second stage in this process:

It is by reason that we discover these general rules of justice by which we ought to regulate our actions: and it is by the same faculty that we form those more vague and indeterminate ideas of what is prudent, of what is decent, of what is generous or noble, which we carry constantly about with us, and according to which we endeavour, as well as we can, to model the tenor of our conduct. The general maxims of morality are formed, like all other general maxims, from experience and induction. We observe in a great variety of particular cases what pleases or displeases our moral faculties, what these approve or disapprove of, and, by induction from this experience, we establish those general rules. (TMS VII.iii.2.6: 319–20)

This leads Smith to make an arresting statement, intended to express his partial agreement with ‘rationalists’: insofar as our judgments ‘with regard to right and wrong, are regulated by maxims and ideas derived from an induction of reason, virtue may very properly be said to consist in a conformity to reason’ (TMS VII.iii.2.6). Smith’s claim deserves careful scrutiny for several reasons, not least of which is that virtue, on Smith’s view, cannot be reduced to a mere matter of sentiment or even habit, but rather requires appreciation of the central roles of both sensation and reason in its determination.

How then does reason bring together and synthesize our discrete sensory perceptions of particulars into moral rules and norms that can be of use in our attempts to navigate our practical lives?<sup>27</sup> Smith’s argument on this front extends across several texts. In *The Theory of Moral Sentiments* it frequently emerges in his accounts of how spectators observe various moral interactions and then come to reach not only judgments in discrete cases but also develop general rules for judging the actions of both others and themselves.<sup>28</sup> It is particularly pronounced in Smith’s account of the wise and virtuous man, as we will see below. For now though, it will be helpful to see how this principle emerges in Smith’s other texts and serves to unify his various conceptions of epistemic and intellectual growth into a consistent theory of movement from the particular to the general, the sensed to the conceived.<sup>29</sup>

One of the most important texts on this front is Smith’s *History of Astronomy*. As recent commentators have emphasized, Smith’s aim in this essay is less simply to provide a history of this science than to explain the epistemic motives for scientific or philosophical inquiry.<sup>30</sup> For our purposes, however, the *History of Astronomy* is chiefly valuable for the way in which it serves to illustrate Smith’s conception of the cultivation of the intellectual virtues. The essay begins with a delineation of three main intellectual sentiments: wonder, surprise, and admiration. Not coincidentally, these are the same three sentiments on which Smith focuses in his key paragraph on the intellectual virtues in TMS (TMS I.i.4.4: 20). But here he takes care to define these; thus wonder is the sentiment elicited by what is new, surprise the sentiment elicited by the unexpected, and admiration the sentiment elicited by the beautiful and great (HA intro.1: 33). Smith’s reasons for this careful delineation become apparent in his treatment of surprise. Surprise is manifestly unhealthy; indeed apprehension of something new and unexpected often causes the mind to be thrown ‘into the most convulsive emotions’, which ‘entirely disjoint the whole frame of the imagination’, prompting ‘frenzy or habitual lunacy’ or even ‘instant death’ (HA 1.1–6: 34–5). Smith’s emphasis on the way in which the subjective

<sup>27</sup> The early modern history of virtue epistemology deserves greater attention than it has thus far received. I try to take some steps in this direction in Hanley (2012).

<sup>28</sup> This process is usefully documented in e.g. Fleischacker (1999: 41–55) and Haakonssen (1981: 61–2).

<sup>29</sup> Smith’s theory of ‘conception’ and ‘conceiving’ deserves attention. Scholars have long noted the centrality of imagination in the foundational account of sympathy in TMS I (see e.g. the studies cited in n.31 below). But a careful read of TMS I.i.1 reveals the key act in this process to be the act of ‘conception’, in which a representation is created when a given agent’s received sensory impressions are processed.

<sup>30</sup> The classic study is Lindgren (1973: ch. 1). An excellent recent study is Schliesser (2005).

experience of surprise can disorder the mind is striking, but entirely in keeping with both his concern with the pernicious effects of anxiety and his interest in psychic well-being and flourishing in TMS and elsewhere. It also suggests that the centrality of the healthy functioning of the mind to the *History of Astronomy* itself, which prominently focuses on the ways in which the health of the mind can be preserved given such threats. In this vein, Smith emphasizes the need for agents to ‘prepare and dispose’ their minds to receive new impressions in a manner that minimizes their impact and indeed preserves psychic tranquillity (HA I.3: 35), and even goes so far as to sketch out a method for so doing, focused on habituation via frequent repetition (HA I.10: 37).

The story of the *History of Astronomy* is thus in the first place largely one of the ends of intellectual virtue insofar as it emphasizes the necessity of cultivating certain epistemic virtues for the sake of psychic wellbeing and general flourishing. In emphasizing the way in which habituation can prepare the mind to manage the experience of surprise and the intellectual anxiety it induces, the essay develops a strikingly parallel claim to the moral theory of TMS, in which the preservation of tranquillity and the overcoming of moral anxiety through habituated self-command is a principal theme.<sup>31</sup> But the *History of Astronomy* is also central to Smith’s theory of intellectual virtue for a second reason. For not only does it reveal the depth of his attachment to the belief that intellectual virtues are central to human flourishing, in describing how these intellectual virtues are best cultivated it focuses on the precise transition from particulars to generalities that is fundamental to his understanding of intellectual virtue in TMS, as noted above. The *History of Astronomy* develops this especially in its treatment of wonder. Wonder is here described as prompted by our experience of objects which cannot be classified, the sort of object that ‘stands alone and by itself in the imagination, and refuses to be grouped or confounded with any set of objects whatever’ (HA II.3: 39). Wonder is thus the natural cognitive response to the experience of particulars. The import of this point becomes clear when read against the key paragraphs from TMS examined above. Insofar as the key task of the reasoner is to subsume particularities under generalities, wonder is indispensable in stimulating this process.

This becomes evident in Smith’s account of the subjective experience of wonder. Upon experiencing something new, Smith claims that we are ‘all naturally disposed’ to ask ‘what sort of thing can that be? What is that like?’ (HA II.3: 39). And it is significant that Smith thinks this propensity is both necessary (that is, ‘natural’) and universal (that is, felt by ‘all’), as this natural and universal propensity serves to prompt us to relieve our discomfort by assimilating discrete particulars into larger categories. An individual in the grasp of wonder is thus ‘never satisfied’ until he can classify the wonder-inducing particular into ‘some class or other of known objects’, for only then can he ‘get rid of that wonder, that uncertainty and anxious curiosity excited by its singular appearance’ (HA II.4: 40). Wonder thus prompts us to take active steps to ‘fill up the gap’ that separates discrete particulars in our imagination: a formulation much indebted to Hume, as

<sup>31</sup> The role of anxiety in TMS is strikingly understudied. For an older treatment, see Brissenden (1969).



several have noted (HA II.8–9: 41–2).<sup>32</sup> But for our purposes, what demands notice is the fact where surprise induces an unhealthy anxiety that requires inoculation via intellectual habituation, wonder induces the more productive anxiety that is alleviated through the assimilation of the singular object into a familiar category (see e.g. HA II.12: 45, II.3: 39, IV.13: 61). In both senses then, the key referent is the health of the mind and the preservation of a state conducive to the flourishing of the agent as a whole, and the means for so doing is the cultivation of intellectual capacities. Such cultivation takes effort, and just as the ‘nicer ear of a musician’ is more discriminating than the tin ear of the amateur, so too Smith thinks that the reasoning of ‘a philosopher, who has spent his whole life in the study of the connecting principles of nature’ is ‘more practised’ than the reasoning of ordinary individuals (HA II.11: 45). Smith does therefore not think that all are called to become natural philosophers, but insofar as he believes that our habitual movement from particulars to generalized concepts via association and resemblance is a natural propensity and universal desire, and that it moreover promotes psychic tranquillity and even health, the development of at least some minimal degree of intellectual virtue seems to be a prerequisite for moral judgment and indeed human flourishing.

Smith continues his emphasis on the movement from particulars to general wholes in several other texts as well. Where the *History of Astronomy* explains the nature of this process in the progress of the individual mind, Smith’s essay on the origin of languages delineates the role of this process in the epistemic progress of the species. In this sense, the *Considerations on the First Formation of Languages* is no more an essay on language simply than the *History of Astronomy* is a history of astronomy; in *Languages*, the development of specific linguistic concepts serves as a series of guideposts marking specific stages in the development of man’s capacity to synthesize particulars.<sup>33</sup> The text begins by claiming that the first stage in language development was the generation of nouns, ‘the assignation of particular names, to denote particular objects’ (CL 1: 203). Once this is done, the natural human propensity to ‘resemblance’ is deployed, and mere proper nouns give way to general nouns since ‘mankind are naturally disposed to give to one object the name of any other, which nearly resembles it’ (CL 1: 204). This in turn leads to the identification of species, or ‘the formation of those classes’ on the grounds of resemblance (CL 2; cf. HAP 2–3). And with this the stage is set for true progress; having ‘observed and compared together a great number of objects,’ men’s minds attained a ‘considerable degree of abstraction and generalization’ (CL 7: 206). And owing to this development, the capacity emerged to use prepositions, which themselves signify a type of ‘relation’ that requires conceptualization separate from the objects themselves, and indeed ‘could not be done without a considerable effort of comparison and generalization’ (CL13: 210). The parallels could be further developed, but insofar as the *Languages* essay has at its heart this shift from particulars to generals it serves to suggest not simply

<sup>32</sup> See e. g. Skinner (1974); Raphael (1977); and Griswold (2006). See also Hanley (2009b).

<sup>33</sup> The *Languages* essay as a whole is understudied given Smith’s own solicitude for it. Important treatments include Berry (1974); Otteson (2002); and now Phillipson (2009: ch 5). On the move from particulars to generalities in the *Languages*, see Lindgren (1973: 19, 12–13).

Smith's belief that 'ontogeny recapitulates phylogeny', so to speak, but also his belief that the cultivation of intellectual virtue is fundamental to the development of both the species and of the individual, and indeed indispensable to the cultivation of 'the happiness of a good mind' (TMS I.ii.3.7: 37–8). And this, moreover, suggests a problem important not merely for virtue epistemologists but also for political theorists and economists insofar as the cultivation of such a mind would seem to be impaired by the 'mental mutilation' noted above, and which Smith thinks endemic to certain types of labour in advanced commercial societies.

## THE WISE AND VIRTUOUS MAN AND THE PURSUIT OF PERFECTION

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To this point we have largely considered the ethical and intellectual virtues as separate phenomena. Smith, however, sees them as conjoined, each a necessary part of the genuinely flourishing life. This fact is particularly evident in his portrait of the peak figure of his ethics. Early in Part I, Smith calls attention to the life given to 'the study of wisdom and the practice of virtue' (TMS I.iii.3.2: 62), and in Part VI, he fleshes out the character of such a life in the figure of the 'wise and virtuous man'. As we shall see, the excellence of the wise and virtuous man consists precisely in his capacity to bring together the respective excellence of moral 'virtue' and epistemic 'wisdom' that we have treated separately to now, but which Smith each considers necessary for a genuinely flourishing human life.

The moral 'virtue' of the wise and virtuous man chiefly consists in the fact that he has transcended the narrow self-love that dominates most ordinary ethical agents. So far from being dominated by self-love and the desire for self-preference, the wise and virtuous man is capable of acting upon all occasions 'with prudence, with just magnanimity, or proper beneficence' (TMS III.6.11: 175–6). This is particularly emphasized in Smith's opening comments, in which he explains that 'the wise and virtuous man is at all times willing that his own private interest should be sacrificed to the public interest of his own particular order or society' (TMS VI.ii.3.3: 235–6). This willingness is also conspicuous in his main account in TMS VI, in which Smith explains that the truly wise and virtuous man, so far from despising his inferiors, 'is at all times willing to promote their further advancement' (TMS VI.iii.25: 247–8). The wise and virtuous man in this regard stands not only as the embodiment of the proper beneficence that forms so central an element of Smithean virtue, but also proves himself to have learned what Smith calls 'the hardest of all the lessons of morality' (TMS III.3.8: 139): namely to regard oneself as 'but one of the multitude in no respect better than any other in it' (TMS II.ii.2.1: 82–3; TMS III.3.4: 136–7; TMS VI.ii.2.2: 227–8).

The wise and virtuous man's actions thus reveal him to be the embodiment of ethical virtue. But herein lies only half of his excellence. To his virtuous actions the wise and

virtuous man joins proper dispositions: dispositions which themselves are the product of his intellectual virtues. This side of the wise and virtuous man is particularly important, since it is on this front that we can see, first, his dedication to nobility, which we have already seen to be central to Smith's theory of virtue; and secondly, the role of the intellectual virtues in generating this concept of nobility. The two points particularly emerge in Smith's insistence that the wise and virtuous man at all times measures himself against 'an idea of exact propriety and perfection' that far eclipses the standard by which ordinary agents measure themselves. This idea, in all its 'exquisite and divine beauty', serves to guide the wise and virtuous man's efforts to assimilate his own character to this archetype of perfection, and thereby claim nobility for himself. But what is particularly striking is how such a man comes to apprehend this archetype of perfection. For this, intellectual virtue is necessary, and indeed precisely the sort of intellectual virtue profiled in the section above, that is, the transition from discrete particulars to synthetic general ideas. In this vein, the wise and virtuous man is said to begin with the same general 'idea' of perfection that 'exists in the mind of every man', and which is 'gradually formed from his observations upon the character and conduct both of himself and of other people'. But what makes the wise and virtuous man unique—and indeed truly wise—is that where most are content simply to gather the data afforded by 'observation' of multiple instances, he applies himself to the arduous task of refining his capacity for observation and in developing the most accurate possible conclusions from this process of observation. The first stage is evident in Smith's conspicuous insistence that the general idea available to every man is more or less accurate depending on 'the care and attention employed' in making such observations. Where most agents are content with rough-and-ready observations, the wise and virtuous man displays a considerable concern for accuracy and a marked intellectual fortitude even in the process of data collection; thus Smith notes that the wise and virtuous man makes his observations with 'the most acute and delicate sensibility', and 'the utmost care and attention'. Further, in developing the synthetic 'idea' from the assimilation of these particulars, the wise and virtuous man again employs his intellectual virtues: 'every day some feature is improved; every day some blemish is corrected', for indeed 'he has studied this idea more than other people, he comprehends it more distinctly, he has formed a much more correct image of it, and is much more deeply enamoured of its exquisite and divine beauty' (TMS VI.iii.25: 247–8). The wise and virtuous man's wisdom thus consists in his possession of this idea, but the very construction of it itself requires a high degree of the intellectual virtues of judgment, concern for accuracy, intellectual courage, and perseverance.

The wise and virtuous man thus stands as a model of human perfection. But it is very important to be clear about what Smith does and doesn't mean by this (see also Fricke in this volume). He certainly doesn't expect this sort of perfection to be widely realized in fact; indeed we have no reason not to take Smith wholly at his word when he distinguishes this 'ideal perfection' from our 'real imperfection' (TMS VI.iii.26: 248–9), and indeed calls the former a standard to which 'no human conduct ever did, or ever can come up to' (TMS I.i.5,9–10: 26; cf. VI.iii.23–25: 247–8). In some real sense, Smith seems to count himself among those theorists more concerned to 'present us rather with a

general idea of the perfection we ought to aim at, than afford us any certain and infallible directions for acquiring it' (TMS VII.iv.1: 327; cf. III.6.11: 175–6). Put slightly differently, Smith's interest in perfection owes less to a belief that human beings can achieve perfection than to the belief that a vision of ideal perfection can serve as a useful polestar in our attempts to navigate the complexities of ordinary moral life. But Smith's view of perfection is also remarkable for a second reason. Perfection is often taken to be the province of ethical theorists and morally ambitious agents concerned with the good life, and thus distinct from the concerns of social scientists concerned to explain the basic mechanisms of social coordination.<sup>34</sup> But for Smith, there is no such tension, for the pursuit of perfection is precisely what promotes social coordination; hence Smith's insistence that 'to restrain our selfish, and to indulge our benevolent affections, constitutes the perfection of human nature: and can alone produce among mankind that harmony of sentiments and passions in which consists their whole grace and propriety' (TMS I.i.5.5: 25). So far from seeing a tension between moral perfection and social coordination, Smith insists the former, properly understood, is indispensably necessary for the latter. As such, Smith's vision of perfection helps to reinforce the fundamental fact with which we have been here engaged: namely that Smith's theory of virtue, so far from standing opposed to his economic and political theory, is a necessary part of it.

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<sup>34</sup> See, most recently, Forman-Barzilay (2010: 13, 87, 106); and the citations therein and at Hanley (2009a: 133 n.3).

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## CHAPTER 12

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# ADAM SMITH AND SELF-INTEREST

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EUGENE HEATH

How could a creature disposed to favour itself nonetheless take into account the good of others, cooperating with them in mutually productive ways? This is the key question that Adam Smith explores in his two great works, *The Theory of Moral Sentiments* (TMS) and the *Wealth of Nations* (WN). In the opening line of the TMS, Smith intimates his wonder and alludes to a solution: ‘How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others’ (TMS I.i.1.1: 9). The supposition of selfishness does not entail a natural egoism, though it does point to Smith’s steady concern with a family of related concepts—self-preservation, self-interest, and self-love. These tendencies, juxtaposed to the facts of human benevolence, inspire Smith’s wonder.

The outline of Smith’s response to his wonder is well-known. A principle of sympathy (the harmony of sentiments) and a psychological process of imagination provide a foundation for a descriptive account of the moral life. Smith’s descriptive analysis not only reveals that the human being is capable of benevolence and justice but establishes a basis for a normative defence of the virtues, one of which (prudence) rests on some notion of self-interest. Smith explores how our responses to others, whether as spectator or moral agent, begin with individual acts of imagination that accumulate and coalesce into an impartial standard of morals. A spectator must use the imagination to learn what someone else is experiencing. Similarly, an agent too will use his imagination to discern how others regard him. The interplay of spectators and agent’s actions, judgments, reactions—generates an agreement in sentiments. The resulting moral consensus, reflected in rules and norms, represents the judgments not of specific individuals but of an idealized perspective, that of the impartial spectator. The judgments of the impartial spectator constitute standards of virtue, specifically, justice, benevolence, and self-command, as well as prudence, a quality that presumes some legitimate forms of self-interested conduct.

The *theory* of the moral life adumbrated in the TMS (1759) should also resonate in the WN (1776). Yet both works manifest how Smith was a ‘practical moralist’ who

sought to ‘instruct young men of middling rank in their duties as men and citizens of a modern commercial polity’ (Phillipson 1983: 179). Despite this wise suggestion, many scholars regard the TMS as a treatise on ‘moral judgment’, as if this topic would either exhaust the breadth of the book or could bear the practical emphases just noted. In a more pertinent sense, the TMS is also ‘a full treatment of the complex psychology of self-love’ (Skinner 1992: 144). Indeed, one discovers within the TMS a family of concepts related to the self. These varying notions of self-interest, selfishness, and self-love are richly suggestive and have application both to motivation and to perception. Bearing important implications for Smith’s (and our) understanding of morals and economics, these ideas reveal Smith’s struggle to reconcile the tendencies of human nature, the demands of morality, and the need to set forth the conditions for a productive, just, and free society.

In Smith’s works, self-interest does not have a single unified identification, so it is essential to consider its complexity of guises, including those of self-love and selfishness. In the first section, we address the concepts of self-preservation, selfishness, and self-interest, noting their uses in the TMS and WN. In section two, we contemplate how self-love may function as a variant of self-interest. In section three, we examine how self-love corrupts moral perception, but we bear in mind how the impartial spectator serves to counter our misrepresentations. In section four, we focus on Smith’s account of commerce, probing the question of ‘interest’ both as it relates to the individual and to groups or orders in society. In the final section, we reflect on Smith’s account of prudence, a virtue grounded in some notion of self-interest, as well as ambition, a passion that generates particular concern for Smith.

## **SELF-PRESERVATION, SELFISHNESS, AND SELF-INTEREST**

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Adam Smith does not reduce motivation to a single drive. Just as there are plural springs of conduct, so are there various concepts of self-interest, including self-preservation, selfishness, and self-love. It is not always clear how Smith wishes to distinguish these terms. Part of the problem lies in Smith’s view of the complexities of sentiments and feelings, which typically carry a sense of pleasure or pain (ease or unease). Late in the TMS, Smith explains that a proper characterization of a sentiment ‘requires both a delicate and an accurate pencil’, subsequently pointing out, ‘It is impossible, indeed, to express all the variations which each sentiment either does or ought to undergo, according to every possible variation of circumstances’ (TMS VII.iv.4: 328). With this caveat in mind, there is one motivation that Smith sets forth as related to self—the natural end of self-preservation.

Self-preservation is a desire to continue living and to care for one’s body and one’s health (TMS VI.i.1: 212). Indeed, ‘self-preservation, and the propagation of the species,



are the great ends which Nature seems to have proposed in the formation of all animals' (TMS II.i.5.10: 77). This general 'love of life, and a dread of dissolution' (TMS II.i.5.9: 77) is not actuated by the application of reason but by the urging of 'original and immediate instincts': 'Hunger, thirst, the passion which unites the two sexes, the love of pleasure and the dread of pain, prompt us to apply those means for their own sakes, and without any consideration of their tendency to those beneficent ends which the great Director of nature intended to produce by them' (TMS II.i.5.10: 78). The instincts of self-preservation may be corralled and guided, as when one chooses to drink or eat in specific amounts and at regular intervals, but the instincts themselves contain no rational or calculative intent.

The notion of self-preservation that Smith invokes is analogous, if not identical, to what Jean-Jacques Rousseau characterizes as *amour de soi meme* (love of oneself) and what Bernard Mandeville, before him, referred to as 'self-love'.<sup>1</sup> Both Mandeville and Rousseau juxtapose self-preservation to a form of self-interest that requires education or refinement—Mandeville's 'self-liking', Rousseau's *amour-propre* or egocentrism. For Rousseau, the love of self is natural and can be channelled by reason into virtue, but egocentrism is 'relative, artificial and born in society, which moves each individual to value himself more than anyone else' (Rousseau 1987: 106). Rousseau's account of *amour-propre* suggests a concern with self that is comparative. It is a 'desire to *have* a certain value in comparison with others' (Kolodny 2010: 169).

Though potentially beneficial to self and society, instincts of self-preservation are not, for Smith essentially, either selfish or self-interested, at least in any calculating way. Nonetheless, one may eat or drink selfishly. So, under what conditions might self-preservation, or the self-preserving instincts, prove selfish? Conceptually, a preservational instinct becomes selfish when one seeks to satisfy the desire (for food, sex, life, and so on) at the expense of other individuals or without taking into account the good of others. Although Smith recognized that selfishness 'is by no means the weak side of human nature' (TMS VII.ii.3.16: 304), he is sparing in his use of the term 'selfish'. He characterizes a specific set of passions (grief and joy) to be selfish, but even here the complexity of his account is striking. Smith categorizes the passions by origin (bodily or imaginative) and effect (social, unsocial, and selfish passions). The social passions (generosity, humanity, benevolence) manifest an agreeable sentiment towards others and thus easily generate

<sup>1</sup> 'Love of oneself is a natural sentiment which moves every animal to be vigilant in its own preservation and which, directed in man by reason and modified by pity, produces humanity and virtue' (Rousseau 1987: 106, n.15). Referring to the 'Behaviour of Savages' Mandeville writes, in the *Fable of the Bees*, that 'Self-love would first make it scrape together every thing it wanted for Sustenance, provide against the Injuries of the Air, and do every thing to make itself and young Ones secure. Self-liking would make it seek for Opportunities, by Gestures, Looks, and Sounds, to display the Value it has for itself, superiour to what it has for others ...' (1988: II, 133). See also his *Origin of Honour*: 'Self-liking I have call'd that great Value, which all Individuals set upon their own Persons; that high Esteem, which I take all Men to be born with for themselves. I have proved from what is constantly observ'd in Suicide, that there is such a Passion in Human Nature, and that it is plainly distinct from Self-Love' (1971: 3).

sympathy or fellow-feeling; the unsocial passions (hatred and resentment) manifest a disagreeable sentiment. The ‘selfish’ passions, occupying a ‘middle space’ (TMS I.ii.5.1: 40–1) between the social and the unsocial, concern the *self*.

Smith’s account of these passions suggests that a person may be ‘selfish’ in two distinct senses, only one of which is blameworthy. In the minimal and non-blameworthy sense, a selfish passion is merely a passion that relates to the self: passions of sadness or joy are *selfish* in a way that a colour might be reddish. Just as a reddish colour might be close to or related to red, so are these passions related to the self. Thus, grief and joy relate to the self but in so doing they need not be blameworthy. However, on those occasions that we feel grief and joy about our material or personal fortune, our passions may become selfish in a stronger and morally blameworthy sense. It is here that a selfish passion not only concerns the self but manifests the agent’s failure to take within his ambit the actions or feelings of others. Such an omission is morally blameworthy. For example, to express joy about the accomplishment of one’s child is to have passion whose content is related to self. To express this joy in the presence of someone who is grieving over the loss of a child is to have a passion that is selfish. Similarly, if we take an inordinate concern in ‘the loss or gain of a very small interest of our own’ (TMS III.3.3: 135), then so are we selfish. These examples reveal how a set of passions, such as joy and grief, are selfish in a weak sense (they are related to self); however, given the circumstances and the degree of intensity, these passions may rise to a blameworthy state. An excessive concern renders the passion blameworthy: ‘The love of ease, of pleasure, of applause’—not the mere desire for them—are examples of ‘selfish gratifications’ (TMS VI.iii.3: 238).

Neither selfishness nor self-preservation is the equivalent of self-interest. Self-preservation is, presumably, in my self-interest, but not every one of my interests concerns self-preservation. Similarly, a selfish act may be in my (perceived) self-interest but not every self-interested act is a selfish one. Nonetheless, Smith suggests that self-interest, distinct from immediate instinct or instantaneous reactions to pleasure or pain, requires some calculative element (TMS I.i.2.1: 13–14). For this reason, self-interest does not easily fit into Smith’s scheme of the social, selfish, and unsocial passions. Some of these passions may be described as operating in the agent’s self-interest but only with the attribution of additional intentional content to these passions. In his exploration of seventeenth- and eighteenth-century thought, A.O. Hirschman (1977) articulates a distinction between impulsive and violent passions and calculating interest (see also Holmes 1990: 268) and he contends that, thanks to the influence of WN, the idea of self-interest progressively came to denote economic or material interest.

Smith appeals to ‘interest’ in the WN in different senses—a theoretical or analytical sense and a descriptive (see also Aspromourgos in this volume). Sometimes Smith denotes an idea of interest as an analytical summation of an agent’s economic or material interests. For example, Smith explains how those whose livelihoods are sustained by rent, wages, or profit will each have an ‘interest’ (WN I.xi.8–10: 265–7), even as they may not ‘have any tolerable knowledge of that interest’ (WN I.xi.8: 265). Similarly, he refers to how the government may establish ‘publick works and certain publick institutions, which it can never be for the interest of any individual...to erect and maintain’

(WN IV.ix.51: 687–8). Samuel Fleischacker explains how, ‘The interest of an agent, unlike his or her self-love, is something objective, something observable and measurable. ‘Interest’ in this sense is shorthand for what one needs, materially, in order to pursue one’s private projects, which can and normally will include caring for one’s family and friends and socializing with one’s neighbours (Fleischacker 2004: 98). These interests may be attributed to groups or industries as well as individuals. For example, it is the ‘manifest interest of every particular class of [traders and artificers], to prevent the market from being over-stocked’ (WN I.x.c.18: 141), just as each of the ‘great, original and constituent orders of every civilized society’ has its particular interest (WN I.xi.7–10: 265–7), as do particular organizations (WN II.ii.64: 307–8).

In performing an explanatory rather than a descriptive function, Smith’s usage of ‘interest’ does not describe the real or actual motives of individuals or groups. Thus, Smith occasionally points out how individuals act against their genuine interests, as in the case of those who ‘love to domineer’ (WN III.ii.10: 388) and prefer, therefore, the service of slaves over free workers. Smith also mentions proprietors of land whose avarice impels them to enact laws that ‘hurt in the long-run the real interest of the landlord’ (WN III.ii.16: 393); and he scolds great landowners who fritter their money on vain ‘trinkets and baubles’ (WN III.iv.15: 421). The simplest way of summarizing this idea of interest lies in the contention, several times repeated in WN, that one’s interest is to ‘buy as cheap and to sell as dear as possible’ (WN IV.ii.30: 464).

There is a *descriptive* usage of ‘interest’, employed alongside the analytical. In some instances, Smith writes of interest in terms of advantage, as when an individual seeks ‘out the most advantageous employment’ (WN IV.ii.4: 454) or when an individual ‘intends only his own gain’ (WN IV.ii.9: 456). In other instances, Smith points out how an individual may have a superior knowledge of his own interest (WN I.xi.10: 266–7). However, Smith does not elaborate any specific motive or passion that is the ‘interest’ passion. Donald Winch observes how ‘self-interest is bound up with and overlaid by other psychological propensities’ (Winch 1996: 107). Without a clear specification of motive or purpose, Smith’s descriptive appeal to ‘interest’ remains motivationally or psychologically barren: that a particular job is in my ‘interest’ does not tell me why I want that position or whether its attainment is for my sake alone (or undertaken to benefit others). Only by furnishing the motives can one determine whether the interest reflects a desire to benefit only the self alone or others as well, such as family or close relations. As we shall see below, in the WN, Smith does not specify these underlying motives, even as their intentional aim may include the good of others, as well as that of the agent.

## SELF-LOVE AND SELF-INTEREST

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Smith often writes of ‘self-love’ as well as of ‘selfish-passions’ or self-preservation. It is tempting to see such phrases as a loose way of writing about the same thing—manifestations of self-interest. But we should distinguish self-preservation, selfishness, and self-interest.

Since Smith also uses the language of self-love, it is reasonable to ask whether there is a distinct sense to this term. Although a definitive answer remains elusive, there remain suggestions worthy of pursuit. Of course, it is not implausible to assert that 'self-love' is the eighteenth-century term for self-interest. Numerous scholars draw no distinction (Viner 1927: 212–13; Hirschman 1977; MacFie and Raphael 1979: 22; Muller 1993: 52–4; Berry 1997; Otteson 2002; Fleischacker 2004: 84–103; Mehta 2006; Smith 2006; Brown 2009), but some have suggested otherwise (Skinner 1992, intimates a distinction; Griswold's discussion of the imagination implies so as well (1999: 83–96); see also, Force 2003; and Hanley 2009: 104).

Even if Smith himself offers no explicit distinction between self-interest and self-love, there are reasons for thinking that self-love may have its own identity or functionality within Smith's outlook. Conceptually, the interest of a person is distinct from the affection (love) that the person feels towards himself. It requires no feat of imagination to portray a person who acts for his own interests and yet dislikes himself. Alternatively, one can imagine a person who loves himself and thinks of the world chiefly in terms of its relation to him. Such a person remains oblivious to the interests and concerns of others at least until these come into some relation to him. Even so, we can understand how this person might act for the good of others even if the quality or tone of that action remains, in some sense, self-centered—oriented by a focus and affection towards the self. Finally, we could also think of another kind of person, one who loved himself in light of his highest ends and for whom self-love required that he act to realize these ends.

One of the few scholars to draw a distinction between Smith's idea of self-love and self-interest, Pierre Force contends that Smith employs 'self-love' with the knowledge of 'an entire philosophical and literary tradition' (Force 2003: 2). However, Force's final distinction is less than persuasive. He maintains that Smith's idea of 'self-love' is roughly that of an 'instinct for self-preservation and immediate gratification' (Force 2003: 42). A few sentences later, he explains, 'Persons driven by self-love will be satisfied with getting the goods and advantages they desire' (Force 2003: 43). In these characterizations, Force suggests a binary aspect to Smith's self-love: the purely self-preservational and the appetitive. However, self-preservation is not the same as satisfying desires for 'goods and advantages'. Nonetheless, Force concludes, "Self-love" in Smith corresponds to *amour de soi* in Rousseau' (Force 2003: 43). As evidence, Force cites from Smith's account of Stoicism: 'according to Zeno, the founder of the Stoical doctrine, every animal was by nature recommended to its own care, and was endowed with the principle of self-love' (Force 2003, 42). This statement presumes that Smith identifies with the doctrine he attributes to Zeno. Of course, Smith's relation to the Stoics is complicated; it need not detain us. (Force is not the only one to assert that Smith's conception of self-love is Stoic: see also Forman-Barzalai 2010: 37.) However, the statement Force quotes has a continuing phrase: 'that it might endeavour to preserve, not only its existence, but all the different parts of its nature, in the best and most perfect state of which they were capable' (TMS VII.ii.I.15: 272). Force has suggested that self-love is self-preservational and concerned with goods and advantages, but the passage he uses to support this view suggests a conception of self-love that moves beyond self-preservation and advantage.

Force's argument does not persuade, but it is true that Smith suggests occasionally a *link* between self-preservation and an interest in oneself.

Every man is, no doubt, by nature, first and principally recommended to his own care; and as he is fitter to take care of himself than of any other person, it is fit and right that it should be so. Every man, therefore, is much more deeply interested in whatever immediately concerns himself, than in what concerns any other man . . . . (TMS II.ii.2.1: 82–3)

However, this passage fails to establish that self-preservation equates to self-love. On other occasions in which Smith writes of self-preservation he does not portray it in terms of self-love (TMS II.i.5.10: 77–8). Indeed, an identification of self-love with self-preservation seems hardly consistent with the broader providentialist account that Smith provides for our natural self-preserving tendencies. For self-love is typically something that one must overcome, something to be fought and resisted. Self-love, unlike self-preservation, conveys 'arrogance' and deserves to be 'humble[d]' (TMS II.ii.2.1: 83).

One might suggest another interpretation of self-love according to which it develops from a tendency to self-preservation to an ability to act morally and impartially. That kind of conception is mirrored in Cicero's (2001) appeal (*On Moral Ends*, III) to a self-love that motivates us to self-preservation, then to the realization of our moral selves. Similarly, Marcus Aurelius (1964) contends, in his *Meditations* (V.1), that the love of self demands a love of one's higher nature, not the pursuit of ease or pleasure.<sup>2</sup> A conception of self-love as ascending from the lower to higher goods has been forwarded recently (Hanley 2009: 100–31), but on the whole, and despite the Stoics, Smith uses the term 'self-love' to indicate a tendency about which one ought to be worried rather than a tendency one ought to cultivate.

Before turning to Smith's employment of the term, it is important to take into account the context in which Smith is writing. The vocabulary of 'self-love' (and to a lesser extent self-interest) does not have a clean usage in the seventeenth and eighteenth centuries. Perhaps Smith had read, alongside Mandeville, the work of the Jansenist Jean Domat (Hutchinson 1988: 101), who conveys the power of self-love to generate unintended goods, including the patina of virtue. Smith was also acquainted with the *Encyclopédie*, having offered, in his letter to the *Edinburgh Review*, a glowing evaluation of the five volumes that had appeared as of 1755. Although Smith asserts that the entry on 'Amour' offers 'little to the edification either of the learned or unlearned reader' (EPS 248), it is likely that Smith had read the entry on *amour-propre*, authored by Abbé Yvon, who elaborates, 'self-love wants things to yield

<sup>2</sup> 'You have no real love for yourself; if you had, you would love your nature, and your nature's will. Craftsmen who love their trade will spend themselves to the utmost in labouring at it, even going unwashed and unfed; but you hold your nature in less regard than the engraver does his engraving, the dancer his dancing, the miser his heap of silver, or the vainglorious man his moment of glory' (Marcus Aurelius 1964: V.1).

themselves to us, and makes itself the center of everything' (*Encyclopédie* (online edition 2011)).<sup>3</sup> It is unknown whether Smith might have read, in a subsequent eighth volume, appearing in 1758, the entry on *intérêt*. In that article, Jean François, Marquis de Saint-Lambert seeks to distinguish *intérêt* from *amour-propre* and accuses some moralists of confusing the two. According to Saint-Lambert, interest has no absolute meaning but may be applied to individuals, groups, or a people. Interest, he states, is a 'vice' that leads us to seek our own advantage without regard to justice or virtue (*Encyclopédie* (on-line edition 2011)). On the other hand, Saint-Lambert continues, *amour-propre*, a desire for one's well-being, is a constitutive and necessary element of human nature and '*plutôt vertueux que vicieux dans l'état de nature*'.

Smith himself offers no explicit distinction between self-interest and self-love, but early in the TMS he derides 'Those who are fond of deducing all our sentiments from certain refinements of self-love' (TMS I.i.2.1: 13), referring, presumably, to Thomas Hobbes and to Bernard Mandeville, the author of a system 'which once made so much noise in the world' (TMS VII.ii.4.13: 313). Hobbes' assumption that our intentional acts are motivated by desires is typically taken to be a defence of the idea that we seek to satisfy our interests. Influenced by Hobbes (Malcolm 2002: 508–9), Pierre Nicole, whose work Smith would likely have known (Phillipson 2010: 61), describes self-love as that 'which relates everything to itself' (Nicole 1990: 370), a notion not in itself distinct from the similar claim in the *Encyclopédie*, even though it does not come with the same valorization. For Nicole, self-love is an 'inclination... so cunning and so subtle, and at the same time so pervasive' (Nicole 1990: 374) that it can be relieved only by God's grace. As Nicole explains, a love of self entails that one 'loves himself beyond measure, loves only himself, and relates everything to himself' (Nicole 1990: 371). Nicole's view reveals the power of self-love and how it could affect one's overall perspective. Acquainted with Nicole and other advocates of egoism (Kaye 1988: lxxxvii–xciv), Bernard Mandeville, as noted above, distinguishes between self-love, as a natural motive to self-preservation, and self-liking, a refined egotism. Self-love moves us to preserve ourselves and to seek our own interests, but self-liking is a desire for praise and flattery (1988, vol. 2, 133).

Smith would have immersed himself in this literature, rejecting the attribution of egoism to our nature, yet marvelling at the power of selfish tendencies as well as 'the psychological subtlety that these philosophers brought to the study of human nature' (Phillipson 2010: 61). Rousseau's account of the love of oneself (*amour de soi meme*) is essentially that of Mandeville's self-love; his account of egocentrism (*amour-propre*) is his version of Mandeville's self-liking, except that Mandeville takes self-liking to be natural and Rousseau views it as artificial. In his *Inquiry*, Francis Hutcheson characterizes Mandeville's enterprise as an attempt to 'twist Self-Love into a thousand Shapes' (2004: 92). Hutcheson's characterization of Mandeville would suggest that Hutcheson understands self-love to have a malleability, though Hutcheson also characterizes

<sup>3</sup> The original phrase is, '*I amour-propre veut que les choses se donnent à nous, & se fait le centre de tout*'. Thanks to Madeleine Arseneault for her assistance with the translation.

self-love as a desire for one's private interest (2004: 102), a view which seems to run counter to the distinction articulated in the *Encyclopédie*.

There remains another thinker whose work merits a closer examination. In his *Sermons*, Joseph Butler offers an account of self-love as a kind of general desire; this portrayal may have had an influence on Smith (cf. Letter 10/250). Butler decries those who describe all of our actions as arising from 'one continued exercise of self-love' (Butler 1991: 332). Once placed under the constraints of conscience, however, self-love bears good consequences for self and society. But self-love, natural to all human beings, is not a particular motive with a determinate object. For Butler, self-love is a general desire for one's own happiness, not a passion with an intentional orientation to particular objects.<sup>4</sup> As Butler describes it, our motives and passions bear an external object. Self-love may combine with such a motive and in such a case it often 'becomes impossible in numberless instances to determine precisely, how far an action, perhaps even of one's own, has for its principle general self-love, or some particular passion' (Butler 1991: 333). The object of self-love is the self itself and this love sets the passions in motion. 'Self-love then does not constitute *this* or *that* to be our interest or good; but, our interest or good being constituted by nature and supposed, self-love only puts us upon obtaining and securing it' (Butler 1991: 367). Self-love can coincide with doing good to another and with virtue itself, but its partiality may lead us to deceive ourselves.

It is striking to note that Smith's student Dugald Stewart, in note C of his biography of Smith, recommends that in considering the 'filiation' of one theory to another, one should look to 'the systems of the immediately preceding period, and in the inquiries which *then* occupied the public attention, than in detached sentences, or accidental expressions gleaned from the relics of distant ages' (Life: 336). In his later work, Stewart expounds on how at the start of Smith's career 'Butler unquestionably stood highest'. Stewart counsels us to assess Smith's thought in relation to 'the inquiries of Dr. Butler, in preference to those of any other author, ancient or modern' (Stewart 1997: 133). Is Butler's account of self-love of relevance to Smith? Although Stewart offers various instances in which there are similarities between Smith and Butler, he does not mention self-love as an example. Nonetheless, Butler's understanding of self-love as a non-intentional desire points to a view of self-love that might situate itself, under Smith's hand, as a general tendency of affection, existing alongside particular passions. Such an account, along with the sense of self-love's pervasiveness—something to be humbled, rather than channelled—suggests that Smith's understanding of self-love may have less to do with a particular motive than a matter of orientation—perception and attention. If we think of self-love as a motive alone, then we miss how Smith often portrays self-love as a source of delusion and misperception.

<sup>4</sup> 'Every body makes a distinction between self-love, and the several particular passions, appetites, and affections; and yet they are often confounded again. That they are totally different will be seen by any one who will distinguish between the passions and appetites *themselves*, and *endeavouring* after the means of their gratification' (Butler 1991: 339, note).

## SELF-LOVE AND THE CORRUPTION OF MORAL PERCEPTION

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Although Smith occasionally treats self-love as a motive (TMS VII.ii.3.16: 304), it is more often treated as a natural but remediable feature of human nature, a tendency to prefer and overvalue oneself (TMS III.3.5: 137–8). Because of self-love, ‘we may naturally appear to ourselves’ in ways distinct from how we appear to others (TMS II.ii.2.1: 82–3). To ourselves we appear as more important than we are in fact: ‘we are all naturally disposed to over-rate the excellencies of our own characters’ (TMS III.2.34: 133). And thus from our own perspective,

What chiefly enrages us against the man who injures or insults us, is the little account which he seems to make of us, the unreasonable preference which he gives to himself above us, and that absurd self-love, by which he seems to imagine, that other people may be sacrificed at any time, to his conveniency or his humour. (TMS II.iii.I.5: 96)

For Smith, self-love possesses—as Rousseau’s *amour-propre* and Mandeville’s self-liking revealed—an implicit comparative element. For example, an excessive sadness over the loss of some material goods (TMS III.3.16: 143) manifests a prioritization of one’s needs and desires.

We might think of self-love as self-centredness: A self-centred person views the world not as it is but as it relates to himself. For this person, reality appears from his perspective, with greater weight on his concerns (and a preference for his goods) over those of others. This person sees the world and the endeavours of others not for what they are but for how they relate to him. Yet the world is full of persons, places, and things bearing all sorts of relations among themselves, only a subset of which genuinely affect oneself. This preference for self affects or colours the way in which we view the world and its relations. It is in this sense that Smith may be articulating, tacitly and haltingly, a conception of self-love that is less a discrete motive than a natural and untutored tendency to prefer the self to such an extent that one sees the world through a private rather than a public lens. Such a conception of self-love is distinct from self-preservation or self-interest, and more akin to the twentieth-century notion of *ego*.

Self-love tends to exaggerate or misrepresent persons, things, and relations, so that we attend chiefly to those that concern us. On other occasions, self-love so construes matters that what is in fact unrelated to us comes to bear, in our own minds, some connection to self. In recognizing how the agent naturally tends to delude himself about the world around him, Smith describes a specific functionality to self-love: it generates ‘misrepresentations’ (TMS III.3.5: 137–8, III.4.12: 160–1), ‘delusions’ (TMS III.4.7: 159), as well as ‘too partial views’ (TMS III.4.12: 160–1), even self-deceit: ‘This self-deceit, this fatal weakness of mankind, is the source of half the disorders of human life. If we saw ourselves in the light in which others see us, or in which they



would see us if they knew all, a reformation would generally be unavoidable. We could not otherwise endure the sight' (TMS III.4.6: 158–9).

Having grasped the pervasive power of self-love, Smith forwards a solution to the problem of misperception. In Book III, for example, in the course of explaining how we come to judge our own sentiments and conduct, Smith distinguishes between 'passive feelings' and 'active principles'. Our passive feelings may be 'sordid and selfish' even as our 'active principles' (TMS III.3.4: 137) comport with the perspective and demands of the impartial spectator. But how are we to perceive correctly if we tend to perceive inaccurately? Smith resolves this problem by appealing first to social cues, the reactions of actual spectators, and then to the perspective of an ideal spectator. He initiates his resolution by pointing out that 'Nature' has also given us an 'original desire to please' (TMS III.2.6: 116). Because we wish to please and to be praised, we also take notice of the approbation and criticism of actual spectators. But nature has also given us 'a desire of being what ought to be approved of' (TMS III.2.7: 117). This second desire not only conditions us to conform ourselves to what others think (thereby preventing any Mandevillean pretense of virtue) but it encourages us to view ourselves in less delusive ways. And so we arrive at the perspective of an impartial observer. Both the actual and the impartial spectator provide catalysts for shifting our attention and our energies away from self, but it is the impartial spectator who, in the final analysis, rescues us from self-love: 'It is from him only that we learn the real littleness of ourselves, and of whatever relates to ourselves, and the natural misrepresentations of self-love can be corrected only by the eye of this impartial spectator' (TMS III.3.4: 137). It is the impartial spectator, not 'the abstruse syllogisms of a quibbling dialectic' that will allow us to gain 'control of our passive feelings' (TMS III.3.21: 145) (see also Fricke in this volume).

Nothing suggested so far runs counter to a claim that selfish *passions* may also corrupt our perception, a point Smith made in the TMS draft of 1759 (TMS III.3.11: 141; III.3.2–3: 135–36; III.4.1:156–7; and see Forman-Barzalai 2010: 51). A passion may, for example, prevent one from seeing the situation for what it is: 'the fury of our own passions constantly calls us back to our own place, where every thing appears magnified and misrepresented by self-love' (TMS III.4.3: 157). Nonetheless, even when our passions subside, Smith attests, 'It is seldom, however, that they [our judgments] are quite candid even in this case' (TMS III.4.4: 158).

We may pause to consider an unlikely pairing. Given the interpretation limned so far, self-love for Smith is analogous to the 'fat relentless ego' that Iris Murdoch (1971: 52) suggests blinds us to the reality around us. Murdoch argues that our ego tends to colour our perception of the world so that we do not see things for what they are. For Murdoch, morality begins with, or at least presupposes, a perception of the real. In order to perceive the world one must have some source that reorients one's perspective away from the self. Traditionally, this redirection required a God, but for Murdoch a secular notion of Plato's idea of the Good should do. For Smith a tendency to prefer the self involves a misrepresentation of the world, a 'moral blindness' (Griswold 2006: 43). Whereas Murdoch posits a transcendent idea (Good) to reorient our energies, Smith offers us a contingent option. Our desire for praise impels us to attend to actual spectators and to

comprehend how they might view our situation. And our desire for praiseworthiness leads us to attend to the impartial spectator. As with Murdoch, Smith places a great emphasis on the visual; thus, an essential part of the moral life is perceptive. For him, a fully clear perception is found in the ‘all-seeing Judge of the world whose eye can never be deceived’ (TMS III.2.33: 131).<sup>5</sup>

We understand the circumstances of others through an imaginative act, but when we place ourselves in the circumstance of another, do we retreat, nonetheless, into selfishness? Such was Thomas Reid’s charge against Smith. In a letter to Lord Kames, he contends that Smith’s system is but ‘a Refinement of the selfish system’ (Norton and Stewart-Robertson 1980: 383): the imaginative act by which one puts oneself into the circumstances of another demands only that one ask how oneself would feel if one were in such a situation (Stewart-Robertson and Norton 1984: 311). Following Reid, Charles L. Griswold examines this same question, wondering whether the imaginative act in which the spectator enters into the circumstances of another is merely one in which the spectator imagines how he would feel in that situation (Griswold 1999: 93). When we place ourselves in the circumstances of another what is it that we do? Do we consider the facts of a situation from our own feelings, values, and interests or do we assume the feelings, values, and interests of the agent? It would seem selfish (and blameworthy) to view another’s situation merely from one’s own point of view, but neither should we stipulate that a spectator must adopt wholeheartedly the point of view of the agent. Smith offers no univocal answers to these concerns. When he first describes the imaginative act of putting oneself into the circumstances of another he writes that we should consider how ‘we ourselves should feel in the like situation’ (TMS I.i.1.1: 9). A few paragraphs later, he describes how ‘Persons of delicate fibres and a weak constitution’ on looking at ‘the sores and ulcers which are exposed by beggars’ discover that their ‘horror arises from conceiving what they themselves would suffer, if they really were the wretches whom they are looking upon, and if that particular part in themselves was actually affected in the same manner’ (TMS I.i.1.3: 10). This passage suggests both that we imagine ourselves as ‘the wretches’ and that we consider how we would be affected—a prospect distinct from imagining what it is to be *that* wretch who is suffering *that* condition. However, at the close of the TMS, Smith offers a distinct response to Reid’s challenge: In imagining oneself in the situation of another, the spectator is to consider what he would feel if he were the agent:

When I condole with you for the loss of your only son, in order to enter into your grief I do not consider what I, a person of such a character and profession, should suffer, if I had a son, and if that son was unfortunately to die: but I consider what I should suffer if I was really you, and I not only change circumstances with you, but I change persons and characters. My grief, therefore, is entirely upon your account, and not in the least upon my own. It is not, therefore, in the least selfish. (TMS VII.iii.1.4: 317)

<sup>5</sup> Smith is unlike Murdoch in another instance. Murdoch writes, ‘The humble man, because he sees himself as nothing, can see other things as they are’; this is the sort of person, she says, who is most likely to be good (Murdoch 1971: 103–4). Smith may have a distinct view: ‘The man who feels little for his own misfortunes must always feel less for those of other people ...’ (TMS VI.iii.18: 245).

That Smith offers us several accounts of the operation of the sympathetic imagination should not surprise. If one understands Smith to be articulating an account of the psychological and sociological determinants of an impartial perspective (Campbell 1971 137–9; Heath 1995; Otteson 2002; Evensky 2005: 34–58; Forman-Barzalai 2010), then there is no rational rule to determine the psychological features of the imaginative act of putting oneself in the circumstances of another. Ultimately, the idealized perspective of the impartial spectator is determined empirically in history and is constantly subject to tension. Of course, there is a sense in which Griswold is right to maintain that the imaginative representation of another's situation and character must be 'accurate': 'One has to know what experiences to substitute, how, and when. A spectator can sympathize erroneously' (Griswold 1999: 100). But to come to this point there must be a crystallization of a moral perspective. To correct for our self-love and blindness, we must arrive at an impartial point of view that is:

neither from our own place nor yet from his, neither with our own eyes nor yet with his, but from the place and with the eyes of a third person who has no particular connexion with either, and who judges with impartiality between us. Here, too, habit and experience have taught us to do this so easily and so readily, that we are scarce sensible that we do it. (TMS III.3.3: 135–6)

To reach this perspective, a continual process of interaction and adjustment takes place among and between spectators and agents (Heath 1995: 459–64; Griswold 1999: 102; Broadie 2006: 178; and Nanay 2010: 92–3). Thus does Smith posit an inevitable but contingent process, the articulation of an impartial perspective, to solve a contingent problem, our continual tendency to perceive the world through the 'looking glass' of self (TMS III.1.5: 112).

## SELF-INTEREST AND COMMERCE

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In the TMS, Smith describes two societies, one that subsists through love and friendship, the other existing 'among different men, as among different merchants, from a sense of its utility, without any mutual love or affection' (TMS II.ii.3.2: 86). What is essential to *any* society, including the commercial, is justice, not benevolence (TMS II.ii.3.3: 86). Justice plays a foundational role in exchange: 'In the race for wealth, and honours, and preferments, he may run as hard as he can, and strain every nerve and every muscle, in order to outstrip all his competitors. But if he should jostle, or throw down any of them, the indulgence of the spectators is entirely at an end. It is a violation of fair play, which they cannot admit of' (TMS II.ii.2.1: 83). Although benevolence may be 'the sole principle of action in the Deity', a human 'must often act from many other motives' (TMS VII.ii.3.18: 305). Smith endorses the virtue of benevolence, but he also contends, against his teacher Hutcheson, that 'Regard to our own private happiness and interest, too, appear upon many occasions very laudable principles of action' (TMS VII.ii.3.15: 304). Even as Smith criticizes Mandeville for his 'licentious' and 'selfish' theory, so does he delineate

an account of prudence that establishes a virtuous place for attention to one's local conditions, if not one's self. Within the commercial realm, there is an apt place for the exercise of prudence: 'Every man's interest could prompt him to seek the advantageous, and to shun the disadvantageous employment' (WN I.x.a.1: 116).

Some maintain that WN privileges the motive of self-interest (Stigler 1975: 237; Myers 1983: 109–25). In fact, an analytical use of 'interest' (as the value of the material interests of individuals producing and exchanging goods and services) arises precisely in so far as Smith explains the nature of trade. Drawing a distinction between an object's value in use and its value in exchange, Smith develops two explanations for movements in exchange value. He first delineates a theory of value based on labour (WN I.v.7: 51), and then a theory based on supply and demand (WN I.vii.8: 73) (see further Naldi in this volume). In the latter theory, as each agent either supplies or demands goods, each seeks the greatest value in return for any value expended. Such an analytical use of self-interest does not entail that individuals are, in fact, motivated only to get the best price—such a motive would be rare indeed. Nor does this usage entail that we *ought* to be motivated only to get the best price. One may rightly maintain (Winch 1978: 167; Rothschild and Sen 2006: 362) that the WN contains no mention of 'economic man', a terminology never invoked by Smith, as made clear almost 50 years ago (MacFie 1967: 71). Nonetheless, Smith's treatise reveals how economic interactions are governed primarily by a form of self-interest (MacFie 1967: 74–5; Raphael 1997: 69–70; Otteson 2002: 156). The point remains, however: self-interest needs not be construed narrowly (see Asproumorgos in this volume).

When Smith postulates a propensity to truck, barter, and exchange, he does not explore its psychological or motivational basis but suggests only that it may rest on our 'faculties of reason and speech' (WN I.ii.1: 25). He also posits a general desire to better one's condition. This universal desire (WN II.iii.36: 345–6) is inborn ('with us from the womb' WN II.iii.28: 341). There is no reason to assume that this desire is narrowly self-interested or that it functions in absence of other desires, benevolent or not. The condition to be ameliorated may be some circumstance related only to self, in which case the desire is self-interested, or it may be the condition of the family, in which case the desire is grounded in the well-being of others. Indeed, there are various avenues along which one may endeavour to better one's condition. Some of these may be material, but others may be reputational, political, or moral. For Smith, as for Adam Ferguson (1995: 12–13, 172–5), such a desire includes moral as well as material development, though the 'most vulgar and the most obvious' method is 'An augmentation of fortune' (WN II. iii.28: 341).

Smith's analytic use of a material interest does not entail a conclusion of fact that human beings either always, or even generally, act upon some selfish passion or narrow self-interest. Our motives, even in the spheres of production and trade, may be various. Nonetheless, the idea that Smith's economic treatise portrays the individual as narrowly self-interested evoked, at one time, the discovery (apparent) of the 'Adam Smith Problem'. In its most plausible articulation, the 'Problem' suggests a divergence between Smith's two great works: Whereas the TMS endorses and celebrates benevolence, the

WN hardly mentions the term. Some of the earliest defences of the problem made errors of interpretation that would easily justify the conclusion that the matter was, in fact, a 'pseudo-problem' (MacFie and Raphael 1982: 20); see the more recent discussions in Dickey 1986; Montes 2004: 15–56; and Brown 2009. The economic considerations in the WN often omit reference to particular motives, but this omission does not, in fact, entail that the WN is severed from the account of human nature in the TMS (*pace* Cumming 1969: II: 213–16). Indeed, one of the more astute considerations of the 'Adam Smith Problem' suggests that Smith's theory of human nature helps to explain why benevolence has relatively little mention in the WN.

In the TMS, Smith suggests that benevolence is actuated differently within distinct orders of society (Nieli 1986; Muller 1993; Otteson 2002: 183–6; Smith 2006: 76; and Forman Barzalai 2010). Smith forwards a 'familiarity principle' by which 'the benevolence one properly feels toward another is a function of the knowledge one has of that other, or of one's familiarity with that other' (Otteson 2002: 183; see also Forman-Barzalai 2010: 139–43). The significance of familiarity arises from Smith's moral psychology. The imaginative act by which one places oneself in the situation of another requires one to assume some of the character, values, and interests of the actor:

the spectator must, first of all, endeavour, as much as he can, to put himself in the situation of the other and to bring home to himself every little circumstance of distress which can possibly occur to the sufferer. (TMS I.i.4.6: 21)

When a spectator engages the imagination he must have knowledge of (or at least beliefs about) the factual circumstances of the agent; in addition, the spectator must know some elements of the agent's values, preferences, or interests. Thus, the imaginative act of putting oneself into the situation of another includes a threshold of knowledge about both the circumstances or facts of the situation and the agent's overall values. Because of these epistemic conditions, it is not only more difficult to engage the imagination with strangers but less likely that one will come to share feelings with them. Smith writes:

We expect less sympathy from a common acquaintance than from a friend: we cannot open to the former all those little circumstances which we can unfold to the latter: we assume, therefore, more tranquility before him, and endeavour to fix our thoughts upon those general outlines of our situation which he is willing to consider. We expect still less sympathy from an assembly of strangers. (TMS I.i.4.9: 23)

Because we do not expect strangers to have a degree of knowledge comparable to that shared by intimate acquaintances, we aim for 'tranquillity'. In innumerable instances of adjustments and alterations of the sympathetic imagination, certain passions, including the benevolent ones, will emerge as appropriate for certain conditions, and thereby sanctioned by the impartial spectator. 'And if we consider all the different passions of human nature, we shall find that they are regarded as decent, or indecent, just in proportion as mankind are more or less disposed to sympathize with them' (TMS I.ii.intro.2: 27).

What the familiarity principle suggests is that benevolence is born of knowledge: 'the more often we have occasion to sympathize with another, the more likely are we to feel a

concern for that other's well-being' (Otteson 2002: 183). Smith states that a habitual sympathy ensures that a spectator 'knows better how every thing is likely to affect them, and his sympathy with them is more precise and determinate, than it can be with the greater part of other people' (TMS VI.ii.I.1: 219). Smith's point is not simply that those with whom we are benevolent are individuals with whom we have had more frequent sympathies. Rather, he is suggesting that the frequency of sympathetic interactions provides greater knowledge of how a variety of circumstances affect a specific person; in turn, this knowledge ensures that the spectator comes to share a sympathetic feeling that more closely approaches what the actor feels. The knowledge and degree of shared feeling generates affection for these others. We have the requisite knowledge to sympathize with those with whom we share a continual presence and this knowledge renders benevolence possible.

Unlike the smaller circles of family and friends, the interactions of commerce may not offer the same opportunities to engage the sympathetic imagination. When Smith delineates his account of exchange, in the early pages of the WN, he makes clear that although one needs 'the cooperation and assistance of great multitudes . . . his whole life is scarce sufficient to gain the friendship of a few persons' (WN I.ii.2: 26). In this passage Smith suggests that some other motive of cooperation must be found besides friendship alone. And yet we cannot have the same level of interaction with 'great multitudes' as we do with friends. If our commercial interactions require 'multitudes' then these interactions cannot be conducted as friendships. Commercial interactions, at least those which are not sufficiently prolonged or iterated, will not provide the knowledge requisite for engaging the sympathetic imagination. Absent the specific knowledge typically gained within a narrow circle of family and friends, there will be little reason for benevolent action because neither the spectator nor the agent will perceive the situation as one which calls for such. Neither party perceives their relationship as one which contains the features morally relevant to benevolent action.

Of course, Smith admits that those with whom one has frequent contacts may include 'Colleagues in office, partners in trade, [who] call one another brothers' (TMS VI.ii.1.15: 224). Familiarity is a matter of degree rather than kind, so if the requisite knowledge is a matter of degree, and if commercial exchanges fall along a continuum—one pole registering that the parties are strangers (knowing only the proposed terms of exchange), the other representing intimate mutual knowledge between the parties—then benevolent obligations would be a matter of degree. In other words, even with some market exchanges, one may acquire the sort of knowledge that would generate the call of benevolence.<sup>6</sup> This seems sound, though a more nuanced account would need to take into view the foundational role of general rules in commerce (Smith 2006: 77). In the choice between motivation by affection or motivation by duty, Smith contends that in general the benevolent *affections* should motivate us to other-regarding actions, not a duty-bound

<sup>6</sup> Rothschild and Sen note 'self-interest cannot be sufficient for understanding human behaviour in society and even in the economy, except for very special cases such as the desire to exchange commodities to satisfy simple wants' (Rothschild and Sen 2006: 357).

adherence to general rules (TMS III.6.4: 172). However, in cases in which one is in 'pursuit of the objects of private interest' then it is preferable to act 'from a regard to the general rules which prescribe such conduct, than from any passion for the objects themselves.' As Smith puts it, 'To be anxious, or to be laying a plot either to gain or to save a single shilling, would degrade the most vulgar tradesman in the opinion of all his neighbours' (TMS III.6.6: 173).

The diminished role of benevolence in commerce does not reveal that economic transactions are narrowly self-interested. Nonetheless, many are tempted to think so. In the opening pages of WN, Smith characterizes exchange in these famous words:

Whoever offers to another a bargain of any kind, proposes to do this. Give me that which I want, and you shall have this which you want, is the meaning of every such offer... It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages. Nobody but a beggar chuses to depend chiefly upon the benevolence of his fellow-citizens. Even a beggar does not depend upon it entirely. (WN I.ii.2: 27)

Notwithstanding any distinction between self-love and self-interest, this passage is often taken as evidence that the basis of exchange is, for Smith, a matter of self-interest (e.g. Holmes 1990: 283). Such a conclusion is too easy. Even though each trader, according to Smith, appeals to the 'self-love' of the other, such overtures do not establish that commercial exchanges are motivated by nothing other than calculating self-interest. As Fleischacker points out, 'regardless of whether the *butcher* is self-interested, the argument of the passage depends on the butcher's *customer* being able to perceive, and address himself to, *other people's interests*' (2004: 91). Fleischacker admits that the basis of exchange will be generally 'self-love' rather than benevolence, but he adds, 'It is impossible, however, to know most members even of a small town well enough to expect much 'particular benevolence' from them, so what we would need to rely on, if our economic exchanges were rooted in benevolence, is *general* benevolence, good will toward anonymous others, and that is a very weak sentiment' (2004: 95). Perhaps commercial interactions manifest, to varying degrees, a certain impersonality (Berry 1997: 133–4), but the lack of benevolence towards the other party to a trade reveals no dependence on a narrowly self-interested motive. Indeed, the impersonality of such interaction may have an unintended moral benefit: as we accustom ourselves to the view of other persons, so do we accustom ourselves to the impartial spectator (Berry 1997: 164), if not to the virtue of self-command (Paganelli 2010).

When Smith describes economic agents who act from self-interest, his explanation is likely indicative, albeit tacitly, of a version of what Philip H. Wicksteed would come to call, 'non-tuism', the thesis that an agent may have a variety of motives even as the agent does not take into account the good of the other party to the trade (Wicksteed 1933: 163–83; see also Wilson 1976: 81; Fleischacker 2004: 100). Smith's invocation of a descriptive interest may be understood to refer to the acquisition of an item, resource, or service

for some purpose. The motivating passion may be social or selfish (as Smith categorizes them) and may include benefits that intentionally redound to persons other than the agent. Smith's descriptive use of self-interest does not establish that commercial interaction requires or presupposes a narrow conception of self-interest in which benefits are intended only for the agent. The interest of an agent, like any desire, may extend beyond the self. Perhaps the desire extends to close acquaintances or family. Such an implication would not be surprising given how Smith understands the order by which individuals are recommended to our care (TMS VI.I.i: 212).

The discussion of economic motivation may be approached from another vantage point. In the famous passage of the butcher, brewer, and baker, Smith's more important theme may, in fact, be a cognitive one—that individuals have greater awareness and knowledge of their local circumstances than they do of the public good. F.A. Hayek discerns that the 'self' which concerned thinkers such as Smith 'did as a matter of course include their family and friends; and it would have made no difference to the argument if it had included anything for which people in fact did care' (Hayek 1948: 13). However, Hayek also remarks that this passage alludes to a deeper theme, the 'constitutional limitation of man's knowledge and interests' (Hayek 1948: 14). This idea—sustained by Fleischacker's reference to Smith's 'particularist view of human cognition' (Fleischacker 2004: 97; see also Mehta 2006: 251)—relates to Smith's advocacy of the 'simple system of natural liberty' (WN IV.ix.51: 687) and to the more general idea that 'the law ought always to trust people with the care of their own interest, as in their local situations they must generally be able to judge better of it than the legislator can do' (WN IV.v.b.16: 531; see also TMS VI.ii.2.4: 229). In these passages, as in the example of the butcher, Smith's point is less about self-interest than about the benefits of permitting individuals to act on local knowledge not otherwise attainable by a sovereign authority.

Another argument also sheds light on Smith's views about the commercial system and self-interest. In his critique of the physiocrats, Smith attributes to them a type of causal claim: collective interests (born of particular circumstances) have distinct effects on character. The physiocrats contend that 'Nations... composed chiefly of merchants, artificers and manufacturers' come to acquire a character in which 'liberality, frankness, and good fellowship' are diminished in favour of 'narrowness, meanness, and a selfish disposition' (WN IV.ix.13: 668). Smith does not attempt a direct refutation of their portrayal of the character of merchants; rather he seeks to refute the alleged causal link between collective interests and moral character. To do this, he undertakes a refutation of the 'capital error of this system', namely, 'its representing the class of artificers, manufacturers and merchants, as altogether barren and unproductive' (WN IV.ix.29: 674), and therefore conditioned to severe frugality. Against this claim, Smith asserts that not only are manufacturers and merchants net producers, whose labour serves to increase the revenue of society, but they require no greater exercise of frugality than 'farmers and country labourers' (WN IV.ix.34: 676). Smith maintains, implicitly, that the physiocrats have misunderstood the interests of the merchants, so the system of natural liberty in which traders would operate would not generate traits reflective of 'narrowness, meanness, and a selfish disposition'.



The pursuit of self-interest may occur via market exchanges but also within the political realm. Smith recognizes that individuals with common interests may exhibit behaviour analogous to the actions of a self-interested individual. Groups of individuals may have common interests (WN I.x.c.18: 141), just as those who make a living by rent, or wages, or profit may have an interest (WN I.xi.7–10: 265–7). Smith decries the tendency of groups to identify their class or factional interest with the public interest or to use the law to restrain trade or to otherwise privilege one class or industry over another. A restraint on one's willingness to labour—as exhibited in regulations concerning exclusive rights to determine the number, location, or length of an apprenticeship—is nothing more than an infringement of the rules of justice: Smith's clear animus against rent-seeking, the use of the law by some factional interest to curb competition or to raise profits or wages above what they would otherwise be in a system of natural liberty, is bracing. The list of instances in which Smith refers to a group seeking to secure legislation in its own interest is extensive (Stigler 1975: 238–9). Smith's recognition of the abuse of self-interest, as allied with governmental powers, prevails throughout his account of commerce (Paganelli 2008). The question remains as to how to create and sustain the constitutional rules and commercial norms that would discourage rent-seeking behaviour (Evensky 2005: 267–74).

## PRUDENCE AND AMBITION

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In Part VI, Smith turns to a consideration of the virtues of prudence, beneficence, and self-command, the latter a condition for controlling one's passions so as to act in accordance with the impartial spectator. The virtue of prudence focuses on the 'care of the health, of the fortune, of the rank and reputation of the individual, the objects upon which his comfort and happiness in this life are supposed principally to depend' (TMS VI.i.5: 213). Smith is under no illusion that his form of prudence is the 'superior' sort (TMS VI.i.15) or even one of the 'most ennobling of the virtues' (TMS VI.i.14: 216). Unlike the wisdom elaborated by Aristotle, Smith's prudence 'commands a certain cold esteem, but seems not entitled to any very ardent love or admiration' (TMS VI.i.14: 216) (see also Hanley in this volume).

Winch asserts that Smith's prudent man is 'essentially the same person assumed to be at work in commercial society' (Winch 1996: 105). Prudence counsels a cautious, rational foresight different from the apparent prodigality endorsed by Mandeville. Smith offers a striking portrayal of the prudent man as serious, earnest, industrious, and cautious, as well as modest, sincere and friendly, and inoffensive: 'He confines himself, as much as his duty will permit, to his own affairs ...' (TMS VI.i.13: 215). Prudence is the virtue of the self, but it does not function at the expense of others. The impartial spectator approves prudence—not shiftlessness, prodigality, or vanity. But neither is prudence necessarily a narrow interest of the self, certainly not if the care of one's material fortune, health, and reputation have implications for one's family or friends. And in the case of the owner or

manager, prudence exercised on behalf of the firm is a virtue that encompasses the good of others. Indeed, Smith clarifies how prudence is essential to the creation of wealth, for it is the prudent man, not the prodigal, whose savings provide capital (WN II.iii.14, 19–20: 337, 338–9).

Prudence may serve also to counteract our own tendency to vanity, which often accompanies ambition, itself a passion rooted in our natural disposition to sympathize more easily with joyous passions. Prudence serves to redirect and focus our interests so that we are productive citizens without an anxious and vain concern with attention (Hanley 2009: 104–23). The prudent man is not necessarily ambitious, for the prudent man ‘would prefer the undisturbed enjoyment of secure tranquillity, not only to all the vain splendour of successful ambition, but to the real and solid glory of performing the greatest and most magnanimous actions’ (TMS VI.i.13: 216).

Smith is troubled by ambition, a passion that could be classified as ‘selfish.’ In the context of a consideration of the extent to which we sympathize with the feelings and passions of others, Smith asks plaintively: ‘[T]o what purpose is all the toil and bustle of this world?’ (TMS I.iii.2.1: 50). We undertake our endeavours, he says, for the approbation of others: ‘the pursuit of wealth, of power, and preheminance’ (TMS I.iii.2.1: 50) is primarily for attention and not for the material goods that our efforts bring. That such recognition is attractive is a consequence of our disposition to sympathize with pleasant (rather than unpleasant) passions. When observers sympathize with an agent’s enjoyment of wealth, power or prestige, the agent in turn thinks of the pleasant feelings of these manifold observers and finds a new and multiplied pleasure within: ‘At the thought of this, his heart seems to swell and dilate itself within him, and he is fonder of his wealth, upon this account, than for all the other advantages it procures him’ (TMS I.iii.2.1: 51).

A selfish passion, such as ambition, may concern the self in some innocent and non-blameworthy manner, or it may flourish at the expense of other persons or goods, and therefore become blameworthy. Smith allows for a non-blameworthy ambition, ‘which when it keeps within the bounds of prudence and justice, is always admired in the world’ (TMS III.6.7: 173). In this sense, ambition suggests enterprise and industry, rather than a single-minded pursuit of attention or distinction. Smith also allots a place for moral ambition, as well as a ‘Great ambition’ akin to a form of leadership (TMS VII.iv.25: 336). Smith makes clear that ‘the man of inferior rank’ may find distinction by practising ‘more important virtues’ than, say, the court virtues of politeness (TMS I.iii.2.5: 54–6). The traditional virtues, not the desire to gain attention and notoriety, are also the traits of commercial endeavour (Berry 1992; Hanley 2009: 112).

However, the ambition that worries Smith is a blameworthy kind in which one seeks distinction and attention via the pursuit of wealth or power. After his initial consideration of ambition in Part III of the TMS, Smith returns to the topic in Part IV. There Smith elaborates on the ‘poor man’s son whom heaven in its anger has visited with ambition’ (TMS IV.i.8: 181–3). Smith’s concern, in this instance, is precisely that the poor man’s son has replaced the solid goals of prudence with a (blameworthy) ambition for great wealth. But Smith proceeds, contending that ambition for power and wealth ‘keeps in continual motion the industry of mankind’, and in this way we have

created ‘cities and commonwealths’ (TMS IV.i.10: 183). Statements such as these remain difficult to reconcile with Smith’s views in the WN that the production of wealth demands prudence and industry. Perhaps this statement, and others like it, reflects an ‘early inadequate expression’ of views on commercial motivation, opinions from which Smith gradually retreats (Fleischacker 2004: 112).

A blameworthy passion of ambition roots easily in a creature prone to self-love. So we often embark down the wayward path to ‘wealth and greatness’ rather than through the gate to virtue. The signal problem with the passion of ambition is that it is difficult to corral: ‘when once it has got entire possession of the breast, [it] will admit neither a rival nor a successor’ (TMS I.iii.2.7: 57). Of course, if ambition is understood ‘chiefly’ as the pursuit of attention and observation, then we should not ignore how a spectator’s observation arises out of that spectator’s fascination with the very ‘conveniencies’ that, Smith says, the ambitious agent does not really pursue. That we are disposed to sympathize with the rich and the powerful is one indication that the goods of wealth and power do have their own value—or at least appear to have value to the spectator. It is precisely because the poor are in distress that we do not sympathize with them (TMS I.iii.2.1: 50–1). Since Smith must know this, he may be assuming that the ambitious agent does *not* recognize (at least to the same degree) what the spectators apprehend—that the conveniences of life have some value. Alternatively, he may be supposing that the self-loving agent simply finds the imagined pleasure of spectator sympathy to have greater appeal than any purported conveniences.

Ambition of the problematic sort seems to be a passion powered chiefly, if not solely, by the desire of public acclaim. Such acclaim is pleasing to creatures who suffer a tendency to self-love and who wish to see themselves not as faintly visible but as writ across the world. Yet a proper ambition may be possible, one in which the desire for distinction is modest, governed by virtue, and occurs within the context of desiring other goods. Here, as elsewhere, Smith’s perspective recalls something important: The human being is a complex creature for whom the tendency of self-love and the appeal of recognition have particular corrupting powers. However, the more outstanding contribution of Smith is to remind us that these dispositions are not the end but the beginning of the story.

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PART IV

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ADAM SMITH AND  
ECONOMICS

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## CHAPTER 13

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# ADAM SMITH ON LABOUR AND CAPITAL

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TONY ASPROMOURGOS<sup>1</sup>

IN its most fundamental, constructive parts devoted to descriptive theory, the *Wealth of Nations* (WN) is first and foremost an account of the causes of economic growth and development, notably, in Books I and II. The remaining Books III to V provide, respectively, a critical account of the actual economic development of Europe, contrasted with the ‘natural’ course of development; a critique of mercantilism (‘the mercantile system’), with also a chapter in Book IV on Physiocracy; and a lengthy account of public finance and the economic role of the state. The ‘wealth’ referred to in the title of the book denotes, not a stock of assets of some kind, as in typical modern usage, but rather, the flow of annual national product. Smith’s theory of economic development gives primary place, at least as the proximate determinants of development, to labour and capital. Labour productivity growth and capital accumulation are the immediate causes of development, and one may almost say, in that order of importance, except that the contributions of these two factors are not separable and additive (Aspromourgos 2009: 192). It is a striking fact that the quite detailed summary, ‘Introduction and Plan of the Work’ which prefaces Smith’s book, a little over a thousand words in length, does not once refer to markets or prices. Economic growth and development—in particular, rising output per capita and consumption per capita—are the object, with respect to which markets, prices, and exchange are only the means. What follows examines successively the key dimensions of Smith’s treatment of labour and capital, and the relations between the two, both in WN and other writings: division of labour, the concept of capital, capital accumulation and economic development, productive versus unproductive labour, the theory of real wages and of profit rates, and economic policy in relation to labour and capital. There are some concluding reflections on Smith’s legacy in relation to these matters.

<sup>1</sup> The author is indebted to P.D. Groenewegen, S.J. Pack, G. Vaggi, and D. Winch for comment, without thereby implicating them in the final product.

## DIVISION OF LABOUR

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Aside from the ‘invisible hand’, Smith’s doctrine concerning division of labour and ‘extent of the market’, presented in the opening chapters of WN, is perhaps that for which he is best known (WN I.i–iii: 13–36). It is also to be found fully worked out in writings from the 1760s. There are two elements to the argument. Labour productivity or output per worker increases with increasing labour specialization or ‘division of labour’, due to improved labour dexterity, time-saving, and innovations in machinery. Secondly, increasing labour specialization in the production of a commodity is enabled by an expanding market or demand for the commodity. While extent of the market *enables* division of labour, Smith understands it to arise out of a uniquely human natural ‘propensity to truck, barter, and exchange’, which in turn derives from ‘the faculties of reason and speech’, themselves derivative from ‘the desire of persuading’; but this latter subject, he implies, belongs to another science. Smith also argues that at least much of the different abilities of different individuals and groups within the socio-economic division of labour are the *effect* of division of labour, rather than being the result of natural differences among human beings.<sup>2</sup>

In striking contrast to the opening chapters of WN, where division of labour appears as an entirely beneficial element in the dynamics of economic development, hundreds of pages later a very different picture is painted. There we are told that labour specialization degrades the intellect and sensibilities of the labourer. In ‘the progress of the division of labour’ the employment of the great bulk of the population ‘comes to be confined to a few very simple operations’. As a result, they become ‘as stupid and ignorant as it is possible for a human creature to become’; incapable of ‘rational conversation’ or of conceiving ‘any generous, noble, or tender sentiment’; the worker’s ‘dexterity’ is ‘at the expence of his intellectual, social, and martial virtues’ (WN V.i.f.50: 781–2). It would be overly cynical to suppose that these broader human ill consequences of division of labour have been relegated to consideration so late in the book in order to minimize their significance. The problem is stated in vigorous terms; and it arises in Book V on public finance because Smith regards public education as at least a partial solution to the problem. On the contrary, its presence in WN, at all, is evidence of Smith’s not being an ideologue for liberal capitalism: he is not prepared to suppress this undesirable consequence of economic development. There has been much discussion of this issue in the secondary literature, with some even seeing in it a precursor of Karl Marx’s concept of labour alienation, or at least as telling against the notion of liberal capitalism as an unqualified good

<sup>2</sup> Writings from the 1760s: LJA vi.25–57: 340–52, vi.63–5: 355–6, LJB 211–23: 489–94, ED 1–29: 562–74; propensity to exchange derives from speech: WN I.ii.1–2: 25, LJA vi.56–7: 352, LJB 221–2: 493–4, TMS VII.iv.25: 336; effect of division of labour: WN I.ii.4–5: 28–30, LJA vi.47–9: 348–9, LJB 220–1: 493, ED 26–9: 572–4. Asproumorgos (2009: 136–46) provides a more thorough account of Smith’s doctrine and earlier division of labour doctrines, as well as commentary on secondary literature. See in particular Meek and Skinner (1973); Groenewegen (1987); and Henderson and Samuels (2004).

for Smith. There is truth in the latter point, though his proposed educational remedy indicates that the problem is not perceived by Smith as so deeply intractable.<sup>3</sup>

In another line of interpretation on the division of labour issue, it has been suggested that in fact Smith imputed *too* much importance to labour specialization in economic development, at the expense of missing the significance of ‘mechanization’ (Campbell and Skinner 1976: 43, 48–9; Rashid 1998: 21–3, 27). Perhaps there is some truth in this; and it is certainly true that new divisions of labour are rather more salient in Smith’s commentaries on technical progress than new machinery. But it is also the case that in WN the two phenomena are rather frequently coupled together. Nor should this surprise: in processes of technical change, changing forms of labour specialization and new organizations of work almost inevitably entail new forms of non-labour means of production, and similarly, new machines entail new forms of labour. They are two sides of the same coin. Furthermore, innovations in machinery are explicitly one of the three causal mechanisms by way of which Smith rationalizes how division of labour increases labour productivity. This points to a certain analytical connection between the labour degradation issue and the role of new machines in relation to new divisions of labour. In the dynamics of technical change as Smith understands them, higher productivity comes from *simplification* of processes, both labour activity and machines. Here is the connection with labour degradation: increasing labour specialization raises labour productivity precisely by simplifying labour activity; and it is this simplification of labour activity, making it more machine-like, which is at the root of labour degradation. Hence Smith comments that ‘improved dexterity of a workman may be considered in the same light as a machine or instrument of trade which facilitates and abridges labour’ (WN II.i.17: 282).<sup>4</sup>

There is one further dimension of division of labour worth noting, for its own sake, but also because it casts some light on how we should understand Smith’s body of writings as a whole. As well, it says something ironic about the man himself. The doctrine of greater labour productivity from increased specialization is applied by Smith, not only to commodity production in the usual sense, but also to science:

Philosophy or speculation, in the progress of society, naturally becomes, like every other employment, the sole occupation of a particular class of citizens. Like every other trade it is subdivided into many different branches, and we have mechanical,

<sup>3</sup> Degrades the labourer: WN V.i.f.49–61: 781–8; WN V.i.a.14–18: 697–8; LJB 328–33: 539–41. Secondary literature on labour degradation: West (1964); Rosenberg (1965); West (1969); Lamb (1973); West (1975); Winch (1978: 80–7, 103–20); West (1996); and Pack (2000). More than most, Winch takes seriously the decay of martial spirit Smith associates with division of labour. This, as well as Smith’s wider concerns on the issue, can perhaps be read as a ‘civic humanist’ element in Smith’s thought: compare Phillipson (1983) with Winch (1983: 256, 262–9); also Skinner (1996: 205–6).

<sup>4</sup> Along with frequent references to machines in the major division-of-labour texts cited in the opening sentence of this section, and in note 2 with respect to the 1760s writings, division of labour is coupled with introduction of new machines at WN I.viii.57: 104, I.xi.o.1–6: 260–1, II.3–4: 277, II.iii.32: 343, IV.ix.35: 676, IV.ix.41: 680–1. On simplification of labour and machines, see e.g. WN I.i.8: 20, I.x.c.24: 144, II.3: 277; HA IV.19: 66–7, CL 41–2: 223–4.

chymical, astronomical, physical, metaphysical, moral, political, commercial, and critical philosophers. In philosophy as in every other business this subdivision of employment improves dexterity and saves time. Each individual is more expert at his particular branch. More work is done upon the whole and the quantity of science is considerably increased by it. (ED 20: 570; also ED 30: 574, WN I.i.9: 21–2, LJA vi.43: 347, LJB 218: 492)

A good deal of the interest in the whole corpus of Smith's writings in recent decades, particularly since the publication of the Glasgow Edition of his works and correspondence, has concerned the connections between the various parts of his *œuvre*, particularly TMS and WN. These connections are certainly important for more fully understanding his thought. But they should not imply a rejection of the fact that, for Smith, political economy has integrity as a distinct and separable (though not thereby autonomous) science. His endorsing division of labour among the sciences points to that. Secondly, Smith had projected for himself, partly publicly, partly privately, a much larger and grander intellectual programme than, in the end, he was able to complete, as time ran out for him (TMS VII.iv.37: 342, Corr 137: 168, 248: 286–7, 276: 310–11). This 'failure' may be read as a consequence of Smith's violating his own principle concerning intellectual productiveness and the division of labour among the sciences. He refused to acquiesce in intellectual specialization himself.

## THE CONCEPT OF CAPITAL

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The division of labour analysis in the opening chapters of WN, Book I abstracts from one decisive aspect of the associated dynamics, which is only clarified in Book II, on 'the Nature, Accumulation, and Employment of Stock'. Division of labour presupposes accumulation of 'capital' or at least 'stock', and advances in division of labour presuppose increasing accumulation. The two terms are not for Smith synonyms. A stock of commodities or other produced means of production only becomes capital when it is employed in production to generate for its owner, revenue, value added or profit, a conception further clarified by his notion of productive labour. Capital is then divided into 'fixed' versus 'circulating' capital. The former is defined as capital that generates revenue 'without changing masters, or circulating': machinery, 'instruments of trade', capital embodied in land improvement, industrial and commercial buildings, 'labouring cattle', and similarly employed livestock, seed-corn, and 'the acquired and useful abilities of all the inhabitants or members of the society'. Circulating capital essentially embraces all those capital goods that are used up in production processes, embodied in the resulting commodities intended for sale: material inputs (intermediate goods in modern language), wages (but strictly speaking, only of 'productive' labour), inventories, and also, strangely, the aggregate quantity of money used in the circulation of commodities. That seed-corn appears as fixed capital in this conceptualization exposes some inadequacy in Smith's definitions here. In latter-day terms, the pertinent distinction between fixed and

circulating capital is that the former is not entirely used up in the (say, annual) production cycle, but remains still a usable input for future cycles. The distinction thereby is ultimately relative to the length of the production period specified for analysis.<sup>5</sup>

Smith's proposition concerning stock or capital as a prerequisite for division of labour rests upon three, perhaps four, grounds. Labour specialization means that labourers do not produce their own subsistence in the course of their work; they must therefore secure prior acquisition of the means to sustain themselves during labour, via exchange of some kind. Secondly, to the extent that the labouring classes are understood to live at or in the neighbourhood of mere 'subsistence' (an issue taken up further below), to 'live from hand to mouth' as the saying goes, they lack the means to accumulate a prior stock of consumption goods (e.g. WN I.viii.7: 83). Hence wages become, not merely a prior accumulated 'stock', but part of the *capital* that must be advanced by employers, and so become outlays upon which profits must be earned, in line with the profit rates earned on any other capital advances. Hence labour, or at least wages, and capital are not mutually exclusive categories in Smith's political economy. Wages, at least of 'productive' labour, are an element of capital—and recall also that labour skills are explicitly treated as a component of society's fixed capital. Thirdly, in a predominantly agricultural social economy, as Britain was in 1776, subsistence, itself predominantly agricultural in content, must be provided to agricultural labourers (as well as others) from accumulated stocks, across the cycle of seasons and of good and bad years—even during periods in which there is no, or abnormally low, current output (Kurz 2006: 7). Finally, the process of increasing labour specialization is understood by Smith to be generally accompanied by rising non-wage capital per worker:

The quantity of materials which the same number of people can work up, increases in a great proportion as labour comes to be more and more subdivided; and as the operations of each workman are gradually reduced to a greater degree of simplicity, a variety of new machines come to be invented for facilitating and abridging those operations. As the division of labour advances, therefore, in order to give constant employment to an equal number of workmen, an equal stock of provisions, and a greater stock of materials and tools than what would have been necessary in a ruder state of things, must be accumulated beforehand. (WN II.3: 277)

The treatment of wages as part of capital raises the question of the relation between the demarcation of the three fundamental economic functions in Smith's treatment of production—labour, capital, and land provision—and the class character of the social economy he theorizes. It is tempting to read into WN a simple and straightforward correspondence between the two, in the sense that workers only own and supply labour, so that wages are their sole source of income; 'masters' ('capitalists' is a term of

<sup>5</sup> Presupposes accumulation: WN II.1–6: 276–8, II.iii.32: 343, IV.ix.35–6: 676–7, LJB 286–7: 521–2, 302: 527 (Smith alludes to this also in his WN 'Introduction' 6: 11); stock versus capital, fixed and circulating: WN II.i.2–26: 279–83. Aspromourgos (2009: 150–2, 160–4) provides a more thorough account of Smith's concept of capital. On Smith's notion of currency as a component of circulating capital in particular, see Aspromourgos (2009: 151, 319, n.42).

the nineteenth century) only advance capital, so that profits are their only income; and landowners only earn rents from land. In fact, while an oversimplification, this is a reasonable first approximation of Smith's world as he sees it, and such an interpretation does not, in the main, lead to grave error.<sup>6</sup> However, Smith has a somewhat more nuanced view than that. Those who advance capital in production may also themselves be providing necessary labour input to the same enterprise, so that their consumption is to some extent an element of capital as self-investment (WN I.viii.9: 83, I.viii.20: 86, II.v.8–9: 362, II.v.16: 365). The 'inferior' classes who predominantly live by wages include some who derive also profits from 'small capitals' ('small shopkeepers, tradesmen, and retailers'), those profits making a 'very considerable' part of the national product; and 'a considerable part' of 'those who are somewhat below the middling rank', even 'a small part' of 'the lowest rank', own some land that earns rent (WN V.ii.k.43: 887; cf. WN II.iii.7: 333). But Smith also elsewhere observes that instances of the self-employed worker who provides his or her own capital 'are not very frequent', amounting to less than 5 per cent of the European workforce (WN I.viii.10: 83); 'the greater part of the labouring poor in all countries' derive income from their 'labour only' (WN II.i.1: 279).

## CAPITAL ACCUMULATION AND ECONOMIC DEVELOPMENT

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Economic growth, as expansion of the 'annual produce' or national product, presupposes expansion of the capital stock. At minimum, this is due to output growth being understood as generally accompanied by expansion of aggregate employment and hence rising wage capital, but also because Smith expects growth to be commonly accompanied as well by rising non-wage capital per worker. However, it is 'division of labour' that delivers the crucial benefit of rising output *per worker*. The division of labour dynamics that Smith highlights in the opening chapters of WN are not about one-off improvements in production methods and labour productivity. They are an ongoing process of more or less continuous technical progress (Aspromourgos 2010: 1172; Kurz 2010: 1187–93). It is this conception of division of labour, via the consequent ongoing labour productivity growth, that makes it the fundamental, proximate cause of growth in Smith's theory, at least, in commercial society, when enabled by capital accumulation. At the same time, it is recognized that some natural resource scarcities will likely become more binding in the course of economic growth; but Smith is ultimately a moderate technology optimist. As indicated above, the division of labour dynamics are accompanied by innovations in

<sup>6</sup> On the other hand, the supposition that in WN, wages, at least for much of the workforce, settle at 'subsistence' in the sense of *necessary* consumption, albeit understood as shaped by custom and social norms, does lead to serious interpretive error, certainly with regard to commercial society.

machinery as well as in the forms of labour specialization, though what Smith means by 'machines' is commonly more rudimentary than our latter-day sense of the term. Those dynamics also involve innovation in consumer goods. All this innovation and qualitative change points as well to a role for entrepreneurship, though Smith has been much accused, somewhat unfairly, of underestimating its significance (Pesciarelli 1989; Fontaine 1993; Aspromourgos 2014).<sup>7</sup>

Enabled by capital accumulation, technical progress embodied in new forms of labour organization and of (non-wage) capital goods is the proximate cause of growth and economic development. But division of labour and capital accumulation in turn are derived from three, but really ultimately two, deeper causes: fundamental characteristics of human nature that, for the purposes of Smith's political economy, are largely treated as data or psychological parameters, though they are susceptible of further investigation and explanation by other sciences, and indeed, are further examined in other parts of Smith's corpus. The derivation of division of labour from a natural propensity to exchange, in turn arising out of speech and the desire to persuade, was noted above. Secondly, there is of course 'self-interest' or 'self-love' (Smith uses both terms). But as a characterization of human motivation, 'self-interest' as such is a rather empty formalism; the substantive question is, what is the self interested in? It is 'the desire of bettering our condition' which gives substantive content to self-interest, at least in the economic dimension of human life. Moreover, Smith seems to think that self-regard as such largely will flow into this benign, indeed socially beneficial, channel, at least in well-ordered commercial society (WN II.iii.31: 343), though he is by no means oblivious to antisocial channels (e.g. LJA iii.130: 192). The pursuit of material self-betterment is at work in division of labour as well; whatever the significance of the propensity to exchange, Smith makes evident that expectation of material improvement motivates specialization (WN I.i.4: 15). It is the most fundamental force in economic behaviour, giving rise, in commercial society, to competition, in the sense of pursuit of the highest possible returns to provision of labour, capital, and land. This drives the tendency of market prices to gravitate towards natural prices in Smith's treatment of distribution and value. It is also the stimulus to innovation, which is induced as well by competition itself, at least in commercial societies with high rates of growth and capital accumulation; and it is the motivation to saving or capital accumulation, hence also understood to be non-myopic, and governed by prudence and self-command.<sup>8</sup>

<sup>7</sup> Natural scarcities: WN I.xi.i.3–I.xi.o.15: 234–64, Sylos-Labini (1976: 205–6); examples of 'machines': WN I.i.xi: 23, II.i.5–9: 279–80, LJA vi.40–3: 346–7, LJB 299: 526, ED 2: 562; consumer goods innovations: WN I.i.10–11: 22–4, V.ii.k.3: 870. The possibility of commercial society approaching a stationary state (zero growth) due to natural resource constraints is evidently a remote one for Smith (WN I.ix.14–15: 111–12). Heilbroner (1973) in particular imputes excessive significance to it (cf. Winch 1978: 142–4).

<sup>8</sup> Three fundamental psychological parameters, connected with competition, innovation, and accumulation: Aspromourgos (2009: 75–7, 166–7); self-interest: TMS V.ii.2.2: 83, VI.ii.1.1: 219, WN I.ii.2: 26–7, I.vii.12–14: 74–5, I.vii.30: 79; desire for material self-betterment: WN II.iii.28–31: 341–3, II.iii.36: 345, IV.v.b.43: 540, IV.ix.28: 674, TMS I.iii.2.1: 50; competition induces innovation: WN V.i.e.26: 748, Richardson (1975), Sylos-Labini (1976: 200, 225–6), Kurz (2008); prudence and self-command: TMS

This vision of economic growth and development in liberal commercial society captures the purpose of political economy as a policy science, and at the same time, the legitimate economic purpose of government, as Smith understands them. If the natural propensities to accumulate and exchange can be relied upon, in a well-ordered social economy, to generate competition, high rates of accumulation, and innovation, then the result will be ‘universal opulence’, understood as high and rising consumption per capita, widely distributed across the members of such societies. Smith expects liberal capitalism to deliver high and rising real wages across the board, and greatly favours this outcome. This is an important instance of the core idea expressed in his famous (or infamous) ‘invisible hand’ metaphor, in the sense that widely distributed rising consumption per capita is a socially beneficial but unintended consequence of these dynamics. And it is a vital consequence for Smith’s values and for his economic theory. For even if commercial society might produce greater or increasing inequality, as Smith acknowledges—greater than in other forms of social economy or in pre-commercial society—this ‘trickle-down’ effect might ensure that the worst remunerated members of commercial society are materially better off than the best off members of societies without division of labour. If this theoretical characterization of how commercial society or liberal capitalism will evolve is sound, it perhaps provides a kind of legitimation of the system. Smith’s line of argument here presupposes that sophisticated division of labour and its benefits are inseparable from liberal capitalism.<sup>9</sup>

Smith’s treatment of economic growth, at the level of purely descriptive theory, is exposed to one fundamental difficulty in particular. Labour productivity growth and the rate of capital accumulation together determine the growth of production capacity. But there is nothing in the theory to guarantee that the resulting capacity growth will meet with a sufficient growth of aggregate demand to validate it (Aspromourgos 2009: 173–8, 192–6). On the one hand, he sidesteps the issue, by treating a decision to save as one and the same thing as a decision to invest, so that supply of savings and demand for capital goods are identified; on the other, he asserts that saving and investment being undertaken by different persons, in any case, results in the same outcome (WN II. iii.14–19: 337–8). But for a decentralized economy, resolving the balancing of aggregate demand and aggregate supply—or equivalently, the balancing of planned aggregate investment and planned aggregate saving (Aspromourgos 2009: 330–1, n.83)—requires

IV.2.6–8: 189–90, VI.i: 212–17, VI.iii: 237–62, VII.ii.3.10–16: 303–4; Raphael and Macfie (1976: 6, 8–9, 18). The suggestion that Smith identifies material self-betterment merely with ‘vanity’ and self-delusive, indefinite postponement of consumption is ill-judged (Force 2003: 42–3, 124–6, 131–4, 245–6). While contemptuous of the vanities of the rich (TMS I.iii.2.1: 50), Smith does not similarly disdain pursuit of material wellbeing as such.

<sup>9</sup> The purpose of political economy and of government: WN IV.1: 428, LJA i.1–2: 5, vi.7–8: 333, LJB 5: 398; universal opulence: WN I.i.10: 22, LJA vi.50–2: 349–50, LJB 211–18: 489–92, ED 6–13: 564–7; unintended consequences: WN II.i.1: 25, ED 20: 570, Aspromourgos (2009: 336–7); trickle-down: WN I.i.11: 24, LJA vi.21–8: 338–41, LJB 211–13: 489–90, ED 1–12: 562–7, evidently derived from John Locke (1690: 338–9). For a thorough account of all this, see Aspromourgos (2009: 205–14). Rothschild (2001: 116–56) comprehensively examines the history of interpretations of the invisible hand notion.



a theory of the coordination of the investment and saving decisions of a multitude of different individuals. On the other hand, in contrast to the supply-side, saving-is-investment-spending doctrine, in other parts of Smith's theory, demand-side determination of activity levels seems to be suggested (notably, 'extent of the market' as the autonomous element in the division of labour dynamics).

In truth, there is not to be found anywhere in Smith's texts a theory of the growth of aggregate 'effectual demand' (WN I.vii.8: 73), parallel with his theory of the growth of production capacity. To that extent, one may construe Smith's growth theory as an account merely of *potential* growth: a growth of capacity that would only be realized if, somehow or other, validated by a corresponding growth of aggregate demand. This coordination issue has only really been faced squarely and addressed in the twentieth century, particularly in the context of controversies around John Maynard Keynes' critique of the post-classical marginalist or 'neoclassical' supply-side theory, the rising new orthodoxy in the course of that century. Eltis (1975; reproduced revised in Eltis 1984: 68–105) remains the best formal model of Smith's growth theory, incorporating growth of labour productivity and real wages, as well as the possibility of a stationary end-state to the growth dynamics. However, the problem of aggregate demand sufficiency is very lightly passed over by him (Eltis 1975: 432; cf. Waterman 2001: 28–9, 39–40).

## PRODUCTIVE VERSUS UNPRODUCTIVE LABOUR

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Of all the major elements of Smith's political economy, the concept of productive versus unproductive labour is perhaps the most alien to latter-day marginalist economics. This is, in fact, a reason why it should be paid particular attention: it is in the aspects of Smith's system most alien to latter-day frameworks of economic analysis that one is likely to see particularly clearly the difference between his approach and latter-day modes of thought. Nevertheless, it is true that there is some inconsistency between Smith's various formulations of the dichotomy. On the one hand, it is a distinction between labour that produces physical commodities and labour that produces services that 'perish in the very instant of their performance', while at the same time, it is conceived of in terms of labour that produces value added versus labour that does not, as if these two distinctions are equivalent (WN II.iii.1: 330). Elsewhere, the dichotomy is expressed in terms of labour that maintains and augments society's capital stock versus labour devoted to other purposes, notably, luxury (or above-necessary, or 'surplus') consumption (WN II.iii.13–17: 337). It is the latter distinction which best captures Smith's intention with respect to the dichotomy. It amounts to characterizing productive labour as that part of the workforce which contributes to accumulation of capital and hence economic growth. This is not equivalent to the distinction between physical commodity production and services, since Smith himself tacitly admits that there are services which are productive or capital-producing (WN II.v.1–10: 360–3), not least, education, to the extent that it contributes to the

acquisition of labour skills which are explicitly treated as part of society's capital stock (Aspromourgos 2009: 164–73).

It is a striking fact that capital theory is almost entirely absent from Smith's lectures on jurisprudence, though 'stock' plays some role (Aspromourgos 2009: 164). This, contrasted with the centrality of capital theory to WN, and combined with the fact of Smith's time spent in Paris between the lectures and the writing of WN (Ross 1995: 195–219), points to a crucial intellectual debt to François Quesnay and Anne Robert Jacques Turgot. Capital is absolutely fundamental to the theory of WN Books I and II, both the treatment of functional income distribution and commodity prices, and of output and productivity growth. In both dimensions, the allocation and accumulation of capital are central to the dynamics of competition. The concepts of fixed versus circulating capital, and the dichotomy between productive and unproductive economic activities, also derive from Quesnay and the French Physiocratic school, though Smith develops them further. At one point, he was intending to dedicate WN to Quesnay (Stewart 1811: 304). But Smith overcomes the Physiocratic error, that agriculture is productive and manufacture, as such, unproductive (WN IV.ix: 663–88), only to replace it (rather inconsistently) with a notion that agriculture and manufacture are productive but the services sector of the economy, as such, unproductive.

