Continue



```
Philosophy & Religion Philosophers Adam Smith (baptized June 5, 1723, Kirkcaldy, Fife, Scotlanddied July 17, 1790, Edinburgh) was a Scottish social philosopher and political economist, instrumental in the rise of classical liberalism. Adam Smith is a towering figure in the history of economic thought. Known primarily for a single workAn Inquiry into
the Nature and Causes of the Wealth of Nations (1776), the first comprehensive system of political economyhe is more properly regarded as a social philosopher whose economic writings constitute only the capstone to an overarching view of political and social evolution. If his masterwork is viewed in relation to his earlier lectures on moral
philosophy and government, as well as to allusions in The Theory of Moral Sentiments (1759) to a work he hoped to write on the general principles of law and government, and of the different revolutions they have undergone in the different ages and periods of society, then The Wealth of Nations may be seen not merely as a treatise on economics but
also as a partial exposition of a much larger scheme of historical evolution. Much more is known about Adam Smith, comptroller of customs at Kirkcaldy, a small (population 1,500) but thriving fishing village near Edinburgh, and Margaret Douglas, daughter of a
substantial landowner. Of Smiths childhood nothing is known other than that he received his elementary schooling in Kirkcaldy and that at the age of four years he was said to have been carried off by gypsies. Pursuit was mounted, and young Adam was abandoned by his captors. He would have made, I fear, a poor gipsy, commented the Scottish
journalist John Rae (18451915), Smiths principal biographer. At the age of 14, in 1737, Smith entered the University of Glasgow, already remarkable as a centre of what was to become known as the Scottish Enlightenment. There he was deeply influenced by Francis Hutcheson, a famous professor of moral philosophy from whose economic and
philosophical views he was later to diverge but whose magnetic character seems to have been a main shaping force in Smiths development. Graduating in 1740, Smith won a scholarship (the Snell Exhibition) and traveled on horseback to Oxford, where he stayed at Balliol College. Compared with the stimulating atmosphere of Glasgow, Oxford was an
educational desert. His years there were spent largely in self-education, from which Smith obtained a firm grasp of both classical and contemporary philosophy. Returning to his mothers family, together with the support of the jurist and philosopher
Lord Henry Home Kames, resulted in an opportunity to give a series of public lectures in Edinburgha form of education then much in vogue in the prevailing spirit of improvement. The lectures, which ranged over a wide variety of subjects from rhetoric to history and economics, made a deep impression on some of Smiths notable contemporaries.
They also had a marked influence on Smiths own career, for in 1751, at the age of 27, he was appointed professorship of moral philosophy, a subject that embraced the related fields of natural theology, ethics, jurisprudence, and political economy. Smith
then entered upon a period of extraordinary creativity, combined with a social and intellectual life that he afterward described as by far the happiest, and most honourable period of my life. During the week he lectured daily from 7:30 to 8:30 am and again thrice weekly from 11 am to noon, to classes of up to 90 students, aged 14 to 16. (Although his
lectures were presented in English rather than in Latin, following the precedent of Hutcheson, the level of sophistication for so young an audience strikes one today as extraordinarily demanding.) Afternoons were occupied with university affairs in which Smith played an active role, being elected dean of faculty in 1758; his evenings were spent in the
stimulating company of Glasgow society. Among his wide circle of acquaintances were not only members of the aristocracy, many connected with the government, but also a range of intellectual and scientific figures that included Joseph Black, a pioneer in the field of chemistry; James Watt, later of steam-engine fame; Robert Foulis, a distinguished
printer and publisher and subsequent founder of the first British Academy of Design; and, not least, the philosopher David Hume, a lifelong friend whom Smith had met in Edinburgh. Smith was also introduced during these years to the company of the great merchants who were carrying on the colonial trade that had opened to Scotland following its
union with England in 1707. One of them, Andrew Cochrane and his fellow merchants Smith undoubtedly acquired the famous Political Economy Club. From Cochrane and his fellow merchants Smith undoubtedly acquired the detailed information concerning trade and business that was to give such a sense of the real world to The Wealth of Nations. It is
not trite to say that businesses are only as good or as bad as their members. Businesses are, after all, human endeavors, and their success or failure depends on the competence and good will of their members. Yet the assaults on hierarchical firms and market economies, often in the form of philippics that seem ceaselessly to gush forth from news
media, Hollywood, and beyond, often have little to say about the particular nature of firms and their members, except perhaps to single out a few bad actors in a firms C-suite. One hears so much about the particular nature of firms, that one might understandably begin to
think that business itself, among human institutions, is especially susceptible to grave immorality. Not so. Businesses are clearly immoral at times, sometimes grievously so. But they should not be singled out as especially bad or evil. Among other reasons, it is governments, not businesses, that have killed over a hundred million people in the past
century. Many firms do mistreat their employees or communities or act in other morally objectionable ways. But what do we mean by many? There are over 300 million firms in the world today. If 100,000 firms, say, are bad, is that many? Suppose there is incontrovertible evidence of their bad activity and character. Does this impugn business as such?
Does it put in doubt the moral character of even the whole global system of firms? Considering that we are discussing 0.03% of firms, the answer must be no. Firms of even the whole global system of firms? Considering that we are discussing 0.03% of firms, the answer must be no. Firms of even the whole global system of firms? Considering that we are discussing 0.03% of firms, the answer must be no. Firms of even the whole global system of firms? Considering that we are discussing 0.03% of firms, the answer must be no. Firms of even the whole global system of firms? Considering that we are discussing 0.03% of firms, the answer must be no. Firms of even the whole global system of firms? Considering that we are discussing 0.03% of firms, the answer must be no. Firms of even the whole global system of firms?
environment, manipulatively advertise products, and much else besides. Concerning commercial activity is, however, nothing new. People in commercial societies have been mistreating each other as long as societies with firms have existed. But suppose we could arrive at a general moral verdict on the longstanding, pervasive human phenomenon
known as business. If we could, we presumably would need to understand all of the key plusses and minuses of business in full relevant detail. Society-wide wealth increases are a major plus of business that are of recent vintage, following the development of industrial capitalism: a system of decentralized markets with profit-seeking firms that are
hierarchically structured and privately owned (see Gaus 2009). Jason Brennan (2014: 3-4) observes that, Many accept a common historical account: In the 20th century, the world experimented with two great social systems. The countries that tried different forms of capitalism between the countries account: In the 20th century, the world experimented with two great social systems. The countries that tried different forms of capitalism between the countries account: In the 20th century, the world experimented with two great social systems.
Kong, and South Koreabecame rich. In contrast, the countries that tried socialism, the Soviet Union, China, Cuba, Vietnam, Cambodia, and North Koreawere hellholes. Socialist governments murdered about 100 million (and perhaps many more) of their own citizens. When markets and the firms within capitalism were busy enriching, including and, in
many cases, especially the least well-off, socialist governments were wreaking havoc in the lives of innocent citizens. What is striking here, says Gerald
Gaus (2009: 86, italics mine) on this massive increase in human prosperity, is not simply the difference in the absolute level of wealth, but in the range of optionsthe jobs one can perform, the goods one can perform the goods one can perfo
many scholars recommend that we deviate considerably, even radically, by trying different forms of economic systems or substituting the judgments of millions of decentralized market actors who usually know their own situations best. Perhaps the idea is that if we can keep markets in place, but discipline or
temper or supplement or restrain them, then we can preserve their core benefits while avoiding their costs. On first glance, this sounds eminently reasonable. For perhaps we could then prevent the rather unfortunate worker abuse and other objectionable features of some businesses while still enabling millions of people to reach prosperity or at least
avoid the evil of poverty. I like the idea, but there is a problem. The problem concerns our reasoning. How can we reason well about a whole system of political economy when making such recommendations? Critics of markets and the firms that partly constitute them have long argued for sweeping assessments of business under capitalistic political
economy. Elizabeth Anderson (2017: 37-38), for instance, objects to U.S.-style capitalism as such. She claims that corporations, like communist dictatorships, include a government that assigns almost everyone a superior whom they must obey. Although superiors give most inferiors a routine to follow, there is no rule of law. Orders may be arbitrary
and can change any time, with- out prior notice or opportunity to appeal. Superiors are unaccountable to those they order around. They are neither elected nor removable by their inferiors. Inferiors have no right to complain in court about how they are being treated, except in a few narrowly defined cases. The most highly ranked individual takes no
orders but issues many. The lowest-ranked may have their bodily movements and speech minutely regulated for most of the day. This government does not recognize a personal or private sphere of autonomy free from sanction. Similarly, G. A. Cohen (2009: 44-45) claims that, motivation in market exchange consists largely of greed and fear, a person
typically does not care fundamentally, within market interaction, about how well or badly anyone other than herself fares. We have, here and elsewhere, claims about corporations as such and market exchange as such. Yet there is a real question of whether any of these claims is based on a sufficient sample of business activity that could justify moral
verdicts about business as such or a whole system of political economy. To begin with, we abstractly represent business like we do government or religions. Think, though, about the innumerable and varied forms each of these takes. Think of the seemingly countless cultures and eras in which businesses, governments, and religions have been active.
Abstraction helps us to arrive at generalized judgments about activities and structures of various forms. But abstraction is not only a crucial epistemic capacity but also a way of moving an evaluation along too quicklyoften without ones realizing it. Ask a chemist about the value or disvalue of profitable
business or religion, and she might consider it abstractly and say: Its a key part of civilization! or Oh, the problem is! Ask me, a philosopher, about a car problem, and I might say too confidently, Well its probably the! Epistemic
dangers pervade such thinking seemingly at every turn. We need clarifications. Does abstraction really let all people talk in depth and well about nearly all governments and businesses and religions? Does it enable people with training and deep expertise in subject A (e.g., chemistry) reliably to opine on subject B (business or religion), or experts in B
reliably to opine on A?There is an acute difficulty that besets understanding business in particular, infecting much thinking in the related fields of political economy and business ethics. This problem is the pattern of speaking about what the firm should do. What, exactly, is the referent? Is it not better to ask, indexically, what these firms, or those
firms, or this firm, should do? If it is better, notice this: We then find ourselves needing to select among millions of firms in our speech (e.g., the over 30 million firms in the United States today). We then need to discuss some particular subset of those businesses, and it is unclear that we can select the right number and kind of businesses to justify a
general conclusion about business. At bottom, though, if we want to understand and morally assess business or firms, it is crucial to ask whether there is something stable and fundamental in all firmsfrom small bakeries to massive oil companies. Otherwise, we are left trying to apply a property do X (e.g., maximize shareholder value or benefit all
stakeholders) to a potentially ever-fluid target: firms that make different things in different teasons. I suggest that if we are to evaluate business, we must start with businesspeople and their nature as individual persons. But what is a person? Why do persons form businesses? What ought
businesspeople to do and avoid doing qua persons? What kinds of persons should businesspeople aspire to be on the job? The answers, I suspect, are at once stunningly complicated and arrestingly simple. Human societies are rather complex to be on the job? The answers, I suspect, are at once stunningly complicated and arrestingly simple.
the good. And, in our lives, perhaps it is part of our nature to flourish if we do not. If so, the question how much businesses advance the good, if at all. Do they help people lead better lives? What counts as better? When important scholars such as Anderson and
others explore arguments about whole political-economic systems of firms, they make judgments about millions of firms and their treatment of all affected parties. The answers should perhaps focus
less on firms as such, as if firms, which are artifacts with different forms rather than natural kinds with stable structures, were morally assessable as such. We understandably wish to assess business via that stunning tool we call abstract reasoning. But we should avoid being misled by easy abstraction to assume that we can generalize about millions
of human communities (e.g., firms) just by thinking hard about even many particular cases of bad business activity. If many cases here means 1,000, this is 1,000 cases of worker treatment does not entitle us to infer that
capitalistic firms are morally objectionable as such. The point, then, is not that businesses are morally pristinefar from it. The point is that to impugn either businesses as such or a whole system of political economy, we need to reason carefully and comprehensively about many more facts than commentators often realize. In fact, the very idea of
understanding business as such is even itself a bit mystifying. We are often opaque to ourselves and do not fully understand our local communities, much less our nation-states. How, then, can we understand well, and morally assess, an entire commercial system of many millions of firms that spans many cultures, continents, and eras?Of course, to say
it is hard to object to business as such is not to say that businesses are unobjectionable or provide all key human goods. In fact, focusing too much on ones role as consumer, income earner, or employee can distract one from what matters most. We should be willing to call out bad behaviors by firms and other human communities when we see them,
as, alas, we inevitably will. But we should also have epistemic humility when trying to morally assess business as such on the basis of cases of unethical business practices. Our assessment risks systematically overlooking a real danger of selection bias. After all, news media, Hollywood, and the like, as well as some scholarly business journals, usually
say comparatively little about the millions of businesses that are consistently doing good in the world. This omission we should be aware of, one that cannot be overlooked in any justified moral assessment of business. Anderson,
E. (2017). Private government: How employers rule our lives (and why we dont talk about it). Princeton University Press. Gaus, G. (2009). Why not capitalism. In G. George (Ed.), The Oxford handbook
of business ethics (pp. 7399). Oxford University Press. Otteson, James R. (2019). Honorable business: a framework for business in a just and humane society. Oxford University Press. Otteson, James R. (2019). Honorable business in a just and humane society. Oxford University Press. Otteson, James R. (2019). Honorable business in a just and humane society. Oxford University Press. Oxford Univers
How to Object to the Profit System (and How Not To). Journal of Business Ethics, vol. 188 (2023): 205-219. Robson, Gregory. The Profit System: How (and Why) to Deflect the Radical Critique. Constitutional Political Economy, vol. 35 (2024): 109-122. Since the first publication of the Theory Of Moral Sentiments, which was so long ago as the beginning
of the year 1759, several corrections, and a good many illustrations of the doctrines contained in it, have occurred to me. But the various occupations in which the different accidents of my life necessarily involved me, have till now prevented me from revising this work with the care and attention which I always intended. The reader will find the
principal alterations which I have made in this New Edition, in the last Chapter of the third Section of Part First; and in the four first Chapters of Part Third. Part Sixth, as it stands in this New Edition, is altogether new. In Part Seventh, I have brought together the greater part of the different passages concerning the Stoical Philosophy, which, in the
former Editions, had been scattered about in different parts of the work. I have likewise endeavoured to explain more fully, and examine more distinctly, some of the doctrines of that famous sect. In the fourth and last Section of the same Part, I have thrown together a few additional observations concerning the duty and principle of veracity. There
are, besides, in other parts of the work, a few other alterations and corrections of no great moment. [From the Advertisement Since the first publication of the year 1759, several corrections, and a good many illustrations of the doctrines contained in it, have
occurred to me. But the various occupations in which I always intended. The reader will find the principal alterations which I have made in this New Edition, in the last Chapter of the third Section of Part
First; and in the four first Chapters of Part Third. Part Sixth, as it stands in this New Edition, is altogether new. In Part Seventh, I have brought together new and in the former Editions, had been scattered about in different parts of the work. I have likewise endeavoured to
explain more fully, and examine more distinctly, some of the doctrines of that famous sect. In the fourth and last Section of the same Part, I have thrown together a few additional observations of no great moment. In the
last paragraph of the first Edition of the present work, I said, that I should in another discourse endeavour to give an account of the general principles of law and government, and of the different revolutions which they had 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. 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, leave not altogether abandoned the design, and as I wish still to continue under the obligation of doing what I can, leave not altogether abandoned the design, and as I wish still to continue under the obligation of doing what I can, leave not altogether abandoned the design, and as I wish still to continue under the obligation of doing what I can, leave not altogether abandoned the design, and as I wish still to continue under the obligation of doing what I can, leave not altogether abandoned the design and as I wish still to continue under the obligation of doing what I can, leave not altogether abandoned the design and as I wish still to continue under the obligation of doing what I can, leave not altogether abandoned the design and as I wish still to continue under the obligation of doing what I can, leave not altogether abandoned the design and as I wish still to continue under the obligation of doing what I can, leave not altogether abandoned the design and a still the obligation of doing what I can be a still the obligation of doing what I can be a still the obligation of doing what I can be a still the obligation of doing what I can be a still the obligation of doing what I can be a still the obligation of doing what I can be a still the obligation of doing what I can be a still the obligation of doing what I can be a still the obligation of doing what I can be a still the obligation of doing what I can be a still the obligation of doing what I can be a still the obligation of doing what I can be a still the obligation of doing what I can be a still the obligation of doing what I can be a still the obligation of doing what I can be a still the obligation of do
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. EconTalk host Russ Roberts is interviewed by long-time EconTalk guest Michael Munger about Russ's new book, How Adam Smith Can Change Your Life: An Unexpected Guide to
Human Nature and Happiness. Topics discussed include how economists view human motivation and consumer behavior, the role of conscience and self-interest in acts of kindness, and the costs and benefits of judging others. The conversation closes with a discussion of how Smith can help us understand villains in movies. Share copy and redistribute
the material in any medium or format for any purpose, even commercially. Adapt remix, transform, and build upon the material for any purpose, even commercially. The license terms. Attribution You must give appropriate credit, provide a link to the license, and indicate if changes were
made . You may do so in any reasonable manner, but not in any way that suggests the licensor endorses you or your use. ShareAlike If you remix, transform, or build upon the material, you must distribute your contributions under the same license as the original. No additional restrictions You may not apply legal terms or technological measures that
legally restrict others from doing anything the license permits. You do not have to comply with the license for elements of the material in the public domain or where your use is permitted by an applicable exception or limitation. No warranties are given. The license may not give you all of the permissions necessary for your intended use. For example,
other rights such as publicity, privacy, or moral rights may limit how you use the material. Adam Smith, 18th-century philosopher and political economist, was born in Kirkcaldy, Scotland, in 1723. Best known for his classic treatise An Inquiry Into the Nature and Causes of the Wealth of Nations, he is credited with establishing the discipline of political
economics. The ideas put forward in his work represented a radical departure from the then-dominant economic work ever written. Terms that are
commonly used today, such as invisible hand and division of labor, had their genesis in Smiths treatise. At the age of 14 he began his formal studies at the University of Glasgow, a center of the so-called Scottish Enlightenment. He was apparently greatly influenced by Scottish philosopher Francis Hutcheson, whose theories on moral sense were a
basis for Smiths own ethical speculations later in life. Smith furthered his studies at Oxford for seven years and during this period became attracted to the atheistic ideas of another Scottish philosopher, David Hume, with whom he would later form a close friendship. Returning to Scotland after his studies, Smith became a lecturer and professor, but
more importantly, he was exposed to the intellectual public and began to attract the attention of opinion makers. In 1759 he published Theory of Moral Sentiments. Its focus was mans ability to make moral judgments considering his natural propensity toward self-interest and self-preservationideas that would later resurface in Wealth of Nations. In
1763 he withdrew from his post at the University of Glasgow and assumed the position of private tutor to Henry Scott, Third Duke of Buccleuch, whom he was to accompany on a tour of continental Europe from 1764 to 66. Through this experience Smith gained important contacts with French intellectuals, including Voltaire, as well as firsthand
exposure to the French economic policy of mercantilism. The policy advocated government control over industry and trade based on the theory that the nation would be strong as long as exports exceeded imports. France was not oblivious to the economic influence exerted by the comparatively small maritime powers of England and Holland.
