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## Smith, Adam



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### Introduction

Adam Smith (1723–1790) was a Scottish moral philosopher and political economist. He is best known today for his later influence on the field of economics although in his own time it was his moral theory that received most attention. He published two books in his lifetime, both of which were highly acclaimed on publication, leading Smith to become a prominent part of the Scottish Enlightenment and one of the foremost figures in European intellectual life. Smith's first book was *The Theory of Moral Sentiments* (first published in 1759, but continually revised until his death and ran to six editions). It remains a significant text in the history of moral philosophy although it has been eclipsed in the popular consciousness by his subsequent work, *An Inquiry into the Nature and Causes of the Wealth of Nations*, or more commonly, *The Wealth of Nations* (1776). Shortly after his death his reflections on the history of astronomy were published as *Essays on Philosophical Subjects* (1795) and, much later, student notes from 1762–1763 were collected and published as *Lectures on Jurisprudence* (1978) helping shed

light on and clarify aspects of his philosophy, particularly on issues of justice and government.

Smith was born in Kirkcaldy, a small Scottish fishing village near Edinburgh. Aged only 13, he went to study at the University of Glasgow under Frances Hutcheson, who himself remains a significant figure in moral intellectual history. Smith then won a scholarship to study at Balliol College, Oxford, returning 6 years later to his home in Kirkcaldy. Smith worked as a freelance lecturer for a while during which time he met David Hume, another Scottish philosopher of great influence, who became a lifelong personal and intellectual friend. Smith was appointed Professor of Logic at Glasgow at the age of 27, and Professor of Moral Philosophy a year later. In 1764 Smith left Glasgow to become tutor to the Duke of Buccleuch in France, and during his time in Europe met a number of leading French thinkers including Voltaire, Turgot, and François Quesnay. After returning to Scotland 2 years later, Smith completed the *Wealth of Nations*.

### The Theory of Moral Sentiments

In the *Theory of Moral Sentiments*, Smith sets out the view of human nature that underpins his moral as well as social, political, and economic ideas. Smith's position is built around an idea of the natural feelings of sympathy that people have for others who are suffering or in distress.

What makes this an ethical rather than descriptive theory is that moral judgements are made not from an individual or personal perspective by adopting that of an imagined third party observer known as the impartial spectator. The perspective we take in forming moral judgements, then, is not one swayed by our interests and feelings but that of a disinterested person.

Smith's moral theory draws heavily on the ideas of his predecessor Hutcheson and overlaps somewhat with his contemporary Hume. While there are similarities with both, Smith's approach is distinct. Hutcheson (1725) forms part of what is known as the sentimentalist, or moral sense, tradition which seeks to understand why it is that we ascribe praise or blame to the actions of others. This approach pioneered by the Earl of Shaftesbury (1659–1729) but extensively developed by Hutcheson, stands in opposition to the rationalist and intuitionist ideas of writers such as Ralph Cudworth (1617–1688) and Samuel Clarke (1675–1745) and the moral egoism of Thomas Hobbes (1588–1679) and Bernard Mandeville (1670–1733). We cannot, it is argued, appeal to reason to understand what people approve or disapprove of morally, or why. This is because reason tells us only how best to achieve or satisfy some end. It cannot explain why it motivates, or “excites,” us. Neither can we find an answer in self-interest. While human beings clearly do regulate their behavior in a prudential manner, Hutcheson maintains that this alone cannot explain our attitudes towards others. We often both approve of actions that do not benefit us and disapprove of what does (such as treachery that ultimately benefits the nation). So, instead of reason, we should look to our emotions, or “affections” to understand how we apportion approval. These affections are not driven by self-love but by feelings of benevolence. We do not draw on reason in coming to approve or disapprove of certain behaviors but instead rely on our “moral sense” which is a distinct cognitive human faculty in its own right.