Hence productive labour is labour employed with capital goods—the wages or consumption of those labourers, together with the other produced means of production that they utilize—to produce further and more capital goods, echoing Quesnay's circular conception of production, in which wealth produces wealth. The ratio of productive to unproductive labour then is an expression or correlate of the propensity to save or accumulate, at the aggregate, societal level—an expression of the proportion of a society's revenue allocated to capital accumulation, as against 'unproductive' consumption. Subject to some analytical qualification, the former ratio, as much as the latter proportion, can be treated as one of the two fundamental determinants of growth, along with labour productivity (Aspromourgos 2009: 21, 40, 175–8, 182). Thereby, Smith can articulate the core of his growth theory in a formula employing the productive labour concept:

The annual produce of the land and labour of any nation can be increased in its value by no other means, but by increasing either the number of its productive labourers, or the productive powers of those labourers who had before been employed. The number of its productive labourers, it is evident, can never be much increased, but in consequence of an increase of capital, or of the funds destined for maintaining them. The productive powers of the same number of labourers cannot be increased, but in consequence either of some addition and improvement to those machines and instruments which facilitate and abridge labour; or of a more proper division and distribution of employment. (WN II.iii.32: 343; cf. WN IV.ix.36: 677)

If there is a particular tangible image of unproductive labour which features in Smith's commentaries, a supposed archetypal example of the species, it is 'menial servants'. But his most detailed listing of who are the unproductive in society includes a great variety of activities which do not produce capital goods, with government employment prominent (WN II.iii.2: 330–1); and he elsewhere comments that 'the revenue of the

sovereign . . . *seldom* maintains any but unproductive labourers' (emphasis added). Note that this leaves open the possibility of government activities including productive employment in Smith's strict sense of the term. And indeed, to the extent that government expenditures or outlays could finance education, a policy Smith endorses (WN V.i.f: 758–88), and education enables acquisition of labour skills that are part of a society's capital, as Smith also allows, then that public spending must be allowed, on Smith's own terms, to be productive. It is also important to recognize that a category of activity being unproductive does not necessarily entail Smith denying that it is useful, desirable, or even necessary, in some larger or wider sense. Officers in public employment in legal administration and the military are unproductive 'how useful, or how *necessary* soever' their services (WN II.iii.2: 331, emphasis added). Maximizing accumulation and growth requires minimizing unproductive labour. But some activities, while not contributing directly to production of capital, are indispensable to the functioning of the social economy, most obviously, those elements of the apparatus of state requisite for guaranteeing property rights and contracts, which include external defence. Smith, the historian and theorist of property rights in the lectures on jurisprudence, of course understood that: 'Commerce and manufactures can seldom flourish long in any state which does not enjoy a regular administration of justice, in which the people do not feel themselves secure in possession of their property, in which the faith of contracts is not supported by law' (WN V.iii.7: 910).<sup>10</sup>

Furthermore, even beyond such necessary socio-political or legal infrastructure, Smith is not vehemently opposed to all above-subsistence consumption (which can strictly be regarded as unproductive on his terms). While a necessities-versus-luxuries dichotomy constitutes satisfactory mutually exclusive and collectively exhaustive consumption categories for the purposes of much of his economic analysis, they do not suffice for all of it. There is also a category he refers to as 'conveniencies' (e.g. WN I.v.1: 47, I.xi.c.7: 181, II.ii.45: 299). Smith is disparaging of the luxuries of the rich (TMS I.iii.2.1: 50–1), though not opposed to all luxury (WN II.iii.38–42: 346–9, V.i.g.15: 796–7). But as indicated above, he favours and expects rising consumption for the bulk of the population in commercial society. Growth is good but so is increase in the conveniences of life, as distinct from the conspicuous consumption of the rich. This favouring of above-necessary or above-subsistence consumption is a *moral* viewpoint. Smith never, for example, in the manner of Bernard Mandeville, argues for luxury on economic grounds, as a means to higher levels of labour employment. Smith's saving-is-investment-spending doctrine (also discussed above), means that capital accumulation faces no potential insufficiency of aggregate demand that might undermine accumulation. Hence, no

<sup>10</sup> Menial servants: e.g. WN II.iii.1: 330, IV.ix.31: 675, V.ii.k.43: 887; government maintains unproductive labour: WN V.ii.h.14: 862, II.iii.30: 342, V.ii.k.64: 898, V.iii.47: 924–5; guaranteeing property rights: LJA i.1–8: 5–7, i.32–5: 16, iv.7–25: 202–9, LJB 1–11: 397–401, 20–7: 404–7, WN V.i.b.12: 715. Skinner (1996: 165) somewhat overstates the case in suggesting that for Smith all government services are unproductive 'by definition'. The argument of this paragraph is more fully developed in Asproumouros (2009: 167–70, 186–7).

recourse to expenditure on luxuries is required in order to meet an employment objective (Aspromourgos 2009: 176, 186–91).<sup>11</sup>

Part of the reason, one may suggest, for some inconsistency in Smith's conceptualization of the productive/unproductive distinction is that when he writes of unproductive labour, he is commonly *thinking* of menial servants. (For that category of labourer, the inconsistency disappears.) This points to one further dimension of the phenomenon worth noting here: a certain moral aspect to the distinction between unproductive labour—or at least the menial servants element of it—and productive labour. In a lengthy historical commentary, Smith argues that the rise of commercial society has reduced the numbers of such 'menial servants', 'retainers and dependents', replacing 'servile dependency' with 'liberty and security', and 'more or less independent' labourers (WN III.iv.4–17: 412–22). In the lectures on jurisprudence he observes that 'establishment of commerce and manufactures...brings about...independencey,...the best police for preventing crimes'; the dependent labourers here referred to as much led to criminality are typified by 'menial servants' and 'retainers' (LJB 204–5: 486–7; similarly, LJA vi.3–7: 332–3). And further in WN he reiterates that in 'opulent and civilized' societies there is very much less direct subordination of people to the rich (WN V.i.b.7: 712). This line of argument does not precisely entail the moral superiority of productive labour, since retainers could become, for example, producers of luxury consumption goods. But it points in that direction. One may wonder whether this can be reconciled with the labour degradation Smith associates with division of labour (discussed above); probably it can, via the role he proposes for education.

## WAGES AND PROFITS

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In seeking to explain the income returns to labour and capital Smith attempts to analogize from the pricing of commodities. His approach to theorizing the latter is framed in terms of market prices, under conditions of free competition, gravitating around and towards 'natural prices', with the latter determined by the quantities of labour, capital, and land required in the production of commodities, together with 'natural rates' of wages, profits and rents that must be paid for those production inputs, once competition has taken full effect. The core notion of competition here is free mobility of capital and labour, in pursuit of the highest possible remunerations. So, in turn, wages and profits (and rents) are theorized in terms of natural rates of return toward which market rates are drawn by competition. What then determines the natural levels of these remunerations?

<sup>11</sup> On Smith's views concerning luxury, see Winch (1978: 132–5, 1996: 59–80). Perrotta (2004: 225–34) is also a valuable commentary on seventeenth- and eighteenth-century pro- and anti-luxury views. Even in the absence of the saving-is-spending doctrine, whether luxury consumption is the only or best solution to an underemployment problem is of course contestable.

With regard to wages, Smith's fundamental theoretical position is that the general level of wages is determined by the balance of bargaining power around the labour contract, a balance that he perceives as usually favouring employers:

What are the common wages of labour depends every where upon the contract usually made between those two parties, whose interests are by no means the same. The workmen desire to get as much, the masters to give as little as possible. . . . It is not, however, difficult to foresee which of the two parties must, upon all ordinary occasions, have the advantage in the dispute, and force the other into a compliance with their terms. . . . In all such disputes the masters can hold out much longer. . . . 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.11–12: 83–4)

Then, at a somewhat more concrete level of analysis he conceives of this balance of power as being shaped by the proportion between the rate of capital accumulation together with the growth of 'revenue' or incomes, as a proxy for the growth of labour demand, and the rate of population growth, as a proxy for the growth of labour supply. (The growth of incomes is relevant to labour demand growth, along with accumulation, because income growth can influence the demand for unproductive labour.) In a tight—that is, supply-constrained—labour market the balance may shift in favour of labour.

The point to notice here is that the balance of supply and demand is utilized to explain *both* the gravitation of market wages towards natural wages, and the level of natural wages themselves (Aspromourgos 2009: 85, 97–101). In the limit, on one side, natural wages may be reduced to the level of more or less strict subsistence, but understood as determined by custom and social convention (WN I.viii.14–15: 85–6). However, particularly in competitive commercial society with high accumulation, the natural rate can settle at levels above subsistence. To this approach to the general level of wages Smith adds a theory of differential wages for the varieties of kinds of labour, by reference to five factors (putting aside the influence of policy): the relative 'disagreeableness' of occupations, the costs of acquiring skills or 'human capital' (our term), the irregularity or otherwise of employments, 'the small or great trust' involved in employments, and differential risk (WN I.x.b: 116–35). These wage relativities are understood to be independent of the balance of accumulation and population growth, that enters into the determination of the general level of natural wages (WN I.vii.36: 80, I.x.c.63: 158–9).<sup>12</sup>

It is, in fact, essential to the overall coherence of Smith's political economy that the general level of natural wages can rise above customary subsistence. It was indicated above that his conception of 'universal opulence' entails that commercial society will bring about high and rising real wages. But what then precisely determines the course of natural wages? There is no simple determinate theory to explain that, and one may regard this as, in an important sense, a virtue of Smith's approach, rather than a defect.

<sup>12</sup> Labour market tightness, bargaining power, and above-subsistence wages: WN I.viii.16–57: 86–104, I.ix.14: 111, I.x.c.26: 145, II.iv.8: 353; and also on above-subsistence wages, the citations given in note 9 above. The balance of supply and demand here is not equivalent to the labour supply and demand functions of latter-day marginalist theory (Aspromourgos 2009: 93–4, 100–1, 261–2).

All of the potential factors that may influence the balance of bargaining power around the labour contract (evidently, a much richer set of factors in the centuries subsequent to Smith's era), and hence all the contingencies that might arise to shape any such factors, are relevant. This indeterminacy from the point of view of theory points to the role of history in these outcomes. (The minimum subsistence wage, being customary, is also a creature of history.) In the end, Smith's approach to the theory of wages is not so different from Marx's, except that a century after Smith, the set of factors shaping bargaining power had indeed become richer and more complex.

To be sure, Smith enunciates also a proposition, derived from Cantillon (1755: 23–85), that rather mechanically treats labour as if it were akin to livestock: 'the demand for men, like that for any other commodity, necessarily regulates the production of men; quickens it when it goes on too slowly, and stops it when it advances too fast' (WN I.viii.40: 98). This evidently refers to a very long-run mechanism; but even this proposition cannot be understood as entirely determining the level of real wages. The general level and content of real wages can vary independently of the balance of labour demand and supply, to the extent that bargaining power can change independently of that balance. For example, 'combinations' of 'workmen' or 'masters' can independently influence bargaining power and hence wages, even though the workers face asymmetric legal impediments in Smith's world, as he points out (WN I.viii.11–13: 83–5). Furthermore, Smith's notion of universal opulence is partly based on the diffusion of new modes of consumption via emulation (TMS I.iii.2.1: 50, WN I.i.10: 22, I.viii.35: 96). This must be understood as ratcheting up over time the content of *at least* customary subsistence, which constrains bargaining power on one side, by raising the floor below which wages cannot fall (for any length of time). But it can also plausibly be supposed as raising the demands or aspirations of the labourers for wage levels above customary subsistence. Indeed, customary labour subsistence can only rise or improve if real wages above subsistence *persist for quite some time*, thereby making the new level or character of consumption habitual; and to be consistent with Smith's market/natural wage framework, this requires that natural wages can persistently exceed subsistence (Aspromourgos 2010: 1179–80).

All this is lost in the overly mechanical reconstructions of Smith's wages theory, by Paul Samuelson and others who, with some variations, have followed his lead. These approaches are united in interpreting Smith's wages theory in terms of a unique equilibrium real wage (whether or not at subsistence in some sense) fully determined by the equalization of rates of growth of labour supply and labour demand, by way of recourse to some combination or other of the following functional relations: labour supply growth a positive function of real wages, real wages a positive function of labour demand growth (or the rate of capital accumulation), and labour demand growth (or accumulation) a negative function of real wages (or a positive function of profit rates). It is not evident that Smith proposes full employment as the normal situation in commercial or other societies, except perhaps as a *very* long-run tendency; and even if this is so, real wages in his conception are subject to influence by a wider set of forces that enter into the balance of bargaining power around the labour contract. In fact, closer attention to

Smith's text in relation to how wages are influenced by the balance of labour demand and supply reveal that it is *persistent* excess labour demands and supplies that are at work in shaping the wage outcome. Even if the production-of-men doctrine can reasonably be regarded as a kind of full-employment mechanism, it involves reverse causation to that of the latter-day marginalist full-employment mechanism, since labour supply adjusts to labour demand in Smith's story. Though in its departures from Samuelson's model, Waterman's (2009) formalization certainly displays an historical sensitivity to Smith's thought superior to that of Samuelson, it proceeds in the same kind of full-employment equilibrium growth framework. Nevertheless, in a sense Waterman's (2009: 54–5) negative conclusion accords with our point, that Smith's theory of real wages is not reducible to a simple labour demand-and-supply growth mechanism: 'accumulation can no longer explain the natural wage' once one admits evident key factors in Smith's account of growth dynamics.<sup>13</sup>

With regard to explaining the general level of profit rates, Smith offers 'competition of capitals': the increase of capital, in the aggregate just as in particular industries, is supposed to place downward pressure on the general level of natural or 'ordinary' rates of profit, just as it does on rates in particular industries (WN I.ix.1–7: 105–7, I.ix.12–14: 110–11, II.iv.8–12: 352–6, IV.vii.c.19: 596; on ordinary profits, e.g. WN I.ix.14–22: 111–14). Also due to competition, the 'usual market rate of interest' serves as an indicator of the general level of profit rates, which are not so easily observable as interest rates (WN I.ix.4: 105). Parallel with the account of wage relativities, he provides a theory of competitive profit rate differentials for alternative capital investments, by reference to differential risk and 'the agreeableness or disagreeableness' of alternative employments of capital, with the former the more important factor (WN I.x.b.33–52: 127–35). The competition-of-capitals idea is of course entirely plausible for the process of actual profit rates tending *towards* the relevant natural rates, but is much less convincing in relation to the determination of the natural rates themselves. Indeed, this attempt at a theory of the general level of profit rates is rendered redundant, a generation or two after Smith, by David Ricardo (1817). He demonstrates that the level of real wages and the general rate of profit are functionally bound together in an inverse relationship, that relationship being determined by the set of production methods in use for producing the commodities of the system. (Ricardo's demonstration is not entirely satisfactory; but his principle still stands in more general and compelling theoretical frameworks; see Kurz and

<sup>13</sup> Persistent excess labour demands/supplies: WN I.viii.23–6: 88–91, Aspromourgos (2009: 331, n.85), Stirati (1994: 53–8); a full-employment equilibrium wage: Hollander (1973: 157–63), Samuelson (1978: 1417–22), Waterman (2009: 47–52, esp. 51–2 on Eltis's model); also Stirati (1994: 95–101) for criticism of the Hollander and Samuelson interpretations, and Waterman (2001: 40–2) further on Samuelson's model. Samuelson's argument, with respect to Smith in particular, is rehearsed in Samuelson (1977). See Stirati (1994: 58–65) as well on the role of social conventions in constraining the terms of labour contracts in Smith's thought, and Gram (1998) on the social character of subsistence and wider consumption. Note that once wages are trending above subsistence, the rationale for treating them as part of capital loses some of its force. Also, for Smith unproductive labour is a kind of *underemployment*.

Salvadori 1995: 54–5.) In other words, once real wages are determined—let us say, by bargaining power and the factors Smith supposes as determining wage relativities for heterogeneous labour—the general level of profit rates is fully determined by technology. Given Smith’s theory of wages, he has no need of a further and additional theory to explain the general rate of profit.

Whatever the merits or defects of Smith’s theory of profits, it is a striking fact that at one point he quite vigorously argues that high profit rates, rather than being necessary or desirable for a thriving commercial society, actually discourage accumulation (WN IV.vii.c.61–2: 612–13; also I.ix.11: 109–10). This points also to the wider and very large question of the significance and possible role of economic inequality in his scheme of things. Suffice it to say here that Smith’s scenario of rising real wages in commercial society is certainly compatible with greater inequality in commercial society than in pre-commercial society, and further, it is also consistent with greater inequality over time within commercial society, notably, due to real wages rising less rapidly than labour productivity (Aspromourgos 2010: 1179). As the productivity of labour increases due to division of labour, labour ‘produces . . . a much greater quantity of work than in proportion to the superiority of its reward’ (ED 12: 567).

## ECONOMIC POLICY

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One could almost say that *all* Smith’s thought on policy, and not just ‘economic’ policy for that matter, is relevant to labour or capital or both. Here just some particularly pertinent aspects of Smith’s economic policy views may be noted. He is of course, first and foremost, an economic liberal: his fundamental policy is commercial society or liberal capitalism itself, with the rule of law, secure property rights and free competition. But although Smith is commonly perceived as a more or less thoroughgoing economic liberal who allows only the most limited role for government in economic activity, careful attention to all his commentary on policy reveals a much more moderate economic liberal, who allows considerable exceptions to the rule of no government involvement in, or regulation of, economic activity. This is not the place to give a full account of these policy views (Viner 1927; Skinner 1996: 183–208; Aspromourgos 2009: 223–47). A modern economist might be tempted to suppose that these exceptions to no government intervention must be due to Smith’s allowing for ‘externalities’. But while this can explain some of them, it does not account for all of them.

One striking instance of an exception to non-intervention, directly related to labour and involving nothing resembling externalities, is Smith’s endorsement of prohibitions against employers paying wages in kind: ‘the law which obliges the masters in several different trades to pay their workmen in money and not in goods, is quite just and equitable’ (WN I.x.c.61: 158). Why not leave employers and employees to contract for payment in kind, if they freely choose to do so? Smith provides no specific justification for this regulation, merely appealing to a general principle (quoted below, at the very



end of this essay). But that omission is surely because the justification is obvious: it is an intervention of law limiting the terms of private contracts, in order to constrain the imbalance of bargaining power around the labour contract (cf. WN I.vii.11–13: 83–5, partly quoted earlier). Further instances of policy exceptions to non-intervention, particularly pertinent to labour and capital, include regulation of interest rates, though in a certain proximity to market-determined rates (WN II.iv.14–16: 356–8); ‘vice taxes’ (our term) aimed at regulating the consumption of ‘the inferior ranks’ (WN V.ii.k.7: 872); and perhaps most surprisingly, endorsement of some modest progressive taxation measures (WN V.i.d.5: 725, V.ii.e.6: 842). With regard to these latter three instances, suffice it to note here that although Smith merely favours a legal maximum interest rate to be set in the *neighbourhood* of normal market rates, this regulation nevertheless is intended, in part, to protect ‘from themselves’, so to speak, some persons entering into debt contracts—to protect them from succumbing to ‘the extortion of usury’. Like the prohibition against wage payments in kind, it is a clear departure from the kind of strict economic liberalism which would endorse such ‘voluntary’ contracts (see also Paganelli 2003).

Even with regard to protectionist policies he opposes in principle, Smith is inclined to favour *gradual* dismantling, because of the losses that will result to both workers and capital (WN IV.ii.40–5: 468–72, IV.vii.c.43–5: 604–7). As indicated earlier, the role proposed for government in education—compulsory education, it may be noted—makes that activity at least partly ‘productive’ in Smith’s strict sense, insofar as labour skills are an element of society’s ‘capital’, as he understands it (WN V.i.f.48–57: 781–6; Skinner 1996: 191–5). And Viner (1928: 150) points out Smith’s sanctioning of a government role in health services, which might imply that this also is ‘productive’ government activity, to the extent that it involves maintenance of the labour component of the capital stock (cf. Aspromourgos 2009: 226). Smith also allows that government, at least in principle, is capable of successfully running commercial enterprises, postal services being the best example (WN V.ii.a.4–5: 817–18). Given that he explicitly makes wholesale and retail distribution services productive activities (WN II.v.2–10: 360–3), it would be difficult for Smith to deny that an element of postal communications is then also productive in his strict sense.

Smith’s treatment of tax policy with respect to wages and profits is noteworthy also, particularly for confirming his bargaining-power approach to the theory of wages. With regard to wages, Smith’s position that incidence of taxes on ‘luxuries’, even ‘those of the poor’, will fall on their money wages (thereby reducing real wages), rather than being passed on to others via compensating higher money wages, and perhaps higher commodity prices, confirms that real wages are understood to tend above customary subsistence. If that were not the case, all taxes on wages or on the commodities consumed by workers would have to be shifted onto others via compensating money-wage increases. With regard to profits, Smith decomposes profit rates into what may be called ‘the pure rate of return’ (our term; equivalent to the level of the relevant rate of interest) and a premium paid for the ‘risk and trouble’ of production. The latter is conceived of as a kind of necessary production cost, reflecting an essential contribution to production,

so that taxes imposed upon it will be shifted via compensating higher prices. But the pure profits, like land-rents, are a taxable surplus income, in principle, though Smith raises two pragmatic objections to taxing them in practice. However convincing those objections may appear, they do not alter the fact that pure profits are understood to reflect part of a social dividend or surplus available for distribution in a variety of ways, thereby implying a spectrum of feasible functional income distributions. No particular level of the pure rate of profit is 'necessary' to the reproduction of the activity levels of the economic system. (Recall also Smith's view, noted in the previous section, that high profit rates, so far from being necessary for accumulation, discourage it.) And that which is appropriable by taxation is also privately appropriable, via shifts in the balance of bargaining power that governs real wage determination. This concept of the social surplus, reflected in rent and profit incomes (as well as a part of wages) is the ultimate foundation for the bargaining-power approach to real wages, providing the degree of freedom, the space, for bargaining power to play a role. It also points back to the influence of Quesnay and Turgot, but unlike in those writers, it is unambiguously extended by Smith to account for pure profits as well as land-rents.<sup>14</sup>

This approach to income distribution is in sharp contrast to the latter-day marginalist approach. The classical concept of surplus refers to that part of the gross product of the economic system which is available for free disposal, after replacement of the necessary inputs used up in the production of that gross output, including among those inputs the customary subsistence consumption of the labour employed—or more particularly, in Smith's case, the consumption of the *productive* labour employed. For Smith, the surplus is realized in the income forms of land-rents, pure profits and a part of wages, depending on the balance of bargaining power. In modern marginalist theory, the net product of the economic system in the national accounting sense is not conceived of as available for free disposal, because under competitive conditions, there are 'necessary' rates of return to *all* factors of production, including both labour and capital (at least at the margin), such as to bring forth the requisite quantities of factors to ensure the equilibrium of the economic system. Competition fully determines functional income distribution, with no scope for wider social forces to play any role. Between these two conceptions, the classical approach is to be preferred.

Those who view the classical theory (both in Smith and in others) unsympathetically, from the standpoint of the later and still dominant marginalist approach, can too easily and uncomprehendingly dismiss it, failing to understand the classical approach, because

<sup>14</sup> Taxation of wages: WN V.ii.i: 864–7, V.ii.k.1–16: 869–76; taxation of profits: WN V.ii.f.1–7: 847–9, V.ii.g.13: 857–8; the 'net product' or 'disposable revenue' of Quesnay (Meek 1962: 103–4, 112, Kuczynski and Meek 1972: 4, 6, respectively, of the 2nd and 3rd editions of his '*tableau économique*', reproduced there) and Turgot (1769–70: 90–5). For a more thorough account of the issues in this paragraph, and additional pertinent citations of Smith's texts, see Aspromourgos (2009: 196–202, also 152–60, 190–1, 263–4). Note also that with real wages above customary subsistence, it is possible for shifts in bargaining power to favour profits rather than real wages. O'Donnell's (1990: 27–52) interpretation of Smith's concept of surplus suffers from a too rigid identification of wages with subsistence, and insufficient appreciation of the significance of the distinction between pure profits and risk premia (also 91, 101, 104–6, 110, 212).

not taking it seriously enough. Boss (1990: 3–4, 9–11, 42–62) is the best example. Suffice it to comment here that Smith's distinction between productive and unproductive labour is equivalent to a distinction between production of capital goods and all other economic activities. Putting aside the economically necessary infrastructure of government, it is thereby equivalent to the modern distinction between investment and final consumption, except that for Smith capital or investment includes the consumption of productive labour. Smith's conceptualization is therefore no more vulnerable to Boss's attempted critique than is that modern distinction. The commodity content of the social surplus is then given by net capital accumulation plus unproductive consumption. However, Smith's concepts of 'gross revenue' and 'net revenue' somewhat complicate interpretation, since his definition of the latter does not coincide with surplus income (Aspromourgos 2009: 150–2, 163, 196–8). It may be added, with regard to the third of Smith's three fundamental categories of functional distribution, that his attempt at a theory of land-rents is very problematic (Ricardo 1817: ch. 24; Hollander 1973: 163–79; Brewer 1995; Kurz and Salvadori 2009: 72–4). Both Hollander and Brewer, in somewhat different ways, are rather too inclined to interpret Smith on rents in marginalist terms. Hollander (1973) is also, more generally, the best example of interpretations of Smith's political economy which attempt to assimilate it to the marginalist framework.

## LEGACY

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In the centuries subsequent to Smith's watershed contribution to the formation of political economy, labour productivity and capital accumulation (including human capital accumulation) have become the accepted foundations of all growth theory. The key contentious issue is whether growth can be understood as a supply-driven process (the conventional marginalist view) or a demand-led process (the Keynesian view), an issue upon which Smith is somewhat ambivalent. The dynamics of division of labour, technical progress, and extent of the market were transformed by Young (1928) into a theory of cumulative causation, and then taken over by Kaldor (e.g. 1972) and placed within a Keynesian framework in which demand growth drives activity levels and productivity growth (see also Richardson 1975; Lowe 1975: 420–2). Smith's optimism with respect to technical progress—human ingenuity overcoming natural resource scarcity—has been largely vindicated by the course of economic development since his time. But such optimism is being tested in the early twenty-first century by serious threats to environmental sustainability, global warming being the most salient example. His stationary state may yet be our future (see note 6 above)—unless technical progress can reconcile rising consumption per capita with sustainable depletion of renewable and nonrenewable natural resources.

In virtually all modern economic theory, the treatment of wages as part of capital, a procedure which continued in economic theory well after Smith (e.g. in Marx), has given way to treating them as a share of value added, paid *post factum*—a consequence of

wages being commonly well above subsistence in modern, developed, mixed capitalist economies. Also, as indicated above, after Smith, the demarcation between circulating and fixed capital has been better drawn, by reference to whether or not a produced input to production is entirely used up in the production process. But neither of these developments fundamentally compromises the integrity of the classical approach to price theory, which Smith shares, and which remains a robust theoretical framework for analysing capitalist economies (Sraffa 1960; Kurz and Salvadori 1995). The distinction between productive and unproductive activities was, and remains, as conceptually coherent as the distinction between capital goods and other goods and services; that is to say, completely coherent. It may be noted in this context that the proposition that most wage rates in developed economies today are above customary subsistence *presupposes* that 'subsistence' remains an empirically meaningful concept. It is clear also that public sectors now much more include productive activities in Smith's strict sense than they did in his time. This possibility of productive government economic activities was allowed by Smith, if somewhat inconsistently, though this of course does not mean that he would approve of all contemporary government involvement in such activities.

With regard to income distribution, one might be tempted to conclude that Smith's prediction of generalized rising real wages under liberal capitalism, like his expectation of technical progress, has been vindicated by the course of events. (Of course, it is precisely technical progress that enables rising real wages without any necessary downward pressure on profit rates.) But the capitalism we have actually had in the nineteenth and twentieth centuries, even putting aside the relatively illiberal variants, is not exactly the capitalism favoured in the *Wealth of Nations*. In the actual capitalism, there has been a substantial role of labour unionism, and not unrelated, the development of a large body of labour law and associated regulation, both of which have served to shift the balance of bargaining power around the labour contract. It seems clear that Smith would not endorse the former (but nor employer 'unions'), and one may wonder what the course of real wages would have been in its absence. What chance 'universal opulence' then? As indicated in the previous section, there is at least *somewhat* more reason to think he might endorse the developments in labour law and regulation, in some measure. The Adam Smith who writes of 'the production of men' being like that of 'any other commodity' (WN I.viii.40: 98, quoted more fully earlier) is the same Adam Smith who also wrote, and in the same book: 'Whenever the legislature attempts to regulate the differences between masters and their workmen, its counsellors are always the masters. When the regulation, therefore, is in favour of the workmen, it is always just and equitable' (WN I.x.c.61: 157–8).

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## CHAPTER 14

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# ADAM SMITH ON VALUE AND PRICES

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NERIO NALDI<sup>1</sup>

In a remarkable passage, which is unique in the whole of *Wealth of Nations* (WN), Smith warns that ‘I must very earnestly entreat both the patience and attention of the reader: his patience in order to examine a detail which may perhaps in some places appear unnecessarily tedious; and his attention in order to understand what may, perhaps, after the fullest explication which I am capable of giving of it, appear still in some degree obscure. I am always willing to run some hazard of being tedious in order to be sure that I am perspicuous; and after taking the utmost pains that I can to be perspicuous, some obscurity may still appear to remain upon a subject which is in its own nature extremely abstracted’ (WN I.iv.18: 46).

This is the concluding paragraph to his introduction to the chapters devoted to the analysis of value and prices.<sup>2</sup> We would suggest that it must be taken seriously by the reader, who is alerted here to difficulties that the author has faced and that he feels he has not satisfactorily overcome. Indeed, even though encompassed within a very simple outline, the analysis of value and prices developed in WN shows several interpretative difficulties and has generated different interpretations. This chapter will explore this analysis and will, necessarily, pay close attention to the details of Smith’s argument.

Not surprisingly, among the works of Adam Smith, including the *Lectures on Jurisprudence* (LJ), it is in the *Wealth of Nations* (WN) that the analysis of prices finds its widest and deepest elaboration. A bird’s eye comparison of the two shows that the discussion in WN may be distinguished from the texts of LJ in three main aspects: first, in WN there is a more accurate and smooth connection to the previous analysis of the division of labour, which gives a new prominence to the concept of *relative value* or *exchangeable*

<sup>1</sup> I wish to thank Tony Aspromourgos, Vivienne Brown, Maria Pia Paganelli, and Terry Peach for their comments on earlier drafts of this chapter. The usual disclaimers apply.

<sup>2</sup> It must be observed that, even though prominent in the economy of WN Book I, the analysis of value and prices is not mentioned in the *Introduction and plan of the work* which opens WN (see Aspromourgos in this volume).



*value*; secondly, a discussion of value and price measurement precedes the discussion of prices in WN, and thirdly, wages, profits, and rents (rather than only wages) are considered as determinants of prices.<sup>3</sup>

The first of these aspects has to do with the structure of the exposition. In LJ and ED (*Early Draft of Part of the Wealth of Nations*) the analysis of prices is introduced rather abruptly, immediately after the discussion of the division of labour and with no clear connection to that discussion, which appears to be essentially self-contained (LJA vi.58: 353; LJB 223: 494; ED 31–3: 574–5). In WN, on the contrary, after the three chapters on the division of labour—on how it increases wealth, on what generates it, and on how the extent of the market limits its development (WN I.i–iii: 13–36)—Smith devotes the next chapter to *money* (Chapter IV *Of the origin and use of money*) and opens it by arguing that, if barter were the only form of exchange, the development of the division of labour would be greatly obstructed. He then goes on to show how, in this situation, the use of money gradually emerged and barter evolved into monetary exchange.

Having illustrated the role of money in facilitating exchange, the discussion of how prices are determined is an obvious further step:

It is in this manner that money has become in all civilized nations the universal instrument of commerce, by the intervention of which goods of all kinds are bought and sold, or exchanged for one another. What are the rules which men naturally observe in exchanging them either for money or for one another, I shall now proceed to examine. These rules determine what may be called the relative or exchangeable value of goods. (WN I.iv.11–12: 44)<sup>4</sup>

This approach gives to the concept of *relative value* a prominence that it did not have in LJ and ED. But the prominence follows from the new order Smith gives to his exposition rather than from the intention of placing the concept at the centre of a specific construction as David Ricardo was to do. In fact, the way Smith announces the plan of his analysis of price determination immediately shows that the concept of *relative value* is bound to lose weight; its place being taken by the concepts of real price, natural price, and market price (WN I.iv.14–17: 46).

The natural price and market price are the poles which had oriented Smith's analysis in LJ. In WN *real price, real measure of exchangeable value*, profits and rents (both substantially absent from the previous texts), and wages enrich the understanding of prices. The rest of this chapter is devoted to an analysis of these competing senses of the concept of value and the effect that they have on Smith's theory in general.

<sup>3</sup> A discussion of prices also appears in the so called *Anderson Notes* (Meek 1976), but its content is much closer to the Natural Law tradition (which certainly reached Smith, at the University of Glasgow, through Francis Hutcheson) than to the developments which can be found in LJ, ED, and WN (Naldi 1993, 2002).

<sup>4</sup> It is worth noting that these sentences suggest that the use of money does not alter the nature of exchange as based on barter and that the determination of *relative or exchangeable value* and of money prices follow from the same rules.

## TWO MEANINGS OF VALUE

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Before moving to a detailed discussion of the content of the chapters of WN devoted to value and prices and to the rules which govern their determination, following Smith's own order of exposition, there is a preliminary issue to address. In his discussion of money Smith refers to the so-called *paradox of water and diamonds*:

The word VALUE, it is to be observed, has two different meanings, and sometimes expresses the utility of some particular object, and sometimes the power of purchasing other goods which the possession of that object conveys. The one may be called 'value in use'; the other, 'value in exchange.' The things which have the greatest value in use have frequently little or no value in exchange; and, on the contrary, those which have the greatest value in exchange have frequently little or no value in use. Nothing is more useful than water: but it will purchase scarce any thing; scarce any thing can be had in exchange for it. A diamond, on the contrary, has scarce any value in use; but a very great quantity of other goods may frequently be had in exchange for it. (WN I.iv.13: 44–5)

This paragraph has been interpreted (bearing in mind later developments of marginalist economic theory) as a sign of Smith's inability to solve the *paradox* and explain why the price of water is generally low and that of diamonds high. This, in turn, would have been an effect of his lack of understanding of the difference between the concepts of total and marginal utility, and of his intention to exclude from his analysis of prices any reference to utility in general.<sup>5</sup> However, when Smith talks about *utility*, he does not refer to the same concept on which modern theory is based. Following an older tradition, Smith distinguishes what brings a *real* advantage to the individual (utility or usefulness) from what may be desired for other reasons such as, for instance, love of beauty and desire for distinction (Aspromourgos 2009: 308 n.87; Peach 2010: 413–14).<sup>6</sup> Furthermore, as shown in the critical apparatus to the Glasgow Edition of WN, even though Smith does not develop a distinction between marginal and total utility, he may have an implicit understanding of *marginal* magnitudes since, in LJ, he illustrates and solves the *paradox*:

Cheapness is in fact the same thing with plenty. It is only on account of the plenty of water that it is so cheap [...] and on account of the scarcity of diamonds (for their real use seems not yet to be discovered) that they are so dear. (LJB 205–206: 486–487; see also LJA vi.8: 333–334, WN I.vii.9: 73–74)

In fact, several authors before Smith had dealt with the same question arguing that price differences in the case of goods such as water and diamonds depend on the

<sup>5</sup> Douglas 1928: 78–81; Stigler 1950: 308; Kauder 1953: 650; Schumpeter 1954: 188, 308–9; O'Brien 1975: 79–80; Ekelund and Hebert 1975: 106–7.

<sup>6</sup> These concepts can be found both in TMS and in LJ and also in WN. However, if in LJ, within his discussion of *opulence*, Smith distinguished between natural and superfluous needs and desires, in WN he does not attempt a definition of *wealth* through a similar distinction and limits himself to consider it in terms of per capita amount of *necessaries and conveniences of life* available in a country.

abundance or scarcity of each good relatively to its demand, and on the fact that the desire to own a commodity may be enhanced by its rarity. Furthermore, some authors, and Hutcheson among them (Hutcheson [1747] 1969: 210; 1755/1969: 53–4), also considered the relationship between abundance or scarcity of a commodity and the difficulties of its production. The same approach can be recognized also in Smith (WN I.xi.c.31: 189–91; see also WN I.xi.c.3: 178; WN I.xi.h.9: 232; WN IV.vii.a.19: 563; LJA vi.13–15: 335–6; LJA vi.70–5: 357–9; LJB 209: 488; LJB 227–8: 495–6).

Smith could solve the *paradox*. More likely, by introducing his analysis of value and prices, he did not mean to present it as a paradox at all. He rather meant to illuminate the distinction between *value in exchange* and *value in use*, which in common language tend to merge in the single term *value*, and to stress that he was to discuss only *value in exchange* (Blaug 1962: 37; Hollander 1973: 133–8; Kaushil 1973: 61).

## REAL PRICE AND REAL MEASURE OF EXCHANGEABLE VALUE

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Smith starts his analysis of the determination of exchangeable value at the beginning of Chapter V (*Of the real and nominal Price of Commodities, or of their Price in Labour, and their Price in Money*). As its title shows, Smith puts at the core of this chapter the distinction between *real price* and *nominal price*. *Real price* is the *price in labour* and *nominal price* is the *price in money*. Symmetrically, the search for the *real measure of exchangeable value*, which also characterizes this chapter, may be understood as a search for the special unit which, when applied to individual commodities and to their nominal prices, would reveal the magnitude of their otherwise hidden *real price* (or *real cost*).

The two opening paragraphs of Chapter V point at labour as the unit which reveals the real price; in other words, *labour* is what the real price *consists of*:

Every man is rich or poor according to the degree in which he can afford to enjoy the necessaries, conveniences, and amusements of human life. But after the division of labour has once thoroughly taken place, it is but a very small part of these with which a man's own labour can supply him. The far greater part of them he must derive from the labour of other people, and he must be rich or poor according to the quantity of that labour which he can command, or which he can afford to purchase. The value of any commodity, therefore, to the person who possesses it, and who means not to use or consume it himself, but to exchange it for other commodities, is equal to the quantity of labour which it enables him to purchase or command. Labour, therefore, is the real measure of the exchangeable value of all commodities.

The real price of every thing, what every thing really costs to the man who wants to acquire it, is the toil and trouble of acquiring it. What every thing is really worth to the man who has acquired it, and who wants to dispose of it or exchange it for

something else, is the toil and trouble which it can save to himself, and which it can impose upon other people. (WN I.v.1–2: 47)

The straightforward identification of labour as real measure of exchangeable value, however, reverberates in two different specifications, respectively called labour employed in the process of production of a commodity (the labour, or *toil and trouble*, by which commodities are supplied), or *labour embodied* in a commodity (LE), and quantity of labour which a commodity may be exchanged for, or *labour commanded* by that commodity (LC).<sup>7</sup> Consequently, the meaning of *labour as real measure of exchangeable value* may be interpreted in two alternative ways: quantity of labour employed in production (labour embodied in a commodity) and quantity of labour commanded by a commodity.

Interpreting the real measure of exchangeable value in terms of LE or LC would have very different implications: the description of *real price* as quantity of *labour embodied* in a commodity would presuppose no previous knowledge of its monetary price and would provide a potential basis for the determination of exchange ratios (although not necessarily of monetary prices, as we shall see). On the contrary, if *labour commanded* is applied, the real measure of value would indicate a special standard to be applied to monetary prices, but it would provide no explanation of how those prices and exchange ratios are determined. Indeed, in subsequent paragraphs of WN, Smith clearly employs *labour commanded* (ie the quantity of labour with which a commodity may be exchanged for) as real measure of exchangeable value (WN I.v.4–5: 48–9).<sup>8</sup>

But if we further consider WN I.v.1–2 (quoted above) it may also appear that LC and LE are treated by Smith as coinciding: individual A may be interested in the time *individual B* employs labouring to produce the commodities individual A consumes (Bladen 1938: 4; 1975: 505). However, such an identity between labour commanded and labour embodied may be regarded as formally correct only if the role of profits and rents in price determination can be ignored.<sup>9</sup> Many interpreters have taken this to imply that, in Smith's intention, that is, regardless of whatever developments he was going to pursue, the opening passages of Book I Chapter V describe the case of an economy formed by *independent artisans* employing no significant quantity of capital and where land is free (see, for instance, Blaug 1959: 129; Blaug 1962: 50; Hollander 1973: 117, 128; O'Donnell 1990: 63; Peach 2009: 393–4). This reading has been extremely influential, but it does not account for a feature of the text. First of all, we must remember that Smith never suggests he was going to develop any part of his inquiry starting from the discussion of cases of limited validity, subsequently moving towards a more general analysis. Secondly, in Chapter V we find passages where a question of general political relevance is explicitly reduced to

<sup>7</sup> From subsequent paragraphs it may be surmised that Smith was aware that LE must include the quantities of labour *directly* and *indirectly* employed in the production process of each commodity (WN I.vi.11–14: 68).

<sup>8</sup> This was also implicit in Hutcheson [1755] 1969: 55).

<sup>9</sup> Given that  $LCi = Pi/w$  (the amount of labour commanded by commodity  $i$  is equal to the ratio between the monetary price of commodity  $i$  and monetary wages),  $LEi = LCi$  only if  $Pi = LEi w$ .

the terms of the previous discussion of the real measure of exchangeable value (WN I.v.3: 48); passages approaching price measurement in most general terms, although possibly within a context where exchange takes place by barter (WN I.v.4–5: 48–49);<sup>10</sup> and passages relating to an economy which certainly must be described as *modern* and *contemporary* (WN I.v.6–8: 49–51). Also in these cases Smith did not warn the reader that he was setting his argument in a context radically different from the one characterizing the early paragraphs of the chapter.<sup>11</sup>

However, it may also be argued that the identity between LE and LC in the opening paragraphs of Chapter V is only apparent. In fact, it may rest upon the idea that the verb *to acquire* is used to refer to the act of producing a commodity (Peach 2009: 393), as may be argued to be the case in some other passages (WN I.vi.1: 65; WN I.vi.4: 65; WN I.vi.7: 67; WN I.viii.4: 82; WN I.xi.e.25: 205–6). But these instances are only a minority within the hundred cases where that verb appears in WN, and, in particular, in the paragraph we are considering (WN I.v.2: 47–8) that use cannot be taken for granted.<sup>12</sup> An alternative interpretation of that very paragraph could read the verb *to acquire* as describing the more general act of purchasing a commodity by means of the proceedings of the sale of other commodities or of one's own labour. In this case, the text should be interpreted as asking how much of his own labour *a man* should sell to purchase a given commodity, and accordingly indicating LC as the real measure of value. This would be consistent with the approach of subsequent paragraphs of the chapter; it would impose no identity between LE and LC, and it would not imply that the validity of the description should be restricted to a special context (Naldi 2003: 551–2; Peach 2010: 412).<sup>13</sup>

<sup>10</sup> These paragraphs may be compared to WN I.vi.2–3: 65.

<sup>11</sup> Other reasons to reject an *early state* or *independent artisans* reading of this part of Chapter V are discussed in Hueckel (2000b: 469–71, 481 n.14).

<sup>12</sup> Equally ambiguous is the use of the same verb in the *Introduction and plan of the work* and in WN II.i.1. In LJ and ED only in one case out of more than 100 we may suspect that the verb *to acquire* is used a synonym for *to produce* (LJA i.59: 25).

<sup>13</sup> We must also consider that a close association between the concepts of quantity of labour employed in production and of quantity of labour with which a commodity may be exchanged for can be found also in previous authors and that in these cases it seems to imply a lack of understanding of the formal distinction between the two concepts: 'If a man can bring to *London* an ounce of Silver out of the Earth in *Peru*, in the same time that he can produce a bushel of Corn, then one is the natural price of the other; now if by reason of new and more easie Mines a Man can get two ounces of Silver as easily as formerly he did one, then Corn will be as cheap at ten shillings the bushel, as it was before at five shillings *cæteris paribus*... Wherefore we must... conclude, that... that time wherein each Devisee had wherewith to hire most labourers, was the richer' (Petty 1662: 50–1; see also Petty 1662: 78, Petty 1672: 181–2); 'But as Silver itself is of no certain permanent Value... it seems requisite to fix upon Something else, more proper to be made a *Measure of Values*, and this I take to be *Labour*. By Labour may the Value of Silver be measured as well as other Things. As, Suppose one Man employed to raise corn, while another is digging and refining Silver; at the Year's End... the compleat Produce of Corn, and that of Silver, are the natural Price of each other... Now if by the Discovery of some nearer, more easy or more plentiful Mines, a man may get Fourty Ounces of Silver as easily as formerly he did Twenty, and the same Labour is still required to raise Twenty Bushels of Corn, then Two Ounces of Silver will be worth no more than the same Labour of raising one Bushel of Corn, and that Bushel of Corn will be as cheap at two Ounces, as it was before at one *cæteris paribus*. Thus the Riches of a Country are to be valued by the Quantity of Labour its Inhabitants are able to purchase, and not by the Quantity of Silver and Gold they possess' (Franklin 1729: 144).

To sum up, Smith illustrates a property that he believes to be of general validity (*labour is the real measure of value*), but he develops his argument in a context ambiguously oscillating, as we have seen, between a barter economy and a fully fledged modern economy. In this case we would suggest that the ambiguity is inherent to Smith's text, and that, answering a question concerning the *substance*, or *source*, of value (*wherein consists the real price of all commodities*), Smith tends to express himself as if, in general and in any context, an accurate distinction between LE and LC was not necessary.<sup>14</sup> But when his argument further proceeds into a search for the unit most suitable to value measurement in an advanced economy, then his choice clearly favours LC.

The subsequent paragraphs of Chapter V continue with a discussion of the reasons why labour is not actually used as standard of prices. Instead, ordinary monetary units are preferred:

Every commodity... is more frequently exchanged for, and thereby compared with, other commodities than with labour. It is more natural, therefore, to estimate its exchangeable value by the quantity of some other commodity than by that of the labour which it can purchase... But when barter ceases, and money has become the common instrument of commerce, every particular commodity is more frequently exchanged for money than for any other commodity... Hence it comes to pass, that the exchangeable value of every commodity is more frequently estimated by the quantity of money, than by the quantity either of labour or of any other commodity which can be had in exchange for it. (WN I.v.5-6: 49)

These considerations, however, do not divert Smith from his commitment to labour. A good measurement unit must be *invariable*, and gold and silver 'like every other commodity, vary in their value, are sometimes cheaper and sometimes dearer, sometimes of easier and sometimes of more difficult purchase' (WN I.v.7: 49-51). On the contrary, such an invariability Smith believes may be recognised in labour which:

never varying in its own value, is alone the ultimate and real standard by which the value of all commodities can at all times and places be estimated and compared. It is their real price; money is their nominal price only. (WN I.v.7: 51)

Labour is then said to be an invariable measure on the grounds of the constancy of *its price*. But this price is not defined following the same criteria adopted in the case of ordinary prices—ie it is not defined as the quantity of other commodities with which a unit of labour may be exchanged. The quantity of other commodities with which a unit of labour may be exchanged would be the *relative price* or *exchange ratio* between labour

<sup>14</sup> Elsewhere we have argued that this ambiguity reflects a troubled transition from a conception where Smith, referring to the most general case of an advanced economy, placed all the emphasis on LE, to another conception where LC was placed at the centre of the scene (Naldi 2003).

and other commodities—which, by definition, could not be invariable.<sup>15</sup> Smith defines the *price* of labour outside the system of exchange and of ordinary prices: the price of labour is the quantity of *ease, liberty and happiness* which a labourer *must always lay down*. Smith does not explain the meaning of this magnitude and why its quantity should be taken as *invariable at all times and places* (WN I.v.7: 49–51). Such an explanation, however, may be found connecting various passages from TMS, LJ, and WN which, following Peach’s reconstruction, may be argued to imply that the constancy of the value of labour does not emerge from the labourer’s subjective perceptions but from the philosopher’s detached judgment (Peach 2010).

Having established the role of labour as real measure of exchangeable value, Smith further considers the question of the constancy of its value in a comparison with monetary units and commodities in general and with corn in particular. On the one hand, precious metals and their production processes are such that their value (ie their purchasing power in terms of labour) will not change much from one year to the next, while it may change considerably over longer intervals of time (WN I.v.16: 53–4). On the other hand, the money price of corn may change considerably from year to year and much less from century to century. Smith may then reassert his opinion on the crucial role of labour as measure of value (WN I.v.17). But the role of labour as real measure of value is no longer grounded only on its being a *universal measure of value*, rather, now it is based upon its greater *accuracy* (WN I.v.17: 54). That is to say, it is brought back to the system of ordinary prices.

In concluding this discussion, Smith acknowledges that in everyday transactions establishing the real price of a commodity is not particularly important: what is relevant to determine success or failure of business activities is the nominal price, not the real price (WN I.v.18–21: 55). Nevertheless, he further stresses the importance of his approach, although in a context which goes beyond ordinary economic practices and which we may describe as theoretical and applied economic research. Smith also recognises that using labour to measure value may be limited by the lack of data on wage levels at different times and places. Therefore, Smith proposes to employ corn as a proxy of labour. Corn is the commodity which exerts the stronger influence on the level of wages and corn prices are recorded with greater precision and completeness than the price of any other commodity (WN I.v.22: 55–6).

In any case, whether labour, corn, or silver is chosen as unit of account, reference to ordinary monetary units cannot be avoided. For this reason, Smith concludes the chapter with a long discussion of the quantity of precious metals contained in different coins—his aim being that of having a uniform basis for prices expressed in different currencies, in different times and in different places (WN I.v.23–42: 56–64).

<sup>15</sup> Smith implicitly admitted that this was the most obvious way of expressing the price of labour, and that this price could not be invariable, when he wrote that ‘labour, like commodities, may be said to have a real and a nominal price. Its real price may be said to consist in the quantity of the necessaries and conveniences of life which are given for it; its nominal price, in the quantity of money. The labourer is rich or poor, is well or ill rewarded, in proportion to the real, not to the nominal price of his labour’ (WN I.v.9: 51)—but this he described as reflecting a *popular sense*, which he implicitly opposed to the idea that ‘equal quantities of labour are always of equal value to the labourer’ (WN I.v.8: 51).

The discussion of the definition of the real measure of exchangeable value put forward by Smith has generated several interpretations of its meaning. We may list at least four such distinct approaches which depict the *real measure*: first, as a measure of welfare (Myint 1948: 16–26; Blaug 1959; [1962] 1997: 48–51; Hollander 1973: 128–36), secondly, as an index of purchasing power (Schumpeter 1954: 188, 310; Hollander 1973: 127–8; Hueckel 2000a: 341), thirdly, as an index for an economy’s potential for capital accumulation (Meek [1956] 1973: 65–6; Robertson and Taylor 1957; Das Gupta 1960; Hueckel 2000a: 342), and fourthly, as expression of Smith’s interest, on the one hand, in determining relative prices and, on the other hand, in comparing the prices of a given commodity at different times, and, in particular, in comparing price variations due to changes in the quantity of labour employed in production or in production processes (Sylos Labini 1976: 10–17; O’Donnell 1990: 62–81; see also Ricardo 1817: 14; Dobb 1973: 52).

We will not enter into the details of these interpretations, but we may remark that they are subject to several criticisms, essentially stemming from the fact that each of them, or their implications, turn out to be at variance with relevant features of the text (Hueckel 2000a, 2000b; Peach 2008, 2009, 2010; Asproumouros 2009). In the end, even if this typical feature of XVIII century intellectual constructions may be far from modern approaches to economic theory, we may simply accept that the real measure of exchangeable value was designed to reveal what price *really is* and that this was seen by Smith as a prerequisite to an analysis aimed at explaining the way prices are determined.<sup>16</sup> At the same time, the real measure of exchangeable value was also conceived by Smith as an instrument to inquire actual variations in prices (WN I.v.22: 55–6), as was to be the case in Smith’s discussions of the variations in the value of silver from the XIV century to his own days which was part of his more general discussion of variations in prices of different categories of goods in the course of economic history (WN I.xi.e–n: 195–260), and in this sense it was applied with the ductility necessary to practice applied economics.

## THE COMPONENT PARTS OF PRICE

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With the title of Book I Chapter VI (*Of the component parts of the Price of Commodities*), Smith shows his intention of identifying *the component parts* of price. However, the first paragraph of the chapter directly addresses price determination in terms of relative prices and in no way refers to *component parts*:

In that early and rude state of society which precedes both the accumulation of stock and the appropriation of land, the proportion between the quantities of labour necessary for acquiring different objects seems to be the only circumstance which can afford any rule for exchanging them for one another. If among a nation of

<sup>16</sup> ‘In order to investigate the principles which regulate the exchangeable value of commodities, I shall endeavour to shew, First, what is the real measure of this exchangeable value; or, wherein consists the real price of all commodities’ (WN I.iv.14–15: 46).



hunters, for example, it usually costs twice the labour to kill a beaver which it does to kill a deer, one beaver should naturally exchange for or be worth two deer. It is natural that what is usually the produce of two days or two hours labour, should be worth double of what is usually the produce of one day's or one hour's labour. (WN I.vi.1: 65)

This explanation—which maintains that exchange ratios are based upon the quantities of labour employed in production—is set in the context of a primitive economy where *accumulated stock* and *appropriated land* play no role. The same explanation of exchange ratios is then further elaborated upon in the two following paragraphs of the chapter considering the individual characteristics of different kinds of labour. Within this discussion Smith also introduces an *advanced state of society* which is the counterpart of the *early and rude state*. The characteristics of the *advanced state* at the moment are not further discussed, but we are told that, with regard to the existence of different kinds of labour, ‘allowances [...] for superior hardship and superior skill, are commonly made in the wages of labour’ (WN I.vi.3: 65; see also WN I.v.4: 48–9). In the *early and rude state* wages could not be identified, and those *allowances* could not but reflect themselves directly upon the value of the products (WN I.vi.3: 65). Finally, in the fourth paragraph of the chapter, Smith asserts that in the *early and rude state* ‘the quantity of labour commonly employed in acquiring or producing any commodity, is the only circumstance which can regulate the quantity of labour which it ought commonly to purchase, command, or exchange for’ (WN I.vi.4: 65) and that in such a state the exertion of one’s labour establishes a right to its whole product.

To sum up, in the four opening paragraphs of Chapter VI, Smith refers to two different concepts of price: in the first two paragraphs (and possibly also in the third) he refers to a concept of price as exchange ratio between commodities, but in the fourth paragraph and, implicitly, also in the title of the chapter, he refers to a concept of price expressed in terms of labour. From the fifth paragraph of the chapter, on the other hand, Smith’s attention is totally directed towards the *advanced state of society* and the only concept of price which is considered is that expressed in terms of labour. Therefore, it is only with regard to this concept that Smith develops the famous opposition between price determination in the two different states of society. In the *advanced state* those who own capital ‘will naturally employ it in setting to work industrious people, whom they will supply with materials and subsistence, in order to make a profit by the sale of their work’ (WN I.vi.5: 65–6) and those who own land will allow it to be used only after the payment of a rent (WN I.vi.5: 65–6). Consequently, *the quantity of labour commonly employed in acquiring or producing any commodity* will no longer be *the only circumstance which can regulate the quantity of labour which it ought commonly to purchase, command, or exchange for*:

An additional quantity, it is evident, must be due for the profits of the stock which advanced the wages and furnished the materials of that labour [and] some allowance must be made for the price of the [...] rent of land’. (WN I.vi.7–8: 67)<sup>17</sup>

<sup>17</sup> This quotation is taken from the first edition of WN; but its sense was not altered in the subsequent editions.

These statements have been generally understood to mean that, according to Smith, a LE-based rule of price determination, implying both an explanation of relative prices and of prices expressed in terms of LC, was valid in a primitive state of society but not in an advanced state.<sup>18</sup> However, as first stressed by Peach (2009: 387), Smith's phrasing is explicit only in denying that the exclusive role played by LE in a primitive economy as determinant of prices expressed in terms of LC extends to an advanced economy. Peach takes this to imply that Smith was consciously avoiding denial of the validity of an LE theory of value (i.e. of an LE-based explanation of relative prices) because he intended to stick to such a theory. But we may recall that introducing his analysis of value and prices Smith had indicated that the same rules would govern both the determination of exchange ratios and of monetary prices (WN I.iv.11-12). Therefore, we may understand that stressing that in an advanced state labour cannot be regarded as the sole determinant of monetary prices, he was arguing that, in that state, also exchange ratios determination could not be based on labour alone. Furthermore, Peach's interpretation does not explain why Smith did not state clearly that he was not denying the validity of an LE-based rule of relative price determination in the advanced state of society. Peach's contention, however, is supported by the fact that Smith, either directly or indirectly, referred to the quantity of labour employed in production as the sole determinant of exchange ratios also in parts of WN where it was clear that the validity of the analysis was not restricted to a primitive case (Peach 2009: 391-2).<sup>19</sup> Strictly speaking, some of such instances do not necessarily refer to the determination of relative prices.<sup>20</sup> But a small number of passages, although not referring to exchange ratios between any two commodities, as in the case of the exchange between deer and beavers, but to rather special cases such as exchange between *gold and silver* and *ordinary commodities* (WN II.ii.105) and exchange between goods produced *in the town* and *in the country* (WN I.x.c.19) support Peach's contention. The contradiction does not seem to be reconcilable.

But an assessment of Smith's text, both within the approach put forward by Peach or within an alternative view, must also recall two further features. First of all, we must consider the possibility that Smith was not sufficiently aware of the differences between the concepts of relative prices and of prices expressed in a specific unit and of the analytical implications of those differences as will be explored by David Ricardo in his *Principles*. LE ratios correctly explain relative prices as long as rent may be ignored and the time

<sup>18</sup> Schumpeter 1954: 188 n.20; Bowley 1973: 110-20; Dobb 1973: 45; Hollander 1973: 116-17; Winch 1978: 90; Skinner 1987: 364; Naldi 2003: 554; Roncaglia 2005: 138.

<sup>19</sup> See also Naldi 2003: 554-6.

<sup>20</sup> Passages suggesting that labour's influence in price determination is unique or predominant may be understood as approximating a more complex rule or referring to variations of labour costs when other costs are taken to be constant (see, for instance, WN I.vii.17: 75-6; WN I.xi.b.28: 171-2; WN I.xi.c.31: 189-91).

profiles of the application of labour can be taken to be the same in each commodity's production process. Indeed, as we have already seen, Smith, at the end of Book I Chapter IV, seems to have given prominence to the concept of relative prices essentially as an effect of a rearrangement of the matter he was expounding and not because of a precise theoretical awareness. Scholars should approach with caution passages apparently concerning the determination of exchange ratios which are scattered in WN, and they should be careful when considering the possibility of interpreting them as fully fledged theoretical statements on relative price determination.

Secondly, the text of WN should be read taking into account Smith's ambiguous discussion of the relationships between price determination and income distribution and the modifications introduced by Smith in the second edition of the book. The relevant passages suggest that Smith somewhat confusedly *oscillated* between two different approaches to price determination. In fact, after comparing price determination in two different states of society, the chapter continues considering that the price of a commodity may be entirely reduced to the amount of wages, profits, and rents paid during its whole production process.<sup>21</sup> Profits and rents are then consistently described as *sources of value* to add to the wages paid during the production process in order to determine the prices of commodities (WN I.vi.6: 66–7, WN I.vi.8: 67) but are also presented as *deductions from the product of labour* (WN I.vi.5: 65–6, see also WN I.viii.2: 82, WN I.viii.6–9: 83).<sup>22</sup>

In this sense, the so-called *adding-up* theory of prices is contradicted by a *deductive* approach to distribution. Within this approach, commodity prices (understood as relative prices) may still be determined by labour only and an LE-determined *value* may still be distributed among wages, profits, and rents. The weight of this viewpoint is increased by the fact that in the second edition of WN, Smith deleted the phrase *sources of value* and replaced it with *component parts of price*.<sup>23</sup>

A similar ambiguity reappears (even though without implying an LE-based explanation of value or relative prices) in the chapters devoted to the discussion of wages, profits, and rents (WN I.viii–xi: 82–275), because the content of those chapters does not support the separate determination of the three distributive variables. Indeed, what emerges is a series of questions of reciprocal dependence between wages and profits, of dependence of wages and profits from prices, and of rents from all the

<sup>21</sup> That is to say, following the whole series of its inputs, which, in principle, stretches indefinitely backward in time (WN I.vi.11–16: 68–9).

<sup>22</sup> In the same sense we may read Smith's introduction of the concept of *productive labour*: 'the labour of a manufacturer adds, generally, to the value of the materials which he works upon, that of his own maintenance, and of his master's profit' (WN II.iii.1: 330; see also WN II.iv.12: 356).

<sup>23</sup> The phrase was deleted throughout the chapter, that is to say from the descriptions of both profits and rents in WN I.vi.6, 8, except in a case which reads: 'wages, profit, and rent, are the three original sources of all revenue as well as of all exchangeable value' (WN I.vi.17: 69). In our opinion, the expression *sources of value* originates from a phrase where wages, profits, and rents are described as *the original sources of revenue* (WN I.vi.18), and this could explain why the sentence in WN I.vi.17 remained also after revision of the first edition of the book.

other magnitudes,<sup>24</sup> which could be solved only within a system of simultaneous determination of prices and distributive variables. This, of course, is not contemplated by Smith.

## NATURAL PRICE, MARKET PRICE, AND EFFECTUAL DEMAND

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Smith opens Book I Chapter VII (*Of the natural and market Price of Commodities*) introducing the concepts of *natural rates* of wages, profits and rents (WN I.vii.1–3: 72). On the basis of the results reached in the previous chapter, he defines *natural price* of a commodity as the total of wages, profits, and rents paid, according to those natural rates, during the whole process of production and distribution of that commodity (WN I.vii.4: 72). This is the same structure already observable in LJ, now enriched by explicit consideration of the role of profits and rents. This places Smith's analysis of price determination at least on the same level as the most advanced discussions available at the time, like those in Cantillon's *Essai* (1755) and in Turgot's *Reflexions* (1769–70), where the distinction between three distributive variables was clearly indicated. While it is plausible that Smith introduced the natural rates of profits and rent in his description of natural prices under the influence of these authors, Dugald Stewart, Smith's first biographer, stated that Smith himself, in a manuscript subsequently lost, had attributed to the influence of his friend James Oswald the emphasis he had placed in WN on the role of three component parts of the price of commodities (Stewart [1854–60] 1994, IX: 6; quoted in Smith 1980: 300 n.1).<sup>25</sup>

Reverting to the text of WN, we can see that the remainder of Chapter VII is not devoted to the study of natural prices as such, nor to the determination of the natural rates of wages, profits, and rents, but to the study of the relationships which connect *natural price* to *market price*. Smith describes *market price* as 'the actual price at which any commodity is commonly sold' (WN I.vii.7: 73; see also WN I. iv.17: 46). In his theoretical analysis of the processes of price determination, *market price* may be properly understood as the price-variable closer to the magnitudes actually observable on markets, or as the *empirical counterpart* of natural price (Roncaglia 2005: 141–3).

Following a long tradition, Smith connects *market price* to the *proportion* between *quantity* and *demand*. But Smith does not simply repeat that general intuition; he builds a new structure considerably more complex, refined, and detailed:

The market price of every particular commodity is regulated by the proportion between the quantity which is actually brought to market, and the demand of those

<sup>24</sup> See, for instance, WN I.ix.7: 106–7; WN I.ix.12–13: 110–11; WN I.xi.a.8: 162.

<sup>25</sup> On how Smith's manuscript may have been lost, see Stewart (1854–60: VIII. ix–xi).

who are willing to pay the natural price of the commodity, or the whole value of the rent, labour, and profit, which must be paid in order to bring it thither. Such people may be called the effectual demanders, and their demand the effectual demand; since it may be sufficient to effectuate the bringing of the commodity to market. It is different from the absolute demand. A very poor man may be said in some sense to have a demand for a coach and six; he might like to have it; but his demand is not an effectual demand, as the commodity can never be brought to market in order to satisfy it. (WN I.vii.8: 73)

The concept of *effectual demand* plays a crucial role in the systematization of the relationships between natural price and market price and it is certainly rooted in the corresponding analysis found in LJ, which, in turn, elaborates upon themes already discussed by many authors. The expression *effectual demand* first appeared in James Steuart's *Principles of Political Oeconomy* (Steuart 1767: 117). Steuart, however, did not relate it to the analysis of natural price or of prices in general (indeed it appears in a chapter entitled *Of the Causes and Consequences of a Country's being fully peopled*). The way Smith uses this concept offers an instance of his ability to connect already available concepts in a new scheme of great order, elegance, completeness and efficacy, which turns out to be crucial to determine the importance and originality of his contribution.

Smith describes how the forces which govern market price lead it to be higher, lower, or equal to natural price. This description pivots on the ratio between quantity of a commodity which is *brought to market* and level of effectual demand (WN I.vii.9–11: 73–4). Smith goes on showing which forces may lead market price to converge towards natural price.

If at any time [the quantity of a commodity brought to market] exceeds the effectual demand, some of the component parts of its price must be paid below their natural rate. If it is rent, the interest of the landlords will immediately prompt them to withdraw a part of their land; and if it is wages or profit, the interest of the labourers in the one case, and of their employers in the other, will prompt them to withdraw a part of their labour or stock from this employment. The quantity brought to market will soon be no more than sufficient to supply the effectual demand. All the different parts of its price will rise to their natural rate, and the whole price to its natural price.

If, on the contrary, the quantity brought to market should at any time fall short of the effectual demand, some of the component parts of its price must rise above their natural rate. If it is rent, the interest of all other landlords will naturally prompt them to prepare more land for the raising of this commodity; if it is wages or profit, the interest of all other labourers and dealers will soon prompt them to employ more labour and stock in preparing and bringing it to market. The quantity brought thither will soon be sufficient to supply the effectual demand. All the different parts of its price will soon sink to their natural rate, and the whole price to its natural price.

The natural price, therefore, is, as it were, the central price, to which the prices of all commodities are continually gravitating. Different accidents may sometimes

keep them suspended a good deal above it, and sometimes force them down even somewhat below it. But whatever may be the obstacles which hinder them from settling in this centre of repose and continuance, they are constantly tending towards it. (WN I.vii.13–16: 74–5; see also WN I.vii.19–20: 76–7)

To sum up, when a commodity is sold at its natural price, its production costs may be repaid (WN I.vii.5: 72–3), and in the following period it will be possible to employ again in the same process all the labour, land, and capital already employed, because the commodity has been sold at a price which has allowed to reward all of them according to their natural rates. The mechanism which connects market prices to natural prices is explicitly acknowledged by Smith as an effect of the freedom to move labour, land, and capital from one sector to another and may be described as inter-sectorial competition (WN I.vii.21: 77; WN I.vii.30: 79).<sup>26</sup>

A peculiar feature of the theoretical scheme Smith draws is that it rests on the assumption that the natural price and the demand of those who are willing to pay it are known from the beginning. It would then be misleading to depict his analysis by means of an apparatus of demand and supply curves, like the one developed by marginalist theorists starting from the late nineteenth century to determine a price which equilibrates demand and supply. Besides, the very idea that demand and supply phenomena may be described by well-identified functional relations cannot be recognized within Smith's approach (Roncaglia 2005: 143; see also Aspromourgos 2009: 83–7).<sup>27</sup>

The fact that this analysis of prices takes as given the natural rates of wages, profits, and rents may be interpreted as implying that it also takes as given the configuration of the economic system as a whole, from its more general profile of progress, stationarity or decline to more specific features relating to individual markets, as they all concur to the determination of those variables. The discussion of how such a configuration is determined and of how the system may move from a configuration to another—causing also natural price to change—is not dealt with within the analysis of prices. If in Smith's view these questions should not be approached with the instruments devised in Chapter VII, it seems more appropriate to relate them to those parts of WN devoted to the analysis of the general progress of wealth and of the achievement of the *natural balance* that capital, labour, and land may find among different uses in a country.

<sup>26</sup> These results, however, are reached by Smith directly considering only a single market—their reformulation within a multisectoral analysis is not as obvious as might have appeared to him.

<sup>27</sup> Obviously, it may also be argued that, whether demand and supply curves are regarded as an appropriate instrument to describe Smith's analysis of prices or some of its parts, such curves should not be identified with those defined by modern microeconomics and based on specific hypotheses on individuals' behaviour. Those hypotheses, as already hinted at with regard to the concept of utility, are completely foreign to Smith's texts. The same may be said of Smith's conception of scarcity, which does not denote *generalised scarcity*, as in modern microeconomic theory, but *local scarcity* (Brown 1994: 151–2).

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## CHAPTER 15

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# ADAM SMITH ON MONEY, BANKING, AND THE PRICE LEVEL

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HUGH ROCKOFF

IN his Presidential Address to the American Economic Association, George Stigler (1965: 3) argued that for Adam Smith *laissez faire* ‘...seems to have been little more than a working rule.’ Nowhere is this characterization more apt than in Smith’s discussions of money, banking, and the price level. Here we see Smith advocating private ownership and competition in banking, but only within a range of government constraints on private behaviour, including limitations on the kinds of notes banks could issue and the rates they could charge on loans. Smith made these exceptions to *laissez faire*, I will try to show, based on his reading of economic history. Smith was a thoroughgoing empiricist who supported both a working rule of *laissez faire* and many evidentially based exceptions.<sup>1</sup>

## THE MONEY SUPPLY<sup>2</sup>

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The base of the money supply in Smith’s day consisted of coins of various types: the gold guinea (21 shillings), the silver shilling, and copper coins of various types. This system was the product of a long historical evolution discussed in Book I, Chapters IV and V of

<sup>1</sup> Viner (1927), as Stigler acknowledged, is the classic enumeration of Smith’s many exceptions to the rule of *Laissez Faire*. Viner’s position (1927: 207) is similar to Stigler’s: ‘Smith in general believed that there was, to say the least, a strong presumption against government activity beyond its fundamental duties of protection against its foreign foes and maintenance of justice.’

<sup>2</sup> In the remainder of the chapter I draw heavily on two recent papers that I have written about Smith’s views on money and banking (Rockoff 2011a, 2011b).

the *Wealth of Nations* (WN). The coinage system was, as Smith pointed out, subject to various problems. Governments could debase currencies: reduce the amount of gold and silver in the coins in order to profit from recoinage (WN I.iv.10: 43–4). The coins were subject to losses through ‘clipping and sweating’: selling bits of metal taken from the coins by cutting them or wearing them away in some fashion. And reckoning in pounds, shillings, and pence was awkward. Nevertheless, coins were an effective medium of exchange: serving as the wheel of commerce to use one of Smith’s metaphors. The main problem was that they were expensive to produce. The amount in circulation could be increased only through mining or through foreign trade. A balance of trade surplus—a favourable balance in the language of the mercantilists—would mean an inflow of precious metals. More goods, embodying more resources, had to be sent abroad as exports than would be received in imports. There was, fortunately, a cheaper alternative: paper money. The use of paper money economized on the use of gold and silver. The substitution of paper in the room of gold and silver money, replaces a very expensive instrument of commerce with one much less costly, and sometimes equally convenient. Circulation comes to be carried on by a new wheel, which it costs less both to erect and to maintain than the old one (WN II.ii.26: 292).

The economizing of gold and silver through the adoption of paper money in turn increased the real output of the economy. This point was so important to Smith that he explained it at length. Suppose, Smith says (WN II.ii.30: 293), we start with a circulation of £1 million in gold and silver, and that banks are then erected that issue an additional £1 million in paper while holding in reserve £200,000 in gold and silver to meet occasional demands. The paper would consist of notes promising to pay specie on demand. For a time the circulation would consist of £800,000 of gold and silver (£1 million less the £200,000 in reserve) plus £1 million in paper. The circulation would then be too large by £800,000. This amount could be sent abroad to purchase goods for consumption or to invest. If the money was wisely invested, Gross National Product would rise.

It was mainly through this mechanism, Smith thought, that banking had promoted the economic development of Scotland, which as he pointed out, had grown at the same time that the banking system had expanded.<sup>3</sup> The Scottish banks fell into two distinct categories. The two largest were the Bank of Scotland and the Royal Bank of Scotland. Both had been chartered by the British government—the Bank of Scotland by an Act of Parliament in 1695 and the Royal Bank by a Royal charter in 1727—and were limited liability corporations.<sup>4</sup> The Bank of Scotland, at least by reputation, was the Jacobite bank, and the Royal Bank, the Hanoverian bank. When Bonnie Prince Charlie captured Edinburgh during the 1745 Jacobite rebellion, he demanded the reserves of the Royal Bank, not the reserves of the Bank of Scotland. In addition to the large limited liability institutions, there were many smaller banks. These banks were partnerships with

<sup>3</sup> Replacing gold and silver with paper was, for Smith, the main mechanism. But Smith thought that the increased supply of short-term accommodations had made it easier to do business.

<sup>4</sup> A third limited liability bank, the British Linen Company, originally intended to promote the linen industry in Scotland, was founded in 1745.

unlimited liability. An important feature of the Scottish banks, both the limited liability banks and the partnerships, was that they were branch banks, issuing notes and taking deposits at many different locations. Smith reported (WN II.ii.41: 297) that in the 25 or 30 years before the time of writing banks had been erected in ‘almost every considerable town, and even in some country villages’ in Scotland. He also noted that commerce was carried almost entirely with bank notes, and that commerce and industry had grown rapidly in Scotland over the same period. Smith was cautious in attributing the latter to the former, but he concluded ‘that the banks have contributed a good deal to this increase cannot be doubted’ (WN II.ii.41: 297).<sup>5</sup>

## THE WEAKNESS OF A FRACTIONAL RESERVE BANKING SYSTEM

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Banking had contributed to the economic development of Scotland, but there was a danger that paper money might be over-issued. After all, when a bank made additional loans by issuing more notes, it increased its interest income. True, there were powerful incentives in place that mitigated the danger of over-issue (WN II.ii.48: 301). Each bank had its own natural area of circulation based on its location and the business relationships of the firms in the area. If it issued too many notes they would begin to circulate outside this natural area and the excess would soon be returned for redemption in gold and silver. The banks themselves, moreover, would play an active role in this self-regulating system. If a bank found that it was hard to circulate its notes in its own neighbourhood because the local circulation was being crowded with notes from a distant bank, then the local bank would collect the notes of its rival and send them for redemption.

What about a general over-issue by all the banks? In other words, what if all the banks increased their circulation by the same, large percentage? The system also had a way of dealing with this. There would be an excess of notes in circulation above those needed for domestic use. People would convert their excess paper into hard money so that they could use it abroad. The run on the banks would soon put an end to the over-issue of notes. This self-regulating feature of a privately issued paper money supply has been referred to as the ‘law of reflux.’ Selgin (2001) provides a detailed explanation of how it would work. But while there was a mechanism in place that offset the incentive to issue more and more notes, history showed that sometimes this mechanism had proved insufficient. There was a real danger in Smith’s view that a privately issued currency would be over-issued, setting a stage for a banking panic.

Thus, fractional reserve banking presented both a major benefit and a major cost. The benefit was that the economy could conserve the real resources needed to produce

<sup>5</sup> Smith’s conclusion was reinforced by Cameron (1967).

or import gold and silver. But the cost was that the system might over-issue notes setting the stage for a banking panic. Smith expressed the two-sided nature of banking in one of his most remarkable metaphors.

The gold and silver money which circulates in any country may very properly be compared to a highway, which, while it circulates and carries to market all the grass and corn of the country, produces itself not a single pile of either. The judicious operations of banking, by providing, if I may be allowed so violent a metaphor, a sort of waggon-way through the air, enable the country to convert, as it were, a great part of its highways into good pastures and corn-fields, and thereby to increase very considerably the annual produce of its land and labour. The commerce and industry of the country, however, it must be acknowledged, though they may be somewhat augmented, cannot be altogether so secure when they are thus, as it were, suspended upon the Daedalian wings of paper money as when they travel about upon the solid ground of gold and silver. Over and above the accidents to which they are exposed from the unskillfulness of the conductors of this paper money, they are liable to several others, from which no prudence or skill of those conductors can guard them. (WN II.ii.86: 320–1)<sup>6</sup>

Smith was not always cognizant of the danger inherent in fractional reserve banking.<sup>7</sup> The preliminary fragment of the *Wealth of Nations*, which is said to have been written before April 1763, contains an early version of the metaphor. It has the wagon-road through the air, but no Daedalian wings.<sup>8</sup>

They [banks] enable us, as it were, to plough up our high roads, by affording us a sort of communication through the air by which we do our business equally well. That therefore, to confine them by monopolies or any other restraints, except such as are necessary to prevent frauds and abuses, must obstruct the progress of public opulence. (ED 36: 576)

In a lecture on banking in his course on jurisprudence dated 8 April 1763 Smith used the high road metaphor, but in that lecture, assuming the student's notes were accurate, everything was strictly on the ground.

The high roads may in one sense be said to bear more grass and corn than any ground of equall bulk, as by facilitating carriage they cause all the other ground to be more improved and encourage cultivation, by which means a greater quantity of corn and grass is produced. . . . Now if by any means you could contrive to employ less ground in them by straightening them or contracting their breath without interrupting the communication, so as to be able to plow up  $\frac{1}{2}$  of them, you would have so much more ground in culture and consequently so much more would be produced, viz a quantity equall to what is produced by  $\frac{1}{2}$  the road. . . . Paper money is an expedient of this sort. (LJA vi.128: 378)

<sup>6</sup> Paganelli (2006) draws attention to this metaphor, and shows how it fits within Smith's philosophical and economic projects.

<sup>7</sup> The following paragraph is based on Rockoff (2011a).

<sup>8</sup> Some of the key dates are collected in the chronology which precedes the table and charts.

In the lecture on banking given in the following academic year, Smith returned again to the metaphor, but again, everything is on the ground (LJB 245: 503). Smith, moreover, goes on to explain to the class that a banking crisis could not do much damage in Scotland. Imagine, says Smith, the extreme case:

all the money of Scotland was issued by one bank and it became bankrupt, a very few individuals would be ruined by it, but not many, because the quantity of cash or paper that people have in their hands bears no proportion to their wealth. (LJB 250: 505)

What had happened to change Smith's thinking? The answer is two shocks that hit the banking system between his Glasgow lectures and WN: 'the small note mania' and the Ayr Bank Crisis. The significance of these events for reshaping Smith's thinking about banking has been pointed out by a number of writers, including Checkland (1975b); Gherity (1994); Murphy (2009, Kindle ebook locations 2,341–2,793); and Rockoff (2011a).

## SMALL NOTES

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The 'small note mania' was a time in Scotland when many bankers and other merchants were issuing redeemable notes for very small sums of money. Generally, a small note meant a note for less than a £1, typically five or 10 shillings, but sometimes for a shilling or less. Checkland (1975b: 508) writes broadly of 'the "small notes mania" of the 1750s and 1760s'. But others have described the period more narrowly. I digitized a catalogue of Scottish bank notes, and found (Rockoff 2011a) some interesting results. The first note for under £1 issued by a Scottish bank (as opposed to an individual entrepreneur, such as a tavern keeper) appears to have been a 10 shilling note issued by the British Linen Bank in 1750. The first note for under £1 issued by the Bank of Scotland appears to have been a 10 shilling note that bears the date 15 May 1760. The evidence from this source suggests that the small note mania reached its zenith in 1763 and 1764. Many of these notes contained option clauses—more on this below—and Smith dates the height of the use of the option clause in 1762, 1763, and 1764 (WN II.ii.98: 325–326).

Why there should have been a surge in the issue of small notes during these years is uncertain. One possibility, as the name suggests, is that it was simply a *mania*. People were carried away by the thought that other people were getting rich simply by issuing small denomination notes, and soon everyone was getting into the act. It is also probable, however, that there was a genuine shortage of coins for making small transactions. Hamilton (1953) argued that Scotland experienced a balance of payments crisis with the rest of the world in 1762. Partly this was the result of the restarting of normal trade after the end of the Seven Years' War, a blow to the Scottish linen industry, and partly the result of a shift of investment towards London financial markets. If silver was drained from Scotland it would be natural for banks and other businesses to fill the gap by issuing small notes. Because of the high market price of silver during these years the Mint

was not making shillings. In 1762 and 1763, however, it did produce copper tokens (Redish 2000: 124), another indication of a shortage of small denomination coins. In his lectures (LJA vi.126: 377) Smith noted the shortage of small denomination silver coins, attributing it to a mistake in the bimetallic ratio: silver would purchase more gold abroad than at home; so little silver was brought to the mint. He also noted that underweight foreign shillings were tolerated because of the lack of domestic coinage. So there is some evidence that there was a shortage of small denomination coins during the small note mania, although that does not rule out an irrational aspect of to the phenomenon. In any case, Smith was not a fan of small notes:

Where the issuing of bank notes for such very small sums is allowed and commonly practised, many mean people are both enabled and encouraged to become bankers. A person whose promissory note for five pounds, or even for twenty shillings, would be rejected by everybody, will get it to be received without scruple when it is issued for so small a sum as a sixpence. But the frequent bankruptcies to which such beggarly bankers must be liable may occasion a very considerable inconveniency, and sometimes even a very great calamity to many poor people who had received their notes in payment. (WN II.ii.90: 323)

The issue of notes for less than a £1 was banned in 1765. So the abuse had been addressed by the time Smith finished WN. But Smith would have taken the prohibition much further:

It were better, perhaps, that no bank notes were issued in any part of the kingdom for a smaller sum than five pounds. (WN II.ii 91: 323)

Five pounds was a substantial sum. In today's money (2009) £5 would be £539, using the retail price index as the inflator, and £6,780! using average earnings as the inflator <<http://www.measuringworth.com>>.<sup>9</sup> Smith did not choose the sum of £5 lightly. In London according to Smith (where the Bank of England had a monopoly on the note issue) the minimum note was £10. This meant that the use of paper money was confined to dealer to dealer transactions; wholesale transactions might be a more familiar term. Outside of London a smaller sum, £5, would achieve the goal of confining the use of paper money to wholesale transactions. Despite Smith's advocacy of the £5-minimum, however, it was never put in place. Indeed, the Scots became rather proud of their £1 notes. Later, for example when an attempt was made to ban the £1 note, Sir Walter Scott came to their defence (Munn 1981: 80–1).

Smith's argument for eliminating small bank notes is similar in spirit to twentieth-century proposals for deposit insurance, where deposits are insured up to a certain amount. The idea—it was the original intention behind US deposit insurance, although this intention has largely been lost—is that poor people need to be protected, but rich people could take care of themselves, and might even force banks to watch their

<sup>9</sup> Smith preferred wages as the measuring rod for making long-term comparisons. The retail price index and earnings index used here are, of course, latter day creations.

reserves and capital more carefully because of the danger of a run by rich and informed customers who were not insured. In Smith's scheme, the poor would be protected because they would be using gold and silver (Rockoff 2011b).

Smith (WN II.ii.87: 321), however, added another argument for eliminating small notes, one that has a less familiar ring. If the use of paper money was widespread by all orders of society then the economy would become vulnerable to a banking panic in a war. If an enemy captured the capital, where the reserves of the banking system were held, all of the money in circulation would lose its value and commerce would be derailed. The government, moreover, would find it hard to get its hands on the gold and silver needed for pay and provisions. This is the classic war-chest argument for a hard currency. Smith would take us part of the way there by confining soft money transactions to wholesale trade. All this may seem fanciful today, but both of these issues were raised by the '45. When Bonnie Prince Charlie captured Edinburgh in his attempt to capture the British throne, the reserves behind most of the circulating medium throughout Scotland were immediately in danger. The two main banks, the Bank of Scotland and the Royal Bank, managed to move their reserves to the Edinburgh castle before he entered the city. But the Prince found a way to gain control of some of the Royal Bank's reserves (he did not want to endanger the position of the more Jacobite Bank of Scotland) and used them to finance the remainder of his ill-fated rebellion.

The £5 minimum was, Smith recognized, a major exception to his general presumption in favour of natural liberty. He was therefore at pains to defend his position. In a famous passage he compared his proposal to the requirement that buildings contain firewalls.

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: 324)

It is evidently, an important exception to *laissez faire* (Stigler 1965: 3).

The 'option clause' presented a related problem. An example is probably the quickest way to explain it. A Bank of Scotland note issued in 1750 read as follows.

The Governor and Company of the Bank of Scotland constituted by Act of Parliament do hereby oblige themselves to pay to Bearer One Pound Sterling on Demand *or* in the Option of the Directors One pound Six pence at the end of six months after of the demand and for ascertaining the demand and option of the directors the accomplant and one of the tellers of the bank are hereby ordered to mark and sign this note on the back thereof. (Douglas 1975: 25)

The conventional part of the note is the part before the ‘or’ [my bold]. If the note holder went to the office of the bank and demanded hard money, the teller will pay it on demand. The option clause, the part after the **or**, however, allows the bank to delay payment, if it chooses to do so. But if it delays payment, the bank agrees to pay interest at an annual rate of about 5 per cent (the legal maximum). Although this particular clause appeared in a £1 note, option clauses, as Smith noted with some asperity could be found on even smaller notes. The small notes were mocked, incidentally, by some wonderful bogus notes. According to Munro (1928: 122), and other sources, one of the best of these was the Wasp note, a small note with an option clause: ‘One penny sterling or in the Option of the Directors three Ballads six days after a Demand.’ It was elegantly printed in Glasgow, had an ornamental border of wasps, bore the motto ‘we swarm’, and was signed ‘Daniel Mcfunn’.

Monetary historians have been attracted by the concept of privately issued bank notes bearing an option clause (Rockoff 1986). Conceivably option clauses could prevent one of the chief difficulties with private note issues: bank runs. There might be a rumour that an individual bank was in trouble, and people might rush down to the bank to cash in their notes, but as soon as they did so in sufficient numbers to cause a problem, the bank could invoke the option clause and delay payment. Perhaps if people knew that banks had this option, bank runs would never get started. It would be a kind of private ‘circuit breaker’ that could be used in lieu of the deposit insurance and central bank actions that we now count on to prevent banking panics. Gherity (1995) pointed out that in eighteenth-century Scotland the runs were often in fact raids organized by rival banks. But as Selgin and White (1997) argued, the option clause might do good work regardless of the origin of the run. However, whatever their attraction to modern-day economists, Smith thought that option clauses were ‘trouble’. The threat of non-payment, he thought, produced a general degradation in the value of Scottish bank notes, especially in the early 1760s when both the small note mania and the use of the option clause became most frequent. The Legislation of 1765 (it went into effect in 1766), mentioned above, banned not only notes for less than £1 but also the option clause for all notes. Checkland (1975a: 529) speculated that the Privy Council, which had originally recommended that the ban on small notes be extended up to £5, could have consulted Smith.

## THE AYR BANK AND THE CRISIS OF 1772

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Four years before the publication of *WN* the world was struck by a major financial crisis. Andreadēs (1966: 157) describes this crisis as the first modern banking panic faced by the Bank of England.<sup>10</sup> Financial institutions were affected in Britain, Holland, Sweden, and Germany; indeed as far away as Russia and the American colonies. Although the financial crisis affected many countries, Smith’s Scotland was at the centre. The crisis

<sup>10</sup> The Bank of England was founded in 1694.



affected not only bankers and brokers, but also the real sector. On 27 June 1772, at the height of the crisis, David Hume wrote to Smith.

We are here in a very melancholy Situation: Continual Bankruptcies, universal Loss of Credit, and endless Suspicions... even the Bank of England is not entirely free from Suspicion. Those of Newcastle, Norwich, and Bristol are said to be stopp'd: The Thistle Bank has been reported to be in the same Condition: The Carron Company [an iron works, and pioneer of the industrial revolution] is reeling, which is one of the greatest Calamities of the whole; as they gave Employment to near 10,000 people. Do these Events any-wise affect your Theory? (Corr 131: 162)

There can be little doubt that this crisis had a major effect on Smith's thinking. Smith, it would appear, studied the crisis deeply—indeed, he was involved as an advisor to one of the principals, his formal pupil, the Duke of Buccleuch—and as a result revised his thinking about banking.<sup>11</sup>

In WN (II.ii.65–77: 308–17) Smith provides a history of the speculative boom in Scotland that led up to the crisis of 1772 and of the Ayr bank (properly Douglas, Heron, and Company),<sup>12</sup> a Scottish bank that was at the very epicentre of the boom, and was the trigger for the subsequent crash. Although there have been more detailed treatments since Smith wrote, such as Hamilton (1956), the basic outline provided by Smith remains in place. First, Smith describes a speculative boom.

Many vast and extensive projects, however, were undertaken and for several years carried on without any other fund to support them besides what was raised at this enormous expense. [by drawing and redrawing bills of exchange] The projectors, no doubt, had in their golden dreams the most distinct vision of this great profit. Upon their awaking, however, either at the end of their projects, or when they were no longer able to carry them on, they very seldom, I believe, had the good fortune to find it. (WN II.ii.69: 310)

In the next stage of the boom, the Scottish banks began to realize how shaky their investments were. They began to extricate themselves, but it was not easy as tightened credit standards raised howls of protest. It is in the third stage of the boom that the Ayr Bank enters the picture. Smith, displaying his usual reluctance to cite names in an unfavourable context, says merely that

in the midst of this clamour and distress a new bank was established in Scotland for the express purpose of relieving the distress of the country. (WN II.ii.73: 312)

Although founded in 1769, by 1772 the Ayr Bank was supplying a substantial share of bank notes and deposits in Scotland and was holding a substantial share of bank assets.

<sup>11</sup> The Ayr Bank was a partnership and therefore the Duke, who had a large fortune, was personally liable for the debts of the Ayr Bank. Apparently, Smith was involved after the failure of the Ayr bank in trying to extricate the Duke from his problems. In the end the owners made good on the debts of the Ayr bank.

<sup>12</sup> Although the modern spelling of the town where the bank had its headquarters is Ayr, at the time it was spelled Air, and the bank's notes referred to the 'Bankers in Air', the start of many jokes.

In a few short years it had become a major challenger to the Bank of Scotland and the Royal Bank (Checkland 1975a: 237). Smith then itemizes and describes the policies of the Ayr Bank that got it into so much trouble (WN II.ii.73–7: 313–16). (1) The Bank advanced loans for long-term capital investments, rather than short-term projects. (2) The Bank lent money to its own investors for part of their subscriptions, so the Bank was more highly leveraged than its books would suggest. (3) The Bank made unwise acquisitions of other banking companies. (4) The Bank tried to force its notes into circulation, only to find them returning and depleting its reserves. And finally (5) the Bank tried to replenish its reserves by drawing on London, and then redrawing when its drafts came due, thus piling up a large short-term debt. In short, the Ayr Bank had expanded at a remarkable pace, but it was heading for a fall.

Just as Smith does not identify the Bank by name, he does not trouble his readers with a description of the final crash of the Ayr Bank and the crisis that ensued, perhaps because the crash, unlike the speculation that led up to it, was so well known. The Ayr Bank, it turns out, had been financing a London speculator, Alexander Fordyce. When his speculations in English East India Company stock failed, his firm, Neale, Fordyce, and Downe, went bankrupt. On 9 June 1772 Fordyce fled to France. On 12 June 1772 a horseman reached Edinburgh with news of Fordyce's bankruptcy, setting off a run on the Ayr Bank. On 22 June the Ayr Bank was forced to stop payment on its notes. The panic soon spread to other banks in Scotland and to other financial centres around the world. In the first week of January 1773, trade and finance between London and Amsterdam came to a halt. Although the Crisis was centred in Scotland, London, and Amsterdam, it spread to the continent. Hamburg, Stockholm, and St. Petersburg all felt the effects of the Crisis. The colonies, including the future United States, were also hit (Sheridan 1960).

The Bank of England acted as Lender of Last Resort (Kindleberger 1978: 184), as did central banks in other cities. The Bank of England did not bail out the Ayr Bank. The Ayr Bank approached the Bank of England for a loan, but the terms were so stiff, that the deal was never completed. The Bank of England, however, was not the only lender of last resort. In Scotland the Bank of Scotland discounted bills of Carron and Company (the object of concern in Hume's letter to Smith cited above) to help it get through the Crisis (Saville 1996: 164). In Amsterdam in January 1773 the city opened a loan office backed up by the Bank of Amsterdam (Clapham 1945: vol. 1, 248). In Sweden the Bank of Stockholm intervened, and in St. Petersburg, Catherine the Great secured the British merchants (Andreadēs 1966: 157). These banks, all of which enjoyed privileged relations with the state, may not have been lenders of last resort by way of formal legislation, but they all understood their role in a financial crisis. The Crisis does not seem to have produced a long-lived economic depression; it was more of a 'V-shaped' recession. Nevertheless, the effect on Smith's thinking was profound. The key question was how to prevent such crises in the future. Part of Smith's answer to the problem of bank failures and banking crises, was discussed above: the £5-minimum note. The Ayr Bank had issued £1 notes and probably would have found it more difficult to expand rapidly if it had been prevented from issuing them. More important, the damage from the crisis would have been

less had more of the money supply consisted of gold and silver. But Smith had more ideas on how to constrain banking and prevent crises.

## THE REAL BILLS DOCTRINE

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Lloyd Mints (1945: 25) in his classic history of banking and monetary theory identified Smith as ‘the first thoroughgoing exponent of the “real bills doctrine”’. What was the real bills doctrine? It is still true that one of the best ways of grasping the real bills doctrine is to read Smith’s statement of it.

When a bank discounts to a merchant a *real* bill of exchange drawn by a *real* creditor upon a *real* debtor, and which, as soon as it becomes due, is *really* paid by that debtor, it only advances to him a part of the value which he would otherwise be obliged to keep by him unemployed and in ready money for answering occasional demands. The payment of the bill, when it becomes due, replaces to the bank the value of what it had advanced, together with the interest. The coffers of the bank, so far as its dealings are confined to such customers, resemble a water pond, from which, though a stream is continually running out, yet another is continually running in, fully equal to that which runs out; so that, without any further care or attention, the pond keeps always equally, or very near equally full. (WN.II.ii.59: 304)

The origin of the term ‘real bills doctrine’ is clear in the terms I have put in bold italics. There are two ideas here. First, a bank should be lending short-term; a bill of exchange typically came due in three or six months. A bank, to use the modern terminology, has a maturity matching problem. Its liabilities are short-term: notes or deposits that can be redeemed on demand. It must do what it can to match these short-term liabilities with short-term assets. Secondly, the bill of exchange should arise out of the purchase or sale of physical goods. Here is an example. A miller buys wheat from a farmer by drawing a bill of exchange on a bank or another merchant in the chain of production. The farmer then discounts the bill at his local bank. When the wheat is milled into flour and the flour is sold, the miller will have earned the money needed to repay the bill.

If a real bill of exchange is the right investment for a bank, what is the wrong investment? What should be avoided? Here Smith could not be clearer.

...the capital which the undertaker of an iron forge, for example, employs in erecting his forge and smelting-house, his workhouses and warehouses, the dwelling-houses of his workmen, &c.; of the capital which the undertaker of a mine employs in sinking his shafts, in erecting engines for drawing out the water, in making roads and waggon-ways, &c.; of the capital which the person who undertakes to improve land employs in clearing, draining, enclosing, manuring, and ploughing waste and uncultivated fields, in building farm-houses, with all their necessary appendages of stables, granaries, &c. The returns of the fixed capital are in almost all cases much slower than those of the circulating capital; and such expences, even when laid out with the greatest prudence and judgment, very seldom return to the undertaker till

after a period of many years, a period by far too distant to suit the conveniency of a bank. (WN II.ii.64: 307)

In other words: no real estate.

The real bills doctrine was criticized by Mints (1945) and many subsequent writers when it was used as a rule for monetary policy. After Smith, the belief developed that as long as the central bank and the commercial banks were forced to follow the real bills doctrine there could never be an over-issue of money and inflation. This is clearly mistaken. During an inflation, the nominal value of the bills being offered to banks would rise with the price level, hence inflation could continue even though every bank separately, including the central bank, was following real bills. But as Laidler (1981) points out, Smith never made this mistake. In Smith's world the price level was anchored by adherence to the specie standard; real bills was a rule designed to prevent imprudent banking. Even in the unlikely case that a general over-issue by many banks persisted for some time, the price level could not permanently diverge from the limits set by the export of specie. Smith's rule was designed to prevent the kind of speculative investment policy followed by the Ayr Bank, which produced the Crisis of 1772. In a world of pure fiat money, the real bills doctrine even if followed by the central bank would not suffice to prevent a general over-issue. Smith might have been clearer about the limits of the real bills doctrine, but it is unfair to blame him for the future misuse of his idea.

Smith, unfortunately, does not tell us how we can get banks to follow real bills. Legislation was a possibility. One could, for example, prohibit banks from investing in mortgages on real estate, a policy that was long followed in the United States for much of the nineteenth and early twentieth centuries. It is possible that Smith hoped that simply by explaining good banking in clear and simple terms he could have a positive hortatory effect on bankers. After all, Smith was well known and well respected in the world of business in Scotland. Whether or not Smith had anything to do with it is hard to say, but there is some evidence that Scottish bankers did come around to real bills (Munn 1981: 122–6).

## USURY LAWS

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Smith's famous defence of the laws against usury is often not considered along with his proposed restrictions for banks. Instead, Smith's defence has been explored in many creative ways to shed light on other aspects of his thinking (Jadlow 1977; Levy 1987; Paganelli 2003; Rockoff 2009). The usury laws, however, did apply to banks, and although we do not have any direct proof, it is plausible that Smith's favourable attitude towards usury laws was influenced by the panic of 1772. As is often the case, Smith's statement of his views on usury is so clear that one cannot do better than to quote him directly.

The legal rate, it is to be observed, though it ought to be above, ought not to be much above the lowest market rate. If the legal rate of interest in Great Britain, for example, was fixed so high as eight or ten per cent, the greater part of the money which

was to be lent, would be lent to prodigals and projectors, who alone would be willing to give this high interest. Sober people, who will give for the use of money no more than part of what they are likely to make by the use of it, would not venture into the competition. A great part of the capital of the country would thus be kept out of the hands which were most likely to make a profitable and advantageous use of it, and thrown into those which were most likely to waste and destroy it. Where the legal rate of interest, on the contrary, is fixed but a very little above the lowest market rate, sober people are universally preferred as borrowers, to prodigals and projectors. (WN II.iv15: 357)

One bit of suggestive evidence that Smith's defence of usury laws was influenced by the crisis is his repeated references to 'projectors'—entrepreneurs with bold plans—in his discussion of the Ayr Bank, a point noted by the editors of the Glasgow Edition of WN (WN II.ii.57 n.37: 304).<sup>13</sup> Even if the Ayr Bank had succeeded in its dream of becoming the dominant bank in Scotland, it would have been likely, Smith thought, that its borrowers would turn out to be mere 'chimerical projectors' (WN II.ii.77: 316). The usury laws, however, had been in place long before the Ayr Bank made its appearance, so although well-made usury laws might reduce the probability of a financial crisis, they clearly could not be counted on to prevent one. A modern economist, of course, when thinking about the problem of how to prevent a financial panic would immediately think of the central bank. It is therefore important to see what Smith had to say about the Bank of England.

## THE ROLE OF THE BANK OF ENGLAND

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The Bank of England was a privately owned company. It enjoyed certain monopoly privileges enforced by the government and in turn compensated the government by lending to it, acting as its fiscal agent, and on the occasion of the renewal of its charter, making direct payments to the government. Could the government do even better by taking over the Bank of England, running it, and pocketing the profits? Smith was sceptical, although as in so many other cases, Smith's opposition to a government takeover was a carefully nuanced inference from his reading of financial history.

The orderly, vigilant, and parsimonious administration of such aristocracies as those of Venice and Amsterdam is extremely proper it appears from experience, for the management of a mercantile project of this kind. But whether such a government as that of England; which whatever may be its virtues, has never been famous for good oeconomy; which in times of peace, has generally conducted itself with slothful and negligent profusion that is perhaps natural to monarchies; and in time of war has constantly acted with all the thoughtless extravagance that democracies are apt to fall into; could be safely trusted with the management of such a project must be at least be a good deal more doubtful. (WN V.ii.a.4: 818)

<sup>13</sup> On projectors and usury, see Sen in this volume.

The issue of whether the Bank of England, or central banks in general, should be privately or publicly owned, has long since been settled. Vestiges of private ownership remain, such as the influence of private banks in the election of the Presidents of the Federal Reserve district banks in the United States, but all modern central banks, as far as I am aware, are now state agencies.

But even if privately owned, a central bank may still act as a lender of last resort in a financial crisis. But should it? What exactly are the duties of a central bank in a financial crisis? Smith speaks to this issue, but not in sufficient detail for us to be sure of whether he held firm views on this issue, and if so what they were. Smith provides a history of the Bank of England in *WN*, tracing the founding of the Bank and subsequent increases in its capital. He then presents, all too briefly for subsequent readers, his characterizations of the Bank. The Bank, Smith (*WN* II.ii.85: 320) tells us, ‘acts, not only as an ordinary bank, but as a great engine of state’. He then recounts the role of the bank as the fiscal agent of the state—circulating exchequer bills, advancing the land and malt taxes, and so on—and tells us that in carrying out its ‘duty to the publick’ the Bank ‘without any fault of its directors’ has on occasion issued too much paper money. Evidently, Smith feels that lending to the government ‘goes with the territory’, and the Bank cannot be blamed for creating excessive amounts of paper money in response to these demands. Smith then tells us that the Bank, not only acts as the fiscal agent of the state, but that it also discounts merchants’ bills. The Bank, moreover, according to Smith:

upon several different occasions, supported the credit of the principal houses, not only of England, but of Hamburgh and Holland. Upon one occasion, in 1763, it is said to have advanced for this purpose, in one week, about 1,600,000£; a great part of it in bullion. I do not, however, pretend to warrant either the greatness of the sum, or the shortness of the time. (*WN* II.ii.85: 320)<sup>14</sup>

These are clearly examples of lender-of-last-resort actions. Kindleberger (1978: 122–3, 183, and appendix), perhaps the leading American historian of financial crises, identifies the Crisis of 1763 as one that was centred in Amsterdam, but one in which the Bank of England acted as lender of last resort. But did Smith approve? Did he see these actions as arising out of the Bank’s own self-interest, a real possibility at least in 1763? Or did he see these actions as a natural outgrowth of a ‘duty to the publick’ or at least a ‘duty to the merchants’ that in some sense transcended the duty of the Bank to its shareholders? Should the Bank have been required by law or at least by public opinion to undertake such actions, even when those actions would reduce the long-run profits of the Bank? The parallel of these few sentences with his statement about the ‘duty to the publick’ arising from the Bank’s role as fiscal agent for the state are relevant: it would appear that Smith may have felt that the Bank’s unique position required it to

<sup>14</sup> Clapham (1970: 1, 280) mentions this remark by Smith and expresses additional doubts about the sum; but Clapham acknowledges that something on a very large scale may have happened.

act as lender of last resort in some circumstances. But an inference based on the possible parallel of one thought with another can be no more than suggestive.