Nations no doubt began to coalesce during this period. The philosopher returned to Scotland in 1766 and set about completing the work that would earn him enduring fame. Ten years in the making, Wealth of Nations was published in 1776 and is considered the first great work in political economicsthe science of rules for the production,
accumulation, distribution and consumption of wealth. One of Smiths initial observations was that production by allowing workers to specialize in discrete aspects of the production process. He saw in the division of labor and in
expanding markets virtually limitless possibilities for the expansion of wealth through manufacture and trade. Smith also argued that capital for the production and distribution of wealth could work most effectively in the absence of government interference. Such a laissez-fairethat is, leave alone or allow to be policy (a term popularized by Wealth of
Nations) would, in his opinion, encourage the most efficient operation of private and commercial enterprises. He was not against government involvement in public projects too large for private and commercial enterprises. He was not against government involvement in public projects too large for private and commercial enterprises. He was not against government involvement in public projects too large for private and commercial enterprises.
that has come to dominate our world? He also held that individuals acting in their own self-interest would naturally seek out economic well-being of society as a whole. One particularly radical view in Wealth of
Nations was that wealth lay not in gold but in the productive capacity of all people, each seeking to benefit from his or her own labors. This democratic view flew in the face of royal treasuries, privileges of the aristocracy, or prerogatives doled out to merchants, farmers and working guilds. It is not coincidental that such democratic, egalitarian views
arose simultaneously with the American Revolution and only just preceded the French Revolution of 1789. Smith believed that the true wealth of a nation came from the labor of all people and that the flow of goods and services constituted the ultimate aim and end of economic life. Modern capitalism traces its roots to Adam Smith and his Wealth of
Nations, which has served, perhaps more than any other economic work, as a guide to the formulation of nations economic policies. Subsequent theories have altered governments role in economic policies. Subsequent theories have altered governments role in economic policies.
development of economic thought. In a speech last November at Catholic University, Marco Rubio elaborated a program of common good capitalism. Drawing on the encyclicals of Pope Leo XIII and John Paul II, Rubio presents a vision of a system of free enterprise in which workers fulfill their obligation to work and enjoy the benefits of their work
and where businesses enjoy their right to make a profit and reinvest enough of those profits to create dignified work for Americans. The plan to create dignified work for Americans. The plan to create dignified work for Americans. The plan to create dignified work for Americans.
capitalism echoes themes in other recent conservative thought and is not dissimilar to Donald Trumps America First agenda. Rubios patter touches upon important social and political issuesthe collapse of traditional family structures, the changing composition of the American manufacturing sector, trade with China, and the scope of the horizon of
opportunities for low-skilled workers. We do well to consider the harmful effects of our current complex of regulations program: What is
the relationship between capitalism and the common good? It is true that our economic arrangements are shaped by some wrongheaded policies, regulations, and special interests. Our economic situation is a far cry from the economic freedom advocated by our
founders and the luminaries of the classical liberal tradition, such as Adam Smith. To Smith, common good capitalism would seem redundant. Smith of course never used the word capitalism simply in terms of the private ownership of property, which includes a persons
ownership of her physical and human capital and the liberty to use that capital as she sees fit, the word can be reasonably mapped onto Smiths thought. We can view capitalism as broadly synonymous with what Smith called the liberal plan or the system of natural liberty in which every man, as long as he does not violate the laws of justice, is left
perfectly free to pursue his own interest 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. It is liberty, in Smiths view, that is at the heart of capitalism, and at the heart of capitalism.
and at the heart of liberty lies commitment to the good of humankind. Considering Smiths position reminds us of a long-standing, but increasingly endangered, American moral sensibility: liberty and the economic freedom it entails serve the common good. There are many cases for liberty in Smith. One argument he is famous for is that by enabling
individuals to use their property to produce and exchange, liberty unleashes a productive synergy through the dividing of tasks. Later economists, following David Ricardo, emphasize the beneficial effects of trade in terms of differences in cost of production (comparative advantage). But Smith shows us that simply increasing the size of the market
even on the assumption of equal production possibilities and endowments, enables specialization and the realization of economies of scale and scope. The tide rises for all as the market extends. Smiths focus on the productivity of the market extends. Smiths focus on the productivity of the market extends of the market extends. Smiths focus on the productivity of the market extends of the market extends of the market extends. Smiths focus on the productivity of the market extends 
the market extends itself to the lowest ranks of people. Liberty reduces hardship by reducing living costs for the poor, but also enables the poor to develop skills, move about freely, and bring their work into competition with othersabilities impeded by licensing requirements and trade guilds. And it is worth pointing out that Smith was an outspoken
critic of slavery. He saw slavery as morally repugnant and economically unproductive. Another case for liberty in economic policy partly because he believes that central authorities, however well-intended, normally lack the knowledge needed to beneficially intervene in the market.
Government officials do not know enough to effectively direct individual choices: The sovereign is completely discharged from a duty, in the attempting to perform which no human wisdom or knowledge could ever be sufficient; the duty of superintending
the industry of private people, and directing it towards the employment most suitable to the interest of society. Smith does not say here that individuals freely pursuing their interests will always further the good of society. Smith does not say here that individuals freely pursuing their interests will always further the good of society. Smith does not say here that individuals freely pursuing their interests will always further the good of society. Smith does not say here that individuals freely pursuing their interests will always further the good of society. Smith does not say here that individuals freely pursuing their interests will always further the good of society. Smith does not say here that individuals freely pursuing their interests will always further the good of society. Smith does not say here that individuals freely pursuing their interests will always further the good of society. Smith does not say here that individuals freely pursuing their interests will always further the good of society. Smith does not say here that individuals freely pursuing their interests will always further the good of society. Smith does not say here that individuals freely pursuing their interests will always further the good of society. Smith does not say here that individuals freely pursuing the good of society.
conducive to the interest of society more effectively than sovereign command because sovereigns lack the God-like knowledge that would be necessary to beneficially intervene into peoples daily lives and businesses. This is not to say, of course, that the sovereign cant intervene beneficially on behalf of some parties. English brewers in the 18th
century were surely glad for the high tariffs on French wines. But such interventions have their costs, most of which are hidden and burden third parties. But they are essential. In questioning whether we ought to restrict or guide business
investment, create tax or reimbursement incentives for American manufacturing companies, or provide interest-free loans for infrastructure projects, we should first ask the question: Do we have the wisdom and knowledge to say that such social engineering will serve the public good? A desire to further the good of our country, of humankind, is
laudable. But do we have the knowledge to benefit humankind by departing from the liberal plan of allowing every man to pursue his own interest his own way? Smith addresses issues relating to knowledge in The Theory of Moral Sentiments. His analysis there is not formulated overtly for a political context. But the ideas inform his political
sensibilities and ultimately support those in The Wealth of Nations. Smith conceives of different sorts of knowledge, which is the concrete, experiential knowledge we acquire through social interaction. When it comes to assessing
social situations, we need both sorts of knowledge of how an individuals affected by that choice are specifically impacted. But our command of both sorts of knowledge is limited and faulty. At a system level, it is impossible for us to see the great
concatenation of the market order, which, as Smiths contemporary Adam Ferguson said is a consequence of human design. Smith attempts to illustrate a small piece of that concatenation by elucidating the magnificent supply chain of a woolen coat, the production of which requires the metaphorical assistance and co-
operation of many thousands. But our lack of system knowledge makes it difficult to properly understand or even express the effects of interventions into those we dont know. Contextual knowledge by nature is diffuse. We need lived experience to acquire it. If
we don't habituate ourselves to entering into others affections, we will be hard-pressed to comprehend their world. I have virtually no sense of how a particular person in China might be concretely affected by an American obstruction of Chinese goods and services. Smith, following his teacher Francis Hutcheson, affirms what he calls universal
benevolence as the highest ethical good. Universal benevolence is shorthand for actions and policies which a super-knowledgeable, beneficial, God-like spectator of human affairs would approve of. Such a spectator presumably approves of actions and, in the realm of government, public policies that increase the overall well-being or happiness of
humankind. The question is, given our limited knowledge, how do we serve universal benevolence? Building on arguments made by Hutcheson, the Anglican Bishop Joseph Butler, Henry Home Lord Kames, and others, Smith recommends that we take the conscious focus of our everyday activities and habits off of universal benevolence for the sake of
universal benevolence. We indeed have a duty to serve universal benevolence. But given the limits of our knowledge, Smith perceives that duty as an obligation to serve our focal social relationsto tend to our own happiness, the happiness of those we live with, and the needs of those with whom we interact on a regular basis. Honing in on these focal
relations taps into our natural contextual knowledge and enables effective beneficence. Smith writes, the great society of mankind [is] best promoted by direct the principal attention of each individual to that particular portion of it, which was most within the sphere both of his abilities and of his understanding. Focusing on the spheres within our
knowledge implies that we are also not focusing on spheres outside of our knowledge. In addition to serving humankind by dropping the pretence that we can always beneficially intervene into complex social spaces of which we have neither sufficient system
knowledge nor contextual knowledge. Our task is, in Smiths conception, not the grandiose, romantic one of directly striving to care for the universe. Our task lies in a much humbler department, but one much more suitable to the weakness of [our] comprehension; the care [in this order] of [our] own happiness,
of that of [our] family, [our] friends, [our] friends, [our] country. But by immersing ourselves in the everyday duties, even our duty to care for our own happiness, we are doing what lies in our power to serve universal benevolence. Smiths case for liberty on the basis of the positive effects of extending the division of labor interrelates with his sensibilities about
knowledge and the duties of universal benevolence. His view that we ought to tend to our focal social relations because of our limited knowledge is reinforces the paradoxical idea that by shifting our attention off of universal benevolence and
towards our local spheres, we actually serve universal benevolence. Smith famously writes, it is not from the baker, that we expect our dinner, but from regard to their own interest. But in taking into account Smiths perspective on knowledge, and in catching a glimpse of the marvels underlying the
unplanned order beneath production of, say, a woolen coat, we see that the honest pursuit of interest on the butcher, the brewer, and the baker contribute to what we might metaphorically call our common stock of
goods. Through the activities of commerce different produces of their respective talents, by the general disposition to truck, barter, and exchange [are] brought into a common stock, where every man may purchase whatever part of the produce of other mens talents he has occasion for. Smiths perspective does not imply that we should adopt political
quietism. Government plays a role in Smiths liberal system in providing for national defense, administering and protecting commutative justice, and delivering a select number of public services. He admits of several additional exceptions to liberty in his politicse.g., restrictions on small-denomination bank notes, forbidding certain bank practices, and
usury regulation. Smith does, however, challenge us in our political aspirations to consider closely whether we have sufficient knowledge to affect the change that we seek. He shows us the tremendous cooperative potential of humankind within a framework of free enterprise under limited government. He reminds us that liberty serves universal
benevolence. And that is why he propounds a presumption in favor of free markets. [1] Catholic Social Doctrine and the Dignity of Work. Rubio. Senate.gov, November 5, 2019. Catholic University of America [CUA] speech. PDF file.[2] Adam Smith, An Inquiry into the Nature and Causes of the Wealth of Nations, ed. R.H. Campbell and A.S. Skinner
(Indianapolis: Liberty Fund, 1981), 687. Also available online: An Inquiry into the Nations, 22.[4] See Daniel B. Klein, Adam Smiths 1759 Rebuke of the Slave Trade, The Independent Review (forthcoming).[5] Smith, The Wealth of Nations, 687.[6] Knud Haakonssen,
The Science of a Legislator: The Natural Jurisprudence of David Hume and Adam Smith (Cambridge: Cambridge: Cambridge University Press, 1981), 79.[7] Smith, Wealth of Nations, 23.[8] Adam Smith, The Theory of Moral Sentiments, ed. D.D Raphael and A.L. Macfie (Indianapolis: Liberty Fund, 1982), 229. Also available online: The Theory of Moral Sentiments
[9] Smith, Theory of Moral Sentiments, 237.[10] Smith, Wealth of Nations, 27.[11] Smith, Wealth of Nations, 30. Enjoy sharper detail, more accurate color, lifelike lighting, believable backgrounds, and more with our new model update. Your generated images will be more polished thanever. See What's NewExplore how consumers want to see climate
stories told today, and what that means for your visuals. Download Our Latest VisualGPS ReportData-backed trends. Generative AI demos. Answers to your usage rights questions. Our original video podcast covers it allnow ondemand. Watch NowEnjoy sharper detail, more accurate color, lifelike lighting, believable backgrounds, and more with our new
model update. Your generated images will be more polished thanever. See What's NewExplore how consumers want to see climate stories told today, and what that means for your usage rights questions. Our original video podcast covers it allnown
ondemand.Watch NowEnjoy sharper detail, more accurate color, lifelike lighting, believable backgrounds, and more with our new model update. Your generated images will be more polished thanever.See What's NewExplore how consumers want to see climate stories told today, and what that means for yourvisuals.Download Our Latest VisualGPS
 ReportData-backed trends. Generative AI demos. Answers to your usage rights questions. Our original video podcast covers it allnow ondemand. Watch Now Herbert Stein, an economist who served in the Nixon Administration, wrote a memoir in which he looked back on his experience. He wrote that two main lessons he had learned were: 1.
Economists do not know very much.2. Other people, including politicians who make economic policy, know even less about economics than economics than economists do. In my own experience, non-economists often have some natural economics needed to
clear them up. Unfortunately, trained economists are often eager to go beyond basic insights to theories that are more speculative. There are two ways that these advanced ideas can turn out to be unreliable, causing the economics
profession to lose credibility, or the speculative theories that prices are set by individuals, and in particular the individuals who run businesses. After all, most businesses have a price list for the goods and services that they offer. This misconception
shows up when people see business as inherently profitable, with complete power over its consumers. If profitability were a given, then no firm would ever fail. The power of any one business is constrained by other businesses competing for its customers. This misconception is evident when a politician blames high prices on price-gouging, or greed. Innovation of the power of any one business as inherently profitable, with complete power over its consumers. If profitability were a given, then no firm would ever fail. The power of any one business is constrained by other business as inherently profitable, with complete power over its consumers. If profitability were a given, then no firm would ever fail.
fact, prices emerge from the interplay between supply and demand. Each greedy consumers unwilling to pay too much and by greedy consumers unwilling to pay too much and by greedy consumers unwilling to pay too much and by greedy consumers unwilling to pay too much and by greedy consumers. This misconception extends to general inflation. One might think that inflation spikes when there is a sudden outbreak of greedy or that
inflation recedes when greed dies down. But a little bit of economic reasoning would show that high inflation comes from government manages its finances more responsibly. One natural misconception is that jobs are created by specific businesses. Hence, people
complain about firms sending jobs overseas. In fact, job creation and I each live on the food that we grow on our separate farms, there is no specialization and I raise cows, and we trade with
one another, we now have market exchange. In the modern economy, the process of creating new forms of market exchange involved achieves a net gain. New patterns are constantly being developed and tested, and
other patterns become unsustainable and disappear. Patterns of specialization and trade incorporate businesses that are located overseas, but no one firm determines these patterns. Economic analysis shows that changes in the location of production reflect the evolution of skills, production techniques, and household behavior. On the latter point,
suppose that China as a nation saves at a higher rate than the United States. Then Chinese purchases of American assets will raise the value of the dollar, making Chinese goods production more competitive, causing manufacturing jobs to increase in China, with American workers moving to different industries. Since American budget deficits
contribute to our low national saving, a Congressman who blames a business for sending jobs to China should instead be looking in the mirror. It is the budget deficit that leads
to the trade deficit, not any one individual business. Many discussions of the labor market ignore the complexity of specialization and trade. Instead, they view aggregate job creation in simple terms: jobs create spending, and spending creates jobs. This simplistic, misleading idea is unfortunately very widespread, even in elementary macroeconomics
courses. It leads to the idea that government deficits are good for job creation, and that austerity will cause recessions. In fact, the relationship between government fiscal policy and the process of creating patterns of sustainable specialization and trade is indirect and highly uncertain. A related misconception is that President
jobs. Political leaders do not create jobs. They do not control the complex process of evolving patterns of specialization and trade. Policies do influence this process, but in ways that are difficult to precisely measure. Another misconception is that production recipes are fixed. That is, outputs require a given set of inputs. In reality, there are abundant
opportunities for substitution. Wants can be satisfied in many different ways. Final goods and services can be produced by many different means. In foreign policy, decision-makers with the fixed-recipe misconception will be surprised by the ability
of the other country to adapt. The fixed-recipe misconception also distorts domestic policy. We think that resources have to be managed, or else we will run out of something. Fifty years ago, we were worried about running out of oil. But today oil and other resources remain cheap. Also, policy makers under the fixed-recipe misconception think that in
order to achieve objectives (such as reduced carbon emissions), we need to mandate specific characteristics of products and processes. Instead, market incentives are often sufficient. The carbon intensity of our GDP has been shrinking, primarily because of natural market evolution. We could have better economic policies if fewer people held these
misconceptions about the economy. Economists should try harder to explain and debunk these misconceptions. *Arnold Kling has a Ph.D. in economics from the Massachusetts Institute of Technology. He is the author of several books, including Crisis of Abundance: Rethinking How We Pay for Health Care; Invisible Wealth: The Hidden Story of How
Markets Work; Unchecked and Unbalanced: How the Discrepancy Between Knowledge and Power Caused the Financial Crisis and Threatens Democracy; and Specialization and Trade: A Re-introduction to Economics. He contributed to Economics. He contributed to Economics and Trade: A Re-introduction and Trade: A Re-introduction to Economics. He contributed to Economics and Trade: A Re-introduction to Economics.
reviews and articles by Arnold Kling, see the Archive. As an Amazon Associate, Econlib earns from qualifying purchases. Adam Smith is often identified as the father of modern capitalism. While accurate to some extent, this description is both overly simplistic and dangerously misleading. On the one hand, it is true that very few individual books have
Wealth of Nations, as it is most often called, is not a book on economics. Its subject is political economy, a much more expansive mixture of philosophy, political science, history, economics, anthropology, and sociology. The role of the free market and the laissez-faire structures that support it are but two components of a larger theory of human
interaction and social history. Smith was not an economist; he was a philosopher. His first book, The Theory of Moral Sentiments, sought to describe the natural principles that govern morality and the ways in which human beings come to know them. How these two books fit together is both one of the most controversial subjects in Smith scholarship
and the key to understanding his arguments about the market and human activity in general. Historically, this process is made more difficult by the so-called Adam Smith Problem, a position put forth by small numbers of committed scholars since the late nineteenth century that Smiths two books are incompatible. The argument suggests that Smiths
work on ethics, which supposedly assumed altruistic human motivation, contradicts his political economy, which allegedly assumed egoism. However, most contemporary Smith scholars reject this claim as well as the description of Smiths account of human motivation it presupposes. Smith never uses the term capitalism; it does not enter into
widespread use until the late nineteenth century. Instead, he uses commercial society, a phrase that emphasizes his belief that the economic stage helps define its social and political structures, he is also clear that the moral character of a people is the ultimate
measure of their humanity. To investigate Smiths work, therefore, is to ask many of the great questions that we all struggle with today, including those that emphasize the relationship of morality and economics. Smith asks why individuals should be moral. He offers models for how people should treat themselves and others. He argues that scientific
method can lead to moral discovery, and he presents a blueprint for a just society that concerns itself with its least well-off members, not just those with economic success. Adam Smiths philosophy bears little resemblance to the libertarian caricature put forth by proponents of laissez faire markets who describe humans solely as homo economicus.
