



## WHAT ADAM SMITH MEANS TO ME

*For this Liberty Matters, we asked prominent scholars of [Adam Smith](#) to reflect on what the great Scot means to them. We hope you enjoy this fascinating exploration of the legacy of Smith and the [Scottish Enlightenment](#) as it unfolds this month. Our first reflection comes from [Vernon L. Smith](#), Nobel laureate and professor of economics at Chapman University. Our second piece is adapted from an address [Samuel Fleischacker](#), professor of philosophy at the University of Illinois Chicago, gave at the International Adam Smith Society conference in the fall of 2021.*

### ME AND ADAM SMITH

by Vernon L. Smith

#### Why does Adam Smith matter to me?

First, he articulates a theory of community, or human sociality, founded on two pillars of morality that relate uniquely to human action: beneficence and justice. Second, by carefully distinguishing the background condition of being self-interested from actions motivated by self-interest, [Adam Smith](#) models rich forms of other-regarding conduct among individuals who necessarily have common knowledge that are all self-interested. Third, in religion he finds evidence for the ancient cross-cultural emergence of this morality. Smith's methodology of analysis that first examines the origins of human action, then its consequences, is fresh and relevant for understanding 21st-century social and economic processes.

“IN ADAM SMITH’S LEXICON OF COMMUNITY, CIVIL SOCIETY HAS BUT TWO PILLARS: BENEFICENCE AND JUSTICE (SMITH, 1759, P 112).[\[1\]](#).”

#### **Beneficence and Justice are Rooted in Self-interested Actors whose Emotions of Gratitude and Resentment Alone Call for Appropriate Action**

In Adam Smith's lexicon of community, civil society has but two pillars: beneficence and justice (Smith, 1759, p 112).[\[1\]](#) Beneficence embraces all those actions by one person toward another that are acknowledged both beneficial and properly motivated. The recipient of such beneficial action, as well as any informed third-party observer would agree, that the action is intentionally designed to benefit—and is of benefit—to the selected recipient. Smith states unequivocally that such actions “seem alone to require reward; because such alone are the approved objects of gratitude, or excite the sympathetic gratitude of the spectator” (p 112).

Contrastingly, justice is a virtue the violation of which “is injury: it does real and positive hurt to some particular persons, from motives which are naturally disapproved of?” (p 114).

Smith's proposition on the violation of justice is the obverse of his proposition on beneficence: “Actions of a hurtful tendency, which proceed from improper motives, seem alone to deserve punishment; because such alone are the approved objects of resentment, or excite the sympathetic resentment of the spectator” (p 112).

Lest a person think that the agents of these actions are selfless contributors to the public good, or to the reduction of public bad, Smith unequivocally states:

Though it may be true, therefore, that every individual...naturally prefers himself to all mankind, yet he dares not look mankind in the face, and avow that he acts according to this principle. He feels that in this preference they can never go along with him, and that how natural soever it may be to him, it must always appear excessive and extravagant to them. When he views himself in the light in which he is conscious that others will view him, he sees that to them he is but one of the multitude, in no respect better than any other in it...he must...humble the arrogance of his self-love, and bring it down to something which other men can go along with (p 120).

Not only are all strictly self-interested, but all must have common knowledge that all are self-interested, for otherwise the concepts of benefit, hurt, reward, and punishment are meaningless.

Of these two pillars, justice is the most essential as “society...cannot subsist among those who are at all times ready to hurt and injure one another” (p 124).

Note that in Smith’s concepts of beneficence and justice, we get a clear and sharp distinction in any society between the good, beneficial, and neighborly actions that one person can do for another—and the bad, hurtful, and unneighborly actions that they can do to another. Beneficence can lead naturally to positive reciprocity supported by propriety, which means community-level approval, consent—or, in Smith’s word, APPROBATION. In the economy it leads to trade, provided that we have justice. This is the topic of Smith’s second book (Smith, 1776). Justice leads to community sympathy for the victims of improperly motivated hurtful actions, from murder to theft and robbery to the violation of promises or contracts—although the latter is not criminal, only a civil offense—and is the foundation of property.<sup>[2]</sup> Smith’s “fair (meaning not foul, as in fair-play rules) and impartial spectator,” requires punishment

to be no more nor less than what fits the infraction and the resentment felt.



Notice also in Smith’s dichotomy, that justice has nothing to do with distributional outcomes because justice is about—and only about—providing security from injury. Distributional issues are about beneficence and economic gain.

But surely, in both propositions, it must be an exaggeration to assert that such actions alone require reward or deserve punishment. That this is not true is explained fully by Smith in the distinction he draws between emotions that can only be satisfied by our actions and those that are capable of being satisfied without our agency. For example, we are delighted when a friend is promoted, though the action was well beyond our control.