In any case, Smith's remarks could only be the start of a theory. The doctrine of Lender of Last Resort would be the work of subsequent economists such as Henry Thornton (1802) and Walter Bagehot (1873). Bagehot's *Lombard Street* in particular is often cited as the first definitive and influential statement of the doctrine that, during panics, the Bank of England had a duty to lend freely, to calm markets and bring the panic to an end, although the lending should be at a high rate of interest ('Bagehot's rule').

## BANK REGULATION: THE BOTTOM LINE

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As we have seen, Smith's thinking about banking changed significantly between his Glasgow lectures and WN, as a result of the Crisis of 1772 and the Small Note Mania. The expansion of the banking industry, Smith continued to believe, had contributed substantially to economic growth in Scotland, mainly by supplanting gold and silver with paper, but also by finding better ways of supply working capital to merchants. Banking, however, as Smith now realized, presented dangers as well as benefits. To reinvoke his imagery, banking was like a wagon-road through the air suspended on Daedalian wings of paper money. When it worked it saved real resources. But when the wax that held the paper money wings together melted, the whole thing could come crashing down. To avoid this, Smith suggested a number of restrictions on banking: the prohibition of the options clause, usury laws, the prohibition of bank notes for amounts less than £5, the real bills doctrine, and perhaps lender of last resort operations. Two of these, the prohibition of the option clause and the usury laws were already in place when the Crisis of 1772 struck. Smith, moreover, did not tell us how to take the real bills doctrine from drawing board to daily practice, and Smith did not pursue his examples of lender of last resort operations in detail. The prohibition of the notes in amounts less than £5, however, was doable (although never done) and Smith held some hopes that it could get at least ameliorate the effects of banking panics. In his final passage on banking Smith returned, not to all the troubles he had seen, and not to the restrictions and admonitions he had proposed, but to his general point that competition among private businesses improves the functioning of the economy.

If bankers are restrained from issuing any circulating bank notes, or notes payable to the bearer, for less than a certain sum, and if they are subjected to the obligation of an immediate and unconditional payment of such bank notes as soon as presented, their trade may, with safety to the public, be rendered in all other respects perfectly free... In general, if any branch of trade, or any division of labour, be advantageous to the publick, the freer and more general the competition, it will always be the more so. (WN II.ii.106: 329)

## SMITH'S MACROECONOMIC VIEWS

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Up to this point, I have been describing the microeconomics of Smith's views about money and banking. What about his macroeconomic views? How did changes in the amount of money affect the economy?

Let us start by looking at how Smith understood changes in the price level. For Smith, because of arbitrage, the price of wheat measured in a weight of silver, for example, could not differ for an extended period of time from the price of wheat on world markets. If it was higher wheat would flow in, and if it was lower wheat would flow out. Any country separately could substitute bank notes for paper money. But that would not produce an increase in the price level, but rather an outflow of silver that would have only a minimal effect on the amount of monetary silver in the rest of the world and hence only minimal effects on the world price level measured in a weight of silver per market basket of goods.

The 'Digression Concerning the Variations in the Value of Silver during the Course of the Four Last Centuries' is a relevant example of Smith's understanding of the causes and effects of changes in the price level. At first glance, it is an easy section to skip. It is, after all, labelled a digression, and much of it is given over to a detailed description of Smith's careful weighing of scraps of evidence on the price of wheat. But Smith intersperses his explanation of movements in prices with explanations of why they occurred.

Smith uses price of wheat as a proxy for the price level, because of its availability and because of its centrality in the British economy, while recognizing that on occasion the price of wheat could rise or fall relative to other prices. The first case that Smith looks at is a fall in the price of wheat at the end of the fifteenth and beginning of the sixteenth centuries. Figure 1 plots the small number of observations that Smith was able to unearth for the years 1485–1505. Although there are few observations, and one outlier, Smith's interpretation is reasonable.

Here is Smith's explanation.

In the end of the fifteenth and beginning of the sixteenth centuries, the greater part of Europe was approaching towards a more settled form of government than it had enjoyed for several ages before. The increase of security would naturally increase industry and improvement; and the demand for the precious metals, as well as for every other luxury and ornament, would naturally increase with the increase of riches. A greater annual produce would require a greater quantity of coin to circulate it; and a greater number of rich people would require a greater quantity of plate and other ornaments of silver. It is natural to suppose, too, that the greater part of the mines which then supplied the European market with silver might be a good deal exhausted, and have become more expensive in the working. They had been wrought many of them from the time of the Romans. (WN I.xi.e.14: 199)

Smith is suggesting that output rose because of the increase in economic security. For the price level to have remained stable, the quantity of money stock would have had to rise



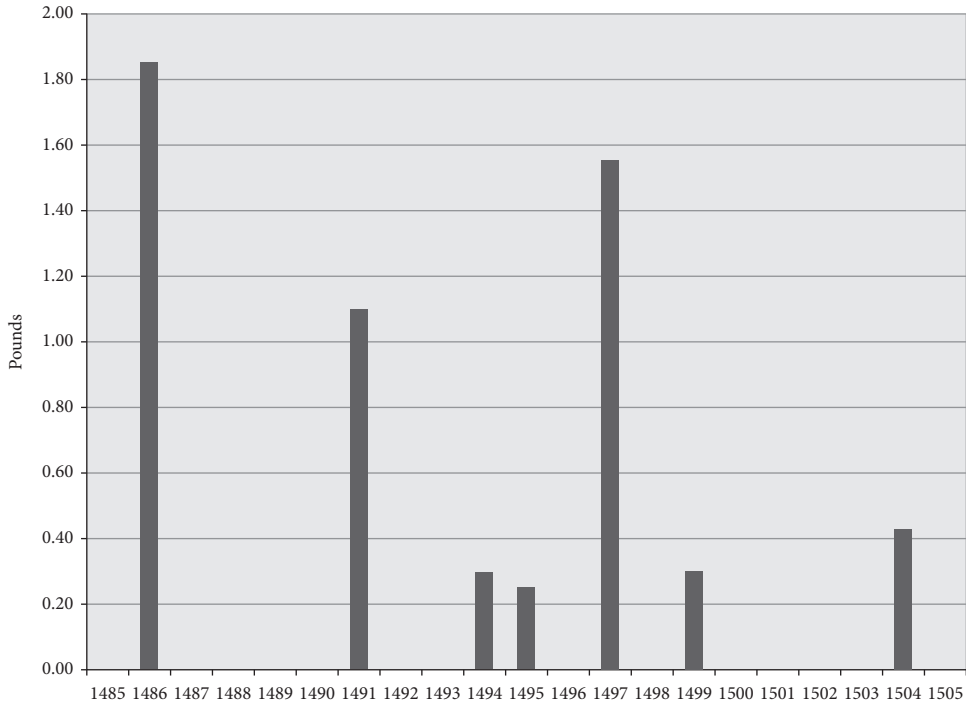


FIGURE 1. The Price of a Quarter of Wheat in Pounds, 1485–1505

Source: WN I.xi.401–2.

sufficiently to offset the changes in income and the proportion of nominal income that people wish to hold as money (if it rose with output), but the money stock did not increase sufficiently. Increased demand for gold and silver plate reduced the amount of precious metals in circulation as money, and the mines, being nearly exhausted, could not make up the difference.

Smith discusses also the ‘Price Revolution.’ This was the period in Europe during which prices rose because of the influx of gold and silver from the New World. Smith describes the price movements this way.

From about 1570 to about 1640, during a period of about seventy years . . . silver sunk in its real value, or would exchange for a smaller quantity of labour than before: and corn rose in its nominal price, and instead of being commonly sold for about two ounces of silver the quarter, or about ten shillings of our present money [.5 pounds], came to be sold for six and eight ounces of silver the quarter, or about thirty and forty shillings [1.5 and 2.0 pounds] of our present money. (WN I.xi.f.2: 210)

Figure 2 shows the observations on which Smith based his conclusion. He combined two sources of data: one compiled by Fleetwood, which is denoted by the lighter bars, and another from Eaton College, which is denoted by the darker bars. There are relatively few observations before the start of the Eaton College series in 1595. But when we

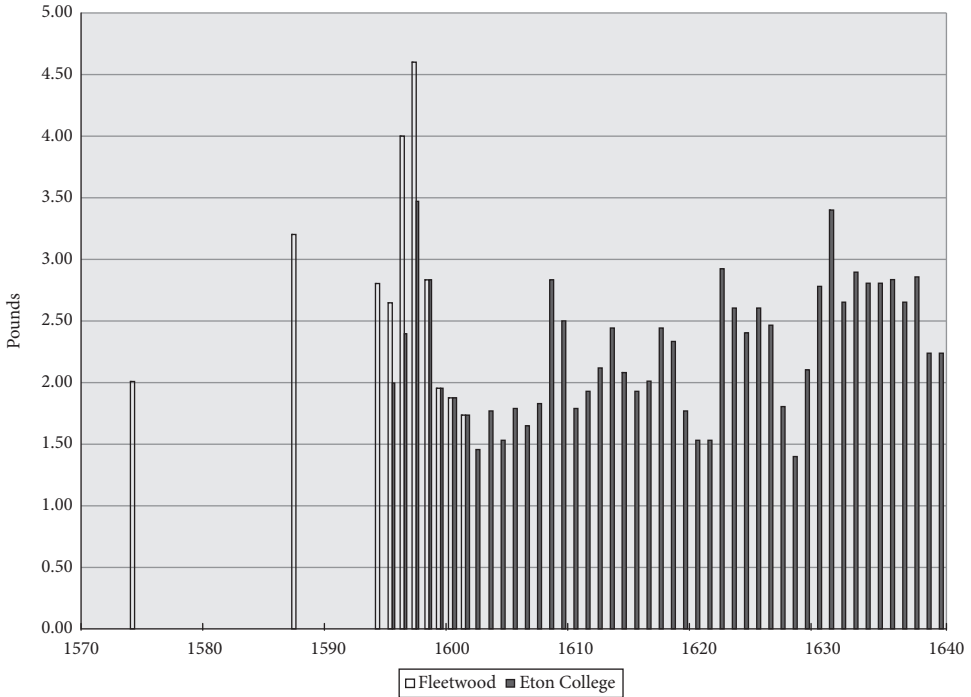


FIGURE 2. The Price of a Quarter of Wheat in Pounds, 1570–1640

Source: WN I.xi.401–2: 270–1.

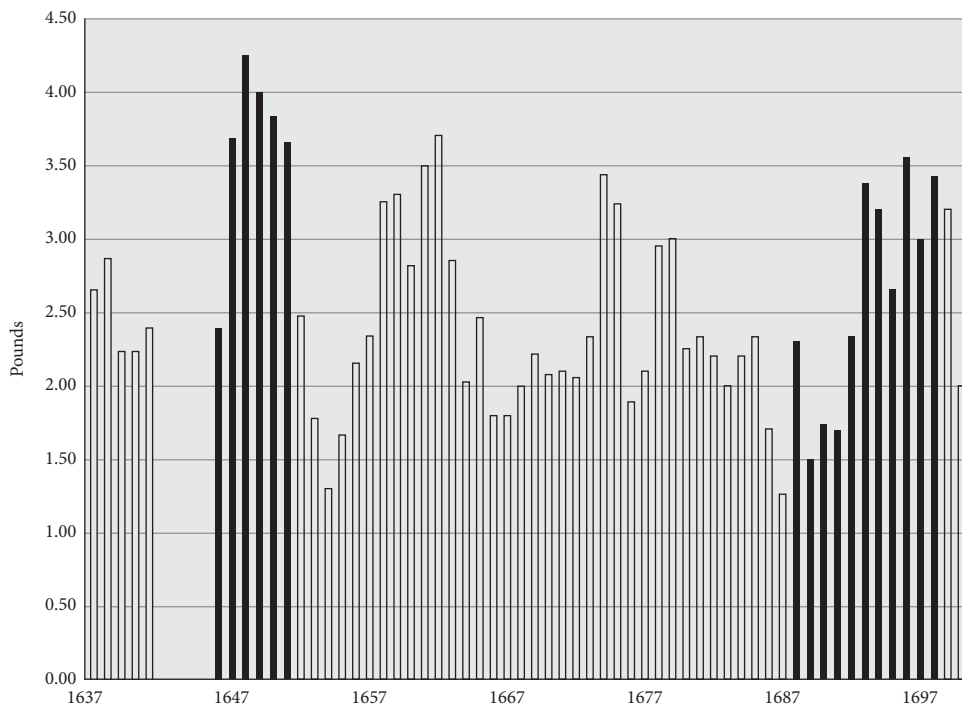
take into account the fact that the Fleetwood observations are typically higher than the Eaton College observations in years when both are available, Smith’s interpretation is consistent with his data. Smith’s interpretation of this episode is conventional.

The discovery of the abundant mines of America seems to have been the sole cause of this diminution in the value of silver in proportion to that of corn.<sup>15</sup> It is accounted for accordingly in the same manner by everybody; and there never has been any dispute either about the fact or about the cause of it. The greater part of Europe was, during this period, advancing in industry and improvement, and the demand for silver must consequently have been increasing. But the increase of the supply had, it seems, so far exceeded that of the demand, that the value of that metal sunk considerably. (WN I.xi.f.3: 210)

We know that the demand for silver was rising because industry was advancing, but we know that the quantity of money stock rose even faster because of the inflow of precious metals from the New World.

Smith turns next to the period 1637 to 1700. His observations are plotted in Figure 3. I show two periods to which Smith drew special attention by filling in the bars in black.

<sup>15</sup> Smith is using corn in the sense of the basic food grain. Maize was Indian corn because it played the same role in the Native American economy as wheat in Britain.



**FIGURE 3.** The Price of a Quarter of Wheat in Pounds, 1637–1700

Source: WN I.xi.401–2: 270–1.

The first is the surge in prices in the late 1640s. Smith's interpretation is again straightforward: these were the years of the English Civil War. The war disrupted the economy and reduced output. Smith's explanation for the surge in prices beginning in 1688 is more complex. First there was the bounty on the export of wheat. The idea was to encourage domestic production, but the effect, at least in the short run, was to reduce the domestic supply and raise the domestic price. Smith also invokes a monetary explanation: the clipping and wearing of the silver coins. Silver coins were likely to gradually wear away from normal use. However, they could be tampered with in various ways, especially those with a smooth edge (unmilled coins). Bits of silver could be removed from the edges by 'clipping' and as long as the coin could still be passed at face value, the individual doing the clipping would come out ahead. Another technique was to put a bunch of coins, perhaps with pieces of harder metal, in a bag and shake them. Some of the silver would be worn off (or 'sweated') and again it was worth doing if the coins could still be passed at face value. Smith is a bit vague about when the clipping and wearing began; he says only that it began 'in the reign of Charles II' (1660–85), but he seems confident that it contributed to the inflationary pressures after 1687. Smith does not provide as much detail as one would like on the precise mechanism by which clipping worked to raise prices. The possibility that Smith seems to have in mind is that the face value of the money stock rose because the product of clipping and wearing was minted. If one took a

bunch of silver coins and clipped the sides, melted the clippings, and had the resulting silver minted into new coins, and if both the clipped coins and newly minted coins circulated at face value, the total money supply, measured in nominal (face value) units, would be higher. It is also possible that clipping and wearing reduced the quality of money and encouraged sellers to demand higher prices. Smith also noted that clipping and wearing increased the price of the gold Guinea. By 1695 the price of the Guinea had risen, according to Smith to '30 shillings in the worn and clipt silver' (WN.xi.g.6: 213). If we define the stock of money as the sum of the silver coins at face value plus the value of the Guineas in silver coins, then the rise in the price of the Guinea would be an increase in the stock of money and it would add to the inflationary pressures facing the economy. Clipping and wearing came to an abrupt end in the recoinage of 1695–98. The older worn and clipped coins were demonetized and then recoinage to contain the authorized amount of silver.

During the eighteenth century (Smith's series ended in 1764) the price of wheat was relatively flat, with a few weather-related price spikes. The only monetary development that Smith brought forward as a possible influence on the price level was a series of reductions in Spanish taxes on their new world mines. This was not sufficient to produce an increase in the flow of silver and the price level. But Smith thought that these defensive reductions had increased the supply of silver and had increased the price level at least 10 per cent above what it would have been had the reductions not been made (WN I.xi.h.10: 233).

Having examined the price level over a long period of time, Smith turned to predicting the price level in the future. But what he had learned was that it could not be done! The future of the price level turned on whether rich new gold and silver mines would be discovered, and this no one could predict. If rich mines were discovered prices would rise, and if not prices would fall as existing mines were gradually worked out, and the economy expanded. This would affect mainly the price level and would have little effect on the real economy (WN.I.xi.n.2: 256). Smith had not predicted the discovery of the great gold mines of the Rand and other areas of the world at the end of the nineteenth century, but he had allowed for them.

Smith does not seem to have allowed for any stimulative effects of an expansion of the money supply. All of the examples of Smith's analysis in the 'Digression', for example, he treats real income as if it was determined solely by real variables. Changes in the stock of money influenced only the price level. Several authors have addressed Smith's omission of the stimulative effects of monetary expansion. Frank Petrella (1968) made the point that acknowledging a temporary stimulative effect on real output did not support Smith's goal of refuting mercantilism. Once it was acknowledged that an increase in the stock of money could temporarily stimulate real economic activity, one would be forced to concede that mercantilist interferences with trade could produce positive effects at least in the short-run. In Petrella's view WN is first and foremost a polemic against mercantilism, and Smith was careful to make sure that it was an effective instrument for that purpose. In a related paper, Paganelli (2003) points out that there were a number of writers, including John Law, who had argued

that government issued fiat money would produce greater prosperity. But she points out that Smith's project of describing an ideal commercial society would have been undermined by acceptance of the possibility that a benign government could increase prosperity by issuing paper money. These points are well made. It would undoubtedly have taken a great deal of evidence to persuade Smith that mercantilist monetary measures (such as bounties on exports and tariffs on imports that produced an inflow of specie) or that issues of fiat paper currency could increase real economic activity. But as we have seen, at least in matters banking, Smith was willing to modify his preconceptions in the face of contradictory evidence. In general, Smith favoured the right of individuals to write contracts as they saw fit, but the evidence persuaded him the small notes, and notes of any size bearing an option clause should be banned. Part of the reason that Smith did not discuss the stimulative effects of monetary expansion was, it seems reasonable to suppose, that he never encountered compelling empirical evidence that they existed.

A related question is raised by Smith's failure to incorporate his friend David Hume's price-specie-flow mechanism in his discussions of monetary issues. In Hume's story an increase in the price level in one country, country X, would set in motion forces that would bring the price level in X back into equilibrium with the price level in the rest of the world. Exports from X would fall as their price rose relative to prices in the rest of the world. Imports would rise because they would become more attractive when their prices remained stable while the prices of domestic substitutes for imports produced in X rose. The nation would run a balance of payments deficit, specie would flow out, and the price level in X would fall, and as it did so the balance of payments deficit would shrink. This story could be augmented, as later writers pointed out, by incorporating effects on real income and interest rates. The outflow of specie might depress real incomes reducing imports and prices. The outflow of specie might also raise interest rates in X encouraging an inflow of specie and ending the balance of payments disequilibrium. But even if Smith rejected the idea that specie flows could affect real incomes or interest rates, he still might have included the pure price version of the Humean price-specie-flow mechanism. This omission has been described as major step backward in monetary economics. But as Laidler (1981: 191–2) explains, the omission appears to be the result of Smith's focus on major long-run price movements. In that context, price-specie-flow fluctuations can be neglected. Domestic prices may diverge from rest-of-the-world prices for short periods, and be adjusted as Hume describes, but if this happens quickly, it may be sufficient for Smith's purposes (explaining long-run price swings) to assume that domestic prices are tied to rest-of-the-world prices.

What about money issued by the government rather than by private banks? Smith thought that government issues of paper money that were redeemable in gold and silver and were not a legal tender could work well. He believed that they could achieve the same benefit as a bank-issued currency: they would conserve gold and silver. He comments favourably on successful issues in colonial Pennsylvania and Massachusetts (WN V.iii.81: 940).

But what if the government goes a step further and issues paper money that is not redeemable in gold or silver, but derives its credibility simply from being a legal tender: a pure fiat currency? Smith did not discuss pure fiat currencies at length, but he did consider several episodes, and he was not impressed. First there was the case of his fellow Scotsman, John Law. Law first proposed his scheme of a government issued fiat paper money in Scotland, where it was rejected. He then took his proposal to France where he won the chance to introduce a fiat currency at the beginning of the eighteenth century: Law's famous Mississippi scheme. Smith mentions Law's system only briefly in WN (WN II.ii.78: 317) where he concludes that Law's

splendid, but visionary ideas... still continue to make an impression upon many people, and have, perhaps, in part, contributed to that excess of banking, which has of late been complained of both in Scotland and other places.

Smith may have been speaking generally. But it seems likely to me that Smith had the Ayr Bank episode in mind when he refers 'that excess of banking... in Scotland', and it also seems possible that he knew of individuals involved with the Ayr bank who were influenced by Law's ideas. Smith discussed Law's French experiment at length in his lectures (LJB 271–81: 515–19). He concludes that Law was correct in thinking that replacing part of the gold and silver in circulation with paper would add to stock of productive capital. But Law, Smith explains, went too far and issued too much paper. Eventually, the paper was rejected by the public and lost all value. The South Sea bubble, Smith discusses briefly (LJB 281: 519) as a sort of smaller cousin of the Mississippi bubble, noting that the South Sea bubble flowed from similar ideas as the Mississippi bubble, but caused less damage.<sup>16</sup> A key difference between the two bubbles was that in France John Law supported the price of the Mississippi Company's stock with issues of fiat legal tender paper. But in the South Sea bubble, the price of the South Sea Company stock was supported by the Sword Bank, a bank that issued notes that were (in principle) redeemable in specie, and not a legal tender, which limited the support it could give to the market.

As I noted above, Smith commented favourably on some American colonial currency issues. Nonetheless Smith (WN II.ii.100: 327) condemned colonial issues that required acceptance at par with gold and silver or were made legal tender at face value for debts. The former restriction, Smith thought, would not be likely to have much impact in practice. The colonial governments were not likely to devote resources to looking over the shoulder of merchants selling goods to the general public to make sure that they were accepting colonial currencies at par. But the legal tender rule could still do real damage. The colonial issues were, typically, zero coupon bonds, redeemable at some future date. The colonies would on occasion, Smith tells us, issue notes to landholders that by law could be used to pay debts at face value even though they circulated at market prices far below face value because the redemption date was far in the future. This was, in Smith's

<sup>16</sup> See Temin and Voth (2004) and Neal (1990), and the works cited there for recent perspectives by economic historians on the South Sea Bubble. Neal's work in particular seems to reinforce Smith's ranking of the bubbles.

view, a shameful attempt to defraud creditors. Smith therefore approved of a 1764 Act of Parliament that extended a prohibition on the issue of legal tender currencies from the Northern to the Southern colonies. The colonials complained bitterly about the law, but Smith thought that ‘No law, therefore, could be more equitable’ (WN II.ii.101: 327). In a personal communication, Professor Farley Grubb, one of the leading experts on American colonial money, noted that on this issue Smith was following Douglass (1760), who it is recognized, was in some measure an anti-paper-money polemicist. The real question in Grubb’s opinion is how the courts actually behaved when a debtor offered to pay in the form of depreciated legal-tender notes, and that the issue warrants more in-depth research.

Subsequent discussions of the colonial monetary experiments have often treated them favourably. Writing during the Great Depression, Richard Lester (1939) argued that colonial monetary issues had, in many cases, been successful in reviving economic activity during contractions and had provided stable currencies afterwards. Roger Weiss (1970) writing during the Vietnam era stressed the use of the colonial issues for war finance. Farley Grubb (2003) argued that the colonial monetary issues provided a stable currency. And Peter Rousseau and Caleb Stroup (2010) recently argued that colonial monetary issues in New England had promoted economic growth by expanding the monetized sector of the economy. But Smith’s view, to judge from his treatment of Law’s experiment in France, its descendants such as the South Sea bubble, and the American experiments, would seem to be that while governments might issue redeemable paper monies that could serve to economize on gold and silver, they were likely to misuse their power to make their paper monies a legal tender, and needed to be restrained from doing so.

## CONCLUSION

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Adam Smith believed in natural liberty as a good working rule for economic policy, a rule supported by his broad and deep reading of economic history, and by the information he derived from his broad network of contemporary contacts in business and academia. But since this was indeed a ‘working’ rule, he was willing to modify it in the face of solid evidence. Nowhere is this clearer than in his prescriptions for money and banking. The private competitive banking system in Scotland had proved that a relatively free private banking system would promote economic growth. But the Ayr Bank crisis and the ‘small note mania’ showed that banking needed regulation. Prohibitions on the issue of small notes and notes bearing the option clause were needed to protect the poor. Usury laws that set the maximum rate of interest above, but only slightly above, the prevailing market rate were needed to divert capital from ‘prodigals and projectors’ to ‘sober men of business’. And banks needed to follow the ‘real bills doctrine’ and avoid long-term investments, such as investments in real estate. Smith envisioned a monetary system consisting of a competitive, privately owned banking system erected on a base of gold and silver. True, there had been successful government emissions of redeemable

paper currencies, and some foreign government owned central banks had managed the trick. However, the few experiments with pure fiat currencies with which he was familiar—John Law’s experiment in France, some of the legal-tender paper money issues in the American colonies—showed that governments needed to be prevented from issuing monies based simply on being legal tenders; a pure fiat money was likely to be over-issued. Smith’s precise recommendations cannot be followed in today’s world. Indeed, economic historians have challenged some of his readings of monetary history on which Smith based his judgments. But Smith’s remarkable willingness to learn from the historical evidence, both when it supported *laissez faire*, and when it called for regulation, still sets an admirable example.<sup>17</sup>

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<sup>17</sup> This may be a minority opinion. Some scholars, such as West (1997), see Smith’s analysis of money and banking as an inconsistent misuse of his general principles.



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## CHAPTER 16

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# COMMERCIAL RELATIONS: FROM ADAM SMITH TO FIELD EXPERIMENTS<sup>1</sup>

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MARIA PIA PAGANELLI

ADAM Smith is often referred to as the father of economics and as a promoter of free markets. In what follows, I let the first claim stand and concentrate on the second: that Adam Smith is a promoter of free markets. In particular, I take for granted, with all the necessary caveats, that Smith is a promoter of free markets (but cf. e.g. Fleischacker 2004; McLean 2006) and concentrate on how Smith promotes free markets. Smith promotes free markets for at least two reasons: efficiency and morality. There is already a vast and detailed literature on the economic efficiency of the markets Smith describes. Here I focus on the claim that Smith promotes free markets on moral grounds and argues that markets can foster morality just as much as morality can foster markets.

The analysis bears on current debates in at least three ways. First, moral constraints in market transactions tend to reduce transaction costs. Morality is a cheaper means to enforce contracts than formal enforcement mechanisms. A better understanding of the relations between markets and morals may allow us better to understand some of the dynamics of economic growth today. Secondly, analysing both costs and benefits of markets may help us debunk useless yet common stereotypes. The approach Smith uses may integrate some of the contemporary analysis and help us see more clearly some of the consequences of the presence of markets today. Thirdly, we may increase (or develop) our appreciation for the depth and breadth of the eighteenth-century scholarship, and Smith's place in it, as well as for its relevance in today's discourse.

<sup>1</sup> Thanks to the Earhart Foundation, Trinity University, and The University of Glasgow for supporting this research. Thanks to the participants of the 2011 conference 'Markets and Happiness' for comments on an earlier draft of this chapter. Thanks also to Tyler Cowen, Christopher Berry, and Craig Smith for comments and encouragement as well as the participants of NYU colloquium, in particular to Sandy Ikeda.

The chapter starts with Smith's analysis of how markets may foster some aspects of morality. For Smith, markets generate wealth which supports life for an increasing number of people. Markets generate institutions which support liberty. And markets generate the social conditions which facilitate moral impartiality. If life, liberty, and impartial judgments are considered values, as they are in Smith, then for Smith markets support these aspects of virtuous behaviour. A section showing how in Smith morality fosters markets follows. If economic actors, such as the greedy great merchants and manufacturers, are not moral agents, then, Smith tells us, markets are impaired and may collapse, or at least they have negative consequences for the majority of the people. Additionally, as Smith is not a one-sided thinker, he sees the negative consequences of markets for some other aspects of morality. For Smith, wars, interest groups, ignorance, and irresponsibility are all morally corrupting results of markets, as described in the following section. The final section presents Smith's claims as testable hypotheses. Findings from experimental economics seem to support Smith's ideas that markets and some aspects of morality are dependent on each other, and in particular some results seem to bring to light that the causal effects of the relationship goes from markets to morality. My conclusions are therefore that Smith, while seeing both costs and benefits of markets, is a promoter of free markets not only on efficiency grounds but also on moral grounds. Morality is a necessary, but not sufficient, condition for markets. And markets are a fertile ground upon which some aspects of morality can develop. Given some experimental results, both from the field and from the laboratory, Smith may be correct.

## MARKETS FOSTERING MORALITY

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Adam Smith argues in at least three ways commerce may foster some aspects of morality. Commerce fosters some moral behaviours by offering the means to behave morally, by offering the institutional environment in which we can behave morally, and by offering the social environment in which behave morally.

The *Wealth of Nations* (WN) opens with the claim that commercial societies foster certain aspects of moral conducts. If the preservation and the support of life are virtuous values, commerce facilitates their presence, because commerce generates wealth. For Smith, commerce allows poverty-stuck people to improve their material conditions. This is good because poverty is the cradle of heinous crimes (Young 1992). In Smith's account, poverty forces people to kill young children, the old, and the sick, either directly or indirectly. Smith indeed tells us that when a country is poor, 'from mere want, they are frequently reduced, or at least they think they are reduced, to the necessity sometimes of directly destroying, and sometimes of abandoning their infants, their old people, and those afflicted with lingering diseases, to perish with hunger, or to be devoured by wild beasts' (WN introduction 4: 10). The horrid practice of infanticide, Smith repeats later on, is a direct consequence of poverty.

The poverty of the lower ranks of people in China far surpasses that of the most beggarly nations in Europe. In the neighbourhood of Canton many hundred, it is commonly said, many thousand families have no habitation on the land, but live constantly in little fishing boats upon the rivers and canals. The subsistence which they find there is so scanty that they are eager to fish up the nastiest garbage thrown overboard from any European ship. Any carrion, the carcase of a dead dog or cat, for example, though half putrid and stinking, is as welcome to them as the most wholesome food to the people of other countries. Marriage is encouraged in China, not by the profitableness of children, but by the liberty of destroying them. In all great towns several are every night exposed in the street, or drowned like puppies in the water. (WN I.viii.24: 89–90)

In *The Theory of Moral Sentiments* (TMS) Smith repeats the claim that poverty induces immoral and actually unnatural behaviour such as infanticide. Poverty kills and makes people kill (TMS V.2.15: 209–10 cf. Rousseau and Smith's review of Rousseau in EPS. For a full discussion see Hont and Ignatieff 1983).

For Smith, commerce, on the other hand, lets people live. Commerce allows people to be more humane and less brutal because it generates wealth to support life. For Smith supporting life is moral and, to use contemporary economist's parlance, it is a normal good subject to an income effect. The wealthier one is, or a society is, the cheaper it is, in relative terms, to be engaged in some moral behaviours, such as supporting life. According to Smith, in commercial societies, infanticide is abandoned and looked upon with horror. In commercial societies, one is rich enough to afford children and avoid morally repulsive actions dictated by exigency. In his 'Introduction and Plan of the Work' Smith argues that in commercial societies:

though a great number of people do not labour at all ... yet the produce of the whole labour of the society is so great, that all are often abundantly supplied, and a workman, even of the lowest and poorest order, if he is frugal and industrious, may enjoy a greater share of the necessaries and conveniences of life than it is possible for any savage to acquire. (WN introduction.4: 10)

Smith repeats the same point at the end of the first chapter of WN, where he compares an African King, a European prince and a European peasant. The conveniences of life, which support the life of a European peasant are not much less than the ones enjoyed by a European prince, but they far exceed those of an African king (WN I.i.11: 24). With the exception of ancient Greeks, whom Smith characterizes as having 'the most unjust and unreasonable conduct' because they keep following the ancient barbaric custom incongruent with their more refined status (TMS V.2.15: 210), commerce prevents 'so dreadful a violation of humanity' (TMS V.2.15: 210) as infanticide. Commerce provides resources to maintain children and the sick and infirm, and the preservation and multiplication of life is morally good. Smith promotes commerce on moral grounds because some morally desirable outcomes, such as the preservation and support of life, are a result of commerce (see Otteson 2002).

Smith offers us a moral defence of commerce because commerce allows morality the space to flourish. Commerce lets people live. But this is not enough. An increasing

number of people alive and enslaved seems to be better than a decreasing number of people alive and enslaved. But an increasing number of people alive and free is even better. And, Smith argues, this is what commerce does. Not only is commerce conducive to morality because it lets more people live, but it is conducive to morality because it allows more people to live freely, through a set of institutions which foster liberty.

Non-commercial societies are characterized by personal relationships. For Smith personal relationships can imply dependence and therefore servitude. Indeed, personal relationships can easily be tyrannical. Commercial societies are characterized by impersonal relationships. In Smith, impersonal relationships imply independence and therefore freedom.<sup>2</sup> The African king, who is worse off than the European peasant, is also 'the absolute master of the lives and liberties of ten thousand naked savages' (WN I.i.11: 24). The European peasant is instead a free man, living under the protection of the rule of law.

Smith describes in detail how commerce brings about individual as well as institutional liberty in Book III of WN. There, Smith analyzes the fall of feudalism and the advent of commercial societies. He claims that 'the least observed [yet] *by far the most important* of all [the] effects' of commerce is the development and fostering of liberty (WN III.iv.4: 412, emphasis added). Indeed, 'Commerce and manufacturers gradually introduced order and good government, and with them the liberty and security of individuals, among the inhabitants of the country, who had before lived almost in a continual state of war with their neighbours, and of servile dependency upon their superiors' (WN III.iv.4: 412). Commerce therefore generates the 'regular administration of justice', institutionalizing rules of cooperation, fostering commercial prosperity and liberty (Rosenberg 1990; Prash 1991; Rasmussen 2006; Smith 2010).

In feudal societies, for Smith, where commerce is effectively absent, the great landowners can spend the products of their land only on 'rustick hospitality at home' (WN III.iv.5: 413). This means they support hundreds or thousands of men, as there is nothing else on which they can use their produce. '[A great proprietor] is at all times, therefore, surrounded by a multitude of retainers and dependants, who having no equivalent to give in return for their maintenance, but being fed entirely by his bounty, must obey him, for the same reason that soldiers must obey the prince who pays them' (WN III.iv.5: 413). Lack of commerce, for Smith, implies servility.

When commercial societies are slowly introduced the 'masters of mankind' find something different on which to spend their rents. Rather than sharing their rents with their dependants, they can now spend them all on themselves, buying 'trinkets and baubles'. And they do. 'For a pair of diamond buckles perhaps, or for something as frivolous and useless' feudal lords trade away their power and authority, *de facto* freeing their dependants from servitude (WN III.iv.10: 418–19). Commerce requires monetized transactions. And monetized transactions are impersonal transactions; they break the

<sup>2</sup> Smith presents also other kinds of relationships such as friendship and familiar relations, but these tend to remain relatively stable in the different stages of development. Thanks to Christopher Berry for pointing this out to me.

personal ties between masters and servant. Smith tells us that masters are now customers, and servants are now tradesmen and artificers. It is true that the former master still feeds the former servants, but it is also true that the former servants 'are more or less independent of him, because generally they can all be maintained without him' (WN III. iv.11: 420). Smith provides here another moral justification for commerce: commerce generates freedom. Indeed, tradesmen and artificers now have not one but a thousand masters, which means they are 'not absolutely dependent upon any one of them' (WN III.iv.12: 420).

Smith's moral justifications of commerce, as we saw, are that commerce generates the resources to be more moral and it generates the freedom to be more moral. The third Smithian moral justification of commerce is that commerce fosters some aspects of moral development, perhaps most importantly, through facilitating the development of impartiality (Paganelli 2010). One can think of moral development as an enhanced capacity to exercise impartiality in our judgments. Moral actions are based on moral judgment and a moral judgment is an impartial judgment of what is appropriate in specific situations (see Fricke in this volume).

In Part III of TMS, Smith explains that impartiality is what allows us to be virtuous and therefore moral. Impartiality is not innate, but acquired. We are born with the potential of becoming impartial, but we become impartial only through a long process of practice. Smith explains the development of impartiality by explaining how we learn to perceive distance (TMS III.iii: 134–56). The perception of distance is not innate, but learned. What is innate is the capability of perception of distance. It is only with experience that we then learn to perceive distances correctly (Levy 1995).

So Smith tells us:

In my present situation an immense landscape of lawns, and woods, and distant mountains, seems to do no more than cover the little window which I write by, and to be out of all proportion less than the chamber in which I am sitting. I can form a just comparison between those great objects and the little objects around me, in no other way, than by transporting myself, at least in fancy, to a different station, from hence I can survey both at nearly equal distances, and thereby form some judgment of their real proportions. Habit and experience have taught me to do this so easily and so readily, that I am scarce sensible that I do it. (TMS III.3.2: 135)

The perception of distance is therefore learned.

Just like we need to put two objects at the appropriate distance from each other to compare dimensions, to see an object clearly, we need to put it at the right distance, that is, not too close and not too far away from our eyes. According to Smith, something that is close to our eyes appears much bigger than it is. Something that is far away from our eyes appears much smaller than it is. That is to say, the perception of something that is too close to us is biased. The object appears deformed in its 'bigness'. On the other hand, the perception of something that is too far away is also biased. The object appears deformed in its 'smallness'. Something big may look small simply because it is far away. Something small looks big simply because it is very close.

Smith argues what is true for a physical object is also true for passions. According to Smith, 'as to the eye of the body, objects appear great or small, not so much according to their real dimensions, as according to the nearness or distance of their situation; so do they likewise to what may be called the natural eye of the mind' (TMS III.3.2: 134–5). So, if something happens close to us, we give it much more importance than if the same thing happens far away from us. And the closer to us, the more importance we give it, and vice-versa. Something close to us seems big. Something far away from us seems small. This implies that a small personal trouble will appear to our eyes much more tragic, much bigger, than a large catastrophe far away from us. Or that a small personal success gives us more joy than a distant immense positive event (TMS III.3.3: 135).

Following Smith, this natural propensity is a problem for moral judgment and consequently for moral behaviour. If I perceive what is close to me to be much bigger than it actually is, a harm done to me will be seen as much more damaging than if the same harm is done to someone I do not know. Similarly, a good deed towards me is perceived as much more deserving than if done to an unknown stranger (see also Hume 2002: 219). So, I think that everything that happens to me is much more significant than it actually is. So much so that if I know I will lose my little finger tomorrow, tonight I would not be able to sleep. While if I know the entire population of China will die in an earthquake tomorrow, I will snore placidly through the night (TMS III.3.4: 136). But Smith explains that this is not the whole story. Humans are not only born with some vision problems due to their self-love, but also with corrective glasses (see also Hobbes [1651] 1991: 129). Just like we are able to learn that the moon is bigger than the thumb which covers it, we are also able to learn that someone's problems or joys may be bigger and more relevant than ours, and that behaving thinking otherwise may not be good (TMS III.3.4–7: 136–9).

For Smith, as social animals, we are equipped with the ability to put ourselves in the place of another and to imagine how we would feel if we were them. We are also equipped with the desire to be loved and not hated. According to Smith, when I meet you, I see your aversion to my ego-centrism. I do not want you to dislike me. To the contrary, I want you to like me and approve of me. To do so, I learn that I have to 'adjust the pitch of my passions' to make them more acceptable to you. How do I know? Because that is the lesson of my exposure to the actions and reactions of my fellows. When I see you reacting to something that happens to you, I may think your passions are excessive, out of proportion. This is why I do not approve of them. If I were you, Smith tells us, I would be aware of the effect of my actions on others and not react that strongly. This then reciprocally makes me realize that this is why you do not approve of me when you see me reacting to a specific situation. So, in anticipation, I adjust the pitch of my passions so that you will approve of me, just as you adjust the pitch of your passions to appeal to me (TMS I.i.1–4: 9–23).

For Smith, therefore, the presence of others allows us to understand that our judgment towards ourselves is biased because we are too close to ourselves. The presence of others, given our ability to put ourselves in the place of others and see how we would react if we were them looking at ourselves, helps us overcome our biases and try to



develop a more socially acceptable behaviour. Thanks to the presence of others we learn the appropriate behaviour in a specific situation. According to Smith, this is the first step towards the development of impartiality and morality.

The second step towards the development of impartiality and morality, according to Smith, is the kind of others with whom we are interacting. Smith explains not all others are created equal in the process of our moral development. The closer the other is to us the less effective the other is in our development of impartiality (see also Hume 2002: 350). Family members or close friends are too close to us. They are more likely to let us indulge in our passions. People on the other side of the planet, similarly, are too far away for us to care. We are still left indulging in our passions. The strength of our passions is not proper, given the circumstances. Strangers whom we meet face to face, though, are the right kind of others for our moral development. For Smith, strangers are far enough from us to be unbiased in their judgment and are close enough for us to care (TMS III.3.38–41: 153–4).

Say we suffer a great personal tragedy. If we meet a family member or a friend, Smith tells us, we will let out the intensity of our passions. With them, our distress is big because it is close to us. And our relatives or close friends are, well, close. So they also see this event as big (even if smaller than we do). They will let us indulge in our passions. On the other hand, for Smith, we would unlikely display our feelings with the same intensity with a stranger. They would think it would be quite bizarre if we did it. And we know it. So if we have to meet a stranger, we control our passions. And even if this is fake at the beginning, eventually we will feel better than if we stayed all day in the solitude of our room. According to Smith, we have adjusted the pitch of our passions to appeal to others and made ourselves morally stronger (TMS I.i.4.9: 22–3, VI.iii: 237–64). These are some of Smith's words describing this process. Their power is worth citing:

In solitude, we are apt to feel too strongly whatever relates to ourselves: we are apt to over-rate the good offices we may have done, and the injuries we may have suffered: we are apt to be too much elated by our own good, and too much dejected by our own bad fortune. The conversation of a friend brings us to a better, that of a stranger to a still better temper. ... Are you in adversity? Do not mourn in the darkness of solitude, do not regulate your sorrow according to the indulgent sympathy of your intimate friends; return, as soon as possible, to the day-light of the world and of society. Live with strangers, with those who know nothing, or care nothing about your misfortune (TMS III.3.38–9: 153–4).

This adjustment of the pitch of our passions is our learning the size of our fortunes and misfortunes. And, for Smith, our best teachers are strangers. The disapproval of others, of strangers in particular, to our reactions teaches us that our passions are too big because we are too close. If we see what happened to us from their point of view, from some distance, we would see that it is not that big. If we see ourselves as a stranger sees us, we see how bias our judgment is. If we see ourselves from the distance others see us, we would be able to be more impartial in our judgment towards ourselves. We would be able to see the right size. For Smith, the continuous interaction with strangers is a continuous

training for our self-command and therefore our impartiality. By practising adjusting our passions to the appropriate pitch, we eventually more easily adjust them. Eventually we will be able to moderate the pitch of our ego-centric passions to what an impartial spectator would judge as appropriate even in the physical absence of others. We become so accustomed to see ourselves with the eyes of another, that we do not need the physical other any longer to do it. In Smith's account, with our imagination, trained by practice, we split ourselves into two and become at the same time the actor and the spectator of our actions. When this happens we are able to be impartial in our judgment of ourselves regarding the propriety of our passions. When this happens we act morally (TMS III, 1–2: 109–34).

The others that matter the most for our development of impartiality, according to Smith, are strangers. Commercial societies are the societies in which one most often interacts with strangers. Commercial societies are societies of strangers (TMS I.i.4.9: 23; see also Seabright 2004) and so they seem to be the most effective locus to develop impartiality. Morality can therefore be seen as flourishing with the presence of commerce, that is, Smith, yet again, promotes commerce on a moral ground.

What Smith says and whether Smith is correct or not are two separate questions. A discussion of whether Smith may be correct in his analysis is in the last section of the paper. For now let us see how the dependence of markets and morals is reciprocal and how, for Smith, not only markets foster some aspects of morality but morals foster some aspects of commercial societies.

## MORALITY FOSTERING MARKETS

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Adam Smith sees some positive moral effects coming from commerce, but he also sees that commerce requires some aspects of morality to develop and to grow. Evidence of this can be found in at least two places. One is in his analysis of the role of justice. The other is in his analysis of the consequences of the absence of morality in commerce: when agents do not behave morally, a commercial society is transformed into a deleterious and impoverishing mercantile system.

The role of justice in commerce (and in society in general) is straightforward. Smith claims that human societies cannot but be characterized by the presence of justice. A society without justice collapses. 'Justice ... is the main pillar that upholds the whole edifice. If it is removed, the great, the immense fabric of human society ... must in a moment crumble into atoms' (TMS II.ii.3.4: 86). Justice, Smith continues explaining, is a natural feature of human beings and therefore of human society. A society without justice is not a human society. Individuals would be 'like wild beasts ... and a man would enter an assembly of men as he enters a den of lions' (TMS II.ii.3.4: 86; see also TMS II.ii.2.1: 83).

The analysis of how some aspects of morality foster markets by looking at the consequences of their absence is more complex and depends on our innate desire to receive approbation (Paganelli 2009a).

In Smith, approbation stems from two different sources: appropriate moral conduct and the social status associated with the possession and parade of wealth. The approbation generated from appropriate moral conduct generally gives us incentives to behave morally. The approbation generated from the parade of wealth gives us incentives to accumulate wealth (TMS I.iii.2.1: 50–1). But in contrast to our virtuous behaviours, wealth is visible and an easily recognizable sign of distinction. Thus, given the high recognizability of wealth and the difficulties with which virtue is distinguished from morally questionable behaviours, we tend to rely more on wealth than on virtue when we give approbation to others (TMS Vi.ii.1.20: 225–6). Similarly, for Smith, we rely more on wealth than on virtue when we seek approbation from others (see Tegos in this volume and Hont and Ignatieff 1983).

The more wealth one has, the more attention one attracts, and the more approbation one gains (TMS i.iii.3.4: 62–3).<sup>3</sup> For Smith, one admires the wealthy and aspires to become like them. But the great admiration for men of fortune may induce individuals to take great moral risks (TMS i.iii.3.8: 64–6). If the results of the morally questionable actions are positive, they gain the approbation from the easily recognizable higher level of wealth, and their difficult to recognize immoral misbehaviours will most likely be ignored. For Smith, reproachable behaviours generate great admiration when the resulting gains are great, while they generate contempt if the gains are ‘petty’ as the increase in wealth is not enough to compensate for the decrease in approbation due to the immoral behaviour (TMS Vi.i.16: 217). What Smith is telling us, then, is that we are willing to trade approbation from moral behaviours for approbation from parading wealth. We are willing to give up approbation from moral behaviours if we think that we can gain a lot of approbation from material possessions. The higher is the gain in approbation from material possessions, the more likely one is willing to behave in morally dubious ways to achieve it (Levy 1999).

Following Smith, when the possibilities to gain approbation from wealth are large enough, they may incentivize more morally questionable actions and generate potentially disastrous consequences. And indeed, in commercial societies big merchants and manufacturers, given their desire to improve their image in the eyes of others, have opportunities to do so. The wealth generated by commerce is unprecedented and can be concentrated in their hands, if only the government grants them monopolies. Smith tells us that merchants and manufacturers are willing to give up moral behaviours, using the coercive powers of the state, to increase their fortune and status at the expense of the rest of society. They are willing to elbow their way over their competitors, even if these are reproachable behaviours, because with monopoly powers, they will gain much wealth and approbation. The increase in personal wealth brings an increase in social approbation sufficient to outweigh any possible disapprobation for the methods used to achieve it. But, Smith also tells us, society will be deeply hurt and ‘both deceived and oppressed’ (WN I.xi.10: 267).

<sup>3</sup> Smith (2013) presents a number of exceptions. The man of fashion need not be the wealthiest. The coxcomb might appear rich but not be. The noble might be admired but not be wealthy, the *nouveau riche* might be scorned.

So if we have markets with immoral behaviours, the consequences are potentially devastating for society. A commercial society is reshaped into a mercantile system. Smith believes mercantilist policies deform, distort, and impoverish society. These are strong words:

In her present condition, Great Britain resembles one of those unwholesome bodies in which some of the vital parts are overgrown, and which, upon that account, are liable to many dangerous disorders scarce incident to those in which all the parts are more proportioned. A small stop in that great blood-vessel, which has been artificially swelled beyond its natural dimensions, and through which an unnatural proportion of the industry and commerce of the country has been forced to circulate is very likely to bring on the most dangerous disorder upon the whole body politick. . . . The blood of which the circulation is stopt . . . in any of the greater vessels, convulsions, apoplexy, or death are the immediate and unavoidable consequences. (WN IV.viii.c.43: 604–5)

Only commerce within its moral framework, not poverty nor the immoral mercantile system, brings about life. And therefore, life being a virtue to support, Smith highlights once again the positive link between commerce and some aspects of morality.

Smith goes on to explain the consequences of a broken link between commerce and morals. The system of justice that commerce generates becomes a system of brute injustice when morality is ignored. Smith indeed tells us that ‘sometimes the interest of particular orders of men who tyrannize the government, warp the positive law of the country from what natural justice would prescribe’ (TMS VII. iv.36: 340–1), and that ‘[t]o hurt in any degree the interest of any one order of citizens, for no other purpose but to promote that of some other, is evidently contrary to that justice and equality of treatment which the sovereign owes to all the different orders of his subjects’ (WN IV.viii.30: 654). And in Smith, this is exactly what some great merchants and manufacturers do when there are large profit opportunities generated by government granted monopolies. Merchants and manufacturers become a threat to that system of justice through their ability to extort ferocious laws in favour of their own interests (WN IV.iii.c.10: 493–4 and WN IV.viii.53: 661 among others). Mercantilist laws are far from just; indeed Smith likens them to the laws of Draco that ‘may be said to be all written in blood’ (WN IV.viii.17: 648).

According to Smith, Britain faces these negative forces from mercantile interests groups which use government’s coercion to extract benefits from themselves. Yet, her commerce is so strongly rooted that, despite such selfish and misguided legislation, the country is able to maintain a decent standard of living (WN IV.vii.c.47: 607–8 and WN IV.vii.c.50: 609). But, for Smith, the situation is not as fortunate where the mercantile system takes over a country where commerce does not have such deep roots. Bengal is the example Smith gives us. In Bengal

many would not be able to find employment even upon . . . hard terms, but would either starve, or be driven to seek subsistence either by begging, or by the perpetration perhaps of the greatest enormities. Want famine, and mortality would immediately prevail . . . till the number of inhabitants in the country was reduced to what could

easily be maintained by the revenue and stock which remained in it, and which had escaped either the tyranny or calamity which had destroyed the rest. In [that] fertile country [of Bengal] which had before been much depopulated, three or four hundred thousand people die of hunger in one year. (WN I.viii.26: 91)

Bengal is in such dismal state because of the ‘mercantile company which oppresses and domineers in the East Indies’ (WN I.viii.26: 91). Commerce, given the correct moral framework that can develop along with it, generates and sustains life. Mercantilism, a degenerated form of commerce where the moral framework succumbs to avarice and venality, generates the death of both individuals and society. Commerce requires morality; mercantilism subverts it.

## NEGATIVE CONSEQUENCES OF MARKETS ON MORALITY

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Adam Smith is not a one-handed economist. He sees the potential negative effects of commerce as well as the positive ones. Smith is eloquent in describing how the introduction of commerce may bring individuals to debauchery and to seek comfort from loneliness in vicious political or religious factions (WN V.i.g.12: 795–6; see Levy and Peart 2009), to which he suggests as remedies the ‘study of science and philosophy’ (WN V.i.g.14: 796) and ‘publick diversions’ (WN V.i.g.15: 796). He is eloquent in describing how commerce decreases the martial spirit of soldiers (WN V.i.f.50,59/782, 787; LJB 331/540) and numbs the mind of some specialized workers (WN V.i.f.50: 782) to which he suggests as remedies basic education (WN V.i.f.51–61: 782–8). Tegos, Pack, and Rasmussen, in this volume presents a full account of the corruption of commerce on certain aspects of morality. Here I add a couple of further considerations Smith makes, indirectly, on the negative moral effects of commerce.

Despite subscribing to the idea, later called *doux commerce*, that commerce increases humanity, Smith does not believe commerce brings peace. On the contrary, Smith tells us the number and the length of unjust wars increases with the increase in the wealth brought about by commerce. The great merchants and manufacturers want to open new markets and are now willing and able to bring a country into war ‘for the sake of that little enhancement of price’ (WN IV.viii.53: 661). Their fellow-citizens, ‘who live in the capital, and in the provinces remote from the scene of action ... enjoy, at their ease, the amusement of reading in the newspapers the exploits of their own fleets and armies’, enjoying their dreams of empire (WN V.iii.37: 920). And the ability to debt financing, which comes only with the wealth of commercial societies, allows the sovereign, the great merchants and manufactures, and the fellow-citizens to disregard the high expenses of war. They will not directly and immediately have to pay them, differently from when a war is financed by taxation when its expense is immediately and directly faced.

Smith also analyses how the wealth of commerce brings about a sovereign's morally irresponsible spending. Smith explains that the sovereign will squander his revenues of frivolous trinkets (WN V.iii.2–3: 908) during times of peace. When war comes, debt will be incurred, which 'will in the long run probably ruin all the great nations of Europe' (WN V.iii.10: 911). Smith is not too preoccupied by the presence of public debt though, because 'if [commerce] commonly brings along with it the necessity of borrowing, it likewise brings along with it the facility of doing so' (WN V.iii.5–6: 910). Yet, the possibilities created by commerce include the irresponsible and immoral frivolous spending of the sovereign and the possible ruin of society.

## A TESTABLE HYPOTHESIS

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Adam Smith can be read as taking part in a larger conversation on the effects of commerce on aspects of morality. In the eighteenth century the studies of the effects of commerce on human character and moral systems abounded. Albert Hirschman (1977) refers to as the *doux commerce* the idea that the introduction of commerce changes the character and disposition of men, making them less violent and more sociable, as, among others, Montesquieu ([1748] 1989) and David Hume ([1752] 1985) suggest. Whether markets affect some moral systems and how they do so is not a question first asked in the eighteenth century. The relations between markets and moral systems have been analysed since antiquity. Typically it was believed markets affect morality, and they do it in a negative way. Merchants in classical Greece were typically not citizens. Commerce though necessary was liable to corrupt virtue, as a 'means' became an 'end'. Up to the eighteenth century, the general attitude did not change much: market behaviour is a threat to some moral orders. But with the spread of commerce and the development of commercial societies, markets are seen also as promoting all sorts of betterments, from material to moral, as Adam Smith testifies. Since the seventeenth–eighteenth century, markets have been seen as both promoters of the development of some moral systems or promoters of the degeneration of some other moral systems (Berry 1994; Clark 2007). But no consensus is present on whether the overall effect is positive or negative. Today we still face similar questions and generally we face similar disagreements (McCloskey 2006; Zak 2008). Probably this lack of consensus comes, among other things, from the method of inquiry—speculation and anecdotal analysis.

Yet, in recent years we have been able to present the question of whether markets have a positive or negative effect at least on specific aspects of morality as a testable hypothesis. The development and growth of experimental economics allows us to test it both in the field and in the laboratory. The results remain mixed, mostly because of the difficulty of designing a feasible experiment which captures the problem. So far, we have results showing that formal institutions such as markets may have an adverse effect on informal institutions and social norms (Frey 1997; Deci et al. 1999; Falk and Kosfeld 2006; Reeson and Tisdell 2010), but in other laboratory studies, Herrmann

et al. (2008) find that cooperation is enhanced by exposure to markets. Using macro data, Zak and Knack (2001) find a strong relationship between the incidence of markets and formal institutions and generalized trust.

The experimental designs which most closely address the question of how markets affect specific aspects of morals come from Joseph Henrich et al. (2004, 2010). Their work suggests that exposure to markets increases altruism. In particular in their cross-cultural experiments, they show that giving in Ultimatum Games and Dictator Games is positively correlated with market integration, that is, to how much subjects are exposed to markets. In fact, exposure to markets is the strongest explanatory variable for their results. Exposure to markets is positively correlated to cooperative behaviours often associated to moral behaviour.

An Ultimatum Game is a game where there are two human players. As in all economics experiments, subjects voluntarily come to the experiments and are paid in local currency the amount they earn by playing the experimental game. For each experiment, the number of participants is chosen so that the experimenter has enough observations to statistically analyse the results. In the standard Ultimatum Game, players' anonymity is strictly preserved. Player 1 (Sender) receives an amount of money and is asked to send any amount of it to Player 2 (Receiver). Should the Receiver accept the Sender's offer, the money is divided according to the terms of the offer. If the Receiver rejects the offer, both the Receiver and the Sender do not earn anything. In industrialized societies, subjects consistently tend to split the amount 50/50 and tend to reject offers that are less than 50 per cent (Guth and Tietz 1990; Roth et al. 1991; Camerer and Thaler 1995). A Dictator Game is a modified Ultimatum Game. In the Dictator Game, the Sender (Dictator) faces the same choice as in the Ultimatum Game: choose how much of the money given to her/him to send to her/his anonymously paired Receiver. But here, the Receiver cannot reject the offer of the Sender. The Receiver must take what the Dictator sends without any possibility of rejection. Here, the possibility that the choice of the Sender could be motivated by strategic behaviour intended to decrease the risk of rejection is eliminated by design. If a Sender sends a positive amount to the Receiver, s/he would be motivated only by other-regarding preferences. In industrialized countries, consistently 20–30 per cent of the Senders give 50 per cent, while 30 per cent of the Senders take the whole pot (Roth et al. 1991; Forsythe et al. 1994; Henrich et al. 2004). The average giving is around 30 per cent.

In 2000, Joseph Henrich started a series of field experiments across the globe using members of small-scale societies with a broad variety of economic and cultural conditions as subjects. His results, and the results of his colleagues, are different from the homogeneous results of industrialized countries (Henrich et al. 2004). Fairness seems to vary cross-culturally. The modal Ultimatum Game offers from the sample of the 15 foraging societies studied ranged from 15 to 50 per cent. Rejection rates are much lower than those observed in industrialized countries. Trying to control for possible explanatory variables, Henrich et al. found that two variables account for a significant part (47 per cent) of the variation between groups. These variables are 'market integration' (that is, do people engage frequently in market exchange?) and 'cooperation in production'

(that is, what are the potential benefits to cooperative as opposed to solitary or family based productive activities?). The higher the level of market integration, the higher the level of cooperation and sharing in the experimental games. It seems that market promotes cooperation and fairness. Intrigued by these 'counterintuitive' results, Henrich et al. (2010) went in the field again, and using another set of 15 small-scale societies explicitly tests the previous results again. The original findings are confirmed and reinforced. Market integration is the most powerful explanatory variable for changes in the amount given in both games. Adam Smith's claim that some aspects of moral behaviour are a result of markets seems to have an empirical support.

Additionally, Omar Al-Ubaydli et al. (forthcoming 2013), using randomized control laboratory experiments, shows that market exposure has a positive and significant effect on trust and a positive yet negligible effect on trustworthiness. Al-Ubaydli and his colleagues use the Trust Game and the psychology technique of priming. In a Trust (or 'gift exchange') Game, Player 1 can either keep a fixed sum of money or send part of it to Player 2, who will receive the amount sent multiplied by a predetermined factor. Player 2 can then take all of what s/he received and leave Player 1 with whatever s/he did not send, or send back some of the money to Player 1. The observed 'returns to trust' tend to be positive (Fehr, Kirchsteiger, and Reidl 1993; Berg, Dickhaut, and McCabe 1995). With Al-Ubaydli's design, subjects are randomly and unconsciously primed to think about markets and trade. They are then asked to play a Trust Game involving an anonymous stranger. The behaviour of these individuals is compared with that of a group who are not primed to think about anything in particular. Al-Ubaydli's finding is that priming for market participation affects positively the beliefs about the trustworthiness of anonymous strangers, increasing trust. Again Adam Smith seems to have found empirical support for his justifications of markets on a moral ground.

Another way of seeing this is that when the hypothesis that markets have positive effects on morals is tested, and the closer is the design of the experiment to the hypothesis, there seems to be an increasing amount of evidence to support it. The question that is not tested or answered yet in the current experimental literature is *how* markets generate this positive effect on at least some aspects of morals. This is where the eighteenth-century scholarship and of Adam Smith in particular become relevant.

The way Smith explains our moral development can explain why subjects in Ultimatum and Dictator Games are willing to share as much as they do with an unknown other. The way Smith explains our moral development in relation with commerce can also explain why subjects exposed to markets generally give more in Ultimatum and Dictator Games than subjects who are not as much exposed to markets (Paganelli 2009b).

Additionally, according to Smith, as we start dealing with strangers, we start needing rules to govern our interactions. The institutionalization of rules of just conduct reinforces the cooperation among individuals providing a beneficial feedback loop (see also Ostrom 1998). The opportunity to trade with strangers allows individuals to learn more easily how to interact with others in a fairer way, without being exclusively motivated by fear of retaliation. The opportunity to trade with strangers also allows for the generation of institutions that facilitate cooperation, which in their turn facilitate the internalization of cooperation.



Indeed, in the absence of markets, interactions with strangers ('outsiders') are characterized by danger, exploitation, and mistrust (Henrich et al. 2010), and are therefore avoided. Commerce breaks the boundaries of small and closed communities. Commercial societies allow for fruitful exchanges with strangers and strangers begin to be associated with positive outcomes thanks also to the development of institutions which facilitate these exchanges (North 1990 and Ostrom 1998). The result is the weakening of a set of moral values and the strengthening of a different set of moral values. Some moral behaviours are enhanced even in the settings where there is no threat of punishment for devious behaviour. Commerce therefore reduces the cost of the development of impartiality and increases how relevant cooperation with anonymous strangers is in our life, and it may allow us to make that leap of faith required to trust strangers as trustworthy. The strong positive correlation between growth and trust Zak and Knack (2001) find may be part of this story.

As trust may increase economic growth, economic growth may increase trust. Adam Smith suggests indeed the more one trades the more honest one becomes, a *doux commerce* argument. The incentives to cheat decrease since one realizes of the potential long-term gains of honesty (LJB 205: 487; WN III.iv.3: 411; see Young 2001). Similarly, as his contemporary and friend David Hume claims, countries where commerce is introduced and sustained grow honesty and extinguish corruption. Hume's evidence? Poland: 'a country where venality and corruption ... prevail. The nobles seem to have preserved their crown elective for no other purpose, than regularly sell it to the highest bidder. This is almost the only species of commerce, with which that people are acquainted' (Hume [1752] 1985: 276).

It seems therefore, for Smith, 'ethical maturation is an ongoing process because the ideal is a limit—we can forever refine our values as we approach it, but we can never achieve it' (Evensky 2005: 47). Jerry Evensky indeed describes Smith as telling the story of the co-evolution of individuals and social norms of ethics, a story in which not only change but progress occurs. 'In this story, human nature is constant (we are not "better" than our predecessor), but human character evolves along with human institutions, and these have the capacity to mature toward the ideal' (56). The presence of commerce would indeed generate that moral environment that would fit in the story of co-evolution and maturity towards the ideal. This story fits our experimental results. Henrich (2004, 2010) and his team open the door to empirical cross-cultural studies where the variable with the highest explanatory power is market integration; Al-Ubaydli (forthcoming 2013) and his colleagues open the door to randomized control where trust and trustworthiness increase with market exposure; and Smith and other eighteenth-century scholars may provide the theoretical explanations for these results.

## CONCLUSION

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Adam Smith favours commerce on grounds of both morality and efficiency. Commerce is intertwined with morals, it supports moral development and at the same time it is supported by it. Commerce requires morals for its functioning and gives the conditions

under which people can live, can live freely, and can live morally. The wealth generated by commerce may not only support life, but also endanger it. It may generate incentives to lobby for the establishment of monopolies which benefit a few at the expense of the many, it may generate incentives to cause and prolong wars, it may generate incentives to weaken a country martial spirit, and to numb the mind of some workers. Smith recognizes both positive and negative effects commerce on morals. Yet, on balance, he recognizes the positive effects outweigh the negative. Today there is increasing empirical support for the positive effects of markets on morals, coming from the laboratory and the field. And there is a coherent explanation for why that may be the case which comes from Adam Smith.

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PART V

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ADAM SMITH ON  
HISTORY AND  
POLITICS

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## CHAPTER 17

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# ADAM SMITH: THEORIST OF CORRUPTION

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SPIROS TEGOS

ADAM Smith not only champions commerce he also criticizes it. In this criticism, Smith draws upon, again critically, a long-standing concern with the proper basis of political and moral life. For the purposes of this essay, we can identify two dimensions to Smith's analysis of the relation between corruption and commerce. First, he focuses on atavistic remainders of pre-modern, feudal, aristocratic and, broadly, rude aspects of behaviour within the heart of commercial society. Secondly, and simultaneously, he raises the issue of distinct socio-economic, moral, and political forms of commercial corruption, endemic to the core of commercial polity. He considers as partly inadequate the classical topology virtue-corruption in order to grasp the multifaceted commercial realities within which commercial virtues as well as their corruption evolves. Rather, Smith places the issue of the relation between archaic and novel forms of rudeness at the heart of his reflection. The rudeness embedded in novel forms of commercial corruption—ranging from the monopolistic spirit in the WN to the deference shown to the wealthy in the TMS—is a key component of the problem insofar as it shapes a distinctively Smithian conception of the 'natural history' of European civility, the progress of civilization and, broadly, of refined over-corrupted manners.

Adam Smith is not simply a theorist of corruption but an innovative and inventive one. We can perceive Smith's innovation in a twofold way. First in the fact that Smith's engagement with commercial society exemplifies Smithian irony: the moment of commercial society's 'triumph' coincides with its crisis such that commercial virtues mature alongside commercial corruption; secondly because Smith explicitly identifies *distinct* forms of moral, socio-economic, and political corruption. Smith, as a naturalist or natural historian, deems it crucial to classify and causally link phenomena of corruption, as an unavoidable precondition for countering its effects. The Smithian critique departs from the well-established 'republican' as well as the subsequent Marxist conception of commercial corruption, with their preoccupation with its political effects, while

appropriating Rousseau's critique on the psychological effects of corruption on human character and personality (see Rasmussen in this volume).

I shall proceed in three sections followed by a brief conclusion. First, I scrutinize Smith's assessment of obsequiousness as found in his economic historical anthropology. The courtly and corporate societies of the powerful aristocrat and the mercantile merchant instantiate sources of moral and socio-economic corruption as they hinder the progress towards opulence and freedom, the two blessings of commercial civilization (LJA iii.111: 185). Commercial society presumably should neutralize the effect of these corruptions as different forms of socioeconomic and political dependence, although Smith is not unequivocally optimistic on this issue. Yet there are forms of corruption proper to modernity and endemic to the commercial polity. These can be profitably divided into two classes: those deriving from the extension of division of labour and the development of manufacturing economy and those following as necessary evils from the gradual urbanization of socioeconomic life. In both cases, mental mutilation and sectarianism are firmly grounded in commercial modernity, and are examined in section II. In section III, I explore in length the nature of the admiration of the wealthy formally identified by Smith in the TMS as the 'universal cause' of corruption of moral sentiments. Smith's ambivalence regarding the morally corrupting nature of the reverence shown to the wealthy is contingent on the ambiguous assessment of luxury and conspicuous consumption as status seeking activities.

## **THE BUTCHER, THE BREWER, AND THE COURTIER: THE ISSUE OF OBSEQUIOUSNESS**

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The tandem of 'virtue-corruption' has a long and complicated history inextricably linked with the meaning ascribed to the set of metaphors and conceptual transfers associated with the 'natural-unnatural' pairing. In the early modern period the tandem is frequently connected with the reappraisal of the Roman literature on the moral and political corruption that undermined and ultimately destroyed Roman republic and then empire, in authors such as Cicero, Tacitus, or Polybius.<sup>1</sup> The problems of patronage and nepotism, conventionally linked to the British political regime and electoral system (Forbes 1975: 182; Langford 1998: 27–34, 154), broaden in scope under two sets of pressures. First, the expansion of the British Empire and, concomitantly, of foreign trade blur the existing dividing lines between private interest and public duties. Secondly, the emergence of the modern state's financial and fiscal administration fuelled the debate over the nature and scope of

<sup>1</sup> See Gibbon ([1776–88] 1992–3). The classical tradition has been exemplarily illustrated in Hill 2006: 637: 'Within the classical tradition, the typical candidate for corruption is the prosperous, bloated empire. Its usual triggers are aggressive militaristic expansion, ethnic hubris, irreligiosity, hedonism, systemic inequalities of wealth, civic withdrawal, overreliance on mercenary armies, distance between leaders and citizenry, and a consequent loss of political virtue in both.'



corruption (Nye 1989: 966, cited in Hill 2006: 637). In this context the civic republican tradition<sup>2</sup> enjoys a privileged position in contemporary debates regarding the civic ethos, both moral and political, and the reasons of its demise. Smith's originality lies in his emphasis on the interconnectedness of the socio-economic and the psychological<sup>3</sup> dimensions of corruption as prerequisites for the moral and political perspectives to unfold. Although heralded as the champion of the novel industrial-capitalistic order, Smith was never blind to the shortcomings of the burgeoning commercial civilization. Rather he has been one of the most acute and early critics of the pathologies of economic growth in the western world, characteristically understood in pre-industrial terms (Caton 1985: 833–53; Dwyer 1998: 185), and many of which were bracketed under the label of corruption.

The appropriate starting point for Smith's understanding of corruption is his analysis of servility and obsequiousness. Obsequiousness is a pervasive theme and a constant concern for Smith and it turns up systematically in his account of social relations involving personal dependence.<sup>4</sup> Feudal social and economic institutions such as primogeniture, ancient marriage and, above all, servile labour favour personal dependence. Smith's account of the transition from feudalism to commercial modernity is best known for the praise of commercial interdependence as a means to overcome direct dependence and promote personal liberty 'in the modern sense of the term' as well as opulence. Before turning to Smith's historical account of feudal servility, delineated in length in WN III, it is fundamental to trace the origins of Smith's conception of obsequiousness in his economic anthropology.

Following Hume's insight on the place of human nature among other animal species as an 'unnatural conjunction of infirmity, and of necessity' (Hume 2007: 312), Smith pauses on the fundamentally necessitous and indigent nature of man (Phillipson 2010: 96), profoundly dependent on the assistance of his peers in order to survive. Each time that the psychological disposition of 'truck, barter and exchange' on which the division of labour is founded turns up, Smith does not miss the opportunity to make it clear that it should be understood as opposed to the servile disposition proper to courtiers (LJA vi.45: 347, see also LB 220: 493).

The human capacity to contrive contracts and conventions, in other words the ability to grasp the idea of a bargain as concluding a mutually beneficial situation based on common interest that preserves decency of both parts, calls attention to the faculty of reason and persuasion instead of cunning and flattery:

A puppy fawns upon its dam, and a spaniel endeavours, by a thousand attractions, to engage the attention of its master who is at dinner, when it wants to be fed by him.

<sup>2</sup> Pocock (1975) and more broadly Skinner and Gelderen (2002).

<sup>3</sup> On the emphasis given to the psychological impact of corruption on the 'soul or psyche of human being seen in his or her totality', see Hanley (2009: 25).

<sup>4</sup> For a comprehensive analysis of commercial interdependence as a form of independence countering feudal forms of servility, see Berry (1989). For the relations between market exchange as conducive to political liberty and the social recognition through persuasion as a substitute for the social recognition through domination, see Perelman (1989); Lewis (2000); and *inter alia*, Salter (1989); Rosenberg (1990: 14–17); Evensky (2005: 61–3).

Man sometimes uses the same art with his brethren, and when he has no other mean of engaging them to act according to his inclinations endeavours by every servile and fawning attention to obtain their goodwill. He has no time, however, to do this upon every occasion. In civilized society [So necessitous is his natural situation that ED 21: 571] he stands at all times in need of the cooperation and assistance of great multitudes, while his whole life is scarce sufficient to gain the friendship of few persons. (WN I.ii: 26)

Smith goes on to compare the human frailty and dependence on the assistance and cooperation of his brethren to the natural independence of other animals that are fully equipped by nature to face adversity. Man's natural sociability is tied up to his natural ability of convention making and the distinctive trait of man's interdependence is his power to make a 'fair and deliberate exchange': 'No body ever saw a dog make a fair and deliberate exchange of one bone for another with another dog. No body ever saw one animal by its gestures and natural cries signify to another, "This is mine, that yours; I am willing to give this for that"' (ED 21: 571). The 'mutual good offices' on which mere physical survival is based are more securely obtained by the appeal to self-interest through contracts than by appeal to vanity and self-indulgence. And with this we reach the crux of the issue. The propensity to 'truck, barter and exchange' is grounded in the faculty of persuasion: 'The real foundation of it [the division of labour] is that principle to persuade which so much prevails in human nature' (LJB 221: 493).<sup>5</sup> Smith's recourse to the disposition to persuade cannot be fully grasped unless it is contrasted with the disposition of 'coaxing and courting' namely servility (LJA vi.45: 347–8). Civilized sociability leads to commercial interdependence based on the division of labour while rude sociability amounts to systematic and structural obsequiousness in order to satisfy basic needs. At this point a historical note has to be made because Smith himself historicizes the transition from rude servility to more refined manners.

In WN III 'Of the different Progress of Opulence in different Nations', Smith makes extended references to the issue of 'rustick hospitality'. He asserts that during the feudal period, 'in those disorderly times, every great landlord was a sort of petty prince. His tenants were his subjects. He was their judge, and in some respects their legislator in peace, and their leader in war. He made war according to his own discretion, frequently against his neighbours and sometimes against his sovereign. The security of a landed estate, therefore, the protection which its owner could afford to those who dwelt on it, depended upon its greatness' (WN III.ii.3: 382–3). Smith famously celebrates the unintended socioeconomic and political consequences of the development of foreign commerce and trade of towns amidst agricultural backwardness. Commerce and manufactures toll the bell of the feudal regime in Europe, as they, '... gradually introduced order and good government, and with them, the liberty and security of individuals, among the inhabitants of the country, who had before lived almost in continual state of war with their neighbours, and

<sup>5</sup> 'The desire of being believed, the desire of persuading, of leading and directing other people, seems to be one of the strongest of all our natural desires. It is, perhaps, the instinct upon which is founded the faculty of speech, the characteristic faculty of human nature' (TMS VII.iv.25: 336). See also WN I.ii.2: 25–6.

of servile dependency upon their superior' (WN III.iv.4: 412). Notice the causal explanation of 'rustick hospitality' as a rude, uncivilized form of subordination to social superiors:

In a country which has neither foreign commerce, nor any of the finer manufactures, a great proprietor, having nothing for which he can exchange the greater part of the produce of his lands which is over and above the maintenance of the cultivators, consumes the whole in rustick hospitality at home . . . He is at all times, therefore, surrounded with a multitude of retainers and dependants, who having no equivalent to give in return for their maintenance, but being fed entirely by his bounty, must obey him for the same reason that soldiers must obey the prince who pays them. (WN III.iv.5)

Smith castigates the 'vile maxim of the masters of mankind,' 'all for ourselves, and nothing for other people,' yet this renders the feudal nobility's self-destructiveness even more pathetic in his eyes. What for Hume was 'a more civilized species of emulation'<sup>6</sup> for Smith becomes an exercise of self-delusion concerning one's social status. The self-destructive luxury consumption of feudal nobility unwittingly leads to a somehow less chaotic and segregated social structure:

For a pair of diamond buckles perhaps, or for something as frivolous and useless, they exchanged the maintenance, or what is the same thing, the price of the maintenance, of a thousand men for a year . . . and thus for the gratification of the most childish, the meanest and the most sordid of all vanities, they gradually bartered their whole power and authority. (WN III.iv.10: 418–19)

The decrease of baronial power has a major significance for the establishment of civilized social order, namely without massive personal dependence upon despotic social superiors embedded into the social structure.

This gets us to what Smith considers as a key point: the distinction between regular, refined and irregular, 'rude' subordination within a given social hierarchy; in the parlance of the period the 'distinction of ranks' proper to the socio-economic stage of a society. As Smith himself mentions in the same chapter of WN, feudal law properly speaking was an attempt to introduce ' . . . a regular subordination, accompanied with a long train of services and duties, from the king down to the smallest proprietor' (WN III.iv.9: 417) Smith's scattered elements of natural history of law and government point in the same direction. In his juvenile essay on the *History of Astronomy*, Smith had equally referred to ordered social hierarchy as a sign of civilized life first introduced in the ancient world in Athens and then in ancient Rome. In the context of a discussion about the emergence of philosophy and science against a background of 'rude religion' (Berry 2000), Smith argues that the monarchies of Asia and Egypt prevented the development of science because of their 'despotism which is more destructive of security and leisure than anarchy itself' while Greek colonies ' . . . have arrived to a considerable degree of empire and opulence before any state in the parent country had surmounted the extreme poverty, which, by leaving

<sup>6</sup> Hume (1983: III.400).

no room for any evident distinction of ranks, is necessarily attended with the confusion and misrule which flows from a want of all regular subordination' (EPS, Hist.Astr. III.4–5: 51; Forbes 1975: 191). 'Civility and improvement' substantially rely on this orderly 'distinction of ranks' that forcefully extinguishes the social importance of obsequiousness and therefore the ethos ascribed to this irregular, rude subordination. The baronial state of 'property and manners' profoundly undermines what came to be known as the rule of law and the subsequent set of manners that necessarily flows from it.

Thus the question arises; has commercial modernity dispensed with the social dependent relationships that entail obsequiousness? On Smith's account, this is far from the case. Dependence, obsequiousness, and corruption remain interrelated themes: 'Nothing tends so much to corrupt and enervate the mind as dependency and nothing gives such noble and generous notions of probity and freedom as independency. Commerce is a great preventive of this custom' (LJA vi.6: 333, see also WN II.iii.12–13: 336–7). The context here is the role of the concentration of idle retainers and servants in augmenting urban criminality. The reason is identified in the corrupting environment of courts that is far more important in Paris than in London or other European cities. Smith claims that the expansion of commerce in both the social and economic sense of the term counters all forms of servility and obsequiousness.

Now it should be noted that Smith crucially contrasts the social insularity of aristocratic, corrupted societies from the discipline proper to uncontrived social interaction and exchange. Pace Rousseau's distaste for the state of 'living in the opinion of others' (Rousseau 1984: 119; EPS 255; Rasmussen 2008: 114–15—see also his essay in this volume), Smith puts much weight on the moral importance of the concern for other people's opinions and feelings. The desire for approbation and the desire to please others are extensions of our natural sociability (TMS III.2.6: 116). Mutual sympathy is one of the most substantive principles of human nature: 'nothing pleases us more than to observe in other men a fellow-feeling with all the emotions of our own breast' (TMS I.i.2.1: 13). The commercial society, the 'assembly of strangers' (TMS I.i.4.10: 23) help us moderate our feelings as we live and react under the regard of strangers with no particular connection to us, no tribal or ethnic solidarity to manifest. More to the point, this principle bolsters the required regard to reputation in order to be a respectable player in the competitive market: 'In the middling and inferior stations of life the road to virtue and that to fortune, to such fortune at least, as men in such stations can reasonably expect to acquire, are, happily in most cases, very nearly the same' (TMS I.iii.3.5: 63). Therefore, the respect and reputation acquired through orderly conduct is primordial. 'The good old proverb . . . that honesty is the best policy' echoes the *célèbre* vindication of this universal 'calm and dispassionate' desire to 'bettering condition', 'An augmentation of fortune is the means by which the greater part of men propose and wish to better their condition' (WN II.iii.28: 341–34). Aristocrats and nobles are exempt from these means and they not only develop different codes of behaviour but they thoroughly violate the rule of law with the attendant pressure to adhere to the protocols developed in the ordinary 'marketplace of morality' (Otteson 2002: 101–33). Far from abiding by law and manners the 'superior stations of life' often 'abandon the paths of virtue . . . in the pursuit of wealth and honor' (TMS I.iii.3.8: 65;

Rasmussen 2008: 125). Moreover, the social tolerance of the licentiousness and profligacy of noble behaviour makes it not only acceptable but also fashionable and therefore a potentially corrupting model to imitate (TMS I.iii.3.5: 63). In other words these nobles lack the psychological skills and the moral discipline proper to a citizen of an ordinary (ie without extraordinary status exceptions) moral community in good standing. The prudent man in a well-ordered commercial society does not have to defer to ‘ignorant, presumptuous and proud superiors’ but to ‘intelligent and well-informed equals’ as he does not depend on the favours of social superiors but on the multitude of potential buyers, sellers and employers (see Paganelli in this volume).

## MODERATE VIRTUES AND OBSEQUIOUSNESS

In drawing the portrait of prudent man, Smith sketches for a virtuous man the outlines of the proper degree of desire for approbation. Rank in society, respect, and reputation count for much in this description of the ‘character of the individual, so far as it affects his own happiness’.

The care of the health, of the fortune, of the rank and reputation of the individual, the objects upon which his comfort and happiness in this life are supposed principally to depend, is considered as the proper business of that virtue which is commonly called Prudence. (TMS VI.i.3-4: 212–13)

Although prudence has the reputation of a petty, ‘bourgeois’ virtue, it seems fair to state that, in Smith, prudence involves a yearning for respect and dignity.<sup>7</sup> The theme of moderate virtues dominates in Smith’s anatomy of ambition. His analysis dwells upon a confrontation between a rounded moral character as opposed to that exhibited by a shallow, aristocrat. In short, the whole narrative is build upon a pair of opposites, meritorious behaviour as opposed to inherited status based behaviour, the ‘new model man of prudence’ (Lerner 1979: 36) versus the arrogant noble handling a code of polite behaviour (Boyd 2008).<sup>8</sup> Further on, Smith is particularly keen to prevent the misperception of the dividing line between politeness<sup>9</sup> as status symbol and polite behaviour as an expression

<sup>7</sup> Adopting a different angle, mainly dealing with the issue of sympathetic projection and recognition of another person’s standpoint in the context of justice, the standard, comprehensive analysis of the role of dignity and respect in Smith’s moral thought can be found in Darwall (2006b: 129–34.)

<sup>8</sup> For the significance of hierarchical relations in Smith’s system see the insightful synopsis of Clark (2009: 54–5).

<sup>9</sup> Smith hesitates to spell out unambiguously prudent man’s relationship to politeness. On the one hand he affirms that the prudent man respects ‘the ordinary decorums of life and conversation’. But he refuses to take another step and go beyond the approval of one’s social peers or business partners (TMS VI.i.9: 214. cf. Teichgraeber 1981: 117). Close to the portrait of prudent man, one could profitably refer to the LRBL where Smith exposes the character of the plain man who conspicuously despises the ‘common civilities and forms of good breeding... he despises the fashion in every point and neither conforms himself to it ...: the plain man is ‘not at all sedulous to please’ (LRBL i.86: 36–7; Hanley 2008: 90).

of rounded moral character. The corruption of moral sentiments is initially conceived as a confusion of those separate sets of virtues proper to different social ranks.

Throughout his analysis of ambition and vanity in the TMS, Smith argues that because the socially powerful are constantly aware of being considered with attention and sympathy, they are more assiduous about cultivating aristocratic manners pertaining to social superiors than the moderate, self-regarding virtues of a prudent person. Sympathetic attention for them is a mere given fact not an accomplishment. It was the mastery of such manners, according to Smith's assessment of the 'Age of Louis XIV', that provided the real foundation of Louis' extraordinary reputation throughout Europe.<sup>10</sup> Concomitantly, Smith denounces the part of Scottish aristocracy that he deems unenlightened and oppressive, i.e. the old-fashioned, landed elite that preserves privilege and etiquette through oppression of the 'middling and inferior' orders of society. In this respect, the Union with England has granted to the 'middling and inferior ranks' in Scotland a 'complete deliverance from the power of an aristocracy that always oppressed them' (WN V.iii.90: 944–95).

However, a significant aspect of Smith's analyses is that the twin brother of the oppressive noble seems to be the 'monopolist merchant'. Smith describes merchants and manufacturers as 'an order of men whose interest is never the same with that of the public, who have generally an interest to deceive and even to oppress the public, and who accordingly have, upon many occasions, both deceived and oppressed it' (WN IV.iii.c.9: 493). Smith wanted to remove the oppressive legislation designed to perpetuate oligarchic rule privilege, such as primogeniture, entails, testamentary succession and so on. This resonates with the philippic pitted against bounties, drawbacks, tariffs and excises imposed by the state through pressure by rapacious merchants. Broadly speaking, monopoly is the basic weapon of economic inequality for Smith and the infamous 'wretched spirit of monopoly' seems to be 'the sole engine of the mercantile system' (WN IV.vii.c.89: 630; Coats 1975: 230–6; Phillipson 2010: 29, 122–3). Commercial virtues such as prudence, patience, punctuality, probity, or integrity (see LJB 326: 538) seem lacking to those merchants and manufacturers because they obtain economic privileges through pressure groups relentlessly pulling the strings of political manipulation. This in turn renders them immune to the disciplined culture proper to any 'fair and deliberate exchange' in competitive markets. The corporate mercantile life of towns, the powerful syndicates to which they belong have bestowed to businessmen a 'corporate spirit' of group domination and conspiratorial status seeking exemption from the commercial ethos of self-restraint and regard to one's reputation (WN I.x.c.20–4: 142–3; IV.ii.21: 461–2). It is ironically perverse that this form of mercantile mean spiritedness could lead to new forms of imposed servility and obsequiousness if its embodiments attained any public office. Smith anticipated this, claiming that 'merchant and manufacturers... neither are nor they ought to be the rulers of mankind...' (WN IV.iii.c.9: 493) and identifying throughout WN IV the corrupting effects of

<sup>10</sup> 'Knowledge, industry, valour, and beneficence, trembled, were abashed, and lost all dignity before [these frivolous accomplishments]' (TMS I.iii.2.4: 53–4).

colonial rule for rulers and subjects alike when exerted by members of monopolistic companies such as East Indian trade company.

## ENDEMIC COMMERCIAL CORRUPTION

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Although Smith acknowledges the problem set by the status of merchant and manufacturers, he also deems their ‘mean rapacity [and], monopolizing spirit’ to be ‘very easily prevented from disturbing the tranquility of any body but themselves’ (WN IV.iii.c.9: 493). But the problems stemming from the very structure of commercial modernity are of a different stripe. They can be profitably divided into two classes: those deriving from the extension of division of labor and the development of manufacturing economy and those following as necessary evils from the gradual urbanization of socio-economic life. Once the socio-economic and psychological aspects of the pair ‘servility versus interdependence’ have been laid out, the ground is cleared for the moral and political dimensions to be adequately exposed. It is noteworthy from the outset that the division of labour has a disconcerting downside. Smith conceives corruption as a deeply interwoven set of concerns, as the simple operative’s ‘dexterity at his own particular trade seems, in this manner, to be acquired at the expense of his intellectual, social and martial virtues’ (WN V.i.f.50: 782).

### Commerce and martial spirit

In the context of the shortcomings of commercial life, the most prominent during the early modern period is the loss of courage and martial virtues. If the division of labour is advanced, then war itself becomes a separate profession while urban life and the growth of luxury render the citizen ‘effeminate’. As a result the arts of war and the subsequent martial spirit are evanescent because the urban, ‘stationary’ life and its ‘uniformity . . . naturally corrupts the courage of his mind, and makes him regard with abhorrence the irregular, uncertain, and adventurous life of a soldier. It corrupts even the activity of his body . . .’ (WN V.i.f.50: 782). Commerce ‘tends to extinguish martial spirit’ (LJB 331: 540). In the same context he denounces commercial spirit as particularly un-heroic and gives historical instances of nations enervated by cultivating arts and commerce. Moreover, as the division of labour expands itself, war becomes a trade, therefore ‘. . . among the bulk of people military courage diminishes. By having their minds constantly employed on the arts of luxury, they grow effeminate and dastardly’ (LJB 331: 540). Education seems to be a major concern for Smith exactly for these reasons, undermining any consequent ‘invisible hand’ explanation of the functioning of commercial society on Smith’s account, ‘In every improved and civilized society this is the state into which the labouring poor, that is, the great body of the people, must necessarily fall, unless government takes some pain to prevent it’ (WN V.if.50: 782; Rosenberg 1990)

This comports with the tradition of civic republicanism. In summary, the early modern republican current of thought can only be understood if one bears in mind the transition from a civic virtue centred tradition to the paradigm of manners, 'as the individual moved from the farmer-warrior world of ancient citizenship or Gothic *libertas*, he entered an increasingly transactional universe of "the commerce and the arts" ... Since the new relationships were social and not political in character, the capacities which they led the individual to develop were called not virtues but "manners"' (Pocock 1985: 47–8). The free citizen of a free polity is supposed to be a soldier and warrior for self-defence purposes (Winch 1978: 119–20). To put it briefly, in the spirit of civic republic tradition, the citizen 'without property he must be servant; without a public and civic monopoly of arms, his citizenship must be corrupted' (Pocock 1983: 236). Hence the republican commitment to a militia and opposition to a standing army as a threat to liberty; an issue that pervades the debates during the early modern period, the scope of which goes beyond the limits of this chapter (Robertson 1985). Smith judges that this threat is largely overrated on Smith's account. In the case of a 'well regulated standing army', supported by the 'natural aristocracy' that is the 'principal nobility and gentry of the country' (WN V.i.a.41–2: 707) and led by the sovereign, there is practically no danger. Rather, stability and order should be expected. Smith here steadfastly defends modernity, and therefore standing armies, as the art of war and technology, mainly artillery, place modern armies within the frame of the modern division of labour (WN V.i.a.10: 695). The effect of which is make militias look somehow vestigial and unfit for modern states (V.i.a.20–2: 698–9). The loss of martial spirit is not necessarily linked with the rise of standing armies. Quite the contrary, to instil some martial spirit into a modern standing army can possibly remedy the 'real or imaginary' dangers to political liberty by cultivating civic conscience and contributing to strengthen bravery and the 'spirit of the soldier', cruelly lacking to modern man (WN V.i.f.59: 787). Indeed, this is a problem that requires serious attention because a 'coward' is 'as much mutilated and deformed in his mind as others in his body' (WNi.7.60: 787). But Smith is somehow unclear, recommending military exercises of vague nature and scope (Berry 1997). Yet Smith is quite adamant in the nature of the problem which goes beyond the problem of defence and touches upon the contagiousness of 'mental mutilation, deformity wretchedness, which cowardice necessarily involves in it' (WN V.i.f.60: 787). Therefore, it becomes a problem of civic ethos and civility.

## Division of labour and alienation

In the second category falls a set of problems related to the mental and moral mutilation of the worker due to the impact of the division of labour on human personality. They are widely known in their Marxist and post-Marxist label of alienation of the worker and are often seen as more or less fortunate anticipations of this posterity (Meek 1977: 3–17; Hill 2007: 339–66). Nonetheless there is a distinctive Smithian flavour in the account of cognitive impairment and the loss of intellectual virtues entailed by the development of the division of labour that cannot be exclusively read through the lens of the Marxist tradition (see Pack in this volume).



In a passage worth quoting at length, and despite the relatively early stages of the division of labour that he witnessed, Smith judged that,

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. Of the great and extensive interests of his country, he is altogether incapable of judging. (WN V.i.f.50: 782; Rosenberg 1965: 130–9; Pocock 1975: 502.)

It is no accident that Smith compares the ‘country artist’ that preserves his intellectual capacities, thanks to the variety of his occupation, to the ‘city artist’ (LJB 328: 539) who is condemned in uniformity. Moreover, Smith’s emphasis on the debilitating effects of ‘gross ignorance and stupidity which, in a civilized society, seem so frequently to benumb the understandings of the inferior ranks of people’ leads to a grim image of a *wholesale* deterioration of people’s intellectual faculties (WN V.i.f.61: 788).

On this point, the connection between intellectual and moral faculties, intellectual and moral virtues comes to the fore and with this the importance of moral imagination in Smith. Much of the discussion in TMS III revolves around the training of moral imagination to endorse multiple perspectives, sometimes alien to one’s own social and moral identity in order to instantiate an impartial standpoint (Griswold 2006: 45). In his Glasgow lectures, Smith reminded his students that religious education does not merely render people pious but ‘it affords them subject for thought and speculation’ (LJB 330: 540). In other words, there are sufficient indications in Smith’s oeuvre to suggest that ‘forming any just judgment concerning many even of the ordinary duties of private life’ (LJB 330: 540) has serious consequences on the moral identity. The performance of impartial judgment heavily rests on the cultivation of a potentially enlarged imagination. Now the figure of impartial spectator comes up each time there is moral and social dissensus and thus we are in desperate need of a common standpoint that goes beyond real conflict, i.e. partiality, prejudice, ignorance and poor imagination (Haakonsen 2002: xv). It is not necessary here to set forth all intricacies related to the distinctively Smithian concept of the impartial spectator, critical of public opinion and convention in their deluded forms. It suffices to lay out the property of the impartial spectator as unbiased, well-informed instance of judgment ‘within the breast’ that relies on a constantly trained imagination (TMS III.i.3: 110). Therefore, moral deliberation of ordinary citizens is contingent on the ongoing process of sharpening the moral imagination, itself a product of the inextricably linked moral and intellectual faculties and their subsequent cultivation through an educational policy.

The degeneration of the worker (Hanley 2009: 32–6) looms large as a problem of lack of education. Smith locates it in the part of the WN regarding the educational policy of a

commercial state. On this account Smith links the problem of uninstructed citizenry with the threat of factions and party animosity, the problem of enthusiasm and superstition, the 'anti-self of the Enlightenment' (Pocock 1997). Hence his declaration that, 'Science is the great antidote to the poison of enthusiasm and superstition; and where all the superior ranks of the people were secured from it, the inferior ranks could not be much exposed to it' (WN V.i.g.14: 798). In TMS, the first explicitly identified source of corruption of sentiments is religious factionalism and zealotry. They have their origin in religious passions such as enthusiasm and superstition: 'False notions of religion are almost the only causes which can occasion any very gross perversion of our natural sentiments in this way' (TMS III.6.12: 176–7). As a result he stipulates that 'Of all the corrupters of moral sentiments, therefore, faction and fanaticism have always been by far the greatest' (TMS III.3.44: 156). This is no small matter for Smith. His institutional, educational policy recommendations in WN V steadily point to the mental health of the lowest rank of commercial society and possession of a minimum of intellectual virtues to enable decency and self-respect.

The intellectual virtues are required to diagnose the interested complaints behind the apparently solely spiritual and disinterested claims of faction leaders. This takes us back to the issue of regular versus rude subordination, a salient feature of Smith's moral and social psychology. 'Respect of their lawful superiors' is to be obtained only from an 'instructed and intelligent people' (WN V.i.f.61: 788). This line of thought could be profitably set next to Smith's concerns with the conspiratorial, quasi-factional nature of merchant and businessmen alluded to above (Coleman 1988: 161–2, 169–70; Levy and Peart 2009: 337–42).<sup>11</sup> As unexpected as it might seem at first glance, I think it is plausible to evoke the factional, self-interested and deluding nature of mercantile corporations as instances of 'economic' fanaticism that the 'instructed and intelligent' 'middling rank' of the commercial society should counter and demystify in the same manner that the low, instructed masses should be steered away from religious zealotry.

## COMMERCIAL MANNERS AND THE CORRUPTION OF MODERATE VIRTUES

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In addition to the lack of martial spirit and alienation, conducive to 'faction and factionalism', first ground of corruption identified in the TMS, there is a second, formally identified ground of corruption of moral sentiments. The second source of corruption of moral sentiments turns up only in the final, sixth edition of the TMS. Its formulation is quite striking and rather surprising for anyone unfamiliar with Smith scholarship:

This disposition to admire, and almost to worship, the rich and the powerful, and to despise, or, at least, to neglect persons of poor and mean condition, though

<sup>11</sup> From a different angle, Levy and Peart (2009: 337) explore the factional nature of 'monopoly as a unitary actor'.

necessary both to establish and to maintain the distinction of ranks and the order of society, is, at the same time, *the great and the most universal cause of the corruption of our moral sentiments*. (TMS I.iii.2.3: 52, emphasis added)

Smith's bold statement sounds counter-intuitive even in the context of a moderate defence of commercial society<sup>12</sup> and civilization. Therefore, Smith's argument in this section requires further explanation and analysis. In this section I shall focus on Smith psychology of moral sentiments along with his proto-sociological theory of social subordination regarding the 'psychological attachments which tie men in different social orders' (Harpham 1984: 170–1).

In TMS VI.ii.1.20, added in the ultimate edition alongside I.iii.3 Smith appeals to the beneficial, social yet unintended consequences that 'bulk of mankind's' admiration of the wealthy have for the maintenance of social order. He explicitly states that the uncharitable contempt of the poor is subsidiary on the moral front. In his discussion of the extension of beneficence to those 'distinguished by their extraordinary situation, the greatly fortunate and the greatly unfortunate, the rich and powerful, the poor and the wretched', he opts for social cohesion at the expense of social compassion (Heilbroner 1982: 439) in a stratified society

The distinction of ranks, the peace and order of society, are in a great measure, founded upon the respect which we naturally conceive for the former. The relief and the consolation of human misery depend altogether upon our compassion for the latter. The peace and order of society, is of more importance than even the relief of the miserable. (TMS VI.ii.1.20: 226)

This passage appears for the first time in the final edition of the TMS, in the newly added 6th part. Thus the tension between moral and social stratification<sup>13</sup> is integrated in Smith's account of social and moral sentiments. As the title of the chapter indicates (TMS I.iii.3) the obsequiousness towards and pretentiousness of the social superiors have triggered more dramatic consequences than Smith had diagnosed in the first edition of the TMS.

This shift apparently amounts to more than a mere account of a growing divorce between social and moral stratification or a 'profound moral distaste'<sup>14</sup> in the face of the prevailing social servility observed by a mature, cosmopolitan Adam Smith. It has been

<sup>12</sup> On this issue, see Brubaker (2007).

<sup>13</sup> This has led Raphael (1973: 87) to remark that 'In his youth he wrote enthusiastically of our tendency to admire "the rich and the great." In his old age he modified his view. He still thought that admiration of the rich and the great with contempt for the poor and the weak, was both natural and socially useful; but he also thought it corrupted the moral sentiments, which approve of admiration only for the wise and good, and of contempt only for the foolish and the bad. That is to say, he became more sensitive to the tension between social and moral stratification but he was always a stratifier, never a leveler.' For an original vindication of Smith's 'science of equity', see Schliesser (2008).

<sup>14</sup> '... as he moved in consequence from the slightly moral didacticism perhaps incumbent on a young Scots professor of Moral Philosophy into the imaginatively chillier ambiance of a cosmopolitan theorist of the historical process, his serenity in the face of prevailing social deference shifted to a mood of pronounced moral distaste' (Dunn 1983: 134–5).

interestingly suggested<sup>15</sup> that the prudent man and his moderate virtues, Smith's palliative to vanity and aristocratic corrupted morality up to the ultimate edition of the TMS, is no longer considered as an efficient remedy.<sup>16</sup> The historical evolution of commercial society has brought about rapid and radical socio-economic restructuring (Dwyer 1987: 599). Instead of questioning prudent man's resistance to vanity (Hanley 2009: 128, n.28), I will rather explore the multiple and often paradoxical driving forces behind commercial vanity.

## THE COXCOMB AND THE POOR MAN'S SON

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In the context of commercial corruption, Smith reserves a special treatment to the case of upstart (LJA iv.46: 217, LJB 13: 401) exemplified by the figure of coxcomb.<sup>17</sup> His tone is straightforwardly dismissive in sketching coxcomb's portrait and manners. Nonetheless, this should not mislead us in placing due weight on this issue. The coxcomb instantiates vanity in the sense of affectation to the utmost degree, 'it is what properly called vanity' (TMS III.ii.5: 115); Smith describes the coxcomb as a figure whose essential distinctive trait is twofold: he '... sets his character upon the frivolous ornaments of dress and equipage, or upon the equally frivolous accomplishments of ordinary behaviour' (TMS VII.ii.4.8: 309). First, he ruinously lives beyond his means and, concomitantly, is under the illusion that his obsessive imitation of aristocratic manners, 'the frivolous accomplishments of ordinary behavior', is the subject of as much sympathetic attention as is received by true elites<sup>18</sup>:

Politeness is so much the virtue of the great that it will do little honour to any body but themselves. The coxcomb, who imitates their manner, and affects to be eminent by the superior propriety of his ordinary behavior, is rewarded with a double share of contempt for his folly and presumption. Why should the man whom nobody thinks it worth while to look at, be very anxious about the manner in which he holds up his head, or disposes his arms while he walks through a room? (TMS I.iii.2.5: 54–5)

On two separate occasions Smith issues a warning sign for the conspicuous consumption that characterize the coxcomb. The imitation of rich man's lifestyle, the 'frivolous

<sup>15</sup> Dickey (1986: 58) has forcefully claimed that the transition from the 1759 edition to the ultimate, 1790 edition marks a serious modification of Smith's concerns about vanity, servility, and deference to wealth.

