PART ONE

ON ADAM SMITH'S MORAL PHILOSOPHICAL VISION

ONE

Adam Smith's Vision

> Imagination is more important than knowledge.
>
> Albert Einstein

> Philosophy is the science of the connecting principles of nature. Nature, after the largest experience that common observation can acquire, seems to abound with events which appear solitary and incoherent with all that go before them, which therefore disturb the easy movement of the imagination . . . Philosophy, by representing the invisible chains which bind together all these disjointed objects, endeavours to introduce order into this chaos of jarring and discordant appearances, to allay the tumult of the imagination, and to restore it, when it surveys the great revolutions of the universe, to that tone of tranquility and composure, which is both most agreeable in itself, and most suitable to its nature. Philosophy, therefore, may be regarded as one of those arts which addresses themselves to the imagination. . . .
>
> Adam Smith
> "History of Astronomy"

IMAGINATION, THE INVISIBLE HAND, AND PHILOSOPHY

Imagine that there is an order to the universe, an order that is the work of a deity as designer. Imagine further that somewhere beyond our sight that deity has a drafting table and on that table are the blueprints for that design. Those imagined blueprints are invisible to us, and so too the hand that drew them.

That hand is the invisible hand of Adam Smith's moral philosophy.

Smith uses the invisible hand image three times in his works. The first, in the "History of Astronomy," (hereafter, *HA*) refers to "the invisible

hand of Jupiter" (*HA*, 49), a clear connection between the image and a deity. However, this is a micro-managing deity of superstition. Smith's deity is a designer. His second and third usages of the invisible hand image (*The Theory of Moral Sentiments [TMS]*, 184; *An Inquiry into the Nature and Causes of the Wealth of Nations [WN]*, 456) reflect the power of that deity's design to guide the ultimate course of human events through, but independent of, humans' intentions.

Smith believes we can only imagine the invisible connecting principles designed by this hand. We cannot know them. His objective as a moral philosopher is to represent what he imagines these invisible principles to be, and to do so in a way that is persuasive to a thoughtful and observant spectator of human events and is instructive to the noble leader who seeks to contribute to humankind's progress. His system of moral philosophy is meant to be a guide, not a mandate. He would reject as insolent arrogance the assertion of anyone who claimed to know the design and to act on that knowledge with the self-assurance that he acts on behalf of the deity.[1]

Smith's analysis of the role of philosophy in humankind begins with the premise that although we cannot know the design, we do take comfort in the notion that there is a design, an order to our world. A child takes pleasure in offering a simple taxonomy of appearances "when it . . . ascertains to which of the two . . . classes of objects a particular impression ought to be referred; to the class of realities . . . which is (sic) calls *things*, or to that of appearances which it calls *nothings*" (*HA*, 38, emphasis in original). Adults do the same thing with the same purpose, but with more sophistication. "[W]hen something quite new and singular is presented [to us] . . . What sort of a thing can this be? What is that like? are the questions which . . . we are all naturally disposed to ask" (*HA*, 39). We do so out of a desire to "introduce order into this chaos of jarring and discordant appearances" (*HA*, 45–6).

As it is with the singular, so it is with "a succession of objects" or events (*HA*, 40). While we cannot observe the invisible connecting chain that gives rise to the succession we see, we are comforted when, through our imagination, we can conceive of principles that "seem" (*HA*, 41) to explain the order of the events we observe.

[1] Smith believes in the deity as designer but not in the "design argument" (Smith, Norris Kemp, 44): natural order as scientific proof of a deity. His belief is a matter of faith, not proof (more on this subsequently and in Chapter Four). In a eulogy to his father, Ron Reagan, Jr. offered a distinction that would suit Smith. Reagan, Jr. asserted that for his father, faith was "a responsibility, not a mandate. And there is a profound difference" (Reagan, 2004).

Customary successions are inherently comforting because such connections are easy to conceive:

> There is no break, no stop, no gap, no interval. The ideas excited by so coherent a chain of things seem, as it were, to float through the mind of their own accord, without obliging it to exert itself. . . . (*HA*, 41)

Smith cites as an example of such thinking

> the artisan [(e.g., "dyers, brewers, distillers") who] cannot conceive what occasion there is for any connecting events to unite those appearances ["to us very strange and wonderful"], which seem to him to succeed each other very naturally. It is their nature, he tells us, to follow one another in this order. In the same manner bread has, since the world began, been the common nourishment of the human body, and men have so long seen it, every day, converted into flesh and bones, substances in all respects so unlike it, that they have seldom had the curiosity to inquire by what process of intermediate events this change is brought about. (*HA*, 44)

It is the philosopher who, spurred by "anxious curiosity" (*HA*, 40), explores the invisible connecting chains that form those links that others take for granted.