There indeed exist passions other than gratitude and resentment that interest us in the happiness or unhappiness of others “but there are none which so directly excite us to be the instruments of either.” Love and esteem are emotions associated with family, friends, and neighbors who are close to us. For any such person, “our love, however, is fully satisfied, though his good fortune should be brought about without our assistance. All that this passion desires is to see him happy, without

regarding who was the author of his prosperity. But gratitude is not to be satisfied in this manner. If the person to whom we owe many obligations is made happy without our assistance, though it pleases our love, it does not content our gratitude. Till we have recompensed him, till we ourselves have been instrumental in promoting his happiness, we feel ourselves still loaded with that debt which his past services have laid upon us.” Hence, do we find phrases such as “debt of gratitude” and “I owe you one” embedded in English language and thought.



In the same manner the emotions of hatred and dislike that we might feel toward some can be satisfied without our agency (p 94-5).

Consequently, the emotions of gratitude and resentment are unique in calling upon the selected recipient of benefit or hurt to respond by rewarding or punishing the author of the action.

The following narrative illustrates the benefit-gratitude-reward calculus associated with beneficence:

It is Monday, trash pickup day, and before you depart from home to your office, you wheel your trash barrel from inside your gate to the curb. Upon returning in the evening, with mind preoccupied by a busy day, you forget to wheel in your trash barrel to avoid a citation, since early Tuesday AM the street-sweeper will pass through. Your neighbor, while wheeling in her own trash barrel, notices that you neglected to rescue yours, proceeds to wheel it in for you. The following weekend you pick a few extra avocados off one of your trees, taking them to your neighbor with the intention of thanking her

for bringing in your barrel. She is not home so you leave them on her doorstep.

In this social exchange, observe that the context or circumstances involve much common information shared by neighbors concerning trash-pickup and street-sweeper schedules, the associated duties, and who has avocado trees. Moreover, all the principals are strictly self-interested; for that is how each has experiential knowledge that it is odious to move trash barrels, receive citations, and that you and your neighbor both like avocados. But being self-interested in no way compromises you or your neighbors’ proclivity for other-regarding action.

Here is a narrative illustrating the justice-resentment-punishment calculus:

As your neighboring couple is arriving home late after attending a movie, burglars escape out the back door with items of jewelry and a box of antique silverware. Your neighbors—filled with both fear and outrage—call the police and give them identifying particulars of the items stolen. When they tell you about it, you feel their fear and outrage. The burglars—urgently attempting to fence off the goods locally—are, unusually, caught and arrested. The neighbors are elated by the police arrests and feel much satisfaction in supplying the particulars that made the arrest possible. You enter entirely into their elation when they share their happy resolution with you.

### **Adam Smith on Rules and the Religious Origins and Development of Morality**

Adam Smith believed that all order in cosmic and human existence has divine origins. Order was not an accidental or unaccountable probabilistic property of our sensual reality. For Smith, order implies design, which implies a designer, and the reverse. Perceptively, he also saw in religious beliefs—and in their commonality across cultures old and new—solid evidence in human experience that morality was deeply rooted in nature, in the slow evolutionary process that enabled us to create

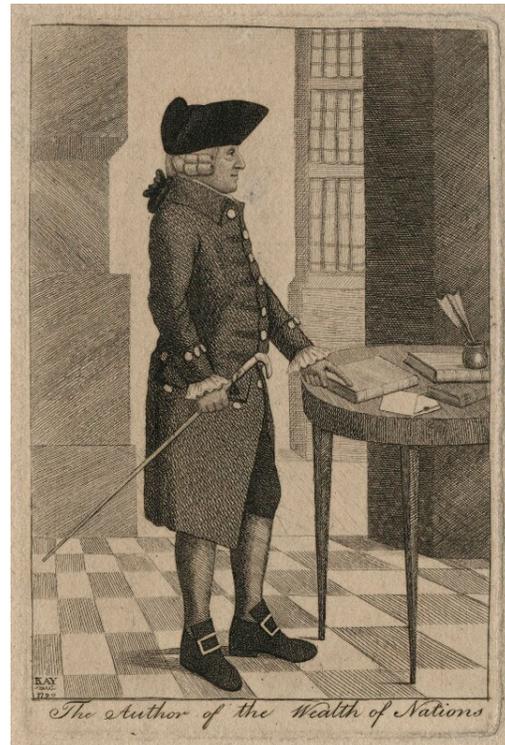
communities of civil order that were stable, while also identifying the sources of potential instability.

Thus, Smith argued that in the most ancient human superstitions we find divine creatures to whom we attributed (“ascribed”) all the darkest passions of human nature “such as lust, hunger, avarice, envy, revenge.” Nor equally, did the divine virtues fail to have representatives embodying all those qualities most ardently admired in “the love of virtue and beneficence, and the abhorrence of vice and injustice” (p 232). Consequently, humanity drew on its accumulated experience of both evil and good to imagine ideal forms that were captured in religious belief. Moral behavior was natural, part of nature, the author of our morality.

A man intentionally hurt by the action of another, called upon God to bear “witness of the wrong that was done to him,”... and the “man who did the injury felt himself to be the proper object of vile detestation and resentment of mankind” (pp 232-233). Ultimately 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” (p 233). Moreover, even the rudest forms of religion sanctioned the emergent “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” (p 233).

