Adam Smith's Concept of Social Justice

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Abstract This paper examines the concept of moral egalitarianism in Adam Smith's corpus. I argue that it is precisely the idea of 'equal moral worth' that forms the nucleus of a theory of social justice that has generally thought to be absent in Smith's corpus. Contrary to belief among many economists and libertarian philosophers, Smith's idea of justice was not simply protection of a person's property rights but also a protection from a violation of their human dignity. By considering Smith's ideas on education and human development, protecting a person's dignity turns out not simply to be a matter of protecting a person from insult and personal injury but rather a matter of protecting their material livelihood and the opportunities to develop their mental and moral capacities. I summarise Smith's concept of social justice as 'equal opportunity for human flourishing'.

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1. Introduction

In a penetrating and enlightening philosophical analysis of Adam Smith's corpus, Fleischaker (2004) concludes that Smith was a 'moral egalitarian': each person is of equal moral worth. This is a subtle and significant claim that departs radically from the received view – generally found among economists, at least – that the soul of Smith's thought was unconcerned with matters that have major implications for social justice.[1] The received view is essentially founded on four snippets of his thought found both in the *Theory of Moral Sentiments* (*TMS*) and the *Wealth of Nations* (*WN*).

The first snippet is what is best called the 'invisible hand theorem': whenever people are left alone to pursue their own interests, an invisible hand ensures that they will benefit society as a whole.[2] The second snippet concerns his discussion of justice. In *TMS* and later in *WN* (as well as in the posthumous *Lectures in Jurisprudence* (*LJ*)), Smith, following the natural law tradition that has its roots in Aristotle, splits off questions of *distributive* or social justice, namely the obligation of the community to the individual, from his concept of justice, reserving the term for *commutative* justice, or the protection from injury by another.[3] Following this classical tradition, distributive justice is equated with beneficence, the application of 'charity and generosity' based on an individual or social assessment of 'merit'. Under this notion the rules that assign particular objects to particular persons, which is the nub of the concept of distributive justice, is a private and not a public matter or one of social norms; it is not a duty of the society at large and no one has a claim in morality against others to alleviate their condition. Smith subsumes this notion of justice under 'all the social virtues'. The third snippet concerns his apparent endorsement of the

[1] For a brief summaries of the received view see Witztum (1997) and Verburg (2000). See also Buchanan (1976), Coase(1976), Devine (1977).

[2] *TMS* IV.i.1.10, *WN* IV.ii.9.

[3] *TMS* II.ii, VII.ii.

distinctions of rank and wealth as being both natural and useful: *natural* because it is in the very nature of humans to show esteem for the 'rich and great'; *useful* because the distinctions of rank is what is at the source of the prosperity of commercial society.[4] The fourth snippet is where he writes, in his most consequentialist frame of mind, of his willingness to trade peace and order of society for inequality.[5]

Now add the four main reasons for Smith's moral approval of the economic system that we call capitalism (what Smith called 'commercial society') the received view is complete:[6]

(*a*) The broadening of free markets reduces the price of food, and of other basic goods, thereby raising the standard of living of the worst off. (*WN* I.viii.35)
(*b*) International freed trade increases peace and friendly relations among different peoples (*WN* IV.iii.c.9)
(*c*) A commercial economy requires and is conducive to the rule of law, and to a decrease in dependency among workers (*WN* III.iv, *LJ* 332, 486)
(*d*) Participation in market exchanges fosters the virtues of self-reliance and self-government, virtues that are crucial to the development of good character in general (*LJ* 333).

Taken together, the four snippets and the four reasons would seem to imply that for Smith, the distributive outcomes – who owns what – of the unintended consequences of purposive individual choices leaves no moral claims to be satisfied, insofar as these choices have not caused injury to the property or person of another. *Any* market outcome is *as good as* another. In this vein, Raphael (1973: 101) remarked that 'Smith was no more sensitive than Hume to an egalitarian conception of justice' and that 'he was always a stratifier, never a leveller.'

Fleischacker and a number of others have argued that the received view is false.[7] However, what is important in Fleischaker's contribution is that his route to demonstrate the falsity is a radical departure from that of others and opens up

[4] *TMS* I.iii.2.3.3, *WN* V.i.b.

[5] *TMS* VI.ii.1.20.

[6] Summarized from Fleischacker (2004: 55)

[7] See, for instance, Gallagher (1998), Hont and Ignatieff (1983), Verburg (2000), Winch (1978), Witztum (1997). See also Darwell (1999) for a major review.

new ways of examining Smith's system of thought. Smith scholarship is generally historiographic: his ideas are placed in the context of their historical roots and the intellectual, economic, political, and social environment of his day. Fleischacker does something different. Following Darwell's (1999) review of recent Smith scholarship, Fleischaker says that Smith's emphasis on impartiality – present throughout the voluminous corpus – 'brings out the centrality of human equality to his thought' (Fleischacker 2004: 73). It is the equality of each person's moral worth, Fleischaker contends, which is the *reason for* taking up the position of impartiality because it is only by taking up this position that we can see others as equal. In a stroke, Fleischaker brings into focus a feature of Smith's thought that has always been believed to be absent: 'a theory of social justice' that goes beyond his classical notion of 'distributive justice' in which the 'relief and consolation of human misery' depends only upon our compassion for the poor (*TMS* VI.ii.1.20).