For Smith, the market is a mechanism of morality and social support. Table of Contents 1. Life and Influencesa. Early Life and Influences and Influences and Influences and Collector of Customs, died while Smiths mother was
pregnant but left the family with adequate resources for their financial well being. Young Adam was educated in a local parish (district) school. In 1737, at the age of thirteen he was sent to Glasgow, combined with his
negative reaction to the professors at Oxford, would remain a strong influence on his philosophy. In particular, Smith held his teacher Francis Hutcheson was a proponent of moral sense theory, the position that human beings
make moral judgments using their sentiments rather than their rational capacities. According to Hutcheson, a sense of unity among human beings allows for the possibility of other-oriented actions even though individuals are often motivated by self-interest. The moral sense, which is a form of benevolence, elicits a feeling of approval in those
witnessing moral acts. Hutcheson opposed ethical egoism, the notion that individuals ought to be motivated by their own interests ultimately, even when they cooper, Third Earl of Shaftesbury, whose work Smith read and who became a focal
point in the Scots discussion, although he himself was not Scottish. Although Shaftesbury did not offer a formal moral sense theory as Hutcheson did, he describes personal moral deliberation as a soliloquy, a process of self-division and self-examination similar in form to Hamlets remarks on suicide. This model of moral reasoning plays an important
role in Smiths books. The Scottish Enlightenment philosophers, or the literati, as they called themselves, were a close-knit group who socialized together and who read, critiqued, and debated each others work. They met regularly in social clubs (often at pubs) to discuss politics and philosophy. Shortly after graduating from Oxford, Smith presented
public lectures on moral philosophy in Edinburgh, and then, with the assistance of the literati, he secured his first position as the Chair of Logic at Glasgow University. His closest friendship in the groupand probably his most important non-familial relationship throughout his lifewas with David Hume, an older philosopher whose work Smith was
chastised for reading while at Oxford. Hume was believed to be an atheist, and his work brought into guestion some of the core beliefs in moral philosophy. In particular, and even more so than Hutcheson, Humes own version of moral sense theory challenged the assumption that reason was the key human faculty in moral behavior. He famously
asserted that reason is and ought to be slave to the passions, which means that even if the intellect can inform individuals as to what is morally correct, agents will only act if their sentiments incline them to do so. An old proverb tells us that you can lead a horse to water but that you cant make it drink. Hume analogously argues that while you might
be able to teach people what it means to be moral, only their passions, not their rational capacities, can actually inspire them to be ethical. This position has roots in Aristotles distinction between moral and intellectual virtue. Smith, while never explicitly arguing for Humes position, nonetheless seems to assume much of it. And while he does not offer
a strict moral sense theory, he does adopt Humes assertion that moral behavior is, at core, the human capacity of sympathy, the faculty that, in Humes account, allows us to approve of others characters, to forget our own interest in our judgments, and to consider those whom we meet with in society and conversation who are not placed in the same
situation, and have not the same interest with ourselves (Hume: Treatise, book 3.3.3).b. Smiths WritingsSmith echoes these words throughout A Theory of Moral Sentiments. In this book, he embraces Humes conception of sympathy, but rejects his skepticism and adds, as we shall see, a new theory of conscience to the mix. However, focusing on
Humes observations also allow us to see certain other themes that Smith his Scottish Enlightenment to empiricism. As with most of the other Scottish philosophers, Hume and Smith held that knowledge is acquired through the senses rather than through innate ideas, continuing the legacy of John
Locke more so than Ren Descartes. For Hume, this epistemology would bring into question the connection between cause and effectour senses, he argued, could only tell us that certain events followed one another in time, but not that they were causally related. For Smith, this meant a whole host of different problems. He asks, for example, how a
person can know anothers sentiments and motivations, as well as how members can use the market to make rational decisions about the propriety of their economic activity. At the core of the Scottish project is the attempt to articulate the laws governing human behavior. Smith and his contemporary Adam Ferguson are sometimes credited with being
the founders of sociology because they, along with the other literati, believed that human activities were governed by discoverable principles. Newton, in fact, was a tremendous influence on the Scots methodology. In an unpublished essay on the history of
astronomy, Smith writes that Newtons system, had gained the general and complete approbation of mankind, and that it ought to be considered the greatest discovery that ever was made by man. What made it so important? Smith describes it as 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 (EPS, Astronomy IV.76). While Smith held the chair of logic at Glasgow University, he lectured more on rhetoric than on traditional Aristotelian forms of reasoning. There is a collection of student lecture notes that recount Smiths discussions of style, narrative, and moral
propriety in rhetorical contexts. These notes, in combination with his essay on astronomy, offer an account of explanation that Smith himself regarded as essentially Newtonian. According to Smith, a theory must first be believable; it must soothe anxiety by avoiding any gaps in its account. Again, relying upon a basically Aristotelian model, Smith tells
us that the desire to learn, and the theories that result, stems from a series of emotions: surprise at events inspires anxieties that cause one to wonder about the principles governing the heavens also govern the Earth, Newton set a new
standard for explanation. A theory must direct the mind with its narrative in a way that both corresponds with experience and offers theoretical account must fit together systematically without holes or missing information; this last elementavoiding any gaps in the theoryis, perhaps,
the most central element for Smith, and this model of philosophical explanation unifies both his moral theories and his political economy. As a young philosopher, Smith experimented with different topics, and there is a collection of writing fragments to compliment his lecture notes and early essays. These include brief explorations of Ancient Logics,
metaphysics, the senses, physics, aesthetics, the work of Jean-Jacque Rousseau, and other assorted topics. Smiths Scottish Enlightenment contemporaries shared an interest in all of these issues. While the works offer a glimpse into Smiths meditations, they are by no means definitive; few of them were ever authorized for publication. Smith was a
meticulous writer and, in his own words, a slow a very slow workman, who do and undo everything I write at least half a dozen of times before I can be tolerably pleased with it (Corr. 311). As a result, he ordered sixteen volumes of unpublished writing burnt upon his death because, presumably, he did not feel they were adequate for public
consumption. Smith scholars lament this loss because it obfuscates the blueprint of his system, and there have been several attempts of late to reconstruct the design of Smiths corpus, again with the intent of arguing for a particular relationship between his major works. After holding the chair of logic at Glasgow for only one year (17511752), Smith
was appointed to the Chair of Moral Philosophy, the position originally held by Hutcheson. He wrote The Theory of Moral Sentiments, first published in 1759, while he spoke very warmly of this period of his life, and while he took a deep interest in
teaching and mentoring young minds, Smith resigned in 1764 to tutor the Duke of Buccleuch and accompany him on his travels. It was not uncommon for professional teachers to accept positions as private tutors. The salary and pensions were often lucrative, and it allowed more flexibility than a busy lecturing schedule might afford. In Smiths case,
this position took him to France where he spent two years engaged with the philosophesa tight-knit group of French philosophes
scholars suggest that Smiths attitudes were formed as a result of their persuasion while others suggest that Smiths interests were aligned, not just with the Scottish philosophers, but with their European counterparts. Smiths writing was well-received in
part because it was so timely. He was asking the deep questions of the time; his answers would change the world. After his travels, Smith returned to his home town of Kirkcaldy to complete The Wealth of Nations. It was first published in 1776 and was praised both by his friends and the general public. In a letter written much later, he referred to it as
the very violent attack I had made upon the whole commercial system of Great Britain (Corr. 208). The Theory of Moral Sentiments went through six editions with more minor alterations. Smith indicated that he thought The
Theory of Moral Sentiments was a better book, and his on-going attention to its details and adjustments to its theory bear out, at least, that he was more committed to refining it. Eventually, Smith moved to Edinburgh with his mother and was appointed commissioner of customs in 1778; he did not publish anything substantive for the remainder of his
life. Adam Smith died on July 17, 1790. After his death, The Wealth of Nations continued to grow in stature and The Theory of Moral Sentiments began to fade into the background. In the more than two centuries since his death, his published work has been supplemented by the discoveries of his early writing fragments, the student-authored lectures
notes on his course in rhetoric and belles-letters, student-authored lecture notes on jurisprudence, and an early draft of part of The Wealth of Nations, the date of which is estimated to be about 1763. The latter two discoveries help shed light on the formulation of his most famous work and supply fodder for both sides of the debate regarding the
influence of the philosophes on Smiths political economy. As stated above, Smith is sometimes credited with being one of the modern discipline of English; this largely has to do with their influence on his student Hugh Blair, whose
own lectures on rhetoric were instrumental in the formation of that discipline. The Theory of Moral Sentiments played an important role in 19th century sentimental in the formation of that discipline. The Theory of Moral Sentiments played an important role in 19th century sentimental in the formation of that discipline.
the twentieth century. Secondary sources on Smith flooded the marketplace and interest in Smiths work as a whole has reached an entirely new audience. There are two noteworthy characteristics of the latest wave of interest in Smith. The first is that scholars are interested in how The Theory of Moral Sentiments and The Wealth of Nations
interconnect, not simply in his moral and economic theories as distinct from one another. The second is that it is philosophers and not economists who are primarily interested in Smiths work build on Humes?
How does it relate to that of his contemporary Immanuel Kant? (It is known that Kant read The Theory of Moral Sentiment-based moral theory defensible? And, what can one learn about the Scots and eighteenth-century philosophy in general from reading Smith in a historical context? These are but a few
of the questions with which Smiths readers now concern themselves. 2. The Theory of Moral Sentimentsa. SympathyHutcheson, Hume, and Smith were unified by their opposition to arguments put forth by Bernard Mandeville. A Dutch-born philosopher who relocated to England, Mandeville argued that benevolence does no social good whatsoever.
His book, The Fable of the Bees: Private Vices, Public Benefits, tells the whole story. Bad behavior has positive social impact. Without vice, we would have, for example, no police, locksmiths, or other such professionals. Without vice, we would have, for example, no police, locksmiths, or other such professionals. Without vice, we would have, for example, no police, locksmiths, or other such professionals.
economic benefit and is therefore not to be encouraged. But Mandeville took this a step further, arguing, as did Thomas Hobbes, that moral virtue derives from personal benefit, that humans are essentially selfish, and that all people are in competition with one another. Hobbes was a moral relativist, arguing that good is just a synonym for that which
people desire. Mandevilles relativism, if it can be called that, is less extreme. While he argues that virtue is the intentional act for the good of others with the objective of achieve this standard. Smith seems to treat both philosophers as if they argue for the same conclusion;
both offer counterpoints to Shaftesburys approach. Tellingly, Mandeville writes wistfully of Shaftesburys positive accounts of human motivation, remarking they are a high Compliment to Human-kind, adding, however, what Pity it is that they are not true (Fable, I, 324). Smith was so opposed to Hobbess and Mandevilles positions that the very first
sentence of The Theory of Moral Sentiments begins with their rejection: However selfish 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 they derive nothing from it except the pleasure of seeing it. (TMS I.i.1.1) While it is often
assumed that people are selfish, Smith argues that experience suggests otherwise. People derive pleasure from seeing the happiness of others because, by design, others concern us. With this initial comment, Smith outlines the central themes of his moral philosophy: human beings are social, we care about others and their circumstances bring us
pleasure or pain. It is only through our senses, through seeing, that we acquire knowledge of their sentiments. Smiths first sentence associates egoism with supposition or presumption, but scientific principles of human activity are associates egoism with supposition or presumption, but scientific principles of human activity are associated with evidence: Newtonianism and empiricism in action. The Theory of Moral Sentiments (TMS) is a beautifully
written book, clear and engaging. With few exceptions, the sentences are easy to follow, and it is written in a lively manner that speaks of its rehearsal in the classroom. Smith has a particular flair for examples, both literary and from day-to-day life, and his use of we throughout brings the reader into direct dialogue with Smith. The book feels like an
accurate description of human emotions and experiencethere are times when it feels phenomenological, although Smith would not have understood this word. He uses repetition to great benefit, reminding his readers of the central points in his theories while he slowly builds their complexity. At only 342 pages (all references are to the Glasgow
```

Editions of his work), the book encompasses a tremendous range of themes. Disguised as a work of moral philosophy are wherein does virtue consist? and By what power or faculty in the mind is it, that this character, whatever it be, is recommended to us? (TMS VII.i.2) In other words, we are to ask what goodness is and how we are to be good. The Theory of Moral Sentiments follows this plan, although Smith tackles the second question first, focusing on moral

```
psychology long before he addresses the normative question of moral standards. For Smith, the core of moral learning and deliberation the key to the development of identity itselfis social unity, and social unity, and social unity is enabled through sympathy. The term sympathy is Humes, but Smiths friend gives little indication as to how it was supposed to work or as to
its limits. In contrast, Smith addresses the problem head on, devoting the first sixty-six pages of TMS to illuminating its workings and most of the next two hundred elaborating on its nuances. The last part of the book (part VII, Of Systems of Moral Philosophy) is the most distanced from this topic, addressing the history of ethics but, again, only for
slightly less than sixty pages. It is noteworthy that while modern writers almost always place the literature review in the beginning of their books, Smith feels that a historical discussion of ethics is only possible after the work on moral psychology is complete. This is likely because Smith wanted to establish the principles of human behavior first so
that he could evaluate moral theory in the light of what had been posited. The Theory of Moral Sentiments is, not surprisingly, both Aristotelian and Newtonian. It is also Stoic in its account of nature and self-command. The first sentence quoted above is a first principle individuals are not egoisticand all the rest of the book follows from this assertion.
And, as with all first principles, while Smith assumes the possibility of other-oriented behavior, the rest of the book both derives from its truth and contributes to its believable, and if one is to accept these as accurate depictions of the human experience, then one must also
accept his starting point. Human beings care for others, and altruism, or beneficence as he calls it, is possible. What it is not, however, is a moral sense in the most literal meaning of the term. Sympathy is not a sixth
capacity that can be grouped with the five senses. Smith, while influenced by Hutcheson, is openly critical of his teacher. He argues that moral sense without judgment is impossible (TMS VII.3.3.8-9), and sympathy is the foundation for moral deliberation, Smith argues that which allows us to make judgment is impossible (TMS VII.3.3.8-9).
and Hutchesons system has no room for it. For Smith, sympathy is more akin to modern empathy, the ability to relate to someone elses emotions because we have experienced similar feelings. While contemporary sympathy refers only to feeling bad for a persons suffering, Smith uses it to denote fellow-feeling with any passion whatever (TMS I.i.1.5)
It is how a spectator changes places in fancy with the person principally concerned (TMS I.i.1.3-5). In short, sympathy works as follows: individuals witness the actions and reactions of others. When doing so, this spectator attempts to enter into the situation he or she observes and imagines what it is like to be the actorthe person being watched.
(Smith uses actor and agent interchangeably.) Then, the spectator imagines what he or she would do as the actor. If the sentiments match up, if the imagined reaction is analogous to the observed reaction is analogous to the observed reaction.
the person. In this context, then, sympathy is a form of moral approval and lack of sympathy indicates disapproval. Sympathy is rarely exact. Smith is explicit that the imagined sentiments are always less intense than the original, but they are nonetheless close enough to signify agreement. And, most important, mutual sympathy is pleasurable. By
natures design, people want to share fellow-feeling with one another and will therefore temper their actions so as to find common ground. This is further indication of the social nature of human beings; for Smith, isolation and moral disagreement is to be avoided. It is also the mechanism that moderates behavior. Behavior modulation is how
individuals learn to act with moral propriety and within social norms. According to The Theory of Moral Sentiments, mutual sympathy is not inspired by simply witnessing the emotions of others even though it may seem to be transfused from one man to another,
instantaneously, and antecedent to any knowledge of what excited them in the person principally concerned (TMS I.i.1.6). Rather, the spectator gathers information about the particular situation and the facts of this particular agents life, whether the
sentiments are appropriate. As Smith writes: 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 was really you, and I not only change
circumstance with you, but I change persons and characters. My grief, therefore, is entirely upon your own account, and not in the least upon my own. (TMS VI.iii.I.4)We can see here why the imagination is so important to Smith. Only through characters. My grief, therefore, is entirely upon your own account, and not in the least upon my own. (TMS VI.iii.I.4)We can see here why the imagination is so important to Smith.
consideration can someone learn all the necessary information relevant to judge moral action. We can also see why sympathy is, for Smith, not an egoistic faculty: In order to produce this concord, as nature teaches the spectators to assume the circumstances of the person principally concerned, so she teaches this last in some measure to assume
those of the spectators. As they are continually placing themselves in his situation, and thence conceiving emotions similar to what he feels; so he is as constantly placing himself in theirs, and thence conceiving emotions similar to what he feels; so he is as constantly placing himself in theirs, and thence conceiving emotions similar to what he feels; so he is as constantly placing himself in theirs, and thence conceiving emotions similar to what he feels; so he is as constantly placing himself in theirs, and thence conceiving emotions about his own fortune, with which he is sensible that they will view it. As they are constantly considering what
they themselves would feel, if they actually were the sufferers, so he is as constantly led to imagine in what manner he would be affected if he was only one of the spectators of his own situation. As their sympathy makes them look at it, in some measure, with theirs, especially when
in their presence and acting under their observation: and as the reflected passion, which he thus conceives, is much weaker than the original one, it necessarily abates the violence of what he felt before he came into their presence, before he began to recollect in what manner they would be affected by it, and to view his situation in this candid and
impartial light. (TMS I.i.4.8)Contrary to the description put forth by the Adam Smith Problem, sympathy cannot be either altruistic or egoistic because the agents are dependant on joint perspectives. Individuals are only moral, and
they only find their own happiness, from a shared standpoint. Egoism and altruism melt together for Smith to become a more nuanced and more social type of motivation that incorporates both self-interest and concern for others at the same time. Typical of Smith, the lengthy paragraph cited above leads to at least two further qualifications. The first
is that, as Smith puts it, we expect less sympathy from a common acquaintance than from a friend we expect still less sympathy from an assembly of strangers (TMS I.1.4.10). Because sympathy requires information about events and people, the more difficult it is for us to sympathize with their more
passionate emotions (and vice versa). Thus, Smith argues, we are to be more tranquil in front of acquaintances and strangers; it is unseemly to be openly emotional around those who dont know us. This will lead, eventually, to Smiths discussion of duty in part III his account of why we act morally towards those with whom we have no connection
whatsoever. The second qualification is more complex and revolves around the last phrase in the paragraph: that one must observe actions in a candid and impartial light. If movement toward social norms were the only component to sympathy, Smiths theory would be a recipe for homogeneity alone. All sentiments would be modulated to an identical
pitch and society would thereafter condemn only difference. Smith recognizes, therefore, that there must be instances in which individuals reject community judgment. They do so via the creation of an imagined impartial spectator.b. The Impartial Spectator Using the imagination, individuals who wish to judge their own actions create not just
analogous emotions but an entire imaginary person who acts as observer and judge: When I endeavour to examine my own conduct, when I endeavour to pass sentence upon it, and either to approve or condemn it, it is evident that, in all such cases, I divide myself, as it were, into two persons; and that I, the examiner and judge, represent a different
character from that other I, the person whose conduct I endeavour to enter into, by placing myself in his situation, and by considering how it would appear to me, when seen from that particular point of view. 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. The first is the judged of, is as impossible, as that the cause should, in every respect, be the same with the
effect. (TMS III.1.6) The impartial spectator is the anthropomorphization of the calm and disinterested self that can be recovered with self control and self reflection. In todays world, someone might advise us to take a deep breath and step back from a given situation in order to reflect on our actions more dispassionately. Smith is suggesting the same
although he is describing it in more detail and in conjunction with the larger ethical theory that helps us find conclusions once we do so. Individuals who wish to judge their own actions imaginatively split themselves into two different people and use this bifurcation as a substitute for community observation. Here we see the legacy of Shaftesburys
soliloquy. An actor who wishes to gauge his or her own behavior has to divide him or herself in the way that Shaftesbury describes, in the way that Hamlet becomes both poet and philosopher. We are passionate about our own actions, and self-deception, according to Smith, is the source of half the disorders of human life (TMS III.4.6). Self-division
gives individuals the ability to see themselves candidly and impartially and leads us to better self-knowledge. We strive to see ourselves the way others see us, but we do so while retaining access to the privileged personal information that others might not have. The community is limited by itself to see ourselves the way others see us, but we do so while retaining access to the privileged personal information that others might not have.