When, thousands of years later, research scholars addressed the origin and function of morality in human civility, they “confirmed those original anticipations of nature.” Whether that morality was thought to be founded on reason, an innate instinct, or sense of moral behavior “or upon some other principle of our nature, it cannot be doubted that they were given us for the direction of our conduct in this life.” Moral rules carry the badge of supreme authority that prominently serve us from the inside, as self-commanding arbiters that govern and supervise “all our actions,...senses, passions, and

appetites, and to judge how far each of them was either to be indulged or restrained” (p 233).



These moral faculties are not on a level (as some pretend) “with the other faculties and appetites of our nature, endowed with no more right to restrain these last, than these last are to restrain them. No other faculty or principle of action judges of any other. Love does not judge of resentment, nor resentment of love. Those two passions may be opposite to one another, but cannot, with any propriety, be said to approve or disapprove or one another. But it is the peculiar office of those faculties now under our consideration to judge, to bestow censure or applause upon all the other principles or our nature. They may be considered as a sort or senses, of which those principles are the objects” (p 233-234).

In his accustomed attention to great detail, Adam Smith continues by elaborating on the uniqueness of our senses and their supervision by the rules of morality.

Each sense reigns in command of the objects that are its own. From the eye’s judgement of the beauty of color there is no appeal; nor from the ear’s sense of harmony; nor from the taste of flavor. That which gratifies taste is sweet; pleases the eye is beauty; pleases the ear is

harmonious. Each quality resides in the sense it addresses. In the same manner, “it belongs to our moral faculties...to determine when the ear ought to be soothed, when the eye ought to be indulged, when the taste ought to be gratified, when and how far every other principle of our nature ought either to be indulged or restrained...What is agreeable to our moral faculties, is fit, and right, and proper to be done; the contrary, wrong, unfit, and improper... The very words, right, wrong, fit, improper, graceful, unbecoming, mean only what pleases or displeases those faculties” (p 234).

The author of this comprehensive treatment of the roots of community, and the path from propriety to property, was now ready to complete *The Wealth of Nations* and write of his theory of natural liberty. Only the author of the first book would take care to place the conditional on justice before the verb in summarizing that theory: “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...” (Smith, 1776, Vol 2, p 184).

#### References:

Smith, Adam. [The Theory of Moral Sentiments](#); or, 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. To which is added, A Dissertation on the Origins of Languages. New Edition. With a biographical and critical Memoir of the Author, by Dugald Stewart (London: Henry G. Bohn, 1853).

Smith, Adam. [An Inquiry into the Nature and Causes of the Wealth of Nations, Volume 2](#), edited with an Introduction, Notes, Marginal Summary and an Enlarged Index by Edwin Cannan (London: Methuen, 1904).

[1] Hereafter only the page number will be referenced.

[2] The penalty for theft or robbery exceeds that of the violation of contract because the former takes from us what we are possessed of, whereas the latter only disappoints us of what we expected (p 121). Although not referenced by Smith, this statement is implied by his proposition on the asymmetry between gains and losses, which he derives from the asymmetry between human joy

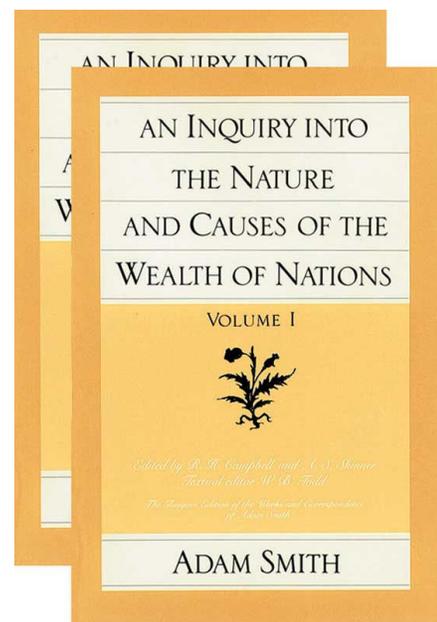
and sorrow: “We suffer more...when we fall from a better to a worse situation, than we ever enjoy when we rise from a worse to a better” (p 311) .

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## LEARNING FROM ADAM SMITH IN 2021

by Sam Fleischacker

When I was first asked to give a talk at the annual conference of the [International Adam Smith Society](#), I proposed two possible titles. One was “Teaching Adam Smith in 2021”; the other was “Applying Smith Politically in 2021.” After thinking about it, I realized that what I had in mind was the question of how to teach Smith with regard to policy today — something that combined my two suggestions. Hence, “Learning from Smith in 2021.”



Of course I think we can also still learn from Smith the moral philosopher. But there are special problems that arise about learning from the [Wealth of Nations](#) (WN), which don't arise in connection with [The Theory of Moral Sentiments](#) (TMS). Imagine a public policy student asking you why she should bother reading WN. The book came out almost 250 years ago — why suppose it is still relevant? What on earth can Smith, writing so long ago

in such different circumstances, teach us about current politics?