The purpose of this essay is to explore the consequences of Smith's moral egalitarianism a little beyond the few pages that Fleischaker devoted to it. In particular I wish to show that by viewing Smith in this light we can fill a gap in Smith's thinking that he himself explicitly recognized but struggled to find an answer to: the link between his principle of morality, sympathy, and public welfare. In an important passage in *TMS*, Smith actually said that there was no necessary link; public welfare may result from the operation of the invisible hand (*TMS* IV.1.11). Once, however, we assume moral egalitarianism, such a link emerges, even if it is not a direct one. Contrary to belief, his individual-relative (agent- and/or patient-relative) method of making moral judgements can produce a normative theory of society, i.e. a theory for ascribing the predicate 'good' to a particular social state; and it even provides us with a grading principle of justice so that we can say that some particular outcome is better than another. The key is to see that Smith comes very close to propounding a very modern idea of 'equal opportunity for welfare'.[8]

[8] On the idea of equal opportunity for welfare, see Arneson (1989), Cohen (1989), and Sen (1980).The idea that Smith held such egalitarian beliefs can also be found in Winch (1978: 99) and Hont and Ignatieff (1983: 44). However, these merely concluded that Smith was concerned with 'equality of opportunity and access' or 'equal access to the means to satisfy basic need' without examining the implications of this designation.

2. Reassessing the snippets

Before discussing Smith's egalitarianism and its theoretical implications, it is valuable to show how unsound the received view is, in particular because of the normative implications it has in economic thought today. Those advocating unfettered capitalism often hark back to Smith's butchers and bakers to underwrite this programme. The weakness of the received view is essentially methodological. The conclusion results because of what the snippets are: snippets of Smiths thought.

Let us begin with the first snippet: the 'invisible hand theorem'. There are two aspects to this. The first aspect concerns *explanations* of social institutions, such as the free market, which generate beneficial outcomes for all members of society without any agent directly intending that result. Smith's corpus is filled with examples of such phenomena. Fleischacker (2004: 139) perceptively points out, however, that the invisible hand cannot be taken characterize Smith's view of economic activity in general because in the famous sentence in *WN* (IV.ii.9) where the invisible hand is introduced in this treatise, the sub-clause 'in this, as in many other cases' is usually overlooked.[9] In a number of passages (e.g. WN II.ii, V.i.g) he discusses cases where uncordinated private action actually fails to benefit all members of society and the unfettered market distorts individual incentives. In economic terms, Smith identifies cases of market failure. While this does not imply that Smith is an egalitarian – that would be absurd – it implies that Smith recognized that not all outcomes that result from private and decentralized choices are normatively equal. Smith saw the need for rules over and above those of commutative justice that would direct private interest to socially better outcomes.

The second aspect is normative. If the 'invisible hand' should not be taken to characterize Smith's view of economic activity, it should likewise not be taken to characterize his view of the social good. The problem, however, is that it is very

[9] *WN* IV.ii.9: 'As every individual, therefore, endeavours as much as he can both to employ his capital in the support of domestick 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 publick interest, nor knows how much he is promoting it. By preferring the support of domestick to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, 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.'

easy to do so because it is in the *TMS* (IV.1.10–11) that Smith first introduced the 'invisible hand' and did so in the context of a discussion of what can best be described as a matter of distributive justice. Here Smith actually says that, assuming a Malthusian notion of the carrying capacity of the soil, the 'necessaries of life' will be distributed in much the same way, by the invisible hand as if were to be done by design (of Providence). He then further goes on to say that the only real difference between the rich and poor is a qualitative one: the rich do not actually consume much more than the poor but rather 'select from the heap what is most precious and agreeable' and it is this pickiness that actually drives them on to advance the interests of society, namely the equal distribution of the 'necessaries of life' without actually intending it. Further on Smith then claims it is the very same system that 'serves to recommend those institutions which tend to promote the public welfare' and in this context says that:

> When a patriot exerts himself for the improvement of any part of the public police, his conduct does not always arise from pure sympathy with the happiness of those who are to reap the benefit of it. It is not commonly from a fellow-feeling with carriers and waggoners that a public–spirited man encourages the mending of high roads. When the legislature establishes premiums and other encouragements to advance the linen or woollen manufactures, its conduct seldom proceeds from pure sympathy with the wearer of cheap or fine cloth, and much less from that with the manufacturer or merchant. (*TMS* IV.1. 11)

It would be erroneous to conclude that from these passages Smith believed that the 'social good' can be *reduced* to, and only to, people pursuing their individual interests and that the good and just society is unconnected to individual virtue and but the mere outcome of the invisible hand.[10] Such a view ignores Smith's broader conception of the good life which he actually expressed very explicitly in a paragraph preceding the above citation:

> In what constitutes the real happiness of human life, they [the poor] are in no respect inferior to those who would seem so much above them. In ease of body and peace of mind, all the different ranks of life are nearly upon a level, and the beggar, who suns himself by the side of the highway, possesses that security which kings are fighting for.

Now, while it is possible to argue that Smith's stoic tendency expressed here is just a argument to justifying inequality – wealth over and above the subsistence

[10] A paradigmatic expression of this opinion can be found in Schäfer and Ott (2004. 64).

level is in truth trifling as regards well-being – this is unfair as it ignores both Smith's deep concern for inequality, which I discuss below, as well as his sophisticated moral theory that factors human welfare into two components: a material part, and a subjective part which transcends material wealth and consumption with the former in service of the latter, what we now generally denote as *wellbeing*. For Smith one society (or 'social state' in the language of social choice theory) is better than another if that society (or social state) contains more people than the other with the wherewithal to reach more meaningful goals in life than mere hand-to-mouth subsistence. Smith's maximand of the good society is not, then, mere material wealth; and nor is it related to what Smith caustically called 'frivolous utility' generated from the gratification of 'childish' and 'vulgar' desires. Smith distained the lifestyles of the rich and famous and the desire by the poor to emulate such lifestyles. Clearly if maximizing subjective wellbeing – a state of mental equanimity – requires more than the invisible hand in the form of state intervention Smith would require that this intervention is made.