<sup>16</sup> In the same vein, Dwyer (1987: 182) claims that the change in Smith's final revisions of the TMS 'demonstrate the concern on the part of Scottish moralists in the late eighteenth century that the middling ranks of society—those "respectable" men whose behaviour, for Smith, most approximate virtue—were having their moral sentiments corrupted by the luxurious manners of their social superiors.'

<sup>17</sup> The envy towards the upstart stirs social disorder: 'It is evident that an old family, that is, one that has been long distinguished, by its wealth has more authority than any other. An upstart is always disagreeable, we envy his superiority over us, and think ourselves as well entitled to wealth as he' (LJB 13: 401).

<sup>18</sup> A moderate degree of ambition can be legitimate without evoking vanity pace Mandeville. Contrariwise, Mandeville is right to identify hypocrisy and genuine vanity as exemplified by the coxcomb.

ornaments of dress and equipage' sketch the portrait of an announced self-destruction: 'Of all the illusions of vanity, this is, perhaps, the most common' (TMS VI.iii.37: 256). The dissolute wealthy folk will squander their social position in the same way the feudal lords did and gradually be replaced by those of the 'middling stations' who practice proper manners and behave in a more restrained manner. Yet this does not resolve the problem of imitation of rich man's manners.

In his account of commercial civility, Smith realized that there is a potentially dangerous path left wide open: people belonging to 'middling station of life' are inclined to imitate the lifestyle of aristocrats forgetting that conspicuous consumption of luxury goods or fashionable behaviour are status symbols as well as models of lifestyle. In an environment of increasing social mobility, the result will be a general disposition to imitate the rich and the great, setting the scene for the upstart greatness of the coxcomb to proliferate. 'Ultimately, Smith discovered that a morality grounded in ordinary experience tends to slip into a precarious moral free-for-all dictated by the whimsy of the rich and powerful ...' (Forman-Barzilai 2005: 210). The 'bulk of mankind' defer to the wealthy and the great, lionizing them (TMS I.iii.ii.2-4: 51-4). From this perspective, Smith has anticipated in an original way the critique of bourgeois manners. Genuine propriety should not be downgraded into an imitation of aristocratic propriety and grace otherwise moral and social order risk to slide on the slippery slope of fickleness and ultimately to nihilism.

Commercial obsequiousness is also scrutinized from a different angle in TMS IV.i. The poor man's parable in the TMS IV.i is one of the most striking and discussed parts of the TMS. The poor man's son 'whom heaven in its anger has visited with ambition' (TMS IV.i.8: 181) works relentlessly to the point of physical and psychological exhaustion and, further, he '... serves those whom he hates, and is obsequious to those whom he despises', to reach wealth and greatness. Yet he is no coxcomb and he has no opportunity for vulgar flaunting as he lives a frugal and austere life. At the heart of this debate lies the question of whether economic progress (Dickey 1986) inevitably brings along moral decay (Heilbroner 1975) that has to be accommodated in Mandeville's spirit or countered a la Rousseau's anti-commercial disposition. In the debates on this passage, the main question that is raised regards the relationship between happiness and virtue on the one hand and vanity and wealth on the other. In other words, the extent to which the economic utility of vanity and the love of esteem are compatible with moral virtue and individual happiness. Smith's doctrine of unintended beneficial consequences of commercial ambition contrasts sharply with the restlessness and anxiety that plague the individual soul when imbued with this 'deception of imagination': the admiration of the condition of the rich disposing 'numberless artificial and elegant contrivances for promoting this ease and pleasure'. Smith has preserved this chapter throughout the last edition of the TMS although there is evidence, especially his emphasis on the 'save and invest' attitude and on 'slow accumulation' in WN (Fleischacker 2004: 104-11), that he has changed his mind over the Mandevillean argument that luxury, conspicuous consumption is conterminous with the progress of commercial society. Whether this is cynicism or taste for paradox (Griswold 1999: 222, 225) on behalf of Smith, or simply a view that has been amended in his maturity with the WN and the ultimate edition of the TMS is subject to debate (Rasmussen 2008: 132-7).

## CONCLUDING REMARKS

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Smith's theorization of corruption fits into the classificatory pattern of natural history as he identifies species of corruption gradually revealing the causal order that links them in the context of the progress from rudeness to refinement. The theme of obsequiousness offers a privileged access to Smith's economic anthropology as it instantiates the degrading departure from the standards of independence and security. This de-humanizing disposition can be safely traced in Smith's natural history of civil society in all socio-economic stages previous to commercial society and, in some cases, atavistically survived structures of servility remain active in refined context. Yet commercial civilization is not immune from endemic forms of corruption due to mental mutilation and the demise of martial spirit entailed by the advancement of the division of labour. Smith's originality lies in his emphasis on the interconnectedness of the socio-economic and the psychological dimensions of corruption as prerequisites for the moral and political perspectives to unfold. In the context of the distinctively commercial corruption entailed by the progression of wealth's worship, Smith's originality cuts even deeper. Rousseau's famous critique of commercial civilization evokes the conspicuous ostentation and duplicity that commercial society brings about. Alongside his castigation of the *modus vivendi* of 'modern man' who constantly lives 'in the opinion of others', Rousseau has notoriously vilified politeness as an indistinctively commercial and aristocratic phenomenon, synonymous to hypocrisy and moral decrepitude. This account of commercial corruption partially overlaps with Smith's account but Rousseau's critique does not focus on the distinction between courtly and commercial politeness in any significant way and consequently misses the intricacies unveiled through the anatomy of the prudent, the vain, the coxcomb and the poor man's son sketched by Smith. To be sure Smith's sardonic critique of aristocratic manners has not prevented him from being equally sarcastic in his critique of the novel 'upstart', commercial greatness. Further, he might have sensed that *both* kinds of critique are necessary in order to deal with the corruption due to social distinction in a commercial society.

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## CHAPTER 18

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# ADAM SMITH AND THE STATE: LANGUAGE AND REFORM

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DAVID M. LEVY AND SANDRA J. PEART<sup>1</sup>

EDWIN Cannan's lecture at the London School of Economics' sesquicentennial of the *Wealth of Nations* offers the well-informed judgment that Smith changed our understanding of the relationship between the state and individuals:

he will consider the nation wealthy or not wealthy according as its average worker is wealthy or not wealthy, and not according as the sum of all its members' wealth is great or small. By this he threw over the old idea of an entity called the state or the nation existing outside the individuals who constitute its subjects or members, and flourishing or languishing irrespective of their prosperity. (1926: 126)

Another of Smith's contributions is more difficult to assess:

Adam Smith may fairly claim to be the father, not of economics generally—that would be absurd, but of what in modern times has been called, with opprobrious intention, 'bourgeois economics,' that is the economics of those economists who look with favour on working and trading and investing for personal gain. (1926: 129)

In Cannan's view, Smith's linkage between the pursuit of self-interest and the social good is successful when, but only when, appropriate institutions direct people towards the collective interests. Cannan criticized appeals to Nature as a mechanism to link private and social goals:

It is easy to object to the confidence in 'Nature' which he displays, in accordance with the fashion of the time, when he assumes that the coincidence between

<sup>1</sup> We have benefited greatly from the insightful comments of the Editors, from Eric Schliesser and the careful reading of Jane Perry. All errors and omissions are our responsibility.

self-interest and the general good establishes itself ‘naturally,’ in the absence, that is, of all human institutions except a few which were regarded as being themselves natural. (1926: 132)

By contrast, Cannan argued ‘that such harmony as is found between the pursuit of self-interest and the general good is dependent on the existence of suitable human institutions’ (Cannan 1926: 132–3). Such institutions, Cannan asserts, are ‘fashioned’: ‘Throughout history society has been fashioning and modifying its institutions so as to make it the interest of its members to do the right thing’ (Cannan 1926: 132). In the literature following this interpretative trajectory, Jacob Viner’s (1928) discussion of the range of state policies Smith favoured in WN, Henry Bittermann’s extensive discussion of Smith’s ‘roughly utilitarian’ point of view (Bittermann 1940), and Nathan Rosenberg’s study of Smith and institutions (Rosenberg 1960) stand out. Andrew Skinner summarizes later discussions (Skinner 1996).

At another sesquicentennial celebration, this one at the University of Chicago, Glenn Morrow offered a reading of TMS, which as he noted had no celebration of its own, suggesting that Smith put the relationship between the individual and society on a new foundation:

It looks for the origin of moral judgment, not in an innate individual source of insight, but in social experiment. The individual’s moral consciousness with its judgments of approval and disapproval is a reflection, or a derivative, of the social consciousness; it grows through experience in society, and represents the demands of his fellow-men upon the individual. This theory, therefore, looks upon the individual not as an absolute and an irreducible entity existing prior to social experience, but as a product of his social environment. (1928: 177)

Long before Morrow wrote, evolutionary thinkers had seized upon TMS to help link the individual and the group. Herbert Spencer quoted it extensively in *Social Statics* (1851: 96–8) and Charles Darwin began a critical section in *Descent of Man* with a discussion of Smith’s accomplishments (Darwin [1871] 1989: 110). This tradition continued as F.A. Hayek stressed the social evolutionary theme in Smith. Indeed, Hayek passed on a phrase which he claimed captured the relationship between Smith and Darwin:

The whole position has been well summed up by Simon N. Patten . . . ‘Just as Adam Smith was the last of the moralists and the first of the economists, so Darwin was the last of the economists and the first of the biologists.’ (Hayek 1973: 153)

How are these views consistent? Utilitarian arguments are not characteristically evolutionary arguments unless some meaning of ‘natural’ has utilitarian properties. But that in turn raises another problem. At the Chicago celebration, Viner queried how the desire for reform in WN might be reconciled with the providentialism in TMS (Viner 1928). Perhaps the answer is to be found in what Smith teaches us about Stoic doctrine. According to Smith, the Stoics admonished us to live according to nature (TMS VII.i.15: 272) and to bring about happiness for all (TMS VII.ii.i.21: 277). This two-fold teaching gives us insight into the relationship between institutional reforms and Stoicism in Smith. Smith’s general argumentative enterprise links reform with morality; when in

some institutional setting we find praise-worthy action, something flowing from natural sentiments, with deleterious consequences, there is a good reason to change the institution (Levy and Peart 2009).

It is not surprising that as we move beyond the 250th anniversary of TMS towards the 250th of WN, Smith's relationship with the Stoic tradition is receiving increased attention. A.L. MacFie and D.D. Raphael emphasized Smith's stoicism (Raphael and MacFie 1976: 5–10). More recently, Gloria Vivenza (2001) has written a full-length study of Smith and the larger classical tradition and Fonna Forman-Barzilai (2011) locates Smith in the Stoic tradition. One question raised by this scholarship is whether providential claims concern the world or beliefs about the world (Levy and Peart 2008)? In his essay on 'Ancient Logic and Metaphysics', Smith warns that the coherence of many 'doctrines of abstract Philosophy . . . have arisen, more from the nature of language, than the nature of things' (EPS, 'Logic' 6: 125).

This chapter focuses on the role of temporal scarcity and language in reform. These are linked because language lies at the foundation of Smith's account of a society in which the scarcity of time prevents us from being friends with more than a small number of people. When friendship-linked benevolence fails, we persuade and exchange. The scarcity of one's life is, we argue, foundational for Smith. He brings this consideration to bear at the centre of his thoughts on reforming the state when he argues that we have time to develop affection for our systems of thought but not for the people described by these systems. Smith's account, in which habitual sympathy motivates (TMS Vi.ii.5: 220), allows him to describe an affection for systems built in language. Affection gives motivational power to a system but it also presents a great danger. We may care about a system far more than the people described in the system. This was a danger in Stoic times (TMS VII.ii.1.40: 290). So, the central challenge for Smith is that of combining the motivational power of system without succumbing to the temptation to use a system to justify breaking our fellow humans.

## DOES REFORM MAKE SENSE IN SMITH'S SYSTEM?

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There is a wide-ranging debate over whether Smith offers only a descriptive theory of norms or whether the articulated norms suggest individual or social reform? If norms are purely descriptive then it is not obvious how they could be causes of change. Immediately, one can appreciate how scholars could come to different judgments on this matter.<sup>2</sup> Smith's descriptive theory of norms can be exemplified by the fact that Smith writes without words of disparagement of the two contending moral systems in every great society, the liberal and the austere (WN V.i.g.10: 794). The difference between the two systems seems largely localized to sexuality, about which Smith maintains a stoical indifference.

<sup>2</sup> Charles Griswold (1999) and D.D. Raphael (2007) represent opposing views. Schliesser (2007) reviews of some of the current debate, emphasizing the critical role of Smith's view on infanticide.

His indifference is also manifested when he cites the reputation of opera dancers as public prostitutes to explain why their pecuniary wages are so high, questioning only its factual basis ('reason or prejudice') and neatly exploring the consequences of its improvement (WN I.x.b.25: 124).

For Smith, norms are conventions and descriptive, but Smith also points to norms that need to change. An example is infanticide: a convention which needs to be reformed. Infanticide is different from other norms of conduct because life is different. Infanticide, by taking all of the life of the most helpless, to add creature comforts to one's own, is an epitome of selfishness.<sup>3</sup> In TMS, Smith offers the devastating criticism of both the 'humane Plato' and of Aristotle, their inability to free themselves from customary morality when they wrote justifying the 'horrible abuse' of infanticide (TMS V.2.15:210). In WN, 'horrid' is how he describes the Chinese practice of infanticide by which pecuniary wages are kept up (WN I.viii.26: 80–90). Of those philosophers of antiquity about whom Smith writes, only Epictetus attacked the practice and its philosophical defenders (*Discourses* 1.23; Boswell 1988: 87–8). If only a former slave could fully free himself from convention to offer reforms as Epictetus did, then it is to the Stoics that Smith looks for guidance on the nature of reform.

## READING SMITH

The question of the role of language and reform raises the question of the vantage from which we read Smith. We acknowledge at the outset two contending interpretative approaches to Smith. One tradition holds that his work, and that of past political economists in general, should be read as modern, as part of an extended present. The questions raised are what are his theorems and whether they are true or not (Stigler 1969; Hollander 1973; Levy 1995). A second tradition holds that Smith's work is to be read in context, as constrained by the intellectual resources offered in his time. Here, the question is whether Smith's arguments for his theorems are sound in terms of the standards of his time (Winch 1978; Haakonssen 1981; Hont 2005). Both Cannan's 1926 and Viner's 1928 contributions suggest the tension between these interpretative traditions. To prove economic welfare theorems in the twenty-first century, need we appeal to a nature with providential properties? It is easy to appreciate how scholars who read Smith as part of the extended present might adopt Chrysippus's attitude towards his much loved teacher's ineptitudes: send me the theorems, I'll find the proofs (Diogenes Laertius VII: 179).

<sup>3</sup> Smith indexes the judgment concerning loss of a life to age, taking care to add to 'nature' a normative claim: 'In the eye of nature, it would seem, a child is a more important object than an old man; and excites a much more lively, as well as a much more universal sympathy. It ought to do so. Every thing may be expected, or at least hoped, from the child. In ordinary cases, very little can be either expected or hoped from the old man' (TMS VI.ii.1.3: 219).

For an older generation of economists who read his work as part of the extended present, Smith's linkage between language and exchange seemed difficult. Cannan's puzzled note to Smith's remark that dogs lacking language do not trade<sup>4</sup>—'It is by no means clear what object there could be in exchanging one bone for another'—is suggestive (Cannan 1904: 15). Smith uses many words of judgment—'fair,' 'mine,' and 'yours'—all of which dogs lack, to describe exchange. Similarly, the supposition that language carries no motivational weight appears in the solution proposed to the 'Adam Smith Problem' by Raphael and Macfie. Raphael and Macfie dichotomized Smith's works between those concerned with judgment and those concerned with motivation.<sup>5</sup> Over time, scholars have raised a number of criticisms of this dichotomization; James Otteson's dissent is gentle (Otteson 2002: 170–98), Leon Montes' somewhat more pungent (Montes 2004: 40–56); and more recently Eric Schliesser described the Raphael-Macfie solution as a 'canard' (Schliesser 2007). Central to the criticisms are the clear and distinct words Smith added to the final edition of TMS: 'What is called affection, is in reality nothing but habitual sympathy' (TMS VI.ii.1.5: 220). A motivation, affection, is definitionally connected with sympathy plus time. The sentence was new to TMS, the role of habitual sympathy was always present.<sup>6</sup>

Language and motivation only hint at the difficulties. The most systematic issue, as Cannan pointed out, is the meaning of 'natural'. A theorem-preserving approach might translate 'natural' as 'equilibrium' or 'optimal' but there are contexts in which it is neither. A contextual approach faces an even wider range of possibilities suggested by the celebrated essay by Arthur Lovejoy and George Boas on 'Nature' as norm (Lovejoy and Boas 1936: 103–16).

An attractive solution is to read Smith's views on 'natural' and necessary through the eyes of his esteemed friend, the greatest philosopher of the age, David Hume. Since there

<sup>4</sup> 'Nobody ever saw a dog make a fair and deliberate exchange of one bone for another with another dog. Nobody ever saw one animal by its gestures and natural cries signify to another, this is mine, that yours' (WN I.ii.2: 26). The supposition that Smith's appeal to reason and speech is 'almost an afterthought' (Force 2003: 126) misses the discussion in LJ in which trucking is linked to persuasion. 'If we should enquire into the principle in the human mind on which this disposition of trucking is founded, it is clearly the natural inclination every one has to persuade. The offering of a shilling, which to us appears to have so plain and simple a meaning, is in reality offering an argument to persuade one to do so and so as it is for his interest. Men always endeavour to persuade others to be of their opinion even when the matter is of no consequence to them' LJA vi.56: 352. The texts are discussed in Levy (1991: 19–20) in the context of the result that rat preferences had nothing, at the axiomatic level of abstract economic theory, to distinguish them from humans. But rats do not trade naturally.

<sup>5</sup> Raphael and Macfie (1976: 21–2); 'Sympathy is the core of Smith's explanation of moral *judgement*. The motive to action is an entirely different matter.' The position is reaffirmed in Raphael (2007).

<sup>6</sup> 'The earliest friendships, the friendships which are naturally contracted when the heart is most susceptible of that feeling, are those among brothers and sisters. Their good agreement, while they remain in the same family, is necessary for its tranquillity and happiness. They are capable of giving more pleasure or pain to one another than to the greater part of other people. Their situation renders their mutual sympathy of the utmost importance to their common happiness; and, by the wisdom of nature, the same situation, by obliging them to accommodate to one another, renders that sympathy more habitual, and thereby more lively, more distinct, and more determinate' (TMS VI.ii.1.4: 219–20).

has never been a question of how deeply Smith respected Hume and his work, it is hardly surprising that this approach has attracted the most able advocates of the contextual approach (see also Phillipson in this volume and Phillipson 2010). But the Hume-centric approach is contested. A view is emerging in which Smith is perhaps Hume's deepest critic since only Smith could criticize from within Hume's system (Levy 1978; Harman 1986; Levy and Peart 2004; Pack and Schliesser 2006; a view now itself disputed, Hanley 2011).

In the Aristotelean logical tradition there is a linkage between 'necessary' and 'natural' which helps with the fine details of Smith's work. What is natural might not be necessary but it occurs for the most part. Smith's frequent use of the words 'the greater part' and occasional use of 'the most part' suggests that Smith is applying an empiricized modal logic to analyse the world around him.<sup>7</sup> Our proposal is to treat 'natural' as an empirical, scientific proxy when 'necessary' fails. This formulation is found first in Aristotle's *Prior Analytics* and then more precisely in the greatest of the Greek commentator on Aristotle's logical works.<sup>8</sup>

In what follows we inquire into Smith's assertions and the methods by which he defended them. We employ no logical machinery that was not a commonplace in antiquity. This stipulation has some consequence since scholarly understanding of ancient logic has changed drastically since the WN's sesquicentennial (Łukasiewicz 1951; Mates [1953] 1961: 2–4). Traditional logicians could do more empirical work with their machinery than twentieth-century historians of economics have appreciated. Perhaps with this new understanding of the resources at Smith's command, we need not despair, as George Stigler did, of finding either new proofs for old theorems or perhaps even new theorems in the past of economics (Stigler 1969). One result of the new scholarship in the history of logic is that we can now appreciate that Smith's blistering criticism of Chrysippus's systemization and his fascination with paradox (TMS VII.ii.1.41: 291) are echoes of what was put forward in the polemics against the Stoics by the ancient commentators on Aristotle's logic.<sup>9</sup>

It is useful to consider some examples of how language carries judgments and serves as the basis of reform. Language may carry constraints to help agents avoid the temptations attendant upon exchange (Levy 1991; Levy et al. 2011). Alternatively, language may carry rewards paid in the coin of approbation (Levy and Peart 2004). To address the

<sup>7</sup> These are rare words in Hume's *Treatise*. 'The most part' occurs once (Hume [1739–40] 1896, III.vi: 618). This is not surprising since Hume is famous for developing an alternative, the conceivable interpretation of the mode 'possible'. 'Whatever can be conceiv'd by a clear and distinct idea necessarily implies the possibility of existence; and he who pretends to prove the impossibility of its existence by any argument deriv'd from the clear idea, in reality asserts, that we have no clear idea of it, because we have a clear idea. 'Tis in vain to search for a contradiction in any thing that is distinctly conceiv'd by the mind. Did it imply any contradiction, 'tis impossible it could ever be conceiv'd' (Hume [1739–40]: 43).

<sup>8</sup> Boole points to Aldrich's confusion of Galen with Alexander of Aphrodisia as 'The Commentator' as evidence of his incompetence as a historian of logic. Boole tells us that Alexander was the only Greek interpreter who earned *that* title, eventually sharing it only with Averroes (1847: 214).

<sup>9</sup> The echo is found a hundred years after the TMS was published. 'When Prantl, the nineteenth-century historian of logic, spoke of the *blödsinniger Formalismus* of the Stoics, he was only echoing ancient criticism by the followers of Aristotle. Alexander, for example, says in several places that the Stoics were too fussy about form and carried rigour in the analysis of arguments beyond what was useful for the ordinary concerns of life' Kneale and Kneale (1962: 164–5).

motivational impact of language, Smith might have appealed to the Stoic principle that only body moves body. Stoic logic distinguished between *truth*, which is common to people, embodied in the mind, and *true*, which is not embodied (Sextus Empiricus 1935, i: 38–41; Mates [1953] 1961: 35; Kneale and Kneale 1962: 151; Levy and Peart 2008). It may take time for what is true to become truth. As the economist and student of the classics, Frank Knight often said (quoting Spencer), only by ‘varied iteration can alien truths be impressed upon reluctant minds’ (Knight 1960: 9).

## THE TEXTS

The indispensable help for understanding Smith here is Dugald Stewart’s memorial. Stewart stressed that the reader must consider Smith’s additions to the final edition of TMS carefully (Life V.9: 328). After the appearance of the Glasgow collated edition, scholars have examined whether earlier interpretations of Smith are consistent with what Smith added (Raphael 2007). This valuable scholarship raises the point of how an older generation avoided Smith’s last thoughts when the final edition of TMS was the basis for the long-lived Bohn Library printing of 1853, an edition perhaps rushed into print after Spencer’s tribute in *Social Statics*. It ironically included Stewart’s words as preface without providing the resources to discover what these additions were!

One obvious source for a TMS without Smith’s last additions is the oft-reprinted 1897 collection of the *British Moralists* from Oxford University Press, edited by L. Selby-Bigge. Offering the imprimatur of a distinguished academic press and following the editor’s version of Hume’s *Treatise*, it put extracted texts from a century of discussion with an imitation of Stephanus numbers for each included paragraph, offering an editorial interpretation by exclusion: Smith’s last thoughts are not included. For some purposes it sufficed marvellously; indeed, it was the basis of A.N. Prior’s *Logic and the Basis of Ethics* which laid out Smith’s account of how persuasion, not truth claims, drives belief (Prior 1949). Do the TMS extracts bear the weight of interpretation over a wider range of topics? John Rawls’s reading of TMS, now questioned (Pack 1991: 103; Villiez 2006; Raphael 2007: 46) seems to have been limited to the *British Moralists* extracts (Rawls 1971: 161).

The second of Stewart’s contributions is to pass on a first-hand report of what Smith did in his logic class. There is, in Smith’s view, a useful part of metaphysics; an analysis of language and persuasion.

The best method of explaining and, illustrating the various powers of the human mind, the most useful part of metaphysics, arises from an examination of the several ways of communicating our thoughts by speech, and from an attention to the principles of those literary compositions which contribute to persuasion or entertainment. (Life I.17: 274)

Persuasion, as Smith suggested to his class, might be the foundation of the disposition to truck (LJA vi.56: 352).



## A NECESSARY SCARCITY

The centre of what is often meant by metaphysics is the modal logics from the ancient world. These have been recovered, giving us tools to understand Smith's theorems without appeal to probabilistic machinery. Thus Cannan's 'average' is an interpretation not a quotation. An applied modal logic requires only that the concept of 'necessarily true' be added to an ordinary logic with the stipulation that what is necessarily true is true in the ordinary sense and that the converse fails. With this it is straightforward to define impossible, that which is necessarily not true. The link between the probability theory that many of Smith's twentieth-century commentators rely on and modal logic of Smith's era follows if we appeal to an interpretation in which the necessary occurs always, the impossible never. This is precisely what we find in Henry Aldrich's 1691 *Compendium*, a book found in Smith's library (Mizuta 2000: 6 #22). Aldrich offers the table of opposition in terms of modes, necessary, contingent, and impossible ([1691] 1756: 7–10) which are then defined in terms of whether the subject and predicate 'essentially' agree, 'agree or differ accidentally' or 'essentially disagree'.<sup>10</sup> It is this link to the empirical world that drew the mid-nineteenth-century attack on modal logic (Boole 1847: 215–16; Mansel 1852: 52, 169).

The critical case for Smith is the contingent occurrences between the two certain cases. It is further divided between what happens for the most part and what is simply unknown.<sup>11</sup> What happens for the 'most part' is 'natural' and thus subject to science. The signature of such a modal approach is that the median, not the mean, is the natural centering principle. What occurs in most cases is balanced at the median with half above and half below waiting for one more observation to break the tie and let science begin. A geometrical image in the commentary on Aristotle's *Prior Analytics* by Alexander of Aphrodisias helps explain this:

the necessary is like a line which has been stretched from eternity to eternity, and the contingent comes into being from this line when it is cut. For if this line is cut into unequal segments, the result is the contingent as the natural and what is for the most

<sup>10</sup> Richard Whately brought Aldrich into the nineteenth century dropping the essentialism but preserving the interpretation when he identified 'necessary' with 'all'—'man is *necessarily* mortal'; is the same as '*all men are mortal*' (Whately [1826] 1827: 106; Prior 1955: 188–9).

<sup>11</sup> 'The theory of probabilities I take to be the unknown God which the schoolmen ignorantly worshipped when they so dealt with this species of enunciation, that it was said to be beyond human determination whether they most tortured the modals, or the modals them. Their gradations were *necessary, contingent, possible, impossible*; contingent meaning more likely than not, possible less likely than not' De Morgan (1847: 232). De Morgan is creatively reading *Prior Analytics* A.3.37<sup>a</sup>–<sup>b</sup>19. W.D. Ross's commentary (1949: 297–8): 'A. distinguishes two cases of contingency—one in which the subject has a natural tendency to have a certain attribute and has it more often than not, and one in which its possession of the attribute is a matter of pure chance.... A. thinks contingency of the second kind (where neither realization is taken to be more probable than the other) no proper object of science.' Also Bocheński (1951: 56) and Prior (1955: 190) who provides the linkage with de Morgan.

part, and also the contingent as the infrequent, which includes chance and spontaneity. But if the line is cut into equal segment there results the 'who can tell.' (163.19–23; 101)

Alexander's modern editor links 'for the most part' to that which 'holds by nature'.<sup>12</sup>

Smith identifies 'natural' with 'for the most part' when he discusses natural rent under competitive conditions. The landlord attempts to extract the net surplus of the produce. He will not necessarily but will 'for the most part' be successful (WN I.11.i: 160). Welfare judgments in terms of majority well-being, 'the greater part', are thus what one would anticipate in a period of modal political economy.<sup>13</sup>

## Hume on contingent property

With this background, consider the theory of justice and property presented in Hume's *Treatise*.<sup>14</sup> For Hume, laws of justice presuppose property but property itself is not necessary. Justice is in an important sense an 'artifice' to correct our natural partiality. 'The remedy, then, is not deriv'd from nature, but from *artifice*; or more properly speaking, nature provides a remedy in the judgment and understanding' ([1739–1740] 1896: 489). The property–justice pairing is contingent upon scarcity and limited benevolence. Hume starts the argument pointing to a golden age without property conceived by the poets to establish property's non-necessity<sup>15</sup>:

The storms and tempests were not alone remov'd from nature; but those more furious tempests were unknown to human breasts, which now cause such uproar,

<sup>12</sup> Mueller (1999: 37): 'Most of Alexander's discussion of this passage ([Pr An] 39, 17–40, 4) is devoted to explaining that although what is contingent may not hold for the most part, Aristotle mentions only what holds for the most part—which, according to Alexander, is the same as what holds by nature—because there is no scientific value in arguments about which holds no more often than it fails to hold.'

<sup>13</sup> 'Is this improvement in the circumstances of the lower ranks of the people to be regarded as an advantage or as an inconveniency to the society? The answer seems at first sight abundantly plain. Servants, labourers and workmen of different kinds, make up the far greater part of every great political society. But what improves the circumstances of the greater part can never be regarded as an inconveniency to the whole. No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable' (WN I.viii.35:96). In the older commentary the emphasis on the majority for the larger utilitarian tradition is stressed by Cannan's colleague Graham Wallas (1898). Recent commentary on Smith's appeal to median well-being suggests that he is to the left of the stereotyped Smith. See Pack (1991); Levy (1995); Rothschild (2001); Fleischacker (2004); Peart and Levy (2005); and Schliesser (2006, 2008).

<sup>14</sup> Cannan's student Arnold Plant was perhaps the first to point to the overwhelming importance of David Hume's theory of property as an analytical tool (Plant 1934), a point developed at LSE by a sequence of economic philosophers: Lionel Robbins (1951: 50), F.A. Hayek ([1960] 2010: 227), and Ronald Coase (1977: 87). The political theorists' discovery of Hume's theory of property sketched in Istvan Hont (2005: 416) dates from the 1970s, which suggests how badly Cannan's influence has been lost outside of economics proper.

<sup>15</sup> Without the modal category of 'natural' as a subclass of 'contingent', Hume points out that 'natural' can be opposed to 'artifice' (Hume [1739–40]: 473). So, a 'convention' is described in which an 'artifice' is supposed 'most necessary'. 'No one can doubt, that the convention for the distinction of property, and for the stability of possession, is of all circumstances the most necessary to the establishment of human society' (Hume [1739–40]: 491).

and engender such confusion. Avarice, ambition, cruelty, selfishness, were never heard of: Cordial affection, compassion, sympathy, were the only movements, with which the human mind was yet acquainted. Even the distinction of *mine* and *thine* was banish'd from that happy race of mortals, and carry'd with them the very notions of property and obligation, justice and injustice. ([1739–40] 1896: 494)

Hume provides real world counter-examples to establish his thesis. Air and water remain in common because they are abundant (495). An unlimited affection within a household precludes property between married people (495). ‘... if men were supplied with every thing in the same abundance, or if *every one* had the same affection and tender regard for *every one* as for himself; justice and injustice would be equally unknown among mankind’ (495). Hume’s argument provides a nice illustration of modal reasoning. To establish that property is contingent one needs to establish that it is neither necessary nor impossible. A replicable example of property existing and another replicable example of commons establishes contingency.

Are there commodities which are never abundant? The ancient world tells of a necessary scarcity in the first premise of that most famous argument: ‘All men are mortal’. There are no counter-examples and as such this constitutes a necessary truth about the humans who make up the material world.<sup>16</sup> For Smith, mortality defines our species or essence; immortality is the mark of the divine. Humans who imagine themselves immortal are deluded.

The scarcity of time takes a central place at the foundation in WN. We continue with the passage about dogs not trading upon which Cannan commented:

A puppy fawns upon its dam, and a spaniel endeavours by a thousand attractions to engage the attention of its master who is at dinner, when it wants to be fed by him. Man sometimes uses the same arts with his brethren, and when he has no other means of engaging them to act according to his inclinations, endeavours by every servile and fawning attention to obtain their good will. He has not time, however, to do this upon every occasion. In civilized society he stands at all times in need of the

<sup>16</sup> Here Łukasiewicz points out something remarkable. If we think of Aristotle’s syllogism in terms of non-modal logic then the tradition has to be wrong. Thus as he argues ‘All men are mortal, Socrates is a man, therefore Socrates is mortal’—is not found in Aristotle’s writing (Łukasiewicz 1951: 1–2). Łukasiewicz notes that one ‘with a slight modification’ ‘All humans are animals’ is found in Sextus as ‘Peripatetic’ (1951: 1). In Łukasiewicz’s understanding, a genuine assertoric syllogism would begin—‘If all men are mortal ...’ Łukasiewicz makes us think about the status of the claim ‘All men are mortal’. The syllogism does not need the condition *if* when, and only when, ‘All men are mortal’ is necessarily true. Aristotle famously offered a quantity interpretation of a necessary truth. ‘Now let holding of every case and in itself be defined in this fashion; I call universal whatever belongs to something both of every case and in itself and as such. It is evident, therefore, that whatever is universal belongs from necessity to its objects. (To belong in itself and as such are the same thing—e.g. point and straight belong to line in itself (for they belong to it as line), and two right angles belong to triangle as triangle (for the triangle is in itself equal to two right angles).)’ (*Posterior Analytics* I.4.73<sup>b</sup>25–31). Of course the argument does not depend upon body counts but rather our understanding, our model, of being human. ‘What is man? An animal, mortal, footed, two-footed, wingless’ (*Posterior Analytics* II.5). Mueller (1991: 14) takes ‘all humans are animals’ as necessarily true.

cooperation and assistance of great multitudes, while his whole life is scarce sufficient to gain the friendship of a few persons. (I.ii.2:26)

Because of the necessary scarcity of time, in a civilized society the Stoic affective gradient fails.<sup>17</sup> The place of our birth, the centre of our habitual sympathies, takes on motivational weight contrary to Stoic axiomatics in which place is without motivational weight (Levy and Peart 2008). Smith makes the case that in a large ('civilized') society one of the Humean conditions for property—limited benevolence—is a consequence of the finiteness of life.<sup>18</sup> The link between concern for others and to requisite time spent engaging with others is provided by the identification of affection and habitual sympathy.

Smith posits the principle that time foregone is a universal social constant across people (I.v.7: 50). This comes from his anti-Platonic analytic egalitarianism (Morrow 1928: 168; Peart and Levy 2005). It measures happiness foregone for each one of us, a claim Stigler (1976: 1206–7) regarded as still open. Then if we are under an obligation to help spread happiness among mankind,<sup>19</sup> it is plausible to allow those with the most incentive to create happiness, the freedom of action to do so. The principle of self-interested motivation in service of universal happiness comes in TMS as a claim from ancient Stoicism:

Every man, as the Stoics used to say, is first and principally recommended to his own care; and every man is certainly, in every respect, fitter and abler to take care of himself than of any other person. Every man feels his own pleasures and his own pains more sensibly than those of other people. The former are the original sensations; the latter the reflected or sympathetic images of those sensations. The former may be said to be the substance; the latter the shadow. (TMS VI.ii.1.1: 219)

The principle of self-direction reappears in WN as property in time is singled out as the *most sacred*:

The property which every man has in his own labour, as it is the original foundation of all other property, so it is the most sacred and inviolable. The patrimony of a poor

<sup>17</sup> Here's what Smith tells us about the affective gradient the Stoics defended: 'Whatever concerns himself, ought to affect him no more than whatever concerns any other equally important part of this immense system. We should view ourselves, not in the light in which our own selfish passions are apt to place us, but in the light in which any other citizen of the world would view us' (TMS III.iii.11:140–1).

<sup>18</sup> Smith's response to Hutcheson's identification of morality and benevolence touches on the finite nature of humans: 'Benevolence may, perhaps, be the sole principle of action in the Deity, and there are several, not improbable, arguments which tend to persuade us that it is so. It is not easy to conceive what other motive an independent and all-perfect Being, who stands in need of nothing external, and whose happiness is complete in himself, can act from. But whatever may be the case with the Deity, so imperfect a creature as man, the support of whose existence requires so many things external to him, must often act from many other motives. The condition of human nature were peculiarly hard, if those affections, which, by the very nature of our being, ought frequently to influence our conduct, could upon no occasion appear virtuous, or deserve esteem and commendation from any body' (TMS VII.ii.3.18: 305).

<sup>19</sup> 'The happiness of mankind, as well as of all other rational creatures, seems to have been the original purpose intended by the Author of nature, when he brought them into existence... But by acting according to the dictates of our moral faculties, we necessarily pursue the most effectual means for promoting the happiness of mankind, and may therefore be said, in some sense, to co-operate with the Deity, and to advance as far as in our power the plan of Providence' (TMS III.5.7: 166).

man lies in the strength and dexterity of his hands; and to hinder him from employing this strength and dexterity in what manner he thinks proper without injury to his neighbour, is a plain violation of this most sacred property (I.x.c.12: 138).

## DIFFUSION OF IMPERATIVE TO ACT JUSTLY

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It is well known that Smith's argument differs drastically from Hume's.<sup>20</sup> Instead of a convention to act justly in which individual people calculate their costs and benefits, Smith relies on a religious imperative taught by specialists (TMS III.v.4:164). The theorems are diffused in a religious context; philosophical proofs lag far behind:

These natural hopes and fears, and suspicions, were propagated by sympathy, and confirmed by education; and the gods were universally represented and believed to be the rewarders of humanity and mercy, and the avengers of perfidy and injustice. And thus religion, even in its rudest form, gave a sanction to the rules of morality, long before the age of artificial reasoning and philosophy. That the terrors of religion should thus enforce the natural sense of duty, was of too much importance to the happiness of mankind, for nature to leave it dependent upon the slowness and uncertainty of philosophical researches. (TMS III.v.4: 164)

One notes Smith's phrase 'confirmed by education'. Religion as education for people of all ages will of course be a major topic in WN. It does, however, bear emphasizing that Smith's argument in TMS is appealing to properties of specialization and trade came quite some time before he put into print his proofs of these properties in WN. We will learn in WN of the time-saving aspect of the division of labour (WN I.i.5:17) but we will also learn of the temptation offered to the providers of goods and services to collude against the interest of the public, something we address below.

The stability of society depends upon people acting justly. But there is a problem which flows from the separation of principal and agent. Specialization in the inculcation of duty brings about the temptation of religious educators to bend their instruction to the interest of those with whom they habitually sympathize. If the duty to act justly is diffused through religious teaching then the question arises as to whether it is in the interest of the teacher of religion to teach impartial justice or to teach a doctrine of partial ends to benefit the members of a faction. This question is left open in TMS when Smith makes the trust of religious instruction contingent upon a non-factional religion (TMS III.5.13: 170). Smith asks whether it is reasonable for people to expect good behaviour from the religious in a sentence which can only be described as serpentine:

And wherever the natural principles of religion are not corrupted by the factious and party zeal of some worthless cabal; wherever the first duty which it requires, is to fulfil all the obligations of morality; wherever men are not taught to regard

<sup>20</sup> See Pack and Schliesser (2006) for a discussion.

frivolous observances, as more immediate duties of religion, than acts of justice and beneficence; and to imagine, that by sacrifices, and ceremonies, and vain supplications, they can bargain with the Deity for fraud, and perfidy, and violence, the world undoubtedly judges right in this respect. (TMS III.5.13: 170)

Smith's prose returns to its familiar plain style after this detour when he addresses the consequences of 'false' religion:

False notions of religion are almost the only causes which can occasion any very gross perversion of our natural sentiments in this way; and that principle which gives the greatest authority to the rules of duty, is alone capable of distorting our ideas of them in any considerable degree. In all other cases common sense is sufficient to direct us, if not to the most exquisite propriety of conduct, yet to something which is not very far from it; and provided we are in earnest desirous to do well, our behaviour will always, upon the whole, be praise-worthy. (TMS III.6.12: 176)

The next pages are occupied by reflection on how judgment is influenced by motivation. If crimes are committed as a matter of religious obligation by those who discover the wickedness of the teaching, we temper our disapprobation considerably.

In WN, Smith expands on the factionalization of religious teaching when he proposes a dramatic reform, the disestablishment of religion (WN V.i.g.8: 792). Only in a competitive setting does Smith find reason to believe that a pure rational religion will be taught (Levy 1978; Levy and Peart 2008).

## LEADERSHIP AND TIME

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Taking time as the universal scarcity, as time expenditures vary in different forms of society, this will have implications for the role and the form of the state. What is true for civilized society where state business is very costly for private persons, may not be so before civilization.<sup>21</sup>

Supposing that everyone has the same initial capacity, then where people actually end up in the game of life is largely a matter of fortune. In the context of Smith's system in which social distance predicts affection (Paganelli 2010) his discussion of leadership stands out as remarkable. Smith tells us that, after family and friends, people give attention to *the extremes* of fortune, the very rich and the wretched (TMS VI.ii.23: 225–6). In his account, the social hierarchy is stable to the extent that people 'naturally' regard good fortune as an indicator of desert. They do so, because 'peace and order' are more important than 'even the relief of the miserable'. Though moralists warn against a fascination for the rich, the fascination and the distinction of ranks persist (TMS VI.ii.23: 226).

Smith offers what seems to be a time-economizing explanation for the persistence of this attitude. Though we might wish to base our choice of leader on wisdom and virtue,

<sup>21</sup> Many studies have explored how the 'stages' of society bear upon political activity, e.g. Ronald Meek ([1971] 1977).

no one can confidently observe these attributes. Consequently we make the leadership decision on the basis of birth and fortune, about which there is little to disagree. The unreflective mob and the wise and virtuous select the same individuals (TMS VI.ii.23: 226).

For Smith, habitual sympathy is relative to an institution. All societies pick their leaders from the extremely fortunate so they are all hierarchical on the surface. But below the surface Smith sees the potential for difference. Does the institution allow for habitual sympathy to develop between rulers and ruled? With that connection people freely follow their leader into great peril. In WN, Smith tells his readers of Mr Cameron who without any formal title, but with reputation for equitable dealing of justice, 'carried, in 1745, eight hundred of his own people into the rebellion with him' (WN III.iv: 416–17).

In his LJ, Smith discusses the relationship between competition for leadership positions and social distance. He begins with the ancient Greek world and observes that competition for the leadership position combined with a small social distance brought about a republican form of government (LJA iv.65–6: 225). In the Greek cities there was a reduction in both physical and social distance. In the monarchical courts, small physical distance does not bring about equality of power because of the great disparity of wealth and lack of competition. This seems to block habitual sympathy (LJA iv.66: 225).

Smith asserts that the authorities have been too ready to classify Greek governments as monarchical because of the existence of non-elected leaders. Nonetheless, the ultimate power rested with the body of the people. Democracy came from the onset of city life. Here, the reduction in physical distance equalized:

But in fact there seems to have been a considerable degree of the democratical form under what were generally reckoned monarchies. For we see that the people had the sole power of making laws, and even the last determination of all affairs with regard to peace or war. (And they had the power of choosing all magistrates, insomuch that the authors say that Theseus, by calling the people to live in a city together, laid the foundations of the democracy.) (LJA iv.67–8: 225–6)

Smith's discussion of feudalism is far more famous than his discussion of ancient democracy. In the feudal era, the great lords had nothing to do with their surplus other than support friends and retainers. Smith paints an unforgettable picture of the great dining halls of nobility (WN III.iv.5: 413). The power of the feudal lords passed away when new commodities allowed the lords to possess neither sharing with nor spending time with their inferiors:

All for ourselves, and nothing for other people, seems, in every age of the world, to have been the vile maxim of the masters of mankind. As soon, therefore, as they could find a method of consuming the whole value of their rents themselves, they had no disposition to share them with any other persons. For a pair of diamond buckles perhaps, or for something as frivolous and useless, they exchanged the maintenance, or what is the same thing, the price of the maintenance of a thousand men for a year, and with it the whole weight and authority which it could give them. (WN III.iv.10: 419)

Smith's worries that regulations encourage socialization among members of a trade, which reduces the cost of forming an association, are central elements of an effective cartelization (WN I.x.c.27–30: 145). Factions are instrumental to the corruption of impartial justice (Young 1997; Brubaker 2006).

## **TIME AND HABIT EXPLAIN THE OUTCOME OF A POLITICAL PROCESS**

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Why are so many resources transferred to the merchants? This aspect of Smith's political analysis has been subject to considerable discussion (e.g. Stigler 1973; Winch 1978; Hollander 1979). He considers, first, the working people in the political process. They have neither the time nor the habits of mind independently to participate in the political process. Consequently, they are used by their employers (WN I.xi.p.9: 266). By contrast, the merchants, unlike other groups, habitually reflect on how they can attain their ends (WN I.xi.p.9: 266). Smith offers a guiding normative principle for the state reforms proposed by merchants:

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 public, who have generally an interest to deceive and even to oppress the public, and who accordingly have, upon many occasions, both deceived and oppressed it. (WN I.xi.p.10:267)

## **REFORM AS SOCIAL STOICISM**

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The literature on Smith and the Stoics perhaps began with Stewart who expressed surprise that Smith, with the assumption of a 'man within the breast', was able to internalize Stoicism (Stewart 1828: 229–30). Consider Smith's famous words about how Stoic reform works at an individual level. We create a system in language which allows us to visualize the world from outside.

Man, according to the Stoics, ought to regard himself, not as something separated and detached, but as a citizen of the world, a member of the vast commonwealth of nature. To the interest of this great community, he ought at all times to be willing that his own little interest should be sacrificed. Whatever concerns himself, ought to affect him no more than whatever concerns any other equally important part of this immense system. We should view ourselves, not in the light in which our own



selfish passions are apt to place us, but in the light in which any other citizen of the world would view us. (TMS III.iii.11: 140–1)

Stoic reasoning puts unnatural demands upon us. It speaks to the ‘man within the breast’ so that we are led by our imagination to go beyond our natural and partial inclinations. The problem with Stoicism is not that it is ineffective, but that it may sometimes lead us to unnecessary violence (TMS VII.ii.I.47: 293).

One cannot satisfy Stoic perfectionism by simply trying harder, one must succeed. Smith called attention to their view that a person who only comes close to the goal of freeing himself from concern for self still failed (TMS VII.ii.I.40–4: 290). While in context of individual reform this might be a spur to action, in a social context it might be a justification for violence for those who do not tolerate failure. Smith’s defence of competition in religion in WN that we mentioned earlier rests on his claim that it will lead to a toleration of those beliefs are not in perfect accord with the sect’s teaching.

The common fascination with systems of thought and the willingness to transcend the natural order is central to reform. Time is scarce and people have insufficient time to form affectionate bonds with other people. Instead, their affections form with their systems. This framing of the argument provides support for the interpretation offered by Robert Mitchell (2006) although we look backward to Stoicism instead of forward to romanticism to explain the fear of violence. Smith makes the case, first, that reform does not proceed from sympathetic connections. When the legislature subsidizes industry, it is not out of sympathy for those who benefit (TMS IV.i.11: 185). Rather, reform is motivated by system. People become attached to, pleased by, and affectionate towards, systems of the mind. Movement towards the perfect system pleases us (TMS IV.i.11: 185). The temptation created by systems is that a system may clash with the happiness of those it governs; in which case those who follow the system may be tempted to choose the system over its constituents. In his last edition of TMS, Smith distinguished between two types of reformers. One sort builds systems that respect ordinary opinion. Here, the system is subjected to a non-violence constraint; the system treats people, their customs and privileges as ends, not means (TMS VI.ii.2.16: 233).

For the second sort of reformer the system is all-important and here violence may result. We quote the celebrated chess-board passage:

The man of system, on the contrary, is apt to be very wise in his own conceit; and is often so enamoured with the supposed beauty of his own ideal plan of government, that he cannot suffer the smallest deviation from any part of it. He goes on to establish it completely and in all its parts, without any regard either to the great interests, or to the strong prejudices which may oppose it. He seems to imagine that he can arrange the different members of a great society with as much ease as the hand arranges the different pieces upon a chess-board. He does not consider that the pieces upon the chess-board have no other principle of motion besides that which the hand impresses upon them; but that, in the great

chess-board of human society, every single piece has a principle of motion of its own, altogether different from that which the legislature might choose to impress upon it. (TMS VI.ii.2.17: 233–4)

Smith's conclusion is not to renounce system altogether but to constrain a system with the requirement that the goals of the subjects, their own 'principles of motion,' governed by the system have the same importance as the 'motions' of the system builder (TMS VI.ii.2.17: 234).

Before Smith discussed the dangers of systems of reform in TMS, he proposed one of his own in WN, the system of natural liberty:

All systems either of preference or of restraint, therefore, being thus completely taken away, the obvious and simple system of natural liberty establishes itself of its own accord. Every man, as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest his own way, and to bring both his industry and capital into competition with those of any other man, or order of men. (WN IV.ix.51: 687)

The natural question that arises from Smith's concerns about models in general is how his system performs when its goal comes into conflict with the interests of those in society? Smith is very clear in WN. The system is to give way:

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. (IV.vii.b.4: 582)

## CONCLUSION

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Smith emphasizes how models offer temptations to confuse the elegance of a model with the happiness of those who are represented in a model. In the two centuries which have passed since Smith's warning, we continue to accumulate horrid examples. The models in eugenic 'science' allowed ordinary people to be treated as cattle (Peart and Levy 2005). Central planning models allowed ordinary people to be treated as instruments to ends not of their own making (Levy and Peart 2011). Smith's caution about the reforms offered by merchants ought to be extended to a wider range of considerations.

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## CHAPTER 19

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# ADAM SMITH AND THE LAW

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FABRIZIO SIMON

THE law is one of the main subjects in Adam Smith's studies. He deals with it in the *Lectures of Jurisprudence* (LJ) and in the *Wealth of the Nations* (WN) and his ethical and philosophical premises are exposed in the *Theory of Moral Sentiments* (TMS). This interest in law is consistent with enlightenment culture which aspired to elaborate a great Science of Legislation in order to have enough knowledge to reform society and replace the *Ancien Régime* institutions with new ones able to support the course of progress and improve the life of the people.

Yet, Smithian thought, while sharing the cultural aim of his age, is divergent from Juridical Enlightenment in many ways. I explain this divergence by going back to the deep epistemological and analytical differences between the Scottish and European Enlightenment, showing how Smith's approach to the doctrine of natural law is antithetic to the utilitarian and contractualistic approaches typical of other enlightenment schools. Indeed, if Smith develops a theory of law founded on economic thesis, it is very discordant with an efficiency-inspired economic analysis of law, which has its early expression in the works of exponents of Juridical Enlightenment, such as Cesare Beccaria, Gaetano Filangieri, and Jeremy Bentham.

In the next section, I describe Smith's concepts of law and rights in the works of Jurisprudence. The second section is devoted to the role of justice, since its enforcement is considered the legislator's main duty. In the following section I compare the Smithian theory of law to the ideas of Juridical Enlightenment. The final section argues why Smith's reflection on law is not to be considered as a precedent of economic analysis of law. A short conclusion closes this chapter.

## RIGHTS AND LAW IN SMITHIAN JURISPRUDENCE

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It is known that the original Smithian project of research was articulated in three fundamental analytical passages: natural theology, natural ethics, and natural jurisprudence. Smith's intellectual commitment focused mainly on the last two passages, to which his

main works—the *Theory of Moral Sentiments* (TMS), the *Lectures of Jurisprudence* (LJ), *An Enquiry Into The Nature and Causes of the Wealth of Nations* (WN)—must be traced.<sup>1</sup> Thus, we can observe the way by which the author proceeded, though with uncertainties and contradictions, from the topic of morals to their real historical counterpart in the organization of society.

The two writings which expound the contents of Jurisprudence are LJ and WN.<sup>2</sup> Jurisprudence, i.e. ‘the theory of general principles of law and government’ (LJB 5: 398), is in fact composed of four subjects, which are justice, police, revenue, and arms. It is generally recognized that LJ, though not an autographical text by Smith, contains his general plan of treatment of each of these themes and also a good level of in-depth study. Moreover, WN represents the specific and detailed study of police, revenue, and arms.

The law is present in both LJ and WN and, it can be said that for Smith, it is the main subject of the study of Jurisprudence. Indeed, justice, police, revenue, and arms are the purpose of every national legislation and the matters with which they are concerned have to be disciplined by positive law. What is more, the development of the Smithian ‘system of natural liberty’ needs to be defended by the laws and by their enforcement.

As for most scholars, also for Smith the different branches of legislation do not all have the same relevance. A hierarchy of sources of law exists, according to which some laws are on a higher level than others. Yet, when Smith has to distinguish and arrange laws, he employs a criterion founded more on functional reasons than on a principle of authority. To differentiate between laws, the constitutional and political ranks of their authors are less important than the subjects with which they deal. Therefore, the laws of justice are to be placed before legislation on police, revenue, and arms. According to Knud Haakonssen (1981: 95) we can also find in Smith a distinction between the word ‘law’, used to refer to Justice, and the term ‘regulation’ reserved for police, to underline that the latter belongs to an inferior level of rules. The legislation of police concerns administrative matters, whereas the laws of justice are devoted to defend the rights of citizens.<sup>3</sup>

Smith, consistent with the natural law doctrine put rights at the heart of his system of jurisprudence. It is for this reason that the rules of justice exercise a greater role than other types of legislation, because they regulate the rights and freedom of men. Yet, there is a significant difference among the rights that fall under the sphere of justice: rights can be distinguished between ‘natural’ and ‘acquired’. Natural rights are those concerning the integrity and dignity of the person and they are innate to human beings; acquired rights are all rights that people enjoy within civil society.

In the Smithian system of Jurisprudence, three groups of rights can be identified according to the typology of the social link that characterizes them. Therefore in LJ we find rights

<sup>1</sup> On the Smithian Jurisprudence, see Winch (1978); Haakonssen (1981, 1982, 2006); MacCormick (1981); Pesciarelli (1988); Malloy and Evensky (1994); Lieberman (2006).

<sup>2</sup> In the early edition of TMS, Smith announced his intention to write a great work on Jurisprudence. Yet, Smith never realized it, preferring to devote himself to elaborating the WN and revising the TMS, which he considered his masterpiece.

<sup>3</sup> Yet Haakonssen (1981: 96) identifies the theoretical problem that beneath revenue rules we find matters which could involve the violation of rights and freedom of individuals.



of men, rights of family members, and rights of citizens. The first treats the private relationships between people, the second deals with the position of father, wife, son, etc., and the third focuses on relations with the sovereign.<sup>4</sup> Each of these groups corresponds to a specific branch of legislation which has to assure they are respected and defended. Private law has to regulate man's rights, domestic law rules family life, and public law that of citizens.

According to Smith, man's rights can be subdivided into three classes of 'person', 'reputation', and 'estate', the first two are natural rights while the latter are acquired rights.<sup>5</sup> This last subgroup is composite and includes two distinct sets of rights: 'real rights' and 'personal rights'. 'Real rights' concern property—achieved by means of occupation, accession, prescription, succession or voluntary transfer—servitudes, pledges and mortgages, and exclusive rights, while 'personal rights' refer to contractual matters. All of them exercise a very important role in Smith's Jurisprudence since they are directly linked to the development of a commercial society.

For Smith, natural rights are unproblematic because their origins go back to the birth of man and they need positive law only to be defended, whereas acquired rights—which also include family and citizens' rights—are born, grow, and develop in the course of the centuries and are created by legislators.<sup>6</sup> The latter are the real protagonists of the Smithian legislative and institutional history (LJB 11: 401).

Therefore, Smith believes that the appropriate method of studying Jurisprudence is an historical inquiry because it can discover and underline the intimate link between rights—particularly acquired rights—the development of the institutional framework, and the evolution of economic conditions.<sup>7</sup> The theory of stages is the intellectual model that allows him to formulate a single and comprehensive explanation of how laws, institutions, and the economy operate together and change with progress.<sup>8</sup>

<sup>4</sup> About the source of Smithian juridical thought—particularly Grotious, Pufendorf, and Hutcheson—and their influence on Smith's exposition and classification of rights, see David Lieberman (2006: 218–23).

<sup>5</sup> A classification of rights according to Smith is in: Haakonssen (1981: 105) and MacCormick (1981: 245–9).

<sup>6</sup> MacCormick (1981: 248) argues natural rights are universal and independent from historical and geographical contingencies, whereas acquired rights, even if they often have elements typical of a natural foundation, in any case depend on positive laws and change under the influences of economic circumstances.

<sup>7</sup> The Historiography often uses the definition of 'historical jurisprudence'. See Haakonssen (2006: 6) and Lieberman (2006: 227–33).

<sup>8</sup> Charles Griswold (1999: 256–8) points out the theoretical contradictions between a 'Natural Jurisprudence', that should be composed of universal and unchangeable principles, and the 'Historical Jurisprudence' dealing with the particular legal and institutional solutions adopted in different ages by determinate nations. For Griswold, Smith realized that historical studies cannot provide general or complete principles about the roles of the law, legislator and government. According to this thesis, the Scottish scholar would have abandoned the aim to elaborate a great work on Jurisprudence. On the contrary, even though Lieberman (2006: 231) recognizes some problem of consistence between Natural and Historical Jurisprudence, he defines 'history of jurisprudence as a complement and extension of the normative program of natural jurisprudence, rather than as an alternative to it. Legal history furnished insight and clarification as to why, in a particular historical setting, the institutions of law failed to achieve the standards of natural justice'.

The employment of a philosophy of history founded on the idea of a succession of ages, each of them with universal characteristics valid for all peoples, was typical of the context of the Scottish Enlightenment and we can find a significant example in Lord Kames' work.<sup>9</sup> This theoretical legacy was inherited by Adam Smith who in the LJ, but also in WN, elaborated a more advanced version.<sup>10</sup> According to this historical approach, the development of human society is subject to natural causes whose effects can be observed and investigated. During the course of time, nations may go through four stages of development, each of which is based on a precise model of subsistence that is correlated to a coherent system of rules and powers. The right of property is the link between the economic type of subsistence and the legal and political structure. Moreover, we can conclude that the genesis of the State and of any form of legal order can be traced back to the appearance of private property in society. Perennial conflicts can arise only in those human aggregations that have reached a degree of economic progress which allows them to accumulate an amount of goods—beyond a basic subsistence level—that has to be divided and saved. The growth of riches and a more complex and articulate development of the forms of production lead to inevitable destructive antagonism. On the contrary, in very poor societies internal struggles are less likely.

In a nation of hunters there is properly no government at all. The society consists of a few independent families, who live in the same village and speak the same language, and have agreed among themselves to keep together for their mutual safety. But they have no authority one over another. The whole society interests itself in any offence. [...] Thus among hunters there is no regular government; they live according to the laws of nature.

The appropriation of herds and flocks, which introduced an inequality of fortune, was that which first gave rise to regular government. Till there be property there can be no government, the very end of which is to secure wealth, and to defend the rich from the poor. (LJB: 19–20: 404)

This is one of the most crucial points of the Smithian thought since it raises the problems concerning trust in the compatibility of wealth with peaceful social living. By contrast, the development of economic activities would seem to cause the deterioration of human relationships and the supremacy of hostile sentiments (cf. Paganelli in this volume).<sup>11</sup> The ideas of 'conflict' and 'fear', two of the main categories of modern political theory from Hobbes to the Enlightenment, exercise a great role in Smith's reflection too (Griswold 1999: 10). In WN the argument according to which wealth naturally stimulates sentiments of unsociability is expressed with even greater clarity than in the LJ.

Among nations of hunters, as there is scarce any property, or at least none that exceeds the value of two or three days' labour, so there is seldom any established

<sup>9</sup> About the juridical and historical thought of Scottish Enlightenment, see the essays in R.H. Campbell and A.S. Skinner (1982).

<sup>10</sup> On the theory of the stages, see Meek (1971).

<sup>11</sup> However, Smith is aware that in societies characterized by conditions of extreme poverty people might be obliged to make cruel choices, such as infanticide, etc. See WN Introduction.

magistrate or any regular administration of justice. Men who have no property can injure one another only in their persons or reputations. But when one man kills, wounds, beats, or defames another, though he to whom the injury is done suffers, he who does it receives no benefit. It is otherwise with the injury to property. The benefit of the person who does the injury is often equal to the loss of him who suffers it. Envy, malice, or resentment are the only passions which can prompt one man to injure another in his person or reputation. But the greater part of men are not very frequently under the influence of those passions, and the very worst of men are so only occasionally. As their gratification too, how agreeable soever it may be to certain characters, is not attended with any real or permanent advantage, it is in the greater part of men commonly restrained by prudential considerations. Men may live together in society with some tolerable degree of security, though there is no civil magistrate to protect them from the injustice of those passions. But avarice and ambition in the rich, in the poor the hatred of labour and the love of present ease and enjoyment, are the passions which prompt to invade property, passions much more steady in their operation, and much more universal in their influence. Wherever there is great property there is great inequality. For one very rich man there must be at least five hundred poor, and the affluence of the few supposes the indigence of the many. The affluence of the rich excites the indignation of the poor, who are often both driven by want, and prompted by envy, to invade his possessions. (WN V.i.2: 202–3)

The conviction of the need for laws and institutions that are capable of preventing conflicts caused by property is very clear.

It is only under the shelter of the civil magistrate that the owner of that valuable property, which is acquired by the labour of many years, or perhaps of many successive generations, can sleep a single night in security. He is at all times surrounded by unknown enemies, whom, though he never provoked, he can never appease, and from whose injustice he can be protected only by the powerful arm of the civil magistrate continually held up to chastise it. The acquisition of valuable and extensive property, therefore, necessarily requires the establishment of civil government. Where there is no property, or at least none that exceeds the value of two or three days' labour, civil government is not so necessary. (WN V. i.2: 202–3)

The Smithian theory that economic power subordinates and justifies political authority comes from this analysis. The fact that government has to defend the property of the rich from the less well-off as its primary task also implies, in the social order, that the former are superordinate to the latter. Of the four forms of superiority reviewed, which are force or ability, age, wealth, and birth, the third is the circumstance capable of creating a power whose validity is acknowledged by the entire society. Although force, wisdom, and seniority may seem to be more noble requisites than the accidental consistency of property, property is nonetheless the only certain and incontrovertible criterion to distinguish one man from another. Wealth makes men depend on whoever disposes of greater goods for their subsistence, and that is why rich men exercise the power of justice to defend their interests and those of their subordinates. The latter collaborate with the former for more than one reason. One might be the awareness that the protection of

their ruler's property will also guarantee their survival and the protection of their goods. Yet Smith seems to assign more relevance to another motivation which is the common people's admiration and emulation of landowners and persons of success. It is an explanation founded on a combination of rational and utilitarian aims with psychological and sentimental passions, which is typical of Smithian thought. According to Smith, this is the genesis of civil government and the legal system. Property poses the need to give life to laws and institutions and, at the same time, determines how they will be created.

It is known that the historical stages described by Smith are four: hunters, shepherds, agriculture, and commerce. They are not precise chronological moments in history but phases, characterized by a type of subsistence and its corresponding legal form of property. Yet the vision of progress which originated from this theory must not be seen as deterministic, and the course of the life of a nation that it describes is not predetermined. Countries can pass through these universal phases but the way they organize the political, legislative, and economic spheres may be different. The Jurisprudence of Adam Smith, in fact, proceeds by means of comparative analysis of laws from the past and from other countries to understand and evaluate their progress towards the perfect natural model of social organization.<sup>12</sup>

We can find evidence in the European transition from feudal to commercial society that the outcome of a historical process is not a foregone conclusion. In Europe, differently from what happened in other regions of world and, particularly, at that moment in the American colonies, urban development and the growth of trade stimulated the transformation and the modernization of the countryside. Smith explains—exhaustively in the third book of *WN*—that normally the direction of change should be different, namely, that the surplus of agricultural production should precede the birth of commercial society and cities. The reason for this diverse course of events is to be found precisely in the differences in institutional and legal orders which have produced on the European continent a strong feudal power, able to stop the improvement of agriculture. Feudalism—which in the beginning exercised an indispensable defensive function for the land and people—involved three legal conditions: primogeniture, inalienability and servitude. All of them prevented the circulation and transfer of ownership, investments, and the introduction of new techniques, whereas in the towns a greater freedom in the laws and institutions fostered the birth of trade and the accumulation of capital.

As regards the subject of this chapter, the most relevant aspect of the above-mentioned scenario is the absence of a unidirectional explanation of historical change proceeding from the economic to the legal and political sphere, since the possibility of the inverse process is just as realistic. Therefore, the Smithian theory of stages is significantly different from the successive Marxist idea of substructure and superstructure, according to

<sup>12</sup> The early attempts of 'comparative law' as a science are usually dated in the eighteenth century, beginning from *De l'Esprit des Lois* by Montesquieu. Yet, the institutionalization of this discipline can be found in the following century in the context of German and Italian culture and, above all, thanks to the works of the German jurist Carl Mittermaier and the Sicilian jurist and economist Emerico Amari.

which only the former is able to begin the progress. Moreover, for Smith, every stage is characterized by a model of subsistence which is the contemporaneous result of both economic factors and laws, a composite arrangement of productive and legal elements without the prevalent influence of one of them. As Jerry Evensky asserts (2005: 63) ‘everything in Smith’s analysis goes hand-in-hand because in his moral philosophical system, these social, economic, and political dimensions form a simultaneous evolving system.’

Another aspect of Smith’s theory of progress is the role of the unintentional consequence of individual actions. It is one of best known characteristics of the Smithian thought which has application also in the legal sphere (Haakonssen 1981: 182). In most cases, men take decisions which produce unforeseeable effects and that result in a greater and more complex order. This mechanism, described by means of the very famous metaphor of ‘The Invisible Hand’, is also applicable in the fields of law and institution. A manifest historical example can be found in the evolution of the English judicial system which is described in LJ. When King Edward I divided the administration of justice in three branches—the Court of Common Pleas, the Court of King’s Bench, and the Court of Exchequer—his intention was to prevent the judiciary power from being too great and becoming a threat to him. Moreover, for the same reason and also because of the corruption of judges, the discretion of the courts was restrained and their faculty of interpretation of law was limited. On the other hand, judges kept to the solutions of precedent cases so as not to expose themselves to the king’s disagreement.

The criminall and fiscall powers however still continu’d joined; but Edward 1<sup>st</sup>, desirous to humble the power of which he was so jealous, (he) therefore divided the power of this officer betwixt three severall courts who had each a different set of officers.—These were the Court of Common Pleas, the Court of Exchequer, and the Court of Kings Bench. [...] When Edward had thus broke the judicial power, the persons whom he appointed as judges were generally of the meanest sort of no fortune or rank, who had been bred to the knowledge of the law, and very frequently these were clergy men. I observed before that at first all jurisdiction was executed precariously. [...] When therefore this power was in the hands of mean persons, the Blank in MS. of the Common Pleas, the Blank in MS. of the Kings Bench, and the auditor of the Court of the Exche(ck)quer, being all low men who depended on the will of the king, they would be very unwilling and afraid in any shape to go beyond the meaning of the law or any ways to alter it; and therefore in all cases brieves and writts were drawn out according to which they decided justice, and exact records of all proceedings were kept in the officina brevium. (LJA: 20–2: 278)

Moreover, the decision of the king to entrust the administration of justice to professional judges was determined by his desire to free himself from the increasing number of cases to examine and not to create an independent judicial branch (Winch 1978: 96).<sup>13</sup> The sum of all these choices and strategies gave life to the system of English justice, which was known for equity, liberty, and impartiality. A result which, in the beginning,

<sup>13</sup> Smith deals with the check and balance between political and judicial powers in WN V.i.2. In the same pages he treats the instruments which prevent the corruption of the courts.

was neither foretold nor desired. Describing the above-mentioned scenario, Evensky (1994) emphasizes the role that utilitarian purposes play in the evolution of legal order. Men, pursuing their personal utility, unwittingly improve the institutions and legislations of the nation. The unintended consequences of people's actions—as in the market so also in the sphere of law—succeed in converting the hedonistic interests of individuals in a constitutional and legislative arrangement closer to the ideal of justice. This thesis appears coherent with Smithian thought but we should not highlight the utilitarian motivations of human behaviour at the cost of underestimating the relevance of other stimuli. Individual actions derive from a more complex range of various factors, such as rationality, sentiments, and passions, many of which are not based on the maximization of utility. An example is the survival of some feudal rules, such as primogeniture, which were kept alive not for economic advantages but only because of aristocratic pride and the wish to conserve social differences. In LJ and WN we can find similar cases of antiquated and uneconomic legislation which were in force only because they satisfied vanity or similar feelings.

As Haakonssen (1981: 183) observes, 'It is a mistake to call Smith's view of society and history "economic" or "materialist". Smith's idea of basic human motivation seems far from "materialist"'. The explanation of social and legal development needs other arguments beyond economic ones and we can also say that the laws of a country are not based exclusively on economic interests nor is the pursuit of utilitarian aims the sole motive which guides the choices of legislators.

## THE ROLE OF JUSTICE

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Justice is the real protagonist of the Smithian system of jurisprudence (Rothschild-Sen 2006: 349–50) and is indicated as the main task of every constitutional and legal order. The defence of citizens' rights is a necessary requisite for civil life and the fulfilment of this office is the very foundation of public institutions. All the other authorities with which the state is entrusted are subordinate, not being vital for the existence of society. This is a principle Smith had already stated in TMS and which becomes the starting point in his study of the political and legislative spheres. Indeed, in LJ he deals with the legal enforcement of justice—searching for its origins and historical evolution as well as the criteria by which it is administered—while in TMS he inquires into its ethical foundation, explains its genesis in the sentiments of the single individual.

Justice, from a moral point of view, concerns the process that leads to rewarding or punishing human actions according to their merits or demerits. Each time human behaviour is able to induce sentiments of gratitude or resentment it means that whoever harbours them has considered an act as deserving to be rewarded or punished.

When we see one man oppressed or injured by another, the sympathy which we feel with the distress of the sufferer seems to serve only to animate our fellow-feeling

with his resentment against the offender. We are rejoiced to see him attack his adversary in his turn, and are eager and ready to assist him whenever he exerts himself for defence, or even for vengeance within a certain degree. (TMS II.i.2.5: 70)

However, the correct distribution of rewards and punishments is not the arbitrary result of a particular judgment made by a single individual, since it is severely conditioned by the 'impartial spectator'. The spectator offers an independent perspective unconnected to the facts or the person involved, which represents the view of humanity in general and which could be shared by any individual. Consulting the judgment of this hypothetical impartial character allows any man to avoid relying exclusively on his personal opinion, and to compare it to that of a disinterested subject. The 'sympathy' of the spectator (TMS II.i.4.4: 74) is in fact the mechanism Smith adopts to give an objective and incontrovertible value to an essentially subjective morality, to make it a universal rule of behaviour. (See Fricke in this volume.)

In the impartial spectator, 'sympathy' gives rise to a sentiment of merit and demerit, which is always composed of two distinct emotions: 'a direct antipathy to the sentiments of the agent, and an indirect sympathy with the resentment of the sufferer' (TMS II. i.5.5: 75). Therefore, differently from the contractualist and utilitarian thought of the time, the TMS explanation of the birth of justice has no rational foundation. Smith wants to make this clear and offers us a theory of instincts, consistent with the spontaneity which characterized the vision he has of institutional and legal order, where he underestimates the employment of rationalist logics or of economic calculation. Nature prefers men to ground their actions and rules of behaviour in innate and automatic passions rather than in a gradual and methodical speculation.

Though man, therefore, be naturally endowed with a desire of the welfare and preservation of society, yet the Author of nature has not entrusted it to his reason to find out that a certain application of punishments is the proper means of attaining this end; but has endowed him with an immediate and instinctive approbation of that very application which is most proper to attain it. . . . Mankind are endowed with a desire of those ends, and an aversion to the contrary; with a love of life, and a dread of dissolution; with a desire of the continuance and perpetuity of the species, and with an aversion to the thoughts of its entire extinction. But though we are in this manner endowed with a very strong desire of those ends, it has not been entrusted to the slow and uncertain determinations of our reason, to find out the proper means of bringing them about. Nature has directed us to the greater part of these by original and immediate instincts. (TMS II.i.5.10: 77–8)

Merits and demerits qualify and distinguish virtuous behaviour, but as far as social life is concerned not all virtues have the same relevance and need a sanction when they are disregarded. Justice is the only virtue which is indispensable for the survival of society, and only its violation can justify the use of coercion. The distinction between actions that fall in the sphere of justice and those that remain out of it involves, once again, the judgment of the impartial spectator. Acts of charity and of disinterested benevolence get the approval and the applause of whoever observes them and deserve to be praised, but

their absence or omission does not cause an intolerable unhappiness to men and does not expose them to any risk at all.<sup>14</sup> Likewise, the lack of gratitude, though causing indignation or even hate, does not offend whoever would have deserved it and whoever observes it to the point of generating resentment and a consequent punishment. Besides, it would be inappropriate to force a man who is insensible to the moral obligations of friendship and charity to fulfil them even when he is not able to recognize them as such. It is different for those actions capable of harming others to the point of causing the impartial spectator to feel indignation, reaching resentment. What distinguishes them is the presence of a tangible, and easily identifiable, element which Smith calls ‘real and positive hurt’:

the violation of justice is injury: it does real and positive hurt to some particular persons, from motives which are naturally disapproved of. It is, therefore, the proper object of resentment, and of punishment, which is the natural consequence of resentment. As mankind go along with, and approve of the violence employed to avenge the hurt which is done by injustice, so they much more go along with, and approve of, that which is employed to prevent and beat off the injury, and to restrain the offender from hurting his neighbours. (TMS II. ii.1.5: 79)

The exercise of justice becomes then a defence against the ‘hurt’ men can suffer from their fellow men, which legitimates them to repel it or even to return it to whoever has first inflicted it.

The theme of defence needs however some specifications, since in Smith it takes up meanings which only in part coincide with the theory of deterrence maintained by the exponents of Juridical Enlightenment.<sup>15</sup> Deterrence certainly is one of the aims of punishment but is not the main motive which turns the resentment into a punishment. The priority in the Smithian account of the morality of punishment is to satisfy the victim’s resentment in which the spectator also takes part through sympathy. Further confirmation of this can be found in those passages where it is specified that a requisite of punishment is the victim’s awareness that the guilty is suffering as a direct consequence of the harm he has formerly caused. The protagonist of the TMS is always the single individual with his sentiments, who is placed at the centre of every ethical rule and is seen as the ultimate aim of all social relationships. This is a point to which Smith insistently returns; indeed we share the resentment because it is felt by a man who is similar to us and not because he belongs to a community.

The concern which we take in the fortune and happiness of individuals does not, in common cases, arise from that which we take in the fortune and happiness of society. . . . In neither case does our regard for the individuals arise from our regard for the multitude: but in both cases our regard for the multitude is compounded and made up of the particular regards which we feel for the different individuals of

<sup>14</sup> Haakonssen (1981: 84) argues that Smith considers the effects of unpleasant sentiments stronger and more durable than pleasant ones and the wish to communicate the former to our fellows is greater than the latter.

<sup>15</sup> On the Juridical Enlightenment, see Paolo Grossi (2010).



which it is composed... when a single man is injured, or destroyed, we demand the punishment of the wrong that has been done to him, not so much from a concern for the general interest of society, as from a concern for that very individual who has been injured. (TMS II.ii.3.o: 89–90)

Smith's individualist moral—based on human sentiments—does not provide an ethical legitimation for the use of punishment to protect the entire community. The presence of these sanctions can be explained only by their historical appropriateness, independent of the emotional involvement of single individuals. This is proved by the scarce participation recorded in those cases where the punishment affects one man only to safeguard the interest of society, as in the example of the sentinel who is sentenced to death because he fell asleep upon his watch (TMS II.ii.3.11: 90–1).

If we question what behaviour is necessary for social life, the answer can only be to abstain from any behaviour that can cause damage to others. Justice is essentially a negative virtue whose respect requires simply to abstain from any attack on the happiness of the others. It is natural for individuals to pursue their own ends and, manifesting his disenchanted realism, Smith agrees that they would be ready to sacrifice even the supreme wealth of the others just to satisfy a minimum and insignificant pleasure of theirs. However, the restraint nature has imposed to contain this destructive antagonism is the necessity of not meeting the disapproval of the impartial spectator. One of the most famous metaphors of the Smithian thought, whose origin is one of the many debts Smith has towards classical literature and Cicero (44 BC), can be found in TMS.

In the race for wealth, and honours, and preferments, he may run as hard as he can, and strain every nerve and every muscle, in order to outstrip all his competitors. But if he should jostle, or throw down any of them, the indulgence of the spectators is entirely at an end. It is a violation of fair play, which they cannot admit of. (TMS II.ii.2.1: 83)

Without any doubt the more kindness, generosity, and altruism prevail, the happier society will be, but what Smith intends to make clear is that for a peaceful life among men it is enough to respect simple justice. Benevolence is a natural virtue for humanity and many of those behaviours and attitudes characterizing the most civilized nations refer back to this virtue, but this is not the indispensable element for the preservation of social life.

In Smith's ethics of punishment the impartial spectator is the judge of the behaviour deserving resentment, but at the same time he is the measure within which resentment must be contained and exercised. For resentment still remains a disreputable sentiment, whose legitimacy is bounded by the limits posed by justice. Contrary to the mainstream of Juridical Enlightenment, Smith does not banish vengeance from the rules of civil life and grounds his concept of sanction on the following sequence: resentment-expiation-satisfaction. This is valid as long as the desire for revenge of the victim does not pretend to inflict excessive harm, that is, as long as revenge does not exceed beyond reason what he had suffered. The only guarantee against excess is the sympathy of the spectator. In TMS the seriousness of crimes is related to the subject of the damage, since this has a

direct influence on the victim's resentment. Consequently the most serious crime is that against life and the person, followed by the attempts on property, and finally the crimes affecting personal rights. On the contrary, the absence of damage is a sufficient reason for lighter punishments since the resentment is less heated, as in the case of a failed or not fulfilled attempt. Besides, the tangible occurrence of harm is a guarantee that justice remains an instrument of defence for the citizens, and not of offence against freedom.

If the hurtfulness of the design, if the malevolence of the affection, were alone the causes which excited our resentment, we should feel all the furies of that passion against any in whose breast we suspected or believed such designs or affections were harboured, though they had never broke out into any action. Sentiments, thoughts, intentions, would become the objects of punishment; and if the indignation of mankind run as high against them as against actions, if the baseness of the thought which had given birth to no action, seemed in the eyes of the world as much to call aloud for vengeance as the baseness of the action, every court would become a real inquisition. (TMS II.iii.3.2: 105)

Therefore, like other authors of his time, Smith believed that an objective datum, like hurt, is a safe criterion to identify crimes.<sup>16</sup>

In LJ we have a transposition of the Smithian criminal ethics, from moral behaviour to civil law and the unique difference is that the imaginary and metaphorical role of the spectator is played by a real, historically determined and institutional actor such as the magistrate (Haakonssen 1981: 137).<sup>17</sup>

Now in all cases the measure of the punishment to be inflicted on the delinquent is the concurrence of the impartial spectator with the resentment of the injured. If the injury is so great as that the spectator can go along with the injured person in revenging himself by the death of the offender, this is the proper punishment, and what is to be expected by the offended person or the magistrate in his place who acts in the character of an impartial spectator. (LJA 90: 104)

The above-mentioned criminal doctrine is very far from the Juridical Enlightenment which refused the expiatory logic and considered deterrence of those acts that can cause a loss of wealth for society as the only aim of justice. This is a dissension of which Smith is firmly convinced, and that we have already seen in TMS. Smith identifies Grotius as the main exponent of what he defines as the theory of 'public good'.<sup>18</sup> In this theory two criticisms are being made. First, in the name of the community, excessive punishments could be inflicted, exceeding the advisability of vengeance. This criticism is in fact a transformation of one of the strong arguments used by supporters of deterrence, who consider a punishment as lawful only when able to discourage an illegal act, while vengeance represents an excessive suffering which causes a greater deficit to society. But what

<sup>16</sup> For a classification of crimes, see Haakonssen (1981: 118).

<sup>17</sup> For an exposition of Smith's thought on punishment legislation, see Simon (2009a). The aims are argued also in Norrie (1989); Lindgren (1994); Miller (1996); Salter (1999); Vivenza (2008).

<sup>18</sup> Smith avoids citing contemporary exponents of continental Enlightenment and prefers only to indicate Grotius as the forerunner of deterrence theory whose followers he never clearly identifies.

they seem to fear most is that the doctrine of social defence could end up punishing innocuous behaviour as crimes, thus limiting personal freedom. Smith prefers rather to define the attempts against individual interests as crimes, and the criterion of resentment allows him to establish the criminal system containing possibilities for public interference. It can be observed how in LJ, as well as in WN, the original public function of justice consists first in a work of intermediation, and then of expiation, with the aim of avoiding the persistence of conflicts between men. Only later in the course of history was punishment employed to provide for the defence of collective interests. Smith does not deny this role to the state, however he does not consider it to be the indispensable and essential aim of civil justice. Hence it is appropriate to circumscribe a more active exercise of justice within the limits singled out by the prudence of the legislator so as not to prejudice the freedom of single individuals. Lastly a choice of the crimes based on mere political criteria could produce laws which, by not causing any resentment,<sup>19</sup> meet the hostility of the citizens and therefore are hardly enforceable.<sup>20</sup> In LJ there are some examples (already hinted at in the TMS)<sup>21</sup> which tend to prove the difficulty of imposing punishments in the name of the common good that the single citizen is not able to perceive.

Thus some years ago the British nation took a fancy (a very whimsical one indeed) that the wealth and strength of the nation depended entirely on the flourishing of their woollen trade, and that this could not prosper if the exportation of wool was permitted. To prevent this it was enacted that the exportation of wool should be punished with death. This exportation was no crime at all, in natural equity, and was very far from deserving so high a punishment in the eyes of the people; they therefore found that while this was the punishment they could get neither jury nor informers. No one would consent to the punishment of a thing in itself so innocent by so high a penalty. They were therefore obliged to lessen the punishment to a confiscation of goods and vessel. In the same manner the military laws punish a sentinel who falls asleep upon guard with death. This is entirely founded on the consideration of the public good; and though we may perhaps approve of the sacrificing one

<sup>19</sup> This point is also part of Smith's argument against political influence in legal decisions, where justice is sacrificed to policy. 'When the judicial is united to the executive power, it is scarce possible that justice should not frequently be sacrificed to, what is vulgarly called, politics. The persons entrusted with the great interests of the state may, even without any corrupt views, sometimes imagine it necessary to sacrifice to those interests the rights of a private man. But upon the impartial administration of justice depends the liberty of every individual, the sense which he has of his own security' (WN V.i.b.25: 722–3).

<sup>20</sup> In fact, by founding his analysis on the resentment and the sympathy of the spectator Smith comes to work out the rules of law against which it is impossible to find any dissent, and consequent reaction strategies, from the citizens. The exponents of Juridical Enlightenment are instead faced with this problem.

<sup>21</sup> In the TMS, with the example of the sentinel, Smith had already introduced, from a moral point of view, the theme of the scarce sharing of the single individual for those laws and punishments that defend the holistic interests of society. In the LJ the author takes up the question, observing it from a political point of view, and he reaches results which are fully convergent and consistent with what he had formerly stated.

person for the safety of a few, yet such a punishment when it is inflicted affects us in a very different manner from that of a cruel murderer or other atrocious criminals. (LJA 90–2: 104–5)

The characterizing principle of the Smithian theory is the priority given to the prevention of the private and illegal pursuit of vengeance, rather than to the deterrence of crime. An expiatory criminal system like the one described in LJ tends to prevent retaliation and the transformation of society into a continuous feud threatening everyone's security and wealth. Deterrence is a secondary aim that Smith does not exclude; indeed he considers it ingrained in the punishment itself.

As regards Smith's thought on justice, a historiographic dilemma arises because of an unpublished manuscript fragment, which today we can read in the Appendix of TSM edited by D.D. Raphael and A.L. Macfie (1976).

Improper punishment, punishment which is either not due at all or which exceeds the demerit of the Crime, is an injury to the Criminal, may and ought to be opposed by force, and if inflicted, exposes the person who inflicts it to punishment in his turn. (TSM Appendix II: 390)

This thesis is absent in later works and some scholars consider it an early and incomplete exposition of the impartial spectator mechanism (Haakonssen 1981: 115). The theoretical problem, of course, is not the idea that punishment has to be restricted within the limits of an acceptable strictness, but the possibility to sanction excessive and improper punishment, a hypothesis that is not present in Smith's published writings. Haakonssen (1981: 115) correctly argues that Smith could not insist on the concept of punishment for disproportionate enforcement of justice because it would have conflicted with the sovereignty of the king. Indeed, it would be illogical for the king's justice to punish itself. We can add that in TSM and LJ the case of an improper punishment is implicitly contemplated when he criticizes the above-mentioned theory of social defence. Indeed, this scenario appears only when the legislator renounces the criterion of resentment and extends the function of justice beyond the protection of natural rights. If the judgment of the magistrate coincides with that of the impartial spectator, an excessive sanction is impossible, whereas when the positive law disciplines rights or spheres of rules which are more and more distant from natural rights, the risk of improper punishment is high. Therefore, Smith, rather than discussing the impracticable case of how to punish public injustice, prefers to warn the legislator not to widen the legal role of defence without employing indispensable prudence.

This position is the result of the division into perfect and imperfect right which Smith proposes in LJ and according to which he distinguishes between 'commutative' and 'distributive' justice. From Smith's words we realize that only the former is real justice whereas the latter is a metaphorical extension of the term.

We may here observe the distinction which Mr. Hutchinson, after Baron Puffendorf, has made of rights. He divides them into *jura perfecta* and *imperfecta*, i.e. perfect and imperfect rights.—Perfect rights are those which we have a title to demand and if refused to compel an other to perform. What they call imperfect rights are those

which correspond to those duties which ought to be performed to us by others but which we have no title to compel them to perform; they having it intirely in their power to perform them or not. Thus a man of bright parts or remarkable learning is deserving of praise, but we have no power to compel any one to give it him. A beggar is an object of our charity and may be said to have a right to demand it; but when we use the word right in this way it is not in a proper but a metaphoricall sense. The common way in which we understand the word right, is the same as what we have called a perfect right, and is that which relates to commutative justice. Imperfect rights, again, refer to distributive justice. The former are the rights which we are to consider, the latter not belonging properly to jurisprudence, but rather to a system of moralls as they do not fall under the jurisdiction of the laws. We are therefore in what follows to confine ourselves entirely to the perfect rights and what is called commutative justice. (LJA 14–15: 9)

This is a distinction linked to that of the TMS between negative and positive virtues, the former concerning the office of justice and the latter benevolence. What is characteristic of justice is objectivity ('hurt') and the exactness which derives from the clear and incontrovertible reactions of the impartial spectator, sentiments felt in a stronger and more uniform way than others. So, a system of law inspired by negative virtues, the criterion of the individual defence and the commutative principle of resentment is a guarantee for the liberty of citizens. On the other hand, as Haakonssen (1981: 85–6) and Griswold (1999: 250–2) assert, a model of distributive justice involves a higher level of indeterminateness and discretion. Indeed, the legislator needs a great deal of information about aims and consequences if he wants to adjust social iniquity or improve the life of men and benevolence is not a sufficiently certain and reliable feeling to drive him. Moreover, it is more difficult to instil gratefulness and the spirit of cooperation—useful passions to help reform society—in the souls of individuals than the sense of (negative) justice.

Therefore, Smith does not share the general enthusiasm and faith in the possibility to transform society by means of positive legislation, a typical aspect of Juridical Enlightenment. Yet, this possibility, in spite of a traditional nineteenth-century-like ultra-liberal reading of Smith, is not unwelcome, given he considers legislation in economic, commercial, and fiscal fields necessary for a civilized nation. In its absence society would be exposed to disorder and would enjoy a much lower level of wealth. History shows that the state often pushes its actions beyond the natural sphere of justice, and uses them to make its citizens fulfil reciprocal duties of benevolence or to maintain virtuous behaviour.

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, however, this, perhaps, is that which it requires the greatest delicacy and reserve to execute with propriety and judgement. 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: 81)

This is one of those difficult tasks which Smith entrusts to the wisdom of the legislator, whose main quality is in fact prudence and the ability to identify the right means and prevent natural freedom and the spontaneous pursuit of the interest of the individual from being compromised.

## THE ANTI-UTILITARIANISM AND ANTI-CONTRACTUALISM OF SMITHIAN JURISPRUDENCE

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Smith's analytical conclusions seem rather distant from those of the exponents of Juridical Enlightenment across Europe.<sup>22</sup> The presence of some points in common could make this difference less manifest. It is therefore appropriate to clear away all ambiguities by reviewing the converging elements, which still exist, and the much more relevant conflicting ones.

First of all, it is evident that both in TMS and in LJ there is a concept of law and institutions which is unquestionably far from the typical one of the *Ancien Régime*. Rules have no reference to religious purposes, nor do they aim to purge society from sin or even less to enforce the sacred majesty of the sovereign. Like Montesquieu, Beccaria, and Filangieri, Smith also has a secular vision of justice whose function is the defence of the tranquillity and happiness of citizens and a guarantee for the feasibility of the civil life of mankind. A direct consequence of this is the identification of crimes through an objective requisite such as a damage which reduces the wealth of the victim. This is the only guarantee to differentiate behaviour which is really dangerous for an individual from that which is simply unpleasant, hateful or one whose repression would cause a severe loss of freedom. Besides, damage is the most certain reference to establish the extent of punishment and prevent it from being insufficient or exceeding what is necessary.

Yet the differences, starting from the idea of social defence which Smith categorically refuses, are more relevant. Justice is not administered to protect society in its entirety, but works instead to defend and give satisfaction to each individual. The defence of the community is only an automatic and final result obtained, as often happens in Smith, by assuring protection and righting the wrongs for an individual. Consequently deterrence, which was the strong point of the main criminal doctrines of eighteenth century, is not the main task of justice in TMS, LJ, and WN.<sup>23</sup> An author such as Beccaria would refuse to punish crime to give satisfaction to the victim: 'Can the cries of a poor wretch turn

<sup>22</sup> It must be noticed that Smith never quotes Cesare Beccaria—whose international success had made him very well-known also in England and Scotland—in his works, not even in the last editions of the TSM. However, there is a literature which traces some intellectual links between Scottish moralism and the Lombard author. See Venturi (1965); Beirne (1991); Bianchini (1996: 7–28); Faucci (2000: 72–91).

<sup>23</sup> For an exposition of the link between criminology and economic ideas in the Juridical Enlightenment thought, see Simon (2009b).

back time and undo actions which have already been done?' (Beccaria [1764] 1986: XII). On the contrary, Smith wants to appease the victim's resentment through the expiation of the guilty. The dissuasion of potential crimes is a final effect, one of those unintended consequences which are recurrent in Smithian works. Punishment, therefore, is not understood in the utilitarian way as a spur towards lawful behaviour and its strictness does not derive from a rational logical assumption such as the hedonist calculation of pleasure and pain. Punishment is the fruit of passions which are considered thoroughly and mediated by the judgment of the impartial spectator. The circumstance that punishment and hurt have to be proportionate is only a theoretical coincidence resulting from deeply distinct origins. For Smith damage is an objective 'fact' which enables the quantification of legitimate resentment, while many exponents of the Enlightenment think it is one of the parameters for weighing the costs and benefits of criminal repression.<sup>24</sup>

Such differences are not accidental and reveal some aspects of a profound divergence between a large part of the European Enlightenment culture and the Scottish one manifest both in the method and in the analysis used. It is only right and fair to start from the vision of the individual which is behind these two approaches. The man described by Smith is not characterized by a marked inclination towards rationality and calculation. His figure appears as a complex composition of different passions and the pursuit of personal interest is only one of them, though traditional historiography has excessively emphasized it. Yet human life cannot be summarized in the simple maximization of individual wealth and, besides, from what we have seen in the TMS, the conditioning of pleasure and pain do not stimulate actions based on rational speculation, but on instincts and sentiments. The ideal citizen which is presented in the Smithian works has some qualities which seem to resemble those of the stoic tradition and is characterized by his self-command which allows him to trace any kind of behaviour back to the right degree of appropriateness.<sup>25</sup> He is not a maximizing being but, on the contrary, guided by caution he will try to place himself in a 'mediate' condition in every aspect of his life, far from any excess, able to obtain the approval of the impartial spectator (Paganelli 2003). Therefore, it is no surprise that Smith paid attention to the sense of duty, at which man arrives by questioning his conscience and evaluating his behaviour, thanks again to the imaginary figure of the impartial spectator. Each person is able to judge his own actions by abstracting himself and evaluating them through the inner spectator's eyes towards which he tends to converge. It is in this way that, independently from the rules of justice, each man develops an ethical sense.

Consequently, utility does not represent the guiding principle which inspires human choices and its role appears to be moderate and circumscribed.<sup>26</sup> Indeed, the immediate coincidence between utility and property is not to be taken for granted. Moral approbation requires a wider vision, one that has to guide utility within the limits of that sense of

<sup>24</sup> Nobel prize winner Garry Becker (1968) begins with this idea, which he finds in the works of Beccaria and Bentham, to develop his economic analysis of crime and punishment.

<sup>25</sup> On Smith's ethical education and the influence of stoicism and Epicureanism, see Waszek (1984); Griswold (1996); McCloskey (2008).

<sup>26</sup> On the consideration of utility in Smith, see Campbell and Ross (1981); Shaver (2006).

appropriateness that earns the consent of the spectator (MacCormick 1981: 256).<sup>27</sup> Smithian utility does not have the status of moral rule of behaviour which we note in Beccaria or in Bentham: rather, it is the more moderate exploitable ability to achieve an end.<sup>28</sup> As Haakonssen (1981: 117) pointed out, Smith's theory of justice is 'explicitly anti-utilitarian in all senses of term'.

Given these premises, it is easy to find a trend in Smith's works which is far from the contractualism of the seventeenth and eighteenth centuries and of a large part of Juridical Enlightenment. Nature has predisposed men with passions to create order and their institutions come out of the spontaneous interaction between individuals. In LJ, Smith explicitly confutes the contractualist doctrine by opposing it with the previously mentioned theory of stages and by tracing in history the real genesis of the political and civil organization of society. This is an age long evolution, responding to the economic changes in the forms of production and that, though somewhat influenced by universal laws, does not follow a rational pre-established design well-known to men. At the same time, the idea that legislation and the constitution can be the result of economic calculation, and that the laws of justice can be deduced from the maximization of utility is alien to the Smithian thought.<sup>29</sup> As Malloy (1994: 121) correctly asserts, Smith prefers to maximize individual liberty rather than wealth.

Moving our attention to the political and legislative level, we realize that starting from this basis we necessarily reach a function of the legislator which does not coincide with the one that prevailed in Juridical Enlightenment (Winch 1998: 366). Smith's reformist spirit is more moderate than the radicalism which inspired the works of Beccaria or Filangieri in which society is transformed by providing it with a rational, legal, and constitutional system capable of assuring greater and more diffused public happiness. This is due to the fact that Smith refuses the existence of a plan of ideal reforms, conceived of *ex ante* by human reason, and in the legal sphere, an economic cult of efficiency that in the Smithian works is the fruit of independent and spontaneous acts of individuals. (See Levy and Peart in this volume).

Yet, all this does not involve agreement with a rigid anti-interventionism or with an exaltation of a commercial society functioning perfectly and harmoniously. Smith's position is more complex than what the liberal nineteenth-century-style historiography has led us to believe (see Sen and Smith in this volume). Smith's judgment in this regard reflects the great eighteenth-century debate on the effects of commerce on ethics and civic virtues. In TMS, LJ, as well as in WN, the wealth of a commercial nation is at the same time the source of progress and of greater freedom but also the cause of negative consequences on morals and on the political sphere. The examples that can be found are

<sup>27</sup> Smith overcomes a problem that was common to those authors—with the exception of Bentham—who were both exponents of the doctrine of natural law and utilitarians and tried, not always easily, to reconcile natural ethics with utility.

<sup>28</sup> It must not be ignored that in Smith criminal behaviour is exclusively inspired by the quest for utility.

<sup>29</sup> Haakonssen (1981: 94) says: 'Smith is not here concerned with any utilitarian optimum, but with that condition of "public utility" where each individual has the best possible chance of creating his own happiness.'



numerous and also involve different aspects of social and political life, starting from the well-known pages on the worker's alienation up to the greedy corruption of 'merchants and manufacturers' or, to return to criminal themes, to the potential tendency of peasants who moved to the city to commit crimes. (See Tegos in this volume for an exploration of these questions.) Smith is aware of these perverse scenarios and faces the combination of lights and shadows of a commercial society with a sense of realism. In him there is never the idea of a spectator state which does nothing when faced with wrongs. On the contrary, the civil nation he describes needs a strong authority capable of supporting it. Without the administration of justice, an advanced society, based on the division of labour and on the market, could never survive. In TMS, Smith also reveals his willingness to entrust legislation with further duties in order to characterize the social life with more benevolence, though with due precautions. Medema and Samuels (2009: 300–14) underline that Smith recognizes the process of legal change as crucial and, moreover, he entrusts government with a fundamental role in reforming society.<sup>30</sup> LJ and WN seem to be oriented towards pointing at all those means which prevent freedom from being compromised by the most negative aspects of the commercial spirit, from the 'invisible hand' to the independence of magistracy.<sup>31</sup> As Winch (1998: 372) observed, 'Smith's legislator is expected to know and to do less than his Benthamite (or Paretian) equivalent in one sense, yet paradoxical, to know and to do more in another'. The former has to make up for the inevitable undesirable effects of a progress which spontaneously advances on its own, the latter wants to create the conditions for progress to impose itself through reforms. According to Smith, in fact, the legislator is a figure who, being different from the factious and slightly wretched one of the politician and from the ideological uncompromising one of the man of the system, knows how to lead the nation to a condition of moderation and fair means, and '... when he cannot establish the best system of laws, he will endeavour to establish the best that the people can bear' (TMS VI.ii.2.16: 233).<sup>32</sup>

## SMITH AND MODERN LAW AND ECONOMICS

It is not possible to find a juridical reflection in Smith which has the requisites of an economic analysis of law that can be found in the works of the utilitarian Beccaria and Bentham. It lacks essential requisites such as: the rational and calculating individual, the idea of the rule of law as a spur and the figure of the legislator who reforms the laws in

<sup>30</sup> Smith in the WN addresses the legislators with the intention to help the reforming process of laws and institutions. According to Gavin Kennedy (2008: 79) in this aim the Scottish scholar had more success than Physiocracy obtained in France.

<sup>31</sup> According to Malloy (2004: 120–1), in the LJ and WN Smith imagines that government and the market should realize a system of reciprocal checks and balances to prevent the most detrimental consequences of each. On the Smithian system of natural liberty, see Paganelli (2010).

<sup>32</sup> On the Smithian polemic about the 'spirit of system', see Haakonssen (1981: 89–92).

order to maximize the wealth of society. For more than one reason, it is not correct, though, to say that the Smithian theory of law is independent from economic theory. To begin with, it would be unfair to dissect and separate economic, juridical, and political themes in the thought of eighteenth-century authors as if they were distinct parts belonging to different reasonings. Secondly, in Smith, economy, law, and politics are all part of only one science: Jurisprudence. Finally, the study of legislation has showed us how its treatment in TMS, LJ, and WN is deeply linked to economic explanations. The birth of justice depends on the transformation of economy and its administration evolves and organizes itself according to the production systems of the social stages. Smith does have an economic theory of law, but it simply does not look like a proto-neoclassical economic analysis, like those of exponents of the Juridical Enlightenment. Indeed, we must not forget that Smith's theory of value is objective whereas the modern economic analysis of law has a subjective and utilitarian vision of value as prerequisite, which can be found in authors such as Beccaria and Filangieri.<sup>33</sup>

Searching for the causes of this difference, we have gone back to the elements which differentiate the Scottish Doctrine of Natural Law from contractualism and utilitarianism of the rest of Europe. This datum cannot be neglected because it points out neuralgic traits of Smithian reflection. While it is possible to identify points of continuity between the works by Beccaria, Filangieri, or Bentham and today's theories of economic analysis of law,<sup>34</sup> it is much more difficult to compare them with the figure of the impartial spectator, the resentment of the victim, the theory of the stages, or the stoic vision of the legislator.<sup>35</sup> The treatment of law, though being central in Smith's works and showing an intimate link with the economic sphere, still follows unusual and unexpected courses.

A much more relevant datum is that, studying in depth Smith's peculiarities as regards his contemporaries, we are faced with arguments and statements which are, in general, hardly compatible with today's economic orthodoxy. It has to be made clear that Smith's analytical contributions to political economy are far too well known and fundamental for them to be underestimated. Yet, it is undeniable that in the pages we have consulted we have seen the efficiency criterion vacillating or even being ignored too often or, on an epistemological level, we have encountered descriptions of the individual which are quite far from the typology of *homo economicus*, and we could continue by quoting the frequent recourse to anthropology or to history.

Neil MacCormick (1981: 262–3) draws the conclusion that the Smithian theory of law is deeply contrasting with the economic analysis of law because the former is founded on the concept of 'natural rights' and its morality is independent from the consequentialism which characterized the latter. MacCormick—who shows himself very dissentient with the method and conclusions of Law and Economics movement and above all

<sup>33</sup> On the presence of elements of marginalism in the thought of Filangieri, see Simon (2009c; 2011).