One way we might answer that — a way in which Smith was invoked for a long time — is to say that Smith taught us about the importance of free markets, minimal government, and low taxes, and we should be doing all of those things today as well. That’s the answer of what I call “right Smithians.”<sup>[1]</sup> But another response to the student’s question might draw on the fact that Smith taught us about the importance of attending to the poor, famously saying that laws in favor of workers are always “just and equitable” while those in favor of their masters are not (WN I.x.c.61, 157-8) — and draw the lesson that we should continue to do whatever favors the poor. That’s the answer of what I’ve called “left Smithians.”<sup>[2]</sup> I’m not going to recommend either of these things here, however. I want instead to talk about aspects of Smith that are useful for thinking about policy more or less independently of our particular political perspectives. And one reason for saying this is relevant for 2021 is that we are so factionalized today, so polarized, that if we have a thinker who can help us overcome that polarization, that is itself worthwhile.



What I want to bring out are six things that I think people of both the left and the right can take away from Smith: lessons from Smith for a *general* orientation towards policy. Briefly put, these consist in the importance of:

- 1) empathy (what Smith calls “sympathy”);
- 2) history;
- 3) pragmatism;
- 4) impartiality;

5) persuasion; and

6) a stoic acceptance of our limitations.

To begin with, and to get at the role for empathy in public policy, let’s take up a question that was very important over the last year and a half: whether the 600 dollars per week in supplemental unemployment was depressing employment or not. When Covid started, any Smithian, right or left, might have endorsed this policy, because we were in an emergency. Smith himself, who opposed caps on food prices, nevertheless said that in the case of a famine it may be necessary to fix the price of bread (WN IV.v.b.39, 539). You could easily have used that as a basis for endorsing supplemental unemployment insurance at the beginning of the Covid crisis. But after a while, a right-Smithian might well say, “Okay, the worst of the emergency is over, so we should get rid of this policy.”

And that’s at the heart of the debate we had over this policy: is a governmental supplement to [unemployment insurance](#) something that we should avoid as much as possible? The right Smithian, with support from many economists, will say, “*Obviously* yes, since we know that such a policy shifts the utility calculation in looking for a job, imposing a cost on finding one.” Indeed, that will seem to many so obvious that we don’t need to do any empirical work to support it. Meanwhile, the left Smithian may say “Obviously no, since this is legislation in favor of the poor, and we should always do what we can to help poor people.”

I want to get away from both of these responses. I want rather to say that in order to answer the question of whether the 600 dollars was helpful or hurtful, we should not simply look at utility functions, nor simply take an ideological stance in favor of the poor. We need instead to enter empathetically into the situation of those affected by the policy. What I want to stress is that Smith thinks that empathy for the poor is hard for people. “The poor man goes out and comes in unheeded,” he says, “and when in the midst of the crowd is in the same obscurity as if shut up in his own hovel” (TMS I.iii.2.1, 51). Not only is poverty directly harmful, but one of its indirect harms is the lack of attention it brings to those who suffer it. We do not generally even try to empathize with the

poor. We ignore them; we turn away from them. We prefer to empathize with joy not pain. But Smith adds, throughout WN, that in order to come up with decent and just policies that affect the poor, we *must* think ourselves into their situation. An example of how he does that himself comes when he is arguing against those who criticize workers for taking off the good “Saint Monday:”

Excessive application during four days of the week is frequently the cause of the idleness of the other three, so much and so loudly complained of. Great labour ... continued for several days together, is in most men naturally followed by a great desire of relaxation, which, if not restrained by force or by some strong necessity, is almost irresistible. ... If masters would always listen to the dictates of reason and humanity, they have frequent occasion rather to moderate, than to animate the application of many of their workmen. (WN I.viii.44, 100)

The workers are not lazy, he tells his readers: in fact, they’re working *too hard*. He gives us the task of thinking ourselves into the situation of someone who has to work excessively for four days in a row. By simply describing this situation, he helps us place ourselves in it. “Great labor continued for several days together is in most men naturally followed by great desire for relaxation,” he says — (“in *most* men”: which is to say in you too, dear reader of WN) — “which if not restrained by force or some great necessity, is almost irresistible.” So one clear piece of advice we can get from Smith is that, if you want to think about supplemental unemployment insurance, you should think through what it would be like to be in the situation of someone who needs it, who is unemployed during Covid. And of course what you may think as a result is, “If I had to take care of children in this crisis, or elderly parents, or if I couldn’t afford to be laid up with even a relatively mild case of Covid, that might be why I didn’t look for a job, rather than because I was getting supplemental insurance.” So empathy could incline you to support the policy because you see that if you were in the condition of the poor, you would have very good reasons for holding on before you reentered the job market.