We now need to turn to the second snippet. Here again the wrong conclusion is generally drawn. While it is hardly disputable that Smith made use of the natural law tradition and reserved the term 'justice' for the regulation of interpersonal relations this does not imply that he evaluated social outcomes in, and only in, accord with whether or not each person has abstained from doing their neighbour 'any positive harm, and do not directly hurt him, either in his person, or in his estate, or in his reputation' (*TMS* VII.ii.10). The passage that is usually taken to suggest this is where Smith says that distributive justice, taken as beneficence, is neither a necessary nor a sufficient condition for the existence of society; in contrast commutative justice is both necessary and sufficient:

> Society, however, cannot subsist among those who are at all times ready to hurt and injure one another. The moment that injury begins, the moment that mutual resentment and animosity take place, all the bands of it are broke asunder, and the different members of which it consisted are, as it were, dissipated and scattered abroad by the violence and opposition of their discordant affections. If there is any society among robbers and murderers, they must at least, according to the trite observation, abstain from robbing and murdering one another. Beneficence, therefore, is less essential to the existence of society than justice. Society may subsist, though not in the most comfortable state, without beneficence; but the prevalence of injustice must utterly destroy it. (*TMS* II.ii.3.3)

The idea is not hard to grasp: redistribution of wealth, whether it be by private

or public means, is simply irrelevant in absence of commutative justice because there would be nothing to redistribute in the first place, or, if we follow his reasoning in *LJ* (iv.22–23) redistribution will not be necessary because in absence of commutative justice 'inequality of the goods which would otherwise be soon destroyed by the attacks of the poor, who if not hindered by the government would soon reduce the others to an equality with themselves by open violence.' However, it is also evident that Smith is also saying that *if* society is established, *then* a society with beneficence will be better ('more comfortable') than one without. He did not say that beneficence is irrelevant *tout court*.

As regards the third snippet, again the fact that Smith was of the opinion that distinctions of rank and wealth were natural and useful does not imply that he would truck no egalitarian ideas. In the first place Smith certainly did not commit the Humean version of the 'naturalistic fallacy', ought-conclusions cannot be derived from premises that consist entirely of is-statements. The fact that distinctions in rank and wealth are built into the woof and warp of human and social life does not imply that they are morally acceptable. The most that Smith said was that because they are natural, there may be little that we can do much about it without the appropriate education.

In the first place, when he implied that such distinctions are useful it was not saying they were morally good. He was, in fact, identifying the positive association between social stratification and material prosperity. At the very outset of *WN* (1) – the 'Introduction and Plan' – Smith identified this relation: 'Among the savage nations of hunters and fishers …' the population was not stratified but:

> Such nations, however, are so miserably poor, that, from mere want, they are frequently reduced, or, at least, think themselves reduced, to the necessity sometimes of directly destroying, and sometimes of abandoning their infants, their old people, and those afflicted with lingering diseases, to perish with hunger, or to be devoured by wild beasts.

Or, in more poignant language: 'Universal poverty establishes … universal equality' (*WN* V.i.b.7). Yet,

> Among civilized and thriving nations, on the contrary, though a great number of people do not labour at all, many of whom consume the produce of ten times, frequently of a hundred times more labour than the greater part of those who work; yet the produce of the whole labour of the society is so great, that all are often abundantly supplied, and a workman, even of the lowest and poorest order, if he is frugal and industrious, may enjoy

a greater share of the necessaries and conveniences of life than it is possible for any savage to acquire.

That is, commercial society, had a very special feature, which Hont and Ignatieff (1983) in their touchtone essay have called the 'paradox of commercial society'. Primitive societies were egalitarian, in which, as Smith said in the 'Early Draft' (*ED*) of *WN*, there were no 'no landlords, no usurers, no tax gatherers' (*ED* 4) and everyone retained the produce of their labour, but it was an equality of poverty with no escape. The very nature of primitive society meant that its members were incapable of freeing themselves from the grip of natural scarcity. In contrast, commercial society with its division of labour and, as he says in the *ED*, 'oppressive inequality', has a 'superior affluence and abundance commonly possessed even by this lowest and most despised member of civilized society, compared with what the most respected and active savage can attain to' (*ED* 5–6).

In the second place, Smith's acceptance – if you can call it that – of the 'plain and palpable distinctions of rank and fortune' was that he believed it to be, like many of his contemporaries, the ordering principle of social interaction of commercial society. As he says in his discussion of propriety in *TMS*, the natural disposition to esteem the rich and great is the basis of the 'distinction of ranks, and the order of society' (I.iii.2.3.3).

Finally, we come to the fourth snippet. This is philosophically more intricate, although still fairly elementary. The passages in question refer to when Smith says that:

The distinction of ranks, the peace and order of society, are, in a great measure, founded upon the respect which we naturally conceive for the former. The relief and consolation of human misery depend altogether upon our compassion for the latter. The peace and order of society, is of more importance than even the relief of the miserable. (*TMS* VI.ii.1.20)

Here Smith is arguing in a consequentialist turn of mind which simply states that an outcome is good if, and only if, it is at least as good as each of the alternative feasible outcomes (leaving 'good' as undefined). In reading this passage we must be attentive to the backdrop of Smith's acute sensitivity of the institutionalization of inequality of his day: 'Civil government, so far as it is instituted for the security of property,' he says, is in reality instituted for the defence of the rich against the poor, or of those who have some property against those who have none at all' (*WN* V.i.b.12). So what Smith is saying in this passage is that a society with peace

and order is more prosperous than one without and therefore, from a *consequentialist* view, is at least 'as good', even if inequality would be greater. The worst off are still 'as well off', or if not better, under an institutionalized inequality than under the alternate feasible system in which peace and order has broken down and everyone has been reduced to the equality of poverty. This form of consequentialist reasoning does not imply that one does not hold any views of distributive justice in general or to be an egalitarian in particular. There is no conflict between consequentialism and egalitarianism even with Smith's trade-off. Rawls, for example, is an egalitarian of a particular shade and would not bat an eyelid at Smith's reasoning. It subsumes easily under Rawls' generic definition of justice:

> All social values – liberty and opportunity, income and wealth, and the bases of self-respect – are to be distributed equally unless an unequal distribution of any, or all, of these values is to everyone's advantage
>
> Injustice, then, is simply inequalities that are not to the benefit of all. (Rawls 1971: 62)

Smith is hammering home exactly this point.[11]

3. Smith's moral egalitarianism

Having shown that it is mistaken to conclude that Smith's system of thought rules out an egalitarian ethic, we can now turn to his moral philosophy to locate his ideas on equality (or not, if the case may be). Smith's moral philosophy as it appears in *TMS* is a form of *moral sentimentalism*: an act is morally good or bad depending upon the sentiment that motivates it and not the effects it might have. For Smith, the criterion for judging the sentiment is whether an 'impartial and sympathetic spectator' would approve of the behaviour or not. A sentiment that motivates an action that has beneficial consequences for all but would not be approved by an impartial and sympathetic spectator would never be ascribed as morally acceptable.

