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Adam Smith's Marketplace of Life

Adam Smith wrote two books, one about economics and the other about morality. His *An Inquiry into the Nature and Causes of the Wealth of Nations* argues for a largely free-market economy, while his *The Theory of Moral Sentiments* argues that human morality develops out of a mutual sympathy that people seek with one another. How do these books relate to each other? How do markets and morality mix?

James R. Otteson provides a comprehensive examination and interpretation of Smith's moral theory and shows how his conception of the nature of morality applies to his understanding of markets, language, and other social institutions. Considering Smith's notions of natural sympathy, the impartial spectator, human nature, and human conscience, the author also addresses the issue of whether Smith thinks that moral judgments enjoy a transcendent sanction. Professor Otteson sees Smith's theory of morality as an institution that develops unintentionally but nevertheless in an orderly way according to a market model. This model underlies Smith's understanding of economic markets, languages, systems of jurisprudence, and social institutions generally. The book also compares Smith's project with contemporary work on ethical judgment and the origin of human social institutions.

Prospective readers of this important study will be found among philosophers and economists as well as political and legal theorists.

James R. Otteson is Associate Professor of Philosophy, University of Alabama.

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To Katie
It Could Have Been No One Else

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Preface

This book had its beginnings several years ago as a dissertation in the philosophy department of the University of Chicago. I was and am still interested in the origins of moral judgment, particularly in the commonplace phenomenon of shared standards of moral judgment in human communities. Where did these standards come from? Why did they arise? How are they justified? I first became interested in these questions by reading Hume's second *Enquiry*, which, it seemed to me, contained hints of an evolutionary explanation—but only the hints. When I discovered that Smith was a close friend of Hume's and that Hume read and admired Smith's work, I decided to read *The Theory of Moral Sentiments* (TMS) to see whether there was anything of value in it. I could not believe my eyes: here was a good—indeed, great—work in moral philosophy, and yet so few moral philosophers read it, let alone studied it.

I decided to study it. TMS became the centerpiece of my dissertation, then of several journal articles, and now of this, my first book. I attempt here to give a comprehensive, faithful interpretation of TMS and to relate what I see as its central methodological program to other central parts of Smith's work. Some elements of this book were present in my dissertation, but the majority of it is new, and in any case I have changed my mind about many things since I wrote the dissertation. I do not fancy myself to have now given the final word on the matter; on the contrary, I see this book as only the first step in a long line of much more detailed and particular investigation. But I hope that it is

sufficiently suggestive to inspire others—particularly philosophers—to read and study Smith, and I hope that it in some measure indicates just how much Smith's work has to offer.

Acknowledgments

The first thanks I owe is thus to Hume, who almost single-handedly brought me into philosophy in the first place, and who directed my attention to Smith. I must next thank my dissertation advisor, Daniel Garber, and my other readers at Chicago, Ted Cohen and Ian Mueller. A special thanks goes to Knud Haakonssen, an outside reader from Boston University, who not only helped me convince my committee that one could write a worthwhile dissertation on Smith in a philosophy department, but whose judgment that my dissertation was “excellent and certainly ready for submission” effectively brought to a close my tenure as a graduate student.

I must also thank my eldest son, James, since it was his impending birth that gave me an absolute deadline for finishing the dissertation: my wife told me that she would not have another child while I was still a graduate student.

Since leaving Chicago, a number of people have contributed in various ways to my education in Adam Smith and the Scottish Enlightenment, or have influenced my thinking more generally. They are too numerous to mention, but a few stand out and should be thanked: Hank Clark, John Danford, Doug Den Uyl, Charles Griswold, Knud Haakonssen, Max Hocutt, and Richard Wallace. Of course, none of them is responsible for my stubborn resistance to their counsel.

I also thank Liberty Fund, Inc., of Indianapolis, which not only publishes Smith's works at a price that even a graduate student can afford, but also has generously allowed me to attend and direct several colloquia in which I investigated themes and tested theses relevant to this project and in which I filled in many of the gaps in my educational background generally. Liberty Fund is providing a great service to mankind, and I thank them for it.

I must also thank the editors of several journals in whose pages some of this book's material has appeared: Catherine Wilson, editor of *History of Philosophy Quarterly*, granted permission to use material from “The Recurring ‘Adam Smith Problem’” and “Adam Smith's First

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Market: The Development of Language”; G. A. J. Rogers, editor of *British Journal for the History of Philosophy*, granted permission to use material from “Adam Smith on the Emergence of Morals: A Reply to Eugene Heath”; and Don Garrett, North American editor of *Archiv für Geschichte der Philosophie*, granted permission to use material from “Adam Smith’s Marketplace of Morals.” I gratefully acknowledge and thank them.

For the production of this book, I must thank not only those already mentioned, but also Terence Moore of Cambridge University Press, two anonymous referees for the press, and Sara Black for her careful editorial work. Max Hocutt needs to be mentioned again: I often relied on his quiet but firm support, as well as his remarkable grasp of philosophy, history, and ethics. My greatest debt, however, is to my family: Katie, Victoria, James, and Joseph are continual reminders to me of what is truly important, and it was principally their steady and unwavering love and support that encouraged me to bring this book to fruition. For this book, as in everything else I do, they are the *sine qua non*.

Tuscaloosa, Alabama

JRO

Abbreviations

1E	David Hume. <i>An Enquiry Concerning Human Understanding</i> (1748). Eric Steinberg, ed. Indianapolis: Hackett, 1977.
2E	David Hume. <i>An Enquiry Concerning the Principles of Morals</i> (1751). J. B. Schneewind, ed. Indianapolis: Hackett, 1983.
T	David Hume. <i>A Treatise of Human Nature</i> (1739–40). L. A. Selby-Bigge, ed. 2nd ed., with rev. text and notes by P. Nidditch. Oxford: Oxford University Press, 1978.
EPS	Adam Smith. <i>Essays on Philosophical Subjects</i> . W. L. D. Wightman, ed. Oxford: Oxford University Press, 1980.
LJ	Adam Smith. <i>Lectures on Jurisprudence</i> (1762–63, 1766). R. L. Meek, D. D. Raphael, and P. G. Stein, eds. Oxford: Oxford University Press, 1978.
LRBL	Adam Smith. <i>Lectures on Rhetoric and Belles Lettres</i> . J. C. Bryce ed. Oxford: Oxford University Press, 1983.
TMS	Adam Smith. <i>The Theory of Moral Sentiments</i> (1759). D. D. Raphael and A. L. Macfie, eds. Oxford: Oxford University Press, 1976.
WN	Adam Smith. <i>An Inquiry into the Nature and Causes of the Wealth of Nations</i> (1776). R. H. Campbell, A. S. Skinner, and W. B. Todd, eds. Oxford: Oxford University Press, 1976.