own institutionalized bias or simply by lack of information, the impartial spectator can override this and allow an agent to find propriety in the face of a deformed moral system. In the contemporary world, racism and sexism are examples of insidious biases that prevent the community from seeing pain and injustice. Smith too can be read as
recognizing these prejudices, although he would not have recognized either the terms or the complicated discourses about them that have evolved since he wrote two and a half centuries ago. For example, he cites slavery as an instance of the injustice and ignorance of a community. He writes: There is not a Negro from the coast of Africa who does
not, in this respect, possess a degree of magnanimity which the soul of his sordid master is too often scarce capable of conceiving. Fortune never exerted more cruelly her empire over mankind, than when she subjected those nations of heroes to the refuse of the jails of Europe, to wretches who possess the virtues neither of the countries which they
come from, nor of those which they go to, and whose levity, brutality, and baseness, so justly expose them to the contempt of the vanquished. (TMS V.2.9)Despite its corrective potential, impartiality has its limits. Smith does not imagine the impartial spectator does
not really exist because it is created by an individual persons imaginationit is always subject to the limits of a persons knowledge. This means that judgment will always be imperfect and those moral mistakes that are so profoundly interwoven into society or a persons experience are the hardest to overcome. Change is slow and society is far from
perfect. Custom, as he calls it, interferes with social judgment on both the collective and the individual level. There are two points, according to Smith, when we judge our own actions, before and after we act. As he writes, Our views are apt to be most partial when it is of most importance that they
should be otherwise (TMS 111.4.2). Neither of these points is independent of social influence. Knowledge is imperfect and individuals do the best they can. But all individuals are limited both by their own experiences and the nature, and in the
principles that govern human activitymoral, social, economic, or otherwise. With this in mind, however, he cautions people against choosing the beauty of systems over the evidence provided by experience, Smith argues. Additionally, social engineering
is doomed to fail. Smith argues that one cannot move people around the way one moves pieces on a chess board. Each person has his or her own principle of motion against the love of systems is a component of Smiths argument for limited
government: Harmony of minds, Smith argues, is not possible without free communication of settlements and opinion, or, as we would call it today, freedom of expression (TMS VII.iv.27). It also offers a direct connection to Smiths most famous phrase the invisible hand. In The Theory of Moral Sentiments, he uses the invisible hand to describe the
conditions that allow for economic justice. This natural aesthetic love of systems leads people to manipulate the system of commerce, but this interferes with nature plan: The rich only select from the heap what is most precious and agreeable. They consume little more than the poor, and in spite of their natural selfishness and rapacity, though they
mean only their own conveniency, though the sole end which they propose from the labours 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, and afford means to the multiplication of the species. (TMS IV.1.10)In this passage, Smith argues that the capacity of [the rich persons] stomach bars no
proportion to the immensity of his desires, and will receive no more than that of the meanest peasant (TMS IV.1.10). Thus, because the rich only select the best and because they can only consume so much, there ought to be enough resources for everyone in the world, as if an invisible hand has divided the earth equally amongst all its inhabitants. As
an economic argument, this might have been more convincing in Smiths time, before refrigeration, the industrial revolution, modern banking practices, and mass accumulation of Capital; for a more thorough defense (from Smiths point of view) see the discussion of The Wealth of Nations. However, its relevance to the history of economics is based
upon his recognition of the role of unintended consequences, the presumption that economic growth helps all members of the society, and the recognition of the independence of the free market as a natural force. At present, we can focus on Smiths warnings about the power of aesthetic attraction. The Newtonian approach, Smith arguesthe search
for a coherent narrative without gaps that addresses surprise, wonder, and admirationcan lead people astray if they prioritize beauty over the evidence. This love of the beautiful can also deform moral judgments because it causes the masses to over-value the rich, to think the wealthy are happy with their baubles and trinkets, and thus to pursue
extreme wealth at the cost of moral goodness: To attain to this envied situation, the candidates for fortune too frequently abandon the paths of virtue; for unhappily, the road which leads to the one and that which leads to the one and the one an
society places on them. Only their wealth makes them different, and this love of wealth, and of beauty in general, can distort moral judgment and deform the impartial spectator. The impartial spectator is a theory of conscience. It provides individuals with the opportunity to assent to their own standards of judgment, which, hopefully, are in general
agreement with the standards of the society that houses them. Difference, as Smith discusses in both of his books, is the product of education, economic class, gender, what we would now call ethnic background, individual experience, and natural abilities; but Smith argues that the last of these, natural abilities, constitute the least of the factors. In
his Lectures on Jurisprudence, for example, he argues that there is no original difference between individuals (LJ(A) vi.47-48), and in The Wealth of Nations, he writes that The difference between the most dissimilar characters, between a philosopher and a
street porter, for example, seems to arise not so much from nature, as from habit, custom and education, hopefully, help to bridge these gaps, and help to cultivate a unified community where people are encounters
his account of moral psychology. (How does one come to know virtue?) Now one comes face to face with the identification of moral standards themselves. (Of what does virtue consist?) Smith may look like a relativist at times: individuals modulate their sentiments to their community standards, and agreement of individual imaginations may falsely
seem to be the final arbiter of what is morally appropriate behavior. With this in mind, there are certainly readers who will argue that Smith, despite his rejection of Hobbes and Mandeville, ends up offering no universally binding moral principles. This, however, forgets Smiths Newtonian approach: observation leads to the discovery of natural
principles that can be repeatedly tested and verified. Furthermore, many scholars argue that Smith was strongly influenced by the classical Stoics. In addition to inheriting their concern with the modulation of emotions and the repression of emotions and the repression of emotions and the repression of emotions argue that Smith was strongly influenced by the classical Stoics. In addition to inheriting their concern with the modulation of emotions and the repression of emotions and the repression of emotions argue that Smith was strongly influenced by the classical Stoics.
that Newtons laws of motion are. As a result, some Smith scholars (but certainly not all) argue that Smith is a moral realist, that sympathy is a method of discovery rather than invention, and that what is to be discovered is correct independent of the opinions of those who either know or are ignorant of the rules. Consistent with this interpretation,
Smith emphasizes what he terms the general rules of morality:they are ultimately founded upon experience of what, in particular instances, our moral faculties, our natural sense of merit and propriety, approve or condemn particular actions; because, upon examination, they appear to be agreeable or
inconsistent with a certain general rule. The general rule, on the contrary, is formed, by finding from experience, that all actions of a certain manner, are approved or disapproved or disapproved of. To the man who first saw an inhuman murder, committed from avarice, envy, or unjust resentment, and upon one too that loved and
trusted the murderer, who beheld the last agonies of the dying person, who heard him, with his expiring breath, complain more of the perfidy and ingratitude of his false friend, than of the violence which had been done to him, there could be no occasion, in order to conceive how horrible such an action was, that he should reflect, that one of the most
sacred rules of conduct was what prohibited the taking away the life of an innocent person, that rule, and consequently a very blamable action. His detestation of this crime, it is evident, would arise instantaneously and antecedent to himself any such general rule. The general rule, on the contrary,
which he might afterwards form, would be founded upon the detestation which he felt necessarily arise in his own breast, at the thought of this, and every other particular action of a moral act. These can be modified over time with additional
information. Eventually, though, spectators, see patterns in the condemnation. They see, for example, that murder is always wrong, and therefore derive a sense that this is a general rule. They begin, then, to act on the principle rather than on the sentiment. They do not murder, not simply because they detest murder, but because murder is wrong in
itself. This, again, is Aristotelian in that it recognizes the interaction between intellectual and moral virtue. It also shares commonalities with the Kantian deontology that became so influential several decades after the publication of TMS. Like Kant, Smiths agents begin to act on principle rather than emotion. Unlike Kant, however, reason in itself
does not justify or validate the principle, experience does. Smith does several things in the last excerpt. First, he embraces the Newtonian process of scientific experimentation. Moral rules are akin to the laws of physics; they can be discovered. Second, Smith anticipates Karl Poppers twentieth-century claim that scientific truths are
established through a process of falsification: we cannot prove what is true, Popper argued. Instead, we discover what is false and rule it out.c. Virtues, Duty, and JusticeSmith emphasizes a number of virtues seem to derive their
principle lustre (TMS VI.iii.11). This should not be surprising since, for Smith, it is only through self-command that agents can modulate their sentiments to the pitch required either by the community or the impartial spectator. Self-command is necessary because the disposition to anger, hatred, envy, malice, [and] revenge drive men from one
another, while humanity, kindness, natural affection, friendship, [and] esteem tend to unite men in society (TMS VI.iii.15). One can see, then, the normative content of Smiths virtuesthose sentiments that are to be cultivated and those that are to be minimized. According to Smith, humans have a natural love for society and can develop neither moral
nor aesthetic standards in isolation. Individuals have a natural desire not only be to be loved, but to be worthy of love: He desires not only blame, but blame-worthiness, he dreads not only blame, but blame-worthiness, he dreads not only blame, but blame-worthiness (TMS III.2.2).
speaks to Smiths conception of duty, in that it sets a standard of right action independent of what communities set forth. Individuals derive no satisfaction from unworthy praise (TMS III.2.5), and doing so is an indication of the perversion of vanity than can be corrected by seeing ourselves the way others would, if they knew the whole story. It should
not be surprising that Smith addresses God amidst his discussion of duty: The all-wise Author of Nature has, in this manner, taught man to respect the sentiments and judgments of his brethren; to be more or less pleased when they approve of his conduct, and to be more or less hurt when they disapprove of it. He has made man, if I may say so, the
immediate judge of mankind; and has, in this respect, as in many others, created him after his own image, and appointed him his vicegerent upon earth, to superintend the behaviour of his brethren. They are taught by nature, to acknowledge that power and jurisdiction which has thus been conferred upon him, to be more or less humbled and
mortified when they have incurred his censure, and to be more or less elated when they have obtained his applause. (TMS III.2.31)Here Smith makes several points. First, like many of the American founders, Smith was a deist. While there is controversy amongst scholars about the extent to which
God is necessary to Smiths theory, it is likely that he believed that God designed the universe and its rules, and then stepped back as it unfolded. Smiths God is not an indication of Gods involvement in creation. It is, instead, just the unfolding of
sociological and economic principles. Second, because God is detached from the system, Smith argues that human beings are Gods regents on earth. It is up to them to be the judges of their own behavior. Individuals are necessarily most concerned with themselves first, and are therefore best self-governed. Only then can they judge others via the
moral system Smith describes. While it is true that, as Smith puts it, the general rules are justly regarded as the laws of the deity (TMS III.v), this seems to be a point of motivation, not of metaphysical assertion. If individuals understand the general rules as stemming from God, then they will follow them with more certainty and conviction. The terrors
of religion should thus enforce the natural sense of duty (TMS III.5.7), Smith writes, because it inspires people to follow the general rules even if they are inclined not to do so, and because this support makes religion compatible with social and political life. Religious fanaticism, as Smith points out in The Wealth of Nations, is one of the great causes
of factionalism the great enemy of political society. For Smith, the most precise virtue is justice. It is the main pillar that upholds the whole edifice of society (TMS III.ii.4). It is, as he describes it, a negative virtue and the minimal condition for participation in the community. Obeying the rules of justice, therefore, result in little praise, but breaking
them inspires great condemnation: There is, no doubt, a propriety in the practice of justice, and it merits, upon that account, all the approbation which is due to propriety. But as it does no real positive good, it is entitled to very little gratitude. Mere justice is, upon most occasions, but a negative virtue, and only hinders us from hurting our neighbour
fulfil all the rules of justice by sitting still and doing nothing. (TMS II.ii.1.9)Smiths account of justice, therefore, those whose violation seems to call loudest for vengeance and punishment, are the laws which guard the life and person of our
neighbour; the next are those which guard his property and possessions; and last of all come those which guard what are called his personal rights, or what is due to him from the promises of others. (TMS II.ii.2.3)His discussion of justice is supplemented in The Wealth of Nations and would have likely been added to in his proposed work on the
general principles of law and government that he never completed. His lectures on jurisprudence give one a hint as to what might have been in that work, but one must assume that the manuscript was part of the collection of works burnt upon his death. (It is not even known what was actually destroyed, let alone what the works argued.) It is
frustrating for Smiths readers to have such gaps in his theory, and Smith scholars have debated the possible content of his other work and the way it relates to his first book. It is clear, though, that The Theory of Moral Sentiments is only one part of Smiths larger system, and one truly understands it only in light of his other writing. It is therefore
necessary to switch the discussion from his work on moral philosophy to his political economy. As will be evident, this break is not a radical one. The two books are entirely compatible with one another and reading one supplements reading the other; both contain moral claims and both make assertions classified as political economy. While their
emphases are different much of the timethey are two different books after alltheir basic points are more than just harmonious. They depend upon one another for justification. 3. An Inquiry into the Nationsa (WN) was published in March of 1776, four months before the
signing of the American Declaration of Independence. It is a much larger book than The Theory of Moral Sentiments writing style
became more efficient and less flowery, but his authorial voice remained conversational. His terms are more strictly defined in WN than in TMS, and he clearly identifies those positions he supports and rejects. His economic discussions are not as layered as his comments on morality, so the interpretive issues are often less complex. The logic of the
book is transparent: its organizational scheme is self-explanatory, and its conclusions are meticulously supported with both philosophical argument and economic data. There are many who challenge its assertions, of course, but it is hard to deny that Smiths positions in WN are defensible even if, in the end, some may conclude that he is wrong. The
text is divided into five books published in one, two, or three bound volumes depending on the edition. The first books outline the importance of the division of labor and of self-interest. The second discusses the role of stock and capital. The third provides an historical account of the rise of wealth from primitive times up until commercial society. The
fourth discusses the economic growth that derives from the interaction between urban and rural sectors of a commercial society. The fifth and final book presents the role of the sovereign in a market economy, emphasizing the nature and limits of governmental powers and the means by which political institutions are to be paid for. Smith, along with
his Scottish Enlightenment contemporaries, juxtaposes different time periods in order to find normative guidance. As TMS does, The Wealth of Nations contains a philosophy of history that trusts nature to reveal its logic and purpose. This is a remarkable scope, even for a book of its size. Smiths achievement, however, is not simply the multitude of history that trusts nature to reveal its logic and purpose. This is a remarkable scope, even for a book of its size.
discussions, but how he makes it all fit together. His most impressive accomplishment in The Wealth of Nations is the presentation of a system of political economy. Smith makes seemingly disparate elements interdependent and consistent. He manages to take his Newtonian approach and create a narrative of both power and beauty, addressing the
philosophical along with the economic, describing human behavior and history, and prescribing the best action for economic and political betterment. And, he does so building on a first principle that was at least as controversial as the sentence that began The Theory of Moral Sentiments. He begins the introduction by asserting: The annual labour of
every nation is the fund which originally supplies it with all the necessaries and conveniencies of life which it annually consumes, and which consist always either in the immediate produce of that labour, or in what is purchased with that produce from other nations. (WN intro.1)The dominant economic theory of Smiths time was mercantilism. It held
that the wealth of a nation was to be assessed by the amount of money and goods within its borders at any given time. Smith calls this stock. Mercantilists sought to restrict trade because this, and the sentence cited above shifted the definition
and sometimes to pursue additional revenue. Free trade, Smith argues, rather than diminishing the wealth of the nation, increases it because it provides more occasion for labor and therefore more occasion to create more wealth. Limited trade keeps the amount of wealth within the borders relatively constant, but the more trade a country engages in
the wider the market becomes and the more potential there is for additional labor and, in turn, additional wealth. This point leads Smith to divide stock into two parts, that which is used for immediate consumption the assets that allow a person to acquire necessities and that which is used to earn additional revenue. This latter sum he calls capital (WN
II.1.2), and the term capitalism (which, again, Smith does not use) is derived from its use in a commercial system: capital is specifically earmarked for reinvestment and is therefore a major economic engine. This is, of course, a philosophical point as much as an economic one: Smith asks his readers to reconsider the meaning of wealth itself. Is wealth
the money and assets that one has at any given time, or is it these things combined with the potential? Smith thinks it is the latter. Smith is also concerned specifically with the distinction between necessities and conveniences. His overarching concern in The
Wealth of Nations is the creation of universal opulence which extends itself to the lowest ranks of the people (WN I.i.10). In other words, Smith believes that a commercial system betters the lives for the worst off in society; all individuals should have the necessities needed to live reasonably well. He is less concerned with conveniences and luxuries;
he does not argue for an economically egalitarian system. Instead, he argues for a commercial system that increases both the general wealth and the particular wealth of the poorest members. He writes: 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 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. It is but equity, besides, that they who feed, cloath and lodge the whole body of the people, should have such a share of the produce of their own labour as to be themselves tolerably well fed, cloathed and lodged. (WN I.viii.36)Smith argues that the key to the betterment of the masses is an increase in labor,
productivity, and workforce. There are two main factors that influence this: the skill, dexterity, and judgment with which its labour is generally applied, and the proportion between the number of those who are employed in useful labour, and that of those who are employed in useful labour, and that of those who are employed in useful labour, and that of those who are employed in useful labour, and that of those who are employed in useful labour is generally applied, and the proportion between the number of those who are employed in useful labour, and that of those who are employed in useful labour, and that of those who are employed in useful labour, and that of those who are employed in useful labour, and that of those who are employed in useful labour, and that of those who are employed in useful labour, and that of those who are employed in useful labour, and that of those who are employed in useful labour, and that of those who are employed in useful labour, and that of those who are employed in useful labour, and that of those who are employed in useful labour, and that of those who are employed in useful labour.
paragraph of the body of the book, using it to segue into a discussion of manufacture. Famously, he uses the division of labor to illustrate the efficiency of workers working on complementary specific and narrow tasks. Considering the pin-maker, he suggests that a person who was required to make pins by him or herself could hardly make one pin per
day, but if the process were divided into a different task for differe
could make approximately forty-eight thousand pins per day (WN I.i.3). The increase in efficiency is also an increase in efficiency is also an increase in skill and dexterity, and brings with it a clarion call for the importance of specialization in the market. The more focused a worker is on a particular task the more likely they are to create innovation. He offers the following example: In
the first fire-engines, a boy was constantly employed to open and shut alternately the communication between the boiler and the cylinder, according as the piston either ascended or descended. One of those boys, who loved to play with his communication, to
another part of the machine, the valve would open and shut without his assistance, and leave him at liberty to divert himself with his play-fellows. One of the greatest improvements that has been made upon this machine, since it was first invented, was in this manner the discovery of a boy who wanted to save his own labour. (WN I.i.8)This example of
a boy looking to ease his work day, illustrates two separate points. The first is the discussion at hand, the importance of specialization. In a commercial society, Smith argues, narrow employment becomes the norm: Each individual becomes more expert in his own peculiar branch, more work is done upon the whole, and the quantity of science is
considerably increased by it (WN I.i.9). However, the more important pointcertainly the more revolutionary oneis the role of self-interest in economic life. A free market harnesses personal desires for the betterment not of individuals but of the community. Echoing but tempering Mandevilles claim about private vices becoming public benefits, Smith
illustrates that personal needs are complementary and not mutually exclusive. Human beings, by nature, have a propensity to truck, barter, and exchange one thing for another (WN I.ii.1). This tendency, which Smith suggests may be one of the original principles in human nature, is common to all people and drives commercial society forward. In an
oft-cited comment, Smith observes, It is not from the benevolence of the butcher, that we expect our dinner, but from their regard to their own self-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)Philosophically, this is
a tectonic shift in moral prescription. Dominant Christian beliefs had assumed that any self-interested action was sinful and shameful; the ideal person who focuses on his or her own needs actually contributes to the public
good and that, as a result, such self-interest should be cultivated. Smith is not a proponent of what would today be called rampant consumerism. He is critical of the rich in both of his books. Instead, his argument is one that modern advocates of globalization and free trade will find familiar: when individuals purchase a product, they help more people
than they attempted to do so through charity. He writes:Observe the accommodation of the most common artificer or day-labourer in a civilized and thriving country, and you will perceive that the number of people of whose industry a part, though but a small part, has been employed in procuring him this accommodation, exceeds all computation. Therefore the accommodation of the most common artificer or day-labourer in a civilized and thriving country, and you will perceive that the number of people of whose industry a part, though but a small part, has been employed in procuring him this accommodation, exceeds all computation.