TMS is about developing and elaborating the concept of the impartial and sympathetic spectator as a method of evaluating behaviour. First as regards the

[11] See Buchanan (1976) for a more extensive discussion of the Rawlsian nature of Smith's thought.

behaviour of others, then as regards our own behaviour. As this essay is principally concerned with only a special aspect of this theory, I will limit myself to a thumbnail sketch.

The theory is founded on two aspects of human nature: that we have basic motivations of 'self-love' and 'benevolence' and that we have cognitive control over our emotions, thoughts, and behaviour. According to Smith, the primary moral judgement concerns what he calls 'propriety' of behaviour. To obtain this judgement of whether an *agent's* (the one performing the deed) motive or the *patient's* (the recipient of the deed) reactions are warranted or proper, we employ our cognitive capacities to take up, not some external perspective, but that of the agent or patient. We do this by imaginatively projecting ourselves into their lives, and doing this in an impartial manner by taking on the full repertoire of their thoughts, emotions and deeds. It is this impartial and imaginative projection that Smith calls 'sympathy'. As Darwell (1999: 142) rightly says, Smith's method of making moral judgements is 'deeply *individual-relative* – either *agent*-relative or *patient*-relative or both'. When we judge the motive of a person's behaviour or a person's reactions to another, we do so from their own perspective, viewing the choice situation or reaction as they would confront it in deliberation or experience.

As Smith is concerned principally with the regulation of our own conduct, the method is to be employed not simply towards the evaluation of other's behaviour but our own. Hence we employ the device of the impartial and sympathetic spectator to determine the propriety of our own conduct by projecting ourselves into the shoes of those who will be at the receiving end of our behaviour: either as patients or as observers of our own reactions to others. A behaviour or reaction is then judged to be moral or immoral, just or unjust in accord with whether or not the impartial spectator would hand out praise or disapprobation or acceptance or punishment.

There are many subtleties and intricate problems with this theory. I want to concentrate on one of them, because it is central to Smith's egalitarianism. Whereas our cognitive capacities enable to imaginatively slip into the life of another so that we may 'blush for the impudence and rudeness of another' (*TMS* I.i.1.10) provides a means of gaining a perspective on the world, it must be noted that this process is regulated by some natural capacity or function but by a moral principle: that of impartiality. That is to say, impartiality is not a way of providing

a perspective as is the process of imaginative projection, but rather is a method of disciplining the way in which we perform this projection (Darwall 1999: 142). To judge something impartially is to relinquish our self-centred feelings and take up without prejudice the interests and feelings of *each* and *every* party relevant to the situation that we are attempting to judge and to accept these interests and feeling in full for what they are. Sympathy alone will not guarantee that I do this because my cognitive capacities only mean that I can do this; they do not imply with whom and to what extent I will do it. I may decide to select only a subset of the parties or a subset of the interests and feeling. Impartiality directs me to accept the full set of interests and feelings; in the language of modern welfare economics we would say that impartiality is captured by an unrestricted domain of persons and interests. Impartiality is, then, clearly an independent moral principle. At one stage Smith identifies 'impartial spectator' with 'reason, principle, conscience' which has the capability of 'astonishing the most presumptuous of our passions, that we are but one of the multitude, in no respect better than any other in it …' (*TMS* III.iii.5.4)

But now we face a new question. Why be impartial? Why is it that we want to regulate "sympathy"? Why prick the balloon of self-love with its attendant 'presumptuous of our passions'? Why is it that, continuing from the previous citation, 'when we prefer ourselves so shamefully and so blindly to others, we become the proper objects of resentment, abhorrence, and execration'? The main reason – and Fleischacker (2004: 73) appropriately calls it 'striking' – is that behind the principle of impartiality is standing a prior moral principle of which impartiality is but an instrument. It is the means by which we see others as equal; it brings into sharp focus the quintessential importance of equality in Smith's thinking. Impartiality is not about altruism and self-sacrifice, but about equating the value of others with our own:

> In the same manner, to the selfish and original passions of human nature, the loss or gain of a very small interest of our own, appears to be of vastly more importance, excites a much more passionate joy or sorrow, a much more ardent desire or aversion, than the greatest concern of another with whom we have no particular connexion. His interests, as long as they are surveyed from this station, can never be put into the balance with our own, can never restrain us from doing whatever may tend to promote our own, how ruinous soever to him. Before we can make any proper comparison of those opposite interests, we must change our position. We must view them, neither from our own place nor yet from his, neither with our own eyes nor yet with his, but from the place and with the eyes of a third person, who has no particular connexion with either, and who judges

with impartiality between us. (*TMS* III.3.3)

In sum: we are all of the same moral worth.