But the right Smithian has something to say here as well. He might say, “When I project myself into the situation of someone who has received 600 dollars a week now for a year or more, I might fall out of the habit of working and be afraid of a job search.” So thinking yourself into the situation of the poor — and remember, that’s what empathy is for Smith: it’s not feeling pity or compassion — could lead you in a left or right direction. Which is to say that empathy doesn’t settle the question of what to do. But it does point to the kind of *research* that needs to be done in order to answer that question. Instead of simply relying on cost-benefit analysis or an ideology according to which workers are always virtuous, you learn from empathy that you need to *find out*, in great detail, from poor people themselves, what actually is leading them not to seek work.<sup>[3]</sup>

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What I’m calling the empathetic approach to policy thus does not dictate a particular result. Even in a case like this one, in which you might think that it leads you to feel compassion for the poor, I don’t think that’s what we learn from Smith. Smith may well hope that that will happen, and he certainly worries that we’re generally not compassionate enough toward the poor, but his main point about the use of empathy is that it leads us to think about policy differently, and in particular that it leads us to think about policy from the perspective of the agency of the people affected by it. That is something that is often forgotten, especially by policy makers and students of policy. The stress on empathy in Smith pushes us in the direction of learning much more about the poorer and weaker members of our society, and talking much more to them, than we generally do.<sup>[4]</sup>

Let's turn now to history. Some right Smithians have criticized left Smithians like me for "that-was-then-this-is-now-ism": for talking too much as if Smith's policy proposals would have been vastly different today because our political and socio-economic situation is vastly different from his. I plead guilty to this charge. I think there are many important ways in which our historical situation is so different from Smith's that we can't straightforwardly assume that anything Smith says about policy would apply today. To name just three: First, we live in a day of democratic politics, and nothing like democracy was present in Smith's day. There was some representation in Parliament but what with "rotten boroughs," a restricted franchise, and the like, it was very remote from the mass politics that we have now. Second, the legal structure that allows for economic institutions and formations to arise has changed drastically. Those who dislike corporate capitalism often point to limited liability, which came in at the end of the 19th century, as radically changing the economic scene. There are many other legal structures that have made for a world of large corporations, often working in tandem with the government that Smith does not seem to have envisioned. Third, it's much debated whether Smith was aware of the Industrial Revolution — WN was published in 1776, while the industrial revolution in Britain is often thought to have gotten properly underway around 1780<sup>[5]</sup> — and he certainly did not see the coming of electrification, let alone computers. And given even just these three large changes, in the political landscape, the economic landscape, and the technological landscape, trying now to apply the specific policy recommendations in WN doesn't seem very sensible.



*King Henry VIII circa 1520*

What would Smith say about this sort of historical contextualism? Well, I suggest that the [\*Lectures on Jurisprudence\*](#) (LJ), had they ever been published as a book, could fittingly have been entitled, "That Was Then; This is Now." Talking about restrictions placed on Catholics in Tudor times, Smith says, "At this time" — that is when they were imposed in the 16th century — "the immoderate zeal and bigotry of the papists was an object of great danger to the sovereigns of Europe who had embraced the Protestant religion." Elizabeth, Henry the 8th, and Edward the 6th were in continual danger from Catholic conspirators, he goes on, and "the Roman Catholic religion was therefore considered as one that encouraged all kinds of attempts and schemes against the sovereign." But in Smith's own time, "it were proper that [these laws] were repealed, as very harmless men may ... meet with great trouble, especially if [they have] by any form or means offended the government." (LJ 296-7). He adds: "though repeal [of these laws] might be done with great propriety [now], anyone who reads the history of Europe will see that they were all together reasonable at the time." We should repeal these laws, they are a grave threat to freedom and have no place now, but they were once "altogether reasonable." And this is

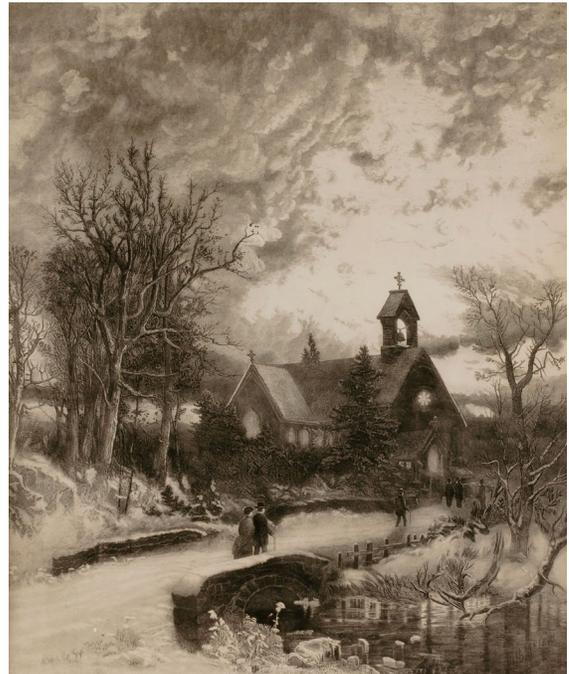
a theme that runs throughout LJ. Punishments have changed over time, Smith tells us, but that's because the circumstances of politics have changed (LJ 106-22). He also details how property laws change, in accordance with changes in socioeconomic circumstances. Hunter-gather societies and pastoral societies tend not to have a notion of property in land (LJ 20). It doesn't make sense for them to have such a notion — property in land is needed, and hence arises, only in agricultural and commercial societies. But that's to say that property notions, instead of being fixed eternally, evolve historically in response to socio-economic change.