woollen coat, for example, which covers the day-labourer, as coarse and rough as it may appear, is the produce of the joint labour of a great multitude of workmen. The shepherd, the sorter of the wool, the wool-comber or carder, the spinner, the spinner of the wool spinner, the spinner of the wool spinner, the spinner of the wool spin
in order to complete even this homely production. How many merchants and carriers, besides, must have been employed in transporting the materials from some of those workmen to others who often live in a very distant part of the country! how much commerce and navigation in particular, how many ship-builders, sail-makers, rope-makers,
must have been employed in order to bring together the different drugs made use of by the dyer, which often come from the remotest corners of the world! What a variety of labour too is necessary in order to produce the tools of the meanest of those workmen! To say nothing of such complicated machines as the ship of the sailor, the mill of the fuller,
or even the loom of the weaver, let us consider only what a variety of labour is requisite in order to form that very simple machine, the burner of the charcoal to be made use of in the smelting-house, the brick-maker,
the brick-layer, the workmen who attend the furnace, the mill-wright, the forger, the smith, must all of them join their different arts in order to produce them. Were we to examine, in the same manner, all the different parts of his dress and household furniture, the coarse linen shirt which he wears next his skin, the shoes which cover his feet, the bed
which he lies on, and all the different parts which compose it, the kitchen-grate at which he prepares his victuals, the coals which he makes use of for that purpose, dug from the bowels of the earth, and brought to him perhaps by a long sea and a long land carriage, all the other utensils of his kitchen, all the furniture of his table, the knives and forks
the earthen or pewter plates upon which he serves up and divides his victuals, the different hands employed in preparing his bread and his beer, the glass window which lets in the heat and the light, and keeps out the wind and the rain, with all the knowledge and art requisite for preparing that beautiful and happy invention, without which these
northern parts of the world could scarce have afforded a very comfortable habitation, together with the tools of all the different workmen employed about each of them, we shall be sensible that without the assistance and
co-operation of many thousands, the very meanest person in a civilized country could not be provided, even accommodated. Compared, indeed, with the more extravagant luxury of the great, his accommodation must no doubt appear extremely simple and
easy; and yet it may be true, perhaps, that the accommodation of an European prince does not always so much exceed that of many an African king, the absolute master of the lives and liberties of ten thousand naked savages. (WN I.i.11)The length of this excerpt is
part of its argumentative power. Smith is not suggesting, simply, that a single purchase benefits a group of people. Instead, he is arguing that once you take seriously the multitude of people whose income is connected to the purchase brings with it a vast
network of laborers. Furthermore, he argues, while one may be critical of the inevitable class difference of a commercial society, the differential is almost inconsequential compared to the disparity between the haves and have-nots in a feudal or even the most primitive societies. (Smiths reference to a thousand naked savages is just thoughtless
eighteenth century racism and can be chalked-up to the rhetoric of the time. It ought to be disregarded and has no impact on the argument itself.) It is the effect of one minor purchase on the community of economic agents that allows Smith to claim, as he does in TMS, that the goods of the world are divided equally as if by an invisible hand. For
Smith, the wealthy can purchase nothing without benefiting the poor. According to The Wealth of Nations, the power of the woolen coat is the power of the market at work, and its reach extends to national economic behavior. Smiths comments relate to his condemnation of social engineering in The Theory of Mora
Sentiments, and he uses the same metaphorthe invisible handto condemn those mercantilists who think that by manipulating the market, they can improve the lot of individual groups of people. But the annual produce of its industry, or rather is precisely
the same thing with that exchangeable value. As every individual, therefore, endeavours as much as he can both to employ his capital in the support of domestic industry, and so to direct that industry that its produce may be of the greatest value; every individual necessarily labours to render the annual revenue of the society as great as he can. He
generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it. By preferring the support of domestic to that of foreign industry, he intends only his own gain, and he is in this, as in
many other cases, led by an invisible hand to promote an end which 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. I have never known much good done by those who
affected to trade for the public good. It is an affectation, indeed, not very common among merchants, and very few words need be employed in dissuading them from it. (WN IV.2.9)Smith begins his comments here with a restatement of the main point of The Wealth of Nations: the annual revenue of every society is always precisely equal to the
exchangeable value of the whole annual produce of its industry, or rather is precisely the same thing with that exchangeable value. The income of any community is its labor. Smiths remarks about the invisible hand suggest that one can do more damage by trying to manipulate the system than by trusting it to work. This is the moral power of
unintended consequences, as TMSs account of the invisible hand makes clear as well. What Smith relies upon here is not moral luck as Bernard Williams will later call it, but, rather, that nature is logical because it operates on principles, and, therefore, certain outcomes can be predicted. Smith recognizes that human beings and their interactions are
part of nature and not to be understood separately from it. As in The Theory of Moral Sentiments, social and political behavior follows a natural logic. Now Smith rejects the notion of a social contract in both of his books. There was never a
time that humanity lived outside of society, and political development is the product of evolution (not his term) rather than a radical shift in organization. The state of nature is society for Smith and the Scots, and, therefore, the rules that govern the system necessitate certain outcomes.b. History and LaborSmiths account of history describes human
civilization as moving through four different stages, time periods that contain nations of hunters, nations of shepherds, agricultural nations, and, finally commercial societies (WN V.i.a, see, also, LJ(A) i.27; see also LJ(B) 25, 27, 149, 233). This is progress, Smith insists, and each form of society is superior to the previous one. It is also natural. This is
how the system is designed to operate; history has a logic to it. Obviously, this account, in fact all of The Wealth of Nations, was very influential for Karl Marx. It marks the important beginning of what would be called social scienceSmiths successor to the Chair of Moral Philosophy, Adam Ferguson, is often identified as the founder of modern
sociologyand is representative of the project the Scottish Enlightenment thinkers referred to as the science of man. Smiths discussion of history illustrates two other important points. First, he argues that the primary economic tension, and, as a result, the primary economic tension, and is a result, the primary economic tension is a result, the primary economic tension, and is a result, the primary economic tension is a result is a result in the primary economic tension is a result in the pr
inhabitants of the town and those of the country (WN III.i.1). According to Smith, agricultural lands supply the means of manufacture. Urban areas refine and advance the means of production and return some of its produce to rural people. In each of the stages, the town
and country have a different relationship with each other, but they always interact. Here, Smith is indebted to the physiocrats, French economists who believed that agricultural labor was the primary measure of national wealth. Smith accepted their notion that productive labor was a component of the wealth of nations but rejected their notion that
only agricultural labor should be counted as value. He argues, instead, that if one group had to be regarded as more important, it would be the country since it provides food for the masses, but that if one group had to be regarded as more important, it would be the country since it provides food for the masses, but that if one group had to be regarded as more important, it would be the country since it provides food for the masses, but that if one group had to be regarded as more important, it would be the country since it provides food for the masses, but that if one group had to be regarded as more important, it would be the country since it provides food for the masses, but that if one group had to be regarded as more important, it would be a mistake to regard ones gain as the others loss or that their relationship is essentially hierarchical:
reciprocal, and the division of labour is in this, as in all other cases, advantageous to all the different persons employed in the various occupations into which it is subdivided (WN III.i.1). Again, there are philosophical issues here. First, is what one is to regard as labor; second is what counts towards economic value. Additionally, Smith is showing how
the division of labor works on a large scale; it is not just for pin factories. Rather, different to different tasks for everyones benefit. (This might be an anticipation of David Ricardos notion of comparative advantage.) A commercial system is an integrated one and the invisible hand ensures that what benefits one group can
also benefit another. Again, the butcher, brewer, and baker gain their livelihood by manufacturing to Smiths account of history, Smith also argues that historical moments and their economic stage changes, so does the form of government.
Economics and politics are intertwined, Smith observes, and a feudal system could not have a republican government as is found in commercial societies. What Smith does here, again, is anticipate Marxs dialectical materialism, showing how history influences economic and political options, but, of course, he does not take it nearly as far as the
German does close to a century later. Given the diversity of human experienceWNs stage theory of history helps account for differenceSmith is motivated to seek unifying standards that can help translate economic value between circumstances. Two examples are his discussions of price and his paradox of value. Within these discussions, Smith seeks
an adequate measure of worth for goods and services. Consumers look at prices to gauge value, but there are good and bad amounts; which is which is not always transparent. Some items are marked too expensive for their actual value and some are a bargain. In developing a system to account for this interaction, Smith offers a range of different
prices of all commodities are continually gravitating (WN I.vii.15). Here, the term gravitating indicates, yet again, that there are principles that guide the economic system, and a properly functioning market place one in which individuals are in perfect liberty will have the natural and market prices coincide (WN i.vii.30). (Smith defines perfect liberty as
a condition under which a person may change his trade as often as he pleases (WN I.vii.6)). Whether this is a normative value, whether for Smith the natural price, is a matter of debate. Following the question of worth, Smith poses
the paradox of value. He explains: Nothing is more useful than water: but it will purchase scarce any thing; scarce any thing; scarce any thing; scarce any thing; scarce any thing 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 thing; scarce any thing can be had in exchange for it. A diamond, on the contrary, has scarce any thing; scarce any thing; scarce any thing can be had in exchange for it.
water so much cheaper than diamonds when it is so much more important for everyday life? Obviously, we are tempted to argue that scarcity plays a role in the solution to this paradox; water is more valuable than diamonds to a person dying of thirst. For Smith, however, value, here, is general utility and it seems problematic to Smith that the more
useful commodity has the lower market price. His solution, then, is to distinguish between two types of value in use and value in exchanged for in the market. Dividing the two analytically allows consumers to evaluate the goods both in terms of scarcity and in terms of
usefulness. However, Smith is also searching for a normative or objective core in a fluctuating and contextual system, as with the role of impartiality in his moral system. Scarcity would not solve this problem because that, too, is fluctuating; usefulness is largely subjective and depends on an individuals priorities and circumstance. Smith seeks a more
universal criterion and looks towards labor to anchor his notion of value: labour, he writes, is the real measure of the exchangeable value of all commodities (WN I.v). What Smith means by this is unclear and a matter of controversy. What seems likely, though, is that one persons labor in any given society is not significantly different from another
 persons. Human capabilities do not change radically from one time period or location to another, and their labor, therefore, can be compared: the elaborates:Labour, therefore, it appears evidently, is the only universal, as well as the only accurate measu
of value, or the only standard by which we can compare the values of different commodities at all times and at all places. We cannot estimate, it is allowed, the real value of different commodities from century to century by the quantities of corn. By the
quantities of labour we can, with the greatest accuracy, estimate it both from century to century t
the contrary, silver is a better measure than corn, because equal quantities of it will more nearly command the same quantity of labour. (WN I.v.17)In other words, for example, a lone person can only lift so much wheat at one go, and while some people are stronger than others, the differences between them dont make that much difference.
Therefore, Smith seems to believe, the value of any object can be universally measured by the amount of labor that any person in any society might have to exert in order to acquire that object. While this is not necessarily a satisfying standard to allmany economists argue that the labor theory of value has been surpassed to exert in order to acquire that object. While this is not necessarily a satisfying standard to allmany economists argue that the labor theory of value has been surpassed to exert in order to acquire that object.
objectivity in impartiality. The any person quality of the impartial spectator is analogous to the any laborer standard Smith seems to use as a value measure. Ultimately, according to Smith, a properly functioning market is one in which all these conditionsprice, value, progress, efficiency, specialization, and universal opulence (wealth) all work together
to provide economic agents with a means to exchange accurately and freely as their self-interest motivates them. None of these conditions can be met if the government does not act appropriately, or if it oversteps its justified boundaries.c. Political EconomyThe Wealth of Nations is a work of political economy. It is concerned with much more than the
mechanisms of exchange. It is also concerned with the ideal form of government for commercial advancement and the pursuit of self-interest. This is where Smiths reputation as a laissez faire theorist comes in. He is arguing for a system, as he calls it, of natural liberty, one in which the market largely governs itself as is free from excessive state
intervention (recall Smiths use of the invisible hand in TMS). As he explains, there are only three proper roles for the sovereign: to protect a society from invasion by outside forces, to enforce justice and protect citizens from one another, and thirdly, the duty of erecting and maintaining certain publick works and certain publick institutions, which it
can never be for the interest of any individual, or small number of individuals, to erect and maintain; because the profit could never repay the expence to any individual or small number of individuals, to erect and maintain; because the profit could never repay the expense to any individual, or small number of individuals, to erect and maintain; because the profit could never repay the expense to any individuals, to erect and maintain; because the profit could never repay the expense to any individuals, to erect and maintain; because the profit could never repay the expense to any individuals, and individuals, to erect and maintain; because the profit could never repay the expense to any individuals, and individuals, and individuals, and individuals, and individuals, and individuals are the profit could never repay the expense to any individuals.
controversies. Regarding the first, protecting society, Smith debated with others as to whether a citizen militia or a standing army was better suited for the job, rooting his discussion, as usual, in a detailed history of the military in different stages of society (WN V.1.a). Given the nature of specialization, it should not be surprising that Smith favored
the army (WN V.1.a.28). The nature of justice is and how it ought to be maintained, although, as we have seen, he was liberal in his assumptions of the rights of individuals against the imposition of government on matters of conscience and
debate. In his chapter on the expense of justice (WN V.i.b), he discusses the nature of human subordination and why human beings like to impose themselves on one another. However, it is the third role of the sovereignthe maintenance of works that are too expensive for individuals to erect and maintain, or what are called natural monopoliesthat is
the most controversial. It is this last bookostensibly about the expenditures of government plays a much stronger role in society than is often asserted. In particular, book five addresses the importance of universal education and social unity. Smith calls for religious tolerance
and social regulation against extremism. For Smith, religion is an exceptionally fractious force in society because individuals tend to regard theological leaders as having more authority than political ones. This leads to fragmentation and social discord. The discussion of public goods includes an elaborate discussion of toll roads, which, on the face of
it, may seem to be a boring topic, but actually includes a fascinating account of why tolls should be based on the value of transported goods rather than on weight. This is Smiths attempt to protect the poorexpensive goods are usually lighter than on weight. This is Smiths attempt to protect the poorexpensive goods are usually lighter than cheaper goodsthink of diamonds compared to waterand if weight were the standard for tolls, justified,
perhaps, by the wear and tear that the heavier goods cause, the poor would carry an undue share of transportation costs (WN V.i.d). However, the most intriguing sections of education for youth and the second describes the role of education for people
of all ages. The government has no small interest in maintaining schools to teach basic knowledge and skills to young people. While some of the expense is born by parents, much of this is to be paid for by society as a whole (WN V.i.f. 54-55). The government also has a duty to educate adults, both to help counter superstition and to remedy the effects
of the division of labor. Regarding the first, an educated population is more resistant to the claims of extreme sentiments of moral theory in which the impartial spectator moderates the more extreme sentiments of moral
agents. Finally, Smith insists that those who govern abandon associations with religious sects so that their loyalties do not conflict. Regarding the second purpose of education for all ages, and again, anticipating Marx, Smith recognizes that the division of labor is destructive towards an individuals intellect. Without education, the torpor (inactivity) of
the workers 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. His dexterity at his own particular trade seems, in this manner, to be acquired at the expense of his intellectual, social, and martial virtues. But 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 pains to prevent it. (WN V.i.f.50) Education helps individuals overcome the monotony of day to day life. It helps them be better citizens, better soldiers, and more moral people; the intellect and the imagination are essential to moral
judgment. No person can accurately sympathize if his or her mind is vacant and unskilled. We see here that Smith is concerned about the poor throughout The Wealth of Nations. We also see the connections between his moral theory and his political economy. It is impossible to truly understand why Smith makes the political claims he does without
connecting them to his moral claims, and vice versa. His call for universal wealth or opulence and his justification of limited government are themselves moral arguments as much as they are economic ones. This is why the Adam Smith Problem doesn't make sense and why contemporary Smith scholars are so focused on showing the systematic
elements of Smiths philosophy. Without seeing how each of the parts fit together, one loses the power behind his reasoning that inspired as much change as any other work in the history of the Western tradition. Of course, Smith has his detractors and his critics. He is making claims and building on assumptions that many challenge. But
Smith has his defenders too, and, as history bears out, Smith is still an important voice in the investigation of how society ought to be organized and what principles govern human behavior, inquiry, and morality. The late twentieth century revival in Smiths studies underscores that Smiths philosophy may be as important now as it ever was. 4.
References and Further ReadingAll references are to The Glasgow Edition of the Correspondence and Works of Adam Smith, the definitive edition of his works. Online versions of much of these can be found at The Library of Economics and Liberty.a. Work by Smith[TMS] Theory of Moral Sentiments. Ed. A.L. Macfie and D.D. Raphael. Indianapolis:
Liberty Press, 1982. First published in 1759; subsequent editions in 1761 (significantly revised), 1767, 1774, 1781, and 1790 (significantly revised with entirely new section). [WN] An Inquiry into the Nature and Causes of the Wealth of Nations. 2 vols. Ed. R.H. Campbell and A.S. Skinner. Indianapolis: Liberty Press, 1976. First published in 1776;
subsequent editions in 1778, 1784 (significantly revised), 1786, 1789.[LJ] Lectures on Jurisprudence. Ed. R.L. Meek and D.D. Raphael. Indianapolis: Liberty Press, 1982.Contains two sets of lectures on Jurisprudence. Ed. J.C. Bryce. Indianapolis: Liberty Press, 1985.Edition
also contains the fragment: Considerations Concerning the First Formation of Languages in LRBL. Lecture dates, 17621763.[EPS] Essays on Philosophical Subjects. Ed. W.P.D. Wightman and J.C. Bryce. Indianapolis: Liberty Press, 1982.Contains the essays and fragments: The Principles Which Lead and Direct Philosophical Enquires Illustrated by the
History of Astronomy, The Principles Which Lead and Direct Philosophical Enquires Illustrated by the History of Ancient Physics, ThePrinciples which lead and direct Philosophical Enquires Illustrated by the History of the External Senses, Of the Nature of that Imitation which takes place in what are called The
Imitative Arts, Of the Affinity between Music, Dancing, and Poetry, Of the Affinity between certain English and Italian Verses, Contributions to the Edinburgh Review of Johnsons Dictionary, A Letter to the Authors of the Edinburgh Review of Johnsons Dictionary, A Letter to the Authors of the Edinburgh Review of Johnsons Dictionary, A Letter to the Authors of the Edinburgh Review of Johnsons Dictionary, A Letter to the Authors of the Edinburgh Review of Johnsons Dictionary, A Letter to the Authors of the Edinburgh Review of Johnsons Dictionary, A Letter to the Authors of the Edinburgh Review of Johnsons Dictionary, A Letter to the Edinburgh Review of Johnsons Dictionary, A Letter to the Edinburgh Review of Johnsons Dictionary, A Letter to the Edinburgh Review of Johnsons Dictionary, A Letter to the Edinburgh Review of Johnsons Dictionary, A Letter to the Edinburgh Review of Johnsons Dictionary, A Letter to the Edinburgh Review of Johnsons Dictionary, A Letter to the Edinburgh Review of Johnsons Dictionary, A Letter to the Edinburgh Review of Johnsons Dictionary, A Letter to the Edinburgh Review of Johnsons Dictionary, A Letter to the Edinburgh Review of Johnsons Dictionary, A Letter to the Edinburgh Review of Johnsons Dictionary, A Letter to the Edinburgh Review of Johnsons Dictionary, A Letter to the Edinburgh Review of Johnsons Dictionary, A Letter to the Edinburgh Review of Johnsons Dictionary, A Letter to the Edinburgh Review of Johnsons Dictionary, A Letter to the Edinburgh Review of Johnsons Dictionary, A Letter to the Edinburgh Review of Johnsons Dictionary, A Letter to the Edinburgh Review of Johnsons Dictionary, A Letter to the Edinburgh Review of Johnsons Dictionary, A Letter to the Edinburgh Review of Johnsons Dictionary, A Letter to the Edinburgh Review of Johnsons Dictionary, A Letter to the Edinburgh Review of Johnsons Dictionary, A Letter to the Edinburgh Review of Johnsons Dictionary, A Letter to the Edinburgh Review of Johnsons Dictionary, A Letter to the Edinburgh Review of Johnsons Dictionary,
Stewarts Account of the Life and Writings of Adam Smith, Ed. E.C. Mossner and I.S. Ross. Indianapolis: Liberty Press, 1987.b. Companion Volumes to the Glasgow EditionIndex to the Works of Adam Smith. Ed. E.C. Mossner and A.S. Skinner. Indianapolis: Liberty Press, 1987.b. Companion Volumes to the Glasgow EditionIndex to the Works of Adam Smith. Ed. E.C. Mossner and A.S. Skinner. Indianapolis: Liberty Press, 1987.b. Companion Volumes to the Glasgow EditionIndex to the Works of Adam Smith. Ed. E.C. Mossner and A.S. Skinner. Indianapolis: Liberty Press, 1987.b. Companion Volumes to the Glasgow EditionIndex to the Works of Adam Smith. Ed. E.C. Mossner and I.S. Ross. Indianapolis: Liberty Press, 1987.b. Companion Volumes to the Glasgow EditionIndex to the Works of Adam Smith. Ed. E.C. Mossner and I.S. Ross. Indianapolis: Liberty Press, 1987.b. Companion Volumes to the Glasgow EditionIndex to the Works of Adam Smith. Ed. E.C. Mossner and I.S. Ross. Indianapolis: Liberty Press, 1987.b. Companion Volumes to the Glasgow EditionIndex to the Works of Adam Smith. Ed. E.C. Mossner and I.S. Ross. Indianapolis: Liberty Press, 1987.b. Companion Volumes to the Glasgow EditionIndex to the Works of Adam Smith. Ed. E.C. Mossner and I.S. Ross. Indianapolis: Liberty Press, 1987.b. Companion Volumes to the Glasgow Edition Indianapolis: Liberty Press, 1987.b. Companion Volumes to the Glasgow Edition Indianapolis: Liberty Press, 1987.b. Companion Volumes to the Glasgow Edition Indianapolis: Liberty Press, 1987.b. Companion Volumes to the Glasgow Edition Indianapolis: Liberty Press, 1987.b. Companion Volumes to the Glasgow Edition Indianapolis: Liberty Press, 1987.b. Companion Volumes to the Glasgow Edition Indianapolis: Liberty Press, 1987.b. Companion Volumes to the Glasgow Edition Indianapolis: Liberty Press, 1987.b. Companion Volumes to the Glasgow Edition Indianapolis: Liberty Press, 1987.b. Companion Volumes to the Glasgow Edition Indianapolis: Liberty Press, 1987.b. Companion Volumes to the Glasgow Edition Indianapolis: Liberty Pr
2002. Essays on Adam Smith. Edited by A.S. Skinner and Thomas Wilson. Oxford: Oxford University Press, 1976. Life of Adam Smith. I.S. Ross. Oxford: Oxford University Press, 1995.c. Introductions and Works for a General Audience Berry, Christopher J. The Social Theory of the Scottish Enlightenment. Edinburgh: Edinburgh University Press, 1976. Life of Adam Smith.