<sup>34</sup> About exponent of Juridical Enlightenment as a forerunner of modern economic analysis of law, see Simon (2009b, 2009c, 2011, 2013).

<sup>35</sup> Stigler (1975) had pointed out a similar distance with the modern economic theory of political and constitutional phenomena.

with Richard Posner's thought—points out three elements of distinction between the Jurisprudence of Adam Smith and the economic analysis of law:

... a theory of justice, that is, a moral theory of the rights the law ought to uphold; an outline of analytical theory of law, in the unsatisfactory 'sovereign command' mode; a theory of the economic conditions and consequences of various kinds of legal order. Smith did not suppose, nor is there any reason to suppose, that the first of these can be subordinated to or derived from the third. (MacCormick 1981: 263)

Malloy (1994: 113–50) also discusses the theoretical contrasts between Adam Smith and Posner. Posner is known for his rigid criterion of economic efficiency and wealth maximization although he considers his own works inspired by Smith's ideas. This belief is the result of a traditional and dated understanding of Smith, which tended to celebrate him as the cantor of the pursuit of personal interest and the ideologist of the market. According to Malloy, the most important contribution of Smith to an economic analysis of law consists in the study of the interrelationship between individuals and social structure and he continues to be a source of questions, intuitions, and theses for different schools.<sup>36</sup> Moreover, in many of his arguments, discordant with today's Law and Economics, we can find answers for the most controversial and critical aspects of contemporary theories.

However, although Smith can still contribute much to the economic study of law, it is undeniable that his thought is far from both the neoclassic mainstream and the heterodox approaches. The anti-contractualism and the anti-utilitarianism, which characterizes his theory, produce an economic explanation of the historical evolution of legal and institutional order which seems to resemble some of the conclusions present in the works of heterodox exponents. Nevertheless, Smith is always distant from all other economic inquiries on the law. For example, in John Roger Commons's *Legal Foundation of Capitalism* there are some elements similar to Smithian Jurisprudence: the rejection of utilitarianism; the opposition to contractualism; the theory of stages, and the relevance of the link between legal structure and economic changes. Yet, strong individualism, adherence to a doctrine of natural law, and the idea that the progress of law and society derives from unintentional actions—perhaps the only real contact with Posner's analysis—make Smith's thought incompatible with the vision of collective action typical of institutionalism.

Marco Guidi (2002) claims that in the eighteenth century Physiocracy and Smith were the founders of a new economic analysis in the fields of commerce and production and so was Bentham in the field of law and politics. Both contributions gave life to the 'new economic science'. Guidi's reasoning seems then to imply that the contribution by Bentham has filled those gaps where the Smithian analysis resulted not on the same wavelength as the canons of the economic science which was being born at that time. This is a convincing historiographic approach, since it does not attribute universal paternities but circumscribes them to the single contributions offered.

<sup>36</sup> Malloy proceeds by comparing Smith's theory of law with some different exponents of economic analysis of law.

## CONCLUSION

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At the end of this chapter we can conclude by saying that Adam Smith's reflection remains a unique position in the panorama of philosophy and economic theories about law. It is an interesting and important intellectual example that scholars should consider but it is not correct to liken it to various styles of economic analysis of law or claim it directly influenced them.

We have sufficient arguments to state that Adam Smith shares the spirit of the Enlightenment culture and the aspiration of his age since he believes in the possibility to improve the life of men and society by means of law and wants to realize a great Science of Legislation—in opposition to the traditional knowledge of the *Ancien Régime*—to help the process of legal and institutional change. Yet, we have pointed out that Smithian thought on law is very different from mainstream Juridical Enlightenment prevailing in the European intellectual context and the direct consequence of this distinct position is that Smith's Jurisprudence appears quite far from what today we know as the economic analysis of law, which instead seems to be strictly related to the works of Cesare Beccaria, Gaetano Filangieri, or Jeremy Bentham. It is an interesting datum since Smith is universally considered the father of modern political economy.

In conclusion, we have to notice another element emerging from the comparison between Smithian thought and Juridical Enlightenment. The latter, behind its preference for an efficientistic and rationalistic criterion, shows the tendency towards an holistic vision of society and a constructivism that Smith seems to perceive and to which he opposes his theory of law as a defence of the freedom, sentiments, and interests of each individual. This is a theoretical contrast that runs through the intellectual history of Europe and which we can find in the polemic of a Smithian author such as Benjamin Constant (1822–24) against *La Scienza della Legislazione* by Gaetano Filangieri, identified as the symbol of the utopian idea to realize a new rational order of justice and equity by means of legislations.

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## CHAPTER 20

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# ADAM SMITH ON EMPIRE AND INTERNATIONAL RELATIONS<sup>1</sup>

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EDWIN VAN DE HAAR

THERE can be little doubt that the Scottish Enlightenment was an exceptional period of creativity and progress in numerous fields (for excellent overviews, see Berry 1997; Broadie 2007). It is therefore easily overlooked that the eighteenth-century Scots were not at all confident about their position in relation to other countries. Their foremost concern was the Scottish place within the British Union (Emerson 1990: 23), but Scottish feelings of insecurity also extended towards international affairs, even while the international context of Scotland and Britain in the first half of the century was relatively tranquil compared to the bloody previous century. Between 1713 and the 1740s no major wars were fought, although even in peacetime Britain was continually involved in all kinds of hostilities (Black 2011: 3). This intensified with British participation in the War of the Austrian Succession (1740–8) and the short-lived Jacobite rebellion in 1745 which commenced and ended on Scottish soil, followed by the Seven Years War (1756–63) and the disorderly last quarter of the century, with the revolutions in America and France. The major European wars also led to hostilities in the European overseas empires.

These events helped to ensure that Scottish thinkers were not naïve in their international outlook. The Scots had a ‘tough minded approach to problems of war and peace’, that remained characteristic of British writers from Gershom Carmichael and his successor Francis Hutcheson onwards (Tuck 1999: 183). They were, for example, less optimistic than many of their French counterparts who expected that the progress of civilization would automatically lead to a more rational and thus peaceful world. In the writings of most Scottish thinkers the sovereign state and its capacity to wage war remained central to any

<sup>1</sup> I thank Chris Berry and the organizers and participants of the political theory workshop at the 2011 Annual Meeting of the Dutch and Flemish Political Science Associations for their insightful comments on an earlier draft of this chapter.

successful civilization process, not least because the development of commerce and military power of the state were positively related. Technological innovation and increased military might were also important drivers of European imperialism. So it is not surprising that international relations was integral to Scottish Enlightenment thought (Buchan 2005).

Although there are exceptions (Hont 1980; Walter 1996) Smith's ideas on international relations have largely been neglected or misinterpreted. This means the academic literature still contains a number of erroneous or partial interpretations of his ideas on international phenomena such as empire, war, diplomacy, the balance of power, and international law. Therefore, the main goal of this chapter is to present a comprehensive overview. This will be done in four steps. The chapter starts with the views on international relations of Smith's main intellectual influences, followed by a section on the important contemporary issue of empire. From there the scope widens to his other ideas on international affairs. The last section analyses a particular disturbing example of the erroneous use of Smith's ideas in the context of the current debate on an alleged relation between trade and peace.

Throughout the chapter a number of important themes and issues in international political theory will be touched upon. These may have changed in particular form throughout time, but are still recognizable throughout the ages. A first issue that directly touches on Smith's views on development and empire is the global divide between a 'we' and a 'them' and questions relating to that, such as whether any duties or obligations follow from the differences in material or immaterial circumstances between groups of people, what rights these groups or individual members are entitled to, if any, and how just the differences between them are from an ethical perspective (Brown 2002: 1–11). Related are questions how those different groups of people (often named communities, nations, states, or countries) are distinct from one another and how their relations should respect or express those differences, for example through the principle of sovereignty (Keene 2005: 7–13). At a more practical level there are important questions about the way wars should be conducted, how the state system should be constituted, whether states should dominate global affairs at all, or perhaps be replaced by one global political system, etc. (Jahn 2006). These themes can be summed up in three dichotomies: inside versus outside, universalist versus particularist, and system versus society, which are important issues addressed in international political theory. The study of the writings of past thinkers can help to uncover new insights, which may also be relevant for current thinking about world politics (Brown et al. 2002: 6–12). This chapter will focus on the uncovering of Smith's ideas on these and a number of other issues.

## MAIN INFLUENCES

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The influence of Hutcheson and Hume on Smith is well documented (e.g. Rae 1895: 11; Teichgraeber 1986; Haakonssen 2006: 1; Kennedy 2010: 75, 187; Phillipson 2010: 7). This influence comprised moral theory (Hope 1989) but also extended to political economy



(Hutchison 1988: 193). Therefore this chapter starts with a brief look at Hutcheson's and Hume's ideas on international affairs, which to a large extent resurfaced in Smith's thought. Important to realize is that his ideas on international relations were not some by-thought of his general moral theory or domestic political thought. International affairs was a major topic in contemporary academic, political, and public debate (see e.g. Black 2011).

Smith's earliest biographer, Dugald Stewart, noted that Smith spoke about Hutcheson in the warmest admiration ('the never to be forgotten Hutcheson') and that he had a big influence on Smith's choice of the topics of his academic study (Stewart 1982: 271, 333–4). Hutcheson was one of the major people in the Scottish Enlightenment (Moore 1990: 41), although nowadays his fame has faded compared to successors such as Hume and Smith. Hutcheson was influenced by Shaftesbury, Harrington, Locke, Grotius, and Pufendorf. He embraced the latter's turn to Stoic thought, through works such as Cicero's *De Officiis*, particularly his ideas on the sociability of man and the role of natural jurisprudence (Ross 1995: 43–55). Hutcheson's ideas on international relations were also influenced by Gershom Carmichael (1672–1729), a natural law thinker who was one of the first to teach the works of Grotius and Pufendorf in his classes at Glasgow University. One of his main points on international relations was that just wars were never fought for profit, but only for the sake of international natural law. Against Pufendorf, Carmichael defended the right of individuals to self-defence and their right to resist governments who abused their rights and liberties. Carmichael was also an early opponent of slavery (Moore and Silverthorne 1983; Moore and Silverthorne 2002: xii–xiii, 138–45, 199–210), just like Hutcheson would be.

Despite the significant influence of Stoic thought on his ideas, some of their views were rejected by Hutcheson. Not least cosmopolitanism or the idea that all men were citizens of the world. 'All men' should of course not be taken literally, it was limited to a bond between wise men: the philosophers. Like Shaftesbury, Hutcheson placed central importance on 'the family grouping of individuals' and he never attempted to extrapolate collective attachments to transnational levels (Scott 1900: 165). International order had to be achieved through the relations between smaller actors, most often states. Of course this begged several questions, not least how these states should behave towards each other, which was one of the reasons why the writings of the seventeenth-century natural lawyers were widely studied.

As a student Smith attended Hutcheson's lectures at Glasgow University, where the doctrines of Grotius and Pufendorf were important topics (Scott 1900: 231; Lieberman 2006: 220–1). Two versions of Hutcheson's lecture texts survive, *Philosophiae Moralis Institutio Compendiaria*, published in 1742 and translated as *A Short Introduction to Moral Philosophy* in 1747. In addition, there is the posthumously published *System of Moral Philosophy* (1755), which already circulated in definitive form among friends at least in 1737. The books partly overlap, including the parts on international relations and it has thus far been impossible to determine a definitive order of composition (Moore 1990; Carey 2005; Turco 2007: xi). Yet according to Ross (1995: 53) the *Philosophiae* contains the lectures Smith heard as a student.

Hutcheson defined war as ‘the violent defence or prosecution of rights’ (2007: 199). In his world view there was no ultimate arbiter at the international level, hence princes acted ‘like persons in a state of natural liberty’. This phrase was an alternative to and criticism of Hobbes’ negative term ‘state of nature’. Smith, of course, would use the idea of ‘natural liberty’ throughout his career. In Hutcheson’s state of natural liberty wars were sometimes lawful and necessary for ‘the common safety’. But war should only be a last resort. Just wars were conducted between two independent states, after a violation of natural rights, or when there was a real threat these rights were about to be violated. Permitted violence in war was needed to repel injury, repair damage, or obtain future security. Simple revenge had to be condemned (Hutcheson 2005 II: 347–62; Hutcheson 2007: 196–205). Interestingly, Hutcheson allowed a broad interpretation of these principles, for example allowing pre-emptive strikes against dangerous and powerful neighbours.

This did not mean an unqualified support for unlimited power oriented policies, because international affairs should be bound by international law. Hutcheson provided two reasons. First, international law was the main source of international order and its reputation needed to be beyond any doubt. Enemies should not be deceived by treaty, because treaties were the only means to restore peace. Secondly, an important moral dimension of rules at the international level was the natural law idea of just war, meant to limit the reasons for war and regulate the behaviour of parties during a war. Thus, Hutcheson embraced common notions such that poisonous arms should be forbidden and diplomatic immunity guaranteed, although ambassadors did not deserve more rights or immunities compared to other foreigners, because they ‘normally’ acted as spies. The neutrality of states not involved in hostilities should be respected, including their right to non-military trade with both warring sides. They could also function as a shelter for refugees or deserters. International order was state-based and also contained a moral side. Hutcheson ended his lectures in agreement with Cicero, who wrote that ‘every good man should be ready to lay down his life [for his country] if he can thus do it service’. Warfare could bring out the best virtues in men. It led Hutcheson to advocate military service by all men of all ranks, because it would result in a useful reserve force that could always be relied upon in times of foreign invasion or other dangers (Hutcheson 2007: 270–1, 277–89). He was an early defender of militia both on military and moral grounds, but on this point Smith would take a different position.

Hutcheson’s influence stretched towards the American independence movement, especially the settlers of Scottish descent in Virginia and Pennsylvania (Leidhold 1985: 21, 199–202) and Jefferson (Fleischacker 2003: 320–1). Erroneously overlooking Carmichael’s writings, Robbins claimed that his greatest original philosophical contribution was in politics, particularly his defence of the right of resistance against public or private tyranny. While not mentioning America in specific, Hutcheson argued that colonies had the right to liberate themselves from their masters, when the actions of these latter ran counter to the welfare of the colonists. The right of conquest was limited by the welfare of mankind, which should be the leading principle in foreign and colonial policy (Robbins 1954; Robbins 1968: 180–93; Hutcheson 2005: II, 270–7, 308, 2007: 260–3). These passages were sufficient for the American colonists to embrace his thought.

Like Carmichael, Hutcheson opposed slavery. However, Carey (2005: vi) calls for caution on this point. It is true he had a large impact in anti-slavery circles and laid down a rationale for colonial independence. Yet Hutcheson also acknowledged the rights of slave traders and thought slaves should pay for their liberty even when that took ten to 20 years. Also, he was not opposed to colonialism per se and took such conquests by states for granted. He even wanted to oblige countries that made (foreign) conquests of land to sell those parts it did not use or cultivate to other countries, against payment to reimburse the costs of discovery or conquest (Tuck 1999: 183).

Where Hutcheson's approach to international affairs was predominantly based on natural law, Hume took a much broader view. Hume's *Political Essays* published in 1752 could 'not fail to confirm Smith in those liberal views on commercial policy which had already opened to him in the course of his own enquiries' (Stewart 1982: 273, 300). Hume lived a cosmopolitan life, with many travels and even several diplomatic positions. Yet he rejected Stoic cosmopolitanism. In his political view the most far-reaching form of international co-operation should be an international society of sovereign states. Individuals had strong emotional ties with their countries and their fellow countrymen, thus love for one's country was part of human nature (Hume 2000: 183, 188–9, 200, 218). Bonds beyond the national border would always be of secondary importance. International affairs were of course important in public policy, if only because the sovereignty of the nation depended on wise and prudent foreign policies (Hume 1987: 85; Hume 2000: 183–200, 218; Van de Haar 2009: 41–56).

Hume was outspoken about the role of power in international politics. The laws of nations (international law) were important to channel and structure international affairs. Yet they were insufficient to maintain international order. This called for complementary institutions. Hume strongly valued the international balance of power between countries, which was based 'on common sense and reason, it was a secret in politics that added to a better management of foreign policy'. Of course the balance was often fragile and it occasionally also caused war, certainly at the fringes of the system. Still, the benefits of a good working balance were immense. Liberty was best served by its main outcome: geopolitical status quo and international order (Hume 1987: 323–41). Like Hutcheson, Hume saw war as an inevitable feature of international affairs. It was impossible to abolish conflict between humans. Human 'confined generosity' conjoined with the limited resources available made the convention of justice necessary to stabilize possession as property. This presupposed the continued existence of conflict. Hume never supported war for frivolous reasons, war needed to be based on the just war principles. Generally a bit overshadowed by Smith's reputation on this issue is the importance Hume attached to free trade in international relations and his rejection of mercantilism. Trade was a positive sum game, and there was no reason to look at the balances of trade with jealousy. It promoted cultural exchange and wealth, while both added to the greatness and power of the state. Free trade made state richer, and wealthier states could also afford more military expenditure. It was one of the reasons Hume never saw a relation between trade and peace (Hume 1987: 89, 92, 253–67, 308–31; Van de Haar 2008: 225–36).

Smith shared most of these positions. Like Hutcheson and Hume he applied his moral theory to both domestic and international politics, with the overriding goal of the expansion of individual liberty. Of course he also developed his own views, or put the emphasis differently during important contemporary common debates, not least those on colonialism and empire. Still, he was not isolated in his concerns or views and firmly stood in a broader tradition, which in recognizable form traced back to the earliest days of the Scottish Enlightenment.

## ON EMPIRE

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Smith's interest in questions of empire developed late in his career. They were largely absent from *The Theory of Moral Sentiments* which covered several other topics of international relations and neither were they extensively analysed in the *Lectures on Jurisprudence*. It seems therefore safe to conclude that Smith followed the contemporary debate on this matter, which roughly started in the late 1760s with a strong focus on the American colonies. Even when it is accepted that his main interest in the extensive treatment of empire in the *Wealth of Nations* was economic (Berry 1997: 109) it would be a mistake to think Smith limited his approach to money matters only. He included politics, ethics, and developmental issues and his views were also much broader than the relations of England with the American settlers, although, understandably, given the wider debate on the influence of Scottish writers on the American founders, this has been the main focus of many of his biographers (e.g. West 1976: 213–18; Ross 1995: 248–69; Buchan 2006: 89–90, 110–11; Phillipson 2010: 213, 228–30). However, his views on empire are best characterized as a combination of moral philosophy and political economy.

One of the questions looming in the context of imperialism was Smith's stadial theory, particularly the relations between people in different stages of development. This calls for a distinction between his views on international relations and those on imperialism. The first was mostly concerned with European countries in the highest stage of development, while the latter was more complex, as it comprised relations between at least four different groups in different stages of development: the original inhabitants of the conquered lands (in contemporary terms referred to as 'barbarians' or 'savages'), the developed colonists, their slaves and the imperial powers. Generally, Smith used his stadial theory sparingly. All groups of inhabitants appear unstructured in his writings, which is why the exact place of issues of empire in Smithian stadial theory remains unclear: were the colonies in the commercial age, one of the lower stages, or perhaps somewhere in between? His theory appeared to assume more or less homogenous peoples moving from one stage of development to the other, while in the colonies the different stages got mixed and blurred and all groups influenced each other (Blaney and Inayatulla 2006: 139, 144). Still, Smith never denied this explicitly and recognized that commercial societies also comprised different groups, with the Scottish Highlanders as a nearby and prominent example. This makes it hard to distil a clear-cut picture. Indeed, Smith never

provided one. Yet whatever their stadial status, and in sharp contrast to many of his contemporaries and most nineteenth-century (liberal) thinkers, Smith put the individual natural liberty of all people first, regardless of where they lived. He did not openly rank the different societies, nor did he regard people in other stages as morally inferior. Mostly, he factually described their circumstances without moral judgment and did not support ideas about a European role to civilize the less-developed others (Pitts 2005: 25–52). Smith applied both his respect for individual natural rights and his moral theory globally.

This should not be understood as a denial of the importance of the European empires: ‘the discovery of America and that of a passage to the East Indies by the Cape of Good Hope, are the two greatest and most important events recorded in the history of mankind’ he wrote. It connected the different parts of the globe economically and changed the world in a very short time, although Smith remained cautious: not all effects of this relatively novel development could be overseen (WN IV.vii.c.80–5: 626–8). The reasons for the European expansion were clear. In contrast to the experiences of Ancient Greece or Rome it was not about overpopulation or any other necessity. It was all about wealth. The Portuguese wanted to get rich, and desired a share in the Venetian trade. Columbus wanted to find the riches of China and Indostan (South Asia), although he only found uncultivated St. Domingo, inhabited by ‘some tribes of naked and miserable savages’. The Spanish wanted gold, silver, and Eldorado, but as this was not a sufficient justification for their conquests, they introduced a religious motive. ‘The pious purpose of converting them [the inhabitants] to Christianity sanctified the injustice of the project’ (WN IV.vii.a.1–22: 556–64).

Although Smith disapproved of the Spanish conduct, he emphasized the moral issues related to the European conquests. The empires were generally founded on injustice and folly. Most important was the maltreatment of the native inhabitants. The injustice of the Europeans rendered an event ‘which ought to have been beneficial to all’ ruinous and destructive. Mexico and Peru were most advanced in America, but China, Japan, India as well as other countries in the East Indies were much richer and more cultivated. This provided a good example of his stadial theory: with the exception of Mexico and Peru the Americans were hunters. The people in the other countries were shepherds, ‘even the Hottentots’, which meant they could feed more people from the same amount of fertile soil, which also entailed it was more difficult to displace them (WN IV.i.32–3: 447–8; IV.vii.c.100: 634–5). Important to note is that Smith acknowledged the advanced status of the Asians. Reaching this stage was not limited to Europe. Any country could reach the higher stages of development, regardless of its cultural and developmental characteristics (Pitts 2005: 39–41). In those settlements that became populated by Europeans many of the settlers fled from religious persecution, such as the English Puritans, the Quakers, or the Portuguese Jews. Thus it was the disorder and injustice of European governments that peopled and cultivated America and other colonies. After those settlements were established, the first thing the mother countries did was to monopolize trade and take other measures to limit their prosperity. Even the best of them all, England, was ‘only somewhat less illiberal and oppressive than the rest’. The one justified

English claim to the American colonial successes was that many colonists owed their education to the mother country, but ‘hardly anything else’ (WN IV.vii.b.58–64: 588–90).

Another important moral issue related to empire was slavery, which was common in the British sugar and tobacco colonies. Carmichael and Hutcheson had opposed slavery and so did Smith (Fleischacker 2004: 113–14; Mehta 2006: 255–6), although he did not join those contemporaries that expressed public moral outrage on this issue. He discussed the disadvantages of slavery most particularly in the *Lectures*, often combining economic and ethical approaches. For example that slave labour was inferior to work by free man (LJA iii.28: 191), but also that slavery sometimes led to superior profits as more slaves were employed for the more profitable crop. Of course this is more an expression of his labour theory of value, than a remark about slavery per se. Smith thought the French were better in protecting their slaves against the violence of their masters. Referring to ‘the unfortunate law of slavery’, he noted that protective measures for slaves were harder to enforce. The slave owners were often politicians, cautious about the police and judiciary ‘meddling’ in what they saw as their private property. Smith thought it was better if these magistrates meddled all the time, out of a ‘common humanity’. The gentle usage of the slave was better for all those involved (WN III.ii.10: 388–9; IV.vii.b.52–9: 586–8; LJA iii.100–47: 181–99). As Lieberman (2006: 227–30) notes, the issue of slavery showed how Smith combined the normative goal of natural jurisprudence with an explanatory narrative of social and political history. He took many pages to explain how the situation had come about, often arguing it was through the rudeness of people or the interest of particular orders of men within a society. Yet this never led him to support slavery.

The government of the colonial conquests was rather contentious. Smith was mainly negative about this side of colonialism, but also detected a number of positives. Eighteenth-century empires were not strictly managed enterprises with powerful imperial capitals. Trade was the main goal and in many instances the settlements were still small (‘factories’). The imperial powers lacked the force to conquer and subject the populations in most parts of their empire (for an overview see Kors 2003: 270–6). Smith distinguished two main ways of colonial management. Particularly bad was management by the exclusive companies, those dreadful ‘extensions of mercantile colonialism’ (Kennedy 2010: 143). The financial mismanagement of the East India Company was a topical issue during his five-month stay in London in 1766 and probably influenced the views expressed in the *Wealth of Nations* (Phillipson 2010: 201). The exclusive companies often avoided the establishment of colonies. The Dutch ones at Cape Good Hope and Batavia were exceptions, the first mainly due to its special ‘half way house’ position in between Europe and Asia, the latter due to its central position in Asia, logistically and commercially (WN IV.vii.c.100: 634–5). On the whole the exclusive trading companies were bad monopolists and equally bad colonial administrators (WN IV.vii.b.10–15: 570–1). For example, the Dutch United East Indies Company abused the Indonesian islands and this terrible example was followed by the English in Bengal. It was all ‘completely destructive’. The companies did not see themselves as sovereigns, but this is exactly what they were in practice, although ‘they preferred the little and transitory profit of the

monopolist to the great and permanent revenue of the sovereign'. Their command was only based on military force. They let corruption flourish, by allowing humbly paid civil servants to have their own private trade, either in the open or secretive (WN IV.vii.c.84–98: 628–33, WN IV.vii.c.101–8: 636–41). In this context the struggle of Smith's good friend Edmund Burke against colonial abuse in India must be noted. In Parliament Burke spent more time and energy on India than on any other issue and became ever more critical over the years (Fidler and Welsh 1999: 18–29). The prime example was Burke's famous attempt to impeach Governor Warren Hastings. This process started in 1786, two years after the publication of the last substantially altered version of the *Wealth of Nations*. Although it is hard to tell if and how relations of influence developed in this specific example, Smith's insights on moral sentiments and social development were important inputs for Burke's critical views on empire in general (Pitts 2005: 59–60). In that respect the thinkers also thought alike.

The lack of central control over the colonies could also have positive effects. Smith noted England never had more than a 'slender' authority in North America and the West Indies (WN IV.iv.10: 502). Yet the English did a better job in colonial management than most others, because the few rules they could enforce fostered the increase of natural liberty. The North American colonies may have had less fertile land compared to those of Spain, Portugal, or France, but their political institutions were superior for the improvement and cultivation of their land. Examples were the obligation for proprietors to cultivate certain parts of their land, the existence of a good market in land and low taxes for the labourers. Assemblies and councils were more powerful than the executive, there was no hereditary nobility with special privileges, the colonists did not have expensive public ceremonies and paid decent but not outrageous salaries for public officials (WN IV.vii.b.17–53: 572–86). Far away from the mother state they had the liberty to pursue their interest in their own way. In contrast, Spanish colonies lagged behind those of other countries, as the Spanish government tried to rule from a central point. There was no greater opposite in this respect than the English colonies in North America (WN IV.vii.b.1–7: 564–9, IV.vii.b.16–22: 572–5). 'Plenty of good land and the liberty to manage their own affairs their own way seem to be the great causes of the prosperity of all new colonies' (WN IV.vii.b.16: 572).

Did the empire cost money? Smith thought so and presented an overview of the economic costs and benefits of colonization, to show that colonies were a disadvantage to all people concerned. It also served to provide evidence for his general plea for free trade (Pitts 2005: 52–8). Once more his starting point was a moral principle: economic freedom was a natural right. To prohibit people from making all that they can of every part of their own produce, or from employing their stock and industry in the way they judge most advantageous to themselves, was a 'manifest violation of the most sacred rights of mankind' (WN IV.vii.b.44: 582). In the context of the American colonies he continually underlined that any economic benefit would need to be offset against the costs that were largely politically determined: the defence of the colonies was paid for by the motherland, not by the colonies themselves. This was of huge benefit to them and an equally large burden to the imperial power.

Smith divided the positive side of his imperial cost-benefit analysis into the general advantages for Europe 'as one country' and particular advantages for individual countries or colonies. General advantages were increases in economic output, such as the variations of fruit, goods, produce, and more extensive markets. European agriculture improved through the import of potatoes and maize, which required less land and no more labour (WN I.xi.n.10: 259). The European angle was to recognize that other countries without colonies also benefitted, such as Hungary or Poland. This was all due to intra-European trade, even though protectionism diminished the possible positive effects. Some particular advantages were a broader tax base for defence and public expenditure and economic benefits from particular local circumstances (WN IV.vii.b.1–108: 591–641). In addition, the colonies benefitted from the investments of the colonizers. The progress of the North American and West Indian colonies would have been slower had not additional capital been employed (WN III.i.7: 380).

Still his main verdict was negative. Colonial policies were examples of bad economics and they greatly hampered the spread of greater economic welfare (Kennedy 2010: 138–43). The effects of the search for precious metal, one of the major motives for European imperialism, were limited (WN I.xi.g.23–9: 220–5; I.xi.n.1: 255–6). Britain derived nothing but loss from its empire (WN IV.vii.b.64–5: 614–16), all factors considered. Still, it was important to distinguish between colonial trade as such and the monopoly of that trade. The first was always beneficial, the second always and necessarily hurtful. The benefits of the first generally outweighed the costs of the latter, which meant the losses were less visible. British monopoly could be explained by the disproportional political influence of the merchants on colonial policies. While the English situation was more liberal than in other colonies of other nations, Smith firmly concluded: 'If colony trade...is advantageous to Britain it is despite, not because, monopoly' (WN IV.vii.b.17–53: 572–641). This fits well with his general low opinion of the actual behaviour of merchants and manufacturers, who 'only complained about other people', 'conspired against them', and 'put their own interest before the national interest' (WN I.ix.24: 115; I.x.c.27: 145; I.x.p.10: 267). Monopoly also had negative moral effects. High profit rates made parsimony disappear among merchants and political leaders. Their luxury and affluence set a bad example to others, therefore the individual advantages of monopoly were detrimental to the general interest of the country (WN IV.vii.b: 612–13).

The position of the American colonies was of course a hotly debated topic in the third quarter of the eighteenth century. Smith was also involved, which became even more apparent when a memorandum on this issue was found in the 1930s, in the papers of his friend Alexander Wedderburn (Fay 1956: 107–14). Hutcheson had argued that independence of colonies was justified because people have the right 'to resist actions inimical to their good' (Robbins 1954: 246), while Hume had been in favour of American independence and declared himself to be 'an American in my principles' (Hume 1932: letter 510). Smith's analysis differed in its focus on British civil and military incapacity and the high costs of the empire across the Atlantic. He doubted that England ever stood a chance to keep the colonies, peacefully or through war. 'The rulers of Great Britain have, for more than a century past, amused the people with the imagination that they



possessed a great empire on the west side of the Atlantic. This empire, however, has hitherto existed in imagination only.' The rulers should either realize their golden dream or wake up, he wrote challenging (WN V.iii.92: 946–7). After the loss of Boston, in early 1776, Smith added 'the American campaign has begun awkwardly. I hope, I cannot say I expect, it will end better. England... seems to breed neither Statesman nor Generals' (Corr 158: 196–7).

Smith thought American independence was the most likely outcome of the difficulties, and he was willing to grant it, although his personal preference was for a federal union (Stevens 1975; Skinner 1979: 184, 195–6). A complicating factor was that Britain, or any other nation for that matter, would never voluntarily give up authority over their colonies, to let them elect their own leaders or take care of their own defence and foreign policy. Even if this was in the national interest, national pride was the prohibitive force. Often it was also contrary to the specific interests of the leaders, who wanted to safeguard their opportunities to riches and distinction. Smith saw direct financial benefits, but also a strategic benefit of secession: the newly independent country would be guaranteed to become a natural ally in international affairs. The issue of Americans paying for their own defence could easily be settled, but in case the colonies remained part of the British empire new issues loomed. They would never tax their citizens to pay for the defence of the whole British empire. Their assemblies also lacked the know-how to make informed judgments. Asking money for military expenditure in case of a foreign attack on the imperial home country would also be problematic. The leaders of 'British America' should therefore tax their own people, which would benefit their authority over their people (WN V.iii.68–92: 933–47, IV.vii.c.65–79: 616–26).

In the aforementioned memorandum, Smith set out his thoughts on 'the contest with America' in greater detail. He analysed four scenarios to end the war with the colonies:

- the complete submission of America, with the colonies paying for defence and the general expenses of government (federal union);
- the full independence of America;
- the restoration of the old situation, without American contributions;
- a situation where some colonies were brought back under British rule, with independence for the others, after a long, costly and bloody war.

The first option seemed unlikely both militarily or by treaty, much to Smith's regret. There was no support on either side of the Atlantic. Yet this plan of the 'solitary philosopher' would 'tend most to prosperity and to the splendour and to the duration of the empire'. It must be noted he did not question that latter ideal. The second option would relieve Britain from the expenses of military defence. Geopolitically it would be a good move in combination with a return of the Floridas to Spain and Canada to France. They would become natural enemies to the English colonies, which would make the 'English Americans' natural and strong allies for Britain. Forecasting the 'special relationship', Smith thought this would happen anyway after the Americans would become convinced that British no longer aimed at domination. The great disadvantage of this option was that the termination of war would be humiliating to Britain in the 'eyes of Europe', while

a loss of dignity would also occur in English eyes. The third option would not have this disadvantage in England, only in America. It still appeared unlikely to Smith, just as the wisdom needed by English leadership to accomplish it. He regretted the fourth scenario seemed by far the most probable. It would also be the most destructive to Britain, requiring a large military presence to defend the remaining colonies against attacks from the others (Corr Appendix B: 380–5). While events bore Smith out in this respect, his prediction fitted well in his negative judgment of empire in general, even though he never called for the end of all forms of imperialism. This was not because he valued individual liberty differently in different parts of the world. It was just a step too far for him to expect that fallible humans would ever establish such a liberal world. This becomes clearer when taking his other ideas on international relations into account.

## SMITH ON INTERNATIONAL RELATIONS

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An analysis of Smith's ideas on world politics confirms that not all elements of his moral theory applied with equal strength in the international arena. Importantly, he clearly saw limits to the application of sympathy across borders (also Forman-Barzilai 2010). Smith acknowledged people could feel sympathy towards people living abroad, for example in case of a disaster in another part of the world, but these sentiments were temporary and could not induce structural changes in human behaviour. People were far more concerned with the smaller events that directly affected them than with larger ones further away (Smith 2006: 38). Also, any man would feel displaced in another country, no matter how polite and nice the foreigners were (Corr 88: 108). These natural limits to sympathy meant that human conduct was not normally driven by concern with the well-being of humanity as a whole. Smith did not think that sympathy lost all meaning at the border, but it transformed into a much weaker phenomenon. There was no natural 'brotherhood of men,' let alone a natural set of duties or rights for all people living in different parts of the globe. Fellow feeling could not be stretched indefinitely, it had geographical and national limits. The ties between smaller social units were stronger and most important for the individual. It was natural for humans to put family, friends, and the nation first, normally also in that particular order (Raphael and Macfie 1982: 10). There was a large difference between love of your country and love of mankind. Both sentiments could co-exist, but were manifestly different. Countries were loved for their own sake, not because they were part of some world community. Even if such global society existed it would be better served by individuals who directed their love towards their own life and those of the people near to them. This was line with the human capacity and man's moral and natural inclinations and affections (TMS VI.ii.2.4: 229).

Smith's ideas on international relations thus started with the nation. Like Hume he thought that feelings for the nation were part of human nature. It was a natural object of human passion, arousing feelings of pride or shame. The honour of the nation was also the honour of the individual citizen. Patriotism was laudable, even to the extreme:

people who gave up their lives for the safety of the glory of the country were to be admired (TMS VI.ii.2.1–3: 227–9). He wrote extensively about military organization and strategy and emphasized that external defence was the prime duty of the sovereign (WNV.i.a.1: 689). Defence was needed for the stability of the state, as any instable state lost wealth rapidly, or was unable to gain additional wealth. In this context Smith made his remark that ‘defence was more important than opulence’. Such concerns were also the reason for his defence of the protectionist Navigation Acts (WN IV.ii.30: 464–5). However important he thought it was, free trade was never an absolute policy goal, it was trumped by concerns for national security. Without a stable international environment, economic development was hard to achieve (Haakonssen 1981: 95; Margerum Harlen 1999).

Given this focus on defence it was no surprise that Smith was engaged in another prominent contemporary issue: whether the Scots should have a militia or a standing army (for an excellent overview see Robertson 1985). Hume and Smith were important for the outcome of this debate, although Smith took a position contrary to Hume and most of his other friends in the Poker Club, such as Adam Ferguson, who all supported militias (Robbins 1968: 189). Smith defended the division of labour and specialization and argued that militias were inferior to standing armies. They consisted of amateur soldiers, serving irregularly and on a part-time basis. The defence of the country needed to be a matter of well-trained specialists especially in a time when fire arms and other weapons became tools for professionals. Wars would be won by the most advanced nations and in that way they spread civilization (LJB 331–3: 540–1; WN VI.a.1–44: 689–708), albeit by bringing order and not by enforcing any ethical beliefs upon people. Smith noted that each stage of development had its own form of military organization, which also advanced through the ages (Buchan 2005: 182). In the commercial stage the progress of manufactures and improvements in the art of war made a standing army an absolute necessity for civilized society. He did not think it would turn into a threat of liberty, as long as it was placed under civil authority of leaders who had a great share and interest in such situation (Robertson 1985: 213–15). Put briefly, Smith trusted the progress associated with the division of labour, while Ferguson and his friends insisted on traditional Stoic and civic humanist moral ideals, especially those of a martial nature (see Sher 1989).

Regardless of the precise way it was organized, defence was the first task of the nation and international order the foremost political goal. Leaders needed to steer away from anarchy and chaos as much as they could. In Smith’s view they had a number of international institutions at their disposal, in particular diplomacy, the balance of power, international law, and war.

Diplomacy, or the way states kept relations with one another, was important for Smith, as it served to keep good relations and smooth communications. He mostly wrote about it in practical and legal terms. The immunity of ambassadors should be sacred and protected and their homes should be ‘asylums for offenders’. By this he meant they should be allowed to protect what we would now call political refugees or opposition groups. Smith realized this could lead to big problems, so he warned that ambassadors

should not abuse this position outside the judicial system of their host country. Diplomats should be cautious, and—contrary to the current principle of diplomatic immunity—should be imprisoned when they were caught in conspiring against their hosts. Diplomats were important for communications but were also useful sources of information. He disagreed with Grotius, who called diplomats ‘spies in residence’ (LJB 354–8: 551–4), although judged by today’s standards that might have been a bit naïve. The histories of diplomacy and foreign intelligence are full of close ties between spies and diplomats. The other main purpose of diplomacy was related to empire and commerce. There was a need for commercial diplomacy and the protection of trade (WN V.i.e: 732–58), particularly in countries where it was impossible to build permanent structures to protect trade. In those places permanent representatives should be posted, for example in Constantinople and Russia, where there were ‘no obvious political reasons for an embassy’, but abundant economic ones (WN V.i.d-e.1–4: 731–3). Non-diplomatic foreigners should also be given the right to settle freely and be protected by the laws of the host country, because they brought prosperity, commerce and improvements in arts (LJA v.93–5: 307–8). The notion of the impartial spectator returned in the guise of neutral nations. They should suffer no injury, because they did not offend any party. So, for example, in a war between France and England, the Dutch should be able to trade freely with both sides, provided they did not trade contraband or enter a besieged town (LJB 351: 550).

Diplomats had a crucial role in maintaining the balance of power. Hume famously praised the balance of power for its positive effects on international order. Smith never wrote as extensively about this topic but also gave a clearly favourable judgment. This is visible in a few historical passages (LJB 355–6: 552–3) and his opinion that when all peoples would be roughly equal in strength and courage, they would ‘inspire mutual fear’ which could prevent the injustice independent nations conducted and foster some sort of respect for the rights of the others (WN IV.vii.c.80–5: 626–8). This came after his open praise in *The Theory of Moral Sentiments* where he wrote that the balance of power was an important instrument and ‘the most extensive form of public benevolence statesmen could offer’ (TMS VI.ii.2.6: 230–1). Both Smith and Hume thought that international order was largely dependent on balance of power politics (Haakonssen 1981: 179). In a balance of power system all participants, especially the great powers, aim at dominance and power maximization, either alone or in alliances. This depends on the exact configuration of the international order at the time, for example a bipolar or multipolar set-up. Although all sides aim for domination, the powers or the alliances balance each other out. This results in status quo and tranquillity for significant periods of time, even though smaller conflicts and occasionally large international wars will occur. However, stability is the norm, although this is largely unintentionally and thus emerges spontaneously (Van de Haar 2011).

The influence of international law was more limited, although it also fostered international order and it brought an ethical element into international affairs, both in times of peace and war. Here Smith clearly stood in the tradition of Hume, Hutcheson, and Carmichael, although he had a more critical stance. Stewart (1982: 310) noted that Smith

regarded international law as the most important topic to study in political science, although the current analysis of his ideas on world affairs shows the interest was partial at best. Still, Smith was well acquainted with the work of the natural lawyers (Ross 1995: 72) and owned a number of Grotius' books, including several copies of the *Rights of War and Peace* (Mizuta 2000: 108–10, 207), a book he admired. It was 'the most complete work that that had thus far been written on this subject'. Smith particularly valued Grotius' attempt to systematic write down the rules of international justice and natural jurisprudence, as opposed to positive laws that deviated from natural law, partly through political meddling. Systems of positive law could therefore never stand on a par with the rules of natural law (TMS VII.iv.36–7: 340–2) and he was thus less enthusiastic than Hutcheson had been about international treaties, the main manifestations of positive law in the international arena.

Smith defined the laws of nations as 'the different regulations that subsist betwixt different independent states, with respect both to the mutual intercourse betwixt them in time of peace and what privileges may be granted them, and to the effects of the success in war and what is permitted as lawful in the time that war is waged betwixt different nations' (LJA i.8: 7). He had rather realistic views on its limits. A first disadvantage was the loose and inexact way international law was formulated and executed. Drawing on Grotius, Smith remarked there were hardly occasions where a certain rule was agreed by all countries, or observed by all of them at all times (LJB 339: 545). A second concern was its binding force, or rather the lack of it. The existing laws of nations often failed to protect the most obvious rule of international justice: that only the participants ('warring parties') received punishment. In war the innocent suffered by having their houses and land seized, or getting killed, while the guilty stayed out of view, in full compliance with the rules of international justice (TMS III.3.42–3: 155). In world politics, international law was often 'no more than mere pretension and profession'. Justice was the first victim in war and negotiations. Truth and fair dealings were often disregarded and treaties routinely violated. All this was hardly ever punished. The ambassador who tricked a foreign minister was applauded, even when only a minor interest was involved (TMS III.3.42: 154; VI.ii.3: 228). Consequently the binding force of international law was minimal. In essence, international law made rulers balance between unlimited state action on one side and a complete abstention from expansionism and international aggression on the other. Like Hume, Smith held that natural obligations were easier and stricter to enforce in domestic politics, while international affairs often called for looser legal and ethical norms (Kingsbury and Straumann 2010: 35, 48–50). That may have been regrettable but it was also inevitable.

Accordingly it would have been easy for Smith to just give up on the laws of nations. But he insisted sovereigns had the duty to adhere to it. One reason was that there was also another side of international law, which is perhaps best seen as a combination of law, custom, and moral philosophy. This was the just war tradition, rooted in natural law and dealing with the big and important question of international justice. For Smith justice, both domestically and internationally, was 'the abstention from injurious behaviour to others' (TMS II.1.9: 82), and the just war tradition was useful, although by no

means sufficient, to achieve this in the international arena. Smith argued that war 'needed the same foundation as a law suit before a court'. In the international context that meant a proper grounding in the just war principles as prominently described by Grotius and Pufendorf. These were actually rather extensive principles. Examples were the violation of property rights, the killing or imprisonment without recourse to justice of countrymen by foreign governments, punishment in case another state continually failed to repay its debts or violated the terms of a treaty or contract in other ways. In short 'every offense of the sovereign of one country against the sovereign of another, or of the sovereign against the subject, or the subject of one country against the subject of another, without giving reasonable satisfaction', was a just cause of war. Likewise retaliation and preventive action were called for in clear cases of conspiracy, or when national territories were under threat (LJB 339–42: 547–8).

The just war tradition also contained rules of conduct for the belligerent parties during a war. Unlike Hutcheson, Smith discarded the idea that attack on the whole population of an enemy was justified. In earlier times all people were somehow involved in the decision to go to war, which also meant they could all be punished (LJB 27–8: 407). This no longer applied when kings and princes decided to wage war, sometimes imprudently or foolishly (LJA v.141: 326). A consequence was that in case of the conquest of foreign territory, the population should be treated humanely and be allowed to carry on with their life. Prisoners of war should receive a humane treatment and had to be exchanged after the hostilities ended. At first sight surprisingly, as Smith was not accustomed to be open about his religious beliefs, but was certainly no Catholic, he gave the Pope, in his role of the common Father to all humans, much credit for establishing these rules. Surely this was a secular evaluation rather than a religious one, as he points at the Pope's role as head of the Vatican's diplomatic service and his ability to execute a coherent and in this case influential foreign policy through his legates at all European courts (LJB 345–50: 548–50).

Smith was no pacifist. War was inevitable in international relations, if only because of the impossibility to rule out conflicts due to human nature (also Walter 1996). Although war was sometimes needed, this did not mean he lightly endorsed war. It had to be a last resort and its occurrence should always be limited. Major disadvantages of war were, of course, the costs and the related waste of resources. Public expenditure on war was enormous, for example the Anglo-French wars of 1688, 1702, and 1748 resulted in a British public debt of around £145 million and many missed economic opportunities (WN II. iii.35: 345; V.ii.a.14: 821). Wars were paid by contracting debt. This could only be in line with prudent economics when the debts would be fully repaid. However, most politicians preferred to spend rather than repay debts. Smith therefore proposed wars should only be paid by taxes that were immediately felt by the population. This would certainly shorten their length (WN V.iii.4: 909; V.iii.10: 911; V.iii.37–38: 919–20; V.iii.50–1: 925–6).

Over 30 years ago Winch (1978: 108) pointed out that Smith's appreciation of military virtue and patriotism was one of the under-analysed aspects of his thought. It is doubtful much has changed since. Hence it is also worthwhile to emphasize he did not think everything was bad about war. In particular, war offered individuals a chance on personal

character building, as ‘warfare was the noblest and complicated of all arts’. A man of spirit and ambition found in war the chance to gain fame and honour, even despite the chaos, misery and bloodshed’ (WN V.i.a: 697; TMS I.iii.2.5: 55; I.iii.2.8: 63–5). Men learned to overcome their fear of death and developed the important virtue of self-control, the virtue from which all other virtues seemed to derive. It was not natural and not in their interest for men to voluntarily endanger their lives, therefore the soldier’s willingness stemmed from the strongest passions of public spirit and the senses of duty and propriety (TMS IV.2.10–11: 191–2; VI.iii.7–8: 239–40).

What emerges is an image of a world wise moral philosopher, who applied his insights about human nature and politics to both domestic politics and foreign policy. He did not hold optimistic expectations about a cosmopolitan peace, nor did he endorse the ruthless power politics nowadays associated with thinkers such as Hobbes or Machiavelli. While he shared their emphasis on the importance of the state in international relations, the role of defence, considerations of reasons of state (national interest), and the inevitability of war, he also argued there was at least some possibility to foster international order through diplomacy, the balance of power and international law. It is clear though, as Hont (2005: 6, 383) put it, ‘no plans of a libertarian Utopia could originate from Smith’. The more surprising it is that numerous theorists of international relations portray Smith as a thinker who argued that peace followed from free trade.

## ADAM SMITH AND INTERNATIONAL RELATIONS THEORY

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While his work is not completely overlooked, Smith is not exactly part of the canon in international relations theory. His defence of free trade is sometimes mentioned, but his other views on world politics are generally unknown because there are hardly any scholars who made a serious study of them. An exception is Lisa Hill’s (2009) recent chapter on Smith’s views on international relations, although she erroneously overlooked the importance of his views on human nature. Other exceptions are the scholars working on the hypothesis that trade and peace are positively related, or in other words that commerce creates numerous ties between two or more countries, which makes it unlikely they will fight a war with each other. This is part of a wider debate on the relation between democracy and peace, but that topic goes beyond the purposes of this chapter (see Van de Haar 2010: 132–5). Here it is important to note that from the nineteenth century onwards Smith has been erroneously regarded as an apostle for peace even by some of his followers. They mostly used his popularity to further their own political agenda, for instance the free trade activist Richard Cobden and his friends in the Peace Society and the Anti-Corn Law League (Magnusson 2004: 69; Hammarlund 2005: 91).

The previous sections indicated this is a serious misinterpretation of his views. Nevertheless it had a lasting influence on numerous liberal theories of

international relations. Even today a number of prominent international relations theorists present Smith as a founding thinker of 'commercial pacifism' (e.g. Doyle 1997: 230–41; Oneal and Russett 1997; Gelpi and Grieco 2003; Moravcsik 2003). This in turn had influence on the chapters on liberalism in prominent textbooks (e.g. Burchill 2005; Dunne 2005; Panke and Risse 2007), leading to a significant misinformed student population. Thus an (other) Adam Smith myth has developed in the past century and a half.

Of course Smith is well known for his defence of free trade and he did think that more advanced societies had softer and more civilized, less war-prone manner. Yet he did not expect the expansion of trade to have any predetermined political effects, although he once wrote that commerce 'ought naturally be' a bond of union and friendship. This is often quoted as evidence of Smith's positive view on the relation between trade and peace. Yet what is overlooked is that Smith never argued that trade could overcome the fundamental traits of human nature, or could take away other causes of war, for example of a religious or geopolitical nature. Indeed, like Hume, he underlined that trade could just as well be a cause of war. The 'jealousy of trade' often led to international violence and injustice and as such trade was an eternal source of discord and animosity, despite the fact that all people around the world had a great interest in free commerce. Yet 'the violence and injustice of the rulers is an ancient evil, for which, I am afraid, the nature of human affairs can scarce admit of a remedy' (WN IV.iii.c.9: 493). Also, free trade made countries richer and this wealth could and was used to procure armaments. The only good reason for suspicion of one's neighbours was the increase of their naval and military power (TMS VI.ii.2.3: 229). Free trade also allowed the extension of wars and the stationing of fleets and armies at distant places. These were 'maintained, not with gold and silver, but with consumable goods' (WN IV.i.20–31: 440–6). The exceptions to the principle of free trade that he allowed were often defence related, comprising of the preservation of industry involved in national defence, trade restriction on foreign imports for foreign policy purposes and retaliatory measures in trade wars (WN IV.ii.29–42: 464–71; IV.iii.c.9–16: 494–6). His views on this issue are perhaps best summed up in one of his other famous maxims: 'to expect, indeed, that the freedom of trade should ever be entirely restored in Great Britain, is as absurd as to expect that an Oceana or Utopia should ever be established in it' (WN IV.ii.43: 471).

Smith did not think that economic interdependence between countries would promote an international harmony of interests (Margerum Harlen 1999). At best it would lead to a balance of power where all countries had roughly equal military force, as a result of the free exchange of ideas and innovation. This would be positive as it would allow weak nations to inspire fear among others, preventing them from doing injustices, as the Europeans had committed in the countries they colonized (WN IV.vii.c.80: 626–7). In this context it is erroneous to expect that the same countries would remain 'on top' and another stable group of countries would always remain backwards and deprived (Arrighi 2008: 63–8). Such an interpretation is far too deterministic. Smith foresaw that the unleashing of individual creativity and the protection of natural liberty would lead to dynamism which would also have significant effects on world politics, for example by offering all countries a chance on improvement. In any case, international order would never be stagnant.



Although this position is not hard to detect from reading Smith's work, there are only a few academics who came to this conclusion (most notably Manzer 1996; Walter 1996: 154–5; Onuf 1998: 240; Hont 2005). The result is a continual misrepresentation of Smith's position on international affairs, which begs the question what the best characterization of his ideas in an international relations theory framework is. Only a very brief answer can be provided here. The English School in international relations theory offers a useful tool in this respect. It can easily be used to position thinkers, through a comparison of their ideas and three traditions in international political thought. These three intellectual traditions are not cast in iron, but still offer good yardsticks for a sound comparison. They are Realism, Grotianism, and Kantianism, which very briefly summarized respectively see the world as a power-dominated system of states, a society of states with a mix of power elements and voluntarily upheld rules, or a cosmopolitan world society of individual human beings (Wight 1991; Bull 1995; Linklater and Suganami 2006). Most scholars, especially those working on the trade brings peace hypothesis, depict Smith as a cosmopolitan liberal or Kantian. This is wide of the mark, because this tradition supposes that human conflicts can disappear and rationality can overcome international anarchy. Smith never described his ideal world in cosmopolitan terms, nor did he advocate revolutionary schemes pointing in that direction. International order demanded an active role of the state. This is one reason for Walter (1996: 163–7) to portray Smith as a Realist. While this is more convincing, due to Smith's emphasis on national security, war, and the balance of power, it disregards his focus on international law and his fierce criticism of empire. Therefore, the Grotian middle position, which combines elements of both the Realist and Kantian poles is by far the most convincing option. Smith stood in the natural law tradition (Teichgraeber 1986; Knutsen 1997: 149, 225) and attempted to find a balance between belligerent and law-based behaviour of states, while not denying that individual people could have cosmopolitan feelings. Smith's main political goal was the protection and expansion of natural liberty, which relied on international order, which in turn depended on statecraft of prudent leaders, who had to combine international legal concerns and a sharp eye on the perpetual power-oriented forces in the international anarchical society of states (Van de Haar 2008; Van de Haar 2009: 72–4).

To briefly sum up, Smith's views on international politics should only be understood as an integral part of his moral philosophy. World affairs were all about human action, so fundamental human traits had to be taken into account in any analysis of international relations, such as the limits to sympathy, the inevitability of conflict, and the emotional attachment of individuals to the nation. At the same time, the moral value of individuals stretched globally and across all stages of development. More advanced nations were not destined or allowed to civilize others, hence Smith's rejection of empire and slavery. International relations lacked an ultimate arbiter or an overriding power in a state dominated environment. This leads to a perpetual security dilemma for leaders of states. International order depended on their wise judgment and the interplay of the institutions war, the balance of power, diplomacy, and international law. Commerce was tremendously important for numerous reasons, but its political effects were limited, it could just as easily be a cause of war. As Muller (1993: 5) rightly noted, Smith 'suggested a

way of looking at the social world that balances moral concern with a realistic appraisal of human nature and human institution. This certainly applied to his views on empire and international relations.

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PART VI

.....  
ADAM SMITH ON  
SOCIAL RELATIONS  
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## CHAPTER 21

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# ADAM SMITH ON CIVILITY AND CIVIL SOCIETY

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RICHARD BOYD

### CIVIL SOCIETY IN SMITH'S TIME AND OURS

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ADAM Smith and his intellectual brethren in the Scottish Enlightenment are regularly associated with the concept of 'civil society' (Seligman 1992; Cohen and Arato 1992; Kumar 1993; Gellner 1994; Berry 1997, 2003; Ehrenberg 1999; Boyd 2000, 2004; Oz-Sulzberger 2001). In the contemporary sense of the term, 'civil society' refers to private, non-political relationships that exist somewhere in the space between the individual and state. Notwithstanding disagreements among civil society's exponents about what actually 'counts' as civil society, there is a general consensus that civil society comprehends the domain of the social, private, and voluntary.

Insofar as Smith is indeed a conspicuous defender of market society, sociability, voluntary initiative, and mutuality, there is something to be said for popular and scholarly characterizations of him as an early proponent of what is today known as 'civil society'. However, as I will suggest in this chapter, there is also something both anachronistic and misleading about attributing to him these contemporary structural conceptions of civil society. Smith undoubtedly shares something with latter-day theorists who identify civil society as an essentially structural domain, a 'space', 'place', or 'location' readily identifiable by its position between individual and state (Zakaria 1995; Barber 1998). Yet upon closer examination civil society proves to be a complex notion, exhibiting characteristics simultaneously public and private, voluntary and institutional, individualistic and sociable, instrumental as well as benevolent. Civil society may be conceptually distinguishable from market, state, morality, and law, but it also requires innovations in all of these arenas in order to emerge in its recognizably modern form.

This chapter aims to reconstruct Smith's own understanding of civil society (as well as closely related terms such as 'society', 'civil government', and 'civility'). I underscore four main aspects of Smith's theory. First, and most importantly, rather than discussing civil society in structural terms, Smith speaks of 'civil society' primarily as the historico-developmental antonym of barbarism or rudeness. Civil society refers to an anthropological stage of history rather than a clearly delineated sphere or zone of human conduct. What he calls 'civil society' or 'civil government' is a distinctive, historically-contingent, and potentially fragile mode of organizing the collective life of a political community.

Secondly, a 'civil' society, properly speaking, is above all else a society characterized by the disposition of civility. As such, a civil society cannot be fully understood unless one grasps the nebulous virtue of civility. And yet the definition of civility is frustratingly hard to pin down, not to mention civility's relationship to justice or other virtues such as beneficence, prudence, and charity (Kingwell 1995; Shils 1997; Pippin 2000; Schmidt 2000; Boyd 2006). Like many of his contemporaries, Smith understands that civility has both a formal component (closely linked to politeness or manners) as well as a morally substantive component (concerned with mutual respect, humanity, and sociability). Understanding the moral value of civility requires some consideration of how it relates to apparently cognate terms such as 'sociability', 'manners', 'customs', 'politeness', or 'deference'.

Thirdly, it should come as no surprise to find that Smith the economist sees civil society as embracing the sphere of the market, commerce, and market-like relationships. Commerce and the development of the division of labour are responsible for the advent of a civil society. Nonetheless, the relationship between civil society and market society is hardly self-evident. Like Karl Marx, Smith supposes that the market will play a central role in forging a properly 'civil society', but he resists the reductionism implied by Marx's historical materialism. We will consider how the division of labour provides the underlying structure for a civil society, as commerce polishes away the rough edges of rudeness and fosters the polite, humane, and sociable virtues.

Lastly, and somewhat paradoxically, even as civil society emanates from mankind's natural sympathy and sociability, Smith is keenly aware of its ambivalence. Civil society at its best gives rise to relationships of mutuality, respect, and the recognition of others as our moral equals. And yet at the same time—and based on some of the very same features of moral psychology—society inevitably begets a wide range of uncivil behaviours. Like Thomas Hobbes and John Locke before him, as well as his eighteenth-century peers and legatees, David Hume or James Madison, Smith laments the dangers of partisanship, faction, sectarianism, and nationalism (Holmes 1995). Unlike these other critics of faction, collective enthusiasm, and sectarianism, however, Smith offers a robust psychological explanation of the natural sources of incivility. Uncivil behaviours are products of the very same moral psychology of sympathy that generates much of what is best in a civil society.

Rather than focusing on commonalities between eighteenth-century conceptions of civil society and our own, as do most of those who invoke Smith in the context of today's

civil society debates, I propose here to explore Smith's variant of civil society in light of the conceptual changes and discontinuities his theory reveals.

## THE GENEALOGY OF 'CIVIL SOCIETY'

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When contemporary social scientists and policy-makers talk about 'civil society,' they usually refer to a non-political, intermediary zone encompassing the personal, voluntary, religious, and sometimes economic spheres. This vision of civil society probably owes much to the writings of Alexis de Tocqueville, who famously extolled the civic importance of voluntary associations, but it seems to originate more fundamentally in the Marxian 'contradiction' or 'opposition' between state and civil society (Tocqueville 1988; Keane 1988). Though originally influenced by his critical reading of G.W.F. Hegel, Marx further narrowed the Hegelian notion of *bürgerlichen Gesellschaft* to refer exclusively to market society, a sphere suffused by egoism, instrumental rationality, the crude pursuit of self-interest, and the commodification of all human relationships. The modern liberal state emerges when various 'elements of civil life such as property, the family, and types of occupation' are 'liberated' or 'emancipated' from their political significance. Rather than a realm of sociability and community, as contemporary Tocquevilleans might assume, civil society looms as a veritable Hobbesian '*bellum omnium contra omnes*' (Marx 1978: 35, 44–6).

Positing civil society in these starkly structural terms may be attractive for defenders and critics alike, but it has the drawback of leaving a great deal to the imagination—or, more precisely, to one's political predilections—in terms of what actually counts as part of civil society. For example, Robert Putnam, one of the most influential contemporary advocates of civil society, laments the decline of civil society even as he seems to define it to include only the sorts of communitarian Tocquevillean associations he favours (Putnam 1995). As critics have complained, this ignores the possibility of civil society being an adversarial sphere of conflict and political contestation (Foley and Edwards 1996; Boyd 2004). It is impossible in the present context to lay out the whole story of how the concept of civil society was transformed from a primarily moral category in the seventeenth and eighteenth centuries into its current incarnation as a structural category, but a few key developments do need to be sketched out, if only to appreciate what is distinctive about Smith's understanding of the term.

In the seventeenth century, 'civil society' is largely a synonym for political society. For Thomas Hobbes, John Locke, and other contractarians, the terms 'society,' 'civil society,' and 'political society' are roughly equivalent to what we would call today government or the state. The condition of civil society is posed in contradiction to an actual or hypothetical state of nature. One either lives in a political community under an established government, or one is outside the bounds of civil society altogether. In fairness, John Locke offers at least a glimmer of the notion that the origins of 'society' or a 'community'

may be historically antecedent and conceptually distinguishable from political association or the state, but even Locke primarily thinks of civil society as analogous to political society (Locke 1988: §§95–99, 106, 132, 211–12, 220).

We may be tempted to place Smith in this same contractarian tradition. Echoing the language of Grotius, Hobbes, and earlier contractarians, Smith juxtaposes an antecedent condition of the state of nature to ‘civil government’; repeats the Lockean notion that malefactors ought to be ‘hunted out of civil society’ like a ‘wild beast’; distinguishes, as did Hobbes and most contemporaries, between institutions ‘civil’ and ‘ecclesiastical’; and in the *Lectures on Jurisprudence* ubiquitously refers to ‘civil’ law as distinct from canon, chancery, military, or other kinds of law (TMS II.ii.1.7: 80; VII.iii.2.1–2: 318; LJ ‘Jurisprudence’ 1–3: 397; TMS I.ii.4.3: 40; III.iii.43: 155; VII.iii.2.1–2: 318). None of these formulations are original to Smith, and for that reason they are theoretically unremarkable.

What is noteworthy is Smith’s recourse to a new eighteenth-century vocabulary of civil society. Like his Scottish peers, particularly Adam Ferguson, Smith introduces a temporal or ‘stadial’ dimension to the concept. A *civil* society, properly speaking, is a distinctive stage in the historical development of society. Earlier thinkers spoke of ‘civil society’ (derived from the Latin *civitas* for state, or the Ciceronian *societas civilis*, referring literally to a political association or assemblage) or ‘political society’ (from the Greek *koinonia politike*), by which they meant *any* species of political community. In this respect they followed the tradition of Aristotle before them who spoke generically of the *polis* or political community in the abstract. By way of contrast, the Scottish tradition historicized the notion of a ‘civil’ (or, more pointedly, a ‘civilized’) society precisely in order to differentiate it from earlier, cruder forms of political organization. A *civil* society is a very specific kind of political community, one distinguished by the cultivation of *civility*. As noted above, Smith frequently muddies the water by indulging in the earlier contractarian language of ‘civil society’ or ‘civil government’ as generic terms for the political community. There are numerous instances in his writings where he uses the adjective ‘civil’ as synonymous with ‘political’ (TMS II.ii.1.7: 80; IV.i.11: 186; IV.ii.1: 187; LJ i.9: 7; ii.50: 90; ii.75: 99). And yet these occasional linguistic backsteps ought not to overshadow his novel assumption that a *civil* society, properly speaking, is a categorically distinctive species of political community.

According to Smith’s ‘stadial’ theory, society evolves through four distinct stages: hunter-gathering, pastoral nomadism, agriculture, and finally commercial society (LJ i.27–35: 14–16; iv.1–18: 200–6; iv.32–91: 212–34). Each of these four epochs has its own set of economic, political, moral, and legal institutions. In the primitive stage of hunter-gatherers, for example, there is no property and little need for government. People are roughly equal, and whatever authority exists among them is personalistic—based on exceptional skill in the hunt. In the second stage, people eventually learn to domesticate animals so as to maintain a less precarious mode of existence. At this second stage we find the rudiments of property and some elemental laws for the punishment of theft. Because shepherds wander freely, however, there is no notion of permanent possession, and so-called ‘savage nations... have no notion of cultivating the ground’ (LJ i.27–32: 14–16). Eventually this nomadic stage gives way to permanent settlement, and the

cultivation of land allows for the support of larger numbers of people. Agriculture sparks the rudiments of a division of labour and the development of trade. It is at this third stage alone that something resembling a modern civil government emerges. As Smith notes, civil government is coterminous with the growth and inevitable inequality of property: ‘Where there is no property, or at least none that exceeds the value of two or three days labour, civil government is not so necessary’ (WN V.i.b.2: 232).

Earlier stages of human society undoubtedly had some means of collective rule, however crude, and so they are not to be confused—out of what Adam Ferguson deemed a spirit of ‘imagination,’ ‘fancy’ or ‘wild suppositions’—with the state of nature (Ferguson 1995: 3, 8). Among many other factors—economic, political, and moral—major legal developments help to crystallize a civil society as distinct from its patriarchal, pastoral, allodial, or feudal antecedents. Maybe the most decisive innovation is the replacement of the rule of force with a basic system of law. Laws rationalize and formalize one’s duties to others, and as David Hume and others argued, standards of justice have utility for the regularity and predictability they afford. Civil society is marked by increasing formalization of rules and the transformation of personalistic relationships into contractual relationships—what Sir Henry Sumner Maine would later dramatize as the movement from ‘status’ to ‘contract’ (Maine 1984). ‘Oaths’ that typify ‘barbarous and uncivilized nations’ are replaced by ‘contracts’ (LJ ii.53–5: 91). Smith traces the origins of this legalism to the time of the great allodial barons and the transition from lands held as *munera* or *beneficia* to the feudal practice of holding lands in *feu* or *fee*: ‘Besides in these barbarous times they are always very ready to come under contracts, possibly because they have no very strict notion of the obligation they are under to keep them’ (LJ i.122–6: 52–3). Smith’s tone is mocking, of course, but there are obvious attractions to substituting clearly delineated rules of justice and legal obligation for the vagaries of rustic hospitality and personal fealty. Long-term leases ensure that tenants cannot be turned out on the passing whims of allodial barons, and responsibilities may be satisfied by monetary payments rather than military service.

In short, the advent of civil society is tied—both as cause and effect—to a veritable legal revolution. Until power came to be consolidated in the hands of a single territorial monarch, even the basic task of ‘maintaining civil government, or police’ was beyond reach, making it impossible to carry on trade or recover debts across a nation (LJ i.127–31: 54–5). As with the more general advent of contracts described above, legal innovations such as the right of specific performance were unknown in the ‘first stages of a civil government’ but proved invaluable for the development of large-scale commerce (LJ ii.53–5: 91; ii.73–7: 98–9). Likewise, civil government no longer allows someone wrongly dispossessed of property to reclaim it by brute force, even if this runs contrary to natural reason or human nature. Out of a broader concern for the ‘peace and order of society,’ the disinterested principles of law and justice take the place of violence and force (LJ ii.145–7: 126–7). With respect to criminal law, ‘civilized nations’ react differently than ‘barbarous nations’ by imposing capital punishments and interceding between criminals and the families of those who have been murdered (LJ ii.95–8: 106–7). The implication of all of these examples is that a ‘civil government,’ strictly speaking, is neither the first nor the only

instantiation of human political life. Man may very well be a 'member of a society or community or state' and yet not live under civil government (LJ iv.1: 200). Rather, civil government emerges over time through successive legal, political, and moral improvements.

Structural, legal, and political factors all differentiate civil from backward nations, but moral innovations are also significant. A veritable moral chasm exists between the refined sense of propriety that obtains in 'polished' or 'civilized nations' and the rude standards of 'barbarous nations' (TMS V.ii.11–3: 208–9). In 'civilized nations,' for example, laws compel 'parents to maintain their children, and children to maintain their parents, and impose upon men many other duties of beneficence' (TMS II.ii.1.8: 81). 'Among civilized nations,' Smith specifies, 'the virtues which are founded upon humanity, are more cultivated than those which are founded upon self-denial and the command of the passions' (TMS V.ii.8–9: 204–6). Austerity, courage, and military discipline 'which the custom and education of his country demand of every savage' may safely be dispensed with for those 'brought up to live in civilized societies' (TMS V.ii.10: 207). The condition of civil society is different from that which obtains under military jurisdiction or during times of war, which becomes obvious when one contrasts the 'civil and military character.' The former exemplifies all the sobriety, regularity, and moderation of bourgeois society, whereas the latter is prone to hardness and 'dissipated thoughtlessness' due to the soldier's constant exposure to violence and death (TMS V.ii.6: 204).

The softening of manners is accompanied by discoveries in the arts and sciences. When parts of Western Europe fell under the influence of 'barbarous nations,' they knew little or nothing of architecture, masonry, higher learning, politeness, or other outward trappings of civilization. Even the wealthiest allodial barons lived in crude farmhouses and ate on the floor with their retainers; their sole refinement consisted of scattering straw on the ground to keep their clothes from becoming soiled (LJ i.119–20: 50–1). This is in stark contrast to commercial civilization's deep reservoir of intellectual, technological, and cultural achievements: the perfection of the arts and sciences in the great Scottish universities; the cultivation of various forms of sociability and manners in polite society; and the refinement of new technologies through the ever-expanding division of labour. These and other refinements in the arts and sciences have 'entirely changed the whole face of the globe,' opening 'the great high road of communication to the different nations of the earth' (TMS IV.1.10: 183–4). In sum, the polite and commercial societies with which Smith and his readers were familiar bore scarcely any resemblance to the barbarous or uncivilized nations from which they emerged.

One final aspect of the stadial theory differentiates Smith and other members of the Scottish Enlightenment from more optimistic members of the French Enlightenment as well as subsequent nineteenth-century partisans of 'civilization' such as J.S. Mill. This is their emphasis on historical contingency. Rather than civility being the end-product of an inexorable march of civilization, or emerging as a peculiar mark of moral superiority among European nations, civil society is in many respects an unintended consequence. The achievement of civility was a fortuitous accident—the by-product of various

contingent economic, political, religious, legal, and moral developments that instilled a consciousness of moral equality and humanity on the part of members of a civil society and gave rise to a particular set of social habits and dispositions.

## CIVIL SOCIETY AND MANNERS

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In addition to locating a civil society in historical time, the Scottish notion of a civil society focuses disproportionately on what we would today call ‘social’ relationships. Like his Scottish contemporaries and legatees, Smith’s writings shed light on elements of a civil *society* that are decisively social and yet not strictly or self-evidently political. Sociability, politeness, customs, manners, religious attitudes, aesthetic judgments, morality, the family, education, and especially the marketplace—all of these elements of human life figure prominently in Smith’s writings in ways that they did not in the earlier writings of Hobbes or Locke. It goes too far to suggest that the Scottish—or especially Smith’s—view posits society as a conceptual antonym of the state, as do G.W.F. Hegel or Karl Marx, whose subsequent descriptions of civil society have been so influential in shaping contemporary expectations. At the same time, however, there is a due recognition on Smith’s part of the importance of various non-political relationships to human life and sociability. In his discussions of manners, customs, politeness, and sociability we see the crucial importance—moral and sociological, intrinsic as well as instrumental—of the cultivation of the virtue of civility.

In one of the most theoretically nuanced discussions in all of TMS, Smith keenly recognizes that ‘manners’ or ‘customs’ are deeply intertwined with moral judgments and practices. Part V of TMS, entitled ‘Of the Influence of Custom and Fashion upon the Sentiments of Moral Approbation and Disapprobation’, explores the problem of cultural diversity, particularly the difference between civilized European nations and antiquity or other parts of the non-Western world whose practices might seem barbaric. While conceding that a big part of morality is customary, and that what seems offensive or tasteful to us is ordinarily a function of what we are most familiar with, Smith also maintains that there is a core of moral practices that are naturally abominable (TMS V.i.9: 199–200). The fact that a rude or barbarous people could become inured to practices of infanticide or cannibalism says less about human nature than the ways in which custom can overshadow our innate moral sense.

Manners are an important subset of customs. At one level, of course, formal manners are self-evidently conventional. It is no secret that what passes in England for a highly cultivated sense of politeness might be simultaneously ridiculed in Russia as ‘effeminate adulation’ and condemned as ‘rudeness and barbarism at the court of France’ (TMS V.ii.7: 204). What civilized nations extol as ‘humanity and politeness’ is regarded by savages as ‘unpardonable effeminacy’ (TMS V.ii.9: 205). Despite all the variation, manners do serve an important moral function. When manners happen to ‘coincide with the natural principles of right and wrong’, as they ought to do when one

has been 'educated in what is really good company', they serve to 'heighten the delicacy of our sentiments, and increase our abhorrence for everything which approaches to evil' (TMS V.ii.2: 200). This is a key insight that serves to link morals and manners: under the best circumstances manners sharpen and reinforce our natural moral sentiments. The problem is that under less ideal conditions manners may have the opposite effect of blunting or overshadowing our deeper moral intuitions. Sadly, a nation's corrupt manners may sometimes legitimate bad behaviours or cast truly virtuous conduct into disrepute. In the time of Charles II, for example, licentiousness was admired as good taste, while 'severity of manners, and regularity of conduct' looked mean and disagreeable (TMS V.ii.3: 201).

Complicating matters further, manners not only differ from one nation or era to the next. They also vary significantly within a given nation. Smith remarks that different ranks, orders, and professions may have very different manners. What befits a prosperous merchant may be unseemly in a serving wench, and what is suitable behaviour for an elderly man is often inappropriate for a youth. Propriety and especially a sense of moderation and proportionality loom large in our moral approbation of manners. So too with entire nations or ages: we fully expect and concede some degree of variation depending on circumstances. Savage nations require more hardiness, self-control, and perhaps even dissimulation than a 'humane and polished people' who can afford a greater 'sensibility to the passions of others' (TMS V.ii.10: 207). Despite Smith's sensitivity to the role played by circumstances and diversity in manners, there are natural limits beyond which custom can neither excuse nor condone. Infanticide is one such limiting case. Short of this, there is an innate sense of 'propriety independent of custom', by which we inevitably judge all manners depending on how we bring a case home to ourselves (TMS V.ii.5: 202). In the best case, when politeness and cultivated manners coincide with natural virtues such as humanity, sociability, civility, honesty, and justice, manners are key elements of a civilized society.

Civility straddles the imprecise line between manners and morals, between social *habitus* and normative ethics. In that sense, civility resembles the French term *moeurs*, which implies both manners as well as morals. At one level, civility refers to a general disposition of sociability: one who seeks company or human conversation may be said to be 'civil'; in contrast to someone who is unsociable or misanthropic. The Cyclopes of the ancient world lacked civility in this sense of sociability. Yet at the same time civility also has some connection to formal manners and the spirit or state of mind in which one engages others. Civility is not just the disposition to socialize but the manner in which one does so. In an instructive passage in TMS Smith hints, albeit obliquely, at this distinction between the general spirit of sociability, which may be cool or merely civil, and a deeper sense of sincerity connected to hospitality or politeness:

Your friend makes you a visit when you happen to be in a humour which makes it disagreeable to receive him: in your present mood his civility is very apt to appear an impertinent intrusion; and if you were to give way to the views of things which at this time occur, though civil in your temper, you would behave to him with



coldness and contempt. What renders you incapable of such a rudeness, is nothing but a regard to the general rules of civility and hospitality, which prohibit it. (TMS III.v.2: 163)

This may all seem morally inconsequential—the fluff of etiquette books. But Smith goes on to warn that our ‘habitual reverence’ for these seemingly trivial social rules of politeness or hospitality may be connected to our respect for more important moral duties such as justice, honesty, chastity, and fidelity upon which ‘the very existence of human society’ depends. Although the degradation of civility is in and of itself unlikely to culminate in the downfall of civilization, the latter rules are absolutely essential. Thus the importance of conforming our conduct to moral rules—even seemingly inconsequential ones such as politeness and civility—should not be underestimated.

## CIVIL SOCIETY AND JUSTICE

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One of the central themes of TMS is the distinction between justice and beneficence. The former, according to Smith, constitutes the bedrock of society. Without a common sense of justice to regulate the interaction between citizens, society threatens to devolve into a veritable war of all against all. ‘Society may’, he acknowledges, ‘subsist among different men, as among different merchants, from a sense of its common utility, without any mutual love or affection’, but it absolutely ‘cannot subsist among those who are at all times ready to hurt and injure one another’ (TMS II.ii.2–3: 86). The ‘main pillar that upholds the whole edifice’ of society is justice (TMS II.ii.4: 86). The kind of justice that Smith commends here is not to be confused with more strenuous ideas of distributive justice, as articulated by the likes of Aristotle or John Rawls. In Smith’s account, justice consists in the disinterested application of common rules of title, transfer, and contract to all citizens alike. Justice ensures that people are punished for their offences and restrained in their antisocial impulses. It prohibits rather than enjoins.

As many commentators have underscored, however, this emphasis on the centrality of justice is hardly the end of the story. Above and beyond the bare-bones system of social order generated by a shared sense of justice, Smith fully expects citizens of a civil society to manifest other more stringent virtues such as beneficence, magnanimity, prudence, and humanity. Indeed, it is hard to imagine a civil society without the conspicuous presence of these and other virtues that go well beyond the minimal duties to keep one’s contracts, respect one another’s property, and obey the law. Admittedly this relationship between the *de minimis* conditions of justice and the morally exacting character of virtue in the TMS is ambiguous, leading to a wide range of characterizations of Smith as an apostle of the impersonal morality of the marketplace, a natural jurist, civic moralist, proto-Kantian, statist liberal, or proponent of classical virtue (Haakonsen 1981; Phillipson 1985; Fleischacker 1999; Griswold 1999; Otteson 2002; Biziou 2003; Hanley 2009). In order to clarify this relationship—and especially to underscore the connection

Smith sees between the justice of a commercial society and the virtue of civility—it is necessary to turn to Smith's *Lectures on Jurisprudence* where he offers a more precise explanation of the relationship between justice and civility.

As Smith explains in the *Lectures*, 'the first and chief design of all civil government' is 'to preserve justice amongst the members of the state and to prevent encroachments on the individuals in it, most notably transgressions 'on one another's property or siezing what is not their own' (LJ i.1–10: 5–7). To provide every member of society with the 'secure and peaceable possession of his property' is the paramount end of jurisprudence and civil government (LJ i.1: 5). Elaborating on his distinction in TMS, the 'commutative' justice that serves as the foundation of civil society rests on what Smith calls a 'perfect right', one 'which we have a title to demand and if refused to compel an other to perform' (LJ i.14–15: 9). But in addition to these legally enforceable obligations to obey the law and refrain from the property of others, a civil society also presupposes a number of 'imperfect rights' that fall within the domain of what he calls 'distributive justice' or morality, rather than law. Among these 'imperfect rights' are such things as decency, charity, clemency, and many other duties which one ought to perform but which are not susceptible to compulsion (LJ i.14–5: 9). As he specifies in TMS, 'beneficence is always free', and as such 'the mere want of it exposes to no punishment' (TMS II.ii.1.3: 78).

Like beneficence or charity, civility seems to fall within the broad class of 'imperfect' or superogatory duties. Civility presupposes a degree of moral deference, control, and mutual respect that goes above and beyond the strict requirements of justice. In describing the origins of property, Smith lays out the following hypothetical case that captures precisely this distinction between the perfect duties of justice and the imperfect obligations of civility:

If I was desirous of pulling an apple and had stretched out my hand towards it, but an other who was more nimble comes and pulls it before me, an impartial spectator would conceive this was [a] very great breach of good manners and civility but would not suppose an incroachment on property. If after I had got the apple into my hand I should happen to let it fall, and an other should snatch it up, this would [be] still more uncivil and a very heinous affront, bordering very near on a breach of the right of property. (LJ i.42: 19)

Several points deserve emphasis here. First, Smith strips down justice to the bare minimum in terms of one's obligations to the strict letter of the law. Is the apple fully in the possession of another? If so, then I must respect his acquisition and defer. If not, then at least with respect to justice, it remains fair game. Postulating justice in these stark terms makes it easy to see how much society as we know it rests on the cultivation of a widely disseminated and shared sense of the imperfect moral duty of civility. In principle, a semblance of human society may be possible in the absence of beneficence or civility. As in Smith's hypothetical society of merchants, we can imagine a situation where people observed only the bare formalities of law. This condition might be sustainable, but it would be a far cry from a civil society where humanity, sociability, politeness, and other nobler aspects of human nature were conspicuous.

If nothing else, Smith's extreme example underscores the fact that much of what we take for granted in a civil society presupposes a widely shared and deeply ingrained sense of the importance of informal habits of mutual deference, respect, and self-restraint. The very possibility of a civilized society seems to rest precisely on people's willingness to deny themselves things to which they otherwise have a perfect legal right. One is legally obliged neither to exercise hospitality nor to be convivial; to give gifts or offer charity; to treat others with respect and politeness in our everyday dealings; to be sociable and converse for the mere pleasure of being in the company of others. And yet a civilized society, properly speaking, demands all of this and more.

The disposition of civility is deeply tied up with habits of moderation, self-control, and mutual deference to others. Even if, strictly speaking, I have every legal right to take the apple, I nonetheless cede it to you because to do otherwise would be regarded as a moral lapse on my part. And yet in addition to an exercise of self-control or moderation, my concession is more fundamentally premised on an underlying recognition of moral equality. This connection between civility and democratic equality has been widely overlooked. Critics have by and large dismissed civility or politeness as instruments of hierarchy, repression, and social control (Keane 1999; Elias 2000). Manners or politeness are used to exclude, to maintain social hierarchies, and to frustrate social mobility. What these critics potentially overlook, however, is that the essence of civility stems from a mutual deference to others as one's moral equals. Civility's reciprocity presupposes an underlying moral equality between persons (Boyd 2008).

Oddly for a thinker who is often accused of providing an alibi for the extreme inequalities of commercial society, Smith's emphasis on moral equality is a consistent refrain throughout his writings (see Fleischacker in this volume; Peart and Levy 2005). Granting the existence of a world where different ranks and orders undoubtedly exist, and different standards of behaviour are expected from someone depending on his position or profession, there is also a strong sense of the unnaturalness of these distinctions. As Smith argues in *WN*, natural inequalities of talent or genius are negligible (*WN* I.ii.4: 28–9). There may be a natural disposition to admire and imitate the manners of the great—as well as an inherent ridiculousness in someone from a lower class presuming to do so—but this disposition is also 'the great and most universal cause of the corruption of our moral sentiments' (*TMS* I.iii.3.1: 61). Deference may help to 'establish and maintain the distinction of ranks and the order of society', which are presumably salutary, but Smith also laments this tendency for frustrating the aspirations of those 'who were educated in the middle and inferior ranks of life, who have been carried forward by their own industry and abilities' (*TMS* I.iii.2.5: 56; I.iii.3.1–5: 61–3). Even if people are naturally disposed to admire the rich and powerful, Smith's own sympathies seem to lie with the wise and virtuous more often found in the middle station of life.

Smith warns that civility is increasingly difficult under conditions of real or presumed inequality. Whereas the 'vain man' seeks to court the favour of his superiors, the fashionable, and the great—and in the process often demeans himself by his flattery and pretension—the 'proud man' thinks himself so far above the common herd that he is 'frequently scarce civil to any body' (*TMS* VI.iii.40: 257). It is the mere 'vanity of the

philosopher' that makes him unwilling to 'acknowledge scarce any resemblance' between himself and the street porter (WN I.ii.4: 28–9). Obviously these attitudes of pride and vanity are inconsistent with a modern commercial society in which people must interact, on a day to day basis, with others who occupy radically different—and sometimes unequal—social positions.

## CIVIL SOCIETY AND CITIZENSHIP

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The Scottish theory of civil society is disproportionately focused on what we might characterize as 'social' or at least 'non-political' forms—manners, politeness, mutual deference, sociability, etc. Nonetheless, the preceding discussion of civility as a moral rule premised on an underlying equality between persons raises obvious questions about the relationship between these 'social' forms and our broader membership in the political community. While acknowledging the importance of social relationships, Smith is adamant that these be understood as subordinate to our common membership in the state or political community.

Smith repeatedly observes that the 'state' or political community is a composite of many pre-political 'orders and societies' (TMS VI.i.2.6–16: 230–3). As he explains, 'Every independent state is divided into many different orders and societies, each of which has its own particular powers, privileges, and immunities.' The problem is that 'Every individual is naturally more attached to his own particular order or society, than to any other.' A natural sense of partiality is tolerable, and even desirable, so long as it is understood that this plurality of different orders and societies are dependent on the state for their very existence. In situations where the interests of the state run up against those of the various sub-political orders or societies of which one is a member, the latter must give way. The very existence of a civil society is premised on the acknowledgement that these smaller orders and societies 'are all subordinate to that state, and established only in subserviency to its prosperity and preservation' (TMS VI.ii.2.10: 231).

In contrast to the parochialism, clannishness, and tribalism of pre-modern societies, a civil government rests on the suppression of a natural 'partiality' for our own particular order or society and a jealousy of its 'powers, privileges, and immunities' relative to those of the state (TMS VI.ii.2.10–12: 231). Commercial civilization gradually dissolves clannishness and familialism, replacing the natural affections of kinship and tribe with the authority of law (TMS VI.ii.1.13: 223). Here it is worthwhile to mention the etymological connection of civility and civil society to its Latin roots in the *civitas*, or political community. Living in a civil society requires one to be 'civic' in the sense of being willing to subordinate our prepolitical allegiances and identities to the 'welfare of the whole society of his fellow-citizens' (TMS VI.ii.2.11: 231). Feudalism may have replaced the long train of personal loyalties linking allodial barons to their numerous retainers with more formal legalistic relationships, but the transition to a civil society ultimately requires these vertical feudal ties themselves to be supplanted by horizontal relationships more characteristic of citizenship in a modern state.

The origins of civil society and the modern state are found in the subordination of familialism, clannishness, tribalism, localism, personal authority, and partisanship to the rule of law and a common sentiment of national citizenship. ‘In some countries who were far from being under a proper form of civil government’, Smith explains, ‘there were . . . considerable numbers of burghs or towns erected’. In times when civil government was only tenuously established, ‘many of these took the opportunity of disorders of the government to render themselves independent’ (LJ v.45–58: 288–92). Some of these independent towns or municipalities went on to establish free states or leagues that approximated the character of a civil government, but Smith seems not to regard these as fully equivalent. Civil government emerged full-blown only in the vessel of the modern nation-state; nationality and civil society are linked. The primary (though by no means exclusive) duties of the modern citizen are to ‘respect the law and to obey the civil magistrate’ as well as ‘to promote, by every means in his power’, the common good (TMS VI.ii.2.11: 231). Thus in addition to its connection to informal manners or sociability, civility is strongly linked to the diffused consciousness of one’s duties as national citizens.

## CIVIL SOCIETY AND THE DIVISION OF LABOUR

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We have seen that Smith’s account of civil society focuses attention on non-political relationships, or spheres of human life that we would describe today as ‘social’ rather than ‘political’. Foremost among these non-political relationships are the transactional interactions of the marketplace. In Smith’s view, commerce contributes greatly to the extirpation of prejudice and parochialism and the cultivation of a shared sensibility of humanity. Commerce polishes away the rough edges of human nature and leads to the cultivation of civility and manners. At one level Smith is making a comparative claim: commercial nations tend to be the ones which have developed civil habits and formal manners, whereas non-commercial nations—in Smith’s time and in the ancient world—were renowned for their bellicosity and rudeness. But in addition to this broad empirical claim, Smith also ventures some tentative mechanisms to explain the putative correlation between commerce and civility.

The extended commercial order prompts individuals to look beyond the narrow or parochial attitudes of their own society. Prejudices are often removed by dint of increased familiarity with others who are different, though, as Smith concedes, in cases of commercial rivalry, one may be more jealous of a neighbouring nation than an exotic people from a distant part of the globe (TMS VI.ii.3: 228). Nonetheless, at least in principle, commerce is cosmopolitan by its very nature—buying cheap and selling dear—regardless of where this takes one or with whom one undertakes to truck, barter, and exchange (Sally 1997; cf. Muthu 2008).

The mentality of commerce yields an entirely new intermediary moral relationship appropriate to those who meet in the global marketplace. One owes one’s trading partner

neither the intimacy of the family nor the aversion and hostility of the enemy or stranger. Rather, they interact as equals in a new commercial society governed by the thinner moral relationship of civility. Smith mainly focuses on the moral aspects of this transformation and the disposition of civility that commercial society allows to flourish, but it is evident that this revolution would be impossible were it not for underlying changes in the division of labour. Among the many legal, political, and moral factors that give rise to a civil society, arguably the most decisive variable is economic.

Smith assumes—as does Marx—that the cultivation of the behaviours and moral standards we associate with civility has something to do with a society's stage of economic development. Indeed one can see clear linkages between Scottish stadial theories of civilizational development and Marx's dialectical materialism. The notion of historicity is not uniquely Scottish, of course. Marx appropriated from Hegel and various post-Hegelians the notion of an inexorable historical pattern to the development of civil society. Civil society is headed someplace conclusive; history has an underlying logic or necessity that can be fathomed and systematically expressed. And yet unlike the Hegelians who saw spiritual or idealistic motivations unfolding in history, Marx apparently drew from Smith and his Scottish brethren the conviction that this historical progress was driven not by the unfolding of an abstract idea so much as by material developments in the division of labour (see Pack in this volume).

For both Smith and Marx, the division of labour is inextricably linked to the development of a civil society. The so-called 'rudeness' of early peoples—their bellicosity, barbarism, and inability to cultivate a more developed sense of humanity—stems from the way they organize the means of production. Whereas hunter gatherers, nomads, and subsistence-level farmers operate in a condition of economic backwardness where the division of labour is virtually non-existent, modern commercial society demands a complex web of production and consumption. The main thing that separates a 'well-governed', 'improved', or 'civilized' nation from this 'rude state of society' is a complex and highly developed division of labour (WN I.1.4–11: 15–24).

Smith's argument assumes causation as well as correlation. At base, the changes that make a civil society possible are ultimately driven by economic rather than political, cultural, or theological factors. In describing the origins of civil government and the growth of the towns out of the countryside, Smith observes that what 'all the violence of the feudal institutions could never have effected, the silent and insensible operation of foreign commerce and manufactures gradually brought about' (WN III.iv.10: 418). It was the latter that 'gradually introduced order and good government, and with them, the liberty and security of the inhabitants, who had before lived almost in a continued state of war with their neighbours' (WN III.iv.4: 412). In the colourful parable from WN, the allodial barons' fateful decision to squander their wealth on 'diamond buckles' instead of 'rustick hospitality' is what ushered in momentous economic, demographic, and political changes (WN III.iv.5–10: 413–19). The civilized society that emerged as the unintended consequence of this choice was neither foreseeable nor attainable by exclusively political means.

The division of labour and a society's level of civilization are closely, if not necessarily linked. As Smith notes, 'In an uncivilized nation, and where labour is undivided, every

thing is provided for that the natural wants of mankind require; yet when the nation is cultivated and labour divided a more liberal provision is allotted them.' Conversely, although in a 'savage nation every one enjoys the whole fruit of his own labour', it is only the division of labour that leads to 'opulence', such that a 'common day labourer in Brittain' lives a more luxurious life than 'an Indian sovereign'. Smith concedes that 'In a civilized society, 'tho there is indeed a division of labour there is no equal division', and it may often be the case that 'he who bears the burthen of society has the fewest advantages' (LJB 213: 489–90). Notwithstanding this concession to the inevitable inequalities that the division of labour brings in its wake, Smith speaks of a 'civilized and thriving country', as if the two things are either equivalent or there is some necessary connection between the two (WN I.i.11: 22). A highly developed division of labour lays the groundwork for the emergence of a civilized society. Where labour is divided, civilization may emerge; where it has yet to be so divided, civilization is impossible to find.

But even if the division of labour is a necessary condition for the emergence of a civil society, it may not prove to be a sufficient condition for its maintenance. As Smith observes in his more ambivalent moments, beyond some tipping point, if the division of labour is taken too far, it may result in the degradation of civil society and the rebirth of barbarism, viciousness, and ignorance. Carried to its extreme the division of labour threatens to render the ordinary worker 'as stupid and ignorant as it is possible for a human creature to become'. 'In every improved and civilized society', Smith warns, 'this is the state into which the labouring poor, that is, the great body of the people, must necessarily fall, unless government takes some pains to prevent it' (WN V.i.f.50: 782). Notwithstanding the ostensible superiority of commercial civilization, in contrast to the 'drowsy stupidity' which is pervasive among the lower classes of a civilized society, things are 'otherwise in the barbarous societies', where the division of labour is not so highly developed. There every individual is accustomed to performing a wide range of tasks, particularly political and military service. As such, they are in a position to apprehend most aspects of society for themselves. Conversely, members of a civilized society, among whom there is incredible diversity, are incapable of seeing the whole, and thus are susceptible to losing touch with society at large and their fellow men (WN V.i.f.51: 782–3).

Smith's misgivings about the extreme and uncorrected side-effects of the division of labour are reminiscent of those of Adam Ferguson, who while praising—as does Smith—the role of commerce in polishing away the hard edges of rudeness and bellicosity, expressed grave concerns about the civic and martial enervation that was the outcome of the process of civilization. If the individual of a polished or opulent nation is simply left alone to pursue his own private economic interests and never called upon to make sacrifices for his nation, Ferguson warns, 'we may find him become effeminate, mercenary, and sensual' (Ferguson 1995: 451). Viciousness and moral corruption accompany the growth of luxury and the relaxation of martial virtues (see Tegos in this volume).

In this respect, Smith's argument appears Rousseauian, and for reasons very similar to those proffered by Rousseau himself. Not only does the extreme division of labour have the potential to corrupt morals. But the massive inequalities and differences to

which the division of labour leads may begin to elide the very sense of a common humanity upon which a civil society rests. Once human beings become so radically differentiated that they are unrecognizable to one another, they cease to be able to feel sympathy for their fellow citizens. Transparency gives way to obstruction (Starobinski 1988). This inability to put themselves in the position of others may erode the shared sense of humanity, sociability, and easy spontaneity in the treatment of others that are hallmarks of a civil society. Smith is much less apocalyptic than Rousseau about the logical conclusion or outcome of the division of labour, but he does share the Genevan's sense of the ambivalence of the division of labour and the extreme inequalities to which it potentially gives rise (Hanley 2008; Rasmussen 2008 and their essays in this volume).

## THE AMBIVALENCE OF CIVIL SOCIETY

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Under the influence of Alexis de Tocqueville and various neo-Tocquevilleans, civil society is usually portrayed as a communal space where individuals voluntarily come together to engage in forms of civic engagement and social solidarity. In important respects, the Scottish emphasis on sociability, civility, and humanity seems to locate Smith and many of his peers in this 'communitarian' tradition of emphasizing the positive aspects of civil society. Eighteenth-century Scots took legitimate pride in their publicity and sociability. Universities, literary societies, coffee houses, newspapers and journals, friendly societies, and various other institutions—formal as well as informal—lent vitality to Scottish civic life and reinforced a sense of the virtues of sociability (Phillipson 2010).

And yet one of the most neglected dimensions of Scottish social theory is its profound insights into the often violent and conflictual aspects of human sociability. Rather than groups and associations being warm, fuzzy sources of sympathy and community, some of the most vicious and fanatical human behaviours are conjured up when people unite themselves into groups. Like their early modern predecessors Hobbes and Locke, the Scottish moralists were preoccupied with the dangers of partisanship, faction, and sectarianism (Boyd 2000; Peart and Levy 2009). For his part, Smith appreciates that 'The animosity of hostile factions, whether civil or ecclesiastical, is often still more furious than that of hostile nations; and their conduct towards one another is often still more atrocious' (TMS III.iii.43: 155). 'Faction and fanaticism', Smith warns, 'have always been by far the greatest' among those 'corrupters of moral sentiments' (TMS III.iii.43: 156).

While civility rests on an ability to put ourselves in the position of others and to respect their feelings as if they were our own, this very same human proclivity becomes a problem when we sympathize too intensely with the emotions of others—particularly their shared grievances. Smith laments the way that sentiments of party or faction often culminate in the very worst of human atrocities. This is especially the case when a 'spirit of system' gets intermingled with legitimate differences among parties and 'inflames it even to the madness of fanaticism' (TMS VI.ii.2.15: 232). These utopian or ideological



visions of a new system prove intoxicating to both party leaders and followers alike. The 'violence of party' that emerges from these disputes is often enough to shake even the coolest heads from their principles and conscience (TMS VI.ii.2.15: 233).

Smith has in mind here not just secular or ideological conflicts among parties but also and especially the perils of religious sectarianism. 'Times of violent religious controversy have generally been times of equally violent political faction', and vice-versa (WN V.i.g.7: 791). Religious conflicts and the spirit of intolerance and persecution ultimately stem from state interference in the private realm of religious affiliation, according to Smith. Once 'politicks called in the aid of religion' and used the force of law to establish the tenets of one religion over another, adherents of the majority religion were emboldened and the temptation to suppress other religions was simply too great to resist (WN V.i.g.7–8: 792). The best antidote to the 'interested and active zeal' of religious sectarians is for the state to adopt a policy of strict neutrality by treating all religions 'equally and impartially' (WN V.i.g.8: 792). Under conditions of free association, not only would the number of different religions multiply into the hundreds, if not thousands, but each religious sect would be disposed, because of its own insignificance, to treat every other with a spirit of tolerance, mutual respect, 'good temper and moderation' (WN V.i.g.8: 793). Magnifying religious pluralism would do much to transform the fanaticism, intolerance, and moral austerity attendant to sectarianism into a disposition of civility.

As we have seen, civil society demands the generalization of a sense of civic empathy or identification whereby we put the interests of our nation before those of family, party, tribe, or sect. Not only does Smith acknowledge the manifold circumstances where this sense of fellow feeling dissolves into the hatreds and enmities of civil war. He also recognizes that the sense of fellow feeling or patriotism is in and of itself the frequent source of incivility, cruelty, and bloodshed. Nationalism is a formidable vice. As Smith notes, 'the love of our own nation often disposes us to view, with the most malignant jealousy and envy, the prosperity and aggrandizement of any other neighbouring nation' (TMS VI.ii.2.3: 228). What he calls the 'mean principle of national prejudice' often arises from 'the noble one of the love of our own country' (TMS VI.ii.2.3: 228).

Smith observes that 'Nature, when she formed man for society, endowed him with an original desire to please, and an original aversion to offend his brethren' (TMS III.ii.6: 116). Not only is this desire to please and gratify incomplete unless accompanied by a more essential desire to be truly 'praise-worthy'. It is also problematic because it provides the psychological motivation to be drawn, against our better instincts, into collective struggles and wars. In everyday life we easily enter into the sufferings and grievances of others, and this is no less the case when the sufferings and grievances are those of a whole nation. An otherwise salutary desire to please one's fellow citizens translates into a delight in inflicting harm on our nation's enemies. One can do nothing better to earn praise from one's co-nationals than 'by enraging and offending their enemies' (TMS III.iii.42: 154). Moreover, these actions are often divorced from any limits either in morality or law. So long as they are united in their sentiments, citizens of a nation show remarkably little concern for what other nations think of their conduct. When it comes to matters of war, 'the laws of justice are very seldom observed,' and actions that would ordinarily be

reckoned dishonourable, abominable, or senselessly cruel are celebrated as patriotic acts of heroism (TMS III.iii.42: 155).

The nature of collective behaviour only exacerbates the dangers of incivility. As Smith appreciates, an angry mob, party, faction, or sect will often indulge in atrocities that no single individual within it would have dared to undertake. Thus as Smith, Hume, and other early modern thinkers appreciate, collective behaviour not only substitutes passion for reason, but it operates to absolve any particular individual within the group of moral responsibility. Rather than being a source of all the human virtues of charity, beneficence, magnanimity, and humanity, sociability is deeply ambivalent for Smith and other members of the Scottish Enlightenment. The flip-side of an otherwise benign sympathy for members of our own nation or group is animosity or resentment towards others.

These unsocial passions are usually kept in check by the moral device of the impartial spectator. Lest the individual be swept away by the passions and animosities of the group, he must be able to distance himself from the collective hysteria and see his actions from the vantage of an impartial spectator. Doing so brings him back to his senses. Abstracting from one's own quarrels, or the heated passions of our intimates or fellow citizens, we re-engage with our moralized sentiments. When it comes to national quarrels, however, the problem is that the standpoint from which we aspire to see the situation is far from impartial. The fact that his fellow citizens or party members are 'animated by the same hostile passions which animate himself' means that 'the indifferent and impartial' spectator resides 'at a great distance' from the ordinary citizen. Instead, the spectator to which we too often appeal in nationalistic or sectarian quarrels is a 'partial spectator', which only reinforces the violent passions that already stir us (TMS III.iii.41–2: 154).

Smith clings to the hope that in the midst of collective violence and partisan zealotry there might be a few 'solitary individual[s]' who can retain some attachment to the impartial spectator. They alone will be able to 'preserve their judgment' and hold themselves aloft from the 'general contagion'. Even so, these moderate souls will likely be few and far between given the natural human inclination to lose one's self in the fray of partisanship and sectarianism. They are also quite likely to be scorned and persecuted by the 'furious zealots' who surround them (TMS III.iii.43: 155).