Similarly, in WN, Smith's discussion of why public education is needed in an advanced commercial society is thoroughly historical. In a famous passage, he describes how a person who under the advanced division of labor performs just a few simple operations will suffer mental decline. Such a person becomes, he says, "as stupid and ignorant as it is possible for humans to become" and that leads him to become morally diminished — unable to form just judgements "concerning even many of the ordinary duties of private life" — as well as politically limited: "of the great and extensive interests of his country, he is altogether incapable of judging." (TMS V.i.f.50, 782) By contrast, in a barbarous society, where people have a wider range of occupations, their understanding is not so limited and that makes them both more capable of both good moral and good political judgment. In any case, the kind of education that is needed in a given society, according to Smith himself, is clearly relative to the socioeconomic and political circumstances of that society.

I think one of the main things we learn from Smith is precisely the importance of historical contextualism. We are not supposed simply to look at what worked in the past and say "that was fine, let's do the same thing now." Nor are we to formulate rights that hold outside of time. We need instead to work out how rights should be formulated and instantiated in the socioeconomic and political circumstances of our particular time. That can take a lot of work, but the importance of this kind of work, this kind of historical investigation — very

different from either pure economic analysis or pure political philosophy — is one of the things Smith most urges on us.

Third: pragmatism. Smith is extremely pragmatic in his political recommendations. Consider his [treatment of religion](#). Smith tells us at the beginning of his chapter on religion that ideally governments should have nothing to do with religion (V.i.g, 792-3); we should have complete disestablishment. And Smith gives us an extended account of the advantages that such a political handling of religion would have. But then he goes through the kinds of establishments that different countries have put in place, and towards the end of the chapter he remarks that the "very poorly endowed Church of Scotland has all the good effects, both civil and religious, which an established church may can be supposed to produce." (V.i.g.41, 813). "This isn't bad," Smith is telling us, "This is okay. I've just told you we really shouldn't have any establishment, but if you're going to have an establishment, aim for a poorly endowed church."



Another example: In a much-read chapter of WN — Book IV, chapter ii, which contains the line about the "invisible hand" — Smith tells us that the Navigation Acts are okay because "defense is of much more importance than opulence" (WN IV.ii.30, 464-5). Many

people pull this line out of context to justify restrictions of trade — steel tariffs on China have been defended with it<sup>[6]</sup> — but what these people ignore or don't realize is that a bit later in Book IV, in the chapter on colonies, Smith absolutely eviscerates the Navigation Acts (IV.vii.c.19-63, 595-614). He thinks they're terrible economic policy. Nevertheless he can accept some form of them, when they are necessary for defense.

As regards free trade itself, it's quite striking that the man who so vigorously defended [free trade](#), who opposed virtually all tariffs, became a customs officer. That has always been surprising to me, but he rather liked the work. Moreover, in addition to this bit of his personal life, just before the end of WN Smith tells us that “to expect ... 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” (IV.ii.43,471). So Smith doesn't think that his views on free trade will ever be fully accepted. And he doesn't insist on a full implementation of them. That would be utopian thinking and Smith is adamantly opposed to utopianism.



In all these cases and many others, we see Smith holding up his preferred solution to a problem, but then proposing a compromise far short of that solution as a practical goal. Compromise is never a bad word for him. Rather, it seems to lie at the heart of his politics. Smith talks about how a truly humane reformer needs to respect “the established powers and privileges ... of the great orders and societies, into which the state is divided” (TMS VI.ii.2.16, 233). Indeed, even if the reformer considers some of these powers and privileges to be “in some measure *abusive* [my emphasis],” he should “content himself with moderating, what he often cannot

annihilate without great violence.” Smith thinks that reform can be a good thing, but he's a reformer who understands that you have to work slowly and you have to get buy-in, as we say today, from the people you're trying to work with.

This focus on small, slow reforms, and this openness to compromise, is a hallmark of Smith's politics, and it fits with a general view on which politics can do relatively little to help us realize our overall goals in life. Politics is not, for Smith, the arena of supreme human realization that [Aristotle](#) and civic republicans like [Ferguson](#) or [Rousseau](#) saw in it. For Smith, the main place in which we achieve our ethical ideals is in small-scale social interaction, rather than on the large political scale, and the most important job of politics is to maintain peace in society. If we're going to maintain social peace, we'll have to seek compromise among people with quite different views of the overall good life, and of what the state can do to help us achieve that.

The fourth thing we can learn from Smith is the importance of impartiality. Smith places the impartial spectator at the heart of his moral theory, and he invokes that figure powerfully when he addresses the problem of faction:

In a nation distracted by faction, there are, no doubt, always a few, though commonly but a very few, who preserve their judgment untainted by the general contagion. They seldom amount to more than, here and there, a solitary individual, without any influence, excluded, by his own candour, from the confidence of either party, ... A true party-man hates and despises candour; and, in reality, there is no vice which could so effectually disqualify him for the trade of a party-man as that single virtue. The real, revered, and impartial spectator, therefore, is, upon no occasion, at a greater distance than amidst the violence and rage of contending parties. To them, it may be said, that such a spectator scarce exists any where in the universe. Even to the great Judge of the universe, they impute all their own prejudices, and often view that Divine Being as animated by all their own vindictive and implacable passions. Of all the corrupters of moral sentiments, therefore, faction