Smith belongs within the broad moral sense tradition in ethics albeit even if the extent to which he himself makes use of a specific moral sense, if he does at all, is debatable. There is no

basic moral faculty through which we might perceive or apprehend moral qualities. Rather, Smith, like Hume (1978), starts with the foundational notion of “sympathy,” the basic human tendency to empathize with the feelings of others. Smith's account is both different from Hume's and worked out in far greater psychological detail. Where Hume argues that we actually feel what others are feeling when we are sympathetic, Smith recognizes that this is implausible. Our feelings can never match precisely those of the other person, either in exact quality or in intensity. Instead we do our best to put ourselves in the shoes of the other, trying to imagine how they themselves feel. If we are able to imagine something close to what we observe in others then we sympathize with them, otherwise do not. Significantly, it matters very much to us all that others sympathize with our reactions to things and events, and that we sympathize with theirs (rather as when we have finished reading a book we want others to read it too and are either delighted if they share our enjoyment of it or disappointed if they do not). In the end, our natural desire to harmonize our feelings and attitudes with others leads to a social convergence and the establishment of cultural norms.

People do not just wish to share in the attitudes of others but also crave their approval. Morally, we approve of others where we approve of the feelings we discern in or attribute to them. Of course, each of us is limited in our ability to fully or properly sympathize with others. To different degrees we all lack the requisite knowledge, insight, and experience, and we all have personal biases particularly as we may be implicated in the situation under consideration. For this reason, Smith argues that moral approval should not be based on sympathy from our own perspective but from that of a dispassionate and disinterested observer, which Smith calls the impartial spectator. This is the central notion in Smith's moral theory. It allows him to move from a basic psychological observation about human feelings of sympathy to a comprehensive moral framework. The introduction of the impartial spectator allows us not only to imagine what others are feeling but to make judgments about those feelings according

to a testable and shared standard. Nevertheless, although the device of the impartial spectator is meant to help people step outside of themselves as they make moral judgments, it remains an imaginative exercise. There is no “view from nowhere” or God’s-eye perspective to take as individuals remain limited and culture bound even as they try to extract themselves.

It is not only other people that we judge but also ourselves. The impartial spectator serves as reference point for our own personal consciences through which we can also regulate our behavior. We do this not only because we want the approval of others for doing what the impartial spectator would applaud but we want to deserve that approval. The difference here is between acting with propriety (doing the right thing) and acting virtuously (doing the right thing for the right reason). Smith’s notion of virtue here “corresponds,” as he notes in book VII, “pretty exactly” to Aristotle’s view in the *Nicomachean Ethics*. Ideally, we would adopt the perspective of the impartial spectator as our own, not merely conforming to its judgments but internalizing its sympathies as our own. To act with virtue in this way is, of course, a very demanding standard that few can live up to, although recognizing this standard does at least give people something to strive for. In the meantime, given that we are not always virtuous a system of moral and legal rules is needed for people to follow. These rules provide a shared framework that all the members of society can recognize and maintain.

It is possible to see in Smith’s approach the foundations for an intended account of justice, something which Smith sets above all the other virtues (I.II). However, although Smith wanted to follow up his two published books with a universally-applicable theory of justice that built on the principles developed in the *Theory of Moral Sentiments*, it never came to fruition. One reason sometimes suggested for this is that the concept of sympathy and the impartial spectator is too deeply embedded within particular social and cultural contexts to serve as a universal concept (Fleischacker 2004). Nevertheless, what Smith does achieve is to show the twin motivations of self-interest and benevolence combine

through the natural feeling of sympathy to develop into social systems of norms and morality, harnessing both people’s desire for both approval and self-improvement. While Smith’s approach was not able to transcend the processes of socialization that lie at the heart of his theory, it does have the advantage of showing us how pervasively influenced by our social, cultural, and historical context our moral attitudes are. Nevertheless, Smith’s theological commitments and the deist, and often also Stoic, framework that he applies give him a consistent and robust basis to develop his normative claims out of his psychological analysis. Appealing to natural sentiments as part of the benevolent designer’s overall plan allows Smith to refute egoists like Mandeville (1989) who claim that virtue has no social value, as well as providing some grounding for his famed image of the invisible hand bringing order to unconnected individual decisions made for unrelated and often self-interested reasons. This metaphor briefly appears in the *Theory of Moral Sentiments* (IV.I) but takes on greater significance an image of central importance in the *Wealth of Nations*.