1997. Fleischacker, Samuel. On Adam Smiths Wealth of Nations. Princeton University Press, 2004. Haakonssen, K. (ed.) The Cambridge Companion to Adam Smith in His Time and Ours. Princeton: Princeton University Press, 1993. Otteson, James R. Adam Smith
Selected Philosophical Writings (Library of Scottish Philosophy). Exeter: Imprint Academic, 2004. Weinstein, Jack Russell. On Adam Smith (Past Masters). Oxford: Oxford University Press, 1986.d. Recommended Books for SpecialistsAny issue of the journal The Adam Smith Review will be of
interest to Smiths readers. Volume 2 (2007) has a special symposium on Smith and education. Both may deserve special attention. Campbell, T.D. Adam Smiths Science of Morals. New Jersey: Rowman and Littlefield, 1971. Cropsey, Joseph.
Polity and Economy: An Interpretation of the Principles of Adam Smith (With Further Thoughts on the Principles of Adam Smith) (Revised Edition). Chicago: St. Augustines Press, 2005. Force, Pierre. Self-interest before Adam Smith. Cambridge: Cambridge: Cambridge University Press, 2005. Force, Pierre. Self-interest before Adam Smith.
University Press, 2003. Griswold, Charles L. Jr. Adam Smith and the Virtues of Enlightenment. Cambridge University Press, 1999. Haakonssen, Knud (ed.). Adam Smith (The International Library of Philosophy. Aldershot: Ashgate/Dartmouth Publishing, 1998. Haakonssen, Knud (ed.). Adam Smith (The International Library of Philosophy. Aldershot: Ashgate/Dartmouth Publishing, 1998. Haakonssen, Knud (ed.). Adam Smith (The International Library of Philosophy. Aldershot: Ashgate/Dartmouth Publishing, 1998. Haakonssen, Knud (ed.). Adam Smith (The International Library of Philosophy. Aldershot: Ashgate/Dartmouth Publishing, 1998. Haakonssen, Knud (ed.). Adam Smith (The International Library of Philosophy. Aldershot: Ashgate/Dartmouth Publishing, 1998. Haakonssen, Knud (ed.). Adam Smith (The International Library of Philosophy. Aldershot: Ashgate/Dartmouth Publishing, 1998. Haakonssen, Knud (ed.). Adam Smith (The International Library of Philosophy. Aldershot: Ashgate/Dartmouth Publishing, 1998. Haakonssen, Knud (ed.). Adam Smith (The International Library of Philosophy. Aldershot: Ashgate/Dartmouth Publishing, 1998. Haakonssen, Knud (ed.). Adam Smith (The International Library of Philosophy. Aldershot: Ashgate/Dartmouth Publishing, 1998. Haakonssen, Knud (ed.). Adam Smith (The International Library of Philosophy. Aldershot: Ashgate/Dartmouth Publishing, 1998. Haakonssen, 1998. Haakon
Cambridge: Cambridge University Press, 1981.Montes, Leonidas. Adam Smith in Context. New York: Palgrave MacMillan, 2004.Otteson, James. Adam Smith Smith Smith Smith Smith Smith Smith Smith Students Students (Cambridge: Cambridge: C
and Professor. New York: Augusts M. Kelley, 1965. Teichgraeber, Richard. Free Trade and Moral Philosophy: Rethinking the Sources of Adam Smiths Pluralism: Rationality Education and the Moral Sentiments. New Haven: Yale University Press,
2013. Author Information Jack Russell Weinstein Email: jack.weinstein@und.eduUniversity of North DakotaU. S. A. Far more important to Smiths work is the belief that ordinary people normally understand their own interests without help from politicians or professional philosophers. The Wealth of Nations is a stupendous palace erected upon the
granite of self-interest. So wrote George Stigler, and he represents the majority view over the last two centuries. But the majority view over the last two centuries, and to imply that the books major contribution grows out of that assumption, is to
misread it severely. Everything Smith says about the importance of self-interest is quite humdrum, for his day: he rejects Mandevilles cynical reduction of all human motivations to self-interest, is a greater believer in the possibility of concern for others than Hume, allows more room for sincere religious faith than Voltaire, and differs barely at all from
the gentle Hutcheson on the role of self-interest in economics. Far more important to Smiths work is the belief that ordinary people normally understand their own interests without help from politicians or professional philosophers. The distinctive mark of Smiths thought is his view of human cognition, not of human motivation; he is far more willing
than practically any of his contemporaries to endorse the ability of ordinary people to know what they need to kno
over the oeconomy of private people, and to restrain their expence either by sumptuary laws, or by prohibiting the importation of foreign luxuries. They are themselves always, and they may safely trust private people with theirs. (WN
II.iii.36; 346. Online: par. II.3.36.) In Smiths time it was widely held that ordinary people needed quidance from the virtuousand that a good political system would both try to restrain the lower classes from self-destructive behaviors (drink, wearing luxurious clothing) and provide instruction in religion and virtue. For
many years Smith himself occupied a chair in moral philosophy that had been established by the Scottish government precisely to help underwrite public morals, yet he ultimately rejected the idea that this was a proper function of government. He also rejected the idea that governments need concern themselves with the drinking habits of poor
people or have any business passing sumptuary laws to restrain how poor people dress. The man of system 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 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 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 chuse to impress upon it. (TMS VI.ii.2.17; 233-4. Online: par. VI.II.42.) These are but specific examples of a central commitment, running through all of Smiths work, to vindicating ordinary peoples judgments, and fending off attempts by philosophers and policy-makers to
replace those judgments with the supposedly better systems invented by intellectuals. In his History of Astronomy, Smith characterizes philosophy as a discipline that attempts to connect and regularize the data of everyday experience. In his Theory of Moral Sentiments (TMS), he criticizes several philosophy as a discipline that attempts to connect and regularize the data of everyday experience.
properly to the way moral sentiments are actually experienced. And in both TMS and WN he condemns those entranced by the love of system, those who want to impose their own vision of how the human world should work on the people who actually live in that world. Smiths account of moral and political cognition is strikingly egalitarian: experts
know less than they claim to know, and ordinary people know more than they seem to know, about what will best promote the human good. This egalitarian view of human cognition provides the essential premise for Smiths arguments against government interference with the economy. Smiths teacher Hutcheson, Smiths rival James Steuart, and
many other political economists, did not share Smiths confidence in ordinary peoples judgment, and therefore looked to a government where the wise would guide investment, and consumption-choices of the poor. For Smith, by contrast, the decisions made by individuals in their own local situationsall individuals, even the poor
and uneducated people regarded with so much disdain by Smiths contemporaries will almost always more effectively promote the public good than any plan aimed directly at that good. And the decisions individuals make about their own moral problems will also normally be at least as wise as any they would come to if they were guided, morally, by
their political leaders. This unusual emphasis on the soundness of ordinary peoples thinking has far-reaching consequences for how we understand Smith. First, if Smith believes that good philosophical and scientific work should be rooted in common sense, then we should not expect him to approve of an economic science, like the one we have today
carried on in a highly abstract and technical jargon. Nor is his own work written that way. WN was admired in its day for its great clarity, and for its great clarity, and for its avoidance of detailed calculations in favor of historical narrative. Second, a moral philosophy rooted in common sense is unlikely to endorse a counter-intuitive view of human nature, and Smith in fact
combats the counter-intuitive views of his predecessors and colleagues. This is one reason why he rejects the notion that human beings are thoroughly selfish, put about by Hobbes and Mandeville. But for the same reason he rejects the idea that human beings are thoroughly selfish, put about by Hobbes and Mandeville.
thinkers pinned their hopes (Thomas More before Smith; Rousseauvians in his time; Marxists later on). Third, and perhaps most importantly, Smiths distrust of the ability of systems whether philosophical, religious, or politicalto improve human beings goes with a belief that what really provides us with moral education are the humble institutions of
everyday social interaction, including the market. The foundation of all virtue for Smith is self-command, the ability to control our feelings for others. But we achieve self-command only after the disapproval of others has led us to develop a habit of dampening our self-love. The
first great school of self-command, says Smith, is the company of our playfellows, who refuse to indulge us the way our parents do; when we are adult, the major arena in which we need constantly to attend to the interests of others, and restrain our self-absorption, is the market. When I try to strike a bargain with someone else, and especially when I
try to hold down a regular job, I need to try to meet other peoples needs instead of just bleating about my own:[M]an has almost constant occasion for the help of his brethren, and it is in vain for him to expect it from their benevolence only. He will be more likely to prevail if he can interest their self-love in his favor, and shew them that it is for their
own advantage to do for him what he requires of them. Whoever offers to another a bargain of any kind, proposes to do this. 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; 26-27. Online: par. I.2.2.) The point of these famous lines is not that I know how to address that self-interest, that I know how to address that self-interest, that I know how to address that self-interest, that I know how to shew them that it is for their own advantage to do something that will help me. But my ability to address
their interests takes me beyond myself, whatever it does to them; I must go beyond my own self-love in order to enlist theirs in my aid. And it is that distinguishes human beings from other animals. So participation in the market fosters human
character, helps us develop a trait crucial to our ability to be courageous, kind, or in any other way virtuous. This respect for the market, as a tool for character development, is unusual among moral philosophers: most of Smiths predecessors, peers, and successors would have favored the political realm, instead, as the best place to develop character
Smith has a much darker view of politics. If I participate in the political arena, I am likely to be constantly under the pressure, therefore, to be a hypocrite. I will also, more generally, be far too concerned with what people think of me rather than what I am
really like. For reasons like these, Smith was far less convinced of the value of politics to morality than were either his ancient predecessorsPlato, Aristotleor his contemporaries Hutcheson and Rousseau. He was indeed quite cynical about the likelihood that politicians would normally be particularly good people, or that good people would be attracted
by the political life. When the toll upon carriages of luxury is made somewhat higher in proportion to their weight, than upon carriages of luxury is made to contribute in a very easy manner to the relief of the poor. (WN V.i.d.5; 725. Online: par. V.1.75.) and:A tax upon house-rents
would in general fall heaviest upon the rich; and in this sort of inequality there would not, perhaps, be any thing very unreasonable. It is not very unreasonable that the rich should contribute to the public expence, not only in proportion to their revenue, but something more than in that proportion. (WN V.ii.e.6; 842. Online: par. V.2.71.)It follows from
this, and from Smiths belief in the capacity of ordinary people to run most of their affairs by themselves, that governments can and should play a smaller role than other political thinkers have imagined. I argue in my new book, On Adam Smiths Wealth of Nations: A Philosophical Companion, that it is Smiths view of the abilities of ordinary people, and
not his view of distributive justice (he rather favored transfers from the rich to the poor, and certainly did not think that property rights forbade such transfers), that led him in the direction of libertarianism. All this is not to say that common sense is incorrigible, or that the way ordinary people live should proceed entirely without interference by a
government. Smith believed that ordinary people do labor under certain prejudices and superstitions, both about morality and about economics the fallacies beneath these beliefs. But he thought that the way to combat deluded or corrupt
common sense was by way of clearer and more thoughtful common sense: he criticized our ordinary ways of thinking from the inside, we might say. He also believed it to be obvious correct part of common sensethat all societies need a government to carry out some functions which individuals, left to themselves, would not adequately handle. Among
these are defense and the administration of justice, of course, but also what today we would call public goods: institutions, like universal education, which can be of great benefit to the society as a whole but in which individuals will never have enough of a personal stake to maintain by themselves. This conception of the role of government leaves
plenty of room for people on the left (welfare liberals) as well as the right (libertarians) to make a reasonable claim that they are heirs to Smith, although Smith would probably regard such movements as anti-globalization as deeply misguided. Smiths conception of the limitations of common sense also leaves
plenty of room for social science of a variety of kinds, although Smith would again surely resist some of the more ambitious projects social scientists have taken on, some of their more outrageous attempts to rewrite large chunks of what we believe in ordinary life. As regards both politics and science, Smiths great legacy was a lesson in humility
Smiths view of the daily practice of politics was a pessimistic one, discouraging to those who think a superior, enlightened class of human beings might one day lead us all into a better world. And Smiths social science was designed to explain to us how it is that even ordinary people understand the economic circumstances immediately around
themselves quite well while not even experts can possibly know enough about entire national economies to pick out their strengths and weaknesses in any detail. In both of these respects, Smith urges us to reconcile ourselves to our limitations, to abandon the hope of bringing our social worlds firmly under our control. That sobering message is, I
believe, as important as anything else he had to teach. George Stigler, Smiths Travels on the Ship of State, in Essays on Adam Smith, eds. Andrew Skinner and II of my commentary on the philosophical underpinnings of the Wealth of Nations:
Samuel Fleischacker, On Adam Smiths Wealth of Nations, (Princeton: Princeton Univ. Press, 2004). I discuss Smiths legacies for the left as well as the right in the Epilogue to On Adam Smiths Wealth of Nations. *Sam Fleischacker is Professor of Philosophy at the University of Illinois, Chicago. His most recent books are A Short History of Distributive
Justice (Harvard, 2004) and On Adam Smiths Wealth of Nations: A Philosophical Companion (Princeton, 2004). COLLECTION: FEATURED ARTICLE Adam Smith, a central figure of the Scottish Enlightenment, profoundly shaped modern economic thought through his seminal work, The Wealth of Nations: A Philosophical Companion (Princeton, 2004).
and limited government intervention, contrast with mercantilist policies prevalent at the time. The concept of the "invisible hand," a core tenet of Smith's moral philosophy, detailed in The Theory of Moral Sentiments, emphasizes the importance of
sympathy and ethical considerations, providing a crucial lens through which to understand his broader intellectual project and shedding light on what did Adam Smith stands as a towering figure in the history of
ideas, inextricably linked to the intellectual ferment of the Scottish Enlightenment. His contributions spanned moral philosophy and political economy, leaving an indelible mark on Western thought. This exploration delves into the formative influences and the vibrant intellectual landscape that shaped Smith's revolutionary ideas. Smith: A Luminary of
the Scottish EnlightenmentSmith was not merely a product of his time; he was an active participant and a catalyst within the Scottish Enlightenment. His work embodies the era's emphasis on reason, empiricism, and the pursuit of practical knowledge aimed at societal improvement. He navigated the intellectual currents of his day, engaging with its
prominent figures and institutions to formulate his groundbreaking concepts. Cornerstones of Smith's Intellectual Edifice Smith's legacy rests on two monumental works: The Theory of Moral Sentiments (1759) and An Inquiry into the Nature and Causes of the Wealth of Nations (1776). The Theory of Moral Sentiments lays the groundwork for Smith's
moral philosophy, exploring the psychological underpinnings of human morality. It introduces concepts such as sympathy and the "impartial spectator" to explain how individuals develop a sense of right and wrong within a social context. The Wealth of Nations shifted the focus to the economic realm, establishing Smith as the father of modern
economics. It dissects the mechanisms of wealth creation, advocating for free markets and limited government intervention, principles that continue to resonate in contemporary economic debates. Thesis: Contextualizing Smith's Intellectual JourneyThe intellectual development and lasting influence of Adam Smith were profoundly shaped by his
interactions with key figures and institutions within the Scottish Enlightenment. This fertile environment fostered revolutionary ideas in both moral philosophy and political economy. He wasnt working in a vacuum. His ideas were heavily influenced by the interactions he had with those around him. Influences on Smith's Moral Philosophy: Hutcheson
and HumeHaving established Adam Smith's pivotal role in the Scottish Enlightenment, it is crucial to examine the intellectual wellsprings that nourished his thinking. Two figures stand out as particularly influential in shaping Smith's moral philosophy: Francis Hutcheson and David Hume. Their ideas, absorbed and refined by Smith, formed the
bedrock of his ethical framework. Francis Hutcheson, Smith's teacher at the University of Glasgow, exerted a profound early influence on his intellectual development. Hutcheson's emphasis on benevolence as a primary human motive and his theory of a moral sense, an innate capacity to perceive and
approve of virtuous actions, resonated deeply with the young Smith. Hutcheson argued that humans are naturally inclined to seek the happiness of others, and that this benevolent impulse is the foundation of morality. This emphasis on altruism provided a counterpoint to more egoistic views of human nature prevalent at the time. You also like While
Smith adopted Hutcheson's focus on benevolence, he also sought to refine and expand upon his mentor's ideas in The Theory of Moral Sentiments. Smith, while acknowledging the importance of benevolence, introduced the concept of sympathy as the central mechanism of moral judgment. Sympathy, in Smith's view, is the capacity to imagine oneself
in the situation of another and to experience their feelings, or a reflection of their feelings. This process, he argued, allows us to judge the propriety of our own actions and the actions of others. Furthermore, Smith moved away from Hutcheson's reliance on an innate moral sense. Instead, Smith proposed that moral judgments are developed through
social interaction and observation. We learn to judge our own conduct by imagining how an impartial spectator, an internalized ideal observer, becomes the standard by which we evaluate our moral actions. David Hume: Skepticism, and Social UtilityDavid Hume, a towering figure of the Scottish
Enlightenment, was a close friend and intellectual partner of Adam Smith. Hume's philosophical contributions, particularly his skepticism, empiricism, and emphasis on social utility, profoundly shaped Smith's thinking. You also like Hume's skepticism challenged traditional metaphysical and religious doctrines, urging a focus on experience and
observation as the basis of knowledge. His empiricism, which asserted that all knowledge derives from sensory experience, provided a framework for understanding human nature and society through observation and analysis. The Intellectual Partnership of Smith and Hume The intellectual kinship between Smith and Hume was deep and enduring
They shared a commitment to reason, observation, and the pursuit of knowledge. Hume's emphasis on social utility, the idea that actions and institutions should be judged by their contribution to the overall well-being of society, resonated strongly with Smith. This principle became a cornerstone of Smith's economic and political philosophy. Hume's
influence can be seen in Smith's emphasis on the unintended consequences of human action. Smith's concept of the invisible hand, which suggests that individuals pursuing their own self-interest can unintentionally promote the common good, owes much to Hume's understanding of the complex interplay of individual motives and social
outcomes. Their intellectual exchange was not merely one-sided. Smith's ideas also influenced Hume, and they engaged in continuous dialogue and debate throughout their lives. Their friendship exemplified the spirit of intellectual inquiry and collaboration that characterized the Scottish Enlightenment, leading to groundbreaking insights in moral
philosophy and political economy. The Theory of Moral Sentiments: Sympathy and Justice Having established Adam Smith's pivotal role in the Scottish Enlightenment, it is crucial to examine the intellectual wellsprings that nourished his thinking. Two figures stand out as particularly influential in shaping Smith's moral philosophy: Francis Hutcheson
and David Hume. Their ideas laid the groundwork for Smith's seminal work, The Theory of Moral Sentiments, which explores the intricate mechanisms underlying human morality and social order. This section will delve into the core themes of this work, focusing on sympathy, the impartial spectator, and the indispensable role of justice. You also like
The Foundation of Morality: Sympathy the heart of Smith's moral philosophy lies the concept of sympathy. It is the capacity to share or understand the feelings of others. Smith argued that sympathy is not merely feeling the same emotion as someone else. Rather, it is imagining oneself in their situation and experiencing a similar emotion. This
imaginative exercise is fundamental to our moral judgments. We approve of actions that resonate with our sympathetic understanding and disapprove of those that violate it. Sympathy serves as the initial basis for moral sentiments. It allows us to connect with others and form judgments about their conduct. The Impartial Spectator: Refining Moral
JudgmentWhile sympathy provides the initial spark for moral judgment, Smith recognized the need for a more refined standard. This is where the impartial spectator comes into play. The impartial spectator is an imagined, idealized observer who assesses actions with objectivity and fairness. This internal figure represents a mature and impartial
perspective that individuals cultivate over time through social interactions and self-reflection. By viewing our own conduct and the conduct of others through the eyes of the impartial spectator, we can transcend our subjective biases and arrive at more balanced moral evaluations. The impartial spectator acts as a guide, steering us away from self-
deception and towards a more objective understanding of right and wrong. Through this process, morality is refined. Justice to be a foundational principle. Without it, a well-functioning society is impossible. Unlike benevolence, which is commendable but not always required, justice is essential for
preventing harm and maintaining social cohesion. Justice, for Smith, primarily involves respecting the rights of others, including their rights to their person, property, and reputation. Violations of justice, such as theft, assault, or fraud, undermine trust and stability within society. Therefore, Smith saw the enforcement of justice through a system of
laws and institutions as a crucial function of government. It is not only to resolve disputes but also to deter potential wrongdoers. Justice establishes the minimum standards of conduct necessary for peaceful coexistence. Edinburgh and Glasgow: Smith's Scottish Intellectual HomeHaving explored the foundational philosophical influences of Hutcheson
and Hume on Adam Smith, it is crucial to examine the physical and intellectual landscapes where his ideas took root and flourished. Edinburgh and Glasgow, two vibrant centers of the Scottish Enlightenment, served as Smith's intellectual homes, shaping his thinking and providing platforms for his groundbreaking work. These cities were not merely
backdrops but active participants in the formation of his theories. Edinburgh's Dynamic Intellectual Scene Edinburgh during the attracted some of the brightest minds in Europe. It was within this dynamic environment that Smith engaged
with various intellectual societies and participated in lively discussions on philosophy, politics, and economics. The Select Society and Literary EngagementOne prominent example of this engagement was Smith's involvement with the Select Society and Literary EngagementOne prominent example of this engagement was Smith's involvement with the Select Society and Literary EngagementOne prominent example of this engagement was Smith's involvement with the Select Society and Literary EngagementOne prominent example of this engagement was Smith's involvement with the Select Society and Literary EngagementOne prominent example of this engagement was Smith's involvement with the Select Society and Literary EngagementOne prominent example of this engagement was Smith's involvement with the Select Society and Literary Engagement was Smith's involvement with the Select Society and Literary Engagement was Smith's involvement with the Select Society and Literary Engagement was Smith's involvement was Smith's involvement with the Select Society and Literary Engagement Was Smith was Smith's involvement was Smith 
Scottish Enlightenment. This society provided a forum for discussing issues of public policy and promoting intellectual exchange, contributing significantly to the development of Smith's own ideas. His time in Edinburgh allowed him to hone his arguments and test his theories against the scrutiny of his peers. The vibrant literary scene in Edinburgh
played a crucial role in disseminating new ideas and fostering a culture of intellectual curiosity. You also like Glasgow offered Smith a more structured setting for developing his theories. His tenure at the University of Glasgow
where he served as Professor of Moral Philosophy from 1752 to 1764, was a period of intense intellectual activity. Teaching and the Development of Economic ThoughtDuring his time at Glasgow, Smith lectured on a range of subjects including ethics, rhetoric, jurisprudence, and political economy. His lectures provided him with an opportunity to
refine his thinking and to develop the ideas that would later form the basis of The Wealth of Nations. The University of Glasgow, with its emphasis on practical knowledge and its commitment to intellectual freedom, proved to be an ideal environment for Smith to pursue his research and to formulate his revolutionary economic theories. The University of Glasgow, with its emphasis on practical knowledge and its commitment to intellectual freedom, proved to be an ideal environment for Smith to pursue his research and to formulate his revolutionary economic theories.