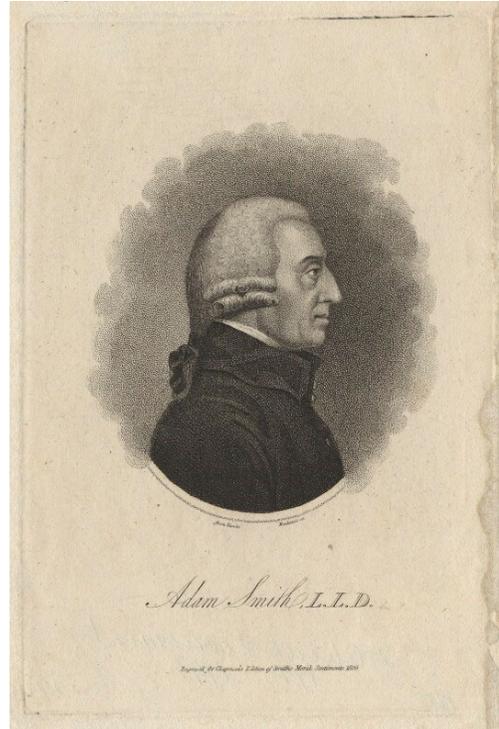
and fanaticism have always been by far the greatest. (TMS III.3.43, 155-6)

There are very few impartial people in in times of faction, says Smith — and of course this brings us squarely to 2021 — very few who can preserve their judgment untainted by the general factious contagion. On the contrary, the advocates of the contending parties falsely see themselves as impartial, attributing their biases to the impartial spectator itself: “Even to the great judge of the universe they impute all their own prejudices, and often view that divine being as animated by all their own vindictive and implacable passions.”

Smith’s warning against faction should also warn us to try to pull ourselves as much as possible beyond even our intellectual ideologies. We, too, are partial in many ways, and the impartial spectator requires us to recognize that we could be mistaken or biased. Which is to say that the call for impartiality here goes beyond “Don’t just side with one party or another, one religion, one race, or one side in a political dispute.” It also includes, “Don’t just side with one theoretical view, one particular system, in a dispute over policy. Try to recognize the ways in which even the view that seems most reasonable to you might be wrong, especially if you meet people who have a different view. Try to recognize that there might be something you can learn from them.” The kind of impartiality we need to seek is, I think, a pretty all-encompassing one, and one that includes overcoming our partiality for particular political theories.

Turning now to the importance of persuasion: All political programs should be such that we can persuade others of them, for Smith. Famously, he says that “management and persuasion are always the easiest and safest instruments of government, while force and violence are the worst and most dangerous.” (V.i.g.19, 799). The question is, how do you make a policy persuasive? I suggest that we can learn three things from Smith on this subject.<sup>[7]</sup> First, if you want to persuade somebody of your view you need to do what Smith urges us to do in order to achieve an emotional equilibrium with another: you need to “lower [your] passion to that pitch, in which the spectators are capable of going along

with [you]” (TMS I.i.4.7, 22). That is how you can arouse their empathy for you or for the group on behalf of whom you are advocating. You also need to raise the pitch of your own empathetic feelings for your opponents.



I think Smith himself manages this process extremely well in WN. He doesn’t explicitly bring his moral passion on behalf of the poor into the book, or he brings it in only in a rather low-key way. Instead of expressing rage, he moderates his resentment, moderates his call even for justice.<sup>[8]</sup> When advocating for the poor, he achieves that by understating his case. On the one hand, he brings his readers into details of the neediness and humiliation of the poor. On the other hand, he does not hit you over the head with the takeaway message from this exercise in empathy. He just presents the details, quite coolly. And the same is true when he describes the condition that the poor get into in the advanced division of labor, if they have a small, repetitive job. He describes why that might lead people’s understanding to be badly dulled, and why that might be devastating to their moral faculties, but he doesn’t express any outrage about this condition. Once you’ve entered into the situation he describes, that is itself most likely to help you feel compassion for those who

live in it. Smith doesn't need to add an explicit moral lesson to his description. So one part of effective persuasion is understanding the workings of empathy and realizing that if you want to arouse empathy for a neglected group, you need to lower your own moral passion. And a second element of persuasion is that you need to explain in considerable detail the situation of those for whom you are making a case — that's the main thing that can change people's minds. Moral exhortation is rarely necessary and rarely helpful.



The third Smithian point we need to bear in mind if we're going to persuade successfully is that we're all very prone to self-deceit, and we're particularly prone to it when we are accused of doing something wrong.<sup>[9]</sup> What we tend to do in these cases, instead of apologizing and feeling bad about what we've done, is re-awaken the passions that led us into wrongdoing in the first place (TMS III.4.4, 158). We tend to double down; we become passionate defenders of the wrongs we've committed. The last thing you want to do, if you're trying to persuade someone who may be partly responsible for some social wrong, is hit them over the head with the idea that they're responsible for that wrong. That's just likely to trigger their self-deception. You want rather to get under the level of their self-deception, so that they can empathize with the people who are suffering from the wrong in question,

without having to excuse or defend their own role in bringing about that suffering. Then, hopefully, they will want to do things that will improve the condition of the sufferers, rather than making that condition worse. But you're not going to get them on board by saying "you're at fault."