> [A] philosopher, who has spent his whole life in the study of the connecting principles of nature, will often feel an interval betwixt two objects, which, to more careless observers, seem very strictly conjoined. By long attention to all the connections which have ever been presented to his observation . . . [the philosopher] has, like the musician, acquired, if one may say so, a nicer ear, and a more delicate feeling with regard to things of this nature. (*HA*, 45)

Adam Smith was a moral philosopher and, as Isaac Newton had done for natural philosophy, so Smith sought to do for moral philosophy: to imagine and represent those invisible connecting principles designed by the deity that determine the course of nature. Newton's natural philosophical realm encompassed all in nature that envelopes humankind. Smith's moral philosophical realm was humankind.

As philosophers who shared a belief in the deity as designer, both Newton and Smith faced the same challenge: How do we see into that windowless workshop of the designer? How do we know the design without access to the blueprints? As Smith writes:

> Who wonders at the machinery of the opera-house who has once been admitted behind the scenes? In the Wonders of nature, however, it rarely happens that we can discover so clearly this connecting chain. With regard to a few even of them, indeed, we seem to have been really admitted behind the scenes. . . . (*HA*, 42–3)[2]

[2] Smith writes of "the various appearances which the great machine of the universe is perpetually exhibiting, with the secret wheels and springs which produce them. . . ." (*TMS*, 19).

Nature's "Truth" lies "behind the scenes." No philosopher has the privilege, as an opera patron might, of going behind the scenes to observe those "concealed connections" (*HA*, 51). No philosopher can see what the invisible hand has drawn on those inaccessible blueprints. But while Smith knows he cannot "see" the invisible, he believes he can imagine it.[3] Based on what he can see, the visible effects from the work of that invisible hand, he imagines the connecting principles of the design and represents them.

Smith appreciates that he is not describing Truth, but rather he is offering his best approximation of what he imagines Truth to be. Even the work of Sir Isaac Newton, whom Smith admires as the greatest philosopher of all time, is, in Smith's opinion, a representation, not a Truth. In the closing paragraph of his "History of Astronomy," after expressing his awe at Newton's accomplishments, Smith reminds us:

> And even we, while we have been endeavouring to represent all philosophical systems as mere inventions of the imagination . . . have insensibly been drawn in, to make use of language[4] expressing the connecting principles of this one, *as if* they were the real chains which Nature makes use of to bind together her several operations. (*HA*, 105, emphasis added)[5]

Not even Newton had found a window into the workshop of the deity.

> Philosophy . . . [only] *pretends* to lay open the concealed connections that unite the various appearances of nature. (*HA*, 51, emphasis added)

[3] Lovejoy quotes Voltaire: "'the imagination takes pleasure in seeing. . . .'" (Lovejoy, 252).

[4] On language and imagination in Smith evolutionary analysis: "Smith in 'Considerations [Concerning the First Formation of Languages]' describes the evolution of language along a line from particularity to generality, from simplicity to complexity, and from concreteness to abstraction . . . [and] language, as he sees it, . . . must be taken as the starting point in any analysis either of concrete or ideological phenomena. The analysis of language must be undertaken in order to perceive the connection between a developing language and the progress of society, for he assumes that they are related. . . . The power of language to propel science and society, whose progress depends on science, is ultimately based on man's ability to generalize [an act of imagination]. This capacity, in turn, is a gift that the developed language bestows on its users. . . . The sign of relation is the preposition, he notes, whose invention follows upon man's attainment of a relatively high capacity for abstract thinking. By this extraordinary device we are enabled to express general and abstract connections between substantive events or objects. Empiricist that he is, he is most careful to observe that the connections themselves are never and can never be directly perceived: '. . . relations never are the . . . objects of our external senses.' He has the extraordinary sophistication to see that it is the signs of the relations, and the signs only, that are sensed directly" (Becker, J., 15–6).

[5] "While Smith wrote with real enthusiasm about Newton's contribution . . . [he took] the bold and novel step, in an age dominated by Newton, of reminding his readers that the content of that system was not necessarily 'true'" (Skinner, 1979, 32, 36).

The difference between the stories of superstition and the representations of philosophy lies not in the distinction between fiction and truth. Neither represents Truth with a capital T. Both are fiction, both are products of the imagination. The difference lies in how the imagination forms the stories to be told.