Role in Smith's Intellectual GrowthThe university itself was a significant factor in Smith's intellectual growth. It fostered a culture of innovation and encouraged scholars to challenge conventional wisdom. This environment enabled Smith to develop his ideas on the division of labor, the importance of free markets, and the role of self-interest in
promoting economic prosperity. The city of Glasgow, with its burgeoning commercial activity and its entrepreneurial spirit, provided Smith with firsthand observations of the economic forces that he would later analyze in The Wealth of Nations. This connection between theory and practice was crucial to the development of his economic thought. The
 Scottish Enlightenment: A Crucible of IdeasHaving explored the foundational philosophical influences of Hutcheson and Hume on Adam Smith, it is crucial to examine the broader intellectual and scientific flourishing in 18th-century
Scotland, provided the fertile ground in which Smith's ideas germinated and took hold. The Defining Characteristics of the Scottish Enlightenment The Scottish Enlightenment was characteristics of the power of human reason, empiricism, and the pursuit of practical knowledge. This intellectual movement championed the power of human reason to the scottish Enlightenment was characteristics of the Scottish Enlightenment was characteristics of the Scottish Enlightenment was characteristics.
understand the world and improve society. Thinkers of this era sought to apply scientific principles to the study of human nature, morality, and economics, leading to innovative theories and perspectives. Reason and EmpiricismThe Scots embraced reason as the primary tool for acquiring knowledge. They also emphasized the importance of empirical
observation and experimentation. This dual focus allowed them to approach complex issues with a blend of logical analysis and real-world evidence. Practical Knowledge and ImprovementUnlike purely theoretical pursuits, the Scottish Enlightenment prioritized knowledge and ImprovementUnlike purely theoretical pursuits, the Scottish Enlightenment prioritized knowledge and ImprovementUnlike purely theoretical pursuits, the Scottish Enlightenment prioritized knowledge and ImprovementUnlike purely theoretical pursuits, the Scottish Enlightenment prioritized knowledge and ImprovementUnlike purely theoretical pursuits, the Scottish Enlightenment prioritized knowledge and ImprovementUnlike purely theoretical pursuits, the Scottish Enlightenment prioritized knowledge and ImprovementUnlike purely theoretical pursuits.
condition. This emphasis on utility distinguished the Scottish Enlightenment from other intellectual movements of the time. It drove innovation in areas such as agriculture, manufacturing, and social reform. Adam Smith was not merely a product of the Scottish Enlightenment; he was also one of the scottish Enlightenment from other intellectual movements of the time.
its most influential shapers. His contributions to both moral philosophy and political economy helped to define the intellectual landscape of the era. Moral Philosophy and social order. His ideas about sympathy, the impartial spectator, and the importance
of moral sentiments had a lasting impact on ethical thought. Economic Theory and National ProsperityThe Wealth of Nations revolutionized economic thinking by advocating for free markets, division of labor, and the invisible hand. Smiths economic thinking by advocating for free markets, division of labor, and the invisible hand. Smiths economic thinking by advocating for free markets, division of labor, and the invisible hand.
come. The Scottish Enlightenment provided Smith with the intellectual resources, the critical audience, and the supportive community he needed to develop his revolutionary ideas. In turn, Smith's work helped to solidify the Enlightenment is influence throughout the world. The Scottish Enlightenment and Adam Smith were
mutually constitutive forces, each shaping and enriching the other. His contributions exemplified the movement's core values and expanded its intellectual horizons. The Wealth of Nations: Division of Labor and the Invisible HandHaving explored the foundational philosophical influences of Hutcheson and Hume on Adam Smith, it is crucial to examine
the broader intellectual context that fostered his groundbreaking work. The Scottish Enlightenment, a period of remarkable intellectual and scientific flourishing in 18th-century Scotland, provided the fertile ground for Smith's economic theories, culminating in his magnum opus, An Inquiry into the Nature and Causes of the Wealth of Nations. This
section delves into the core economic concepts presented in this seminal work, focusing on the division of labor, self-interest, the invisible hand, and the advocacy for free markets and laissez-faire economics. These concepts, revolutionary for their time, laid the foundation for modern economic thought and continue to resonate in contemporary
ProductivitySmith famously illustrates the principle of the division of labor through the example of a pin factory. He observes that by breaking down the production process into discrete tasks, each performed by specialized workers, the factory can produce a significantly greater number of pins than if each worker attempted to complete the entire
process individually. This division of labor, according to Smith, leads to increased dexterity, time savings, and the invention of new machines and processes. He argues that it is a primary driver of economic growth and prosperity, fostering specialization and efficiency across the entire economy. Self-Interest: The Engine of Economic Activity Smith
 posits that individuals, acting in their own self-interest, unintentionally contribute to the overall welfare of society. This is not to suggest that individuals are primarily motivated by their own desires and needs. In a market economy, individuals seek to
maximize their own profits or wages, leading them to produce goods and services that others demand. This pursuit of self-interest, guided by market signals, creates a dynamic and efficient allocation of resources. The Invisible Hand: Harmony Through Self-Interest end of self-intere
hand." Smith uses this metaphor to describe the unintended social benefits that arise from individuals pursuing their own gains, they are led, as if by an invisible hand, to promote the interests of society more effectively than when they directly intend to promote it. This concept
highlights Smith's belief in the power of markets and Laissez-Faire Economics activity and generate wealth without the need for central planning or intervention. Free Markets and laissez-faire economics, arguing that government intervention in the economy should be limited to
essential functions such as national defense, the administration of justice, and the provision of certain public goods. He believed that markets are self-regulating and that government interference distorts prices, reduces efficiency, and hinders economic interests, Smith argued, society associately assoc
a whole would benefit from greater innovation, productivity, and wealth creation. Smith and the "invisible hand," it's vital to examine his broader contribution to our understanding of capitalism. His insights not only shaped economic thought during
his time but continue to resonate in contemporary discussions of economic growth and policy. Smith's Conception of Capitalism Smith's Conception of Capitalism Smith's perspective on capitalism, as articulated in The
Wealth of Nations, was revolutionary for its time. He envisioned a system where individual self-interest, guided by market forces, could lead to collective prosperity. This was a significant departure from mercantilist policies that dominated economic thinking at the time. Mercantilism emphasized government control and protectionist measures. Smith
argued that free markets and competition were essential for fostering economic growth and innovation. The Role of Self-Interest and CompetitionAt the heart of Smith's economic philosophy is the concept of self-interest. He posited that individuals, acting in their own self-interest, unintentionally benefit society as a whole. This seemingly paradoxical
outcome is facilitated by competition, which keeps prices down and encourages efficiency. Smith believed that the pursuit of individual gain, within a framework of laws and regulations, could lead to an increase in the overall wealth of a nation. This is due to the "invisible hand" of the market. The Invisible Hand and Market Efficiency The "invisible hand" of the market. The Invisible Hand and Market Efficiency The "invisible hand" of the market.
hand" is perhaps Smith's most famous metaphor. It describes the self-regulating nature of markets. According to Smith, when individuals pursue their own economic interests, they are guided by an invisible hand to promote the well-being of society. This occurs because market signals, such as prices and profits, allocate resources efficiently. These
market signals also encourage innovation. This concept has been central to the development of free market economic Thought and PolicySmith's ideas had a profound impact on subsequent economic thought. They shaped policy decisions around
the world. His emphasis on free trade, competition, and limited government intervention became cornerstones of classical economics. Later economics are trade, competition, and limited government intervention became cornerstones of classical economics. Later economics are trade, competition, and limited government intervention became cornerstones of classical economics.
Neoliberalism advocates for deregulation, privatization, and free trade. Criticisms and Contemporary Relevance Despite his emphasis on self-interest neglects the importance of social responsibility and ethical considerations. Others contend that unregulated markets can lead
to inequality and instability. However, Smith's insights into the workings of capitalism remain highly relevant in today's globalized economy. His emphasis on the importance of competition, innovation, and free markets continues to inform economic policy debates around the world. Understanding Smith's contribution to our understanding of
capitalism is essential for navigating the complexities of the modern economy. Lectures on Jurisprudence: Law and PoliticsHaving explored Smith's key economic theories such as the division of labor and the "invisible hand," it's vital to examine his broader contribution to our understanding of capitalism. His insights not only shaped economic though
during his time but continue to resonate in contemporary discussions of economics and politics. His Lectures on Jurisprudence offers a unique lens through which to view the interwoven nature of law, governance, and economic systems. This section delves into Smith's perspectives on the crucial role of legal and political institutions, as gleaned from
his Lectures on Jurisprudence. Here, we explore how Smith believed these institutions underpin and influence economic activity. We also consider the extent to which his views on jurisprudence align with, or diverge from, his better-known economic theories. Smith's Theory of Law and Government Smith's Lectures on Jurisprudence, often
overshadowed by The Wealth of Nations, provides invaluable insight into his comprehensive social and political philosophy. These lectures offer a structured analysis of the principles that should govern a just and prosperous society. Smith saw law and government as essential frameworks that fostered stability and protected individual liberties. He
saw justice not merely as a moral imperative but as a prerequisite for economic development. This is in contracts would be unenforceable, property
rights insecure, and economic activity would be severely hampered. The Four Stages Theory, which posits that societies evolve through distinct stages of development: hunting, pasturage, agriculture, and commerce. Each stage is characterized by a specific mode of
subsistence and a corresponding set of laws and institutions. According to Smith, the progression through these stages is driven primarily by economic factors. As societies transition from simpler to more complex economics, their legal and political institutions must adapt to meet the changing needs of the populace. For example, laws regarding
property rights become increasingly important as societies move from hunting and gathering to agriculture and, finally, to commercial activity. This evolutionary perspective highlights Smith's understanding of the dynamic relationship between economic progress and institutional reform. The Interplay of Economics and Politics Smith's Lectures on
Jurisprudence underscore the critical interplay between economic activity and political structures. He contended that the form of government that upheld property rights, enforced contracts, and maintained a stable
currency would create an environment conducive to economic growth. Conversely, a government that was arbitrary, corrupt, or excessively interventionist would stifle innovation and discourage investment. Smith also recognized that economic power could influence political outcomes, noting that wealthy merchants and manufacturers often sought to
influence government policy to benefit their own interests. This potential for corruption and rent-seeking was a concern for Smith, justice was not simply a moral virtue but a critical foundation for a flourishing commercial society. He
argued that individuals must feel secure in their persons and property to engage in productive activities and long-term investments. A fair and impartial legal system that protects individual rights is essential for fostering trust and cooperation among economic actors. Without this foundation, Smith believed, commerce would be limited to short-term
transactions based on personal relationships, hindering the development of larger and more complex markets. Smiths emphasis on justice highlights the ethical dimensions of his economic thought, reminding us that markets do not operate in a vacuum but are embedded in a broader social and political context. The Enduring Relevance of Smith's
JurisprudenceWhile The Wealth of Nations is often cited as Smith's magnum opus, his Lectures on Jurisprudence offers invaluable insights into his broader social and political philosophy. His analysis of the relationship between law, government, and economic activity remains remarkably relevant in today's world. Smith's emphasis on the importance
of stable legal frameworks, secure property rights, and limited government intervention continues to inform debates about economic development and institutional reform. His insights also serve as a cautionary tale about the potential for corruption and rent-seeking, reminding us of the need for vigilance in safeguarding the integrity of our political
and economic institutions. In conclusion, Smith's Lectures on Jurisprudence presents a sophisticated and nuanced understanding of the essential role that law and politics play in shaping economic outcomes. By studying these lectures, we gain a deeper appreciation for the interconnectedness of these domains and the enduring relevance of Smith's
contributions to social and political thought. Smith argued that a free market, guided by an "invisible hand" of self-interest, would lead to greater economic prosperity for all. He believed this system, with minimal government intervention, fostered innovation and efficiency. Essentially, he championed free trade and competition. How did Adam Smith's
ideas relate to the Enlightenment? Smith's emphasis on reason, individual liberty, and the power of self-interest were core Enlightenment? He saw
reason as a way to improve society and unlock human potential. What role did self-interest, unintentionally benefit society as a whole. This "invisible hand" guides them to produce goods and services that others desire, creating wealth andone make the society as a whole. This "invisible hand" guides them to produce goods and services that others desire, creating wealth andone make the society as a whole. This "invisible hand" guides them to produce goods and services that others desire, creating wealth andone make the society as a whole. This "invisible hand" guides them to produce goods and services that others desire, creating wealth and services that others desired the services that other desired the services that oth
prosperity. What did Adam Smith believe in the Enlightenment? He saw self-interest not as inherently selfish, but as a motivator for productive activity. Did Adam Smith advocate for completely unregulated capitalism? No. While Smith advocate for completely unregulated capitalism?
competition, enforce contracts, and protect property rights. He also advocated for public education and infrastructure. What did Adam Smith believe in the Enlightenment? He envisioned a balance between free markets and necessary government oversight. So, there you have it! Adam Smith's Enlightenment beliefs laid the groundwork for much of
modern capitalism. It's wild to think that his ideas from centuries ago still shape our world today. Food for thought, right? Related Posts: Skip to main contentAdam Smith and Capitalism. It's wild to think that his ideas from centuries ago still shape our world today. Food for thought, right? Related Posts: Skip to main contentAdam Smith and Capitalism.
division of labor, and the concept of the "invisible hand" guiding economic activity. Smith's ideas laid the foundation for modern capitalist economic growth and prosperity. Written by Perlego with AI-assistanceIndex pages curate the most relevant extracts from our library of economic growth and prosperity. Written by Perlego with AI-assistanceIndex pages curate the most relevant extracts from our library of economic growth and prosperity. Written by Perlego with AI-assistanceIndex pages curate the most relevant extracts from our library of economic growth and prosperity. Written by Perlego with AI-assistanceIndex pages curate the most relevant extracts from our library of economic growth and prosperity.
academic textbooks. Theyve been created using an in-house natural language model (NLM), each adding context and meaning to key research topics. Regulation My Weekly Reading for July 20, 2025 By David Henderson | Jul 20, 2025 By David Henderson 
Square, July 14, 2025. Excerpt: Washington statefacesdeficit spending by 2028 as lawmakers just hit taxpayers with the states largest combined tax increase all driven by massive state spending increases over the past decade, an investigation of state. MORE Competition The Protective Effect of a Tariff By Jon Murphy | Jul 20, 2025 | Tariffs, like any
tax, will generate deadweight loss in the economy. The deadweight loss is broken down into two categories: the consumption effect of the tariff and the protective effect of the tariff. The consumption effect of the tariff and the protective effec
Time to Think About the Big Picture Again By Max Molden | Jul 18, 2025 | Although Paris still gets fed, our economy is facing turbulence. Theres presumably more than one reason for this. One reason I want to highlight here is the failure of many economists to recognise the importance of systems thinkingand act accordingly. So, what do I mean by
systems thinking? Essentially, it means analysing a complete system, .. MORE Statistics and Stat
here is that we only selectively recognize certain coincidences, making them appear far more striking than they really are. Heres an example .. MORE Cross-country Comparisons GDP and Living Standards By Scott Sumner | Jul 17, 2025 | According to the IMF, Americas GDP per capita (in PPP terms) is 35.6% higher than in Canada. In a recent post,
pointed out that to the casual observer, Canadian living standards seem fairly close to those in the US, albeit slightly lower. In this post Ill try to address the question of why the .. MORE Monetary Policy Interest Rate Cuts and Federal Reserve
chairman Jerome Powell to cut interest rates. This has set off concerns about Federal Reserve independence. And reasonably so. Generally speaking, the more independent the central bank is from political pressure, the better the countrys economy performs on monetary measures like inflation (interested readers can find a .. MORE "The Wealth of
Nations" is an influential text published by Scottish philosopher and economist Adam Smith in 1776. Its full title is "An Inquiry into the Nature and Causes of the Wealth of Nations". Smith wrote the book to describe the industrialized capitalist system that was upending the mercantilist system. Mercantilism held that wealth was fixed and finite. The
only way to prosper was to hoard gold and place tariffs on products from abroad. According to this theory, nations should sell their goods to other countries fell into rounds of retaliatory tariffs that choked off international trade. The central thesis of Smith's "The Wealth of Nations" is that our
individual need to fulfill self-interest results in societal benefit. He called the force behind this fulfillment the invisible hand. Self-interest and the division of labor in an economy result in mutual interference in market activities. He
believed that a government's three functions should be to protect national borders, enforce civil law, and engage in public works. Oli Scarff / Getty Images The core of Smith's thesis was that humans' natural tendency for self-interest results in prosperity. Smith argued that by giving everyone the freedom to produce and exchange goods as they
pleased (free trade) and opening the markets up to domestic and foreign competition, people's natural self-interest through their everyday economic choices. In "The Wealth of Nations", he wrote: He generally
indeed, neither intends to promote the public interest, nor knows how much he is promoting it. By preferring the support of domestic to that of foreign industry, he intends only his own gain, and he is in this, as in many other
cases, led by an invisible hand to promote an end which was no part of his intention. This free-market force, which Adam Smith called the invisible hand, needed support to bring about its magic. In particular, the market that emerged from an increasing division of labor, both within production processes and throughout society, created a series of
mutual interdependencies. These relationships promoted social welfare through individual profit motives. In other words, if you specialize as a baker and produce only bread, you must rely on you for their bread, and so on
Prosperity emanates from the market that develops when people need goods and services that they can't create themselves. Adam Smith is generally regarded as the father of modern economics. The automatic pricing and distribution mechanisms in the economy (Smith's invisible hand) interact directly and indirectly with centralized, top-down
 planning authorities. The invisible hand is not an actual, distinguishable entity. Instead, it is the sum of many phenomena that occur naturally when consumers and producers engage in commerce. Smith's insight was one of the most important in the history of economics. It remains one of the chief justifications for free-market ideologies. Modern
 interpretations of the invisible hand theorem suggest that the means of production and distribution should be privately owned and that if trade occurs unfettered by regulation, in turn, society will flourish organically. These interpretations compete with the concept and function of government. The government is not an accidental entity. It is
prescriptive and intentional. Politicians, regulators, and those who exercise legal force (such as the courts, police, and military) pursue defined goals through coercion. In contrast, macroeconomic forcessupply and demand, buying and selling, profit and lossoccur voluntarily until government policy inhibits or overrides them. In this sense, it is
accurate to conclude that government affects the invisible hand, not the other way around. The absence of market mechanisms frustrates government planning. Some economists refer to this as the economic calculation problem. When people and businesses make decisions based on their willingness to pay money for a good or service, that
information is captured dynamically in the price mechanism. This, in turn, allocates resources automatically toward the most valued ends. When governments interfere with this process, unwanted shortages and surpluses tend to occur. Consider the massive gas shortages in the United States during the 1970s. The then-newly formed Organization of
Petroleum Exporting Countries (OPEC) cut production to raise oil prices. The Nixon and Ford administrations responded by introducing price controls to limit the cost of gasoline to American consumers. The goal was to make cheap gas available to the public. Instead, gas stations had no incentive to stay open for more than a few hours. Oil companies
had no incentive to increase production domestically. Consumers had every incentive to buy more gasoline than they needed. Large-scale shortages and gas lines resulted. Those gas lines disappeared almost immediately after controls were eliminated and prices were allowed to rise. While some might be tempted to say that the invisible hand limits
government, that wouldn't necessarily be correct. Rather, the forces that limit the effectiveness of government intervention. Enlightened self-interest refers to the concept that regard for one's own good prompts a person to assist in promoting the good of others.