## CONCLUSION

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A careful consideration of the writings of Adam Smith brings to light any number of fascinating moral insights into the nature of civil society. Most essentially, 'civil society' refers to a morally and historically distinctive mode of political association characterized by the proliferation of civility. As we have seen, the nebulous civility of which Smith and others speak has both a moral and a sociological dimension, straddling the line between formal manners or politeness, on the one hand, and the character of a virtue, albeit a modest one, on the other. We have also seen that the intellectual lineage between Smith and contemporary theories of civil society is tenuous, for several reasons.

First, the 'stadial' theories of civilizational development to which Smith and other Scots subscribed have been discredited in contemporary social science. Most contemporaries would object to the categorical distinction Smith and his contemporaries make between so-called 'rude', 'backward', or 'savage' nations and the 'civilized' world. Even setting aside the pejorative language, it is doubtful that many social scientists today would accept Smith's empirical characterizations of pre-modern peoples, let alone his conviction of civilized society's decisive moral superiority. Nonetheless, as I have suggested above, Smith's account of a civil society seems inexorably wedded to some such developmental schema. On the one hand, Smith is to be credited for appreciating—as his legatees Hegel and Marx did not—the contingent and potentially fragile nature of this process of historical evolution. History need not have culminated in commercial civilization, and there is nothing special about the Western Europeans in having been the primary beneficiaries of this process. On the other hand, Smith was unapologetic in seeing a civil society characterized by a complex division of labour as a vast improvement over what he regarded as the alternative of moral and technological backwardness.

Secondly, Smith would surely object to the notion that civil society can be understood as a structural sphere or zone outside of and fully independent of the state. Not only is there no clear-cut distinction possible between 'public' and 'private', or 'state' and 'civil society', but Smith invests civil society with a moral character that makes it virtually impossible to treat as a purely value-free or descriptive category. Civil society—with its constitutive virtue of civility—appears to be more akin to a moral relationship than an easily identifiable place or location. We have considered some of the difficulties in pinning down exactly what Smith means by civility, and these are considerable indeed, but what seems clear is that in addition to its connection to formal manners or politeness, civility also has something in common with other substantive virtues such as beneficence, prudence, moderation, self-control, mutual respect, and charity. If this is correct, then theorizing civil society requires one to be able to distinguish which associations or institutions—among many, both public and private, voluntary and involuntary, economic as well as charitable—are most conducive to the virtue of civility.

Finally, Smith's conceptual apparatus obviously leads him to consider numerous 'social' relationships that are distinct from our common membership in the political community. He does much to shift attention towards social forms such as manners, politeness, sociability, and civility. At the same time, however, he also appreciates the degree to which these and other 'social' relationships are conditioned by more fundamental legal, political, and economic factors. A civil society emerges in response to the division of labour (economic changes); the introduction of a rule of law and its accompanying standards of justice (legal or political innovations); and the cultivation and amplification, via politeness and manners, of a distinctive set of human attributes such as sympathy, humanity, sociability, and self-control (a moral revolution). Once again, Smith's writings would seem to falsify the bright-line distinction between state and civil society, or civil society and the free market, or even civil society and the family, that have dominated contemporary discussions.

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## CHAPTER 22

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# ADAM SMITH ON RELIGION

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GAVIN KENNEDY

SOME scholars discuss Adam Smith's writings on religion solely by their apparent theological content (Viner 1928, 1972; Kleer 2000; Hill 2001; Denis 2002; Tanaka 2003; Alvey 2004; Long 2006, 2009; Oslington 2011). Too few relate relevant biographical evidence to Smith's theological content to correct imputations drawn from too narrow an exegetical approach (cf. Minowitz 1993; Ross 2010; Kennedy 2011a).<sup>1</sup>

In this chapter, a sobering assessment of eighteenth-century Scotland sets the context for discussing how Smith managed his public life: '(I)t is impossible to understand the character and conduct of the Scottish people without knowing those bygone customs and beliefs which were once full of intense vitality. Nowhere were Church spirit so keen, Church influence so far reaching, and Church affairs so intimate, as in Scotland' (Graham 1899: viii). I analyse how the 6th edition of *The Theory of Moral Sentiments* (TMS) shows Smith's many dilutions of its theological content. His (post-humous) *History of Astronomy* (HA) and his history of Christian institutions in *Wealth of Nations* (WN) provide evidence of his faded religiosity, which mirrors his biographical details. I will argue that Smith's socially acceptable hostility to doctrines of Roman Catholicism helped to camouflage his general scepticism of Revelation. While some claim that his teaching of Providence, Deism, and Natural Religion, which were part of the Glasgow University syllabus, show his religiosity, I will argue that they represent a tactical deference to religious sentiments that arose from the social power of the church.

<sup>1</sup> I thank Paul Oslington for his constructive criticism of my thesis; the editors for their advice, and numerous colleagues for their helpful critiques. It should be noted that this chapter addresses the extent to which Adam Smith believed in Christian and related theologies, and it should not be read as about the truth or otherwise of Christian, or any other, religious beliefs.

## CHILDHOOD

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Adam Smith described the excessive credulity of young children, who were naturally disposed to believe ‘whatever they were told by adults’ and he claimed that it required long adult experience of the ‘falsehood of mankind’ to erode their childish credulity, though, unfortunately, many remained more credulous than they ‘ought to be’. Only the acquisition of ‘wisdom and experience’, he said, teaches ‘incredulity’, but they ‘very seldom teach it enough’. Even so, he confesses, ‘the wisest and most cautious of us all frequently gives credit to stories which he himself is afterwards both ashamed and astonished that he could possibly think of believing’ (TMS VII.iv.23: 335–6), hinting at his adult embarrassment at his own childhood credulity, tempered by his deep love for what his very religious mother, Margaret Douglas Smith, had taught him (Stewart 1980).<sup>2</sup>

Sunday sermons in his local Kirk reflected a ‘modified Calvinism’, supplemented by the Minister’s visits, from about age 12, to instruct him on repeating the Calvinist ‘Catechism’ (Ross 2010: 25). In adulthood, Smith’s well-known ‘retentive memory’ meant he had no problems in repeating the Catechism fluently (Ross 2010: 18). At Glasgow University, in his teens (1737–40), he encountered a much harsher and dogmatic Calvinism, as articulated by the zealots in the presbytery, who claimed to interpret God’s will. They charged Smith’s ‘never to be forgotten’ professor, Frances Hutcheson,<sup>3</sup> with ‘heresy’ during Smith’s student days in 1739 (previously, they had ruthlessly pursued John Simson, Professor of Divinity, also for ‘teaching heresy’) (Reid 1923). The same zealots practised their bigotry on Professor William Leechman (another Professor of Divinity, and Hutcheson’s pupil) in 1743.

## OXFORD

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Young Smith needed no lessons on the personal costs of attracting the attention of zealots. At Oxford (1740–6), Smith despised his Church of England tutors (WN V.i.f.8: 761), many of whom had ‘given up altogether even the pretence of teaching’. His years at Oxford were altogether an alienating experience that exposed him to the latent bigotry of the Episcopal Church of England version of protestant Christianity (Ross 2010: 14, 25, 27–8, 47, 55–6, 115). From these unfortunate beginnings, Smith grew away from his childhood credulity.

Young Smith’s self-motivated study habits secured his nomination for a coveted Snell Exhibition which involved agreeing to be ordained into the Church of England and

<sup>2</sup> Dugald Stewart knew Smith and his mother personally for many years.

<sup>3</sup> Hutcheson, unsuccessfully sought a Ministry in an Ulster protestant church, and later taught his Glasgow students a more liberal, ‘new light’ Calvinist theology.

become a Minister in the Episcopalian Church in Scotland (Scott 1937: 36–7, 42; Stones 1984; Ross 2010: 64; Nicholson 2010: 20). Compared to the six-day teaching and tutorial regime at Glasgow, Oxford required twice-daily prayers and only twice-weekly lectures (Smith, *Corr* 1: 2), delivered mostly by ministers ordained by the Church of England. Smith's remarks in appreciation of David Hume, prompted an intemperate polemic from George Horne, President of Magdalene College (adjacent to Balliol), and later the Bishop of Norwich (Horne (Anon.) 1777). Horne also attacked Smith for praising David Hume and, interestingly, for not mentioning in TMS that 'belief in the soul's existence and immortality could do no harm, if it did no good' (*Corr* 189: 230). Horne's ecclesiastical admonition was indicative of what Smith could expect if he was ever candid in public about his drift away from the doctrines of his Calvinist upbringing and, thus, distract attention from his contributions to moral philosophy and political economy. The opprobrium poured on Hume by some men of religion provided a catalyst for Smith's prudent approach to the boundaries of what was acceptable to Christian divines. His surviving correspondence and revisions to TMS reveal his scepticism about Christianity.

Smith wrote to Alexander Wedderburn (14 August 1776), on David Hume's exemplary conduct while he was stricken with a debilitating illness: 'Poor David Hume is dying very fast, but with great cheerfulness and good humour and with more real resignation to the necessary course of things, than any Whining Christian ever dyed with pretended resignation to the will of God' (*Corr* 163: 203). And writing in October 1789 to Andreas Holt, he reported the 'innumerable squibs thrown upon me in the newspapers' over his introduction to David Hume's five-page, 'My Own Life', remarking that 'A single, as I thought a very harmless Sheet of paper, which I had happened to write concerning the death of our late friend Mr Hume, brought upon me ten times more abuse than the very violent attack I had made upon the whole commercial system of Great Britain' (*Corr* 208: 251).

Smith changed his mind about a career in the English church sometime in 1744 during what appears to be recurring, mild depressive illness ('hypochondriasis') (Barfoot 1991; Ross 2010: 70–1). He decided, against 'the wishes of his friends', not to be ordained into the Church of England because he did not find 'the ecclesiastical profession suitable to his taste'. Instead, he planned to seek a 'moderate preferment' in Scotland (Stewart 1980 I.10.11: 272), initiating his decision in 1744 by changing his Oxford course from ordination to a Juris degree (Jones and Sander 2009).

His restlessness was also fed by the petty conduct of the English faculty and students at Balliol from April 1745, when the Jacobite rebellion broke out in support of the 'divinely appointed' pro-catholic, King James, against the protestant Hanoverian 'usurpers' (Oxford had been strongly monarchist in the English civil war in the 1640s). Balliol's mainly English faculty and students were sympathetically pro-Jacobite, and the lack of enthusiasm for the rebellion among the Glasgow Snell students (from an Hanoverian university that supported King William, the protestant 'usurper') were seen as justification for their expressing petty anti-Scottish feelings in 1745–6. This distressed Adam Smith and others (Ross 2010: 73) and probably brought to a head his decision to leave Oxford in late August 1746, as the trials in London of the Jacobite leaders for treason, following the defeat of their rebellion at Culloden in April 1746. It was now safer to ride



home to Kirkcaldy, so when news of the death of Francis Hutcheson (8 August), Smith's main sponsor of his Snell Exhibition, reached Balliol, it removed a final emotional impediment to his quitting Oxford.

In late 1748 he acquired a 'preferment', sponsored by Henry Home (later Lord Kames), a moderate Presbyterian, who arranged for the 25-year-old Smith to deliver a series of public lectures in Edinburgh on Rhetoric (Ross 2010: xxiii, 81; Stewart 1793). His success as a public lecturer ('above 100 pound a Year', (Corr 25: 24)) assured him of a good income, and Smith resigned 'all right & title' to his Snell Exhibition in 1749 (Scott 1937: 137, 336).

## THE SIGNIFICANCE OF HIS MOTHER

It is my view that the main cause of Smith's life-long circumspection in religious matters was his deep love and respect for his mother. She was a very religious Christian (Stewart 1980 I.2: 69). His Edinburgh home, Panmure House, is next door to the Canongate Church, he probably accompanied her there many times, and she was handy for home visits by the local Minister.<sup>4</sup>

His mother, wrote John Rae, 'was from first to last the heart of Smith's life'. He being his mother's only child (his elder step-brother, Hugh, died young) and she being Smith's only living parent, 'they had been everything to one another during his infancy and boyhood and, after he was full of years and honours, her presence was the same shelter to him as it was when a sickly boy. His friends often spoke of the beautiful affection and worship with which he cherished her'. Rae added that 'someone who knew Smith for the last 30 years of his life' reported that 'the principal avenue to Smith's heart always was by his mother' (Rae 1895: 4). Given their closeness it is reasonable to assume that he chose not to provoke a public controversy on religion that could come to her notice and that he was discreet when expressing his scepticism. In TMS, Smith cautioned fellow philosophers to talk with 'a certain reserve' to friends for 'a philosopher is company to a philosopher only' and 'to his own little knot of companions' (TMS I.ii.2.6: 33-4) and this careful attitude to the public role of philosophy fits the evidence that, while his mother was alive, he avoided public accusations of heresy that could upset her.

Of his love for his mother, Smith told his publisher:

I had just...come from performing the last duty to my poor old Mother; and tho' the death of a person in the ninetieth year of her age was no doubt an event most agreeable to the course of nature; and, therefore, to be foreseen and prepared for; yet I must say to you, what I have said to other people, that the final separation from a person who certainly loved me more than any other person ever did or ever will love me; and whom I certainly loved and respected more than I ever shall either love or respect any other person, I cannot help feeling, even at this hour, as a very heavy stroke upon me. (Corr 237: 275)

<sup>4</sup> Apart from notice of his burial, I found no other references to Adam Smith in the Presbytery minutes (Scottish National Archives: CH2/122/14/2/61).

Even here, his words, 'the final separation' point us towards doubts about the Presbyterian 'certain hope' of an after-life.<sup>5</sup>

## A REVEALING INCIDENT IN 1785

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An incident in 1785 reveals Smith's reputation amongst his friends for wariness of religious enthusiasts. James Hutton (1729–95), a deist, his close friend and one of his executors, was in regular attendance at Smith's Sunday suppers and also shared his social hours at the nearby Oyster Club. Hutton's pioneering geological research challenged the very heart of revealed doctrine on the age and origins of the Earth when he announced his startling results to the Royal Society of Edinburgh in 1785. His assertion that 'the successive cycles of the wasting away and emergence of continents' showed there was 'no vestige of a beginning, no prospect of an end' (Hutton 1788; Dean 1992: 29) bluntly contradicted Genesis on the age of the Earth, and invited a charge of heresy at the time when religious orthodoxy held the world to be only 6,000 years old.

William Robertson, Principal of Edinburgh University (1762–92) and a former long-term Moderator of the Presbyterian General Assembly of the Church of Scotland (1763–80), advised Hutton to render his draft Memorial's style 'a little more theological' and to 'consult our friend Mr Smith', assuring him that 'on following his advice you will be safe' (Dean 1992: 23). This exchange strongly suggests that Robertson, a long-time friend of Smith (and David Hume), was familiar with Smith's private policy over many decades of successfully deflecting theological criticism. In this way, Hutton, Smith, and other sceptical authors in the Scottish Enlightenment, disseminated their radical ideas and discoveries without provoking Church zealots.

This policy of skilfully avoiding religious controversy sheds new light on Smith's signing of the Calvinist Confession of Faith, as required before the Congregation of Glasgow University to comply with a formal condition for his professorial appointment. This is sometimes cited to show he remained a Christian (at least to 1751), however, the significance of his complying with this routine requirement is overstated. Without signing the Confession no university chair in Scotland would have been open to him.

## RELIGION IN SMITH'S EARLIEST ESSAY

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Smith kept a 'thin folio paper book' (HA) in his bedroom bureau for over 40 years and only showed it to close friends in later life. Even David Hume, an intimate friend and sceptic since the early 1750s, only heard of its existence in 1773. Joseph Black and James Hutton, his literary executors, were urged by Smith on his deathbed in 1790, to publish

<sup>5</sup> 'Certain hope' is from the benediction at Protestant funerals (John 3.16; 11.25).

it, which they did posthumously in 1795 (EPS: 31–105). This was an exceptional decision since Smith had insisted that ‘his other unpublished works’ be burned ‘without any examination’ (Ross 2010: 434–5). He is believed to have started HA while at Oxford (HA, Editor’s Intro.: 7), yet he saved this ‘juvenile’ HA for 46 years after he started it! Why? While happy with his early account of the history of the philosophical method, for which it is mainly noted today, I suggest he kept it because it was also of high personal importance to him as it marked the time when he realized that his beliefs in revealed Christianity were no longer compatible with his understanding of philosophy. His executors saw HA as an ‘illustration of those Principles in the Human Mind which Mr. Smith pointed out to be the universal motives of Philosophical Researches’ (HA, Editor’s note: 105). Among those ‘Principles’ was the long struggle against superstition. HA hints at Smith’s early and implicit sceptical views. These were safely packaged as an attack on pagan superstition about ‘invisible beings’, but also making implicit sallies against Christian superstitions; views which were too risky for him to publish early in his career. There is much more to HA, of course, which is well covered in modern scholarship.<sup>6</sup>

For Smith, disjointed but connected events are processed by our imagination in a linked sequence of ‘wonder’, ‘surprise’, and ‘admiration’, not by our reason. Eclipses of the sun and moon excited and terrified early humans by disturbing their imaginations, making them receptive to wild notions from whomsoever gave plausible explanations (HA II.9: 43). Today, said Smith, ‘philosophy is the science of the connecting principles of nature’ that ‘abounds in events which appear solitary and incoherent’ that disturb the ‘easy movement of the imagination’, which ‘endeavours to introduce order into this chaos of jarring and discordant appearances, to allay this tumult of the imagination, to restore it . . . to that tone of tranquillity and composure, which is agreeable in itself, and most suitable to its nature’ (HA II.12: 45–6). Ideas—however absurd or improbable—were considered only by how they ‘sooth the imagination . . . to render the theatre a more coherent, and therefore a more magnificent spectacle’ (HA II.12: 46). This was a secular explanation; there were no answers in theology that satisfied the young philosopher’s curiosity about ‘the irregularities of nature’ (HA III.1: 48).

‘Mankind in the first ages of society’ had ‘little curiosity to find out those hidden chains of events which bind together those seemingly disjointed appearances of nature’ because their ‘subsistence’ was ‘precarious’ and ‘their lives’ were ‘exposed to the rudest dangers’ and they ‘had no inclination to amuse’ themselves ‘searching out’ what ‘seems to serve no other purpose than to render the theatre of nature a more connected spectacle’. Nevertheless, ‘our passions’ suggest to us opinions which ‘justify’ them and as ‘these appearances’ terrified early mankind, who were ‘disposed to believe everything about them which can render them still more . . . the objects of (their) terror’ proceeding ‘from some intelligent, though invisible causes, of whose vengeance and displeasure’ they are ‘the signs or the effects’. Here is the origin of Polytheism: uncivilized man linked the ideas of the irregular events in nature to belief in the ‘favour or displeasure of intelligent beings, to gods, daemons, witches, genii, fairies’ (HA III.1–2: 48–9). Philosophy gradually

<sup>6</sup> See Skinner (1996: 25–50); Berry (2006: 112–35). See also Montes in this volume.

replaced ‘pusillanimous superstition’ (HA III.2: 49–50; cf. TMS II.iii.1.2: 94) as it revealed the ‘chain which links them altogether’ and events became less likely to be ascribed to ‘those invisible beings whom (the) fear and ignorance of their rude forefathers had engendered’. Smith used the analogy of the gap between ‘surprise’ at an event and the eventual ‘wonder’ emanating from identifying and later understanding it to illustrate his ideas of philosophical linking (HA II.5: 40; II.8: 42). Smith asks: what did curious minds do before philosophy? People, he answered, exchanged weird explanations for ‘all extraordinary and uncommon objects’, all ‘the rarer phaenomena of nature... meteors, comets, eclipses’, everything in short, with which they were ‘either little or not at all acquainted’ (HA 1.2: 33).

The advancement of philosophical understanding does not eliminate superstition, even among educated people. Indeed, much of the structure of pagan and heathen ‘pusillanimous superstition’ carried over into what became convenient doctrines and rituals within revealed religion. In mid-eighteenth-century Scotland, zealots hounded those asking awkward questions or showed the most tentative signs of doubt, dissent, and lapses in their religious beliefs. Those educated in the philosophy of past generations, including religious divines, often reject new ideas about the concealed connections that unite the various appearances of nature. Each more advanced paradigm took science yet further from the ‘pusillanimous superstition’ of the past, but also left believers in ‘invisible beings’ stuck with the ‘ignorance of their rude forefathers’ (HA III.3: 50; cf. WN V.i.f.24: 767). The HA certainly seems to privilege scientific over religious explanation and one can see how its publication might have gone against Smith’s desire to avoid controversy.

## RELIGION IN THE WEALTH OF NATIONS

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God and Jesus are absent from WN (Minowitz 1993). Providence was a common enough (Pagan) idea in daily discourse at the time (Graham 1937: 339–42), much like claiming ‘good’ or ‘bad’ luck or fortune, or to give writing a stylistic, literary gloss. The absence of God from a book about the ‘nature and causes’ of the wealth of nations is significant. Smith makes no explicit claims that the economy was created by God, or that God operates within it, which may confirm its secular origins in the idea of humans acting in concert, not necessarily in tune. Some scholars claim his use of the ‘invisible hand’ meant the ‘hand of God’ (Viner 1972: 82; Denis 2001, 2005; Harrison 2011). I have challenged these claims as misreading Smith’s accounts of the role of metaphors in English grammar, where he gives very specific meanings to ‘describe in a more striking and interesting manner’ their secular objects (LRBL i.66: 29; Kennedy 2011a).

When Smith does mention religion in WN it is to analyse the social role and organization of churches. He opened his institutional history of revealed religion with an ironic, almost mocking, tone: ‘The institutions for the instruction of people of all ages are chiefly those of religious instruction’, the purpose of which, ‘is not so much to render

the people to be good citizens of this world, as to prepare them for another and a better world in a life to come' (WN V.i.g.1: 788). But the roads to that 'better world to come' were not clear-cut and the 'citizens of this world' were a long way from 'good'. He sought the causes of that deficiency in religious institutions.

Oxford University professors were indolent because 'it is in the interest of every man to live as much as his ease as he can' (WN V.i.f.7: 760) and he acknowledged a consequential analogous defect of assured remuneration on the clergy's exercise of their duties in their earthly institutions (WN V.i.g.1: 788–9). The clergy in England, deriving their income, stipends, or salaries from estates, tithes, and land taxes, compromise their exertion, zeal and industry, and, while 'reposing themselves upon their benefices, they expose themselves to challenges from 'new religions' and attacks by popular, 'perhaps stupid and ignorant enthusiasts'. Commonly, notes Smith, such clergy often resort to calling 'upon the civil magistrate to persecute, destroy, or drive out their adversaries, as disturbers of the public peace' (WN V.i.g.1: 789). In the broader economy, such repressive inclinations were also typical of the mercantile legislation operated by the restrictive Guild monopolies and of legislation policing tariffs and protection, policed by the Royal Navy under the Navigation Acts.

Roman Catholics, when they were in the ascendancy up to the sixteenth century as the state-approved religion, behaved aggressively against Protestants, and other sects, as did the post-seventeenth century ascendant Protestant Church of England against Protestant dissenters, and Methodists and Quakers. And in seventeenth-century Scotland the Covenanters struggled violently to prevent the imposition of an Episcopalian liturgy and prayer book upon the Church of Scotland.

The grassroots 'Inferior Clergy' of Roman Catholicism, derived their subsistence from the 'voluntary oblations of the people', which the 'confession' ritual gave them 'many opportunities for improving', while the 'mendicant orders' (Dominican, Franciscans) operated, said a sarcastic Smith, on the same principle of 'hussars and light infantry of armies: no plunder, no pay' (WN V.i.g.2: 790). Meanwhile, the 'great dignitaries' of the church, maintained the discipline of the inferior clergy and seldom dealt directly with the common people, who suffered from the attentions of these lesser 'dignitaries'.

Smith quotes David Hume on how the 'interested diligence' of the 'ecclesiastics' was 'highly pernicious' and they espoused a 'doctrine' that had no regard to the 'truth, morals, or decency' when it played on the 'passions and credulity of the populace' (WN V.i.g. 3–6: 790–1). Smith also observed that 'times of violent religious controversy' were also 'times of equally violent political faction' (WN V.i.g.7: 791) and that the sect that allied itself, fortuitously, to the 'winning faction', first demands the magistrate 'should silence and subdue all their adversaries' and, secondly, that 'he should bestow an independent provision for themselves as "their share of the victory"' (WN V.i.g.7: 792). However, opined Smith, speaking of religious strife in 17th–18th century Scotland, if the conquering party had remained aloof from religion, 'allowing each man to chuse his own priest and his own religion' there 'might probably have been a great multitude of religious sects', instead of the presence of 'dangerous' and 'troublesome' 'religious teachers', as commonly experienced when only 'one...two or three great sects' are 'tolerated in the society'. Competition was Smith's solution to theological and to commercial monopolies and he

suggests that if only society were to be 'divided into two or three hundred', or preferably into 'many thousand small sects', none of them would be able to disturb the 'publick tranquillity' (WN V.i.g.8-9: 792-3), asserting that 'each little sect... surrounded on all sides with more adversaries than friends would... learn that candour and moderation... so seldom to be found among the teachers of the great sects, whose tenets are supported by the civil magistrate... and who therefore see nothing round them but followers, disciples, and humble admirers' (WN V.i.g.8: 793). Consequently, each little sect 'finding themselves almost alone would... respect almost every other sect', and: 'they would mutually find it both convenient and agreeable to make (concessions) to one another' which 'might in time probably reduce the doctrine of the greater part of them to that pure and rational religion, free from every absurdity, imposture, or fanaticism, such as wise men have in all ages of the world wished to see established' (WN V.i.g.8: 793). However, hope for religious tranquillity, he cautions explicitly, has 'never yet perhaps established, and probably never will establish in any country' because religion 'always has been, and probably always will be, more or less influenced by popular superstition and enthusiasm' (WN V.i.g.8: 793).

This was not merely historical. Smith describes the typical experiences of a poor man of low condition, who leaves his village community, where his conduct is attended to by his neighbours, to go to live anonymously in a great city. This individual is 'sunk in obscurity and darkness' and his conduct is 'observed by nobody'. He is likely to 'abandon himself to every low profligacy and vice', except where he becomes a member of a 'small religious sect' (WN V.i.g.12: 795). His 'brother sectaries', creditably 'observe his conduct' and if he 'deviates very much from their austere morals which they almost always require of one another' he is punished 'even where no civil offence attend to it', such as by 'expulsion or excommunication from the sect' (WN V.i.g.12: 796; cf. Graham 1937: 314-34). While this experience plays a positive role in socialization it nonetheless invites the danger of religious enthusiasm.

Smith offered two remedies to this damaging experience. First he recommended that 'all people of middling or more than middling rank and fortune', and those who became ministers or Elders of the church, who administered the Presbyteries, should study 'science and philosophy' as 'the great antidote to the poison of enthusiasm and superstition', and if 'the superior ranks' were 'secured from it', the 'inferior ranks could not be much exposed to it' (WN V.i.g.24: 796; cf. Graham 1937: 315-20, 321-34, 344). Significantly, he did not recommend that they studied more theology, but offered instead, the secular antidote of 'science and philosophy' for 'the poison of enthusiasm and superstition'. His second remedy went even further from theology. He observed that 'the melancholy and gloomy humour which is always the nurse of popular superstition and enthusiasm' should be addressed by 'the frequency and gaiety of public diversions', and encouraged by 'giving entire liberty... without scandal or indecency, to amuse and divert the people by painting, poetry, musick, dancing... dramatic representations (plays) and exhibitions'. Such 'diversions', were 'the objects of dread and hatred' among 'all the fanatical promoters of these popular frenzies' (WN V.i.g.12: 796). Zealots often targeted 'promiscuous' dancing (Graham 1937: 187, 243, 327-8), and the theatre, of which the *cause célèbre* in Smith's time was that conducted by zealots against John Home, a Kirk minister, for his authorship and for his staging his play, 'Douglas, a tragedy', in Edinburgh

in 1756. Zealots condemned Home for his 'zeal to promote the interests of satan' and called for the authorities 'to break down all play-houses, and banish these idle dogs the actors to the mines, to work hard under severe discipline' (Mclean 2010: 271) Home resigned his ministry in 1758.

Smith pulled no punches making clear his hostility to revealed religion as practised in Europe. He explicitly preferred that Church and state be separated and that the law should 'favour' the 'teachers of no one religion' than 'those of another'. If this were enacted, the law would hinder teachers of any religion from 'persecuting, abusing, or of oppressing, one another' (WN V.i.g.16: 797). He did not temper his hostility to the latent dangers inherent in established churches, which 'constitute a great incorporation, the interests of which 'depends on the supposed certainty and importance of the whole doctrine which they inculcate, and upon the supposed necessity of adopting every part of it with the most implicit faith, in order to avoid eternal misery'. However, for his many friends among the moderates he makes a staunchly protestant case, full of praise for the 'Presbyterian form of church governance' in Scotland that is critical, not just of Roman Catholicism, but also, of the Church of England and its Episcopalian branch in Scotland. In contrast to them, claims Smith, the Presbyterian form of church government provided for an equality of authority and benefice. They seek favour 'by the nobler and better arts that the established clergy in general endeavour to gain the favour of their superiors; by their learning, by the irreproachable regularity of their life, and by the faithful and diligent discharge of their duty' (WN Vi.g.37: 809), concluding that: 'There is scarce perhaps to be found any where in Europe a more learned, decent, independent, and respectable set of men, than the greater part of the Presbyterian clergy of Holland, Geneva, Switzerland, and Scotland' (WN V.i.g.37: 810).

Smith's ringing endorsement of governance by a multitude of local presbyteries and by a General Assembly, rather than by Bishops and Cardinals, prompted a response from his friend, Hugh Blair (1718–1800). Blair was a leading moderate among Edinburgh ministers in the Church of Scotland, formerly the minister at the Canongate Kirk and also a popular preacher and university lecturer on Rhetoric. He judged that Smith was 'too favourable by much to Presbytery' because 'it connects the Teachers too closely with the People' it 'gives to much aid to that Austere System you Speak of, which is never favourable to the great improvements of mankind' (Corr 151: 189). Unrepentantly, Smith concluded that: 'The most opulent (Catholic) church in Christendom does not maintain better the uniformity of faith, the fervour of devotion, the spirit of order, regularity, and austere morals in the great body of the people, than this very poorly endowed church of Scotland' (WN V.i.g.41: 813).

## THEOLOGY IN MORAL SENTIMENTS

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The posthumous memoirs of one of Smith's early students at Glasgow, John Ramsay, later a prominent Presbyterian, provides some evidence of Smith's already changing religious temperament shortly after his professorial appointment (1751) and before he

published TMS (1759). Ramsay (1888: 462–3) reported that Smith ('a friend of Hume the atheist') 'petitioned the Senatus . . . to be relieved of the duty of opening his class with a prayer'. Ramsay said that Smith's 'opening prayers' were always thought to 'savour strongly of natural religion', that 'his lectures on natural theology were too flattering to human pride' because they induced students to 'draw an unwarranted conclusion, viz. that the great truths of theology, together with the duties which man owes to God and his neighbours may be discovered in the light of nature without any special revelation'. However, John Rae reports that no record of the alleged petition or its refusal 'remains in the College minutes' and speculates that it was 'but a morsel of idle gossip' that indicated 'the atmosphere of jealous and censorious theological vigilance in which Smith and his brother professors were then obliged to do their work' (Rae 1895: 60).

The first edition of TMS (1759), in contrast to WN (1776), abounds with theological language and Biblical allusions and it is no wonder that David Hume's letter from London teased Smith because three Bishops, 'these Retainers to superstition', had praised it 'so highly', that 'You may conclude what Opinion true Philosophers' will think of it' (Corr 31: 35). However, in 1789, for what was clearly intended to be the final 6th edition, Smith re-organized several chapters, excised or modified specific remarks and dropped whole paragraphs, the net effect of which diluted its original Christian content in one direction only, towards secularizing its content as much as he could within the heavy constraints of the times and his deteriorating health.

The way that Smith wrote on religion shows signs of his use of hidden meanings in TMS (cf. Toland 1696).<sup>7</sup> Reading the 6th edition purely exegetically does not reveal the otherwise evident dilution of its Christianity, perhaps because unsuspecting readers find the dilutions more than adequately compensated by Smith retaining apparent orthodox language elsewhere, especially his references to Deism, Providence, and Natural Religion, which are peppered throughout the text. However, we should examine Adam Smith's language in the context of his biography.

On that basis, I shall examine selected instances of where he diluted his original statements, highlighting where he compromised, often subtly, his assumed religiosity by adding these qualifying expressions. Significantly these changes take place after the death of his mother in 1784 freed Smith from one of the grounds for avoiding religious controversy.<sup>8</sup>

The first instance is the deletion by Smith of a passage on the Atonement from the 6th edition. The Archbishop of Dublin, William Magee, in the first edition of his book (Magee 1801) praised Smith's Atonement sentiments for expressing an important Christian doctrine despite his being 'a familiar friend of David Hume'. When informed that Smith had dropped the atonement passage in the 6th edition, Magee inverted his opinion: now, wrote Magee, Smith had been afflicted by the 'infection of David Hume's society' (Magee 1809; Raphael 1969).

<sup>7</sup> I am grateful for Daniel Klein raising this aspect with me.

<sup>8</sup> Space for verbatim extracts from TMS is limited; readers should consult the quoted (Oxford) references in full. Necessarily, my examples are not in the order that they appear in TMS. They are linked loosely to similar themes.



The 756 words of the atonement passage were heavily theological and contain: 'the Deity' (3 times), 'atonement' (3 times), 'divine' (3 times), 'his benevolence', 'perfect virtue', 'holiness of God', 'the gods', 'infinite' (twice), 'mercy of God', and 'wisdom of God' (TMS ii.3.12: 91). In Christian theology, atonement is a major doctrine in salvation linked to the life of Jesus Christ, his ministry, crucifixion,<sup>9</sup> and resurrection after death, for which suffering, God forgave mankind's original sin (the Fall of Man and his expulsion from the Eden Garden). Salvation became possible but only in and through Christ (McGrath 2001: 406–39; John 14.6: 'no man comes unto the Father, except through me').

Smith replaced Atonement with 184 words of a decidedly different (pagan, polytheistic) theology that only mentions God once (TMS II.ii.3.12: 91). The pagan 'Elysium and Tartarus' replaced the unambiguously Christian doctrine of atonement (cf. 2 Peter 2:4; Luke 8:31; Revelation 20:3). The Christian certainties were diluted by Smith from an 'expectation' to an uncertain 'hope', supported by a supposition that religion, 'we suppose, authorizes' us to expect, and 'we think, still requires' (not that 'we know'), which dilutes further the Christian tenets that heaven and hell exist.

Some authors<sup>10</sup> consider this omission does not amount to much, and certainly not that it signals Smith's faded Christian beliefs. A mind experiment can test the solidity of that assertion. Suppose the order of the two passages were reversed; imagine that the 'Elysium and Tartarus' passage was published in editions 1–5, and that Smith replaced that passage in the 6th edition with the full 'atonement' passage. Would there be any theological significance from such a switch? Safe to say, those arguing for Smith's religiosity would claim that the insertion of the Christian 'atonement' passage in place of the pagan 'Elysium and Tartarus' paragraph proved their claims that Adam Smith remained a committed Christian to his death. Yet, the indisputable fact remains that Smith removed the Christian 'atonement' passage and inserted in its place the pagan 'Elysium and Tartarus' paragraph, even though he knew he was dying. In the actual order of these changes, if he believed he were 'about to meet his maker', would he have acted this way?

A second instance is his treatment of benevolence. In reference to Christianity and the revealed God, Smith states that 'to feel much for others and little for ourselves' by restraining 'our selfish' and 'indulging our benevolent affections' constitutes 'the perfection of human nature' that alone produces 'among mankind the harmony of sentiments and passions'. Following this he contrasts the 'whole great law of Christianity' that requires us 'to love our neighbour as we love ourselves' with the less demanding 'great precept of nature', which requires that 'we love ourselves only as we love our neighbour', or, what he claims, unconvincingly, 'comes to the same thing, as our neighbour is capable of loving us' (TMS I.i.5, 5: 25). Throughout this section Smith stresses Man's weakness compared to the concept of God as a supreme being of infinite power. Focusing on the divine sets an impossible standard as a guide to everyday behaviour. The benevolence that men are capable of is not of the same order as that of God.

<sup>9</sup> Also a fate suffered by hundreds of thousands of others in Roman times.

<sup>10</sup> For space reasons, I do not detail the counter-claims to Smith's alleged religiosity in modern, secondary-sourced, literature (see references).

He critiqued Hutcheson's theology of benevolence by stating that it is not easy to conceive what other motive beside perfect benevolence would be applicable to an 'independent and all-perfect Being, who stands in need of nothing external, and whose happiness is complete in himself' (TMS VII.ii.3.18: 305). To see the religious duty of mankind to imitate these perfect standards is an utterly unrealistic goal. Smith expresses his scepticism cleverly; in extolling the manifest virtues claimed for the infinite Christian God, the individual is relieved of the impossible task of matching God in his benevolence (TMS VII.ii.3.18: 305). And in an orthodox Calvinist-sounding paragraph, Smith discusses the commands of the Deity in the context of his 'supreme wisdom and divine benignity' and 'infinite perfections' but he sits on the fence and distances himself by using the word 'seems' four times, the qualifiers 'in some sense', 'abstract consideration', and 'if I may so', once each, 'necessarily' twice and describes it as 'an opinion'. Read carefully, Smith implies a reluctance to accept the doctrine of cooperation 'with the Deity' because it is driven solely by our 'hope' for 'his extraordinary favour and reward', and, by our dread of death ('one of the most important principles in human nature' (TMS I.i.I.13: 13) 'if we do otherwise' we 'dread his vengeance and punishment' and declare ourselves 'in some measure the enemies of God' (TMS III.5.7: 166).

A third incidence of the dilution of religious sentiments stems from Smith's treatment of the comforts of religion. One such is contemplation of an afterlife, for which the alternative is perceived as too awful: 'Our happiness in this life is thus . . . dependent upon the humble hope and expectation of a life to come' which is 'deeply rooted in human nature', making it 'a doctrine . . . so venerable, so comfortable to the weakness, so flattering to the grandeur of human nature, that the virtuous man who has the misfortune to doubt of it (Smith?) cannot possibly avoid wishing most earnestly and anxiously to believe it' (TMS III.2.33: 131–2, added to the 6th edition). That religion provides 'happiness' is a psychological benefit, while Smith signals his uncertainty of its authenticity, not its benefits if, and only if, it is true.

Interestingly, Smith disguised his challenges to beliefs about God and the after-life, by quoting examples missed by censorious Calvinists that can also be read as expressing his private reservations under cover of passing any blame to Catholicism for his expressing their heresies. Using a rhetorical device in the guise of quoting 'the eloquent and philosophical' Jean Baptiste Massillon, the Catholic Bishop of Clermont, Smith was able 'to exceed the bounds of decorum' by letting the Bishop question the idea of God for leaving the world in 'so universal a disorder' where: 'the wicked prevail almost always over the just; the innocent dethroned by the usurper'. If, says the Massillon, men 'be allowed either to be dissolute without punishment, or virtuous without reward then . . . can no longer acknowledge you for my father, for my protector, for the comforter of my sorrow, the support of my weakness, the rewarder of my fidelity'. You are 'no more than an indolent and fantastical tyrant, who sacrifices mankind to his insolent vanity, and who has brought them out of nothing, only to make them serve for the sport of his leisure and of his caprice' (TMS III.5.11: 169). In another passage he uses Catholic images of the 'celestial regions' in heaven reserved 'for monks and friars', or more sarcastically, 'for those

whose conduct and conversation resembled those of monks and friars' (TMS III.2.35: 134) that exposes this 'most respectable doctrine' for the 'contempt it provokes'.<sup>11</sup>

Another place where we can see Smith's shift of emphasis is in the key role of the Impartial Spectator as manifest in his declaration that 'Man has... been rendered the immediate judge of mankind' (TMS III.2.32: 130). Smith's shorter passage in the 6th edition replaced a longer passage of high-blown theological rhetoric by simplifying its imagery, to which he had added minor variants in editions 2–5. His attempt at a considered view in new paragraphs 31 and 32 show how his impartial spectator, by the devolution of God's sovereign role as the 'great judge' (editions 2–5) of each individual's behaviour, made 'man, if I may say so, the immediate judge of mankind', by assumption appointing 'him his viceregent upon earth, to superintend the behaviour of his brethren'. Smith's contrivance shows apparent theological consistency with the Christian belief that God is the final arbiter, the 'much higher tribunal', but also undermines it. The 6th edition drops the high theology of earlier editions: 'throne of eternal justice', 'the grandeur and importance of so mighty an object', 'fuller revelation of the intentions of providence', 'to tremble and exult as they imagine that they have either merited his (God's) censure or deserved his applause' (TMS III.2.30: 128–30, note 'r'). Smith described the society we grow up in as the 'mirror' by which we learn to judge ourselves from the conduct of others (TMS III.1.3: 110–11), because while 'we are all very forward to observe' how others affect us, 'we soon learn, that other people are equally frank' about ourselves (TMS III.1.5: 112). Smith revises editions 2–5 by discussing 'the man without' who seeks 'praise' as the 'immediate judge of mankind', but 'only in the first instance', with an 'appeal' to the 'well informed spectator', the 'man within' who seeks 'praiseworthiness'. If the man within is hesitant in condemning 'the man without', the 'man within' reflects his partial humanity. But the 'man without' is comforted by belief in the 'higher tribunal' of the 'all-seeing Judge of the world' (God?) (TMS III.2.32: 130–1). But the belief of others in a 'doctrine' is not evidence of Smith's agreement with them.

Observing (and judging) the conduct of others leads to the 'general rules' of moral behaviour, which, only 'afterwards', are 'confirmed by reasoning and philosophy' as 'the commands and laws of the Deity who will finally reward the obedient and punish the transgressors' (TMS III.5.2: 163). 'Sentiments and passions' are 'ascribed to those mysterious beings, which are 'the objects of religious fear' (TMS III.5.5: 164). Men have no other explanation for 'those unknown intelligences which they imagine but see not', hence during the 'ignorance and darkness of pagan superstition', mankind invented 'ideas of their divinities' and thus 'religion, even in its rudest form, gave a sanction to the rules of morality (already identified from experience), long before the age of artificial reasoning and philosophy' (rationalized the theology of religion). 'The terrors of religion... enforce the natural sense of duty' because nature did not leave the happiness of mankind 'dependent upon the slowness and uncertainty of philosophical researches' (TMS III.5.4: 164), which anyway, had to battle against 'the ignorance and darkness' of religious fear.

<sup>11</sup> Smith's direct criticisms of 'Roman Catholic superstition' were a safe cover for expressing his own scepticism about the Christian 'after life' (TMS III.2.33: 132–3; III.2.35: 134; VII.iv.16: 333).

This is an example of an evasive statement. It could mislead Christians that he was orthodox, yet read more carefully and by those who knew of his private scepticism, it conveys Smith's disinclination to believe the teachings of revealed religion. Read carefully the passage is consistent with a view that religious belief is a facet of human psychology rather than the experience of divine intervention. The following apparent religiosity of orthodox statements 'come thus to be regarded' as about 'a life to come', which 'necessarily acquire a new sacredness from this consideration' and the 'very thought of disobedience appears' to imply 'how impiously ungrateful (it is) not to reverence the precepts'... 'prescribed'... 'of his Creator' and 'constant reflection have rendered it familiar to them' by 'constant repetition' that gives solidity to belief. Smith identifies men's ideas as merely invented by men and not proof of the truth of the ideas and they are not evidence of the reality of a revealed God.

It is 'philosophy and common sense', not revealed religion, that directs us to 'love the Lord our God with all our heart... soul and... strength' because 'Religion affords such strong motives (the imagined after-life) to the practice of virtue... that many have been led to suppose, that religious principles were the sole laudable motives of action' and 'all affections for particular objects, ought to be extinguished in our breast, and one great affection take the place of all others, the love of the Deity'. Motives of 'gratitude', of 'humanity' and 'public-spirit', from the love of our country, (generosity) and 'love of mankind' should be abandoned for that 'sense of duty' as 'the sole principle of our conduct' which while it is 'no where the precept of Christianity' it 'should be the ruling and the governing one, as philosophy, and as, indeed, common sense directs' (TMS III.6.1: 171). This extreme admonition would please the most zealous of Calvinist readers but it hardly conforms to the rest of Smith's moral sentiments.

Smith changed the tone in the 6th edition from a neutral description of the 'two different sets' of philosophers teaching 'us this hardest of all the lessons of morality' with one set to 'increase our sensibility to the interests of others' and the 'other to diminish our own' (a stoic attribute?). His treatment of the former is another instance. In earlier editions they are described 'melancholy moralists' but in the 6th edition he adds the derisory 'whining'. These philosophers perpetually reproach us for being 'happy', while many are in 'misery'. Smith considered these doctrines went 'a good deal' beyond 'nature and propriety'. He also appreciated what bouts of even temporary prosperity meant for the very poor in their happiness, whereas the 'Whining' Christian moralists thought their happiness 'impious' (TMS III.3.9: 139–40).

An explanation of God's intentions shows how we are 'encouraged to hope' for his favour and 'dread' his 'vengeance' if, and only if, we accept what 'seems' to be an hypothetical proposition: 'The rules which (Nature) follows are fit for her, those which (Man) follows for him' (TMS III.5.9: 167). In 'our weakness' and 'despair' of 'finding any force upon earth which can check the triumph of injustice' we 'naturally appeal to heaven' to right injustice, which leads us to our 'belief of a future state' (TMS III.5.10: 168–9). A 'belief' from our despair is hardly a ringing confidence in the 'after life'.

Smith notes, without being specific, that 'False notions of religion are almost the only causes which can occasion any very gross perversion of our natural sentiments', and

adds that ‘all men are agreed’ that ‘to obey the will of the Deity, is the first rule of duty’. But that is the problem: on which ‘particular commandments’ are all men agreed? In fact ‘they differ widely’, on what the ‘Deity’s will may impose upon us’. ‘In this’, writes Smith, ‘the greatest mutual forbearance and toleration is due’. From his experience these were not characteristics associated with the warm tempers of religious zealots in pursuit of supposed heresy. Zealots conceded nothing in their harsh doctrines towards moderation and, ‘though the defence of society requires that crimes should be punished, from whatever motives they proceed, yet a good man will always punish them with reluctance’ (TMS III.6.12: 176–7).

Smith was adept at using theological dressing when composing his arguments and several examples could be cited. As when for instance he presents his parable of the sobering consequences for ‘the poor man’s son . . . whom heaven in its anger has visited with ambition’ (TMS IV.1.8: 181). This is a classical rhetorical allusion to pagan beliefs that the immortal gods in heaven intervened in the affairs of mortals on Earth, but it can also be read as evidence of his Deism (Denis 2005). Smith continues ‘We naturally confound (this splenetic philosophy of “ambition”) in our imagination with the order, the regular and harmonious movement of the system, the machine or oeconomy by means of which it is produced. The pleasures of wealth and greatness . . . strike the imagination as something grand and beautiful and noble, . . . well worth all the toil and anxiety which we are so apt to bestow upon it’ (TMS IV.1.9: 183). He describes the ‘great deception’ that is ‘imposed by nature’ (not by God?) which motivates men to toil, unintentionally, on behalf of mankind, as summarized in one of his only two ‘invisible hand’ paragraphs in TMS and WN, adding: ‘When Providence divided the earth among a few lordly masters, it neither forgot nor abandoned those who seemed to have been left out in the partition. These last too enjoy their share of all that it produces’ at least up to necessaries of life (TMS IV.1.11: 185).

I will return to the place of ‘Providence’ but note that here it is a rhetorical, not a theological, device. Smith may have re-drawn this allusion to Providence from Richard Cantillon (1755), and in doing so he reversed Cantillon’s more accurate historical assessment: ‘It does not appear that Providence has given the Right of Possession of Land to one man preferably to another: . . . most ancient Titles are founded on Violence and Conquest’ (Cantillon 1964: 31–33). But Smith’s main claim was that the ancient regimes of ‘lordly masters’ distributed ‘the necessities of life’ to the ‘thousands whom they employ’ as would have been made had the ‘earth been divided in equal portions’ (TMS IV.1.10: 185; cf. Kennedy 2011b: 55). Yet in WN he informs us, more realistically, that Roman attempts to divide the land equally were frustrated by ‘the course of human affairs’ by ‘marriage, by succession, and by alienation’ ending in the ‘possession of a single person’ such that the ‘inequality of fortunes went on continuously increasing’, and, following Cantillon, we may surmise, also with a fair measure of violence and intrigue in pre-Roman societies too (WN IV.vii.a.3: 556–7).

In the first two chapters of Part VI (212–34), added to the 6th edition, he substituted secular for theological language. Many of the words that at first glance appear theological actually turn out to place heavier emphasis on Nature rather than God or the Deity.

Smith switched emphasis in a short two-and-a-half page Chapter 3 (235–7), showing carefully crafted theological language, which would please an avid religious reader who doubted Smith's spiritual health from the first two chapters. He refers to 'universal benevolence' as the source of 'no solid happiness' unless 'thoroughly convinced' that everybody is 'under the immediate care and protection of that great, benevolent, and all-wise Being, who directs all the movements of nature; and who is determined, by his own unalterable perfections (to) maintain . . . the greatest possible quantity of happiness' (TMS VI.ii.3.1: 235). The truths of this proposition depend entirely on an individual's personal beliefs and not on any evidence of the existence of 'an all-wise being'. This is the source of strength of all religious superstitions; they are immune to the test of experience. They are sustained by contrasting the absence of belief with the frightful consequences that will alleged be suffered by those who are not 'thoroughly convinced' of the existence of the invisible 'all-wise Being'. Smith cast the comforts of such belief as 'the very suspicion of a fatherless world' which

must be the most melancholy of all reflections . . . All the splendour of the highest prosperity can never enlighten the gloom with which so dreadful an idea must necessarily over-shadow the imagination; nor . . . can all the sorrow of the most afflicting adversity ever dry up the joy which necessarily springs from the habitual and thorough conviction of the truth of the contrary system. (TMS VI.ii.3: 235).

We may note, however, what he has done; he has left out expressing a personal commitment on which side of the contrast he favoured.

It was appropriately judicious, therefore, for Smith to be satisfied that he had left sufficient hints about the shallow basis of religious superstitions, rather than provoke the fanaticism of repression for which he did not have the energy, vanity, knowledge, or the time to resist. He was conscious of the dangers of 'the most ignorant quacks and imposters, both civil and religious' that demonstrate how easily the multitude is imposed upon by the most extravagant and groundless pretensions' (TMS VI.iii.27: 249). He praises the 'idea of that divine Being' as 'of all the objects of human contemplation by far the most sublime' (TMS VI.ii.3.5: 236); but it is the 'idea', and not the fact, that is 'sublime'. He also demarcates the 'administration of the great system of the universe', which is (by belief) 'the business of God, and "man's (a) much humbler department . . . much more suitable to the weakness of his powers, and to the narrowness of his comprehension", specifically in "the care of his own happiness, of that of his family, his friends, his country" (and) that contemplating the more sublime, can never be an excuse for his neglecting the more humble department', because, most interestingly 'The most sublime speculation of the contemplative philosopher can scarce compensate the neglect of the smallest active duty' (TMS VI.ii.3.6: 237). The fact, or otherwise of a 'neglect of the smallest active duty' is judged by experience, but 'the business of God' is beyond experience.

Finally in this survey of TMS, I return to the place of Providence. This idea is not specifically Christian but its pagan expressions were eventually absorbed as an adjunct to revelation in Christian theology. Christian theology distinguishes between 'general' providence and 'special' providence. In the former, God operates His 'plan' through

secondary causes or the laws of Nature; in the latter, God intervenes directly through nature or through a special manipulation of nature (including ‘miracles’), also with a field for where agents of the devil operate (Oslington 2011).

Smith lectured on providence, as required in his university’s syllabus. In TMS, he outlined Stoic ideas of providence, without claiming them explicitly to be his own beliefs, despite which, commentators treat them if they are proofs of his religiosity. TMS mentions providence 12 times, 10 of which were explicitly cited by Smith as the teachings of Zeno, Epictetus, and other Stoics, two are footnotes deleted from earlier editions, two others made explicit critical reference to Hutcheson, and one was a rhetorical allusion to how the Earth was originally divided ‘among a few lordly masters’ (TMS IV.1.11: 185).<sup>12</sup> Likewise, much that is claimed for Smith’s alleged beliefs, such as the ‘wise, Powerful, and good God’, ‘great Director’, ‘divine Being’, ‘the Gods’, ‘the republic of the Gods’, ‘the great superintendent’, ‘director’, and so on, on examination, are reports on pagan teachings, not necessarily, a personal endorsement of any religious principle (cf. Viner 1972; Denis 2005; Long 2006; Oslington 2010, 2011).

Smith alluded to the origins of resentment from Nature (which predated Christianity) and he back-projects onto Nature those human behaviours later incorporated into the practice of Christian morality (TMS II.i.3.1: 71). Society’s cohesion rests on the impartial resentment of justice, and by rooting this in Nature, and not in the deference accorded to religion he takes a step away from religious belief without mentioning the revealed Christian God (TMS II.ii.1: 81–3).

## CLOSING THOUGHTS

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I have argued that the changes Smith made to TMS show that he was no longer the Christian believer of his youth, and that such Deism and allusions to Providence<sup>13</sup> that he tentatively expressed in the contemporary language of literary discourse, were almost inevitable, given that neither he nor other figures in the Enlightenment knew enough to provide a secular, materialistic, and a non-religious account of the origins of life and natural selection. His posthumous essay on Astronomy (HA) and his fierce critique of the dominant European Christian institutions in WN, set against his known biographic details support this chapter’s argument that relying on purely exegetical analysis is misleading.

The censorious social environment in which Adam Smith worked, slowly gave way to a more secular age, the relative freedoms of which are taken for granted by modern scholars. Smith lived close to the long cusp that led to the changes that created the

<sup>12</sup> Providence is discussed in TMS (I.ii.3.4: 36); (I.iii.2.9: 59, footnote c-c, eds 1–5); (III.2.31–2: 128); (III.5.7: 166); (IV.1.10: 185); (VII.ii.1.18: 274); (VII.ii.1.20: 276); (VII.1.23: 278, footnote ‘r’ from eds 1–5); (VII.ii.1.26: 281); (VII.ii.1.35: 288); (VII.ii.1.339: 289–90); (VII.iii.3.15: 326).

<sup>13</sup> I shall critique claims of Smith’s ‘Deism’ in a future essay.

modern world. But he lived in a different world and he made his filial accommodations to religion in public to protect the mother he loved so dearly, and to the religion she believed in. As her only son, and, because he understood his filial duty, he lived what he taught: ‘The most sublime speculation of the contemporary philosopher can scarce compensate the neglect of the smallest active (and filial?) duty’ (TMS VI.ii.3.6: 237).

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## CHAPTER 23

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# ADAM SMITH ON EQUALITY

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SAMUEL FLEISCHACKER

### IS SMITH AN EGALITARIAN?

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MANY scholars have stressed the importance of human equality to Smith's thought, in recent years; one book, by Iain McLean (2006), describes him as a 'radical egalitarian'. Indeed, despite the fondness for Smith often shown by activists and writers who oppose egalitarian political programmes, the suggestion that Smith's ideas help make the case for such programmes has a long history. Samuel Whitbread, who proposed minimum wage regulations in the 1790s, John Millar, who promoted universal suffrage at about the same time, Mary Wollstonecraft, Tom Paine, Thomas Jefferson, the Marquis de Condorcet, and the Abbé Siéyès all admired Smith and drew heavily on him.<sup>1</sup> Indeed, until at least a decade or two after the French Revolution, it seems fair to speak of a 'left-Smithian' as well as a 'right-Smithian' stream of thought, a tradition that claimed Smith's work on behalf of the equality of all human beings, and consequent need to improve the condition of those in inferior social and economic conditions, as well as a tradition that claimed him for the unfettered expansion of industry, and for a conception of politics in which liberty must always trump equality.

Exactly what 'equality' means is a difficult question, however. For some, an emphasis on equality goes with an endorsement of government re-distribution of wealth; for others, it may go with quite different political programmes, or have little to do with politics at all. Amartya Sen has called attention to the remarkable fact that 'every normative theory of social justice that has received support and advocacy in recent times seems to demand equality of *something*': even Robert Nozick and James Buchanan, known for their strong opposition to government policies that re-distribute wealth, base their views on the equal right of every human being to liberty (Sen 2009: 291). This article will take up some of different meanings of 'equality', and consider whether Smith is rightly regarded as an egalitarian along these various dimensions.

<sup>1</sup> See Himmelfarb (1984: ch. 3); Winch (1996: ch. 5); and Rothschild (2001: ch. 2).

To begin, a brief survey of the literature on equality in Smith. A number of scholars, over the past two decades, have presented Smith as closer to the radical egalitarians in the French Revolution, and their socialist successors, than anyone had supposed in the past. The trend may be said to have begun with Emma Rothschild's seminal 1992 article, 'Adam Smith and Conservative Economics',<sup>2</sup> which argued that Smith has been wrongly seen as an opponent of state provision for the poor in large part because of Dugald Stewart's strategically cautious 1793 account of his life, written at the height of British fears about the French Revolution and designed to shield Smith and his friends and students, including Stewart himself, from any association with Jacobinism. Rothschild provided a brilliant and extremely thorough reading of the context of Smith's reception in the 1790s, but in the end she claimed just that Smith was, and until the late 1790s was seen as, a fervent 'friend of the poor', rather than that he favoured any particular redistributionist programme. She did, however, open up the possibility that Smith might reasonably be understood as an intellectual godfather of such programmes, and not just of the anti-distributivist libertarian ideologies that have claimed him.

Several other scholars have since explored this possibility. I relied on Rothschild to claim Smith as an ancestor of welfare-state liberalism in my *Third Concept of Liberty*, and to argue that his own political vision at least allows for a rich basket of welfare programmes in my *Philosophical Companion to WN* and *Short History of Distributive Justice*. In these books, I also argued that there is a deep commitment to human equality running through Smith's moral philosophy. Stephen Darwall has endorsed this point, while richly elaborating the role of equality in Smith's moral philosophy (Darwall 1999; 2004; 2006). Separately, David Levy and Sandra Peart have argued for an unusually egalitarian strand in Smith's work, stressing both Smith's opposition to racism and his resistance to any sharp expert/ordinary person distinction in the practice of economics (Levy 1992; Peart and Levy 2005). Charles Griswold calls Smith a 'moral egalitarian' (Griswold 1999: 12) and draws out the ways in which this informs his critique of slavery and theory of justice (Griswold 1999: 199–200, 239, 251), while Spencer Pack described Smith as a socio-economic egalitarian of sorts as early as 1991 (Pack 1991: 1, 4, 66). More recently, Gavin Kennedy, Dennis Rasmussen, and Ryan Hanley have developed versions of these claims (Kennedy 2008: 256–61; Rasmussen 2008: 101–8; Hanley 2009: 45, 136, 150, 199–200, 205, 208). And Iain McLean, as noted above, places a radically egalitarian view at the heart of his book on Smith.

At the same time, there has been something of a counter-trend. DD Raphael has questioned the strength of my claims for Smith's socio-political egalitarianism, using close readings of a number of passages in Smith's writings to suggest that more qualified claims are in order (Raphael 2007: 122–6). Jeffrey Young declares outright that Smith is not a socio-political egalitarian, although he does see Smith as concerned with the plight of the poor (Young 1997: 134–41). Other scholars have drawn out a certain elitism in Smith's view of the attainment of virtue. John Dwyer suggests that Smith moved in the last edition of TMS 'from an optimistic faith in a self-contained moral community to the

<sup>2</sup> Rothschild (1992); a revised version constitutes chapter 2 of Rothschild (2001).

elevation of the virtuous few' (Dwyer 1987: 175). Vivienne Brown has argued that Smith has a two-tiered set of moral standards, one for ordinary people and one for the superior individuals who are capable of full virtue (Brown 1994: 83, 86–7, 93, 208–9). And both Darwall and Fonna Forman-Barzilai have acknowledged that there are inequalitarian as well as egalitarian strands in Smith's thought (Darwall 2010; Forman-Barzilai 2010: 33, 66, 111–12, 130, 171–5).

With these competing scholarly trends as background, let us take a close look at the elements of Smith's texts and system that lend support to a view of him as an egalitarian, as well as the elements that militate against such a reading.

## EQUALITY IN *THE THEORY OF MORAL SENTIMENTS* AND *AN INQUIRY INTO THE NATURE AND CAUSES OF THE WEALTH OF NATIONS*

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A commitment to human equality arguably stands at the core of Smith's moral thought. Smith's criterion for proper moral judgment is the feelings of an impartial spectator. We project ourselves into the situations of other people and try to figure out whether an impartial spectator would have the sentiments that they seem to have in those situations. But, as Darwall has stressed, the idea that we can and should identify with the perspective of every other person implicitly pre-supposes a commitment to the equal worth of those perspectives.<sup>3</sup> Moreover, at a number of points Smith explicitly characterizes the impartiality with which we are to assess each person's perspective as necessary because it enables us to see other people's interests as equal in value to our own:

[T]o the selfish and original passions of human nature, the loss or gain of a very small interest of our own, appears to be of vastly more importance... than the greatest concern of another with whom we have no particular connexion. His interests, as long as they are surveyed from this station, can never be put into the balance with our own... Before we can make any proper comparison of those opposite interests, we must change our position. We must view them, neither from our own place nor

<sup>3</sup> See Darwall (2004: 132):

For Smith, when we judge an agent's motive, we do so from the agent's own perspective, viewing the practical situation as we imagine it to confront her in deliberation. And when we judge someone's feeling or reaction, we do so from her patient's perspective, viewing the situation as we imagine it to confront her... Both judgments involve an implicit identification with, and thus respect for, the other as having an independent point of view... For Smith, therefore, the implied framework of judgments of... propriety is a moral community among independent equal persons. Judgments of [propriety] involve an implicit inter-subjectivity, a projection into the standpoints of independent individuals that is disciplined by a standard of one among equals, as 'one of the multitude, in no respect better than any other in it. (TMS III.3.4: 137)

yet from his, neither with our own eyes nor yet with his, but from the place and with the eyes of a third person, who has no particular connexion with either, and who judges with impartiality between us. (TMS III.3.3: 135; cf. III.1.2: 109–10; VI.ii.2.2: 228, and material appended to III.2.31: 129)

The main reason for taking up the position of impartiality, according to this passage, is so that we can see others as equals; what we gain from overcoming self-love is the ability to grasp the true equality of humankind. A few pages later, Smith identifies the impartial ‘inhabitant of the breast’ with reason and says it is ‘capable of astonishing the most presumptuous of our passions’; he goes on immediately to say that we realize, when our presumptuous passions are thus checked, ‘that we are but one of the multitude, in no respect better than any other in it.’<sup>4</sup> We learn ‘the real littleness of ourselves’ when we occupy the moral standpoint, Smith says, and he uses similar language over and over to assert that our greatest moral mistakes come when we try to assert superiority over other people. In the race for wealth, no-one is allowed to ‘jostle, or throw down’ any of his competitors: ‘This man is to [the spectators of that race], in every respect, as good as he: they do not enter into that self-love by which he prefers himself so much to this other’ (TMS II.ii.2.1: 83). Again:

What chiefly enrages us against the man who injures or insults us, is the little account which he seems to make of us, the unreasonable preference which he gives to himself above us, and that absurd self-love, by which he seems to imagine, that other people may be sacrificed at any time, to his conveniency or his humour. (TMS II. iii.1.5: 96)

‘Injury’ and ‘insult’ are Smith’s technical terms for the harms inflicted by injustice, and here, as in the previous passage, Smith is characterizing the resentment, on our own behalf or on behalf of others, that underlies the virtue of justice. The point of the passage is to explain why even small acts of injustice seem to deserve punishment, and the argument is that even where the material harm done is slight, an act of injustice suggests that the victim is somehow less worthy than the agent, and thereby constitutes an important symbolic harm. The anger that boils out of the passage indeed captures wonderfully how we feel when another person seems to imagine that we ‘may be sacrificed at any time, to his conveniency or his humour’, how bitterly we resent such a symbolic degradation below the equal worth that we think we share with all other human beings.<sup>5</sup>

Now there are strands in Smith’s writing that suggest a different picture, on which a few people manage to be virtuous while the bulk of humanity lives out an inferior,

<sup>4</sup> TMS III.3.4: 137. The link between the fact that the impartial spectator transcends the passions and the fact that it enables us to grasp human equality foreshadows Kant. On Smith and Kant, see Fleischacker (1991, 1996, 1999) and Darwall (2004: 118–22).

<sup>5</sup> Chris Berry has pointed out to me in correspondence that since the impartial spectator process is supposed to be reflexive, our resentment at another person’s acting as if he has greater worth than we do should also remind us that *we* have no greater worth than our neighbours. (This goes with the quotation from TMS VI, immediately below, which stresses the humility that the most virtuous people should have.)

second-rate, sort of life. But even when he says things like this, he describes the truly admirable people as those most inclined to see others as their equals. According to Smith, the perfect sage, the person who most fully tries to live up to the ideal model of humanity within himself, may be aware that he is superior to ‘the approximation to this idea which is commonly attained in the world’, but

as his principal attention is always directed towards the [ideal] standard, he is necessarily much more humbled by the one comparison, than he ever can be elevated by the other. He is never so elated as to look down with insolence even upon those who are really below him. He feels so well his own imperfection, he knows so well the difficulty with which he attained his own distant approximation to rectitude, that he cannot regard with contempt the still greater imperfection of other people. (TMS VI.iii.25: 248)

For Aristotle, the fully virtuous man both is superior to other people and has a feeling of his own superiority; that feeling is indeed part of his virtue. For Smith, even insofar as there are ‘superior’ and ‘inferior’ people, one mark of the superior kind is that *they do not regard the others as inferior*; one part of their virtue is humility, which entails recognizing the insignificance of the differences among people. They are superior, in good part, because they don’t consider themselves superior. Virtuous people take up the position of conscience, the stance of the impartial spectator, from which vantage point they see ‘the real littleness of themselves’, the fact that they are but ‘one of the multitude, in no respect better than any other in it’.

Smith thus strongly endorses human equality as a normative principle, arguing that the moral point-of-view—the point-of-view of the impartial spectator—requires us to see all human beings as equal. Of course this ‘equality’ is some sort of ‘equality in principle’, some sort of fundamental equality in worth, and does not directly presuppose that people are equal in virtue or intelligence, or entail that they be made equal in wealth, political and social status, or happiness. Yet the normative principle puts pressure on how we view the facts about human beings. It is difficult to believe that people really have equal worth in principle if they seem in fact to be irremediably unequal in worthy qualities, and it is difficult to see how great inequalities in goods can be justified if human equality is our basic norm. Why should I see myself ‘as in no respect better than any other’ human being if many others are in fact obviously less intelligent or virtuous than I am? How, on the other hand, if we do regard all people as equally worthy, can we tolerate great differences in the quality of life they enjoy? Normative egalitarians must grapple with two kinds of factual inequality: inequalities in human characteristics, which challenge the justification for saying that people are equal, and inequalities in human reward.<sup>6</sup> Smith offers responses to both these problems.

<sup>6</sup> The distinction between these two sets of issues is not a sharp one, since one important way in which human rewards differ is that some people receive, from childhood onwards, better *means for developing* intelligence and virtue than others do.

That people are in fact equal, in at least the capacity for virtue and intelligence, is a theme that runs through both TMS and WN. The most explicit passage in this regard is WN I.ii.4: 28–9:

The difference of natural talents in different men is, in reality, much less than we are aware of; and the very different genius which appears to distinguish men of different professions, when grown up to maturity, is not upon many occasions so much the cause, as the effect of the division of labour. The difference between the most dissimilar characters, between a philosopher and a common street porter, for example, seems to arise not so much from nature, as from habit, custom, and education. When they came into the world, and for the first six or eight years of their existence, they were, perhaps, very much alike, and neither their parents nor play-fellows could perceive any remarkable difference. About that age, or soon after, they come to be employed in very different occupations. The difference of talents comes then to be taken notice of, and widens by degrees, till at last the vanity of the philosopher is willing to acknowledge scarce any resemblance.

Three comments on this passage: First, Smith's use of a 'philosopher'—his own profession—in this example is no accident. In a number of other places, he uses philosophers when he wants to show the universality of some psychological or social feature of human beings (see e.g. TMS I.ii.2.4: 34 or LJA.vi.49: 349). It is important to Smith to show that he himself is no exception to general humanity, and to prick his own vanity first when urging his reader to do so. Smith thus enacts his normative commitment to human equality in the course of preaching it.<sup>7</sup>

Secondly, the passage serves to buttress a running argument in WN that the division of labour makes for various efficiencies in economic productions but has nothing to do with natural divisions of talent among human beings. Smith consistently plays down the importance of inborn differences in talent: difference in talents, for him, is a matter of difference in training, not difference in native endowment (WN I.vi.3: 65). Indeed, this line of argument really begins right at the start of the book, where the value of dividing up labour is introduced without so much as a mention of differences in human talent. That differences among human talents are unimportant, and that the division of labour creates such differences more than the other way around, is one of Smith's most controversial claims. Plato already maintained that a division of labour is essential to economic productivity (*Republic* 369e–370b), but he argued for a division that reflected the natural differences in human talents, and many writers, both before and after Smith, have followed Plato rather than Smith in this regard. Even the socialist Karl Polanyi agrees with Plato more than with Smith: 'Division of labor', says Polanyi, '... springs from differences inherent in the facts of sex, geography, and individual endowment' (Polanyi 1944: 44). Yet Smith appears to have been committed to a remarkably strong version of the claim that people are essentially equal in abilities. One of his most implausible claims—that 'a great part' of the machines used in manufacturing are invented by the workmen

<sup>7</sup> Griswold (1999: 251) makes a similar point. Peart and Levy use this passage as the starting point for their account of Smith's egalitarianism in their *Vanity of the Philosopher*.



(WN I.i.9: 21)—reflects, in its very implausibility, his strong desire to see the humblest of people as ingenious. Smith indeed hints several times in his writings that he took a special interest in conversing with poor people (see Fleischacker 2004a: 39–40). At one point, he indicates that he made efforts to converse with a yet more often despised class of people. '[W]hoever has taken the trouble to examine' the mentally handicapped, he says, knows that they are far more capable than they think they are, and he then details what conversations with mentally handicapped people are like (TMS VI.iii.49: 260–1). Both the content of this claim and the indication that he sought out such conversations himself suggest that Smith had an unusual degree of respect for a class of people who are generally overlooked even today. So the claim about the similarities between philosophers and street porters belongs to a larger, energetic attempt to minimize differences in human ability.

Thirdly, Smith often appeals to the importance of early childhood education in shaping human character. This too is a mark of an attempt to show that people are much more equal, in fact, than they are generally taken to be. If fully achieving virtue is possible only via the kind of sophisticated education that Plato and Aristotle prescribe, an education that may require, as it does for Plato, mathematical and logical skills that not every human being has, and that in any case demands an investment of time that ordinary labourers are unable to afford, then the virtuous will necessarily make up only a small elite in every society. For Plato and Aristotle, unabashed elitists both, this was unproblematic. Yet even modern egalitarians (Kant, Schiller, and John Stuart Mill, for example) have often believed that an extensive higher education in literature and philosophy is necessary to develop human capacities to their fullest. These thinkers have had to struggle mightily to reconcile their egalitarianism with the elitism implicit in their view of education. Since Smith takes the education necessary for virtue to be something all human beings receive in early childhood, he faces no such problem. He tells us that what philosophers like Plato prescribed as the only route to virtue—an 'artificial and refined education' in 'the severest, [and] profoundest philosophy', in which one engages in 'the abstruse syllogisms of a quibbling dialectic' (TMS III.3.8: 139; III.3.21: 145)—is unnecessary and in fact far inferior to 'that great discipline which Nature has established for the acquisition of . . . virtue' (TMS III.3.21: 145): what practically all children learn in their families. Smith describes how the nurse or the parents of a baby teach it some degree of 'self-command' when they require it to restrain its anger, and how it learns that central virtue to an even greater degree when, as an older child, it must 'moderat[e], not only its anger, but all its other passions, to the degree which its play-fellows and companions are likely to be pleased with' (TMS III.3.22: 145; see also LJA. iii.5–7: 142–3). This playing with children outside the home is, Smith says, the beginning of 'the great school of self-command' (TMS III.3.22: 145). The other main component of moral education is what children learn by interacting with their parents and siblings:

Do you wish to educate your children to be dutiful to their parents, to be kind and affectionate to their brothers and sisters? put them under the necessity of being dutiful children, of being kind and affectionate brothers and sisters: educate them in your own house. From their parent's house they may, with propriety and advantage,

go out every day to attend public schools: but let their dwelling be always at home. Respect for you must always impose a very useful restraint upon their conduct. (TMS VI.ii.1.10: 222)

Smith makes out moral teaching out to consist most importantly of being in circumstances that train one's emotions, not of receiving any explicit instruction or grasping any philosophical principles. All the childhood teaching he endorses is inexplicit: the parents are not told to read uplifting books to their children, nor to teach them moral or spiritual truths, and the explicit learning children receive in school is played down. Similarly, in WN, Smith describes the Greek belief that an education in the arts can 'humanize the mind, . . . soften the temper, and . . . dispose it for performing . . . social and moral duties,' notes that the Romans held no such belief, and then drily remarks that '[t]he morals of the Romans . . . seem to have been, not only equal, but upon the whole, a good deal superior to those of the Greeks' (WN Vi.f.40: 774). Smith thus puts the non-philosophical teaching of parents and play-mates ahead of what we can learn from literature and philosophical systems, in developing moral character, and suggests that the achievement of virtue is open to everyone with a decent family, not something that only a formally educated elite can attain. Indeed, it is far from clear that an educated elite will be particularly good at achieving virtue. They may rather, like the Greeks who put such an emphasis on the arts, excel in certain kinds of learning while *lacking* the proper emotional structure for virtue altogether.

As against this egalitarian strain in Smith, one might mention his references to the undiscerning eyes of 'the mob' (e.g. TMS VI.ii.1.20: 226), or his remark that 'They are the wise and the virtuous chiefly, a select, though, I am afraid, but a small party who are the real and steady admirers of wisdom and virtue' (TMS I.iii.3.2: 62). We will return to the latter passage shortly, but for now we might just note that Smith's relegation of virtue to a select and small party can be understood as a comment on social conditions rather than on human nature. Even if people are equally *capable* of virtue and intelligence, all sorts of social conditions and institutions may prevent them from equally *developing* their capacities. And Smith famously believes that the advancement of the division of labor 'obliterate[s] and extinguish[e]s' the nobler parts of human character in the vast bulk of the population (WN Vi.f.50: 784). He also believes that lavish churches, in which clergy live sumptuously, set up the wrong sort of role models for our emulation, and that churches like his own Scottish Presbyterian one, in which the clergy are paid poorly and therefore gain dignity only by 'the most exemplary morals' (WN V.i.g.38: 810, also V.i.g.37: 809–10, and V.i.g.42: 814), can help inspire modesty and decency. Social arrangements, for Smith, can thus help or hinder people in making use of their equal capacities. So it is possible that better social arrangements might eliminate the distinction between the 'mob' and the 'select and small party' of the wise and virtuous.

More generally, better social arrangements might eliminate the differences in quality of life between haves and have-nots. This brings us to the other half of the problem, for a normative egalitarian, with the actual inequalities among people. How can the equal worth of all human beings be reconciled with the inequality in the material conditions

that people face, across practically all societies? Smith offers three sorts of response to this problem: (1) he minimizes the importance of material inequalities, (2) he regards them as outweighed, even for those who get the short end of the stick, by other goods, and (3) he advocates greater equality. We will look briefly at each of these strategies.

Smith claims that people can be happy in most of the ‘permanent situations’ of human life, which makes differences in material goods and social status appear relatively unimportant. Happiness, he says, consists primarily in tranquillity, the ability to adapt to whatever fate throws one’s way. But in that case the difference between one material or social situation and another will be small. There is room here to acknowledge that some situations are truly awful. He did not *identify* happiness with tranquillity (*apatheia*), as the Stoics did, and emphasized the suffering of the poor and oppressed throughout his *Wealth of Nations*.<sup>8</sup> He is not bothered, however, by the inequality between middle-class people and those with great wealth. To exaggerate the difference that more goods or a higher social status makes to one’s happiness is, for Smith, a great moral mistake and the source of much unhappiness.

Smith also argues that inequalities in social status can be for the benefit of all, including the worst off. In the first chapter of WN, he shows how the unequal socio-economic order of the commercial world leads to levels of productivity that enable even the worst-off person in that world to be better off than the king of a more egalitarian hunter-gatherer society. (Among hunters, he says, ‘[u]niversal poverty establishes . . . universal equality’ (WN V.i.b.7: 712)). He also says that socio-economic inequality helps underwrite the stability of political orders and thereby contributes to a strong and fair system of administering justice (WN V.i.b.1–12: 710–15; see also TMS VI.ii.20: 226). But there is nothing more important, to the poor themselves, than a strong and fair system of justice, so social hierarchy again serves the interests of those at the bottom of the hierarchy.

That said, Smith’s response to the inequality in human reward is in large part to urge movement towards greater political, economic, and social equality. He was bitterly opposed to slavery—WN was cited by many eighteenth and nineteenth-century abolitionists<sup>9</sup>—although he was also pessimistic about its ever being abolished (LJA.iii.101–17: 181–7). On this issue, and as regards disputes between ‘masters’ and workers, Smith sees government as properly a champion of the weakest in society (WN I.x.c.61: 157–8), but fears that it will often not live up to that role. His emphasis on the importance of justice is itself a way of urging the importance of equality: as we have seen, the rules of justice express the equality of human beings in a particularly strong way. When Smith

<sup>8</sup> He is more cavalier about the suffering of the poor when he writes, in TMS IV.1.10: 185, that ‘the beggar who suns himself by the side of the highway can have that security which kings are fighting for.’ Martha Nussbaum (2000) rightly points out that Smith’s tendency towards Stoicism can encourage attitudes of complacent indifference towards the poor. See also the discussion in Fleischacker (2004a, Chapter 6). I would stress that those tendencies are stronger in WN than TMS (and in the first edition of TMS, for which the line about the beggar was composed, than in later editions).

<sup>9</sup> See Davis (1986: 180, 282) and Drescher (2002). Drescher (2002: 247, n. 39) notes that some *pro-slavery* activists also appealed to Smith’s writings, however, and that the abolitionist movement ‘first pounced on and then virtually abandoned the bold affirmation of the inferiority of slave labor in *Wealth of Nations*’ (Drescher 2002: 33).

insists, as he does over and over again, that the sovereign must ensure justice for all citizens, he is insisting on a legal framework that expresses the equality of all citizens: a policy that ‘hurt[s] in any degree the interest of any one order of citizens, for no purpose but to promote that of some other, is evidently contrary to that justice and equality of treatment which the sovereign owes to all the different orders of his subjects’ (WN IV. viii.30: 654). The equality to which Smith here refers is legal equality, but he also makes proposals to reduce socio-economic equality. He urges the abolition of primogeniture and entail, which maintained unearned gluts of wealth over centuries, and makes a number of proposals which he believes will make it easier for the poor to rise socially: the abolition of apprenticeship requirements and the laws of settlement, and the reform of a number of tax policies (WN I.x.c: 135–59; V.ii.c.10–19: 830–4; V.ii.e.6: 842).<sup>10</sup> He even suggests, in a couple of places, that the government arrange its taxes so that ‘the indolence and vanity of the rich’ can contribute to the well-being of the poor (V.i.d.5: 725; V.ii.e.6: 842). Smith’s normative egalitarianism thus has an impact on his political proposals. The norm of human equality guides both how he interprets the facts about human nature and what he considers to be good political practice.

## HIERARCHY IN *THE THEORY OF MORAL SENTIMENTS* AND *AN INQUIRY INTO THE NATURE AND CAUSES OF THE WEALTH OF NATIONS*

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So much for the case that Smith is deeply committed to human equality. A number of elements in Smith’s writings do not fit this case well. As noted earlier, one might point to his endorsement of socio-economic hierarchies (‘the distinction of ranks’) as necessary for political stability (TMS I.iii.2.4: 53–4; I.iii.3.1: 61, VI.ii.1.20: 226; VI.iii.30: 253; WN V.i.b.1–12: 710–15), which leads Jeffrey Young to state emphatically that ‘Smith is not an egalitarian.’<sup>11</sup> Or one might mention Smith’s repeated references to the undiscerning eyes of ‘the mob’ (e.g. TMS VI.ii.1.20: 226), or his claim that ‘the course clay of which the bulk of mankind are formed cannot be wrought up to’ true moral perfection (TMS III.5.1: 162–3). Practically everyone can be ‘impressed with a regard to general rules,’ Smith says, and that will be sufficient to keep them acting ‘with tolerable decency,’ but true moral greatness—becoming ‘the very first of [our] kind’—lies in heeding the ‘nice and delicate’ guidance of the impartial spectator at all times, not merely in following rules. Vivienne Brown argues on the basis of these passages that ‘only a refined few’ can achieve true

<sup>10</sup> Smith’s attack on sumptuary laws (WN II.iii.36: 345) may also be aimed at unnecessary distinctions in social status—I am grateful once again to Chris Berry for this nice observation.

<sup>11</sup> Young (1997: 140). See also 134–41, however, which show that even Smith’s inegalitarian inclinations do not rule out some commitment to distributive justice. Donald Winch also draws attention to the importance of the division of ranks for Smith, and also grants that Smith nevertheless leaves some room for redistributive policies (Winch 1996: 74, 97–103).

virtue for Smith; the rest of us can at best live at a second-order level of morality (Brown 1994: 83, 86–7, 93, 208–9).

These elements of Smith's thought pose challenges of varying difficulty for those who view him as an egalitarian. Smith's endorsement of the distinction of ranks is relatively untroubling. 'Civil government supposes a certain subordination,' he says (WN V.i.b.3: 710), but in context this clearly means just that governments need a certain authority if they are to achieve their primary purpose, which is to keep the peace. Disputes constantly arise among human beings, and without a common political superior who can resolve them, society will degenerate into civil war. And the easiest way to get people to treat a person as a political superior is if there is some natural basis leading them to look up to that person in any case. It happens that 'birth and fortune'—personal wealth and descent from a wealthy or once-wealthy family ('birth')—provide just such a natural basis.<sup>12</sup> They therefore underwrite political stability. But we *all* need that stability—the poor person needs protection against violence as much as anyone else—so the inequality Smith here finds useful serves a more basic equality: serves to guarantee the rights and basic needs of everyone.

Moreover, Smith rarely discusses the value of the distinction of ranks without simultaneously mentioning its harms and dangers. The 'disposition to admire . . . the rich and the powerful,' he says, 'though necessary both to establish and to maintain the distinction of ranks and the order of society is, at the same time, the great and most universal cause of the corruption of our moral sentiments' (TMS I.iii.3.1: 61). Elsewhere he tells us that 'Nature has wisely judged that the distinction of ranks' should rest on birth and fortune rather than wisdom and virtue, since the former pair of qualities is 'plain and palpable' while the latter is 'invisible and . . . uncertain,' but adds that 'the rich and the great are too often preferred to the wise and the virtuous' (VI.iii.1.20: 226). Again, he says that 'the great mob of mankind' look up to powerful figures even when they are as evil as Attila and Genghis Khan, and that this is useful for the prime purpose of government, but he also calls it 'a very weak and foolish admiration' (VI.iii.30: 253). In each case, Smith casts moral aspersions on the distinction of ranks—and rejects the idea that it reflects differences in moral or intellectual quality—even while acknowledging its usefulness. This is faint praise, and makes yet clearer that Smith accepts socio-economic inequalities only to the degree that they serve a good of importance to all of us.

The 'mob' and 'coarse clay' passages present a more difficult obstacle to those who would read Smith as an egalitarian. It is not so clear, however, how significant they are. Language deriding 'the mob' is eighteenth-century boilerplate, for one thing, a rhetorical convention Smith may easily have used without considering its connotations much. The 'coarse clay' passage also comes from the first edition of TMS, and may represent a view that Smith abandoned later in his career. (An editor's note on p. 164 argues that one paragraph of III.5 must date from an early version of Smith's lectures and is inconsistent with other elements of TMS: perhaps the same is true of the whole chapter.) And given Smith's

<sup>12</sup> Christopher Berry points out that Smith's account of intellectual development makes 'palpable' sources of distinction like these particularly important in early human civilizations (Berry 1997: 99).

dismissive comments on the usefulness of educational programmes in fostering virtue, his ‘select, . . . small party’ of the wise and virtuous is likely not to be a party of people with special, well-cultivated intellectual skills, just of those who attend closely enough to the beauty of virtue that being decent rather than being rich or famous is their goal in life. Not every human being *does* achieve such wisdom and virtue, but it would seem that any human being, regardless of class or formal education, *can* achieve it—and in principle everyone could.<sup>13</sup> This opens the way to the reading of Smith’s comments about the ‘mob’, sketched above, as implicitly about social conditions rather than human nature.

But that reading may strike some readers as strained. It can hardly be denied that the ‘coarse clay’ passage suggests a hierarchical picture of the ability of human beings to achieve virtue, just as Brown argues that it does, with one, superior set of people having the material (‘clay’) to become ‘the very first of our kind’, while the multitude of inferior others never gets beyond ‘tolerable decency’. No amount of apologetics can really overcome this suggestion, and some scholars who stress Smith’s egalitarianism acknowledge at the same time that there is a strand in Smith’s thought that does not fit with this way of interpreting him. Stephen Darwall addresses this issue in his contribution to a recent collection of essays on Smith, arguing that Smith was torn between an older, hierarchical ‘honor’ ethic and the egalitarian ethic of dignity that was beginning to take hold in the latter half of the eighteenth century.<sup>14</sup> This seems the most plausible, and judicious, way of dealing with the apparent contradictions in Smith’s writings about equality, and would explain why it is so difficult to pin down exactly where he stands. In some respects, Smith is one of the most egalitarian thinkers in the eighteenth century—the importance of equality to the way he accounts for moral judgment is matched only by Kant; the claims he makes for the virtues of poor workers is matched, if by anyone, only by Rousseau; and he is probably the most anti-racist of all eighteenth-century thinkers (see TMS V.2.9: 206). But in other respects he seems simply to have retained the hierarchical, honour-based values dominant in his time among most people of his rank and education.

## VARIETIES OF EGILATARIANISM

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I would like to conclude by distinguishing several kinds of egalitarianism, and considering where Smith belongs on the egalitarian map once we recognize how complex it is. We have already distinguished between normative and factual egalitarianism, noting that Smith is

<sup>13</sup> Recall that, according to the opening chapters of TMS, every human being naturally comes to internalize the attitudes of the spectators he or she encounters, set up an impartial spectator within him or herself, and recognize the superiority of praise-worthiness to mere praise. *Everyone*, that is, not just a refined few, is normally subjected to the influences that make one capable of the highest moral achievement.

<sup>14</sup> Darwall (2010: 107) notes that Smith is hardly unique in being thus torn: Kant, he says, ‘was another who played an important role in shaping liberal egalitarian moral and political ideas while also having one foot in an earlier ethic of honor.’

in part both a normative and a factual egalitarian. We should add a distinction between moral and socio-political egalitarianism, and again among different kinds of socio-political egalitarianism. A moral egalitarian may believe that everyone has equal worth, with Kant or with religious believers who see all human beings as created in the divine image, without thinking that this requires that people be equal in political or civil rights, let alone in material goods or social status. Some religious people, in particular, have held that the suffering of the poor will help them in an afterlife, or that they have earned their poverty by their vices, or that worldly goods like wealth and status and political power are worthless, and do nothing to contribute to what makes life worth living. For such people, the equal worth of human beings is at best irrelevant to questions about the proper distribution of political and material goods; it may indeed mandate that those goods be distributed *unequally*. Moral egalitarianism thus need not entail socio-political egalitarianism. The two are independent of one another, and can be linked only if one adds premises about the importance of political and material goods to a worthwhile human life.

There are yet further distinctions among kinds of socio-political egalitarianism. As Amartya Sen rightly notes, in the passage cited at the beginning of this essay, practically every contemporary theory of justice ‘seems to demand equality of *something*’. Some stress simply the equality of civil rights—rights to a fair trial, free speech, freedom of religion, etc.—and do not regard equal political rights as very important (except perhaps as a way of ensuring equality in civil rights); a king or dictator who respects everyone’s civil rights, on this view, can achieve all the socio-political equality that people need.<sup>15</sup> Others insist on equality in political as well as civil rights, but deny that the moral equality of human beings has any bearing on socio-economic standing. And among those who think that moral equality does underwrite a demand for some sort of socio-economic equality, there are those who locate the relevant socio-economic equality in equality of opportunity alone, those who think it is satisfied if everyone is guaranteed a minimum basket of material goods, those who favour a Rawlsian ‘difference principle’ rather than a guaranteed minimum, allowing for differences in wealth and status only insofar as they benefit the least well off, and those who see complete equality in wealth and social status as the only adequate realization of our equality in worth.<sup>16</sup>

Underlying these differences are deep disagreements over what is worthwhile in human life, as well as over what is politically practicable. Those who see freedom as central to what makes life worth living, and hold a strongly individualist understanding of what that freedom amounts to, tend to call just for equality in civil and political rights, or at most in economic opportunity, rather than any equality in material and status goods: they think it is essential to freedom that every individual acquire just the portion of these goods that she can earn for herself. Those who call for more substantial socio-economic equality tend either to lay less emphasis on freedom, in their understanding of what

<sup>15</sup> Defenders of ‘authoritarian’ as opposed to ‘totalitarian’ despotisms in the 1970s and 1980s—which in practice meant right-wing as opposed to left-wing despotisms—sometimes made claims of this sort.

<sup>16</sup> There is also a great deal of argument over the sorts of goods to which demands for socio-economic equality should apply: Rawls’s ‘primary goods’, Ronald Dworkin’s ‘resources’, and Amartya Sen’s ‘capabilities’ are just three of the most prominent attempts to get at this question.

makes life worthwhile, or to define freedom in less individualistic ways. There are also theorists and political activists whose commitments as regards equality are driven by what they think states can realistically achieve, rather than by philosophical concerns.

One problem with any attempt to locate Smith along these various dimensions of egalitarianism is that most of the socio-political distinctions I have mentioned were developed after Smith died.<sup>17</sup> I have argued elsewhere that Smith's work helped inspire socio-economic egalitarians in a later day, and he was certainly a critic of certain inegalitarian views in his day, rejecting both slavery and the notion that poor people belong in their socio-economic station because of their lack of virtue.<sup>18</sup> But Smith did not expressly defend equality in civil and political rights, much less any sort of socio-economic equality. He did say that the state owes 'equal treatment' to all its citizens (see, among many other places, WN IV.viii.30: 654). This amounts to little more than a call for formal equality under the law, however, or at most equality in civil rights. Nowhere in his writings, as far as I am aware, does he so much as hint that political rights should also be distributed equally (although he is thought to have had republican leanings, and his student John Millar supported universal suffrage): see Fleischacker 2004a: 246–9. He said more about socio-economic equality, but what he said is ambiguous. His attack on apprenticeship laws, wage caps, and the settlement requirements of the English Poor Law, can be read as motivated by a belief in the equality of opportunity; his support for some re-distributive measures, and remark that 'it is but equity that they who feed, cloath and lodge the whole body of the people...be themselves tolerably well fed, cloathed and lodged' (WN I.viii.36: 96), may anticipate a more radical socio-economic egalitarianism. His claim that the division of ranks is useful, on the other hand, and his opposition to governments doing much to intervene in economic matters, can be used against significantly re-distributive socio-economic programmes.

Another way to get at these issues is to ask whether Smith accepted any of the various premises that can block the inference from moral to socio-political egalitarianism. We can be fairly confident that he did not believe, with the religious figures mentioned earlier, that the suffering of the poor in this life can help them achieve a better afterlife. Spencer Pack has speculated that Smith may have seen the poor as deserving their poverty (Pack 1991: 97–8). Others argue that Smith to the contrary did more than anyone else in his day to overturn the idea that poverty results from deficiencies in virtue (see Baugh 1983; Fleischacker 2004a, chapter 10; 2004b; Himmelfarb 1984; and Muller 1993: 34, 56–7). But Pack's suggestion would explain, as he says it would, what he sees as the 'curious omission' of any robust state programme to eliminate or minimize poverty from WN (Pack 1991: 65). Martha Nussbaum (2000) proposes an alternative way of explaining this: that Smith undervalued material goods, believing, like the ancient Stoics, that people could be happy by way of virtue alone. Nussbaum's argument fits quite well with much that Smith says in TMS, but it is hard to square with the emphasis Smith places in

<sup>17</sup> See Fleischacker (2004b), which traces the beginning of these debates to the late 1790s, in the aftermath of the French Revolution; Smith died in 1790.

<sup>18</sup> See again Fleischacker (2004b), and chapter 10 and the Epilogue of Fleischacker (2004a).



LJ and WN on improving the material conditions of the poor.<sup>19</sup> Moreover, even when Smith suggests, in TMS, that nothing can be added to the happiness of a person ‘who is in health, who is out of debt, and has a clear conscience’ (TMS I.iii.1.7: 45), he allows that material goods needed for our health, and to avoid debt, properly belong to our happiness. So Smith seems not to have held the sorts of premises that allow moral egalitarians to reject socio-political egalitarianism. As for the supposed oddity, in that case, of the fact that he advocated only minimal re-distributive programmes in WN, I think the perception of an oddity here is misplaced. In the context of his day, in which most people held that poor people should be *kept poor*, Smith’s proposals on this subject are not minimal at all (see Fleischacker 2004a: ch. 10, 2004b; Rasmussen 2008: 104–5). But clearly there is enough ambiguity in Smith’s writings on this subject that the claim that Smith was a socio-political egalitarian will long remain contentious.

Perhaps the fairest thing to say is that Smith’s moral egalitarianism seems to have gone along with *some* kind of socio-political egalitarianism, but that the further one moves out along the spectrum of views that claim that mantle, the more speculative, and controversial, will be the claim that Smith endorsed such a view. And it may once again be a useful reminder, to those tempted to engage in this project, that most of the varieties of political egalitarianism around today had not yet been developed when Smith was alive. To foist any precise variety of modern egalitarianism on a writer of the mid-eighteenth century is, therefore, an anachronism.

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<sup>19</sup> See especially WN I.viii.35: 96 and the many discussions of improvements in ‘food, clothing, and lodging’—often abbreviated just as ‘fcl’—in LJ. In a later piece (Nussbaum forthcoming), Nussbaum acknowledges that Smith has a less Stoic view of happiness in WN. Gloria Vivenza makes a similar point, arguing for Smith’s distance from the Stoics by way of the fact that he was interested in ‘guarantee[ing] a minimum of well-being, education and consideration even to the less fortunate classes: something the Stoics would not have been concerned with’ (Vivenza 2001: 212, n. 91).

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## CHAPTER 24

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# ADAM SMITH ON WOMEN

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MAUREEN HARKIN

IN 1784, Smith wrote of the recent death of his aged mother to his publisher William Strahan, in characteristically restrained but still moving terms:

Tho' the death of a person in the ninetieth year of her age was no doubt an event most agreeable to the course of nature; and, therefore, to be foreseen and prepared for; yet I must say to you, what I have said to other people, that the final separation from a person who certainly loved me more than any other person ever did or ever will love me; and whom I certainly loved and respected more than I shall ever love or respect any other person, I cannot help feeling, even at this hour, as a very heavy stroke upon me. (Corr 237: 275)

Smith's close attachment to his mother, Margaret Douglas Smith, was remarked upon by many of his contemporaries, the Earl of Buchan commenting that 'the three great avenues to Smith were his mother, his works and his political opinions' (Phillipson 2010: 10). Along with his cousin, Janet Douglas, who for many years until her death in 1788 had also shared his household in Edinburgh (Life V.7: 326), Margaret Smith was the most important woman in Adam Smith's life. There were few other women in Smith's personal life and, though his stay in Paris in late 1765 to late 1766 established an acquaintance with novelist Jeanne-Marie Riccoboni, romantic attachments appear to have been entirely lacking. Smith's first biographer, Dugald Stewart, gamely tried to make the most of some rather insubstantial material, in one of the notes appended to his *Account of the Life of Adam Smith*:

In the early part of Mr Smith's life it is well known to his friends, that he was for several years attached to a young lady of great beauty and accomplishment. How far his addresses were favorably received, or what the circumstances were which prevented their union, I have not been able to learn; but I believe it is pretty certain that, after this disappointment, he laid aside all thoughts of marriage. The lady to whom I allude died also unmarried... (Life note: 349–50)

The note however, striking for its vagueness and conditional phrasing, seems to be more of a symptom of Stewart's sense that something had to be said on the subject than a

reliable document of facts. Ian Simpson Ross's more recent conclusion that 'the biographer can do little more with the topic of Smith's sex life than contribute a footnote to the history of sublimation' seems to be an altogether more appropriate response to the complete dearth of information on Smith's romantic life (Ross 2010: 213–14). Whether or not this temperamental inclination to bachelorhood is to be considered a cause, it has often been pointed out that Smith does not spend a great deal of time in his economic and historical system building on the situation of women, and a great deal of recent discussion of Smith's account of the female subject in the ethical theory of TMS has centred on the issue of whether women are assigned a lower status than their male counterparts (Justman 1993; Clark 1993).

In what follows here I will be largely laying out the case that Smith's account of the evolution of social forms and ethical practice is shaped by a distinctive conception of women and women's experience as somehow exceptional, out of the mainstream. This framing exclusion of women is a striking feature of Smith's work. His failure to consider women's economic contribution in WN, and the impact of this exclusion on the subsequent history of the discipline, has been much discussed (Pujol 1992; Sutherland 1995; Shah 2006). What has drawn less commentary but is equally striking in Smith's tracking of social history in the LJ is his exclusion of women and private life as significant issues, dismissing heterosexual love and marriage as relatively late and somewhat peripheral developments in Western societies. Finally, as commentators have long observed, the status of women as ethical agents in TMS is a somewhat questionable one. Smith famously requires that the kind and degree of a subject's ethical response be mediated/modified through reference to the behaviour of an Impartial Spectator, but makes clear that this self-regulation tends to be more vigorous in male than in female subjects, and portrays women as gripped by a kind of impulsiveness that prevents the kind of rational calculation that this type of truly ethical practice requires. Though the claim can be made that Smith displays a certain fascination with such unmediated sympathy, linking it, for example, to what he notes as the common tendency to uncritical approval of the ways of the wealthy—and a possible conviction that women's practice and sensibility might be more representative, indeed central to the age of commerce that Smith described (Harkin 1995; Clark forthcoming) nonetheless his assessment of women as moral agents is, at best, ambivalent.

## THE WEALTH OF NATIONS

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Smith's exclusion of women as a significant presence has been most frequently commented upon in WN, which largely categorizes work as a 'male preserve' (Sutherland 1995: 97) and omits discussion of women's contributions to economic production and reproduction. While it would be wrong, as Sutherland notes, to suggest that 'a female contribution to labour is not assumed in the panorama of human activities which constitute Smith's productive nation' (Sutherland 1995: 98) there are only three or four

explicit references in the entire text to women engaging in economic activity or earning wages, all of them in Book I. There is, then, a striking contradiction between Smith's 'own acknowledgment of the common and necessary nature of [women's] employment' and the 'conspicuous absence' of women from Smith's discussion of the nature and organization of capitalist production, in which they are made effectively 'invisible' (Pujol 1992: 17). Michele Pujol in her 1993 book on women in early modern economic thought, lingers on the problem of Smith's clear awareness of women's employment to the economic well-being of working-class families along with the rarity of any reference to it in his economic system. She points out that his chapter 'Of the Wages of Labour' (WN I. viii: 82) recognizes the frequency of married women's employment and the necessity for women's wage-earning and 'reproductive unpaid work' to the day-to-day survival and reproduction of the workers:

A man must always live by his work, and his wages must at least be sufficient to maintain him. They must even upon occasion be somewhat more; otherwise it would be impossible for him to bring up a family, and the race of such workmen could not last beyond the first generation... Thus far at least seems certain, that, in order to bring up a family, the labour of the husband and wife together must, even in the lowest species of common labour, be able to earn something more than what is precisely necessary for their own maintenance. (WN I.viii.15: 85)

Yet, despite his matter-of-fact acknowledgment of the universality of paid female labour here and in his remarks on female spinners (WN I.viii.51: 103) and Scottish spinners and knitters (WN I.x.b.49–50: 133–4),<sup>1</sup> women are largely absent from Smith's economic analysis.

Similarly, there is very little discussion of women's work *within* the family or household. Jane Rendall (1987) and Sumitra Shah (2006) both note the effect of this omission in the WN, Rendall arguing that Smith creates an 'increasingly clearcut division of spheres between the economic world... and the household' (Rendall 1987: 71). The household is assigned a more specifically moral task of promoting 'natural affections and "habitual sympathy"... it was an institution to be contrasted with the external social and economic world' (Rendall 1987: 61, 71). Shah identifies another function of the household, that of consumption, but also notes this limitation: 'women were instead now to be consumers and transmitters of cultural norms, to the exclusion of any productive responsibility' (Shah 2006: 228). This is an apt characterization, especially in relation to perhaps the only other significant discussion of women in the treatise, the account of women's education in Book V of TMS. In a discussion there of the 'Institutions for the Education of Youth' which is highly critical of English universities, Smith briefly sketches the superiority of the practical education offered women as preparation for their adult lives in comparison to the excessively abstract and impractical education of men:

There are no public institutions for the education of women, and there is accordingly nothing useless, absurd or fantastical in the common course of their education.