The stories of superstition are *ad hoc*, a new piece (e.g., a new god) added whenever there is an apparent anomaly to be explained, and they are often designed to be fantastic in order to intimidate others into belief. The representations of philosophy are based on rich, systematic observation in search of patterns that may approximate the invisible connecting principles. A philosophical analysis that can represent the observed patterns in a familiar, elegant and simple way is compelling to Smith because it meets his standard of philosophical excellence: It is persuasive to a well-educated, open mind.[6]

FROM NATURAL TO MORAL PHILOSOPHY

Smith is a proud disciple of Newton, but he appreciates that there is a significant difference between Newton's natural and his moral philosophical enterprise. This derives from a fundamental difference between the human condition and the natural world that surrounds it.

[6] "Smith argued that a system of thought will only prove acceptable [persuasion is the standard] if it is capable of providing a coherent account of *observed* appearances (thus soothing the imagination), and in so far as the principles on which it relies are *plausible*" (Skinner, 1972, 310, emphasis in original) and reflect "simplicity" (Skinner, 1972, 312). "The desire of being believed, the desire of persuading, of leading and directing other people, seems to be one of the strongest of all our natural desires. It is, perhaps, the instinct upon which is founded the faculty of speech, the characteristical faculty of human nature. No other animal possesses this faculty, and we cannot discover in any other animal any desire to lead and direct the judgment and conduct of its fellows" (*TMS*, 336).

Smith believed that demonstrating probability is key to persuasion. In describing the theory of sound, for example, he writes that "[t]here are not many philosophical doctrines, perhaps, established upon a more probable foundation. . . . [And] this great probability is still further confirmed by the computations of Sir Isaac Newton . . . (Of the External Senses, 147). In a moral philosophical context, rejecting Mandeville, he writes that "[t]hese, ["appearances in human nature"] described and exaggerated by the lively and humorous, though coarse and rustic eloquence of Dr. Mandeville, have thrown upon his doctrines an air of truth and probability which is very apt to impose upon the unskillful" (*TMS*, 308). This last point brings us to the issue of audience. Smith believed that, for a philosopher, the most significant audience is composed of those who possess "superior reason and understanding, by which . . . [they] are capable of discerning the remote consequences of . . . actions, and of foreseeing the advantage or detriment which is likely to result from them" (*TMS*, 189).

Morrow cites the "empirical persuasive fashion" in which Smith presented his principles (Morrow, 1927, 323).

The subjects of natural philosophy – the planets, the plants, the tides, and so on – these things do not imagine or reason, they simply follow the design of nature. Not so the subjects of moral philosophy; humans imagine, they reason, *and* they suffer "human frailty" (*Correspondence*, 221).[7] That "frailty" makes humankind unique in nature. We are the unnatural dimension of nature. Our vices can distort the "regular and harmonious movements" of the design:[8]

> Human society, when we contemplate it in a certain abstract and philosophical light, appears like a great, an immense machine, whose regular and harmonious movements produce a thousand agreeable effects. As in any other beautiful and noble machine that was the production of human art, whatever tended to render its movements more smooth and easy, would derive a beauty from this effect, and, on the contrary, whatever tended to obstruct them would displease upon that account: so virtue, which is, as it were, the fine polish to the wheels of society, necessarily pleases; while vice, like the vile rust, which makes them jar and grate upon one another, is as necessarily offensive. (*TMS*, 316)

In Smith's analysis, the nexus of human imagination, reason, and frailty puts humankind in a peculiar and problematic position. Our imagination and reason[9] give us dominion over the earth and the capacity to develop natural resources into wealth far beyond our requirements for survival. But that imagination and reason, when wedded to frailty, also sets the stage for destructive interpersonal conflict when some seek to capture a larger share of the human bounty for themselves.

This dilemma was brought into sharp focus by the moral philosophers of the first ages of liberal society, who, including Smith, struggled with the "cohesion question": If the productive potential of liberal society derives from individuals' freedom to pursue their own interests (the

[7] He also refers to "the frailty of human nature" (*LJA*, 36). There are two sets of *Lectures on Jurisprudence* from Adam Smith. The earlier of these is referred to as "Report of 1762–3" and the other as "Report dated 1766". Following standard usage I will reference the first as *LJA* and the second as *LJB*.