Finally, Smith exhorts us to recognize that politics can't do all that much for us, and that we're never going to achieve everything we may hope. It has always been striking to me that at the very end of WN we get Smith's exhortation to the British, *not* to institute his full scheme of free trade — he's just described that, a few paragraphs before, as an Oceana or Utopia — but to recognize that they're living in a dream, an illusion. "The British empire in the Americas," he says, "has hitherto existed in imagination only. It has hitherto been, not an empire, but the project of an empire. ... It is surely now time that our rulers should either realize [their] golden dream of an empire in which they have been indulging themselves ... or [that] they should awaken from it themselves, and endeavour to wake the people. If the project cannot be completed then it ought to be given up. If any of the provinces of the British empire cannot be made to contribute towards the support of the whole empire then it is surely time the Great Britain should free itself of the expence of defending those provinces ... and endeavor to accommodate" — these are the last words of the entire book — "her future views and designs to the real mediocrity of her circumstances." (WN V.iii.92, 947). It's a fairly bitter note on which to end, and it's really kind of remarkable that this man who so influenced British policy should end his book by reminding the British of how unimportant they were, and of how little they were likely to achieve their grand dreams of glory.

The way the book ends suggests that this stoic resignation to our limitations is one of Smith's great teachings. It also follows, in part, from considerations that ally Smith with [Friedrich Hayek](#) and [Ludwig von Mises](#). They rightly claim his heritage in stressing the limits on the knowledge that government officials can achieve, and the implications of these cognitive limitations for centralized policy. If you recognize the limits on our knowledge,

especially on the kind of local knowledge we need in order to fix problems across a large country, you can immediately see that any grand plan launched by a central government is unlikely to be successful. Or at least that it will need to be highly nuanced, and to work as much as possible through local agencies — municipal and county governments and the local institutions with which they work.

The stoic acknowledgment to which Smith pushes us should also lead us to ask ourselves, who can we really affect in our lives? And the answer is surely: ourselves, and the people we know and love, and perhaps people in our neighborhood and office and schools. This thought ought to direct us towards moral interactions more than political interaction: towards being part of the society right around us, and working within it to improve the lives of the people in it, rather than devoting our lives just to projects aimed at changing our entire society. We need to recognize the superiority of the moral over the political, in terms of both what we can do successfully and of where our “active duties” properly lie, as Smith puts it in TMS (VI.ii.3.6, 237). I think that this recognition can help us be far more realistic about politics — to have dreams that are accommodated to the real mediocrity of our circumstances.

[1] See Fleischacker *On Adam Smith's Wealth of Nations* (Princeton, 2004), pp.264-5, 273, and Fleischacker, “Adam Smith and the Left,” in Ryan Hanley (ed.), *Adam Smith: A Princeton Guide*,

(Princeton: Princeton University Press, 2016). For a critique of left-Smithianism, see Craig Smith, “Adam Smith: Left or Right?,” *Political Studies* 61/4 (2013)

[2] See previous note.

[3] Smith notes that we often don't really empathize with another until we ask “What has befallen you?” and receive a full answer to that question (TMS I.i.1.9, 11-12). Leslie Jamison elaborates this point, suggesting that empathy calls on us to unearth the full form of the situations in which we are to imagine ourselves. “Empathy isn't just listening,” she says, “it's asking the questions whose answers need to be listened

to. Empathy requires inquiry as much as imagination.” — Jamison, *The Empathy Exams*, (Minneapolis: Graywolf Press, 2014). p.5.

[4] I think Smith himself talked far more to poor workers than most people in his day did: see my *On Adam Smith's Wealth of Nations*, pp.39-40.

[5] See CK Kindleberger, “The Historical Background: Adam Smith and the Industrial Revolution,” in T. Wilson and A.S. Skinner (eds.), *The Market and the State*, (Oxford: Oxford Univ. Press, 1976).

[6] See for instance <https://www.wsj.com/articles/what-adam-smith-knew-about-trade-wars-1535036195>

[7] This gets us to the subject of Smith's rhetoric, which is a very important and still somewhat under-studied aspect of his work. Smith was a theorist of rhetoric before he wrote any of his other work: he taught a class on literature and rhetoric, and I think he's very conscious of the way rhetoric works throughout the rest of his writing. See Fleischacker, “Bringing Home the Case of the Poor: The Rhetorical Achievement of Adam Smith's *Wealth of Nations*,” in *The Oxford Handbook of Rhetoric and Political Theory*, ed. Dilip Gaonkar and Keith Topper, (Oxford: Oxford University Press, forthcoming).

[8] On resentment and justice in Smith, see Michelle Schwarze, *Recognizing Resentment: Sympathy, Injustice, and Liberal Political Thought*, (Cambridge: Cambridge University Press, 2020), chapter 4.

[9] See Fleischacker, “True to Ourselves? Adam Smith on Self-Deceit,” *Adam Smith Review*, vol. VII (2011).

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