<sup>1</sup> Smith also briefly notes the case of opera dancers as examples of workers rewarded partly for the disreputableness of their profession (WN I.x.b. 25: 124).

They are taught what their parents or guardians judge it necessary or useful for them to learn; and they are taught nothing else. Every part of their education tends evidently to some useful purpose; either to improve the natural attractions of their person, or to form their mind to reserve, to modesty, to chastity, and to economy: to render them both likely to become the mistress of a family, and to behave properly when they have become such. In every part of her life a woman feels some conveniency or advantage from every part of her education. It seldom happens that a man, in any part of his life, derives any conveniency or advantage from some of the most laborious and troublesome parts of his education. (WN V.i.f.47: 781)<sup>2</sup>

The focus on domestic morality in his description of women's lives and education, where 'economy' is mentioned only as one of a string of household virtues to be practised, excludes the value and almost the very concept of labour. The vision of women's lives offered here appears to be an idealized portrait of bourgeois and upper-class female existence, where there is no pressing need for women to be employed in productive labour beyond the roles of housewife and mother in servant-run households (Pujol 1992: 19). These comments are also evidence of Smith's larger tendency to divide the private and public spheres, the domestic space of moral instruction completely separated from the activity of production, a development which was to have major impact on the development of political economy as a discipline. As Shah has argued, Smith's tendency to restrict economic inquiry to production and the sphere of exchange outside the home has had enormous long-term implications, tending to render women's work largely invisible in modern economics, and leaving a notable gap in explanations of how the 'total material well-being' of a society is produced (Shah 2006: 225–9, 238–9).

Women, therefore, are more of a symptomatic absence than presence in WN. It is in TMS, where women are discussed as subjects and objects of sympathy, and, most expansively, in LJ, with their larger study of the evolution of forms of social life, that Smith gives the fullest account of his thoughts on women's role as participants in domestic and public affairs. Any discussion of women in Smith therefore, essentially centres on the discussion of the psychology of sentiment in TMS and the history of political forms and their links to domestic life and partnerships in LJ.

## LECTURES ON JURISPRUDENCE

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Writers on those accounts of women (and their role in marriage and domestic life) that Smith did produce have for the most part given him credit for a relatively progressive narrative. Both Chris Nyland and Robert Dimand, for example, have argued in *The Status of Women in Classical Economic Thought* (2003) that in relation to his contemporary John

<sup>2</sup> Smith's suggestion of the need for educational reform here forms a basis for Mary Wollstonecraft's later arguments on the proper course of male and female education in the *Vindication*. See *A Vindication of the Rights of Woman*, especially chapters 12 'On National Education' and 13 'Some instances of the folly which the Ignorance of Woman Generates'.

Millar, for example, Smith is actually the more progressive thinker (Nyland and Dimand 2003: 6, 118); and in respect to Smith's greater sense of the contingency of custom and the dependence of social mores on the interests of dominant groups this evaluation has some merit. Smith's comments in LJ, that 'the laws of most countries being made by men, generally, are very severe on the women, who can have no remedy for this oppression' furnish a good example of this aspect of his thinking (LJA iii.13: 146).

Looking back to a major source for Smith, Montesquieu, and his treatment of the topics of marriage and gender relations in *The Spirit of the Laws* (1748), Smith's discussion is also notably less committed to the idea of gender inequality as a kind of natural or theological given than Montesquieu, in his account of laws in relation to climate in Part Three of *The Spirit of the Laws* (1748). 'Nature, which has distinguished men by strength and by reason, has put no term to their power but the term of their strength and their reason. She has given women charms and has wanted their ascendancy to end with these charms' (Montesquieu 1989: 265). While this natural inequality may be most marked in warm climates, according to Montesquieu, he notes that, while moderated in Europe's cooler climes, this natural inequality does not disappear (Montesquieu 1989: 272). Climate, however, is such a powerful force that relations between the sexes in cooler Northern countries are in a state very different from that of the lands of the East. Noting the fact of variation and proposing a cause for it, Montesquieu also claims the superiority of the European model: 'One is fortunate to live in these [temperate] climates that allow communication between people, where the sex with the most charms seems to adorn society and where women, keeping themselves for the pleasures of one man, yet serve for the diversion of all' (Montesquieu 1989: 272).

Smith draws from Montesquieu's method and his relativist view of gender relations, accepting the argument that gender relations are very largely shaped by environmental factors, as well as by biology or nature. But in Smith's case this shaping influence has much less to do with place and climate than with time, less to do with geography than history. For Smith it was of course changing forms of subsistence that were the primary influence on the relative status of men and women in different societies and historical periods (Nyland 2003: 5, 87); and this means that rather than changing according to location, women's role changes as societies develop economically.<sup>3</sup>

Smith's comments on the role of women and marriage in LJ are somewhat loosely tied to his four-stage historical schema—the age of hunters, the age of pastoralism, the age of agriculture, and the age of commerce (Rendall 1987: 64). That said, the general picture Smith supplies is of a rise in the respect accorded to women and marriage over the evolution from nomadism to the age of commerce—although this was in fact mostly a rather recent rise. Circumstances did not advance women's claim to dignity or status much before the age of commerce. Due to the dependence of social status on the prowess of hunters and warriors in the Age of Hunters, women were, as Chris Nyland

<sup>3</sup> In fact Smith clearly repudiates the climate thesis in the *Lectures*, noting variations within European, Asian, and North American societies and noting in an aside that evidently targets Montesquieu, 'In no barbarous country is there more licentiousness than in France' (LJB 104: 439).

observes, especially ‘structurally disadvantaged’ in this historical phase and their position was not much better under pastoralism, despite the increased importance of accumulated wealth and family lineage as sources of social capital (Nyland 2003: 89–93). Nor do women appear to rise in status under agriculturalism—for in both these stages the high status of the warrior does not fundamentally change; male citizens still engage in warfare and gain status from it; and a husband, as ‘master of a family’ has almost unlimited authority over his wife and household (Nyland 2003: 94–6). Smith describes the situation of women in early Rome, for example, in this way:

the master of a family had the power of chastising his . . . children or slaves, even in a capitall manner . . . so he had the same power over his wife . . . The father possessed a power over his whole family, wife, children and slaves, which was not much less than supreme. So that tho the husband had the power of divorce, the wife had not. (LJA iii.7–8: 143–4)

It is only quite late in the process of historical development, in the age of commerce, that things really begin to change for women. This occurs in large part because the ascendancy of trade and manufacture weakens the importance of military valour and experience as crucially defining elements of men’s prestige. Smith takes this up in his discussion of female succession:

In the first period of the feudall government the succession of females was never allowed; for they could not perform any of the services required of those who were vassals either of the king or his nobles; they could neither serve him in the field nor in council . . . But in time the military fiefs came to be considered in most respects as property, and the services of the field were not required, but were dispensed with for a certain gratuity . . . In this state of things females could succeed in every shape as well as males . . . feudall lands . . . came both to be inherited by females as well as males . . . (LJA i.141: 59–60)

Military service becomes an increasingly peripheral social fact as the age of commerce develops:

In the Italian republicks, as soon as arts, etc. were improved, there was an intire decradation [sic] and loss of courage in the whole state . . . this must naturally happen, for no state can impose any very great and intolerable hardships, as the military service would be, in a refined state. Formerly it was not reckoned any hardship to serve in the field . . . (LJA iv.83: 231)

In pastoral and agricultural societies, Smith observed, all [free] males of military age typically take part in warfare. But in an age of commerce, male willingness to undertake military service is weakened both because of the increased standard of luxury that makes serving a hardship, as noted here, and even more importantly, by the cost in lost productivity (Nyland 2003: 97; LJA iv.79–81: 230). In ‘a state where arts, manufactures, and handicrafts are brought to perfection’ the absence of labourers means ‘the total loss of business and the destruction of the state. Every hour a smith or a weaver is absent from his loom or the anvil his work is at a stop’, Smith points out in the *Lectures*, ‘which is not



the case with the flocks of a shepherd or the fields of a husbandman' (LJA iv.79: 230). This combination—the commodity culture and increased wealth of the age of commerce along with the decline in military experience and skill as a dominant social fact and central source of authority—made it possible for women, at least a small subset/class of them, to achieve a substantial increase in their authority.

The intersection of Smith's four-stage version of history in LJ and the role of women then makes for a 'progress narrative', with women's status ultimately rising as societies become more prosperous and refined. But this kind of reading of how fundamental economic changes have improved the lot of women still leaves open the question of other factors affecting their position. Smith addresses a number of these other influences on the social standing of women in LJ, pre-eminently legal and political structures and religious culture, in a discussion that places particular emphasis on the rise of the Catholic Church. What is absent, strikingly absent in fact, from Smith's discussion of the lives of women here is the role played by close personal or domestic ties—the intimate emotional bonds between husbands and wives, brothers and sisters, fathers and daughters—as factors in the equation.

One seeks almost in vain in LJ or elsewhere for commentary on the ways in which women, relegated to private life as they are, might have some influence on the domestic sphere or the men with whom they share it, brief occasional asides on 'the wives of aldermen' seeking pre-eminence (TMS I.iii.2.7: 57), or the skill of a Madame Riccoboni in portraying private affections notwithstanding (TMS III.3.15: 143).<sup>4</sup> The difference from Montesquieu and his calculation of the effects of women's 'charm', the drastically limited but still significant erotic power Montesquieu assigns to women (in a somewhat Gallicized empire of love) could hardly be sharper. Or, for a parallel closer in time to Smith, one might look to the sixty-page opening chapter on the 'rank and condition' of women over time in John Millar's 1771 *Of the Origin and Distinction of Ranks*. Compared with the attention these treatments of the evolution of legal and social forms give to women Smith's comments on the place of women, over the course of hundreds of pages of discussion of legal and political developments in the *Lectures* are sparse indeed, and the distinctiveness of this exclusion evident.

Millar of course was familiar with Smith's thinking, as a former student and colleague at the University of Glasgow, and he draws on Smith's stadial theory of history in his own account of the changing role of women over time. Like Smith, Millar recounts the improvement of women's lot approvingly, though he differs from his teacher in occasionally sounding a note of anxiety about the dangers of too much progress, expressing a desire to halt the process of historical evolution at a stage he finds optimal. Otherwise, he warns in his section on 'The Effects of great Opulence, and the Culture of the Elegant Arts, upon the relative Condition of the Sexes', 'exempted from labour, and placed in

<sup>4</sup> Smith gives Riccoboni an honorable place in his otherwise exclusively male list of the modern 'poets and romance writers, who best paint the refinements and delicacies of love and friendship, and of all other private and domestic affections, Racine and Voltaire; Richardson, Marivaux and Riccoboni' (TMS III.3.15: 143).

great affluence, they [women] endeavour to improve their enjoyments, and become addicted to . . . amusements and diversions' (Millar 1990: 99). This anxiety of Millar's about reigning in women's desires may mark him as conservative to some (Dimand and Nyland 2003: 6; Nyland 2003: 118–19); but though Millar may express more concern about where changes in the status of women may lead than Smith, this unease appears to stem from his sense of the much greater role that women and the institution of marriage play in society. Women are simply much more dominant in this account of the history of forms of law and government than they are in Smith's. The lengthy discussion of 'the Rank and Condition of Women in Different Ages' that opens *The Distinction of Ranks* is followed by further analysis of aspects of private life and family structure in which women also figure, and this sheer quantitative difference between Smith's and Millar's treatises in the treatment of women is such that Millar is enabled to go into all the kinds of detail on women's changing status in various social orders that Smith only glances at in his remarks on attitudes to ancient and modern marriage. As in Montesquieu, there is a certain interest in private affections and jealousies, domestic concord and quarrels, and in marriage as a kind of friendship, which informs the investigation of the place of women.<sup>5</sup> Compared to this abundance and interest, Smith's infrequent reference to the situation of women in social life and the general sense one has in reading him that relations between the sexes are less a major feature of social life than an occasionally intriguing special case is especially striking.

On the occasions when Smith does consider the topic of women and marriage the discussion is framed largely in terms of female chastity or promiscuity, following Montesquieu and also the example of Hume's discussion 'Of Chastity and Modesty' in Book III of *A Treatise of Human Nature* (1739–40). Addressing the intersection of history with ethics in the *Lectures*, for example, Smith raises the issue of female morality solely in terms of 'the rights which belong to man and the correspondent injuries which may be done a man as a member of a family' (LJA iii.1: 141). His discussion of marriage in the lecture of Tuesday 8 February 1763, in which Smith lays out those injuries, is especially clear on this score. Using Ancient Rome as his primary historical source and point of reference, Smith gives an account of marriage and divorce laws and their impact on female behavior, that is, chastity or promiscuity. His discussion of marriage laws and punishments for infidelity includes this account of the influence of the spread of Christianity on women's legal status:

Before this time [the Christian epoch] the infidelity of the wife was reckoned a great breach of the conjugal duties and was allowed to be punished by him [the husband] even with death, and had the name of adultery given it. On the other hand the infidelity of the husband was not accounted adultery; it was called *petticatus* and in this he had all freedom, being no way accountable for it. . . . This according to the account generally given of the punishment of adultery, viz that it was to prevent a spurious offspring being imposed upon the husband, might appear somewhat reasonable, but that as I endeavoured to shew, it is the jealousy of the parties, which always

<sup>5</sup> See also Hume's essays, addressing the specific nature of the 'marriage-knot, which chiefly subsists by friendship'. Hume, 'Of Polygamy and Divorces' (Hume [1742] 1987: 189); see also 'Of Love and Marriage' (1741).

attends the passion of love when society is the least refined...and this is equally common to the husband and the wife... The real reason [that women are punished more severely for infidelity is not the fear of spurious offspring but]... that it is men who make the laws with respect to this; they generally will be inclined to curb the women as much as possible and give themselves the more indulgence. The [Roman Catholic] clergy were much more impartial judges [than Roman judges]. The former legislators were husbands and consequently a party concerned; but as the priests were not husbands, not being allowed to marry, they were the best qualified that could possibly be for the office of judge in this matter. They accordingly set them [husband and wife] in this respect perfectly on an equal footing. The infidelity of the husband as well as the wife was accounted adultery and might produce a separation. (LJA iii.15–16: 147)

Smith's analysis here treats the topic of marriage and fidelity with a notably distanced and detached tone, giving a shrewd, dispassionate analysis of who benefits from various historical forms of the institution, rather in the spirit of Hume's similar discussion of chastity and modesty in the *Treatise*.<sup>6</sup> Indeed, his discussion of the Catholic Church transforming dominant social forms and behaviours might even be said to show sympathy with the position of women, though his conviction that male priests, simply by not being husbands, made ideally disinterested judges in cases of marital discord or infidelity, is evidently a rather questionable one. However, this apparent even-handedness is contradicted at a number of other points in the lecture, including the opening remarks quoted above and Smith's blunt assertion that the higher status of the husband give his rights, and indeed feelings, greater importance than those of the wife: 'still as in almost all contracts of marriage the husband has a considerable superiority to the wife, the injury done to his honour and love will be more grievous, as all injuries done to a superior by an inferior are more sensibly felt than those which are done to an inferior by one whom they look upon as above them' (LJA iii.16: 147). Smith acknowledges that jealousy and injury are equally felt by men and women in cases of marital infidelity, but does not challenge the common practice of rating a husband's grievance as more severe than a wife's.

In fact Smith has been criticized precisely for limiting his consideration of women's ethical practice to the question of female infidelity. Jane Rendall (1987: 62–3), for example, in her discussion of Smith's relationship to classical republicanism and natural law traditions, expresses some disappointment about what she sees as Smith's tendency to confine his focus, and sympathy, to the position of the husband in the discussion of marriage. Rendall gives a reading of both TMS and LJ as drawing from both republican and natural law models, but with rights newly defined, neither as contractual obligations nor in terms of a moral sense. Instead, rights arise in the way the impartial spectator enters sympathetically into the resentment of the victim, a reconceptualizing of the ethical scene in TMS which potentially creates a place for women's experience denied them in other, earlier models. However, in her account of Smith's discourse on women and marriage law in LJ, Rendall ultimately concludes that when it comes to thinking of sympathy

<sup>6</sup> 'Those, who have an interest in the fidelity of women, naturally disapprove of their infidelity, and all the approaches to it. Those, who have no interest, are carried along with the stream ...' (Hume 1978: 572).

in actual historical examples, Smith's own ability for sympathetic recreation is limited; for Smith, she notes, 'Marriage . . . as a formal legal institution, could not be described in terms of the rights and duties of the law of nature . . . Its obligations were rooted in that sense of injury felt by men at the infidelity of a wife. Sympathy with that sense of injury became the basis of social and legal rules; and acting impersonally, though in the masculine interest, it [acted] to restrain and to moderate individual practice' (Rendall 1987: 68).

Rendall is correct in noting the overall tendency of the *Lectures* to confine its sympathies to the position of the (injured) husband in the marital scene in his discussion of the 'rights of man as a member of a family' (LJA iii.1: 141). Perhaps more importantly, the same discussion reveals Smith's attitude to marriage as an institution whose importance he considers to be both of quite recent date and vastly over-rated in importance. Continuing the discussion of the Catholic church and its impact on the norms of social life quoted above, Smith's lecture goes on to make a remarkable series of comments about the major reinforcement of marital bonds as the Roman empire declined and the Catholic church rose in authority. As these bonds had been relatively loose under Roman law, thanks to the availability of divorce, the magnitude of the cultural shift brought about by the new permanence of marriage in the Catholic world is underlined by Smith. His point in itself is not new: that the church's prohibition on divorce added weight to the institution of marriage, moving it from what had been understood as a more or less strategic and often temporary alliance to a permanent commitment (see Hume 1987: 189–90; Montesquieu 1989: 275–6). This permanence gave the relationship a potentially much greater social importance. Smith is in line with his predecessors in noting this shift, but what is striking in Smith's recounting of marriage as social form whose meaning varies significantly over time is less the *content* of his arguments than their *tenor*, and the assumptions about love and emotional attachments on which they rest. These assumptions are that heterosexual love and marital affection are really rather late cultural developments, phenomena that were effectively produced by the change in marriage laws, and not in any way predating or extending beyond them. The tone of Smith's remarks indicates that he sees such attachments as playing no significant role in societies without such restrictions on divorce. The idea of any form of close attachment between husbands and wives in the pre-Christian era, even the very existence of heterosexual love and passion, is explicitly dismissed in a remarkable disquisition from later in the same lecture (Tuesday 8 February 1763):

Marriage came by these means [the abolition of divorce and the standardizing of its forms] to be almost indissoluble. There was a very great change introduced by this means into the character and regard which was had to the passion of love. This passion was formerly esteemed to be a very silly and ridiculous . . . one, and such as was never talked of in a serious manner. We see that there [are] no poems [sic] of a serious nature grounded on that subject either amongst the Greeks or the Romans. There is no ancient tragedy except Phaedra<sup>7</sup> the plot of which turns on a love story,

<sup>7</sup> The editors note that Smith here may be referring either to Euripides' *Hippolytus* or Seneca's *Phaedra*.

tho there are many on all other passions, as anger, hatred, revenge, ambition, etc. Nor does it make any figure in epic poems. The story of Dido may be called a love story, but it has no effect on the procedure of the great events, nor is it any way connected with them. The poem [*The Aeneid*] indeed rather thwarts love as betwixt Lavinia and Turnus; for we can not say that there was any love betwixt Aeneas and her [Lavinia] as they had never seen one another... The reason why this passion made so little a figure then in comparison of what it now does is plainly this. The passion itself is as I have said of nature rather ludicrous; the frequency and easiness of divorce [in Roman times] made the gratification of it of no great moment: it could be today, it might be tomorrow, and if not this year it might [be] the next: and one might find another object as agreeable as the former. The choice of the person was of no very great importance, as the union might be dissolved at any time. This was the case both amongst the Greeks and the Romans. But when marriage became indissoluble the matter was greatly altered. The choice of the object of this passion, which is commonly the forerunner of marriage, became a matter of the greatest importance.—The union was perpetuall and consequently the choice of the person was a matter which would have a great influence on the future happiness of the parties. From that time therefore we find that love makes the subject of all our tragedies and romances, a species of epic poems till this time. It was before considered as altogether triviall and no subject for such works.—The importance being changed, so also the figure it makes in the poetical performance. It is become from a contemptible a respectable passion as it leads to a union of such great importance, and accordingly makes the subject of all our publick entertainments, plays, operas, etc. In those of Greece or Rome it never once appeared. (LJA iii.20–1: 149–50)

This is an extraordinarily illuminating discussion for a number of reasons. First of all, in its use of the literary record as the prime evidence of the presence or absence of romantic love in a given epoch, it attests to Smith's habit of using literature and belles-lettres to illuminate other subjects, something that Dugald Stewart had reported was Smith's standard pedagogic practice.<sup>8</sup> In their particulars, however, Smith's accounts of the cultural evidence that these literary texts present are highly arguable. One might take serious issue with Smith's reading of the story of Dido and Aeneas in the fourth book of the *Aeneid* as 'having no effect on the procedure of the great events,' for example. Smith's assertion that there are 'no poems of a serious nature grounded on [love] amongst the Greeks or the Romans' (LJA iii.21: 149) also writes out a large number of canonical classical authors from Sappho and Theocritus onwards, for whom love is indeed a major theme, with Ovid as perhaps the most dramatically obvious exclusion.

Smith's assessment of what the classical literary record has to say on this topic can, then, certainly be challenged. This raises the question again of why he insists so firmly on the point that love and marriage were treated with a total lack of seriousness in

<sup>8</sup> 'In the Professorship of Logic [at Glasgow]... [Smith] dedicated [most] of his time to the delivery of a system of rhetoric and belles lettres. The best method of explaining and illustrating the various powers of the human mind, the most useful part of metaphysics, arises from the examination of the several ways of communicating our thoughts by speech, and from an attention to the principles of those literary compositions which contribute to persuasion or entertainment' (Life I.16–17: 274–5).

pre-Christian, classical era Europe; that it could and would *never* have played a significant cultural role without the Catholic Church's rendering of marriage permanent, and as it were, final. The forceful language that Smith employs to make his claim is especially striking: love is 'silly and ridiculous,' 'altogether trivial,' 'contemptible,' and, most bluntly: 'the passion is of [its] nature rather ludicrous' (LJA iii.21: 149). Here Smith is not just giving a materialist account of why romantic love figures more prominently as a theme in more recent literary productions; he expresses a notable distaste for and dismissal of the very idea of romantic love itself. This hostility to the idea of romantic love as cultural force is an extraordinary feature of Smith's commentary, distinguishing it from his contemporaries. This is worth remarking, especially as the manner and thoroughness with which Smith excludes it suggests that Smith is in effect *predisposed* to assign love a late and culturally peripheral role in his account of historical development.

Smith had already expressed an embryonic version of this idea in his discussion 'Of those Passions which take their origin from a particular turn or habit of the Imagination' a few years earlier in the TMS, where love is expressly singled out as an exemplary case of the failure of sympathy. There Smith acknowledged the 'strong attachment which naturally grows up between two persons of different sexes, who have long fixed their thoughts upon one another' in order to point out that as

we cannot enter into the eagerness of [the lover's emotions... the passion appears to every body, but the man who feels it, entirely disproportioned to the value of the object; and love, though it is pardoned in a certain age because we know it is natural, is always laughed at... All serious and strong expressions of it appear ridiculous to a third person; and though a lover may be good company to his mistress, he is so to nobody else. He himself is sensible of this; and as long as he continues in his sober senses, endeavours to treat his own passion with raillery and ridicule. It is the only style in which we care to hear of it; because it is the only style in which we ourselves are disposed to talk of it. We grow weary of the grave, pedantic, and long-sentenced love of Cowley and Petrarca, who never have done with exaggerating the violence of their attachments; but the gaiety of Ovid, and the gallantry of Horace, are always agreeable. (TMS I.ii.2.1: 31–2)

Again Smith relies on a very particular reading of the literary evidence to bolster his assertions that love is to be seen as an aberrant phenomenon whose expressions are tiresome and which has moreover a troubling tendency to disengage the (male) lover from the real society of his male peers.

John Millar again offers an interesting contrast here. Not only is Millar evidently more interested in the nuances of women's social place than Smith, but he also offers a pointedly different account of the historical and literary role of sexual passion. Unlike Smith, Millar sees this both as more culturally central and as developing far earlier, in the pastoral age (Millar 1990: 58). Millar's theory of the genesis of the pastoral poem is given in Section Three *Of the Origin of Ranks*, 'The Refinement of the passions of Sex, in the Pastoral Ages':

The leisure, tranquility and retirement of a pastoral life, seem calculated... to favor the indulgence of... gratifications. From higher notions of refinement a nicer

distinction is made with regard to the objects of desire, and the mere animal pleasure is more frequently accompanied with a correspondence of inclination and sentiment... the delays and the uneasiness to which [the lover] is thereby subjected, far from repressing the ardour of his wishes, serve only to increase it; and, amid the idleness and freedom from other cares which his situation affords, he is often wholly occupied by the same tender ideas, which are apt to inflame his imagination, and to become the principal subject of such artless expressive songs as he is capable of composing for his ordinary pastime and amusement. (Millar 1990: 58)

Millar borrows Smith's stadial framework, but the particulars of his analysis are in direct contradiction to Smith's arguments about the recent development of heterosexual love and passion. He comes to dramatically different conclusions about the ways in which women play a part in social life and when romantic love becomes an important factor in the evolution of social life and political forms, claiming that this love becomes a central cultural and literary phenomenon in the age of pastoralism, not the age of commerce—that is, as soon as societies emerge from the stage of barbarism to the relative leisure of pastoral life. In so doing Millar also uses different literary evidence to make his case, turning from the genres of tragedy and epic, which Smith had taken as his samples, to the form of the pastoral poem. In making this claim that love is a much earlier cultural development than Smith allows, Millar of course is following a long-established association between romantic love and the pastoral, running from Theocritus and Virgil onwards. Alexander Pope's own *Discourse on Pastoral* (1709), for example, a canonical enlightenment-era articulation of the relation between the literary form of pastoral and its social origins, describes the development of pastoral poetry as the product of 'the leisure of those ancient shepherds... [no diversion] was so proper to that solitary and sedentary life as singing; and... in their songs they took occasion to celebrate their own felicity... and... passion ...' (Pope 1709: 4). The examples of Pope and Millar underline the complete conventionality of the association of love with the pastoral age in Smith's era, and highlight the degree to which Smith makes highly selective, not to say idiosyncratic, use of the literary record to buttress his claims for romantic love as a recent cultural phenomenon. Smith's tendency to see romantic love becoming a significant cultural force only at a very late historical stage is, in short, neither a common view nor a natural consequence of his historical schema, but is, as suggested above, rather the result of his own distinctive concept of love as a more or less 'contemptible... passion' and of his lack of interest in women's place in social and cultural life.

## THEORY OF MORAL SENTIMENTS

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Discussion of TMS over the last 20 years or so has consistently acknowledged that Smith treats women and men very differently there, Edith Kuiper arguing, for example, that the book is in essence addressed explicitly and only to a male audience as a kind of conduct book (Kuiper 2003: 52). It is certainly true that the infrequent references to women

are often there for the purposes of illustrating some vice or delusion, as in the reference to the status-obsessed ‘wives of aldermen’ cited above (TMS I.iii.2.8: 57); or, in a slightly more expansive mode, the well-known example Smith gives of the failure to distinguish what is praised from the praiseworthy in the figure of ‘the woman who paints’: ‘A Woman who paints, could derive, one should imagine, but little vanity from the compliments that are paid to her complexion. These . . . should . . . mortify her . . . To be pleased with such groundless applause is proof of the most superficial levity and weakness’ (TMS III.2.5: 115–16). There has, however, been some debate about whether this difference of treatment is to be read as relegating women to lower status in the sphere of ethics (Cole 1991; Justman 1993; Kuiper 2006) or whether this difference might in fact ultimately indicate a real interest on Smith’s part with what he posits as the habitually different mode of sympathetic response of women to scenes of distress, with Henry Clark for example recently claiming that women as subjects in the *Theory* appear more ‘central to the commercial sociability that defined Smith’s view of moral and social life’ (Clark forthcoming). There is in this case something to be said for both arguments. While Smith continues to refer to women’s ethical practice as a special and often aberrant case, characterizing female sympathy as a constitutively different and generally simpler response to events than its male counterpart, there does appear to be a mild fascination on his part with the workings and power of the kind of unmediated spontaneous sympathy he associates with women. This is attested to by a number of varied cameos of women in TMS: as easily swayed by dominant fashion (TMS III. 2.4: 114–15, VII.ii.i.34: 287), as over-responsive, ‘too tender’ mothers (TMS I.i.1.12: 12; I.ii.4.3: 40), and above all as exquisitely sympathetic observers of distress (TMS IV.2.10: 190).

The TMS is the fundamental text for Smith’s analysis of the experience of the modern individual; the book where Smith lays out his ‘theory of the subject’ under capitalism, as opposed to the long-term processes of social evolution that Smith describes in LJ. And the aspect of TMS most relevant and important to Smith’s thinking about women, as well as to his ethical theory in general, is the concept of sympathy articulated there. Sympathy with others’ feelings and motives is the source of our concern for and behaviour towards them, what Smith calls the ‘propriety’ of our conduct, and, through our sympathy with those affected by such actions, of our sense of the ‘merit’ (or demerit) of particular behaviour (TMS II.i.v 4: 74). Sympathy is the basis of Smithian morality, and the idea of sympathy, as Mary Poovey (1998: 28) has argued, constitutes a kind of proto theory on which Smith’s thinking about all other topics—history, law, literature—rests. Yet sympathy—the imaginative representation of the experiences of others—although it is offered as the basis for social interaction, is nonetheless a highly complex and difficult process in Smith’s account, and one where women present an especially problematic case. Sympathy is problematic in part because it is often too weak, a point Smith makes repeatedly throughout TMS (‘Even our sympathy with the grief or joy of another, before we are informed of the cause of either, is always extremely imperfect’ (TMS I.i.I.9: 11)). But sympathy is also described as excessively powerful, a force driving individual behaviour in directions the social benefit of which is unclear or even non-existent: ‘It is from our disposition to admire, and consequently to imitate the rich and the great, that . . . men



are proud to imitate . . . them [even] in the very qualities which dishonour and degrade them' (TMS I.iii.3.8: 64). In their not very frequent appearances in TMS, women are brought in as examples of both phenomena: representing both the limitations of the workings of sympathy *and* the tendency to excess in sympathetic response.

We have already seen women used as an example of the first tendency, with Smith's argument that women pose a particular challenge to the workings of sympathy in the *Theory* by rendering the love-struck male subject unsociable and unfit companion to his male friends who cannot sympathize with his estimate of the beloved's worth: 'we cannot enter into the eagerness of [the lover's] emotions . . . the passion appears to every body, but the man who feels it, entirely disproportioned to the value of the object' (TMS I.ii.2.1: 31). Love for women cuts men off, at least temporarily, from the sympathetic community of male friends which Smith considers their natural milieu. (Theoretically, of course, the same problem might also afflict women, distracted by love from their friendships—yet Smith never elaborates that scenario.)<sup>9</sup> But it is the association of women with *excess* of sympathy, not its deficiency, which is the more dominant concern in Smith's account. Women figure as one of the exemplary cases—perhaps the exemplary case—of this latter tendency of sympathy to socially unproductive excess, and it is this problem that we will focus on here.

Sympathy in Smith's system is far from a spontaneous or simple response for subjects of either gender, as we have noted. This is made clear in the famous opening description of observers' reactions to 'the man on the rack':

As we have no immediate experience of what other men feel, we can form no idea of the manner in which they are affected, but by conceiving what we ourselves should feel in the like situation. Though our brother is upon the rack, as long as we ourselves are at our ease, our senses will never inform us of what he suffers. They never did, and never can carry us beyond our own person, and it is by the imagination only that we can form any conception of what are his sensations. Neither can that faculty help us to this any other way, than by representing to us what would be our own, if we were in his case. It is the impressions of our own senses only, not those of his, which our imaginations copy. By the imagination we place ourselves in his situation, we conceive ourselves enduring all the same torments, we enter as it were into his body, and become in some measure the same person with him, and thence form some idea of his sensations, and even feel something, which, though weaker in degree, is not altogether unlike them. His agonies, when they are thus brought home to ourselves, when we have thus adopted and made them our own, begin at last to affect us, and we then tremble and shudder at the thought of what he feels. For as to be in pain or distress of any kind excites the most excessive sorrow, so to conceive or to imagine that we are in it, excites some degree of the same emotion, in proportion to the vivacity or dulness of the conception. (TMS I.i.1.2: 9)

In its opening formulation, sympathy is separated into two categories of response, the attempt made by an observer to understand and to some extent reconstruct the suffering

<sup>9</sup> Rendall's critique of Smith's account of marriage because of the way in which women mark a limit to Smith's sympathetic imaginings, with the sensations of the husband the only ones considered, has an obvious bearing here. See above.

(or joy) of another subject, and that of the sufferer to modulate his feelings to make it possible for the observer to share them. These attempts by observer and observed are two separate, and it has often been argued, unequal responses (Justman 1993; Harkin 1994; and from the first edition of TMS on (1759) Smith had strongly linked gender to the two separate movements he described as constituting the scenes of sympathy.

The attempt made by the bystander to enter into the sentiments of the sufferer is, according to Smith, the simpler process, requiring only that he or she imagine the sentiments likely to be experienced by the other. This effort generates ‘the soft, the gentle, the amiable virtues, the virtues of candid condescension and indulgent humanity’ (TMS, I.i.5.1: 23). The greater effort made by the sufferer, to imagine the feelings of a witness, and then, out of a kind of consideration of the limits of the observer’s sympathetic capacity, to moderate the expression of his suffering, produces ‘the great, the awful and respectable, the virtues of self-denial, of self-government, of that command of the passions which subjects all the movements of our nature to what our own dignity and honour, and the propriety of our own conduct require’ (TMS I.i.5.1: 23). Smith’s rhetoric and the distinction he makes between two kinds of virtue here recalls in part Edmund Burke’s gendered discussion of virtue in his *Philosophical Enquiry*, published two years earlier.<sup>10</sup> There Burke separated virtues into those described as ‘sublime’, associated with ‘the authority of a father’, and those characterized as ‘amiable’, associated with a mother. This parallel with Burke underlines Smith’s obvious gendering of his ‘amiable’ and ‘great’ virtues, with a greater value accorded the latter. There is typically something helpless and almost pre-ethical about Smith’s amiable sympathizers, as when he lists later in Book I a number of examples of the notable but clearly fruitless tendency of such observers to feel sympathy for those who are either unfit objects or derive no benefit or comfort from this sympathy. Smith’s list of such objects includes the ignorant, the insane, the dead, and also the very young child, figured as drawing a powerful but useless maternal sympathy:

What are the pangs of a mother, when she hears the moanings of her infant that during the agony of disease cannot express what it feels? In her idea of what it suffers, she joins, to its real helplessness, her own consciousness of that helplessness, and her own terrors for the unknown consequences of its disorder; and out of all these, forms, for her own sorrow, the most complete image of misery and distress. The infant, however, feels only the uneasiness of the present instant, which can never be great... in its thoughtlessness and want of foresight it possesses an antidote against fear and anxiety... (TMS I.i.i.12: 12)<sup>11</sup>

<sup>10</sup> Burke’s sublime virtues, including fortitude, justice, and wisdom, ‘produce terror rather than love’. These, linked with ‘the authority of a father’, are contrasted with the lesser, ‘softer’, ‘amiable’, or beautiful virtues, such as ‘easiness of temper, compassion, kindness and liberality’, typified in a ‘mother’s fondness and indulgence’. *Enquiry*, Part Three, Section X. Burke deploys the notion of masculine virtues (‘constancy, gravity, magnanimity, fortitude, fidelity and firmness’) again in 1774 in his ‘Speech on American Taxation’.

<sup>11</sup> On mothers as *objects* of the sympathetic observer’s gaze, see also Smith’s brief note on a man’s sympathy for a woman in labour as proof of the truly unselfish character of sympathy (TMS VII. iii.I.4: 317).

Smith's argument, then, is that in the scene of distress, the onlooker's tendency to respond with sympathy for another's pain is commendable, but uncomplicated and often ineffectual, and he strongly associates this unmediated, more or less spontaneous response with women. The effort made by the object of sympathy, the sufferer, is more complex, calling for heroic efforts of self-restraint and requiring him to modulate his own suffering in order that the observer might come close to matching it.

Humanity is the virtue of a woman, generosity of a man. The fair-sex, who have commonly much more tenderness than ours, have seldom so much generosity. That women rarely make considerable donations, is an observation of the civil law. Humanity consists merely in the exquisite fellow-feeling which the spectator entertains with the sentiments of the persons principally concerned, so as to grieve for their sufferings, to resent their injuries, and to rejoice at their good fortune. The most humane actions require no self-denial, no self-command, no great exertion of the sense of propriety. They consist only in doing what this exquisite sympathy would of its own accord prompt us to do. But it is otherwise with generosity. We never are generous except when in some respect we prefer some other person to ourselves, and sacrifice some great and important interest of our own to an equal interest of a friend or of a superior. The man who gives up his pretensions to an office that was the great object of his ambition, because he imagines that the services of another are better entitled to it; the man who exposes his life to defend that of his friend, which he judges to be of more importance; neither of them act from humanity, or because they feel more exquisitely what concerns that other person than what concerns themselves. (TMS IV.2.10: 190–1)

In one stroke Smith identifies sympathy both as characteristically feminine, and as something less than the more active intervention and risk-taking exemplified in masculine generosity. Women in TMS demonstrate the primitive and unregulated aspect of sympathy, compared to a male version which is both moderated by reference to an external standard and translated into real and socially beneficial actions. It is not that Smith represents women as refusing or withholding. What he describes is more of a simple incapacity on their part, a lack of the necessary orientation towards mediation and the disinterested point of view of the impartial spectator.

The impartial spectator plays a crucial role in TMS, and one progressively expanded in later editions of the book.<sup>12</sup> Initially introduced to solve the problem of distinguishing truly ethical from merely popular decisions (in Smith's terms distinguishing between love of praiseworthiness rather than mere love of praise) the impartial spectator constitutes a third, and privileged spectator in the scene of sympathy. He is the ideal observer, who sees correctly what kind of response a given situation or event actually warrants, because free of the immediate self-concern or partiality either observed or observer, and the presence or absence of this figure is the defining difference between masculine generosity and feminine sympathy.

<sup>12</sup> See editors' discussion (TMS introduction: 15–17).

In comparison with the difficult task of regulating response according to the dictates of the impartial spectator in acts of (masculine) generosity, the humanity of women appears as a mere impulse or inclination, one that makes no real demands on the subject. The sympathetic spectator effectively engages in something more closely resembling aesthetic than ethical practice, giving way to her 'exquisite fellow feeling' free from any consequences or responsibilities—as if she were simply reading a fictitious account of suffering. Indeed, Smith's description of the response to spectacles of suffering or pleasure as a simple two-term system of model and copy here echoes a familiar scenario from contemporary discourse on the novel and its female audience, a discourse which habitually dwelt on the extreme suggestibility of such female readers and the threat to self-restraint and social order that such undisciplined feelings posed (Harkin 1995).

The example of women in TMS, then, indicates a serious problem with the workings of sympathy, which here and elsewhere Smith shows to be prone to excess. In Book I of TMS, Smith had pointed out the tendency to excess sympathy in describing the fascination with the ways of the wealthy and powerful as a social problem, suggesting that our tendency to sympathize with and emulate the ways of the great is a powerful impulse with social consequences that are, despite the hard work and effort it may inspire, largely negative (see Tegos in this volume):

It is from our disposition to admire, and consequently to imitate, the rich and great, that they are enabled to set, or to lead what is called the fashion. Their dress is the fashionable dress; the language of their conversation, the fashionable style... Even their vices and follies are fashionable; and the greater part of men are proud to resemble them in the very qualities which dishonour and degrade them... [A vain man]... assumes the equipage and splendid way of living of his superiors, without considering that whatever may be praise-worthy in any of these, derives its whole merit and propriety from its suitableness to that situation and fortune which both require and can support the expence.... To attain to this envied situation [of the great], the candidates for fortune too frequently abandon the paths of virtue. (TMS I.iii.3.7: 64)

Sympathetic emulation of the wealthy has a compulsive character: we admire, and consequently, we imitate the great. Smith's concern with such imitation is the way it operates without any restraint or regulation. Sympathy in this common scenario is 'apt to offend by its excess' (TMS VI.ii.i.20: 226) and apparently functions without reference to an impartial spectator, one who would make clear the need to moderate such powerful reactions. As with women and sympathy, it is a two-term system, original and copy, lacking the mediating term provided by the impartial spectator to limit or regulate its functioning: hence its compulsive aspect. This model of the workings of what Smith sees as a disturbingly strong sympathy with the wealthy and powerful, suggests that the self-regulation exemplified by the impartial spectator is not only the exception rather than the rule in modern social life, but also that the 'female-inflected virtue of humanity', to use Henry Clark's terms, may be more central to modern forms of social and ethical practice than any other. That is, though Smith as moral philosopher is evidently concerned about the absence of self-command and any

aspiration to an impartial spectator's point of view in the processes he describes here, he is at the same time apparently intrigued by these same women and by these crowds transfixed by the spectacle of wealth, as examples of the kinds of powerful responses central to modern commercial life.<sup>13</sup>

It is clear from this parallel between women's tendency to excessive sympathy and what Smith describes as a generalized impulse to mimic the ways of the wealthy that, despite Smith's overt arguments and frequent indifference to the case of women, the example and experience of women may finally not be as peripheral to social life in the age of commerce as his analysis implies. Smith's account of women's economic role as marginal, of heterosexual romantic love as aberrant, and of women's moral responses as insufficiently meditated and more or less impulsive, intersects here with a spectacle of mass sympathy that, however displeasing to Smith as ethicist, appears to be grudgingly accepted as a dominant feature of the age. On this basis, women's experience, Smith seems to acknowledge, may be central to the sensibility of modernity.

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<sup>13</sup> Far from relegating women to a diminished status, Smith seemed to make them central to the modern project. If anything, indeed, his concept of self-command appeared as an antique Stoic virtue juxtaposed to the female-inflected virtue of humanity. It was the latter that seemed central to the commercial sociability that defined Smith's view of modern moral and social life (Clark forthcoming).

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PART VII

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ADAM SMITH:  
LEGACY AND  
INFLUENCE

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## CHAPTER 25

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# ADAM SMITH AND MARX

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SPENCER J. PACK

ADAM Smith was a source and stimulus for many of Marx's own ideas. From a Marxist point of view, Smith may be seen to be the sand which creates a pearl.<sup>1</sup> Of course, from an anti-Marxist point of view, Smith's influence on Marx and subsequent economic theory may be viewed to be quite pernicious (see e.g. Rothbard 1995: 456).<sup>2</sup>

Part I of this chapter outlines Marx's general attitude towards Smith. It argues that Marx was a close reader of *The Wealth of Nations* (WN), especially Books I and II, that he generally admired Smith's work, and even had a keen appreciation of Smith's character. However, for Marx, there were two intertwined aspects to WN. One was that he was basically correct, scientific, and ultimately led to what Marx perceived to be his own scientific analysis of capitalist society; the other was that he was superficial and led to vulgar, apologetic economics. Part II outlines Marx's critique of Smith's value theory, and argues that Marx took what he perceived to be one of Smith's approaches, the embodied labour theory of value, and developed it into his own theory. Part III argues that Marx largely follows Smith on the development of money and capital, but then picks up Smith's occasional references to rent and profits as a deduction from the produce of labour, and uses it to develop his own theory of capitalist exploitation of workers. Part IV stresses the similarity in Smith and Marx on their views of the development of character, both having what may be termed a materialist conception of society and history. Part V stresses that Smith and Marx's position on both the state and historical change are also surprisingly similar. Their main difference is in what may be termed the opportunity cost of the status quo. Smith largely looks backward, sees that things are better than they were, and offers various reforms to improve society. Marx looks largely to the future, thinks that the future could be so much better than the present, and argues for a communist revolution. On this issue, a major difference indeed! Part VI offers a brief conclusion.

<sup>1</sup> I would like to thank Christopher Berry for his insightful comments on an earlier version of this chapter.

<sup>2</sup> For my view on Rothbard's interpretation of Smith, see Pack (1998). For twenty-first-century interpretations that Smith was also a progenitor and inspiration for social democracy (in addition, of course, to Marx and various conservative schools of thought) see Jones (2004) and Fleischacker (2004); such a profoundly seminal author!

## MARX'S GENERAL ATTITUDE TOWARDS SMITH

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Marx was a close student of Smith and generally admired his work. Thus, in Marx's estimation,

Political economy had achieved a certain comprehensiveness with Adam Smith; to a certain extent he had covered the whole of its territory... Smith himself moves with great naïveté in a perpetual contradiction. On the one hand he traces the intrinsic connection existing between economic categories or the obscure structure of the bourgeois economic system. On the other, he simultaneously sets forth the connection as it appears in the phenomena of competition and thus as it presents itself to the unscientific observer... One of these conceptions fathoms the inner connection, the physiology, so to speak, of the bourgeois system, whereas the other takes the external phenomena of life, as they seem and appear and merely describes, catalogues, recounts and arranges them under formal definitions. With Smith both these methods of approach not only merrily run alongside one another, but also intermingle and constantly contradict one another. With him this is justifiable... since his task was indeed a twofold one. On the one hand he attempted to penetrate the inner physiology of bourgeois society but on the other, he partly tried to describe its externally apparent forms of life for the first time... The one task interests him as much as the other and since both proceed independently of one another, this results in completely contradictory ways of presentation: the one expresses the intrinsic connections more or less correctly, the other... expresses the *apparent* connections without any internal relation. (Marx 1968: 165, emphasis in original)

So it would seem that, for Marx, the 'great charm' of WN lay in doing two things at once: 'The naive way in which Adam Smith on the one hand expresses the thoughts of the agent of capitalist production and presents things boldly and comprehensively... as, indeed, they appear on the surface, while on the other hand, he sporadically reveals their more profound relationships.' Yet, Marx does not allow the charm of Smith's analysis to distract him from picking apart what he sees as various confusions in Smith's work. According to Marx, Smith's naïveté leads him to a contradiction: 'first he grasps the problem in its *inner relationships*, and then in the *reverse form, as it appears in competition*. These two concepts of his run counter to one another in his work, naively, without his being aware of the contradiction' (Marx 1968: 106, emphasis in original).

So Smith's work is enjoyable, yet also theoretically muddled, confused, full of contradictions, or various technical puzzles.

For Marx, when Smith sees/grasps the inner relationships, he is indeed getting to the essence of the situation, he is being scientific, and is foreshadowing Marx's own work. Following Smith's technical analysis, Marx typically writes 'If Adam Smith had continued his analysis to this point but little would have been lacking for the solution of the whole problem. He almost hit the nail on the head... ' (Marx 1967a: 369). That is the esoteric, the admirable side of Smith, prefiguring what Marx views as his own correct

scientific analysis in *Capital*. Marx shares the Aristotelian idea that science can and does get to the essence of the thing under consideration. Getting to the essence of things is the proper goal of science, and when done correctly, it succeeds. Marx also exhibits the Whig idea of there being progress in science. In this case the science is political economy, and the end of political economy is Marx's own theory. In Marx's view, his own work then becomes not only a critique of political economy, but in a sense its culmination given his self-perceived ability to successfully analyse the laws of motion of the capitalist mode of production. When Smith deals with relationships as they merely appear, in competition with Marx's deeper analysis, Smith is judged superficial, unscientific and his work leads to apologetic, vulgar economics. A typical example of this sort of judgment can be found in *Capital* where Marx asserts that 'here Adam Smith's ridiculous blunder reaches the climax . . . thereby throwing the doors wide open to vulgar economy' (Marx 1967a: 372).<sup>3</sup>

The following are some of the examples Marx uses to demonstrate Smith's superficiality and unscientific attitude. Smith attempts to picture himself as a moderate but this is contradicted by his assessment of the Physiocrats (Marx 1963: 344), or again, Smith was in general not as generous as he could have been in acknowledging his sources. 'The Scottish proverb that if one has gained a little it is often easy to gain much, but the difficulty is to gain a little, has been applied by Adam Smith to intellectual wealth as well, and with meticulous care he accordingly keeps the sources secret to which he is indebted for the little, which he turns indeed into much' (Marx 1970: 167–8). Beyond this is Marx's most perceptive general criticism of Smith: 'More than once he [Smith] prefers to take the sharp edge off a problem when the use of precise definitions might have forced him to settle accounts with his predecessors' (Marx 1970: 168). In this Marx is correct: whenever Smith really gets stuck on a technical issue, he glosses over the problem and moves on. In Smith's defence, though, he was able to finish his masterpiece, *WN*; Marx was not able to finish *Capital*.

Marx, of course, sees and deeply appreciates the radical side to Smith, calling Smith, 'the *interpreter* of the frankly brutal bourgeois upstart' (Marx 1963: 288, emphasis in original). Marx admires 'the rough cynical character of classical economy [which] stands as a critique of existing conditions' (Marx 1963: 299). He writes that Adam Smith 'gives vent to his hatred of unproductive government'; and, after quoting Smith, Marx writes that 'This is the language of the still revolutionary bourgeoisie, which has not yet subjected to itself the whole of society, the State, etc.' (Marx 1963: 300).

Of Smith in particular, and what he calls classical political economy in general, Marx writes: 'Classical political economy seeks to reduce the various fixed and mutually alien forms of wealth to their inner unity by means of analysis and to strip away the form in

<sup>3</sup> For Marx, vulgar economists 'ceaselessly ruminate on the materials long since provided by scientific political economy, and seek there plausible explanations of the crudest phenomena for the domestic purposes of the bourgeoisie. Apart from this, the vulgar economists confine themselves to systematizing in a pedantic way, and proclaiming for everlasting truths, the banal and complacent notions held by the bourgeois agents of production about their own world, which is to them the best possible one' (Marx 1976: 175 fn. 34).

which they exist independently alongside one another. It seeks to grasp the inner connection in contrast to the multiplicity of outward forms... it does not conceive the *basic form of capital*, i.e. production designed to appropriate other people's labour, as a *historical form* but as a *natural form* of social production. The analysis carried out by the classical economists themselves nevertheless paves the way for the refutation of this conception' (Marx 1971: 500–1 emphasis in original). As we now know, Marx was quite mistaken in his charge that Smith's analysis is ahistorical. A consideration of various parts of Book V of WN and LJ reveal Smith's deep appreciation for the historicity of economic analyses.<sup>4</sup> (I return to this question in section V below.)

Marx's final general attitude to Smith is that 'While we cannot reproach Adam Smith for going in this analysis no farther than all his successors (although a step in the right direction could already be discerned among the physiocrats), he subsequently gets lost in a chaos and this mainly because his "esoteric" conception of the value of commodities in general is constantly contravened by exoteric conceptions, which on the whole prevail with him, and yet his scientific instinct permits the esoteric standpoint to re-appear from time to time' (Marx 1967a: 377). By esoteric Marx means deep, scientific; by exoteric Marx means popular, superficial. For Marx, the two go hand in hand in Smith's political economy.

There are many examples, especially from *The Theories of Surplus Value*, that point to Marx's extremely close reading of the technical side to Smith's work—particularly Books I and II of WN. Among these examples are Marx's extended interpretation of Smith's theory of productive and unproductive labour in *The Theories of Surplus Value* (Marx 1963: 258–84, and his comment on Book I, Chapter X, 'Of Wages and Profit in the Different Employments of Labour and Stock' that 'the chapter is full of acute observations and important comments' (Marx 1968: 231)). He discusses Smith on the difference between natural, sufficient, and ordinary price (Marx 1968: 351–3) and spends an entire Chapter XIV, 'Adam Smith's Theory of Rent' (Marx 1968: 342–72), on various technical issues. Comments on Smith's distinction between fixed versus circulating capital, and Marx's own claim that the crucial distinction should be between constant capital (which produces no surplus value) and variable capital (which does) can be found in *Grundrisse* (Marx 1973: 727–43) and *Capital* (Marx 1967a: 189–219). Additionally, Marx's comment on Smith's emphasis on fixed versus circulating capital as 'a blunder' is in *Capital II* (Marx 1967a: 214). Where, a few paragraphs later, Marx concludes: 'It is therefore understandable why bourgeois Political Economy instinctively clung to Adam Smith's confusion of the categories "constant and variable capital" with the categories "fixed and circulating," and repeated it parrot-like, without criticism, from generation to generation for a century. The part of capital laid out for wages is no longer in the least distinguished by bourgeois Political Economy from the part of capital laid out for raw materials... Thereby the basis for an understanding of the real

<sup>4</sup> See e.g. Pack (1991: 119–37). Marx, of course, did not have access to Smith's jurisprudence course lecture notes. Nevertheless, I think it is clear that Marx studied much more closely the first two theoretical books of WN than the latter books. For more on this see Section V below.

movement of capitalist production, and hence of capitalist exploitation, is buried at one stroke' (Marx 1967a: 219). Indeed, despite Marx viewing Ricardo to be the worthy successor to Smith's deep scientific side, and an implicit link from the correct side of Smith through Ricardo to Marx himself, Marx laments that 'In Ricardo the uncritical adoption of the confusion [between fixed and circulating capital versus constant and variable capital] is more disturbing not only than in the later apologists, in whom the confusion of ideas is rather something not disturbing, but than in Adam Smith himself, because Ricardo, in contrast to the latter, is more consistent and incisive in his analysis of value and surplus value, and indeed upholds the esoteric Adam Smith against the exoteric Adam Smith' (Marx 1967a: 219).

Hence, Marx sets himself up as a grader, or corrector of Smith, contrasting what Smith says, with what Smith 'should have said' (see e.g. Marx 1968: 345–57 where he actually uses this terminology). Of course, in general, Marx sees himself as able to 'adhere to that part of Smith's exposition which is correct' (Marx 1967a: 383), to critique it, and to develop it in his own work.

## VALUE THEORY

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For Marx, Smith had both correct and incorrect views of what determines value. Marx shows the various aspects or confusions in Smith's thought on value theory, and develops one strand of it into his own embodied labour theory of value (Marx 1968: 232). He explains: 'The extent to which Adam Smith uses the correct definition of value, wherever he actually analyses [facts] can be seen at the end of the chapter where he examines why *woollen cloths* were dearer in the 16th century, etc. . . . The mistake here consists only in the use of the word *price*' (Marx 1968: 371, emphasis in original. See also Marx (1968: 405)).

The problem is that Smith seems to have several conflicting labour theories of value, due to his various inconsistencies on the cause of value (see Naldi in this volume). Smith switches between labour commanded, labour embodied, and subjective theories of value (Marx 1970: 59–60). Marx notices 'The *peculiar* manner in which Adam Smith mixes up the measuring of value by the quantity of labour, with the price of labour or the quantity of labour which a commodity can command' (Marx 1968: 366, emphasis in original). Sometimes Smith even lapses into 'physiocratic errors' on the cause of value (Marx 1967a: 360–1) and in doing so 'contradicts the esoteric—really scientific part of his own exposition' (Marx 1967a: 212).<sup>5</sup> Yet, the real blunder according to Marx is when

<sup>5</sup> Note also Marx (1963: 70): 'Smith is very copiously infected with the conceptions of the Physiocrats, and often whole strata run through his work which belong to the Physiocrats and are in complete contradiction with the views specifically advanced by him . . . For our present purpose, we can completely disregard these passages in his writing, which are not characteristic of himself, but in which he is a mere Physiocrat.'

Smith goes to an adding up theory of prices, so that land and constant capital contribute to the production of value (Marx 1968: 235). So again, there is a correct side and a wrong side to Smith, a deep side and a superficial side, a scientific and a vulgar side to Smith.

For Marx, one definition or formula of value is correct. The others are incorrect (Marx 1970: 59). He thinks it is scientifically correct that total value is produced by workers working and their surplus value is distributed among non-workers; rather than an adding up theory determining total prices and value. Therefore, ‘the vulgar conception however that wages arise from labour, but profit and rent—independently of the labour of the worker—arise out of capital and land as separate sources, not for the appropriation of alien labour, but of wealth itself, evidently creeps into Adam Smith’s writing already at this stage. In this fantastic fashion, the profoundest concepts intermingle with the craziest notions’ (Marx 1968: 347). The most profound concepts are the true, scientific (proto-Marxist) ones; the craziest notions the result of superficial analysis. Both intertwined in Smith.

So, in Marx’s reading of Smith, ‘We have seen how Adam Smith first reduces value to wages, profit (interest) and rent, and then, conversely, presents these as independent constituent elements of commodity prices. He expresses the secret connection in the first version and the outward appearance in the second’ (Marx 1971: 515). Starting from Smith’s correct position, and then arguing against what Marx perceives to be Smith’s subsequent superficial position, Marx claims it is not that landed property, capital, and wage-labour create value and surplus value. Rather, it is only wage-labour, workers actually working, that create value and surplus value. This surplus value is then distributed to various property owners. Marx, in typically incisive yet harsh language, concluded in *Theories of Surplus Value* that, ‘Adam’s twistings and turnings, his contradictions and wanderings from the point, prove that, once he had made wages, profit and rent the constituent component parts of exchangeable value or of the total price of the product, he had got himself stuck in the mud and had to get stuck’ (Marx 1963:103).

## MONEY AND CAPITAL

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Marx largely follows Smith on the development of money and capital, but again, particularly in capital theory, he develops a radical side implicit in Smith. Smith’s analysis of the origin of money largely follows Aristotle in the view that the exchange of commodities will necessarily generate money.<sup>6</sup> Marx, while criticizing Smith for minimizing his indebtedness to Steuart on the analysis of paper money, finds that Smith’s ‘views on paper money are original and profound’ (Marx 1970: 168). For Smith money can be used to acquire more money, or revenue. Smith calls money used in this way capital.<sup>7</sup>

<sup>6</sup> See Pack (2010) which traces out the relationship between Aristotle, Smith, and Marx in much more detail, and from which much of the material in this chapter is drawn. On the pivotal importance of Aristotle’s work on money up to modern times, see also Schumpeter (1954: 62–4).

<sup>7</sup> Aristotle calls it *chrematistics*.

For Marx, following Smith, capital employs living labour, but then Marx explicitly reaches a key conclusion opposite to that of Smith. Capital, for Marx, commands not only paid labour, but also unpaid labour. Hence, capital is really a form of exploitation or theft.

Note that for both Smith and Marx, when money is advanced by a property owner to a worker, it becomes capital. Smith writes: 'In all arts and manufactures the greater part of the workmen stand in need of a master to advance them the materials of their work, and their wages and maintenance till it be completed. He *shares in the produce of their labour, or in the value which it adds to the materials upon which it is bestowed*; and in this share consists his profit' (WN I.viii.8: 83, emphasis added). In this Smithian formulation, the workers themselves (and not machinery or other physical equipment) are generating or producing the profits, the produce, or the value of their produce which are then 'shared' with their 'master'. By Marx's reading, the workers are clearly creating value and surplus value which is then appropriated by their master. As Smith posits at another point, 'The value which the workmen add to the materials, therefore, resolves itself in this case into two parts, of which the one pays their wages, the other the profits of their employer upon the whole stock of materials and wages which he advanced' (WN I.vi.5: 66). So, in a sense, capital generates the capitalist, who then lives off profits or surplus value created by the workers. It is, of course, this potentially radical side of Smith and his formulation of capital that Marx picks up on and develops.

Thus, Marx interprets Smith as saying workers create all surplus value, which is the essential, true source of all property income: 'Rent as well as profit are therefore, according to Adam Smith himself, but component parts of surplus-value and these the productive labourer reproduces continually together with his own wages' (Marx 1967a: 371).<sup>8</sup> Or again: 'The capital converted into labour produces a greater value than its own. How? Says Adam Smith: by the labourers imparting during the process of production to the things on which they work a value which forms not only an equivalent for their own purchase price, but also a surplus-value (profit and rent) apportioned not to them but to their employers' (Marx 1967a: 374).

Joseph Schumpeter (1954: 389) also notes this side of the relation between Smith and Marx. By Schumpeter's reading, Marx's 'preconceptions about the nature of the relations between capital and labour, in particular, he simply took from an ideology that was already dominant in the radical literature of his time. If, however, we wish to trace them further back, we can do so without difficulty. A very likely source is WN. Smith's ideas on the relative position of capital and labour were bound to appeal to him, especially as they linked up with a definition of rent and profits—as 'deductions from the produce of labour' (WN I viii, 8: 83)—that is strongly suggestive of an exploitation theory'.

So Marx takes this side of Smith and explicitly develops it into his own deep exploitation theory. For Marx, the capital is created by the workers, and in value terms, capital is really embodied dead labour. Therefore, it is as if dead labour hires or consumes the living labour. The dead labour then sucks surplus value created by the live labour,

<sup>8</sup> Engels (1967) does too.

vampire-like. The capital hires the workers, and the more capital there is in society, the more workers will be hired by capital. In capitalist society, the workers are controlled by the produce of their labour. For Marx, 'the division of labour develops the *social* productive power of labour or the productive power of social labour, but at the expense of the *general productive ability* of the worker. This increase in *social productive power* confronts the worker therefore as an increased productive power, *not of his* labour, but of *capital*, the force that dominates his labour' (Marx 1968: 234, emphasis in original). Hence, the workers, instead of ruling their products, are ruled by their products. For Marx, as opposed to Smith, a communist revolution would be the welcome means to free humanity and to reclaim this alienated power.

## CHARACTER

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In terms of character analysis, Marx again largely agrees with and follows Smith, but, once again, develops the critical radical side to his analysis. This is seen especially in what manufacturing enterprises do to the character of workers. Marx again goes further than Smith on this issue, and also on the later degradation of the character of workers in what Marx calls the machine age of capitalism. Both Smith and Marx are similar in that they emphasize it is what people do in their day-to-day lives, particularly how they relate to their economic activities, that largely determines their characters. In a sense they can both be seen as materialists. Ronald Meek is one of the few people who sees and correctly emphasizes this commonality between the two:

It could very plausibly be argued, indeed, that it is in Smith's numerous remarks about the influence exerted upon the character of individuals, social classes and nations by the manner in which the people concerned get their living, about the relativity of manners and morals to time and place, and about the socio-economic determinants of political attitudes, literary styles, consumption patterns, etc., that the main similarities between his approach and Marx's are to be found. (Meek 1977: 15–16)

So, for example, Smith's view that morals will to some extent be a function of the job a person performs in society, their social rank or class, and the general level of socio-economic development in society (be it, of course, a hunting, shepherding, farming or commercial society) can be seen in TMS, Part V, 'Of the Influence of Custom and Fashion upon the Sentiments of Moral Approbation and Disapprobation.'<sup>9</sup> Smith's view

<sup>9</sup> Note by the way from this Part of TMS it is clear that for Smith moral sentiments are a subset of general aesthetics, moral sentiments being basically the judgment (or in part feeling) of beauty of the soul. General aesthetics are of course also a function of the variables noted in the main text. Note also there is no mention of God, the all-wise Author of Nature, the great Judge, the Deity, etc., in this Part since it deals with the historically specific, and with particular institutions; not ahistorical deep structures of the human species.



that rhetoric will also partly be a function of the type of society is addressed in, for instance, LRBL, Lecture 26 (see Swearingen in this volume). Indeed, that language itself arose historically and that it too changes over time—so for example there will be systematic differences between ancient languages such as ancient Hebrew and Greek and Smith's contemporary languages—is one of the key claims of the 'Considerations Concerning the First Formation of Languages'.<sup>10</sup> That marriage, love, and therefore plays, operas, and literature about marriage and love are also to some extent functions of the level of socioeconomic development, the nation's inheritance laws, etc. are described in the lecture Smith gave on Tuesday, 8 February 1773 (LJA iii.4–49: 142–59). The various virtues themselves, including truthfulness, probity, punctuality, courage, etc. are also to some extent a function of the stage of development (LJB 327–33: 538–41). Finally, in WN V.i.a, and also in WN V.i.f, 'Of the Expence of the Institutions for the Education of Youth', especially V.i.f.59–60, Smith describes the ability of a nation to defend itself in terms of the level of socioeconomic development and underlines this with an analysis of the historical variations in societal estimates of and therefore the possession of the virtue of courage.

Many more examples of what may be termed materialist similarities between Smith and Marx could be enumerated. Yet, we might also note that to some extent Marx himself downplayed this commonality. Take, for example, the effect of the division of labour on character. In Marx's critical estimation, 'Adam Smith said nothing at all new about the division of labour. What characterizes him as the quintessential political economist of the period of manufacture is rather the stress he lays on it' (Marx 1976: 468, fn. 19). Whereas, in Marx's own story, tools are simplified, and workers get divided into skilled and unskilled labourers; both classes of workers are separated from their means of production, forcing them to work in the capitalist-owned factories. On the downside to this division of labour, that increases in the division of labour increases productivity, yet hurts the character of the worker, Marx does indeed follow Smith. As is relatively well-known, the deleterious effects of the division of labour are developed most extensively, relatively late in Smith's WN, tucked (or arguably buried) in Article Two, 'Of the Expence of the Institutions for the Education of Youth' of Part III, 'Of the Expence of publick Works and publick Institutions' of Chapter I 'Of the Expenses of the Sovereign or Commonwealth' of Book V. It is here that Smith elaborates upon the damage done to the workers' character by the increase in the division of labour, in contradiction to the positive stress placed upon increases in the division of labour (due to increasing productivity and hence the wealth of nations) in most of the rest of the treatise.<sup>11</sup>

In *Capital*, Marx also describes how under capitalist development the 'development in a man of one single faculty [comes] at the expense of all others ...' (Marx 1976: 474). In this part of his complex story, Marx is quite Smithian. For Marx, following one side of Smith, manufacturing 'converts the worker into a crippled monstrosity' (Marx 1976: 481);

<sup>10</sup> See also Berry's (1974) commentary. Note in passing that in this article Smith makes clear that he did not read Hebrew.

<sup>11</sup> See e.g. Pack (1991); also Heilbroner (1975) and Rosenberg (1990).

he is 'transformed into the automatic motor of a detail operation' (ibid.). The worker becomes an appendage of the workshop which 'mutilates the worker, turning him into a fragment of himself' (Marx 1976: 482). Marx does quote Smith on this issue.

For Marx, with manufacturing enterprises there is a 'crippling of the individual worker. It produces new conditions for the domination of capital over labour' (Marx 1976: 486). Things get even worse for the character of the workers with the development of machinery, the machine age of capitalist development which entails the further deskilling and degradation of the worker.<sup>12</sup>

So Marx is concerned with the deleterious effect of work on the labourer. He shares this concern with Smith, although Marx goes in much more detail, at greater length, and with more emphasis than Smith does in WN. Indeed, a generation or so ago there was a debate about the role of alienation in Smith's analysis, inspired largely by the availability in English of some of the writings of the so-called young Marx. So, for example, Lamb (1973) argued that Smith anticipated worker alienation identified by Marx in his early works as self-estrangement, isolation, and powerlessness. West (1975) countered this arguing that alienation was not a significant issue for Smith. Yet, I think the key point on this issue is the following. By reading the British economists in general, and especially Adam Smith, given Marx's philosophical and radical background, one can now see how a young brilliant mind took the idea of alienation in the previous German philosophical sense of alienated power to the state or religious authorities, and applied it to alienated labour in civil society. In the appropriately named *Economic and Philosophical Manuscripts of 1844* Marx sees alienated economic labour as the root of private property and the wealth in capitalist society. Moreover, the key source of inspiration to apply the German philosophical concept of alienation (which Marx already intimately knew) to labour, and to work out the implications of this transference, was very likely Adam Smith himself. Marx, referring to the man who would become his lifelong friend, Engels, writes that he 'was therefore right to call Adam Smith the *Luther of political economy*' (Marx 1975: 342, emphasis in original). For Marx, Luther put humans directly into the province of religion and negated the idea or need for priests. Similarly, Marx interpreted Smith as making human labour, or more precisely *alienated* human labour, the true source of private property and wealth, with most all wealth being owned by non-labourers and hence in reality appropriated from the workers. For Marx, it takes scientific work to understand and expose this deep truth about capitalist society. Marx would spend the rest of his life working out the implications and details of this synthetic philosophical-economic vision.<sup>13</sup>

Marx was, of course, above all else, a revolutionary; Smith much more of a reformer. A reason for this key difference was their different attitudes to what may be termed the

<sup>12</sup> The classic elaboration of this train of thought in Marx (and hence of Smith) in the twentieth century or the age of 'monopoly capital' is Braverman (1974).

<sup>13</sup> We must be careful not to overemphasize the youthfulness of the so-called young Marx. When Marx penned these 1844 manuscripts, he was the same age as Einstein when Einstein published his 1905 path-breaking articles (including the two on what would become known as the special theory of relativity); just two years younger than Hume was when the first two books of his *Treatise of Human Nature* were published in 1739.

opportunity cost of what Smith called commercial society, what for Marx was capitalist society, or the capitalist mode of production. I will turn to this issue, after a brief discussion of their rather surprisingly similar attitudes towards the state in class societies.

## THE STATE AND CHANGE

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Marx and Smith's position concerning the state is quite similar. For both, the state in commercial or capitalist society has certain functions to fulfil. Also, for both, the state may be seen to be a tool or instrument to protect property. For Smith, the state tends to be ruled by and in the interests of the rich and powerful. This is a major reason why Smith wants the state in commercial society to be relatively small: to help protect the non-rich, and the non-powerful from the state. Also, for both Smith and Marx, the state and the development of property, are historically specific. For Smith they largely depend upon the stage of development of society; for Marx, upon the mode of production. Again, the similarities are striking. However, Marx (and probably most Marxists following him) did not see or appreciate this side to Smith. Instead, Marx saw Smith as ahistorical (Marx 1973: 83; 156).

What is the source of the misunderstanding of Smith's ahistoricity? There are, I believe, several reasons. One is that, particularly in the early books of *WN*, Smith does indeed appear to be ahistorical. With his emphasis on the natural, and his early memorable story of beaver-killers in a hunting society exchanging their kill in a 'natural' exact proportion with that of their associated deer-killers based upon the labour time required to terminate their respective prey (*WN* I.vi.1: 65), it would be easy to conclude that Smith imagined a commercial, capitalist-like society to have always existed. I suspect for rhetorical, persuasive reasons, Smith himself at that stage of his presentation of the inquiry into the nature and causes of the wealth of nations was not amiss to encouraging that misinterpretation.<sup>14</sup> Of course, from a close reading of Book V of *WN* (to be further discussed immediately below) and particularly with the publication of *LJ*, it is clear that this interpretation of Smith is erroneous. Yet, another argument can also be made that compared to Marx himself, Smith is relatively less historical, or perhaps less evolutionary: for Marx humans themselves essentially and fundamentally change over historical time. To take one important example, for Marx, over time, 'human needs are produced just as are products and the different kinds of work skills' (Marx 1973: 527). History for Marx is clearly (among other things) the development of new human needs; in contradistinction, for Smith over time humans are simply able to better and more easily fulfil old needs (Berry 1994: 177–95). That is to say that, for Marx, over time human needs and their essential beings change and

<sup>14</sup> See Pack (2010: 61–5) where I argue that Smith used this terminology in part to argue against the Aristotelian view that *chrematistics*, the use of money to acquire more money, was unnatural; and, also to open up space from potential religious censors by emphasizing that he was dealing with natural, as opposed to supernatural issues.

evolve while this was probably not part of Smith's vision. So there remains a difference in degree between the historicity of Marx and Smith.<sup>15</sup>

Returning to the issue of the state, the question arises: why is there a streak of antipathy in Smith towards government in general? I think because in some key ways, Adam Smith has what may be termed a Marxist theory of the State. The careful reader, plodding through Smith's masterpiece, may indeed be surprised upon coming to Book V, the last book of WN. In explicitly discussing the necessary expenses of the state, Smith suddenly introduces a four-stage theory of socio-economic development. In explaining the expenses of defence and justice, it turns out that, according to Smith, government arises at a definite stage in history, with the development of private property. Indeed, the origin of government is to protect private property, particularly that of the rich (WN V.i.b.2: 709).

This is pretty much what we might now call the Marxist theory of the state. The state arises at a definite stage (or level) of socio-economic development. It does not really exist in hunting societies. Nevertheless, according to Smith: 'Civil government, so far as it is instituted for the security of property, is in reality instituted for the defence of the rich against the poor, or of those who have some property against those who have none at all' (WN V.i.b.11: 714). Yet, unlike Marx, Smith largely emphasizes that this is good. The rise of private property and the state which protects this property is basically desirable; it is at least as good or desirable as is possible for such frail creatures as humans. It would be much worse to not have a state. Indeed, what Smith sees as crucial about commercial society, is the rule of law, and in principle, equal liberty under law. Nevertheless, at the same time, for Smith, 'The violence and injustice of the rulers of mankind is an ancient evil, for which, I am afraid, the nature of human affairs can scarce admit of a remedy' (WN IV.iii.c.9: 493); and, 'All for ourselves, and nothing for other people, seems, in every age of the world, to have been the vile maxim of the masters of mankind' (WN III.iv.10: 418). For Smith, at a certain level of socio-economic development, the state is a necessity; yet, it can itself be a source of violence and injustice.<sup>16</sup>

The most famous statement of Marx's view of the state probably comes in *The Communist Manifesto* (jointly written with Engels): 'The executive of the modern state is but a committee for managing the common affairs of the whole bourgeoisie' (Marx 2005: 43). Now, there are several reasonable ways to interpret Marx's position concerning the state. On the one hand, one can take a largely functional viewpoint, as taken by people such as Poulantzas (1973) and Reuten and Williams (1989). Here, the capitalist state has various functions which it needs to fulfil in order to help in the reproduction of the capitalist

<sup>15</sup> In terms of theory, the key person on this issue is probably Hegel. The relationship between Hegel and Marx is well known; that between Smith and Hegel, not so much. In terms of the material cause of this change in thought, I suspect it was probably that Europeans gradually realized they were completely exterminating various species (think, e.g. the dodo bird). If animal species could historically die out, then new ones must arise, or essentially evolve over time; including humans.

<sup>16</sup> Smith is here echoing the sentiments of the author(s) of Samuel I on the rise of the state in ancient Israel, with the establishment of Saul and then David's monarchy replacing the previous decentralized system of judges. This Biblical Book is one of the oldest texts we have on the rise of a state, and it merits close study for that, among other reasons.

socio-economic system. This is quite similar to Smith's position in WN. Smith, of course, never wrote his book on 'the general principles of law and government' (TMS: VII.iv.37: 342). Yet, what we have in WN, particularly in the very long Chapter 1, of Book V ('Of the Expenses of the Sovereign or Commonwealth'), and also scattered throughout the treatise, is an enumeration of various things or functions which the government ought to perform in his commercial society. So, in this sense, Marx and Smith are quite similar in their view that the state has certain functions to fulfil.

One can also adopt a more straightforward interpretation of Marx's position, that the state is a tool or instrument largely used by the ruling class to further its own interests. Marx seems to have this position when he writes in *The German Ideology* that 'the state is nothing more than the form of organization which the bourgeois by necessity adopts for both internal and external purposes as a mutual guarantee of their property and interests' (1967b: 470). Here, the state is a tool or instrument, and from a Marxist point of view the state itself becomes an object of class struggle. This was the approach taken by people such as Ralph Miliband (1969) and his followers. Again, this is not too different from Smith's position. Although Smith does not stress it in WN, government may be viewed to be a tool or institution which arises with the growth of private property, at a particular time in the evolution of history. Indeed, the mercantilists and businessmen whom Smith railed against were using the state as a tool to help further their own narrow economic interests to the detriment of the rest of the nation.

The chief difference between Marx and Smith is one of attitude towards change, opportunity costs, reform, and revolution. Both have what may be termed a modern, largely evolutionary theory or view of human history. Both may be termed materialistic because they both stress the importance of day-to-day 'economic' or material activities in determining or at least largely influencing government, laws, culture, etc. Smith has a four-stage theory of socio-economic development. Marx has various 'modes of production', each of which largely succeed each other in historical time.<sup>17</sup> Yet, comparatively speaking, Smith looks backward, and sees commercial society as largely superior to previous societies, while making various suggestions for reform of his current society. Marx looks more to the future, and thinks that present society is so much worse than what the future can hold; hence, the need for radical revolution to overcome the structural contradictions that plague capitalist society.

We might also note that the very idea of being subsumed to the dictates of economic markets is, in Smith's view, an improvement upon previous forms of personal servitude,<sup>18</sup> while Marx vehemently opposes this condition as inferior to what could occur in the near future. Marx does not want humans bound, dictated to, or subservient to economic markets.<sup>19</sup> He thinks humans can get to a post-market and hence vastly improved society. This was not really an option considered by Smith.<sup>20</sup> Smith looked backwards in history

<sup>17</sup> On this I think they were both largely influenced by Aristotle's *Politics* 1256a–b. Yet, Aristotle, of course, had a pre-modern cyclical view of human history. See Pack (2010: 208–10).

<sup>18</sup> See Perelman (1989).

<sup>19</sup> See e.g. *Grundrisse* (Marx 1973: 158, 162, 196–7).

<sup>20</sup> Recall, of course, that Smith wrote the *Wealth of Nations* in the decade before 1776; when it would have been very difficult for Smith to envision a stage beyond capitalism (or commercial society).

at feudal relations of production and personal servants, and felt that this form of society was generally grossly inferior to commercial market relations. He tried to figure out ways to improve commercial market relations through gradual reform. Marx looked more to the future, thinking we could get past the anarchic dictates of the market and realize a higher form of human existence. Was he being utopian?<sup>21</sup>

## CONCLUSION

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This chapter has argued that there are many similarities in the work of Adam Smith, often seen as the great defender of commercial or capitalist society, and Karl Marx, the proponent for the revolutionary overthrow of capitalism. These similarities are particularly evident in value theory, the theory of money and capital, the development of character, and their theories of the state and historical change.

Indeed, Marx was a very close, careful, subtle reader of Smith. He develops a radical anti-capitalist side, which is largely implicit in Smith, to help create what is the subtitle of *Capital*: a genuine *Critique of Political Economy*. According to Joseph Cropsey in his *Polity and Economy*, ‘An axiomatic premise of this study is that capitalism is an embodiment of Smithian principles. Hence, the interpretation of Smith’s teaching must also be an interpretation of capitalistic society’ (1957: ix). From either a Smithian or a Marxist point of view, Cropsey no doubt offers an overly idealistic version of the relationship between Smith’s work and capitalist society; nevertheless, in essence Cropsey is quite correct. An interpretation or critique of Smith’s teaching is also an interpretation or critique of capitalist society itself. Moreover, it may very well be that Marx’s critique of capitalist society is as relevant today as it was 150 years ago—possibly more so. But that would be the subject of, at least, another paper.

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<sup>21</sup> Of course, even to ask this question risks the posthumous wrath of Marx. Both Marx and Engels insisted they were scientific socialists, not utopian socialists (see e.g. *Communist Manifesto*, ch. 3, Section 3, ‘Critical-utopian Socialism and Communism’ (2005: 82–6)). But Marx was well aware that this was an issue for him too, e.g.: ‘... if we did not find concealed in society as it is the material conditions of production and the corresponding relations of exchange prerequisite for a classless society, then all attempts to explode it would be quixotic’ (Marx 1973: 159).

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## CHAPTER 26

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# ADAM SMITH AND THE NEW RIGHT

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CRAIG SMITH

ONE of the consequences of becoming a celebrated authority and father of a discipline like Adam Smith is that one inevitably becomes subject to recruitment drives on the part of a variety of one's successors. Appealing to the authority of a great thinker or seeking inspiration in their work are regular occurrences in political and academic life, so fighting over Smith's legacy is no new sport.<sup>1</sup> Recently there has been a burst of such activity in Smith studies as a number of authors have attempted to 'rescue' Smith from some of his admirers (Rothschild 2001; Fleischacker 2004; McLean 2006; Kennedy 2008). The admirers in question are what have become known variously as the 'New Right' or, more recently, neo-liberals. This chapter will attempt to examine some aspects of the New Right's relationship with Smith and to assess exactly what it is that they claim to have learned from him.

On one level this relationship is symbolic. Adam Smith has been taken up as the emblem of a successful think tank and his image adorns ties worn by politicians and economists associated with the revived right-wing parties led by Ronald Reagan and Margaret Thatcher in the 1980s. The prevalence of this image among those who advanced a particular set of policies obviously led to the impression that they claimed inspiration for those policies from Smith. It is this, it seems, which animates those who want to correct what they view as an ill-balanced appropriation, or to reclaim Smith for the Left. Admirers of Smith who oppose the policies associated with the New Right have understandably sought to distance him from them. But one is then left with the question of what kind of reclamation project is being undertaken? On one level the answer would seem to be as a symbolic figure who bestows authority on the particular policies adopted by a given political faction. This, it seems, is an academically uninteresting activity or 'harmless sport' (Haakonssen and Winch 2006: 377). On another level it seems to

<sup>1</sup> Indeed the 1982 Campbell and Skinner biography (1982: 7) explicitly sets out to correct misreading of Smith by policymakers.

amount to little more than the notion that because I admire a historical figure then my enemies cannot possibly admire or find inspiration in the work of the same figure.

Beyond such superficial symbolism there are more substantive attempts to show that Smith's thought is in significant tension with key ideas or themes in the work of the New Right. Here the chief tactic employed is to argue that Smith distrusted business as much as government, placed restraints on markets as often as he wanted to free them and was motivated by an overwhelming desire to improve the situation of the poor in contrast to his low opinion of the wealthy. This is then contrasted to the position of the New Right whose policies of reducing welfare programmes, privatization, and support for multinational corporations are held to be inimical to Smith's worldview.<sup>2</sup> The problem with this sort of argument is that it involves pitting two partial readings of Smith against each other and combining this with straw men interpretations of the New Right and the modern Left. Assuming that Smith's writings lend support to a favoured policy regime in contemporary politics doesn't really seem to do much justice to the richness and complexity of his thinking and does not advance us much beyond symbolism.

Taken further, this approach might involve comparing Smith's key ideas and methodology with that of thinkers of the New Right. While this is at least a more fruitful intellectual enterprise, it does seem prey to concerns of historical method. One need not adhere to the sort of contextualist reading associated with Skinner or Pocock (or in Smith studies Donald Winch) to be troubled by the thought of reading an eighteenth-century author through twenty-first-century sensibilities.<sup>3</sup> The gap between Smith's intellectual world and our own is going to lead to a host of innovations and discoveries blurring straightforward comparison. Perhaps the most obvious barrier to this sort of comparison in economics is the 'marginal revolution' which transformed the understanding of value in economics. Thinkers standing on opposite sides of this innovation are in a very real sense engaged in different intellectual projects with their attention directed towards distinct problems.

In the *Cambridge Companion to Adam Smith*, Haakonssen and Winch adopt an approach that seeks to distinguish legitimate and illegitimate legatees where legacy is understood as 'a verdict on the more fruitful lines of inquiry that spring from an

<sup>2</sup> This view seems to assume that only those supporting a particular regime of welfare provision can possibly care about the poor and oppose the excesses of business. That the New Right also want to improve the position of the poor (see Hayek 1960: 223 for a discussion of welfare) and control the excesses of business seems obscure to their opponents. But it is precisely the accusation that could be made of Smith in general—that he distrusted both business and government (and in particular the combination of the two) and sought ways to improve the condition of the poorest by channeling the self-interest of business and restricting the corruption of government.

<sup>3</sup> Louis Schneider offers a strong counter to this view arguing: 'Adam Smith says much that may be translated into later language conveniently and without distortion, and the position taken here is that it is historicist foolishness to deny this' (Schneider 1979: 45). Erik Angner (2007: 66) poses another related question with connection to Hayek: 'The question of why Hayek should have found inspiration, for example, in Smith's work is not one that can be addressed by pointing to the fact that he did.' Indeed, it might fairly be observed that understanding the influence of one thinker upon another depends on what the influenced thinker learned from his predecessor which is something quite distinct from understanding whether his reading was an accurate or even defensible one. For example, influence may extend to what an author 'learns' from the mistakes of his predecessors or even what the work of a predecessor prompts an author to think.

interpretation of the meaning of Smith's intellectual enterprise taken as a whole, regardless of passing fashion' (Haakonssen and Winch 2006: 367). For my part I want to argue that, whatever one's political views, it would be curious to deny that the New Right was in some sense influenced by or operating within the legacy of Smith. Fleischacker (2004: 201), despite his case for a more egalitarian Smith, admits that the 'libertarian' reading of Smith does have good grounds—he just thinks that the egalitarian one is better.<sup>4</sup> We should also be open to the reality that any given thinker (Smith included) will have been subject to a wide range of influences and so it would seem a distinctly odd claim to make that any contemporary thinker was a perfect Smithian, or conducted their thinking in strict adherence to Smith's writings to the exclusion of other influences. This obviously invites the possibility of different readings of Smith and so divergent legacies in the influence that he has on a number of contemporary thinkers.

In this chapter I propose the adoption of a relatively simple methodology. Intellectual historians are wary of tracing and attributing influence in historical texts because of the lack of evidence about authorial intent among other matters. As far as the New Right (and indeed many contemporary authors in general) are concerned this is made less problematic by the modern practice of footnoting and referring to past thinkers in texts. The danger of reading back is then restricted to reading back by the authors in question. The method I propose is to look at what three representative thinkers of the New Right actually say about Smith and what influence they claim from him on the basis of citation. Hopefully this exercise will go some way towards cutting through symbolism, misdirection, and ideological histrionics. The analysis will then be of specific citation and point of influence allowing us to judge the accuracy of the citation and its applicability in the context of the later thinker's work. This task is made significantly simpler by the fact that each of the representative thinkers that I propose to cover made statements about what they take to be the key insight in Smith's work. Moreover in each case what is thought to be Smith's key insight is substantially the same thought, namely, that social science can provide the basis for a consequentialist defence of liberty grounded on the significance of unintended consequences produced by a particular institutional framework. By focusing on these passages we can perhaps go some way towards understanding Smith's influence on this school of thought.

## THE NEW RIGHT

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Let us begin by clarifying terminology. The New Right is the name acquired by the coalition of conservatives and classical liberals who came together to form a political movement through the Cold War period. The chief engine of this movement was the

<sup>4</sup> Though, as Nathan Rosenberg has argued, Smith's commitment to equality need not be in conflict with a commitment to economic liberty: 'In arguing for non-intervention, Smith was pleading for the elimination of all special treatment and privilege. He believed very deeply that laissez-faire would lead not only to greater production but to greater equality as well' (Rosenberg 1979: 26).

Mont Pelerin Society and the range of think tanks which proliferated along the model of the Institute for Economic Affairs. The leading intellectual figures of this movement were chiefly economists and social theorists and among the leading lights of the group were Friedrich Hayek, Milton Friedman, and James Buchanan. As Roger Scruton (1982: 322–3) points out in his entry on the New Right in his *Dictionary of Politics*, the movement itself, as an alliance of liberals and conservatives, seems likely to be unstable and temporary. Scruton argues that what bound the New Right together was anti-communism and that in the absence of this threat the socially liberal and socially conservative elements would come apart. In terms of the New Right's relationship to Smith it is generally the theme of economic liberalism that brings about his invocation (social conservatives finding his friend Burke more amenable).<sup>5</sup> Additionally, as use of the New Right label gave way to the vacuous neologism 'neo-liberal' (or worse neo-liberalist), Smith came to be seen as the patron saint of unrestrained capitalism and the global institutions pushing for the opening up of markets. He became associated with the ideas of perfect competition, the efficiency of markets, and the benefits of self-interest which the popular imagination had attached to the New Right label. Crude as this reading is it percolates many of the introductory texts in politics, economics, and international relations, and generations of undergraduates have been brought up on this caricature, bite-sized Smith.<sup>6</sup>

A more detailed anatomy of the New Right is provided by Norman Barry (1983) and will suit our purposes better for this chapter. Barry's attention was drawn to the intellectual divisions within the classical liberal or libertarian strand of the New Right. He identified two broad positions: deontological libertarianism of the sort typified by Robert Nozick and consequentialist libertarianism of the sort typified by Hayek. Nozick's blend of Lockeanism and Kantianism into a rights-based philosophical defence of private property and the minimal state can be laid aside for our present purposes on the grounds that he makes little reference to Smith in developing his main arguments.

Within the consequentialist strand Barry identifies three distinct 'schools' which come together via Mont Pelerin—Chicago, Virginia, and Austria. I propose to take Friedman, Buchanan, and Hayek as representative of these schools and to look at what they claim to have learned from Smith in the context of their own thought. Constraints of space will necessarily mean discounting the 'window dressing' of passing allusions and invocations of Smith where the turn of phrase prompts the citation rather than any more substantive interpretative claim. Employing this filter allows us to dispense with a great many of the Smith citations made by these thinkers. One point of interest that may help us in our understanding of what our three thinkers have to say about Smith is the nature of their education in the history of economics. In this case we might consider

<sup>5</sup> Emma Rothschild (1992) has argued against a conservative reading of Smith that developed in the wake of the French Revolution, but my reading does not contrast with her view as I will argue here that the New Right often take care to separate Smith from both conservatism and *laissez faire*.

<sup>6</sup> Gavin Kennedy has fought an admirable one man campaign against this sort of misreading of Smith on his blog Adam Smith's Lost Legacy <<http://adamsmithslostlegacy.blogspot.com/>>.

three figures: Jacob Viner and Frank Knight (as influencing Chicago and Virginia) and Carl Menger (as influencing Austria).

Jacob Viner was one of the earliest modern historians of economic thought to write extensively on Adam Smith. In a series of articles and a book Viner (1927, 1960, 1972) became known for adopting the view that Smith's work, particularly his views on unintended consequences and the invisible hand, were undertaken against the intellectual backdrop of a providential natural order that arranged unintended outcomes to produce the happiness of mankind. Viner's argument (1927: 214) was that Smith's support for *laissez faire* depended on the existence of this order, and his case for government action was directed towards those cases where this order was imperfect or flawed. While Viner took care to distinguish his use of *laissez faire* from the crude form of market anarchism with which it is sometimes confused (Viner 1960: 46), he nonetheless saw little reason to distinguish Smith from the Physiocrats in the intellectual history of the concept.<sup>7</sup> Viner's Smith can be read as a figure who was willing to identify many beneficial cases of unintended outcomes, but who was not blind either to the role played in this by human institutions, or to the situations where the explanatory model did not hold. For all of the providential backdrop to his thought, Smith's arguments were some distance from a naïve identification of interests theory where long-term social harmony always issues from the self-directed behaviour of individuals.

One interesting, but superficial indication of Frank Knight's influence is the transmission of his habit of referring to 'Adam Smith and his followers' (Knight 1956: 20) to both Buchanan and Friedman.<sup>8</sup> This locution appears in many of the passages where Smith is mentioned and it is not always easy to see the point of the reference: sometimes it seems to refer to economists in general, other times to classical economics and still others to classical liberals. It is worth sketching the key observations about Smith that appear in Knight's work. He portrays Smith as a gifted synthesizer who plays an important role in the establishment of the discipline. Contrary to Viner he takes care to portray Smith as an individualist and to distance him from the notions of 'Laissez faire' (sic) (Knight 1956: 9, 1982: 61). He also distances Smith from crude self-interested or hedonistic psychology (Knight 1956: 9) or from adopting a naïve identification of interests model under the metaphor of the invisible hand (Knight 1956: 267), and classical economics (Knight 1956: 10) as it was to develop after Smith's time (particularly odd given the 'and followers' leitmotif). He also stresses the importance of the political in Smith's political economy, in particular how Smith's interest in economics is a product of his political opposition to mercantilism (Knight 1997: 285–6). Knight extends this interpretation to argue that Smith sits at the head of a tradition running through Bentham to Spencer that 'notoriously' presented its chief argument concerning politics as based on the 'stupidity of governments rather than the competence of individuals' (Knight 1982: 5). One thing that seems clear from Knight's discussion of Smith is that he

<sup>7</sup> Viner, to his credit, points out the danger of seeking authority in Smith: 'Traces of every conceivable sort of doctrine are to be found in that most catholic book [WN], and an economist must have peculiar theories indeed who cannot quote from the Wealth of Nations to support his special purposes' (Viner 1927: 207).

<sup>8</sup> Though Hayek also makes occasional use of this locution (Hayek 1967: 162).

was attempting to dispel many of the ‘myths’ about him perpetrated by textbook authors and as such represents a more nuanced and scholarly understanding of Smith’s thought than the neo-liberal caricature. Yet, as Henderson has argued: ‘The Knight approach was to use the history of thought to make clear the main characteristics of the “correct view” of economic behaviour’ (Henderson 1976: 144). So Knight seems to have been involved in an exercise that was part historical recovery and part selective interpretation for pedagogical illustration. An approach which may well have had a profound influence on Friedman and Buchanan’s early exposure to Smith’s thought.

Carl Menger’s interpretation of Smith in his *Investigations into the Methods of the Social Sciences* is idiosyncratic to say the least.<sup>9</sup> As Steven Horowitz (2001) and others have pointed out, Smith and Menger’s interest in the notion of unintended consequences seems to connect them readily with later Austrian and specifically Hayekian arguments. But Menger spends a great deal of his book rejecting ‘Smith and his followers’ (that locution again) for their ‘defective understanding of the unintentionally created social institutions and their significance for the economy’ (Menger 1996: 153). For Menger, Smith and his followers seem to have missed the significance of the historical and cultural evolutionary arguments of the German economists. This results in a ‘one-sided rationalistic liberalism’ (Menger 1996: 158) and a pragmatic, un-theoretical economics detached from institutional analysis and the significance of evolved laws and customs. Even granting the fact that Menger wrote this before the discovery of LJ this is a bizarre reading of Smith that surely tells us more about Menger’s pre-occupations and the debates in which he was engaged than it does about Smith’s place in the history of economics. One thing we might say is that this strand of thought does not seem to have impacted on Hayek’s later association of Smith and unintended consequences.

Before we move onto our selected thinkers we should make some additional preliminary observations. First, that all three of them make claims about what Smith’s key insight was and consider themselves to be operating, to some extent, in a Smithian tradition where that insight is developed in some important way. What we must try to answer is the extent to which this is simply another way of saying that they are political economists (like Smith) or whether there is a more substantive claim being made about the Smithian nature of the New Right’s consequentialist defence of liberty. A second point to bear in mind is that, while all three make a number of references to Smith in their published work, the references tend to appear in works of political theory or in texts written for a popular audience. There are comparatively fewer references in the more formal economic papers. This may simply be a reflection of the different stylistic norms of economics journals or, more significantly, it might lead us to suppose that Smith’s influence on the New Right was not primarily in the field of pure economic theory.

It is also true that references to Smith tend to increase in the latter part of the career of each thinker, indeed Hayek’s biographer argues that he came to place increasing value on Smith as the years went by—interestingly paralleling his move away from economics and towards political theory (Ebenstein 2003: 250). A final point to bear in mind is that each of

<sup>9</sup> See Shearmur (1996: 44) and Caldwell (2004: 72) for a discussion of Menger’s views on Smith.

these thinkers follows Knight in seeking to debunk the reading of Smith as operating with a crude form of *laissez faire* and an egotistic rationalist psychology. Indeed, Hayek goes to considerable lengths to counter this reading of Smith. At least one of the targets here appears to be that 'good friend of Adam Smith' George Stigler (Stigler 1976: 1200). Stigler was another significant figure in the Chicago strand of the New Right who famously (and hyperbolically) described Smith as 'the high priest' (Stigler 1975: 246) and 'premier scholar' (Stigler 1975: 240) of self-interest whose WN represented a 'stupendous palace erected upon the granite of self-interest' (Stigler 1975: 237). Stigler's complaint against Smith is only that he failed to extend his 'construct of the self-interest-seeking individual in a competitive environment' (Stigler 1976: 1212) to more areas of social and economic behaviour. Each of our three thinkers cautions against overemphasizing Smith's use of self-interest and distances himself from the hyperbole of Stigler's single-minded stress on self-interest.

## FRIEDMAN

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The first point to note here is that Friedman almost never invokes Smith in connection with his chief theoretical contributions to economics in the monetarist tradition and historical analysis of money supply. Despite the similarity in spirit between those passages of WN that trace historical fluctuations in money and his own historical work Friedman does not appear to seek to align himself with Smith in this respect (See Rockoff in this volume). Nor does Smith appear in Friedman's famous methodological essay *The Methodology of Positive Economics*, despite the model discussed there paying a passing resemblance to the sort of conjectural historical model and hypothesized explanation that was so current among Smith and his contemporaries (see Harkin and Stimson in this volume). Friedman's methodological claim that economics can be applied as a value neutral positive science that provides useful predictions without taking a normative stance suggests that, to the extent that self-interest is a principle in this analysis, it is not based on any broader ethical or moral psychological claim about human motivation being grounded in egotism.

Friedman's references to Smith chiefly occur in his popular and accessible work and so many come up against our filter. For example, in *Capitalism and Freedom* Friedman cites Smith in a number of places, but in each case it illustrates a point in quotation from Smith. Hence, the invisible hand is used to describe the generation of socially beneficial unintended consequences under a suitable institutional order (Friedman 1982: 133); private collusion with government is identified as the source of monopoly and illustrated by Smith's line on 'people of the same trade seldom meet together' (Friedman 1982: 131) and the volume concludes with Smith's view that 'there is much ruin in a nation' (Friedman 1982: 202). None of these references are particularly substantive, and indeed references to Smith through the book are outstripped by references to A.V. Dicey.

*Free to Choose*, written with his wife Rose, contains more references to Smith and on this occasion a claim is made about the nature of Smith's 'key insight' that gives us some idea of what Friedman thought was significant about Smith. He argues:

Adam Smith's key insight was that both parties to an exchange can benefit and that, so long as cooperation is strictly voluntary, no exchange will take place unless both parties do benefit. No external force, no coercion, no violation of freedom is necessary to produce cooperation among individuals all of whom can benefit. (Friedman and Friedman 1980: 1–2)

This 'misleadingly simple' (Friedman and Friedman 1980: 13) observation marks Smith's great contribution to the case for freedom that the Friedmans are attempting to defend. Later Smith's 'flash of genius' (Friedman and Friedman 1980: 13) is to extend this observation into a system of 'natural' liberty based around market transactions that is defended as in the interest of all participants. Smith, the Friedmans argue, saw that prices in a free market could: 'coordinate the activity of millions of people, each seeking his own interest, in such a way as to make everyone better off' (Friedman and Friedman 1980: 13). Thus Smith's invisible hand, in near Mandevillean terms, 'makes the private interest serve the public interest' (Friedman and Friedman 1980: 179).<sup>10</sup> What we have then is an interest in Smith that sees his significance as being that he was among the first to identify the possibility of the emergence of socially beneficial outcomes from the interaction of individuals pursuing their own interest in an exchange economy. This is not in itself a startling invocation of Smith and, in one sense, does not really take us beyond the observation that he is the founder of modern economics. But what it does do is point to the key themes that Friedman believes are the basis for a successful defence of a market society—that it promotes comparatively efficient outcomes in resource allocation for large numbers of people without coercion. Moreover, it is precisely the absence of coercion that makes the individual exchanges efficient for both parties because it facilitates individual adaptation to circumstances. Those who oppose this view, like mercantilists, are examples of what they call, after Smith 'the passionate confidence of interested falsehood' (Friedman and Friedman 1980: 185). For Friedman 'It is the responsibility of the rest of us to establish a framework of law such that an individual in pursuing his own interests is, to quote Adam Smith again, "led by an invisible hand to promote an end which was no part of his intention"' (Friedman 1982: 133). Positive economics can then be understood as a means to identify features of the framework that facilitate the generation of beneficial unintended consequences from individual interaction. If this broad brush observation is what Friedman claims he learned from Smith then it seems, that in his case, the observation is uncontroversial. It would take a particularly perverse reading of Smith to deny that he was interested in unintended consequences, the rules governing exchange and the use of 'science' to aid reform. If Friedman were to have claimed that Smith always favoured complete liberty in economic matters, or that he believed that unintended consequences were always beneficial, or that he believed in an identification of interests without an institutional setting, then we might have doubts about whether he was developing Smith's legacy. But he does none of these things.

<sup>10</sup> Mandeville's (1988) famous subtitle to *The Fable of the Bees* was 'Private Vices, Publick Benefits.'