[8] While this "noise" adds a dimension of complexity to moral philosophy, there is one sense in which moral philosophy is more likely to be reliable: "A system of natural philosophy may appear very plausible, and be for a long time very generally received in the world, and yet have no foundation in nature, nor any sort of resemblance to the truth. . . . But it is otherwise with systems of moral philosophy, and an author who pretends to account for the origin of our moral sentiments, cannot deceive us so grossly, nor depart so very far from all resemblance to the truth" (*TMS*, 313–14).

[9] "Man has received from the bounty of nature reason and ingenuity, art, contrivan<c>e, and capacity of improvement far superior to that which she has bestowed on any of the other animals, but is at the same time in a much more helpless and destitute condition with regard to the support and comfort of his life" (*LJA*, 334).

Physiocrats' "laissez-faire"), how can such a society avoid a Hobbesian war of all against all?[10] What cohesive force can constrain the destructive dynamic of unbridled self-interest and hold liberal society together so that its potential – a materially satisfactory, secure, tranquil life for each individual and the greatest possible wealth for the nation – can be realized?[11]

In order to answer this question Smith examines the history of humankind.[12] He culls from that history[13] the contours of those invisible connecting principles that have guided humankind through the twists and turns of distortions caused by our frailty, and that guide a more harmonious case where those distortions are diminished.[14] The framework of analysis he develops is evolutionary.[15]

[10] How, in modern terminology, does a liberal society avoid degenerating into a "rent-seeking society"? (Buchanan, et al., 1980).

[11] Locke envisioned a social contract. The Physiocrats advocated a "despotisme legal."

[12] "Smith and his contemporaries did not disregard the experience of ages and clearly accepted Aristotle's dictum that we can only understand what presently exists by first considering 'the origins from which it springs'" (Skinner, 1972, 317). "Smith's inclination in the study of any subject was to approach it historically in the first instance and then to form his own ideas from reflections on past history" (Raphael, 1997, 18).

[13] I use the term "cull" here in the same spirit as did Wordsworth in the Prelude, Book XIII, where he wrote of "wandering on from day to day where I could meditate in peace, and cull knowledge that step by step might lead me on to wisdom. . . . " (Wordsworth, 248).

[14] Muller describes Smith's use of history to imagine this dynamic very nicely. He writes that Smith's method "entailed an inductive attempt to discover regularities in social life through observation and comparison, for which history provided much of the raw data. Finally, it called for an examination of the ways in which human propensities were shaped and molded into particular character types by historically changing social, political, and economic structures" (Muller, 1993, 48–9). "While Smith explored the more or less constant passions of the individual, he was more concerned with the degree to which historically developed institutions channel those passions in directions which are morally desirable and adapted for social survival" (Muller, 1993, 115).

[15] It is important to distinguish humankind's evolution from human evolution. The former is about societal constructs and their "organic" change, whereas the latter is about the change in the human organism. Smith does not ascribe humankind's progress to "better" humans, but to more constructive societal constructs built on the experience and progress of the past. He makes this point with respect to philosophers when he asserts "Let us not despise those ancient philosophers . . . [who held what we consider immature ideas. We have] no superior sagacity," just the advantage of time and chance (*History of Ancient Physics*, 109). In what follows, when I use the term "more mature" I mean it in that sense of more developed based on the advantages of time.

For Smith, human nature is universal and constant. Smith writes: "Man is perpetually changing every particle of his body; and every thought in his mind is in continual flux and succession. But humanity, or human nature, is always existent, is always, the same. . . . " (*History of Ancient Logics and Metaphysics*, 121).

HUMANKIND'S EVOLUTION

Humankind has been evolving, according to Smith,[16] through stages. This process began in a rude state of human existence and has progressed from that rude state of hunting and gathering through stages of pasturage and agriculture to commerce.[17] This progress from stage to stage occurs because there is an intrasocietal dynamic that generates change within a society, and an intersocietal process of natural selection at work.

Intrasocietal change is driven by human imagination and reason. These give individuals the power to intentionally or unintentionally affect their inherited social construction. These choices, along with chance and

[16] "Smith has an evolutionary view of history and economic and political development" (Werhane, 50). Skinner writes that "[a]s Lester Crocker put it: 'The rise of relativism in ethics and social thought as evidenced in the writings of Montesquieu, Diderot and others, is a complementary part of a general evolutionist view of the universe, which embraced the cosmos, life, and societies.' Smith's interest in the general problem of historical change was clearly not a peculiarly Scottish phenomenon" (Skinner, 1975B, 172). Lovejoy notes that "the general notion . . . of an evolutionary advance . . . was becoming familiar in very widely read writings before the middle of the eighteenth century. . . . In, roughly, the third quarter of the [eighteenth] century theories which may, in a broad sense, be called evolutionistic multiplied" (Lovejoy, 262, 268). Griswold cites Edward "Gibbon['s . . .] tribute to Smith's work on the evolution of society. . . ." (Griswold, 1999, 7–8) Charles Clark identifies an evolutionary dimension in Smith's work, but then asserts that "Smith's natural law preconceptions . . . ultimately tie him down to a static theory" (Clark, 839). I disagree.