## The Wealth of Nations

A long-standing controversy in the study of Smith has concerned how to reconcile the sympathy-based ethics of the *Theory of Moral Sentiments* with the account of self-interested economic action for which the *Wealth of Nations* has become known. Historically, this has been centered on what was known as the “Adam Smith problem” following a debate between German scholars in the nineteenth century. The modern consensus is that there is no fundamental tension between the two books and that they should be read and understood together as complementary parts of the same overarching project. Smith develops a single social ontology across both *The Theory of Moral Sentiments* and *The Wealth of Nations*, within which the activities of commerce and deliberation are intertwined and rooted in natural human sentiments such as the desire for acclaim that forms the basis of Smith’s

moral psychology. Indeed, the *Wealth of Nations* is itself a wide-ranging text that takes in issues of moral philosophy, history, and education as well as of political economy.

Although the *Wealth of Nations* is often heralded as a radical departure from previous work in economic theory, Smith discusses a number of existing accounts in favorable terms. The most significant of these is the agricultural system advanced by the Physiocrats, led by Quesnay (1694–1774), who argued that agriculture constituted the only source of wealth in a nation. Though he ultimately rejects physiocratic approaches, Smith nonetheless praises them as the best of the existing economic theories. In the context of a still heavily agrarian Scotland, Smith argued that the cultivation of land is the most efficient use of labor, adding that the interests of landowners are entirely aligned with the interests of society. As well as the Physiocrats, Smith's account in the *Wealth of Nations* is influenced by the work of Hume, Sir James Steuart (1707–1780), and Mandeville, although he departs substantially from each.

Smith's main polemical target in the *Wealth of Nations* is the mercantilist economic policy that was dominant in Smith's era. Mercantilist theories conceive of trade as an extension of a wider power struggle among nations and argue that states should seek to establish as high a trade surplus as possible and to preserve large reserves of bullion. Smith presents mercantilist policies such as high import tariffs not only as mistaken but as a racket advanced by merchants whose interests differ from those of society as a whole and who have co-opted the state to promote these private interests. Instead, the wealth of a nation can be determined as the overall produce of both the land and, in contrast to the Physiocrats, the labor in a country. This wealth can be divided into three parts; the rent of land, the wage of labor, and the profits of stock.

The book begins with Smith's famous exposition of one of the most significant factors in the improvement of productivity and prosperity at the time of writing; the division of labor. The productive significance of the division of labor is illustrated using the example of the manufacture

of pins. The division of labor speeds up the productive process by enabling specialization of laborers, who become skilled at performing a highly specific function, reducing the time spent between these separate tasks being performed and enabling the production of machines that can reduce the time each specialized task takes. As a result, far more pins can be produced by the same number of laborers working on discrete tasks within the process. Though Smith places the division of labor at the heart of his argument for a free system of commerce, he does not view it in exclusively positive terms, noting that the constant repetition of a single task can have alienating and intellectually stultifying effects that can have adverse social consequences.

Smith identifies the origins of the division of labor in people's "natural tendency to truck, barter, and exchange one thing for another." His support for market-based economics is founded on this, and two other natural tendencies, one of individuals and one of society. The first is our individual "desire of bettering our condition." People acting in their own self-interest are more motivated to do so than those acting benevolently; Smith famously observes that "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 self-interest." This is not to say that self-interest is the only guiding value in commercial activity. Smith views market behavior as being enmeshed in moral considerations and sentiments. The second tendency is that the actions of individuals motivated by self-interest will align with the interests of society as a whole. Someone acting in the pursuit of their own self-interest may be "led by an invisible hand to promote an end which was no part of his intention." This is in part a product of the ability of markets to coordinate diffuse action effectively and in part a natural coincidence of public and private interest that depends on the proper governance and structure of markets by the state.