Constraints of space prevent a full reiteration of Smith's position on unintended consequences and natural liberty.<sup>11</sup> For the purposes of the present discussion all that needs to be demonstrated is that Smith makes significant statements along these lines and that they can thus be considered as part of his 'legacy'.<sup>12</sup> We might, for example, consider the following passages from *Wealth of Nations* that make an explicit link between unintended consequences, liberty and socially beneficial outcomes as illustrative:

A revolution of the greatest importance to the publick happiness, was in this manner brought about by two different orders of people, who had not the least intention to serve the publick...Neither of them had either knowledge or foresight of that great revolution which the folly of the one, and the industry of the other, was gradually bringing about. (WN III.iv.17: 422)

It is thus that the private interests and passions of individuals naturally dispose them to turn their stock towards the employments which in ordinary cases are most advantageous to the society. But if from this natural preference they should turn too much of it towards those employments, the fall of profit in them and the rise of it in all others immediately dispose them to alter this faulty distribution. Without any intervention of law, therefore, the private interests and passions of men naturally lead them to divide and distribute the stock of every society, among all the different employments carried on in it, as nearly as possible in the proportion which is most agreeable to the interest of the whole society. (WN IV.vii.c.88: 630)

The stateman [*sic*], who should attempt to direct private people in what manner they ought to employ their capitals, would not only load himself with a most unnecessary attention, but assume an authority which could safely be trusted, not only to no single person, but to no council or senate whatever, and would nowhere be so dangerous as in the hands of a man who had folly and presumption enough to fancy himself fit to exercise it. (WN IV.ii.10: 456)

If nothing else this should be enough to provide a rough indication that Smith did indeed connect unintended consequences, liberty (or opposition to intervention) and beneficial outcomes at some points in his work—and for our present purposes of legacy assessment, that is what is being identified as Friedman's opinion of his key insight. In what follows we will see that both Buchanan and Hayek regard precisely the same aspect of Smith's work to represent his greatest achievement.

## BUCHANAN

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James Buchanan's reputation as one of the founders of the public choice or Virginia strand of the New Right is based on his detailed work which attempts to use economic assumptions to account for the behaviour of political actors. The methodological claim

<sup>11</sup> For which, see Otteson (2002) and Smith (2006).

<sup>12</sup> No claim need be made that Smith always favoured natural liberty for the attribution of influence to hold here.

is one of parity—that is to say that there is no reason why the success of the economist's approach ought to be restricted to traditionally economic subject matters. While Smith does make fleeting appearances in Buchanan's other, more purely economic texts, these references tend to the superficial or to be discussions of Smith's place in the development of economic thought (Buchanan 1969: 1–2).

When he turns to political theory Buchanan takes care to distance Smith from 'modern libertarian anarchists' and 'minimal state' libertarians like Robert Nozick (Buchanan 1979: 117–18) and from neo-classical economics: 'By contrast Adam Smith saw no need of defining in great detail the idealized operation of a market system and of evaluating this system in terms of strict efficiency criteria' (Buchanan 1979: 120). Like Friedman, Buchanan (with Tullock) in *The Calculus of Consent* makes a claim about what he sees as Smith's key insight:

However, the simple fact is, of course, that in normal trade all parties gain; there exist mutual gains from trade. The great contribution of Adam Smith lay in his popularization of this simple point, but the full import of this conception for democratic political theory does not seem to have yet been appreciated. (Buchanan and Tullock 1999: 248)<sup>13</sup>

Smith's place in the pedigree of Public Choice thus appears to be much the same as that of his place as a founding father of economic thinking more generally. As he puts it elsewhere describing the basis of public choice: 'Adam Smith's propensity to truck and barter one thing for another—this becomes the proper object of our research and inquiry' (Buchanan 1986: 20). What Buchanan seems to have in mind here is similar to Friedman's view: the application of a set of assumptions about human motivation as an explanatory model for the understanding of political behaviour. The economic theory of politics, or politics as exchange, can then be applied to analyse the sort of decision principles or rules that might hold and how actors might reliably be held to respond to them.

Buchanan refers to Smith at a number of points in his explication of this position. In *Liberty, Market and State* he claims that the eighteenth-century contribution was to construct the 'bridge' between *homo economicus* on the one hand and 'social welfare' or 'group interest' on the other. Mandeville, Hume, and Smith did not invent the notion of 'self-seeking, autonomous men' (Buchanan 1986: 32), because that had been around in its modern form since Hobbes, as had the application of the motivational model to provide an account of human behaviour which is successful on an explanatory level even if it does represent an obviously reductionist psychological model. As he puts it: 'In any evaluation of alternative institutions, therefore, Homo Economicus is a uniquely appropriate caricature of human behaviour, not because it is empirically valid but because it is analytically germane' (Brennan and Buchanan 1985: 53). Buchanan is clear that he is not attributing this model to all of Smith's work and indeed credits Smith himself with

<sup>13</sup> Elsewhere he refers to Smith's key insight as: 'Indeed, Adam Smith's central message might well be interpreted as a variant of this proposition. To the extent that artificially maintained political restrictions reduce the effective set of potentially tradeable goods, a removal of such restrictions will enhance the wealth of citizens' (Buchanan 1992: 106).

realizing the limits of the explanatory reach of the approach: 'Such enthusiasm may be immediately dampened, however, by Adam Smith's emphasis on the necessary mutual-ity of respect for law, without which markets cannot function' (Buchanan 1986: 238). It is precisely on this point that Buchanan develops public choice analysis into his own intellectual project of constitutional political economy. The analysis of choice between regimes of rules and decision principles is the focus of Buchanan's political theory and it is here that Smith is most often and most favourably invoked.

For Buchanan, Smith's political thought is characterized by a distrust of government and an interest in legal frameworks (Buchanan 1958: 104; 1986: 261). It is in the latter area that Buchanan concentrates his attention. In his understanding: 'Political economy was nothing more than this subject matter [economic organization and market prices] embedded within the framework of society, described by the "laws and institutions" about which Adam Smith wrote' (Buchanan 1986: 10). Buchanan's enterprise then becomes the assessment of different decision principles embedded within constitutional orders. His core principle is a desire for decision principles that approach unanimity (thus avoiding the exercise of coercion and increasing liberty). But it is here that Buchanan departs quite radically from Smith.

Buchanan adopts and argues strongly in favour of the social contract method. This, according to Smith, is a mistaken approach to legitimizing forms of government, but more importantly, it is also the wrong way to conceptualize the nature of laws and institutions. While Buchanan acknowledges this difference from Smith (Buchanan 1979: 121),<sup>14</sup> it does seem a serious breach in the application of the Smithian method. Smith's rejection of contract thought (LJPB 14–17: 402–3) lies on the grounds that it is ahistorical and fails to capture the actual experience of political obligation that operates without elaborate schemes of tacit or metaphorical consent. His underlying concern is, with Hume, that it represents an ideological device used in the service of a political faction rather than a serious attempt to understand the nature of political life. Smith's altogether more sophisticated social psychology explains the dynamics of social stratification through the operation of the moral sentiments rendering the abstraction of contract theory unnecessary. To the extent that Buchanan is interested in rules and how these influence the behaviour of individuals he seems to be operating in the same arena as Smith, but his desire to think through the legitimacy of these rule regimes in terms of what would be consented to in a contractual model by rational agents is powerfully at odds with Smith's model of sympathetic mutual adjustment and the concomitant evolutionary approach to the explanation of rule generation. Hence the Virginia strand in the New Right has an ambivalent relationship to Smith's thought, drawing on some aspects of his legacy to inform part of its methodology and departing from it in other matters (a point to which we will return below).

<sup>14</sup> Buchanan's response to this difference of approach was to indicate the similarities between the approach of constitutional political economy and Smith's moral theory. His point here was to stress the unanimity principle as a decision principle in public choice and Smith's impartial spectator. As Donald Winch (1988: 95) has pointed out, it's not immediately apparent that this analogy is effective or even apposite. Indeed, it might better reflect other intellectual influences on Buchanan's work.

## HAYEK

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Of the New Right thinkers here selected, Friedrich Hayek is by far the most enthusiastic in his citation of Smith. His habit of invoking Smith increases as his career progresses and as his interests shift from formal economics to social theory. Indeed, his final book *The Fatal Conceit* takes the inspiration for its title from a phrase ('the overweening conceit' (IA Annexe, 6/213)) used by Smith (Ebenstein 2003: 311). As with Friedman and Buchanan, many of the references are name-checking or purely illustrative, but he does provide us with statements of what he holds to be Smith's main achievements. In *Adam Smith (1723–1790): His Message in Today's Language* he notes:

The great achievement of his famous discussion about the division of labour was the recognition that men who were governed in their efforts, not by the known concrete needs and capacities of their intimate fellows, but by the abstract signals of prices at which things were demanded and offered on the market, were thereby enabled to serve the enormous field of the 'great society' that 'no human wisdom and knowledge could ever be sufficient to survey'. (Hayek 1991a: 120)

Like Knight, Friedman and Buchanan, Hayek is concerned to dissociate Smith from both naïve harmony of interest theories (Hayek 1960: 135) and crude self-interest models. For Hayek, 'It is an error that Adam Smith preached egotism' (Hayek 1967: 268) and in *Law, Legislation and Liberty* he notes that Smith 'did his cause harm' (Hayek 1993 vol. 2: 145) by using the language of self-interest when, from Hayek's point of view, there is no real significance in the motivational base of actions. Smith's use of the terms self-love, self-interest and self-regard have allowed critics to dismiss his theory as grounded in an 'erroneous psychology' (Hayek 1949: 11) but this, for Hayek, is both a misreading of Smith and a missing of the point of the whole approach. The same point can be made without any reference to egotism (Hayek 1949: 13) because the success of an institutional order in producing positive outcomes depends, for Hayek, on the individuals involved pursuing their goals (which can be altruistic) on the basis of their knowledge of their circumstances. The interaction of these agents under rules rather than under the direction of a central authority allows for the most efficient use of dispersed knowledge and hence an overall more successful result. Hayek's argument is another version of the consequentialist defence of liberty as facilitating mutual adjustment in an appropriate institutional setting.

Since, for Hayek, the Smithian analysis of political economy ultimately has little to do with the motivations of the actors then this enables Smith to 'de-moralize' his analysis (Teichgraber 1986: 10). On this basis he can provide an account of the operation of exchange economies which, for the first time, is stripped of pointless and misleading moralizing while at the same time acknowledging that economic behaviour takes place within a wider framework of moral beliefs. However, Hayek does seek to distinguish between Smithian actors using local knowledge and *homo economicus* (Horowitz 2001: 91). This is a feature of Hayek's Austrianism and his distrust of neo-classical models that

posit perfect knowledge when, in his view, the whole point of the economic interaction is the absence of perfect knowledge or rationality on the part of economic actors. Hayek also attempts to dissociate Smith from any notion that real economies will operate with anything like the abstract equilibrium models of neo-classical economics (Hayek 1949: 48 n. 13). It seems clear though that Hayek's Austrian commitment to subjectivism in value is in significant tension with some aspects of Smith's theory of value and his search for an objective measure of value in human labour (see Nerio Naldi's chapter in this volume). But, as we noted above, we are talking about authors who stand 200 years apart in the development of economic thought and it would be harsh in the extreme to limit our understanding of Smith's legitimate legatees to thinkers who develop a labour theory of value (see Spencer Pack's chapter in this volume).

For Hayek Smith's 'great achievement' (1978: 269) was that he noticed the informational role of prices that would later form the basis of Austrian economics and Hayek's own form of epistemic liberalism. He is also credited by Hayek as being the first (with Adam Ferguson) to make 'systematic use' (Hayek 1967: 77; 1988: 146) of the approach to social theory inspired by Mandeville and Hume. The core concepts of which are the 'twin' ideas of spontaneous orders and selective evolution (Hayek 1984: 319).

Once again we have an assessment of Smith's main insight:

Adam Smith's decisive contribution [to the history of liberalism] was the account of a self-generating order which formed spontaneously if the individuals were restrained by appropriate rules of law. His *Inquiry into the Nature and Causes of the Wealth of Nations* marks perhaps more than any other single work the beginning of the development of modern liberalism. It made people understand that those restrictions on the powers of government which had originated from sheer distrust of all arbitrary power had become the chief cause of Britain's economic prosperity. (Hayek 1978: 124–5)

This places Smith in a prominent place within the tradition of true individualism, or compositive social science or British liberalism which Hayek considers himself to be but the latest exponent. Hayek's standard technique is to invoke a bifurcated pair of traditions—false versus true individualism, constructivist rationalism versus compositive social theory, and rationalistic continental liberalism versus evolutionary British liberalism. He then demonstrates the 'errors' associated with the false, constructivist, continental tradition and conducts his own arguments in favour of spontaneous order and evolution in connection with knowledge-based arguments for market institutions in the spirit of the true, compositive, British tradition. This recruitment of Smith into a particular anti-constructivist strand of liberalism stands directly opposed to the idiosyncratic interpretation of Smith as rationalist that Menger offers us and also to Knight's placement of Smith in a tradition including Spencer and Bentham (whom Hayek explicitly excludes from his tradition). It also seems to raise fears that this is a sort of Whig history of the history of liberalism with Hayek laying out his pedigree. This suspicion is further advanced by Hayek's admission that 'what I told my students was essentially what I had learnt from those writers and not what they chiefly thought, which may have been

something quite different' (Hayek 1978: 52 n. 2). Hayek was clearly intimately familiar with Smith's writings, but his interest in them is directed by what he takes from them and not necessarily by the chief themes of Smith's own work. This puts Hayek's historical ruminations in a slightly different light. He is quite explicitly tracing the emergence of ideas similar to his own in the work of a series of thinkers whose chief preoccupations might have been elsewhere.

In the case of Smith the themes that emerge are dispersed knowledge, spontaneous order and evolution leading to a consequentialist defence of liberalism.<sup>15</sup> For Hayek, unintended consequences are the 'great theme' (Hayek 1949: 7) of Smith's career. The observation that beneficial social outcomes can arise from the interaction of individuals under appropriate institutions is clearly one part of Smith's legacy and so to this extent Hayek appears to be a legitimate legatee. Equally clearly Smith believed that one could identify the mechanisms that allowed this successful cooperation through empirical research into 'efficient' causes (HA II.9: 42). All of this fits with Hayek's reading of Smith.

However, Hayek does tend to ignore the occasionally providential language that accompanies Smith's consideration of unintended consequences and which formed the core of Viner's interpretation of Smith. In these cases Hayek tends to the view that Smith was on the way towards a full appreciation of the proper study of unintended consequences but unable fully to articulate the implications of the phenomenon. Hayek's approach is, he believes, 'implicit' in Smith's 'conception of the invisible hand' (Hayek 1992: 56). And to this extent those who ridicule Smith's use of the metaphor are mistaken if they think it to be a providentialist or naïve identification of interest model (Hayek 1979: 392; 1984: 185; 1991b: 27). Smith's invisible hand passages, and his consideration of unintended consequences more generally, actually provide us with an explanation of efficient causes within a wider schema of general principles. The explanation itself shows us why unintended consequences produce beneficial results in those particular circumstances and Smith has no need to invoke an additional, extrinsic, explanation to account for the production of the beneficial results.

Hayek then draws upon Smith's views on the 'man of system' (Hayek 1991a: 121) as part of his criticism of economic planning based on his views of dispersed knowledge and spontaneous order. This view of Smith's scepticism about utopian planning and the efficacy of central direction seems reasonable in the light of his deployment of the term 'man of system' in his criticism of over-ambitious legislators (TMS VI.ii.2.16: 233–4). However, Smith's point was not that system is bad (for he was himself a man of system when it came to intellectual inquiry) but rather the Burkean point that system in politics was dangerous. Hayek's view is something different. He wants to paint the constructivist

<sup>15</sup> John Gray (1990: 261) has argued that Hayek is perhaps less aware of his own originality than he might have otherwise been if he had not read echoes of his views into the work of the Scottish Enlightenment. For Gray, Hayek's identification of consonance with the Scots often blinds him to more frequent dissonance. In the case of Smith, Gray's view is misplaced. A simple glance at Smith's *History of Astronomy* and his explication of the division of labour suggest a deep appreciation of the place of knowledge in political economy (Smith 2006: 16–17, 71). See also Boettke (2001: 117–18) for a discussion of Hayek's use of traditions in the history of ideas.

rationalist as a man of system and then denigrate that intellectual approach via the Smith quotation. This seems reasonable as far as the application of the scientific mindset to central government. But Hayek is on less steady ground when he seeks to dissociate Smith from the systematization of knowledge more generally.<sup>16</sup>

At this point we may want to consider a possible problem with Hayek's association of Smith with his own views. We have already cast doubt on Buchanan's claim that Smith's thought is amenable to a contractualist application. But we might also want to consider the extent to which Smith's gradualist account of sympathetic mutual adjustment and reform in the light of the evidence of social science can be appended to Hayek's later extension of his evolutionary theory into a theory of cultural evolution by group selection. Christina Petsoulas has raised this criticism of Hayek's appropriation of Smith and stresses how Smith's theory leaves more room for 'intentional political action' (Petsoulas 2001: 175) than Hayek's account. Her strategy, as in many criticisms of Hayek, is to split the 'twin' concepts of evolution and spontaneous order (Smith 2006: 145–6). There would then be no reason in principle why a beneficial spontaneous ordering system could not be the product of design rather than cultural evolution. While there are a number of possible responses to this view the most obvious is that this is the case, but that the particular ordering processes that Smith identifies are the result of a process of historical evolution rather than of deliberate design. That is to say that the gradual shift from feudalism (cited above) was the result of purposive behaviour by individuals at the micro-level, but that they did not intend to create the institutional order that grew from their behaviour at the macro-level. While Smith thinks that we can deploy scientific research to account for this change and to understand the operation of a particular set of circumstances, the man of system passage (TMS VI.ii.2.17: 232–4) suggests that he cautions against swift and wholesale reform. Smith's gradualism and pragmatism in his policy advice has been well noted and while we might, in Smith's view, pursue deliberate reforms he regards it as utopian to expect that the political process will ever allow the full realization of a system like natural liberty. Moreover for Hayek, as for Smith, there is a role for government in the creation of the framework conditions necessary for the successful formation of spontaneous orders and the activities of government can be turned towards the promotion of liberty—this after all, is one of the things that Hayek believes distinguishes his position from the conservative position (Hayek 1960: 398–401).

Hayek's account of social evolution is obviously conducted in the light of 150 years of evolutionary theory that post-date Smith. It would seem odd to argue that his claim to have been influenced by Smith's views on unintended consequences is illegitimate on the basis that Smith's writing is in tension with an element of Hayek's thought that draws on subsequent intellectual development.<sup>17</sup> That said, occasionally Hayek does perhaps

<sup>16</sup> Indeed, one of the main themes of Nicholas Phillipson's recent intellectual biography of Smith is his commitment to an intellectual *esprit systématique* (Phillipson 2010: 4) as distinct from the *esprit de système* of the Cartesians and Physiocrats.

<sup>17</sup> Though he credits Smith with getting the implications of evolutionary theory for social science correct in contrast to the Social Darwinists (Hayek 1988: 23–5, 1993 vol. 1: 22–3).

allow his heart to rule his head in the invocation of Smith. In a footnote in *The Constitution of Liberty* he offers the view that the term liberal did not derive its popular usage from the Spanish *liberales*. Instead he argues ‘I am more inclined to believe that it derives from the use of the term by Adam Smith in such passages of WN as “the liberal system of free exportation and free importation” and “allowing every man to pursue his own interest in his own way, upon the liberal plan of equality, liberty and justice”’ (Hayek 1960: 530 n. 13). As with many of Hayek’s asides in notes, this point is neither supported nor elaborated and probably tells us more about his views on the core meaning of liberalism than it does about the linguistic derivation of the term.

## HUME

While Hayek frequently cites Smith as an influence, it is David Hume whom he describes as ‘My great idol’ (Ebenstein 2003: 249) and some evidence for this can again be found in the frequency of citation and the rather sweeping claim that what makes Bernard Mandeville interesting is that he ‘made Hume possible’. Ebenstein notes 81 references to Hume in Hayek’s major later works with 52 references to Smith (just ahead of Mill on 51). Hume is ‘perhaps the greatest of all modern students of mind and society’ (Hayek 1984: 188) and many of his frequent laudatory references to Smith are coupled to a reference to Hume. Moreover, Hayek argues that the principle that we have been considering as the New Right’s key lesson from Smith—that social science will allow us to understand how particular institutional orders generate socially beneficially outcomes and how liberty plays an essential part in the success of this process is actually something that Smith learned from Hume. As Hayek notes of Hume: ‘What he produced was above all a theory of the growth of human institutions which became the basis of his case for liberty...’ (Hayek 1967: 111). This, taken with his view that Hume influenced Smith’s economics (Hayek 1991b: 106), might lead us to conclude that, name dropping aside, its actually Hume’s influence that lies behind the lessons from Smith that the New Right claim to have learned.

Hayek clearly thought that Hume made a number of significant contributions of his own to the development of economics and, in particular, he cites Hume’s development of a quantity theory of money (Hayek 1991b: 152) while saying that Smith contributed little to this area other than the collation of facts (Hayek 1991b: 178). If Hayek is correct in his assessment of the relative contributions of Hume and Smith to the development of the theory of money then perhaps we ought also to consider whether Friedman might not be better understood as operating in a Humean rather than Smithian tradition.<sup>18</sup>

Moreover, when we criticized the unSmithian nature of Buchanan’s Contractualism and interest in abstract models of constitutional structure, perhaps we might have considered the Hume of Book III of the *Treatise* and of the essay *Idea of a Perfect*

<sup>18</sup> See Wennerlind and Schabas (2008) for a series of papers on Hume’s monetary theory.



*Commonwealth*. Here we have Hume making a qualified case for the identification of a model of political order that might inspire reform rather than provide a precise blueprint to be enforced. Perhaps these aspects of Hume's project are closer in spirit to Buchanan's project (albeit through the lens of Hume's influence on Madison and Madison's influence on Buchanan) than they are to anything in Smith. But this is an observation to be explored on another occasion.

## CONCLUSION

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I have had a specific and limited purpose in mind throughout this chapter. I wanted to identify what some representative thinkers of the New Right actually claim to have learned from Smith and how it relates to the key claims of their own work. What we have seen is that, far from being complicit in the perpetuation of the crude public image of Smith as unrestrained capitalist, each of these thinkers actually goes to considerable lengths to distance Smith and their reading of him from these errors. Moreover, they each make remarkably similar and generalized claims about what they learned from Smith. It would seem that the chief lesson that they think that they have learned was that there was a consequentialist defence of liberty based on the efficiency of spontaneous order generation under appropriate institutional rules. Liberty under law allows individuals to adjust to their circumstances and to each other in a way that allows more effective outcomes than central direction. One can see why this argument would be so vital in an era where the 'liberal' West faced the Communist command economies of the Eastern Bloc.

It would, I think, be asking too much if we did not expect more recent thinkers to have been subject to a range of influences in addition to Smith, or to expect them not to explore their own ideas. As a result of this, we should always expect that there will be differences between the initiator of a legacy and his legatees. What I hope that this brief summary will have demonstrated is that, whatever one's opinion of the thought of the New Right, and whatever one's view on what is important in Smith's intellectual legacy, it would be churlish to deny that the relatively modest claims of influence laid out here do indeed represent a project that involves exploring some elements of Smith's legacy.

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## CHAPTER 27

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# ADAM SMITH: METHODS, MORALS, AND MARKETS

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TOM CAMPBELL

CONSIDERATION of Adam Smith's largely empirical methodology and the relationship between that and his normative moral views is important, not only for a proper understanding of his work but also for assessing the relevance of his approach to contemporary circumstances (Sen 2009). My discussion of these issues involves reaffirming and refining my analysis of Smith's version of Newtonianism within his theory of moral systems, noting the importance of his deistic theological assumptions for the understanding of the symbiotic relationship between his explanatory and prescriptive enterprises (Campbell 1971, 1975).

This analysis leads to the tentative conclusion that fidelity to Adam Smith's methods and morals may prompt us to place greater emphasis on the significance which he gives to a resentment-based theory of justice for what we now rather anodyne refer to as 'regulation', while, at the same time, weaving more overtly instrumental elements than he himself commended into the conception of justice. When drawing on Smith's works for guidance as to current policy issues, we may need to deploy social and legal mechanisms associated with the more empirical aspects of his impartial spectator, along with a more interventionist and visible hand than his theory would allow. Thus, if, with Smith, we seek to locate our markets in the context of a powerful socially based morality, we have reason to be more sceptical than he about the content of our existing moral sentiments, including those we share, or think we share, with others through the social networking embedded in his account of the impartial spectator. We might also need to resort to the calculations of more active utilitarianism that Smith's contemplative approach commends.

In an era intellectually more dominated by Darwinism than by Deism, we require a morality that operates within the practical confines of our evolving human nature, but also fits in with our best calculations as to what, in our circumstances, works best for human wellbeing. At the same time, as Smith warns us, there is moral hazard in permitting the modification of inherited moral norms, even in order to adapt to changing

circumstances, a process that provides tempting opportunities to give disproportional weight to our own short-term self-interest.

The first part of the chapter, on methods, deals with the often noted but usually underestimated point that Smith's primary concern in TMS is to establish an explanatory theory of morality which is scientific, in accordance with his conception of the Newtonian paradigm. Smith does not seek to reduce morality to science but his primary aim in TMS is to develop a successful science of morals along Humean lines (Phillipson 2010: 1–8) (see also his chapter in this volume). Hence Smith's interest in the observed 'irregularities' and even those 'corruptions' of moral sentiments which do not appear to cohere with core moral attitudes, is not to improve on, or critique, such moral sentiments but to account for these apparently recalcitrant empirical phenomena within the parameters of his social psychology. Thus, when Smith considers the content of Stoic morality he is not testing their moral views against his own in the way that many contemporary moral philosophers compare and contest their competing moral 'intuitions'. Rather, he is asking whether the Stoics succeed in accurately describing the actual moral sentiments which arise and are sustained within different human societies.

Most Smith scholars acknowledge this systematic empirical purpose (Bryson 1968; Raphael 1985; Blaug 1992; Heath 1995; Smith 2006) but some go on to deal with Smith's descriptions and explanations as if they were moral endorsements or moral critiques of existing practice (Griswold 1999; Otteson 2002; Hanley 2009). This is understandable, since Smith does ultimately and in general endorse 'natural' moral sentiments as the trustworthy product of a benevolent 'Author of Nature'. Nevertheless, to neglect the primacy of Smith's Newtonian ambitions misrepresents both his explanatory objectives, and his own largely deistic justifications for promoting adherence to ordinary morality and resisting the influence of self-interested groups and speculative philosophies.

The second part, on morals, addresses Smith's secondary interest, the philosophical assessment of the reliability of our moral sentiments as guides to what is objectively morally right and wrong. It considers the substantive moral values that Smith describes, explains, endorses, and occasionally refines, and the basis on which he does so. The overall normative dimension of Smith's moral philosophy is a combination of a first order deontological ethic, particularly with respect to the rules of justice, and a second order utilitarian justification for the practice of treating conscience, and moral rules as divine imperatives.

The third part, on markets, is a tentative exploration of the problems which arise if we draw on Smith's methods and morals to reflect on how to tackle contemporary moral and social problems. Thus, in relation to financial markets, we might ask how the faculties of imagination and the emotional reaction and compromise embodied in the workings of socialized human sentiments, as they feature in Smith's moral theory, are able to cope with the unfamiliar and often impenetrable complexities of such phenomena as securities markets. This questionable ability prompts the conclusion that, despite the profound social and economic insights of Smith's work, we need to be cautious applying

these insights to our own social and economic problems and be aware of the, now problematic, deistic Newtonianism that underpins this work.

## METHODS

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In his essay ‘History of Astronomy’ (HA) Smith develops a fascinating combination of the psychology and history of scientific development, combining a hard headed empirical positivism, with respect to observation and measurable detail, with rather grand socio-psychological explanations of scientific progress in terms of wonder, surprise, and admiration. In particular, he notes that Newton’s approach has the imaginative advantage of simplicity, comprehensiveness, and familiarity (HA IV.16: 32), together with the capacity to predict future empirical observations that are ‘precise and particular’ (HA IV.76: 104). It is this latter capacity which draws from Smith the admission that Newton went beyond pleasing the imagination to discovering ‘the real chains which Nature makes use of to bind together her several operations’ (HA IV.76: 104). The parallel here is between the Newtonian theory of the (gravitational) force that holds the physical system together and Smith’s theory of the (psychological) forces that sustain operative social systems (see Montes, pp. 46–50 in this volume). Readers of the HA will readily recognize that the sustained methodology of TMS fits with Smith’s focus on the reduction of the complex phenomena of interactive human conduct to psychological laws, or quantitative principles, that can be stated and tested in much the same way as Newton’s laws of gravity: mathematically, proportionately, and empirically. In the words of Smith’s pupil, John Millar, TMS presents ‘a very ingenious attempt to account for the principal phenomena in the moral world from this one general principle [sympathy] like that of gravity in the natural world’ (TMS Intro: 3). Instead of gravitational force enabling us to explain and predict the complex movements of matter through the application of a few general principles and accurate sensory observations and measurements, it is the human desire to obtain approval and avoid the disapproval, primarily of other people, particularly of the actual spectators of their conduct, but also of our own selves as ringside seat observers of our own conduct, which is the key to the connecting principles of the social universe.

These social processes involve the faculty of imagination, in particular the capacity to ‘enter into’ the situation of other people and thereby either share or not share their perceived feelings, motives, and intentions and therefore either approving or disapproving of them to the extent that they coincide with what Smith somewhat confusingly calls the ‘sympathetic’ emotions that arise from the imaginative transposition of ourselves into the situation of another. Where the situation involves another person who is affected by the agent’s conduct then the crucial thing is whether the spectator, having imagined herself in the situation of the agent does or does not ‘enter into’ the feelings of the agent, and, through the same mechanism, enter into the reactions of the affected person, and in particular shares the reactive emotions of gratitude or resentment, and to the same degree. The crucial methodological factor here is that imagination works in accordance

with certain ‘unalterable laws’ (TMS III.3.20), that is empirical generalizations which summarize the processes whereby agreement or disagreement between actual and sympathetic emotions, and hence approval or disapproval of the associated actions that take place within a social group, for ‘If we consider all the different passions of human nature, we shall find that they are regarded as decent, or indecent, just in proportion as mankind are more or less disposed to sympathize with them’ (TMS I.ii.intro.2).

These mechanisms are graphically illustrated on the first page of TMS by the example of observing torture: ‘By the imagination we place ourselves in his situation, we conceive of ourselves enduring all the same torments, we enter as it were into his body, and become in some measure the same person with him, and thence form some idea of his sensations, and even feel something which, although weaker in degree, is not altogether unlike them’ (TMS I.i.1.2: 9). This is not a matter of pity. Rather, whether or not we ‘enter into’ and therefore, on Smith’s scheme, approve of the conduct of the tortured depends on a number of essentially psychological factors. Thus, no sympathetic emotion is as strong as the original emotion, and so, to gain approval of others, those in pain must control their expression of that pain: ‘The little sympathy we feel with bodily pain is the foundation of the propriety of constancy and Patience in enduring it’ (TMS I.ii.12: 12). Physical conditions like bodily pain are less easy to enter into than emotional ones. It is worse to lose a leg than a mistress but the latter gets easier sympathy than the former. Particular passions, like one person’s love for another particular person, are more difficult to share because we find it less easy to imagine ourselves in love with that individual, so that ‘The passion appears to everybody, but the man who feels it, entirely disproportioned to the value of the object’ (TMS I.ii.2.1: 31). It is easy to sympathize with pleasant emotions, difficult to sympathize with unpleasant ones like grief, so the human propensity to sympathize with joy is much stronger than our propensity to sympathize with sorrow (TMS I.iii.1.8: 45). These variables are all causal factors which, in different degrees, affect the capacity of agent, and spectator, to share each other’s sentiments, the outcome which both desire, for Smith’s spectator is not a totally uninvolved third party but represents those observers who are in a social situation where they seek to share each others sentiments (Darwall 1999).

Such empirical generalizations permeate TMS. Book I deals with propriety (what attracts approval and disapproval) in relation to the motives of the agent. Book II deals with merit (reward and punishment). Both are packed with engaging illustrations and bold empirical claims. These represent the data which Smith seeks to explain by the basic psychological datum that human beings, both as agents and as spectators, take pleasure in sharing the feelings and opinions of other people, particularly those with whom they are in close contact.

However, there is more to the Smith’s explanatory methods than quantitative empirical generalizations. Individual approval and disapproval may be caused by passions mediated by mechanistic faculties, but social systems have to be viewed also in terms of overall outcomes or what we would now refer to as functionality. In the language Smith uses, sociological explanation takes us beyond ‘efficient’ causes to ‘final’ causes which indicate the social functions of the phenomenon and are associated with



the intentions of the 'Author of Nature' (Campbell 1971: 69–83). Throughout the TMS Smith repeats the thesis that:

In every part of the universe we observe means adjusted with the nicest artifice to the ends which are intended to produce; and in the mechanism of a plant, or animal body, admire how everything is contrived for advancing the two great purposes of nature, the support of the individual, and the propagation of the species. But in these, and in all such objects, we still distinguish the efficient from the final cause of their several motions and organizations. The digestion of the food, the circulation of the blood, and the secretion of the several juices that are drawn from it, are operations all of them necessary for the great purpose of animal life. Yet we never endeavour to account for them for those purposes as from their efficient causes, nor imagine that the blood circulates, or the food digests of its own accord, and with a view or intention to the purposes of circulation or digestion. (TMS II.ii.3,5: 87)

This evokes Smith's most famous sociological claims, the unintended socially beneficial consequences of individual actions, which, on a couple of occasions, he refers to as the working of an 'invisible hand' (MacLeod 2007). Thus, in WN he observes that a merchant:

generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it. By preferring the support of domestic to foreign industry, he intends on his own security; and by directing the industry in such a manner as its product may be of greatest value, he intends only his own gain, and he is in this, and in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for society that it was no part of it. By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it. (WN IV.ii.9: 456)

The other invisible hand passage precedes the WN. In Book IV of TMS, Smith writes that the rich are deluded by their imagination into producing more than they can consume and so:

are led by an invisible hand to make nearly the same distribution of the necessaries of life, which would have been made, had the earth been divided into equal portion among all its inhabitants, and thus without intending it, without knowing it, advance the interests of society, and afford means to the multiplication of the species. (TMS IV.1.10: 184)

This illustrates the methodological affinity between TMS and WN. The social psychology of the TMS underpins the economic mechanisms identified in WN. The same method applies to explaining how both the moral sentiments and the individual's desire for material improvement contribute to the happiness and perfection of the species. There is no methodological 'Adam Smith problem' here (Otteson 2002: 3).

For those who take a different view as to Smith's aims and methods, many passages in TMS are often read as endorsing the natural moral sentiments Smith describes and explains. From contemporary philosophical perspectives, Smith's 'natural' moral sentiments can readily be understood as normatively justified sentiments. How can we then

be sure that when Smith talks of propriety and merit he is not making moral affirmations rather than reporting and explaining them? A straight quotation might suffice, although its scope may be debated (Otteson 2002: 224):

Let it be considered too, that the present inquiry is not concerning a matter of right, if I may say so, but concerning a matter of fact. We are not at present examining what principles a perfect being would approve of the punishment of bad actions; but upon what principles so weak and imperfect a creature as man actually and in fact approves of it. (TMS II.i.5.10: 77)

More sustained evidence is available through comparing his lengthy preoccupation with ‘irregularities’ and, to a considerable extent, how he deals what he calls the ‘corruptions’ of our moral sentiments. These labels are often taken to mark Smith’s moral critique of contemporary norms when in fact they are evidently further empirical phenomena which both challenge and, in so far as he is successful, confirm his empirical theory. ‘Irregularities’ are important because they are data which illustrate, confirm, or disprove, the interconnecting empirical generalizations about human society in terms of the principles of psychology and above all the gravitational pull of approval and disapproval and the pleasures of mutual sympathy. An ‘irregularity’ is not a token of Smith’s disapproval, but rather the detailed data that require and receive explanation. Thus, admiration for the rich and famous is a fact, but it is an ‘irregularity’ in that it does not seem to be consistent with our more egalitarian sentiments. However this is explained by the same psychological principles that are at work in generating all moral sentiments, namely the propensity to share imaginatively in the feelings and attitudes of others, a pleasure that is enhanced by the fact that we imagine, often erroneously, that the experiences of the rich and famous are much more pleasurable than those of the poor and humble.

All this fits the analysis of scientific method presented in the ‘History of Astronomy’ where Smith claims that good scientific theory connects familiar and unfamiliar ‘regularities’ and so ‘soothes the imagination’. It was Newton, Smith thought, who achieved ‘the greatest and most admirable improvement in philosophy... when he discovered that he could join together the movements of the planets by so familiar a principle of connection [gravity], which completely removed all the difficulties the imagination had hitherto felt in attending to them’ (HA IV.67: 98). This psychology of scientific development is, however, subject to the impact of detailed empirical observation. The system of Copernicus is certainly simpler than its predecessors and therefore more pleasing, but it has the additional merit of accounting for the ‘irregular’ movements of planets, that is those movements that deviate from perfect circles. Smith is particularly impressed by predictions that test theories, for instance, that since Venus and Mercury revolve around the sun they should manifest the same phases as the moon, a prediction that was confirmed by the observations of Galileo. In contrast, Descartes, Smith notes, ‘has never himself observed the Heavens with any particular application’ so that while his theory connected the motions of the planets ‘in the gross’ it did not apply to them ‘when they were regarded in detail’. It is the capacity of Newton’s method to deal with these ‘irregularities’ that leads Smith to claim, as noted above, that Newton discovered the ‘real chains’ that bind physical things together (Astronomy IV.76: 105).

It is not accidental, therefore, that ‘irregularities’ feature frequently and are dealt with at length in TMS. They are the challenges which Smith sees as the crucial tests of his account of the moral sentiments, challenges which, he believes, help to confirm his theory. One example is the ‘irregularity’ of the influence of good fortune on our moral judgments. Smith’s lengthy analysis ‘Of the Influence of Fortune’ (TMS II. iii) has some similarities to contemporary moral philosophers who commend ‘luck egalitarianism’, that is the normative view that we should eliminate the factor of luck in relation to the distributions of scarce and valuable goods (Arneson 2000; Campbell 2010: 159–62). Smith notes that failure to take luck into account does not seem to fit with our reflective or abstract moral sentiments, for this is not in accordance with how we view the matter ‘in abstract and general terms’, when we hold to the self-evidence of the maxim that it is ‘To the intention or affection of the heart’ (TMS II.iii.intro.1: 92) that all approbation or disapprobation of any kind must ultimately belong.

Smith seems to be setting this up for a normative judgment as to how wrong we are to neglect the element of good and bad fortune in our moral judgments (Flanders 2006: 193). However, this is not the case. Rather, ‘This irregularity of sentiment, which every body feels, which scarce any body is sufficiently aware of, and which nobody is willing to acknowledge, I proceed now to explain; and I shall consider, first, the cause which gives occasion to it, or the mechanism whereby nature produces it; secondly, the extent of its influence; and, last of all, the end which it answers, or the purpose which the Author of nature seems to have intended by it’ (TMS II.iii.intro.6: 93). The causal explanation is our propensity to sympathize more with actual than with imagined pain. The extent is determined by the observable consequences of this ‘useful irregularity’ (TMS II.iii.2: 105) The final cause is that it reduces the degree and extent of retributive action, thus promoting social harmony without unduly reducing deterrent causation, for ‘Nature... when she implanted the seeds of this irregularity in the human breast, seems, as upon all other occasions, to have intended the happiness and perfection of the species’ (TMS II.iii.2: 105).

Similarly, when Smith discusses ‘corruptions’, it is their ‘irregularity’, not their wickedness that he has in his mind. Thus, favouring the rich and powerful is of interest to him primarily because it is ‘irregular’ with respect to other more egalitarian moral sentiments. The cause of this corruption is that it is more pleasant for others to imagine themselves in the place of the wealthy than of the poor. This makes it easier for the wealthy and powerful to obtain the attention and ‘sympathy’ of others, and to ignore the stricter morality that is applied to the rest of society, which from an impartial view seems wrong (see Tegos in this volume). However, the ‘final causation’, or unintended beneficial consequence, of this propensity is traced to the contribution that this ‘corruption’ lends to social stability by enhancing the natural authority of those with health and power (TMS I.iii.2: 105).

The detailed and lengthy attention Smith gives to such ‘irregularities’ and ‘corruptions’ and the standard way in which he deals with them provides powerful evidence of his Newtonian methodology as foundational to his work. For him, moral philosophy is a branch of philosophy in general including ‘natural philosophy’, or, in more contemporary terminology, moral science as distinct from natural science. The human species is

part of nature and as such subject to the same explanatory categories as everything else. Efficient and final causation apply to both (Griswold 1999: 314).

Arguably this analysis of Smith's methodology fits with the early editions of TMS but not so well with what became the new Part VII in the 6th edition, long after the publication of WN. There Smith runs through theories of morality, particularly in Section II, which deals with the question of whether virtue consists of Propriety, Prudence, Benevolence, or Licence. It is possible to speculate that Smith started off in this way in the first edition but by the 6th edition he was dealing with moral theories in a more prescriptive way. Yet in the new Part VII, the defects of each theory stand or fall by the extent to which they accurately describe actual moral norms in actual societies. Thus, Smith contends that 'The plan and system by which Nature has sketched out for our conduct, seems to be altogether different from that of Stoical philosophy' (VII.ii.1: 43: 292). For instance, in a paragraph added in the 6th edition, 'The principle of suicide, the principle which would teach us, upon some occasions, to consider that violent action as an object of applause and approbation, seems to be altogether a refinement of philosophy. Nature, at least in her sound and healthy state, 'seems never to prompt us to suicide' (TMS VII.ii.1.34: 287). This is to be viewed primarily as an empirical finding and only secondarily as a moral critique.

## MORALS

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Recent scholarship has come up with increasingly diverse interpretations of TMS, something which indicates the subtlety and complexity of Smith's work as well as the many different perspectives of its commentators (Brown 1994). In particular, the discovery of Smith by contemporary moral philosophers, which coincides with the revival of classical virtue ethics as a normative ethical theory, has led to interpretations which go so far as to read TMS as the work of a subtle and covert virtue theorist intent on encouraging moral conduct in an orderly and harmonious society (Griswold 1999; Hanley 2009 (see also his chapter in this volume)). This is a fascinating and tempting but ultimately implausible interpretation of the main thrust of TMS. However, the primary scientific nature of Smith's approach and purpose does not, of course, exclude him from holding moral opinions and working out the political implications of this theory (Fitzgibbons 1995: 3–22). Indeed, he clearly does morally evaluate the outcomes of the social and economic systems that he describes and explains, commends that we cooperate with rather than resist and distort the natural order of things, and reveals those moral characteristics that appeal most to himself as well as to others. Moreover, his scientific explanations and his moral evaluations dovetail in that the latter are concerned with evaluating the very systems whose operations are so meticulously identified and whose outcomes excite his intellectual admiration and aesthetic applause.

Smith's overarching normative conviction is that whatever is natural in the sense of spontaneous in the development of the individual within different types of society is, in

general, to be morally commended. This involves no crude conflation of 'is' and 'ought' although the moral judgment involved does relate to the outcome of his empirical studies. His scientific findings of the humanly unintended social and economic benefits of natural moral sentiments, led him to bring in God, through the concept of final causation (TMS II.iii.3: 106). This is a further level of explanation derived from noting the benefits that arise, in the shape of the survival and propagation of the species, from the operations of the moral sentiments in general and the rules of justice in particular: 'self-preservation, and the propagation of the species, are the great ends which Nature seems to have proposed in the formation of all animals' (TMS II.i.5.10: 77 and II.ii.3.5: 87 quoted above in full). The observed benefits of such spontaneous orders become part of an explanatory exercise when they are taken up into the deistic metaphysic that enables Smith to attribute their workings and benefits to the benign intentions of the Author of Nature. From this it follows that conforming to the rules of justice as based on the phenomenon of impartial resentment, works with rather than against the intentions of a deity whose creation is designed to promote human happiness, and does so in a way which evokes moral and aesthetic admiration of the complex yet harmonious operations of natural systems (Griswold 1999).

In itself, this deistic world view does not bridge the chasm between empirical facts and moral judgment. Ultimately the moral affirmations involve a judgment as to the moral value of the existence and happiness of sentient beings. This is not an issue which Smith addresses systematically, but there are at least three ingredients in his normative comments which point to the foundations of his moral beliefs. One is the perceived necessity of the rule of justice for the continuing existence of a human society. Another is the felt authority of conscience as it is experienced by those who have committed serious wrongs (TMS II.ii.3.4: 86). A third, and philosophically most decisive basis for his confidence in the morality of beneficence, is that there are some moral convictions of which it is simply not possible to rid ourselves. Thus 'we cannot form the idea of any innocent and sensible being, whose happiness we should not desire, or to whose misery, when distinctively brought home to the imagination, we should not have some degree of aversion' (TMS VI.ii.3.1: 235). Further, he notes, that 'it is impossible that we should be displeas'd with the tendency of a sentiment, which, when we bring the case home to ourselves, we feel we cannot avoid adopting' (TMS II.i.3.3: 73).

These statements can, of course, be taken to be about psychological rather than moral necessities. Yet there is an element of critical reflection involved which makes it reasonable to read them as moral endorsements. This is reinforced by the fact that they represent affirmations made from the detached or impartial point of view which goes beyond the empirical analysis of actual spectators to a more epistemological version of an 'ideal spectator'. Thus, Smith points out that, from an impartial point of view in which we have no special connection to or involvement with those about whom the judgment is being made, we cannot help but prefer that a sentient creature experience pleasure rather than pain. From this perspective we cannot bring ourselves, all other things being equal, to prefer the former to the latter. Hence we arrive at a point of moral undeniability. This adds something to the felt imperative of conscience, the deontological force of rules, and

an appreciation of their social necessity, and takes us to the more ideal versions of Smith's impartial spectator as representing a more objective point of view. The actual impartial spectator is only partially impartial. However, Smith thinks of the spectator as moving to a wider and truer perspective, a perspective in which one person is, as it were, of equal size, rather than larger or smaller according to their position relative to the spectator (TMS III. 3.1: 134; VI.iii.25: 247–8).

This cartographical impartiality need not involve moral neutrality or absence of prejudice and preconceptions, but it moves in the direction of a position from which all persons are equal not only in size but also in importance (see also Fleischacker in this volume). Smith takes it, as other moralists have done, that this represents a moral perspective, and he identified this with an impartiality which approaches the distant and detached perspective of a deity. God's perspective is impartial and impartiality is tied to morality generally, in ways which Smith identified in his empirical theory of morality. This constitutes a further tie between his empirical theory and his normative moral philosophy. Here we have a meta-ethics which combines a complex social psychology, relating to social necessities and personal moral experience, with a theological overview. These elements come together within a world view which has the coherence and fit that Smith observed at work in successful theorizing, a matter of experiential and metaphysical fit, reinforcing the conviction that the social systems are divine artifacts. Extrapolating from these recurrent strands in Smith's work, in particular the ways in which social outcomes accord with our undeniable moral values, we can appreciate the significance of Smith's sense of wonder and admiration that this should be so, something from which perceives that we can achieve the satisfaction of emotional tranquility. Science, morality, and religion (albeit of a non sectarian kind) come together in a system that Smith finds compellingly attractive (Emerson 1988: 146).

None of this meta-ethics and metaphysics involves an 'ideal observer', that is an empirically unrealistic person who is totally impartial, detached, and well informed (Fleischacker 1991: 258). The impartial spectator is a personification of certain social processes whereby everyone seeks the approval of those with whom they interact and engage in processes of mutual adaptation. All seek agreement and this involves a process of harmonization not only the agent wishing to sympathize with the spectator but also with the agent wishing to reach a similar agreement with the agent. True, Smith talks of the imagined external spectator as the originator and sustainer of conscience and the source of our idea of being praiseworthy. But this does not involve the attribution of the sort of unrealizable properties that define the ideal observer. Moreover, ultimately the felt authority of conscience is underpinned by its evident utility and is therefore not a foundational moral datum. This imagined spectator of ourselves, the man within the breast, does counteract the external spectator, because he has more intimate knowledge of the self as agent. But at the same time he is likely to be partial and needs constant correction. Conscience, on its own, is inherently at risk of partiality (TMS III.3.38: 153–4).

A similar analysis applies to the place of moral rules in Smith's normative philosophy. Moral rules, like conscience, have a felt authority. They are experienced as if they are meant to override other practical consideration although they do not always do so in

practice. Like conscience, moral rules have their origins in more basic moral experience. Their genesis lies in trial and error learning as to what pleases impartial spectators and so obtains the approval of others. They could therefore act simply as rules of thumb to serve these purposes. Yet Smith commends taking their authority very seriously. This is because, once we allow ourselves to depart from these rules, they will cease to guide our actions when we are in our active mode and therefore taken up with our own partial projects. And so, while in the reflective mode we may refine learned rules by further reflection, we are prohibited to depart from them as agents. This has benefits both for us in gaining approval and for others in protecting them from our unjust conduct. Smith therefore comes out not as an act utilitarian, not even a practising rule utilitarian, but as what I have called a ‘contemplative utilitarian’ (Campbell 1971: 217–20).

To get to this point we have to note the distinctive part of Smith’s normative ethics: the gulf between practical normativity and meta or philosophical normativity, that is, between what he commends to us in our practical human choices and activities and what he commends to us as the justification for following his practical commendations. We cannot get the social benefits of moral sentiments if we treat them as provisional and defeasible. Moral rules emerge from the operation of our natural propensities and normal social experiences as analysed by the model of the impartial spectator. These rules do explicitly commend that we do that act which actually maximizes happiness, they tell us basically to get on with our own business and not harm others in so doing. We should follow the rules irrespective of our calculations of general utility, for: ‘Without this sacred regard to general rules there is no man whose conduct can be much depended upon. It is this which constitutes the most essential difference between a man of principle and honour and a worthless fellow’ (TMS III.5.2: 163). The everyday rules deriving from the social mechanisms encapsulated in the impartial spectator are regarded as the laws of the deity, for ‘This reverence is still further enhanced by an opinion which is first impressed by nature, and afterwards confirmed by reasoning and philosophy, that those important rules of morality are the commands and laws of the Deity’ (TMS III.5.3: 163). Moreover: ‘By acting otherways, on the contrary, we seem to obstruct in some measure, the scheme which the Author of nature has established for the happiness and perfection of the world, and to declare ourselves, if I may say so, in some measure the enemies of God’ (TMS III.5.7: 166).

The same applies to the ‘irregularities’ and ‘corruptions’, which have similar utility. Routinely commentators use these to suggest that Smith was a moral reformist, depreciating that we admire those who are wealthy and defer to the great as well as to the good and depreciate the pursuit of wealth beyond what we can consume. This is not the case. Rather, Smith fastens on the utility of these irregularities and corruptions. Thus he points to the way in which a relative neglect of bad luck encourages us to take more care, the way in which the often false belief that wealth brings happiness encourages industriousness and productivity to the benefit of others, and the way in which admiration for the powerful brings necessary social stability, all of which point to the foundational justificatory principle of utility within Smith’s normative ethic. This does not mean that Smith considers that ‘imperfect’ humans should become more benevolent towards

society as a whole, although he does appear to call for more self-control so that we conform more often to the ordinary requirements of the moral sentiments, unwittingly cooperating within the divine plan, another example of the coming together of Smith's methodology and morality in a happy coincidence of fact and value which fit his theological beliefs.

The importance of final causation and the place of the deity in this part of Smith's methodology is sometimes dismissed as something of a façade. Thus in his recent fascinating biography of Smith, Nicholas Phillipson presents Smith as a 'perfect Humean' (Phillipson 2010: 71, see also his chapter in this volume) who for pragmatic reasons kept his atheism private. The evidence given for Smith's covert atheism is partly Smith's reported reticence about expressing his theological beliefs (Phillipson 2010: 84), partly his exclusion of theological factors, such as Hutcheson's 'moral sense' from his account of the genesis of moral sentiments (Phillipson 2010: 54), and partly the fact that Smith explains religion, like all other aspects of human societies, in terms of human nature and social circumstances (Phillipson 2010: 84, 67, 133). However, Smith's concern to keep his doctrinal religious beliefs to himself can be explained by a wish to avoid public controversy on account of his doubts or disbelief with respect to the orthodox Christian belief of his time (see Kennedy in this volume). This reticence is perfectly compatible with Smith believing in the existence of a divine and benevolent creator. Such a belief does not need to be based on revelation since it features within a natural theology that does not seek to establish specific religious doctrines. In Smith's time and place, the latter would have been more than enough to arouse what Phillipson talks of as 'Legitimate suspicions about his religious belief' (2010: 84). Also, Phillipson's case does not accord with some of the limited historical material available to us concerning Smith's unwillingness to carry out the dying Hume's request to publish his *Dialogues Concerning Natural Religion* (Campbell and Ross 1982) and wrongly interprets Smith's antipathy to religious sectarianism and his distancing of himself from revealed religion as evidence for a rejection of a deistic metaphysic. While Phillipson is, of course, correct that Smith and Hume rejected Frances Hutcheson's theory of the moral sense as a distinct human faculty giving us moral knowledge and that this opened the way for Smith's empirical account of the moral sentiments. However, this is not incompatible with theism and is insufficient reason to put aside the very considerable theological framework in which Smith presents his theory of moral sentiments and the role it plays in the philosophical reasons he gives for endorsing and occasionally correcting the rules emanating from moral sentiments as morally reliable guides.

Nevertheless, it is understandable that contemporary philosophical expositors of Smith should seek to draw on a more secular but less scientific reading of his moral theory than that which is presented in this chapter. There is much in Smith which can be readily assimilated into the categories of modern moral philosophy, either with respect to contemporary rule utilitarianism or the virtue ethics which comes through so strongly in the classical material on which Smith draws so much in his account of moral theories. This may, however, be cautioned on two grounds. The first is the danger of anachronistic misrepresentation which fails to achieve an objective scholarly view of Smith's work in its historical context. The second is the danger of misappropriation which occurs when



Smith's moral views are incautiously adopted and applied to contemporary social and economic problems without due consideration being given to the very different assumptions of our time. An appreciation of the theological context which permitted Smith a relatively smooth passage from scientific observation to moral recommendation might forestall the cherry-picking of Smith's moral and indeed his economic theory by selecting those ingredients of Smith's philosophy which suit our more secular and sceptical world view without taking into account the nature of the methodological tree from which his enduring insights hang.

Elements of this can be seen in Amartya Sen's otherwise admirable presentation of Smith's relevance to contemporary economic and political issues (see also his chapter in this volume). In *The Idea of Justice*, Sen draws extensively on Smith's often misunderstood work to present a contemporary theory of justice which combines the qualities of 'reasoned and informed scrutiny' with a commitment to a global impartiality which takes into account the contributions of a 'variety of viewpoints', thus transcending the 'local parochialism of values' inherent in John Rawls's limited model of the social contract (Sen 2009: 45). Sen sees Smith's 'thought experiment' in TMS as an example of 'open impartiality' which aims 'to broaden our understanding and to widen the reach of our ethical inquiry' (Sen 2009: 125) by exposing ourselves to the 'real spectator' for, in Smith's words 'it is always from that spectator, from whom we can expect the least sympathy and indulgence, that we are likely to learn the most complete lesson of self-command' (TMS III.3.38: 153). What attracts Sen to Smith's moral theory is the contention that 'We can never survey our own sentiments and motives, we can never from any judgment concerning them; unless we remove ourselves, as it were, from our own natural station, and endeavour to view them as at a certain distance from us. But we can do this in no other way than by endeavouring to view them with the eyes of other people, or as other people are likely to view them' (TMS III.1.2: 110). There is no doubt that this attractive presentation of the impartial spectator as a 'device for critical scrutiny' (Sen 2010: 135) can be extrapolated from Smith's theory, but it is worth noting that Sen's project involves '*extending* Adam Smith's idea of the impartial spectator' (Sen 2010: 134; italics added) in order to develop a compelling and global contemporary theory of justice. This is, of course, a legitimate and exciting use of Smith's moral theory as applied to political morality but we should be cautious about seeing it as a reading of Smith's theory as a whole and in its original context.

This theme is developed in the final part of this chapter which reflects on how Smith's moral theory might be applied, or misapplied, to the regulation of contemporary financial markets.

## MARKETS

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The concept of a market is as central to Smith's moral theory as it is to his economics (Otteson 2002). The natural moral sentiments and the natural price of material goods are equally the result of a social process of exchange and compromise in which the

participants seek to establish a working agreement that meets their need for either social approval or material progress, both for its own sake and for its social status. In both cases, market ingredients are initially presented and explained by Smith in simple and often arresting illustrations of what takes place in small-scale social situations. The morality of the moral market starts from the simple picture of the man on the rack. The analysis of economic market takes off from the evident motivations and practice of the butcher and the baker. The question then arises whether the psychological and social ingredients on the micro-markets can readily be transferred to macro-markets, be they moral or economic.

In these times it is somewhat hazardous for moral philosophers to concern themselves with such phenomena as financial markets. Through a division of labour arising from factors of which Smith himself made us aware, philosophers are likely to come to grief entering such a technical zone. There was no such divide in Smith's day and we wonder at the sweep of his intellectual concerns. This provides some excuse for current students of the TMS to speculate what he might have to say about, for instance, contemporary financial markets, despite the fact that these sorts of markets were not part of his world. It is certainly tempting to speculate as to what Smith might have said about our current predicaments, such as the credit collapse in the recent 'global financial crisis'. A more modest task is to consider how the questions raised by our contemporary experience enable us to better understand and illuminate Smith's work, for its own stake. Here I embark on this, the second, less speculative, task of understanding TMS while failing to resist entirely the former, more hazardous, enterprise with its twin pitfalls of making anachronistic comparisons and manifesting significant ignorance concerning the relevant financial subject matter.

The WN is famous for its exposition and commendation of markets based on the human propensity to barter and exchange, the capacity to persuade through language, the desire to improve one's material circumstances and social status, and deluded dreams of the pleasures of wealth. The mechanisms involved include the division of labour based on specialization and cooperation and the enlargement of markets through free trade. The basic concepts of supply and demand and the way they operate to produce a market price that approximates to a 'natural' price that reflects the labour and other factors that enter into the free market process. This is the famous system of 'natural liberty' that works, as a manifestation of an invisible hand, to maximally increase the wealth of nations measured by the quantity of consumer goods.

One question that must be asked is whether contemporary financial markets, trading in loans rather than consumer goods are markets of the sort Smith has in mind (Schultz 2001). Perhaps such markets do not respond to the laws of supply and demand which Smith used to analyse commercial transactions. Given asymmetry of knowledge, financial products may not be subject to the same forces as more familiar consumer products so that we cannot be sure that Smith would regard them as efficient in the generation of maximal consumer goods. Putting that aside, it is clear that, for Smith, efficient markets require internal moral norms, some of which are legally enforced, such as prohibitions on theft, fraud, and personal violence. Smith's system of natural liberty involves the laws

of justice, including the law of contract, and the moral bases from which these laws derive, as internal pre-requisites. Then there are other, external, requirements such as security, elementary education, and public infrastructure that are not subject to purely market considerations.

In TMS an act is said to be unjust only if the impartial spectator's sympathetic resentment is sufficiently strong to result in punishment or compensation. No such resentment arises from actions undertaken in productive activity and the uncoerced exchange of consumer goods. But resentment does occur when people lose their property as the result of a forced taking, that is, if the spectators' sympathetic resentment generates sufficient strength to result in punishment for what is regarded as theft. Also, there is disappointed expectation arising from a broken promise as this prompts a demand for compensation to the extent that the impartial spectator goes along with this remedy for breach of contract. Here all Smith's efficient causes apply: the degree, proportionality, and imaginability of the losses as experienced by the victim and the propriety of the intentions and motives of the agents involved. Equally the final causation analysis involved points to the ways in which the system of justice as organized impartial resentment reduces harm and promotes security and prosperity, and hence happiness.

Cut now to the sub-prime crisis and the associated credit crunch and resultant economic depression. Is there injustice involved here or is this a normal economic event, the result of voluntary transactions that broke no laws, a process that involved the enforcement, not the breaking, of contracts? Of course, a lot of theft, in the form of fraud, and coercion, in the form of non-disclosure, are involved, but are such activities open to the observation and imaginative positioning of available spectators? What is there within the complexities and secretiveness of the financial transactions underlying the collapses of financial systems that spectators can get their imaginations working on? What is the sub-prime equivalent of the man upon the rack? Perhaps we can picture the enthusiastic mortgage broker in pursuit of a tidy commission offering an attractive looking loan to a person who clearly will not be able to pay it back. Then we can imagine a scene when, as a result of the mortgage terms, the client is evicted from his home by bailiffs. That is not difficult to describe and imagine. There is plenty of resentment, original and sympathetic, involved, resentments into which, according to Smith's unalterable laws, ordinary spectator would readily enter.

Yet, perhaps the eviction scenario is more complex than that of the man on the rack. The mortgagee did not have to sign the contract and was indeed imprudent to do so, and prudence Smith notes is considered a virtue, in that it is popular with spectators. Further, many of those who did sign such contracts obtained the home they desired, paid off their existing debts and did not have their home repossessed. Perhaps their reactive emotions are ones of gratitude and the impartial spectator would applaud a letter of thanks sent by them to the helpful broker. Maybe, on further reflection the impartial spectators' sympathetic resentment will fade in the light of these other scenarios, with the unfortunate defaulting mortgagees being viewed as providing a useful lesson for imprudent purchasers. Again, imagine the CEO of a major bank presiding over a complex securitization of the bank's mortgage loans in order to further a policy of raising

money in short term money markets and lending it in long-term mortgages. Then switch to the scene of the company's annual general meeting at a time when this policy has led to a disastrous decline in the value of the bank's shares, a meeting at which angry shareholders confront the Board, and all the Board can say is that times have changed. Here there is the palpable resentment of disappointed expectations. Yet the reflective spectator might pay attention to the less than lucid connection between the first scenario and the second. An exciting business plan that includes innovative products that enhanced the company's capacity to grant mortgages, buy up less successful financial institutions, pay good dividends to shareholders, and increase the value of their shares. This is not evil intent or impropriety, for the disappointed investors are not perceived as innocent victims but as imprudent players. Smith's sympathy is not pity, it is shared emotion, and once these background factors are taken into account the spectators may not be so inclined to go along with investors' wrath.

Where does this take us? We could argue that we are not comparing like with like. Smith's simple image of the rack is not comparable to modern financial markets. The latter are far too complex to fit his model. Yet this may be a simplistic reading of Smith. The man on the rack features on the first page of TMS and takes its origin from lectures delivered to a class of 14-year-olds and published in an era when professors were more dependent on the literary reception of their work than they are today. Further, Smith's range of interests includes rhetoric and belles-lettres, in the pursuit of which he developed theories as to the best literary form for getting your message over to your audience. Surely the man on the rack is a Weberian ideal type, a simplified image designed to isolate and identify the psychological factors at work in the complex interactions of society in general. It vividly portrays the feature of human nature in abstraction from the complex reality in which actual spectators are embroiled (Campbell 1971: 134–9).

Nevertheless, Smith himself was concerned that the spectator standpoint lost something of its motivating force as social development took place and small communities were transformed into urban complexes. It is not clear that the scientific utility of the ideal type spectator can survive the charge of diminished relevance to contemporary circumstances. Thus, if we are to follow through the blame game, it is clear that we cannot stop with CEOs, corporate boards, unprofessional commission-oriented mortgage brokers, their allied salespersons and imprudent investors and mortgagees. What about lax or corrupt credit rating agencies, the banks that purchase and sell-on derivatives, uncaring auditors with company conflicts of interest, and incompetent financial advisers, stockbrokers, and financial journalists? To simplify, we may exclude central banks, regulators, and governments on the grounds that these are not market players, since to encompass their actual involvement gives rise to another level of complexity in the allocation of blame. There is also a similarly expanding coterie of victims extending to all those who suffer through unemployment, insecurity, and reduced standard of living arising out of the credit crunch. It would appear that the harm is widespread and almost everyone, or perhaps no-one, is actually to blame. It follows that there is no reason to pillory simply the most conspicuous of those involved, the swashbuckling entrepreneurs who allegedly led their hapless boards into foreseeable disastrous ventures.

Confining our comments to the framework of TMS, we might recall that Smith's concern is to demonstrate the utility of blaming and punishing those who are perceived to cause harm, not to establish who is intrinsically culpable according to some other external norm. Recall, also, what he has to say about good and ill fortune. Our moral sentiments are affected by the luck-related irregularities involved in our judgments that run counter to the principle that we should blame people only for that which they intended to do. He shows how this happens in practice and points to its evident utility in encouraging agents to strive for the best outcomes and in discouraging us from punishing people for their unrealized intentions. Applying this to the responsibilities of boards and CEOs, it can be argued that the difference between the heroes and the villains is that some were lucky and others were not. While house prices were rising, interest rates were low and almost everyone was employed, the business plan of banks who relaxed lending standards and went in for securitization were phenomenally successful: plenty of people got the first or second house of their dreams, while others made lots of money through commissions, bonuses, dividends, and increased share values. In these circumstances senior executives were lucky and, as Smith can explain, were rewarded beyond their merit, to the benefit of society. However, when the economic circumstances external to the sector changed, the same sort of executives were unlucky and lost their jobs, if not their pensions, through little or no fault of their own. Smith might surmise that these are in much the same position as the sentinel, in his own example, who is executed for falling asleep on his watch, thereby 'endangering the whole army', which he uses to illustrate that we sometimes hold that 'nothing can be more just than that the many should be preferred to the one' (TMS II.ii.3.11: 90), a phenomenon that falls into the category of one of the 'irregularities' whose existence is explained by its contribution to 'the utility of this constitution of Nature' (TMS II.iii.3.2: 105).

The real situation is, of course, much more complicated than that, but we might contemplate, along TMS lines, the social utility of blaming relatively blameless executives, in order to encourage those who come after them to get acceptable outcomes for their stakeholders. If we think that punishment is only an instrumental issue here then we should remember also Smith's observation of the horror we feel in the face of the condemnation of actual spectators, the shame and loss of esteem concomitant with universal disapprobation. If this seems a monumentally unfair form of punishment then we can always bring in the path to consolation Smith offers to those irregularly blamed for things they did not intend, which is to seek the approval of the 'man within', the individual's conscience, the voice of nature, which will tell them that they were not so culpable as the actual spectators judge them to be.

Another line of thought is to take up the prospect of regulation, as a cause or a remedy, either through independent professional associations or through government-backed agencies. First, we might consider the prospect of purely ethical regulation in the paradigm of autonomous professional peer review. We could start with the model of the merchant banker in action and the merchant banker in his moments of reflection, imagining himself observing his own conduct during the day. That would give space for the Smithian conscience. But perhaps merchant bankers, particularly busy young ones, are

not the reflective type. Are there actual spectators to call them to account? Maybe, but not that many, since the only persons who know what he is up to are those similarly situated. Moreover he, and they, are not exposed to any harmful results of their trades as when investors lose money through his insider dealing or short selling, or employees lose their jobs through the rumours he sent round his brokers. As spectators they may mirror the acts of the observed persons, thus nullifying the assumed externality of an impartial spectator.

Ordinary spectators may be in a better position to examine the consequences of the merchant banker's actions, but we have seen that ordinary spectators are not well placed to imagine themselves as merchant bankers engaged in such activities as credit default swaps. Perhaps, therefore, we need a special sort of spectator, and Smith himself has many variations, including the 'bystander', the 'informed spectator', the 'attentive spectator', even the 'judicious spectator'. We accept that the intricacies of the sub-prime mortgage phenomenon and particularly the complex securitization process whereby prime and sub-prime mortgages have got to the point that the banks themselves do not know who owes what to whom, hence their inability to trust each other enough to trade with each other and the resultant credit crunch (Cooper 2008). But we do not need to know precisely who owes what to whom in order to understand the market in these innovative financial products. There are, of course, a lot of people who do at least know what goes on in these markets and could therefore qualify as informed spectators. This suggests that Smith might have space for a type of industry-based peer review based on surrogate spectators who know enough to let their imaginations loose on the matter in hand. Provided they are not service agents, or persons affected by such agents, they do qualify by Smith's often quite weak conception of impartiality.

The difficulties in all of this are, however, quite evident. Peer review is not in fact sufficiently impartial, even by Smith's standards, for such persons have been influenced by past experience as agents and still seek the approval of their former colleagues. The question as to how able they are to imagine themselves in the position of those affected by financial service agents is a nice matter which depends on such factors as their share ownership, their mortgage status, and their employment situation. Moreover are they the sort of impartial spectator whose disapproval agents want to avoid? If they have the approval of the wider society because of their wealth and power, they may not approve of their peers who happen to be redeployed to observer status.

However, if the informed impartial ex-trader observer does fail to sympathize with the motives of his former colleagues and is enabled to sympathize with the injuries of those who have lost their investments, their job, their house, or all three, then we have a Smithian basis for criminal and civil law to enter the picture, particularly if there is deception involved. We have noted the problem that not all those affected by the actions of the trader are adversely affected, but if some are, and there is dishonesty involved, then Smith is ready for the spectator to judge according to the actual outcomes and so generate punishments and other remedies where harm is caused, in accordance with Smith's vivid image of someone recklessly throwing bricks over walls who might be punishable even if they don't hit anyone (TMS II.iii.2.8: 102).

A further issue is the detection of those trades which are dishonest, fraudulent or extremely reckless, which is the reason that we so often have to rely on the ethics of those involved in specialist professions. And in any case we are still left with the well-intentioned and routine actions of merchant bankers which, in certain circumstances, over which they themselves have little or no control, produce catastrophic consequences. Should we then regulate to reduce such risks arising from otherwise lawful conduct which arouses no natural resentment in the observer?

It may be altogether too speculative to consider, in the context of TMS, the use of Smith's ideas to consider prospects of state-enforced but not justice-based regulation. However, eighteenth-century Scotland was no stranger to banks and financial bubbles (Checkland 1975 and Rockoff in this volume) and it is with respect to banking regulations that, in the WN, he writes that 'Such regulations may, no doubt be considered 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 governments, of the most free as well as the most despotic' (WN II.ii. 94: 324). In TMS there is also the suggestion that while, overwhelmingly, justice and only justice requires the punishment of only 'actions of a hurtful tendency, which proceed from an improper motive' which can be 'extorted by force' (TMS II.ii.1.2: 78), there is an admission 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 . . . which not only prohibit mutual injuries among fellow citizens, but command mutual good offices to a certain degree' (TMS II. ii.1.8: 81). It is not very clear what Smith has in mind here but shortly after this passage he notes that 'In the race for wealth, and honours, and preferments, he [every man] may run as hard as he can, and strain every nerve and every muscle, in order to outstrip his competitors. But if he should jostle (sic), or throw down any of them, the indulgence of the spectators is entirely at an end. It is a violation of fair play, which they cannot admit of. . . . (t)hey readily therefore sympathize with the natural resentment of the injured, and the offender becomes the object of hatred and indignation' (TMS II.ii.2.1: 83).

Between them, these passages indicate that Smith, who argued that the natural moral sentiments vary with the type of economy in place, would support an internal morality that justifies rules which require the sort of disclosures that are necessary for clients of, and investors in, banks to make an informed decision regarding their financial agreements, as well as laws which prevent business groups from interfering with the economic discipline of markets. It is not difficult to see, therefore, how the disclosure of practices, such as off balance sheet accounts through 'special purpose vehicles', items of considerable importance hidden in the small print of mortgage contracts, and the commissions paid to brokers, could readily be incorporated into legal requirements whose violation invites liability to punishment. For Smith, regulations of this sort are not always punishable just because they are violations of legal requirements, but they can be the objects of strong resentment, and then punishment is considered appropriate. This fits with the analysis of such relationships as selling sub-prime mortgages to persons who are unlikely

to be able to afford them, and are unaware of this fact, as a positive act of harm, whose criminalization is entirely compatible with Smith's system of 'natural liberty'. In this respect, we might say that such agents are guilty at least of the sort of extreme negligence, as in his example, of the reckless brick-thrower who 'wantonly exposes his neighbour to what no man in his senses would chuse to expose himself' (TMS II.iii.2.7: 102). Moreover, he also notes the 'socially useful irregularity' in our moral sentiments, namely that even when a person is seriously injured entirely by accident, this is regarded as a 'misfortune to the doer', thus, perhaps, opening the way to a measure of strict liability where 'that animal resentment which, he feels, is ready to burst out against him, if he should, without design, be the unhappy instrument of their calamity' (TMS II.iii.3.4: 106–7). All this brings us back to the role of impartial spectators, of one sort or another, and with them the utilitarian justifications of limited government regulation of business practice.

It may well be that such an approach, if used extensively, is likely to overwhelm a system of 'natural liberty' of the sort which Smith envisages, and will lack the social pressures of everyday morality that go with its realization, making it difficult to internalize and monitor. If the impartial spectator has to become the smart utilitarian regulator because the mechanisms of the invisible hand have proved insufficiently flexible, for one reason or another, and if governments seek to play God by manipulating the unintended consequences of financial agents and their supporting cast by providing artificial incentives, then we are likely to lose the social power of actual spectators as they bear on the actions of the players in contemporary financial markets. Real spectators are then left in a sympathetic rage without a tangible agent to blame.

## CONCLUSION

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Whatever the outcome of these reflections, it is clear that the TMS, 250 years on, is still remarkably topical and engaging. Smith remains a humanitarian hero in his subordination of markets to morality, and an intellectual example concerning the importance of engaging in normative analysis of social arrangements only when we have sound scientific knowledge of human nature and human societies. In terms of the content of his own scientific analyses we can hardly ignore a theory that deploys so many of the categories in terms of which we still explain our conduct and institutions. And it is certainly the case that his causal and functional explanations can be logically detached from the wider metaphysical framework, even if this diminishes both their credibility and their explanatory power. We can excise many of his empirical findings and moral evaluations from his theological schema, and different explanations can be given for successful operations of social systems other than the deistic one preferred by Smith. Further, there are, within Smith's corpus, many indications as to how we might respond to developing a secular version of his moral theory, such as allowing more scope for the ideal rather than the actual spectator, using our technological skills to render our imaginative faculties less localized and more impartial, permitting a measure of practical utilitarianism, on



the part of governments at least, or extending the impartial spectator to represent the disparate points of view from around the world brought to bear on the scrutiny of our existing practices, as Sen suggests.

However, developing neo-Smithian positions is unlikely to replicate Smith's own confidence in the trustworthiness of human moral sentiments with which he is familiar, as his descriptive methodology helps him establish as confirmed matters of fact. Nor will it replicate Smith's optimism that self-interest, even when modified by considerations of humanity and justice, can be harnessed to the greater good of everyone involved in the developing a natural state of human society. The move from Smith's deistically contrived propagation of the species for the purpose of human happiness to Darwin's more secular account of the species must render us more sceptical than Smith about the universal utility of our evolved and evolving moral sentiments. That there are unintended beneficial consequences of self-interested conduct and apparently unjustified moral emotions, and that actual spectators and their internalized mechanisms play a vital role in shaping our moral attitudes, are not in doubt, and should not be ignored. However, it would seem that the human species is less likely to flourish, or even survive, unless we manage to institutionalize and sustain a more radical and revisionary practical consequentialism than Smith himself espoused.

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## CHAPTER 28

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# THE CONTEMPORARY RELEVANCE OF ADAM SMITH

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AMARTYA SEN

THE influence of Adam Smith on economics, and on the social sciences in general, over the last few centuries has been quite remarkable. I shall have a bit to say on the nature of that influence, but my primary concentration here is on the contemporary relevance of Smith's thoughts and analyses. Even though he was writing a quarter of a millennium ago, his ideas remain intensely pertinent in the modern world. While the influence of Smith's ideas *Wealth of Nations* (WN) is at least widely acknowledged (even if they are not always correctly identified), the far-reaching relevance of Smith's arguments in *Theory of Moral Sentiments* (TMS) is quite often comprehensively missed in discussions today.

In what way do Smith's contributions have contemporary relevance? This question is hard to answer mainly because there are too many ways in which Smith's ideas have insights to offer to the world today. There are a great many departures that were proposed by Smith, some of which have been taken up and pursued, while others have been typically neglected. The areas of neglect are surprisingly large, given the frequency with which Smith has been quoted in the literature in economics, business, and the social sciences, over the last two centuries and more. The importance of neglected departures that were also proposed by Smith would clearly deserve particular attention in this analysis of Smith and the modern world.

## EARLY RECEPTION OF SMITH

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When Adam Smith died in Edinburgh in July 1790, the reputation of this Scottish philosopher and economist was more secure in France than it was in England. Smith's ideas were often invoked by revolutionary authors across the Channel (such as the Marquis de Condorcet), and there can be little doubt that he was a very established figure in the French intellectual circles. To be sure, Smith's writings were well known in England as

well, and even TMS his first book, published in 1759 had been widely read there. Indeed, as David Hume wrote to Smith from London shortly after the publication of the book: ‘the Public seem disposed to applaud [your book] extremely’ (Corr 31: 35). However, while the French admiration of Smith’s radical thoughts was already in some kind of an equilibrium during his lifetime, the flawed English image of a deeply conservative Smith, a mouthpiece of the unalloyed virtues of the market allegedly articulated in WN, had hardly been initiated—that false image would solidify only in the decades following Smith’s death.

Even in 1787 Jeremy Bentham grumbled about Smith’s inability to see all the virtues of the market economy. He took Smith to task in a long letter, arguing that Smith should leave the market alone, rather than criticize it for its inability to control those whom Smith called ‘prodigals and projectors.’ Bentham wanted Smith to stop supporting state regulation of financial transactions.<sup>1</sup> Bentham’s arguments were weak, but his diagnosis of what Smith was saying was entirely correct. Before long, however, Smith would emerge in the concocted image in which he is mostly seen in standard views of Smith today, as a political mouthpiece for simple slogans—mostly free-market slogans—rather than one of the finest authors of sophisticated theories of societies and economies, whose scepticism about markets was as strong as his insistence on the recognition of the good things that the markets do—and markets alone can do.

## USES AND ABUSES OF SMITH

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What Bentham had failed to do (despite his optimistic illusion that he had managed to change Smith’s views of the market economy through his criticisms), to wit, making Smith an uncomplicated champion of no-nonsense capitalism, would be achieved in the nineteenth century (and canonized in the twentieth), through very partial recounting of Smith’s arguments, overlooking other elements in his writings. Abuses of Adam Smith are at least as prevalent today as the uses of his balanced argument for supporting a society with multiple institutions in which the market would do its important job, without eliminating the role of other institutions, including the state, which can play their part in, for example, providing public goods like basic education and offering economic support for the poor, in addition to its limited—but important—function in regulating the market to the extent that it required regulation.

The three lessons that are drawn by the champions of unrestrained market capitalism based exclusively on the profit motive from their spirited reading of Smith are: (1) the allegedly self-regulatory nature of the market economy; (2) the presumed adequacy of the profit motive as the basis of rational behaviour; and (3) the imagined presumption of

<sup>1</sup> Bentham (1790) included this letter in the second of the two prefaces he wrote for the second edition of his combative defence of the market economy against regulations that restrain usury. It is included in (Corr appendix C: 402–4).

the adequacy of self-interest as socially productive behaviour. Each of these alleged lessons are deeply flawed, and were wrongly attributed to Smith.<sup>2</sup>

Adam Smith never used the expression capitalism, as far as I have been able to find, but more importantly there is nothing in his writings that would indicate that he believed in the self-sufficiency of the market economy. It is certainly true that Smith showed in *WN* in a way it had not been done by anyone earlier, the usefulness and dynamism of the market economy, and why—and particularly how—that dynamism worked. Smith's causal investigation provided an illuminating diagnosis just when that dynamism was powerfully emerging, and the contribution that *WN*, published in 1776, made to the understanding of this part of economics, among others, was absolutely monumental. Smith showed how the freeing of trade can very often be extremely helpful in generating economic prosperity through specialization in production and division of labour and in making good use of economies of large scale.

Those lessons remain deeply relevant even today. The economic analyses that followed those early expositions of markets and capital in the eighteenth century have succeeded in solidly establishing the understanding of the rationale of the market system in the corpus of mainstream economics.

However, even as the positive contributions of capitalism through the market processes and profit motives were being clarified and explicated, its negative sides were also becoming clear. While a number of socialist critics, most notably Karl Marx, would later discuss, in the nineteenth century, the case for censoring and ultimately supplanting capitalism (see Pack in this volume), even to Adam Smith, the trail-blazing exponent of the rationale of the market economy, the huge limitations of relying entirely on the market economy and only on the profit motive were also clear enough, already in the eighteenth century. Indeed, early advocates of the use of markets, in particular Adam Smith, did not take the pure market mechanism to be a free-standing performer of excellence, nor did they take the profit motive to be all that is needed. Indeed, even though Smith was a great champion of the power and reach of well-regulated markets, he had no particular belief in the self-regulatory character of the market economy.

I should note here, as a matter of some historical interest, that it is not at all surprising that Marx was a deep admirer of Smith (including his analysis of the market economy), and saw himself as someone who followed and further developed the analysis that Smith had started. Given that conviction, it is perhaps not surprising that Marx was very dismissive when John Stuart Mill, of whom Marx thought rather little, claimed to be a follower of Smith. Marx wrote bitinglly against Mill's pretensions:

John Stuart Mill, with his usual eclectic logic, understands how to hold at the same time the view of his father, James Mill [a close follower of Jeremy Bentham], and the opposite view. On a comparison of the text of his compendium, 'Principles of Political Economy,' with his preface to the first edition, in which preface he announces himself as the Adam Smith of his day—we do not know whether to admire more the simplicity of the man, or that of the public, who took him in good faith, for the

<sup>2</sup> I have examined these misattributions in Sen (1987, 2011a).

Adam Smith he announced himself to be, although he bears almost as much resemblance to Adam Smith as say General Williams, of Kars [who failed to defend his fortress when it was attacked by the Russians in 1855], to the Duke of Wellington. (Marx 1992: 221 n.33)

The revolutionary Marx's claim to be the true disciple of the allegedly conservative Smith does, of course, call for critical scrutiny, and yet given Smith's scepticism of the market it is not at all an incredible thought, as it would appear today to those reared in the contemporary mischaracterization of Smith as a great believer in no-nonsense capitalism.

## ‘PRODIGALS’ AND ‘PROJECTORS’

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Consider Smith's analysis of the promoters of excessive risk in search of profits, whom he called ‘prodigals and projector.’ This, by the way, is quite a good description of the dodgy entrepreneurs of credit swap insurances and sub-prime mortgages in the recent economic crisis. Smith's use of these terms was entirely pejorative. For example, by ‘projector’ Smith did not mean those who ‘form a project’, but specifically in its derogatory sense, apparently common from 1616 (so I gather from *The Shorter Oxford English Dictionary*), meaning, among other things, ‘a promoter of bubble companies; a speculator; a cheat.’ Indeed, Jonathan Swift's unflattering portrayal of ‘projectors’ in *Gulliver's Travels*, published in 1726 (50 years before WN), corresponds closely enough to Smith's deployment of that word.<sup>3</sup>

In arguing against Smith's critique of the market economy, Bentham argued, among other things, that those whom Smith called ‘projectors’ were also the innovators and pioneers of economic progress. As it happens, Bentham did not manage to persuade Smith to change his mind on this indictment, even though Bentham kept on hoping to do just that, and in one occasion convinced himself, with little evidence, that Smith's views on this had become ‘at present the same as mine.’ Smith knew the distinction between innovating and projecting well enough, and gave no real evidence of changing his mind on this subject. Now, more than two centuries later, the distinction remains sadly relevant as we try to understand the nature and causation of the crisis that has hit the world of finance.

Unwavering faith in the wisdom of the stand-alone market economy, which is largely responsible for the removal of the established regulations in the United States, tended to assume away the activities of prodigals and projectors in a way that would have shocked the pioneering exponent of the rationale of the market economy. As Smith warned, relying entirely on an unregulated market economy can easily pave the way for ‘a great part of the capital of the country’ being ‘kept out of the hands which were most likely to make a profitable and advantageous use of it, and thrown into those which were most likely to waste and destroy it’ (WN II.iv.15: 357).

<sup>3</sup> I draw here on Professor Giorgio Basevi's work on these parallels.

## SMITH AND THE ROLE OF THE STATE

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There is, furthermore, much more in Smith's analysis on the role of the state than its limited function in regulating markets. Smith saw the task of political economy as the pursuit of 'two distinct objects': 'first, to provide a plentiful revenue or subsistence for the people, or more properly to enable them to provide such a revenue or subsistence for themselves; and secondly, to supply the state or commonwealth with a revenue sufficient for the publick services' (WN IV Into.1: 428). Smith saw the role of the state to include adequate provision of public services, such as free education, and to arrange poverty relief. Unlike Malthus, Smith did not reject the rationale of the Poor Laws. Rather, he thought the Poor Laws needed reform, specifically through allowing greater freedom, particularly through allowing the freedom of locational movement for the indigent who receive support (freedoms that the punitive Poor Laws in effect denied to those receiving societal support). Going beyond his investigation of the demands of a well-functioning market system, Smith was deeply concerned about the inequality and poverty that might survive in an otherwise successful market economy.

Indeed, even in dealing with regulations that restrain the markets, Smith saw the case for interventions in the interest of the poor and the underdogs of society. At one stage he gives a formula of disarming simplicity: 'When the regulation, therefore, is in favour of the workmen, it is always just and equitable, but it is sometimes otherwise when in favour of the masters' (WN I.x.c.61: 157). Underlying the plural institutional structure that Smith proposes is not only Smith's scepticism of the reach of the market, but his attempt to marry state intervention with the pursuit of the interests of the poor.

## SMITH'S IDEAS ON REASONED CHOICE AND RATIONALITY

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I turn now to the second issue—the misinterpretation of Smith's view on the demands of rationality in human behaviour. Smith did not, of course, argue that rational thinking is the basis of all our actions, and he did give considerable room for emotions and sentiments in the narrower sense (though perhaps not as much as David Hume did). But he did think that even our instinctive reactions to particular conduct cannot but rely—if only implicitly—on our reasoned understanding of causal connections between conduct and consequences in 'a vast variety of instances'. Furthermore, first perceptions may also change in response to critical examination, for example on the basis of causal empirical investigation that may show, Smith noted, that a certain 'object is the means of obtaining some other' (TMS VII.iii.2.7: 320). And in the pursuit of reasoning (and this is the central issue here), a great deal more than self-interest and selfishness can—and does—come into Smith's investigation (see Rothschild 2001).

Misinterpretation of Smith's analysis of reasons for action had begun to emerge early in the nineteenth century, but it became a rampant feature of a large part of twentieth-century economics. For example, in two well-known and forcefully argued papers, the famous Chicago economist George Stigler has presented his 'self-interest theory' (including the belief that 'self-interest dominates the majority of men') as being 'on Smithian lines' (Stigler 1975: 237; 1981: 176). Stigler was not really alone or idiosyncratic in that diagnosis—this is indeed the standard view of Smith that has been powerfully promoted by many writers who constantly invoke Smith to support their belief in the unique rationality of the profit motive. A great many economists were—and some still are—evidently quite enchanted by something that has come to be called 'rational choice theory' in which rationality is identified with intelligently pursuing only one's self-interest. If you do something for anyone else, this can be rational, in this theory, only if you get something from it yourself. Following that odd presumption in modern economics, the alleged views of Smith, even though entirely implanted, have invaded neighbouring disciplines as well, and a whole generation of rational choice political analysts and of experts in so-called 'law and economics' have been cheerfully practising the same narrow art. There is no room in this 'as if Smith' for generosity, or social commitment, or public spirit—values the reasonableness of which Smith discussed in considerable detail in TMS. I have argued elsewhere that while some men are born small and some achieve smallness, it is clear that Adam Smith has had much smallness thrust upon him.<sup>4</sup>

TMS opens, in fact, with the following sentence: 'How selfish soever man may be supposed, there are evidently some principles in his nature, which interests him in the fortunes of others, and render their happiness necessary to him, though he derives nothing from it except the pleasure of seeing it' (TMS I.i.1.i: 9). Smith's analysis is further developed as the book proceeds, and he makes particular use of his thought-experiment of 'the Impartial Spectator' as a device for reasoned self-scrutiny, of which, he thought, reasoning human beings are perfectly capable.

Smith distinguishes with great sophistication the different kinds of reasons people have in taking an interest in the lives of others, separating out 'sympathy', 'generosity', 'public spirit', and other motivations, each of which differs from the others, and yet all of which have the implication of taking people away from selfish pursuit of one's own interests. He discusses how reasoning, which is at the heart of rationality, has a big role in preventing us from being consciously self-centred or unconsciously uncaring. There is nothing much in common between Adam Smith and the champions of rational choice theorists, despite their inclination to invoke Smith as their guru.

However, the mistaken interpretation of Smith is so common now that even those who argue against modelling human beings on the lines of rational choice theories often describe their enterprise as a rejection of Smithian understanding of human reasoning and choice. It is not only that this is a false attribution, but the critics of the narrowness of rational choice theory can add to the force of their arguments through making use of the subtle distinctions that Smith makes—and defends—of the different kinds of

<sup>4</sup> This issue of misinterpretation is more fully discussed in Sen (1986, 1987, 2009a).



motivations (such as ‘self-love’, ‘prudence’, ‘generosity’, ‘public spirit’) that can influence human reasoning and move people’s choices and decisions away from single-minded pursuit of self-interest.

## SMITH ON HUMAN BEHAVIOUR

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I turn now to the third issue: does this kind of broadening exercise help in building a good society, including a well-functioning market economy? And here we run into a further misinterpretation of Smith’s views about human behaviour, in particular about the kind of behaviour that is needed for a flourishing market economy, and going beyond that, for making the society good or acceptable. The immediate question that arises is this: how could Smith’s unambiguous emphasis on the need for going beyond self-interest and what he called ‘self-love’ have been so comprehensively neglected in a large number of economic treatises and text-books? One reason for this confounding is a confusion between seeing the adequacy of self-interest in explaining a very narrow phenomenon—what motivates trade and people’s inclination to participate in exchange—and in providing an understanding of the broader problem of what is needed for a good society, including proper functioning of the market economy.

In answer to the first—and the very limited—question about the reasons for seeking trade, Smith famously observed that to explain the motivation for economic exchange in the market we do not have to invoke any objective other than the pursuit of self-interest. In his most famous and widely quoted passage from *WN* (very widely cited in mainstream economics as well as in ‘law and economics’, and in ‘rational choice politics’), Smith wrote: ‘It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love ...’ (*WN* I.1.ii.2: 27). The butcher, the brewer, and the baker want to get our money in exchange for the meat, the beer, and the bread they make, and we—the consumers—want their meat, beer, and bread and are ready to pay for them with our money. The exchange benefits us all, and we do not have to be committed altruists to find reason to seek such exchange. This is a fine point about motivation for trade—interesting in itself—but it is not a claim about the adequacy of self-seeking for the success of a society or even of the market economy.

In the rest of Smith’s writings there are extensive discussions of the constructive role of other motivations that influence human action and behaviour. For example, in *TMS*, Smith argues that while ‘prudence’ is ‘of all virtues that which is most helpful to the individual’, ‘humanity, justice, generosity, and public spirit, are the qualities most useful to others’ (*TMS* IV.2. 61, 69: 189, 190). The working of a society goes much beyond the motivation for seeking trade, and even the successful operation of market economy demands much more than self-love.

The nature of the present economic crisis illustrates very clearly the need for departures from unmitigated and unrestrained self-seeking in order to have a decent society.

Even John McCain, the Republican presidential candidate in the United States, complained constantly of ‘the greed of Wall Street’ in his campaign speeches in the summer of 2008. Indeed, there is much evidence that has emerged powerfully in recent years in that direction, in addition to what we already knew from past studies of the adversity of motivational narrowness. Successful market economies demand a variety of values, including mutual trust and confidence.

In the WN, Smith illustrated his point with various examples. For example, he argued:

When the people of any particular country has such confidence in the fortune, probity, and prudence of a particular banker, as to believe he is always ready to pay upon demand such of his promissory notes as are likely to be at any time presented to him; those notes come to have the same currency as gold and silver money, from the confidence that such money can at any time be had for them. (WN II.iii.28: 292)

Smith discussed why such confidence need not always exist. Even though the champions of baker-brewer-butcher reading of Smith, enshrined in many economic books, may be at a loss about how to understand the present economic crisis (since people—including the bakers, brewers, and butchers—still have excellent reason to *seek* more trade even today, but have far less *opportunity* to sell their wares), the devastating consequences of mistrust and mutual confidence would not have appeared puzzling to Adam Smith.

And going beyond just the smooth working of the market economy, Smith also discussed the need for various institutions that can do what the markets may not be able to achieve. He was deeply concerned about the incidence of poverty, illiteracy, and relative deprivation that might remain despite a well-functioning market economy. Our determination to do something about these failures demands more than the pursuit of self-interest and even of self-centred prudence. Smith wanted institutional diversity and motivational variety—not monolithic markets and singular dominance of the profit motive.

## SMITH ON THE PURSUIT OF JUSTICE

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I turn, finally, to a particular use of Smith’s reasoning that has been, I believe, oddly neglected in the literature of moral and political philosophy. The relevance of Smith’s ideas for the theory of justice, I have argued in a recent book (Sen 2009b), goes well beyond the model of social contract, pioneered by Thomas Hobbes in the seventeenth century, which lies today behind most of the mainstream theories of justice in contemporary political philosophy, including the dominant contributions of John Rawls to what he calls ‘justice as fairness’ (Rawls 1971). Unlike the social contract approach Smith did not concentrate on defining ‘just institutions,’ but paid extensive attention to the

removal of injustice in the lives that people are actually able to lead, influenced by institutions, behaviours, and other factors.

Furthermore, unlike the contractarian theories of justice, Smith's attention is not confined only to what happens within a sovereign state, it extends to global concerns. Adam Smith's invoking of the 'impartial spectator', to which I referred earlier, accommodates views coming from far as well as near, and this differs substantially from the admissible points of view on which social contract theories tend to concentrate, to wit the views of the people within a polity in which the contract is being made. Even though in John Rawls's discussion of moral reasoning, particularly for what he calls a 'reflective equilibrium', distant perspectives can be invoked, in his structured theory of 'justice as fairness', the relevant points of view are from the perspectives of only those of the inhabitants of the society in which the so-called 'original position' is being considered. Smith's device of the impartial spectator leans towards an 'open impartiality' in contrast with what can be called the 'closed impartiality' of the social contract tradition, with its confinement to the views of the parties to the social contract in a sovereign state and therefore to fellow citizens of that particular sovereign state.

The internal discussion among the participants in the Rawlsian original position would have appeared to Smith to be inadequately scrutinized, since we have to look beyond people in the same society, who are engaged in making the social contract, and ask how the proposed contract would look to people outside this particular sovereign state. As Smith argued:

We can never survey our own sentiments and motives, we can never form any judgment concerning them; unless we remove ourselves, as it were, from our own natural station, and endeavour to view them as at a certain distance from us. But we can do this in no other way than by endeavouring to view them with the eyes of other people, or as other people are likely to view them. (TMS III.i.3: 110)

In contrast, Rawls's focus in his beautifully developed and yet limited approach of 'justice as fairness' is on removing biases of a kind that is related to vested interests and personal slants within a given society, and it abstains from invoking the scrutiny of (in Smith's language) 'the eyes of the rest of mankind'. Something more than an 'identity blackout' within the confines of the local focal group would be needed to address what is left out. And Smith's impartial spectator is a very illuminating way of meeting this need.

## GLOBAL REASONING IN THE CONTEMPORARY WORLD AND THE IMPARTIAL SPECTATOR

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There are, in fact, two principal grounds for requiring that the encounter of public reasoning about justice should go beyond boundaries of a state or a region, and these are based respectively on (1) the relevance of other people's *interests*—far away from as well as near a given society—for the sake of preventing unfairness to others who are not a

party to the social contract for that society; and (2) the pertinence of other people's *perspectives* to broaden our own investigation of relevant principles, for the sake of avoiding underscrutinized parochialism of values and presumptions in the local community.

The first ground, related to the interdependence of interests, motivated Adam Smith to chastise the injustice of slavery anywhere in the world. Adam Smith made good use of the reach of global reasoning in many particular examples of diagnosable injustice across the world in each of his books. For example, the misdeeds of early British rule in India, including the disastrous famine of 1770, engaged Smith greatly in WN. When he concluded that the East India Company not only 'oppresses and domineers in the East Indies', but was 'altogether unfit to govern its territorial possessions', he was not drawing on any oddly devised social contract (it would have been very hard to fit the judgment in the contractarian framework), but on the kind of reach that the impartial spectator allows, without confining judgments of justice within the limits of a sovereign state.

In today's interdependent world, it is easy to appreciate the need to consider the interdependence of interests. Whether we consider the challenges posed by terrorism, or by global warming, or by the world economic crisis that we are currently experiencing, confining our attention to national interest only cannot be the basis of understanding the demands of justice. Also AIDS and other epidemics move from country to country, and from continent to continent, and also, on the other side, the medicines developed and produced in some parts of the world are important for the lives and freedoms of people far away.

Secondly, in addition to the global features of interdependent interests, there is a further ground—that of avoidance of the trap of parochialism—for accepting the necessity of taking an 'open' approach to examining the demands of impartiality. If the discussion of the demands of justice is confined to a particular locality—a country or even a larger region than that—there is a possible danger of ignoring or neglecting many challenging counterarguments that might not have come up in local political debates, or been accommodated in the discourses confined to the local culture, but which are eminently worth considering, in an impartial perspective.

Smith was particularly concerned about avoiding the grip of parochialism in jurisprudence and moral and political reasoning. In a chapter entitled 'On the Influence of Custom and Fashion upon the Sentiments of Moral Approbation and Disapprobation' in the TMS, Smith gives various examples of how discussions confined within a given society can easily be fatally limited by parochial understanding. He notes, for example, the fact that 'the murder of new-born infants was a practice allowed of in almost all the states of Greece, even among the polite and civilized Athenians'. Even Plato and Aristotle supported this practice. He goes on to argue that:

uninterrupted custom had by this time so thoroughly authorized the practice, that not only the loose maxims of the world tolerated this barbarous prerogative, but even the doctrine of philosophers, which ought to have been more just and accurate, was led away by the established custom, and upon this, as upon many other occasions, instead of censuring, supported the horrible abuse, by far-fetched considerations of public utility. (TMS V.2.15: 210)

Scrutiny from a ‘distance’ may be useful for practices as different as the stoning of adulterous women in the Taliban’s Afghanistan, selective abortion of female foetuses in China, Korea and parts of India, and plentiful use of capital punishment in China, or for that matter in the United States.<sup>5</sup> The relevance of distant perspectives has a clear bearing on some current debates in the United States, for example that in the US Supreme Court not long ago, on the appropriateness of the death sentence for crimes committed in a person’s juvenile years. The demands of justice being seen to be done even in a country like the United States cannot entirely neglect the understanding that may be generated by asking questions about how the problem is assessed in other countries in the world, for example much of Europe and Latin America (which do not have capital punishment), and South Korea and India (which execute very rarely).

The majority judgment of the Court, as it happens, ruled then against the use of the death sentence—very narrowly by a 5 to 4 majority—for a crime that was committed in juvenile years even though the execution occurs after the person reaches adulthood. The verdict would have been different today since the composition of the Supreme Court has changed since then. The new Chief Justice Roberts has made clear that he would have voted with what had been the minority, and that more generally, American judges should not be influenced by arguments presented and legal judgements made elsewhere (see Sen 2010 and 2011b).<sup>6</sup>

Are outside judgments really dismissible? In denying the appropriateness of capital punishment in this case, the majority in the Supreme Court did not simply ‘defer to like-minded foreigners’ (as Justice Scalia, who was against the majority verdict, suggested). Scrutinies from ‘a distance’ can be quite essential for reasons that Adam Smith analysed, in order to arrive at grounded but non-parochial judgments, taking note of questions that consideration of non-local perspectives can help to bring to focus.

## A CONCLUDING REMARK

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I have argued that while the uses—indeed appropriate uses—of Smith’s ideas are quite widespread and have certainly enriched the understanding of economics in particular and the social sciences in general, there are still things to do. First, along with appropriate uses of Smith there are also a great many abuses that have not only led to a misunderstanding of what the founder of modern economics really said, but have also had the effect—because of the influence of an imagined Smith—of restricting the reach of contemporary economic analysis, with far-reaching consequences. This does need serious rectification.

<sup>5</sup> The US executes more people each year than any other country in the world with the exception of China, Saudi Arabia, Iraq, and Iran, based on the statistics for 2008 and 2009.

<sup>6</sup> On this, see my Herbert Hart Memorial Lecture, ‘Rights, Laws and Language’, published in the *Oxford Journal of Legal Studies* (Sen 2011b), of which a shortened version appeared in *The New Republic* (‘Rights, Words and Laws’, Sen 2010).

Secondly, I have also argued that there are additional uses to which Smith's ideas can be put that have been unduly neglected in the world of knowledge and understanding, particularly in moral, political, and legal philosophy. If avoidance of abuses is one necessity, further extension of fruitful uses of Smith is surely another. There is a great deal of life left in the thoughts of that remarkable thinker who published his first book as a young professor at the University of Glasgow just over a quarter of a millennium ago.

We can examine Smith's ideas for the way they related to the world that he saw around him, but also for their relevance to the nature of human society in general and thus to our world today. I have pursued the latter inquiry in this presentation. I never cease to be impressed—indeed astonished—by the reach of Smith's ideas across the centuries. I am sure I would be accused of being over the top when I compare, in this respect, Smith with Shakespeare. But there is something in common between the two in their reaching over to people across the barriers of time. If there is some real profundity in this (as I believe there is), we have to give to the vision of Adam Smith the acknowledgement that it richly deserves.

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# INDEX

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## Introductory Note

References such as '178–9' indicate (not necessarily continuous) discussion of a topic across a range of pages. Wherever possible in the case of topics with many references, these have been divided into sub-topics and/or only the most significant discussions of the topic are listed. Because the entire volume is about 'Adam Smith', the use of his name (and certain terms which occur throughout) as an entry point has been minimized. Information will be found under the corresponding detailed topics.

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