[17] "Within Scotland there were regions at very different stages of social and economic development, creating what one scholar has described as a 'social museum at Edinburgh's back door.' . . . With such a multiplicity of political, economic, and social forms so close at hand, it is no wonder that Scottish intellectuals in Edinburgh and Glasgow were given to reflecting on the 'stages' of society and the role of government and commerce in the movement from one stage to another" (Muller, 1993, 22, 23). "Meek, 1976, remains a valuable study of four-stages theory, but is flawed by an overlong search for the first appearance of the theory in its most developed form. It is now recognized that various versions of the stadial sequence were common property among European scholars, and were developed by various authors in various ways" (Pocock, 1999, 315).

Meek considers it, as the names of the stages imply, a materialist history (Meek, 1976, 242). Richard Teichgraeber rejects this materialist interpretation, writing that "[s]urely the point of this entire line of inquiry [Smith's "four stages scheme" (Teichgraeber, 143)] is missed if we represent the arguments as parts of a materialist view of history. Smith's main concern was not to grasp a story whose underlying factors are predominately economic. It was, instead, to furnish his students with an answer to the philosophical question of how human sentiments come to shape our understanding of the purpose of law and government" (Teichgraeber, 144). Winch, after exploring all the twists and turns in Smith's stages, writes that "the whole unlinear stadial sequence begins to seem highly contingent on circumstances that are by no means traceable merely to economic causes" (Winch, 1983, 258–9). I generally agree with Teichgraeber and with Winch. To ascribe either a materialist or jurisprudential purpose to the four stages analysis is to miss Smith's purpose in using it as frame for analysis. As we will see, his representation is of a simultaneous system in which social, political, and economic dimensions evolve interdependently, with no one dimension being deterministic.

circumstance, determine the course of a society's changes. As more mature, productive social constructs emerge, these more mature constructs have the capacity, *ceteris paribus*, to be stronger than less mature constructions (e.g., *ceteris paribus*, pastoral societies have the means to dominate hunting and gathering societies, agricultural to dominate pastoral, and commercial to dominate agricultural). Thus there is a natural selection bias among humankind's societies toward increasing maturity in social constructions.

Evolution and natural selection are terms used in many domains, so before proceeding it is important to distinguish Smith's analysis of natural selection and evolution through stages from some other versions of natural selection/evolution and stages analysis – specifically Herbert Spencer, Charles Darwin, and Karl Marx.

With respect to Spencer, Smith's analysis is different because it is not a story of genetic superiority or of elites as representative of what is best in humankind.[18] Quite to the contrary, although elites can, and often do, play an instrumentally valuable role in Smith's analysis, they are not "superior" in any metaphysical sense. Smith believes that all human beings are made of the same "coarse clay" (*TMS*, 162). For Smith the ultimate measure of a society's progress is not to be found in the wealth of the elite, but rather in the well being of the least among the working class.

With respect to Darwin, Smith's analysis of natural selection is different in two significant ways.

- Darwin's biological evolution is not a function of the choices made by the members of the species involved. Smith's evolution of humankind is. Chapter Two describes the co-evolution of individual and society, a process in which the individual is initially socially constructed, but then as that individual grows, his unique biography,[19] his imagination, and his reason combine and empower him to conceptualize changes that reshape, intentionally or unintentionally, the social construction that initially shaped him.

[18] Social Darwinism "presupposes natural inequalities among individuals, which result in a stratified social organization which is also 'natural.' If moral attributes are biological facts and if the measure of morality is the control of property, then it is 'natural' that propertied individuals should exist at the expense of the propertyless; further, the social structure must be stratified according to 'natural' principles. Since inheritance does not involve variation, it follows that in a 'natural' and therefore, presumably good society, the system of social stratification should be perpetuated" (Tax and Krucoff, 404).

[19] "It is because he is a member of many . . . groups that the complexity of the individual's life arises, for countless combinations of sympathies may be influencing him at any given moment" (Morrow, 1923, 56).