While there is little doubt that Smith believed that the fundamental equality of people was a moral principle such that we *ought* to treat others as equals, what else could be said of his exhortation that 'we are but one of the multitude, in no respect better than any other in it', this is not a sudden proto-Kantian leap from moral sentamentalism. For it is also true that Smith's moral egalitarianism rests upon the same naturalistic and individualistic foundation as the concept of sympathy. It is not a doctrine only for the wise and virtuous. It is in our human nature. Each of us is responsive to expressions of moral equity and inequity, at least as regards our own being. Although clearly for Smith moral equality puts pressure on us in how we perceive and act, it is not an abstract ethical maxim but a real feeling: 'We are delighted to find a person who values us as we value ourselves, and distinguishes us from the rest of mankind, with an attention not unlike that with which we distinguish ourselves' (*TMS* II.iii.1.4). In the same vein Smith describes how moral equality underpins commutative justice. If we appreciate being treated as equal and with dignity, then we will resent disrespect for our dignity and equality:

> What chiefly enrages us against the man who injures or insults us, is the little account which he seems to make of us, the unreasonable preference which he gives to himself above us, and that absurd self-love, by which he seems to imagine, that other people may be sacrificed at any time, to his conveniency or his humour. The glaring impropriety of this conduct, the gross insolence and injustice which it seems to involve in it, often shock and exasperate us more than all the mischief which we have suffered. To bring him back to a more just sense of what is due to other people, to make him sensible of what he owes us, and of the wrong that he has done to us, is frequently the principal end proposed in our revenge, which is always imperfect when it cannot accomplish this. When our enemy appears to have done us no injury, when we are sensible that he acted quite properly, that, in his situation, we should have done the same thing, and that we deserved from him all the mischief we met with; in that case, if we have the least spark either of candour or justice, we can entertain no sort of resentment. (*TMS* II.iii.1.5).

So Smith did care about inequality – it was part of his own sympathies. In his chapter on wages, he had an eye on the importance of distributive justice:

> 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).

But his care was not simply a personal or dogmatic matter, so evident from the way he laces his writing with descriptions and rhetorical exhortations about the life of the poor, it is located at the very core of his system of thought. It is but a consequence of his moral sentamentalism.

4. Explaining inequality

A doctrine of the equality of dignity and worth of individuals, whether metaphysical or founded on feelings, when taken onboard can regulate our behaviour via its psychological impact because, when taken seriously, we begin to see ourselves 'as in no respect better than any other' and this will feed through into our actual choices and behaviour; and it could even be said to regulate the laws of justice as it would guide rule making as regards punishment for causing injury. It is the substance of humility. But does it do more? Does such a norm point to the rules of distributive justice, the rules 'that assign particular objects to particular persons'? Does it give us any practical guideline for evaluating states of the world? That is, does moral egalitarianism imply that what *A* has *B* ought to also have no matter what in terms of wellbeing or basic necessities of life, or opportunities (there are many forms of egalitarianism)? What is the moral worth of a norm that is mute about the poor labourer who

> has all the inconveniencies of the soil and the season to struggle with,

who,

> is continually exposed to the inclemency of the weather and the most severe labour at the same time

and,

> who as it were supports the whole frame of society and furnishes the means of the convenience and ease of all the rest

but,

> he is himself possessed of a very small share and is buried in obscurity

and, with a final flourish before the curtain comes down:

bears on his shoulders the whole of mankind, and unable to sustain the load is buried by the weight of it and thrust down into the lowest parts of the earth, from whence he supports all the rest (*LJ*, vi.28)

If the moral egalitarian does not want to be the adherent of an empty doctrine he is obliged to either deduce criteria and policies to reduce such real inequity or if no operational principles follow then demonstrate that it is consistent with the doctrine. Furthermore, as Fleischaker (2004: 74) observes, the moral egalitarian also has to confront not only the existence in socio-economic and political inequity but also differences in human characteristics such as intelligence, beauty, and virtue.

Being the acute, comprehensive, and systematic thinker that he was, it comes as no surprise that Smith had in fact considered these two problems. And in typical style he can show that they are closely related. A response to the second elicits answers to the first. Smith's conjectured that most of the differences that we observe between people are not innate but environmental. In an explicit passage in *WN*, where Smith could almost be said to be anticipating the legendary phrase of one of his most avid readers that 'It is not the consciousness of men that determines their being, but, on the contrary, their social being that determines their consciousness' (Marx), Smith writes:

The difference of natural talents in different men is, in reality, much less than we are aware of; and the very different genius which appears to distinguish men of different professions, when grown up to maturity, is not upon many occasions so much the cause, as the effect of the division of labour. The difference between the most dissimilar characters, between a philosopher and a common street porter, for example, seems to arise not so much from nature, as from habit, custom, and education. When they came into the world, and for the first six or eight years of their existence, they were very much alike, and neither their parents nor play-fellows could perceive any remarkable difference. About that age, or soon after, they come to be employed in very different occupations. The difference of talents comes then to be taken notice of, and widens by degrees, till at last the vanity of the philosopher is willing to acknowledge scarce any resemblance. (*WN* I.ii.4)

To make the Marxist analogy complete, Smith attributes the primary cause of differences to an economic factor: the division of labour. In a 'proof by contradiction' he says that absence of this division of labour, which he hypothesises to necessarily follow from our disposition barter and trade, we would all produce and consume 'every necessary and conveniency of life' and therefore have 'the same duties to perform, the same work to do' and hence 'there

could be no such differences of employment' and hence 'no great differences in talent'. Then, to drive the point home that we are all primordially equal, he dissolves, with wry self-irony, any essential difference between the 'philosopher' and the 'street porter' as being no greater than the difference between a mastiff and a greyhound. It is true that mastiffs and greyhound are different, but Smith's point is that they are one and the same species. In the same passage (*WN* I.ii.5) Smith then turns the argument around: once we have the division of labour and differences in talent, these differences merely reinforce the fact of equality. Differences in talent imply that you and I produce different things and the things that I produce are demanded by you and others and vice-versa. Our trading and bartering merely imply that we are mutually dependant on each other for our livelihood, and therefore we must, in the atom of our being, be equal.

Obviously one can contest Smith's argument empirically or theoretically. But this is beside the point because the issue is not the truth of his propositions but that he attempted to meet the demands placed on moral egalitarianism. Having solved the problem of explaining the existence of differences in characteristics we now have to deal with the question of what practical consequences follow from the doctrine of equal dignity and worth. Here, too, Smith had something to say.