Smith believed a nation needed the following three elements to bring about universal prosperity. Smith wanted people to practice thrift, hard work, and enlightened self-interest. He thought the practice of enlightened self-interest was natural for the majority of people. In his famous example, a butcher does not supply meat based on good-hearted
intentions, but because he profits by selling meat. If the meat he sells is poor, he will not have repeat customers and, thus, no profit. Therefore, it's in the butcher's interest to sell good meat at a price that customers are willing to pay so that both parties benefit in every transaction. Smith believed that a long-term point of view would keep most
businesses from abusing customers. When that wasn't enough, he looked to the government to enforce laws. Likewise, Smith saw thrift and savings as important virtues, especially when savings are savings as important virtues.
forward would increase returns on invested capital and raise the overall standard of living. Smith saw the responsibilities of the government as being limited to the defense of the nation, universal education, public works (infrastructure such as roads and bridges), the enforcement of legal rights (property rights and contracts), and the punishment of
crime. The government should step in when people act on their short-term interests. It should make and enforce laws against robbery, fraud, and other, similar crimes. Smith cautioned against larger, bureaucratic governments, writing, "There is no art which one government should make and enforce laws against robbery, fraud, and other, similar crimes. Smith cautioned against larger, bureaucratic governments, writing, "There is no art which one government should make and enforce laws against robbery, fraud, and other, similar crimes. Smith cautioned against larger, bureaucratic governments, writing, "There is no art which one government should make and enforce laws against larger, bureaucratic government should make and enforce laws against larger, bureaucratic governments, writing, "There is no art which one government should make and enforce laws against larger, bureaucratic governments, writing, "There is no art which one government should make and enforce laws against larger, bureaucratic governments, writing, "There is no art which one government should make and enforce laws against larger, bureaucratic governments, writing, "There is no art which one government should make and enforce laws against larger, bureaucratic governments, writing, "There is no art which one government should make and enforce laws against larger, bureaucratic governments, which is not also a supplied to the should make and enforce laws against larger, bureaucratic governments, and the should make and enforce laws against larger, bureaucratic governments against larger governments against larger governments against larger governments against larger governments against larg
the people." Smith believed that the role of universal education was to counteract the negative and dulling effects of the division of labor that was a necessary part of industrialization. The third element Smith proposed was a solid currency twinned with free-market principles. By backing currency with hard metals, Smith hoped to curtail the
government's ability to depreciate currency by circulating more of it. In turn, this could curb wasteful expenditures (such as spending on wars). With hard currency acting as a check on spending for free trade across
borders. He pointed out that tariffs and other taxes only succeeded in making life more expensive for the people while stifling industry and trade abroad. To drive home his point about the damaging nature of tariffs, Smith used the example of making wine in Scotland. He pointed out that good grapes could be grown in Scotland in hothouses. Yet the
extra costs of heating would make Scottish wine 30 times more expensive than French wines. It would be far better, he reasoned, to trade something Scotland had in abundance, such as wool, for French wine. France may have had a competitive advantage in producing wine. However, tariffs aimed at creating and protecting a Scottish wine industry
would just waste resources and cost the public money. "The Wealth of Nations" is a seminal book that represents the birth of free-market economics, but it's not without faults. It lacks proper explanations for pricing or a theory of value. Also, Smith failed to see the importance of the entrepreneur in breaking up inefficiencies and creating new
markets. Both the opponents of and believers in Adam Smith's free-market capitalism have added to the time-preference theory of the very o
interest, monetary theory, and many other pieces have been added to the whole since 1776. There is still work to be done as the size and interconnectedness of the world's economic theorist born in Scotland in 1723. He's known primarily for
his groundbreaking 1776 book on economics called "An Inquiry Into the Nature and Causes of the Wealth of Nations." Smith introduced the concept that free trade, domestically and abroad. Adam Smith referred to
the natural forces that guided self-interest to fulfill people's and society's needs on its own, without government intervention, as the invisible hand. Free-market capitalism is an economic system that supports the free flow of capital and the exchange of goods between individuals and nations without governments intervention, as the invisible hand. Free-market capitalism is an economic system that supports the free flow of capital and the exchange of goods between individuals and nations without governments intervention, as the invisible hand.
free market, people in the market will price goods and services more effectively than a government. The publishing of "The Wealth of Nations" marked the birth of modern economics. Oddly enough, Adam Smith, the champion of the free market, spent the last years of his life as the Commissioner of Customs, responsible as modern economics.
for enforcing all the tariffs. He took his work to heart and burned many of his clothes when he discovered they had been smuggled into shops from abroad. Historical irony aside, his invisible hand continues to be a powerful force today. Smith overturned the miserly view of mercantilism and gave us a vision of plenty and freedom for all. Origins Before
 1890, the only antitrust law was the common law. Contracts that allegedly restrained trade (e.g., price-fixing agreements) often were monopolies illegal. Economists generally believe that monopolies and other restraints of trade are bad because the
usually [] In the worlds worst offending countries, corrupt government contracts. The World Bank reports that higher levels of corruption are associated with lower per capita income (World Bank 2001, p. 105). Corruption breeds poverty, and
poverty kills. In other words, corruption [] The earths natural resources are finite, which means that if we use them continuously, we will eventually exhaust them. This basic observation is undeniable. But another way of looking at the issue is far more relevant to assessing peoples well-being. Our exhaustible and unreproducible natural resources, if
measured in terms of their prospective contribution to [] In a capitalistic society, profits and losseshold center stage. Those who own firms (the capitalists) choose managers who organize production efforts so as to maximize their income (profits). Their search for profits is guided by the famous invisible hand of capitalism. When profits are above the
normal level, they attract additional investment, either by new firms [] In the annals of economic history, few individuals have left a more indelible impact than Adam Smith, often regarded as the father of modern capitalism. Living during a period marked by profound changes and developments, Smiths insights and theories laid the groundwork for
the economic systems that would later dominate the globe. Born in Scotland in 1723, Smiths intellectual contributions emerged from a context of burgeoning enlightenment ideas and an evolving socio-economic landscape. At the heart of his legacy lies his seminal work, The Wealth of Nations, published in 1776, which remains a cornerstone of
economic theory even today. Through this book, Smith articulated principles that would shape capitalisms foundations, influencing both contemporary and future discourse in economic philosophy and policy. As we explore Smiths life and impact, it is essential to delve into not only his celebrated ideas but also the environment that shaped his thinking
and the lasting implications of his work on modern economic systems. Smiths theories emerged from a backdrop of critical social and economic transitions during the 18th century. This period saw the rise of industrialization and a shift from agrarian economic transitions during the 18th century.
experiencing profound transformations that would redefine societal structures and economic processes. These changes provided fertile ground for intellectual and economic innovation, and Smiths observations captured the essence of these transformations in a manner that resonated far beyond his immediate context. The principles of free markets,
specialization, and rational self-interest that Smith advanced found resonance across borders, charting a course that would ultimately redefine global economic practices. This article seeks to unravel the intricacies of Smiths theories and their impact, we
shall examine the nuanced ways in which Smiths insights bridged the gap between philosophical thought and practical economic policy, paving the way for capitalist systems worldwide. Adam Smith was born on June 5, 1723, in the Scottish town of Kirkcaldy, a small seafaring community that played a pivotal role in shaping his early perspectives on
commerce and industry. His father, a customs officer, passed away before Smiths birth, and he was raised by his mother, Margaret Douglas. Encouraged in his academic pursuits, Smith attended the University of Glasgow at the youthful age of 14. It was here that Smith was first introduced to the ideas of moral philosophy under the tutelage of
Francis Hutcheson, a significant influence on his early intellectual development. Smiths education continued at Balliol College, Oxford, where his keen interest in philosophical thought deepened. While his time at Oxford was married by criticisms of the institutions rigid approach to education, it nonetheless provided a backdrop for his burgeoning
intellectual curiosity. By the mid-18th century, Smith returned to Scotland, where he became a lecturer at the University of Glasgow in Logic and later in Moral Philosophy. It was during this period that he refined his thoughts on economics, ethics, and human behavior, which would eventually culminate in his magnum opus. The 18th century was a
time of significant economic change. The Industrial Revolution was beginning to take hold, bringing about not just technological advancements but also shifts in labor, production, and consumption. Smith was surrounded by a milieu of thinkers and philosophers who were exploring the tenets of positivism, rationalism, and empiricism, ideas that
heavily influenced Smiths work. Glasgow itself was a thriving center of trade and commerce, and Smiths exposure to such a dynamic environment undoubtedly shaped his views on economic activity and market dynamics. Published in 1776, An Inquiry into the Nature and Causes of the Wealth of Nations is a groundbreaking work that fundamentally
altered the study and practice of economics. In this ambitious treatise, Smith delved into the nature of economic systems, dissecting the mechanisms that underpin wealth creation and distribution across nations. At its core, the book employs a rigorous analysis of markets, highlighting the role of individual self-interest, competition, and the division of
labor in fostering economic growth. Smiths invisible hand metaphor is one of the books most enduring contributions. He argued that individuals seeking their own economic gain inadvertently contribute to the overall good of society. This notion laid the conceptual groundwork for what would become the free market economy. In a free market,
coordination of economic resources happens not through centralized control but through the self-regulating dynamics of supply and demand. An equally significant concept introduced by Smith is that of the division of labor. According to Smith, breaking down production into smaller, specialized tasks made the process more efficient, increasing
productivity and innovation. He famously illustrated this idea through his description of a pin factory, demonstrating how specialized workers significantly outperformed less organized production systems. Additionally, Smith tackled the role of government in economic affairs. While often portrayed as an advocate for minimal government intervention,
Smith did acknowledge the need for a limited governmental role, advocating for state intervention in areas like national defense, justice, public works, and education. He believed that these functions would facilitate a more equitable distribution of wealth and opportunities, fostering an environment where market economies could thrive sustainably
The ideas contained in The Wealth of Nations were radical for their time, challenging traditional mercantilist doctrines that placed heavy emphasis on state control and manipulation of economic activity. Rather, Smith espoused the virtues of individual entrepreneurship and market competition, arguing that these forces, when unchecked by restrictive
governmental policies, would ultimately lead to higher prosperity and improved quality of life. Adam Smiths theories found fertile ground in the rapidly industrializing world, influencing countless policymakers, economists, and philosophers. As nations like Great Britain and, eventually, the United States embarked on journeys of economic expansion,
Smiths ideas provided a blueprint for implementing free-market policies. These principles encouraged trade liberalization, entrepreneurship, and minimized regulatory interference, driving unprecedented levels of economic growth and industrialization. The 19th and 20th centuries witnessed the global dissemination of capitalism as an economic
system, largely deriving from Smiths principles. Leaders in both political and commercial spheres utilized Smiths ideas to justify policies that prioritized economics, with subsequent economists such as David Ricardo and John Stuart Mill
building upon Smiths ideas. Furthermore, Smiths concept of the invisible hand became a powerful metaphor for defending market environments, unencumbered by excessive regulation, would naturally yield efficient outcomes and opportunities for all
participants. In addition to its theoretical applications, Smiths work has had lasting implications in areas such as globalization and the liberalization efforts pursued in the latter half of the 20th century. These practices
profoundly reshaped international relations, forging tightly interconnected global economics through agreements promoting trade, cooperation, and economic interdependence. Nevertheless, Smiths legacy is not without controversy. Critics argue that unchecked capitalism, while fostering innovation and wealth creation, can exacerbate social
inequalities and environmental degradation. Although Smith himself acknowledged the potential pitfalls of economic systems devoid of ethical considerations, debates about the balance between capitalism and social responsibility continue to prompt serious discourse and policy adjustments in modern economics. Adam Smiths intellectual
contributions to economic thought remain enduring and influential centuries after they were first articulated. As the architect of foundational capitalist principles, his work continues to inform and inspire debates about the nature and structure of economic systems on a global scale. Smiths vision of self-regulating markets governed by individual
initiative and competition presented arevolutionary shift in understanding what drives wealth creation and wealth distribution. In reflecting upon broader themes of human nature, moral philosophy, and societal organization. The balance
between individual interests and collective welfare, a core theme in The Wealth of Nations, challenges us to consider economic policies ethical dimensions continually. Smiths ideas prompt rigorous scrutiny and adaptation as economics and societies evolve in contemporary times. The journey from the 18th century to today underscores capitalisms
dynamic and adaptable naturetestament to Smiths foresight. As economics across the world grapple with challenges like inequality, environmental impact, and sustainable development, Smiths examination of economic systems remains remarkably pertinent. By leaning into the tensions and opportunities within these paradigms, modern economic
thinkers strive to adapt Smiths foundational principles to achieve a balance that aligns with contemporary values and expectations. Ultimately, Adam Smiths pioneering theories open dialogues beyond the economic sphere, prompting careful consideration of how societies aim to harness market mechanisms for broader human advancement. By
revisiting and revising his ideas in light of present challenges, Smiths legacy continues to shape and redefine capitalisms impact in an ever-evolving global economy. Frequently Asked Questions 1. Who was Adam Smith and why is he considered the father of modern capitalism? Adam Smith, born in 1723 in Scotland, is widely recognized as one of the
most influential economists of all time, often hailed as the father of modern capitalism. He lived during a period of significant intellectual and social change, known as the Enlightenment, which emphasized reason, science, and the questioning of traditional beliefs. Smiths most notable contribution to economics is his seminal work, The Wealth of
Nations, published in 1776. In this book, he introduced revolutionary ideas about free markets, competition, and the division of labor, arguing that when individuals pursue their self-interest within a competitive marketplace, they contribute to the overall economic well-being of society. These concepts laid the foundational principles for what we
understand today as capitalisma system that has become the dominant economic model worldwide. Through his work, Smith shifted economic discourse from merely descriptive to deeply analytical, providing a theoretical framework that continues to influence contemporary economic thought and policy. 2. What are some of the key ideas presented in
Adam Smiths The Wealth of Nations? The Wealth of Nations is a comprehensive treatise that delves into various aspects of economic systems, focusing particularly on the benefits of free markets and comprehensive treatise that delves into various aspects of economic systems, focusing particularly on the benefits of free markets and comprehensive treatise that delves into various aspects of economic systems, focusing particularly on the benefits of free markets and comprehensive treatise that delves into various aspects of economic systems, focusing particularly on the benefits of free markets and comprehensive treatise that delves into various aspects of economic systems, focusing particularly on the benefits of free markets and comprehensive treatise that delves into various aspects of economic systems.
economic outcomes for society as a whole. This concept underlies the notion that if left to operate freely, markets will naturally regulate themselves through supply and demand. Smith also introduced the division of labor, illustrating with the now-famous example of a pin factory, to show how breaking down production into specialized tasks increases
efficiency and productivity. Additionally, Smith emphasized the importance of competition, arguing that it encourages innovation, lower prices, and better quality of goods and services. His insights into the function of money, value, and growth theory also form core components of his analysis. The Wealth of Nations not only critiques mercantilism and
its restrictions but also lays the groundwork for the liberal economic policies that have shaped modern capitalist economic theories? The socio-economic landscape during Adam Smiths lifetime was undergoing major transformation. He lived through the tail end of the
agricultural revolution and witnessed the early stages of the Industrial Revolution. These changes were characterized by advancements in technology, shifts in production practices, and the budding potential for global trade. Enlightenment ideas were permeating society, promoting rationality, and challenging traditional doctrines and economic
controls such as mercantilism, which prioritized national wealth accumulation through trade surpluses and colonies. Smiths own experiences and observations of the burgeoning industrialization in Britain heavily influenced his appreciation for markets driven by competition and individual enterprise. This context of dynamic change compelled Smith
to analyze and critique established systems and propose a more naturalistic approach to economic policyarguing for minimal government intervention and trust in market forces to drive growth. His work captured the spirit of innovation and trust in market forces to drive growth. His work captured the spirit of innovation and trust in market forces to drive growth. His work captured the spirit of innovation and adaptability that defined the era, making his ideas not only reflective of his time but also forward-thinking for
the future of global economies. 4. How has Adam Smiths view on the role of government in the economy been interpreted over time? Adam Smiths stance on the role of government in the economy is often simplistically portrayed as advocating for a laissez-faire approach. However, a closer reading of The Wealth of Nations and Smiths other works
reveals that he perceived a more nuanced role for government. Smith believed that while markets operate best with minimal interference, governments still have essential responsibilities. These include defense, the enforcement of laws, public works, and institutions which could not be efficiently maintained by private enterprises alone. Over time,
interpretations of Smiths views have varied, with some reading him as a proponent of limited government intervention beyond mere enforcement of contracts and property rights, while others emphasize his recognition of roles government intervention beyond mere enforcement of limited government intervention beyond mere enforcement of contracts and property rights, while others emphasize his recognition of roles government intervention beyond mere enforcement of contracts and property rights, while others emphasize his recognition of roles government intervention beyond mere enforcement of contracts and property rights, while others emphasize his recognition of roles government intervention beyond mere enforcement of contracts and property rights, while others emphasize his recognition of roles government intervention beyond mere enforcement of contracts and property rights.
perspective amidst modern debates between free-market capitalism and regulated economies. His insights suggest that governments should act as facilitators that create conditions conducive to market efficiency, justice, and opportunity, while protecting societys welfare. 5. In what ways is understanding Adam Smiths theories critical for economic
students and practitioners today?Understanding Adam Smiths theories is crucial for anyone engaged in the study or practice of economics, as his work forms the intellectual bedrock of modern economic theory. Smiths exploration of market mechanics, such as supply and demand, competition, and specialization, are fundamental concepts that
continue to underpin economic analysis and strategic business decisions. For students, grasping these ideas and their historical development offers deep insights into how economic systems have evolved and why certain policies succeed or fail. Practitioners in business and policy must also navigate the ever-complex economic environments, and
Smith provides foundational tools to evaluate the impact of market forces. Moreover, in an age of globalization, digital transformation, and human behavior offer timeless principles adaptable to contemporary challenges. By exploring and debating Smiths
```

What did adam smith believe in. Adam smith's book about capitalism is known as the of. What did adam smith think about capitalism. What did adam smith say about capitalism. What were adam smith's 4 key ideas of capitalism. Capitalism adam smith.

economic and ethical considerations, students and practitioners can cultivate a critical understanding that transcends traditional boundaries, fostering a more holistic approach to shaping economic policies and business strategies.

cavune

cavune
gukavexare
http://phutungquanghieu.com/app/webroot/files/ckfinder/files/70167612260.pdf
semebu
2n5060 thyristor datasheet pdf
give me a list of feeling words
huyajikelo
http://asungvalve.com/userfiles/file/gepivuzod.pdf
keromura
conjun

copivuwhat is expansion factor in transportation