The successful operation of this market co-ordination relies upon individuals acting in their own self-interest. Despite his sensitivity to humans' cognitive limits and biases, Smith views individuals as being generally more capable of

identifying their economic interests than the state can be. Nevertheless, Smith's skepticism about the ability of the state to direct the investment of capital is not indicative of a minimalist approach to the state more generally. Indeed, he argues that the state must fulfil three principal duties – to defend the nation, to administer justice, and to provide basic public goods such as education and infrastructure – to a standard that often exceeds that provided by present day governments. The state is required not only to protect its citizens against external aggressors but must additionally protect citizens from “the injustice or oppression of every other member.” The government also has a duty to establish and maintain any public institutions that are of social value which cannot be created or run profitably by private enterprise, including schools and any systems or services that are necessary for carrying out commerce, such as regulatory bodies and transport networks. He argues that these institutions should be funded through a system of progressive taxation. Nor is Smith complacent about, or indifferent to, economic inequality. His defense of free markets is, rather, premised on the claim that they erode the inequalities of feudal society, providing each member of a society the opportunity to better their own condition.

Commerce and the state, together in their right place, combine to create the conditions for individual freedom in a society – and these effects are interconnected. Smith views this as a historically necessary development. The expansion of commerce has both improved the quality of domestic government and reduced the threat of war by diminishing the level of dependence tenants or tradespeople had on any particular landowner. Trade correspondingly relies on good government to protect property rights and maintain the institutions of commerce. The institutions of trade and of government therefore act in concert to maintain and promote individual freedom, which is conceived not in terms of pure absence of constraint but rather as a condition of independence that requires the establishment of a variety of social and economic conditions and institutions, such as the rule of law.

## Conclusion

Smith has long been described as the “father of economics.” This is inevitable given the enormous influence *The Wealth of Nations* has had on the discipline as a whole and particularly in the doctrine of laissez-faire. However, while Smith's ideas are most commonly associated with free market economics, this is misleading if taken outside of the overall context of his social and moral system. There are clear limits to the role and function of the market and Smith has a strong emphasis on equality that he expected to result from market processes. With the benefit of two centuries' worth of hindsight on the actual operation of the market, it is likely that Smith would give even greater emphasis to the role of government in maintaining justice and would rethink the design of markets, for example, with regard to negative externalities. Nevertheless, Smith's influence on subsequent economic thought remains profound and includes the development of general equilibrium theory which focusses on explicating the ideal conditions for the functioning of the invisible hand, and Hayek's (1960) focus on the incomplete knowledge of economic agents and the use of markets as co-ordination mechanisms. But Smith's influence extends across many schools; the theory of value, conceptualization of labor and theory of history developed in the *Wealth of Nations* were of central importance to Marx's economic thought, while his comparative account of wellbeing was an insight central to the development of Amartya Sen's capabilities approach.

Smith has also left an important legacy in moral philosophy. In part his influence comes to us through his engagement with David Hume, a central figure in the field of ethics, with whom Smith's ideas are frequently compared. Smith's approach remains distinct and, while it is set out with less analytical precision than Hume's, it compensates for this for its rich psychological plausibility and appeal to everyday life. Smith's work has been the subject of renewed focus in this century with several key studies being published (e.g., Fleischacker 2004; Haakonssen 2006; Herzog 2013; Otteson 2002; Raphael 2007;

Rothschild 2001; Schliesser 2017; Weinstein 2013) which build on existing scholarship (e.g. Griswold 1999; Raphael 1985). The recent interest in the role played by emotion in people's moral judgments has contributed to something of a revival of sentimentalism in ethics, with Smith's ideas being proving salient (Haidt 2012). More generally, Smith's figure of the impartial spectator has been of enduring interest to moral philosophers. Though the concept does not originate with Smith, his articulation represents a substantial advance on Hume's understanding of sentiments and a significant contribution to the wide development of impartialism in ethical theory, such as in Rawls's image of the Original Position. While this departs from Smith's impartial spectator in a variety of ways, it shares an emphasis on dispassionate rational scrutiny into the practical business of ethical deliberation. Smith also developed a detailed and viable form of Aristotelian ethics rooted in the concept of virtue.

## Cross-References

- ▶ [David Hume](#)
- ▶ [Frances Hutcheson](#)
- ▶ [Scottish Enlightenment](#)
- ▶ [The Physiocrats](#)

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