If the differences between us and the lives that we lead are only surface phenomena that is primarily learned, then there must be a solution that involves learning. There is: education; and Smith discusses this in some depth. He not only considers childhood education as fundamental in forming our lives, particularly in the home[12] (and implying again that we are essentially one and the same) but also proposes education as a method of overcoming both inequalities in the way in which we treat one another and material inequities. In the first case, for Smith education is the process of learning self-command and developing the 'impartial spectator' within. It is then a matter of course we will treat others as equal, regardless of their outer differences because, in a line of thought that nearly matches John Dewey's (1938) description of the educative process as the cognitive internalization of experience that leads to the control of impulse and the bringing into connection those impulses with possible consequences and courses of action, our possessing 'superior reason and understanding' means we are capable of 'discerning the remote consequences of all our actions, and of

[12] *TMS* VI.ii.1.10.

foreseeing the advantage or detriment which is likely to result from them' (*TMS* IV.2.6). Ergo, because the impartial spectator only gives approbation to courses of action which are just and justice demands that I treat others as equals, I will, if I am sufficiently educated, treat others as equal. In Smith's world education of some form is required for wellbeing over and above that of the gratification of material needs and desires (and this is the reason why social welfare does not stop at the distribution of the 'necessaries of life' brought about by the 'invisible hand').

In the second case, in *WN* (V.i.f) Smith has a lengthy section on the need for compulsory and publicly financed education. 'For a very small expence the publick can facilitate, can encourage, and can even impose upon almost the whole body of the people, the necessity of acquiring those most essential parts of education.' Here Smith is concerned with the 'practical' as against than psychological aspects (notwithstanding that for Smith the psychological aspects are practical because of the very real implications in our social life). He recommends that if instead of drilling into children of 'the common people' a 'little smattering of Latin' which 'can scarce ever be of any use' to them, they should be 'instructed in the elementary parts of geometry and mechanicks' because there 'is scarce a common trade which does not afford some opportunities of applying to it the principles of geometry and mechanicks'. Education is a source of social mobility: the more educated a worker is, the easier it is for him to move out of low-paid manual labour and climb the socioeconomic ladder. And the more labourers who move up the ladder, the smaller becomes the gap in socioeconomic inequality.

Smith's thinking on education had more than moral and economic dimensions. It also had a political and personal dimension, both of which are also related to the relief of inequality, although for the latter the relation is not a direct one. The political dimension, it is fair to say, is somewhat revolutionary and would have met with the great approval of someone like John Dewey, who is probably one of, if not *the*, most prominent philosophers of education of the twentieth century.[13]

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[13] Dewey discusses closely related ideas in his *Democracy and Education* (1916), where he writes: '... The superficial explanation is that a government resting upon popular suffrage cannot be successful unless those who elect and obey their governors are educated. Since a democratic society repudiates the principle of external authority, it must find a substitute in voluntary disposition and interest; these can be created only by education. But there is a deeper explanation. A democracy is more than a form of government; it is primarily a mode of associated living, of

An educated populace can, to a degree, regulate political actors who may wish to take advantage of inequalities for their own benefit. The uneducated are easily misled and suffer for it. The more the 'inferior ranks of people' are instructed, Smith says,

> the less liable they are to the delusions of enthusiasm and superstition, which among ignorant nations, frequently occasion the most dreadful disorder. An instructed and intelligent people besides are always more decent and orderly than an ignorant and stupid one. They feel themselves, each individually, more respectable, and more likely to obtain the respect of their lawful superiors, and they are therefore more disposed to respect those superiors. They are more disposed to examine, and more capable of seeing through, the interested complaints of faction and sedition, and they are, upon that account, less apt to be misled into any wanton or unnecessary opposition to the measures of government. In free countries, where the safety of government depends very much upon the favourable judgment which the people may form of its conduct, it must surely be of the highest importance that they should not be disposed to judge rashly or capriciously concerning it. (*WN* V.i.f.61)

The implication is clear: the 'mutilated and deformed' character of the man who does not make the 'proper use of the intellectual faculties' is easily misled and this is a threat to the peace and order of commercial society, reducing everyone to the equality of poverty. A well-ordered, peaceful, prosperous, and happy society is an educated one; it is reflective intelligence not wealth that keeps the extreme effects of self-love at bay. This equality of poverty is not derivable form Smith's moral egalitarianism because it results precisely from its opposite. The 'mutilated and deformed' character of the man who does not make the 'proper use of the intellectual faculties' has not developed his impartial spectator and therefore not seen the equality of persons; and it is this that results in harm. The material equality that follows from this state has no moral justification in Smith's thought. A programme of compulsory public education to regulate the political system is therefore an immediate consequence of Smith's moral theory.

The personal dimension of education, although related to the moral, economic, and political dimension in that it, too, is derivable from the same moral theory, is

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conjoint communicated experience. The extension in space of the number of individuals who participate in an interest so that each has to refer to his own action to that of others, and to consider the action of others to give a point and direction to his own, is equivalent to the breaking down of those barriers of class, race, and national territory which kept men from perceiving the full import of their activity' (p. 101). It is not difficult to see that Smith's impartial and sympathetic spectator makes 'associated living' possible.

of an altogether different character when it comes to understanding equality. Being the Stoic that he was, for Smith, education is not only a source of material welfare, but a source of well-being that is not directly related to material welfare. Well-being or 'real happiness' is a state of tranquillity and contentment. In his chapter on utility in *TMS* (IV.1–2) Smith tells us that the enjoyment that we gain from consumption over and above the basic necessities of life simply is but 'frivolous utility' that provides 'no real satisfaction'. Our regard and quest for 'frivolous objects' and to emulate the rich lead us to sacrifice a 'real tranquillity' that is always in our power. Power and riches is a source of suffering:

> … In the languor of disease and the weariness of old age, … Power and riches appear then to be, what they are, enormous and operose machines contrived to produce a few trifling conveniencies to the body … which must be kept in order with the most anxious attention, and which in spite of all our care are ready every moment to burst into pieces, and to crush in their ruins their unfortunate possessor. They are immense fabrics, which it requires the labour of a life to raise, which threaten every moment to overwhelm the person that dwells in them, and which while they stand, though they may save him from some smaller inconveniencies, can protect him from none of the severer inclemencies of the season. They keep off the summer shower, not the winter storm, but leave him always as much, and sometimes more exposed than before, to anxiety, to fear, and to sorrow; to diseases, to danger, and to death. (*TMS* IV.1.8)

Smith's antidote to the predicament of riches is to develop the 'qualities most useful to ourselves' which are 'first of all, superior reason and understanding'. It is this that gives us the already alluded to capability for 'discerning the remote consequences of all our actions, and of foreseeing the advantage or detriment which is likely to result from them' as well as, one of Smith's prime virtues, 'self–command, by which we are enabled to abstain from present pleasure or to endure present pain, in order to obtain a greater pleasure or to avoid a greater pain in some future time' (*TMS* IV.2.6). Higher learning in Smith's opinion is an expression of the cognitive means for wellbeing – we gain control over our own lives and become fully responsible agents – and therefore there is an aspect of education which cannot, and possibly should not, be justified on account of its economic usefulness. He says this both in *TMS* and in the passage in *WN* where he calls for children to be instructed in geometry and mechanics mentioned above not only because of the usefulness of these subjects but because they are 'sublime'. In that context we can say that for Smith there was a non-specific value of education in the sense that education is a source of intrinsic enjoyment and

therefore wellbeing that should not be denied to anyone.

5. Towards a Smithian theory of social justice

We have seen that Smith is a moral egalitarian, and a sophisticated one at that: the doctrine of equal worth and dignity follows from his moral sentimentalism and it is even capable of answering the main challenges that such a doctrine faces such as the existence of differences in human characteristics and the deduction of concrete policy measures. However, does it give rise to a theory of social justice? Is there a link between Smith's moral theory and an evaluation of different social arrangements or 'states of affairs'? This is the question that I posed at the outset of this essay and I will now adumbrate an answer. I would like to call this link and the missing Smithian theory of social justice the Adam Smith Problem II.

Unlike the original Adam Smith problem which concerns the question why would a moral philosopher write a book like *WN*, this is a genuine theoretical puzzle and one that extends far beyond Smith's own writings. The nub of the problem is as follows. A theory of social justice is an explanation of when we ought to attach the predicate 'just' to a society or what welfare economists call a social state, which is a full description of a society at any given moment; it is also a set of rules that assigns particular objects to particular persons (who gets what). It is a theory that provides us with criteria for ranking different social arrangements such that we can make pair-wise comparisons of the form society *x* 'is as good as' or 'better than' society *y*. One example of such a theory is *outcome utilitarianism*; another is *Rawlsian justice* (Rawls 1971). *Outcome utilitarianism* says that any state of affairs *x* is at least as good as any alternative state of *y* if, and only if, the sum total of individual utilities in *x* is at least as large as the sum total of utilities in *y*, where individual utilities are cashed out as agreeable states of consciousness ('hedonic welfare') or preference satisfaction (a person's preference is satisfied if the state of the world that she prefers is obtained). In contrast, *Rawlsian justice* says that says that any state of affairs *x* is at least as good as any alternative state of *y* if, and only if, the least advantaged citizen (or group of citizens) is at least as well off in *x* as in *y*, where 'as well off' can be cashed out in terms of some criterion of personal welfare (it could be utilities – but Rawls would object to this – or a measure of 'primary' or 'basic goods' which are those goods, including rights and freedoms, that are considered as necessities

for life). The question that the Adam Smith Problem II poses is this: can we derive a theory of social justice from Smith's moral theory, i.e. of the form: any state of affairs *x* is at least as good as any alternative state of *y* if, and only if, ___ is at least as ___ in *x* as in *y*, where '___' is cashed out as ___.

While there is good reason to believe that the answer to this question is negative because in Smith's theory moral evaluation properly fits individuals, not aggregates of individuals or social arrangements or 'states of affairs'. It is individuals who have sentiments and motivations, not aggregates of individuals and therefore cannot be used to evaluate actual or possible outcomes of economic processes. As Holler (2006: this volume) correctly observes there is nothing in the *TMS* or *WN* that gives us an explicit guide as to how we can evaluate an income distribution or the control of the means of production. In some sense the most that Smith explicitly provides us with is a poverty measure: the state of affairs S_1 is at least as good as S_2 if, and only if, S_1 has at least as many persons above the level of subsistence as S_2. He remains distinctly silent on how to evaluate S_1 and S_2 if both had equal numbers above the subsistence level. While it is true that Smith was plainly not oblivious to the fact that 'An augmentation of fortune is the means by which the greater part of men propose and wish to better their condition' (*WN* II.iii.28), the accumulation of capital was not his criterion of well-being. He calls it 'the means the most vulgar and the most obvious'. Even though Smith's main normative concern was with the absolute levels of income generated and with the differences of these levels over time periods, that is, with growth, and he *did* infer a direct relationship between the aggregate income generated for the whole society and the well-being of the labouring classes, Smith was no fetishist of little coloured pieces of paper because 'he was not ready to translate the differences in income among individuals into achieved satisfaction, happiness, or well-being' (Buchanan 1976: 3).[14]

The problem of a Smithian theory of social justice becomes less acute if one takes into account that as I made an effort to clarify earlier social welfare for Smith concerns the *wherewithal* for meaningful goals in life. How we define wherewithal is important. It cannot purely be what one owns because as Gallagher (1998: 92) cogently puts it, Smith was 'so disengaged from Lockean notions of

[14] Significantly this challenges legitimacy of the idea that principle of wealth maximization as a normative goal of law can find justification in Adam Smith's moral theory. For the canonical view see Posner (1979).

the pursuit of property in commercial society that he reduced property ownership to a private mirage'. It is better, therefore, to define wherewithal in terms of the *opportunities* for wellbeing without being concerned whether these opportunities are private or public.

Obviously the notion of opportunities for welfare begs the question of deciding which opportunities in Smith's moral theory count. This is not the place to examine the issue in any detail, but I conjecture that in addition to access to basics such as adequate food, clothing, and house, formal education is a primary one. In Smith's view of things, formal education is the natural replacement for the varied activities of previous modes of production that keeps the mind alive; and this is at the heart of Smithian wellbing because 'real' happiness or wellbeing comes from the development of one's Impartial Spectator and only an active mind can do this.

Although one could argue against the idea that formal education is a primary source of wellbeing in Smith's view of things given that he makes derogatory comments about formal education, and even says that compared to 'public education', which is the 'contrivence of man', 'Domestic education' as the 'the institution of nature' as 'likely to be the wisest' this is to miss the point. Smith's remarks about public education concern its content and organization, not its importance. We need to keep in mind here, a characteristic of Smith's axiology that is frequently overlooked – partly because it has fallen into disrepute since the early twentieth century: it was a teleological in the sense of their there being direction and purpose to life. So despite the fact that mankind is afflicted with the 'fatal weakness' of 'self-deceit' which is the 'source of half the disorders of human life' (*TMS* III.iv.6):

> Nature, however, has not left this weakness, which is of so much importance, altogether without a remedy; nor has she abandoned us entirely to the delusions of self–love. Our continual observations upon the conduct of others, insensibly lead us to form to ourselves certain general rules concerning what is fit and proper either to be done or to be avoided. (*TMS* III.iv.7).

And when addressing our general failures of judgement, Smith says: 'Nature, however, when she implanted the seeds of this irregularity in the human breast, seems, as upon all other occasions, to have intended the happiness and perfection of the species.' (*TMS* II.iii.3.2). The development of the impartial spectator is part of this perfection; and formal education would appear to be a necessary condition

for this perfection to take place on a society wide scale. It would not be off the mark to say that the development of the impartial spectator in each person is what connects Smith's moral egalitarianism to a concept of social welfare and social justice. The solution to the Adam Smith Problem II lies here.

That formal education is an integral part of the perfection of mankind is Smith's system of things is because it is closely connected with the division of labour. It is the means of alleviating the effects which results in the torpor of the workers mind rendering 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' (*WN* V.i.f.50). That is a Smithian theory of social justice would evaluate S_1 and S_2 on the basis of equality of opportunity for experiencing 'generous', 'noble', and 'tender' sentiments and for making 'just judgements'. The society with the better educational system with equal access for all is the better society because this society has the conditions for the maximization of just behaviour. Just behaviour is the child of virtuous individuals; and education is a causal condition for a person to become virtuous. This is a humanist welfare measure and one that will be difficult to operationalise for a whole catalogue of reasons – the prime one being of defining criteria for education[15] – but these reasons do not vitiate the claim that Smith's moral theory can be used to generate a theory of justice that is based on equal opportunity for wellbeing.

6. Conclusion

I want to close by indicating the starting point for the book that Smith never wrote. In the 'advertisement' to the sixth edition of *TMS* published in 1790, the year of Smith's death, Smith said that his task of giving 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

[15] This is in fact a monumental task and few have in fact attempted to do so in a systematic manner. An exception is John Dewey. For a brief introduction to his philosophy of education, see Dewey (1938).

object of law' which he had promised at the concluding paragraph of the first edition of *TMS* had not been fully completed with the publication of *WN*. This work only dealt with the matters of 'police, revenue, and arms.' The treatise of jurisprudence was still to be written but due to his advanced age Smith said he was unlikely to accomplish the task.

In view of the advances made in political philosophy and moral theory since his death, a returned Adam Smith would possibly start his missing treatise akin to the way that Nozick introduced his libertarian theory of justice with the Lockean claim that 'Individuals have rights, and there are things that no person or group may do to them (without violating their rights)' (Nozick 1974:ix). The equivalent Smithian theory of justice would begin with 'Individuals have sentiments, and there are things that no person or group may do to that person without violating certain of those sentiments'. In the same way that that Nozick said that 'so strong and far reaching are these rights that they raise questions of what, if anything, the state and its officials may do. How much room do individual rights leave for the state?' the returned Smith would have written 'so strong are these sentiments that they raise questions about what the state and its officials are obliged to do to protect these sentiments. How much room do these sentiments leave for the market?' A returned Smith would take the meaning of justice beyond the narrow scope of security that he gave it in *LJ* as 'The end of justice is to secure from injury'(p. 399); he would take it to a level of what Buchanan (1976: 5) calls 'beyond justice'; his system of natural liberty would promote an ideal of justice that is more than merely guaranteeing that individuals can employ 'their stock and industry in the way that they judge most advantageous to themselves' (*WN* IV.vii.b.44). A 'violation of the most sacred rights of mankind' would include a violation of a person's dignity; not simply their property. One of the duties of the state is to create equal opportunities for the conscious development of our moral sentiments.

My Smithian theory of justice is clearly controversial. It highlights a substantive element of Smith's moral and political philosophy that has previously gone without recognition. A Smithian theory of justice is not simply the liberal account of justice as natural liberty á la Buchanan (1954), but an account of the good as human flourishing; and this requires that we also give an account of the most serious and most common obstacles to achieving it. Smithian justice therefore has to be understood both negatively as the reduction or minimization of

these obstacles (such as material deprivation, domination, oppression, lack of individual autonomy), but also positively in terms of the provision of opportunities to develop and act in accord with their consciences. We all deserve the opportunity to overcome Smith's list of afflictive mental states of 'self-love', 'self-delusion', 'conciet', 'envy', 'maliciousness', 'quarelsomeness', and 'resentfulness' so that when there is only personal liberty to be had we can find our 'perfect tranquillity' (*TMS* III.3.31).

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