

# The Adam Smith Project

An Account of Human Interaction



## *Das Adam Smith Projekt*

*Eine Darstellung Menschlicher Interaktion*



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This thesis sets out to treat Adam Smith's work as a whole, showing how his two books, *The Theory of Moral Sentiments* and *The Wealth of Nations*, both are part of one underlying message rather than opposed to each other. A comprehensive introduction to Smith's moral philosophy and his remarks on political economy will not only explain his central ideas and put them into context with each other, it will also illustrate how his thought evolved and was inspired by predecessors and contemporaries. Moreover, the alleged *Das Adam Smith Problem*, holding a contradiction within Smith's work, will briefly be outlined and put into its historical context. It will be examined, how it came into existence and why it seems, both historically and contentual, untenable. On this basis, this thesis will claim that Smith's thoughts build one academic project and are connected by a red thread, which is present in both of his books at all time.

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Diese Masterarbeit behandelt Adam Smith's Werk als Ganzes und zeigt, wie seine zwei Bücher, *The Theory of Moral Sentiments* und *The Wealth of Nations*, anstatt sich zu widersprechen, beide Teil einer einzigen Botschaft sind. Eine umfassende Einführung in Smith's Moralphilosophie und seine Ausführungen zu Politischer Ökonomie wird nicht nur seine zentralen Ideen erläutern und miteinander in einen Zusammenhang bringen, sondern auch veranschaulichen, wie sich sein Denken entwickelte und von Vorgängern und Zeitgenossen inspiriert wurde. Darüber hinaus wird das angebliche *Adam Smith Problem*, welches einen Widerspruch in Smith's Werk sieht, kurz umrissen und in seinen historischen Kontext eingeordnet. Dabei wird gezeigt, wie diese Auffassung entstanden ist und warum sie historisch und inhaltlich unhaltbar scheint. Auf Basis dessen wird diese Masterarbeit vertreten, dass Smith's Gedanken zu einem akademischen Projekt zusammenführen und durch einen roten Faden verbunden sind, der in beiden Büchern Smith's zu jeder Zeit präsent ist.

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# I. Introduction

Adam Smith became known as the inventor of modern economics and, as a result, the real foundation of his thoughts became temporarily neglected. This was further encouraged by *Das Adam Smith Problem* in the late nineteenth century, suggesting a contradiction between Smith's two works. However, rather than concentrating on *The Wealth of Nations* (WN), one should study his first book on moral philosophy, *The Theory of Moral Sentiments* (TMS), and set it into context with his later findings in order to understand the basis for his ideas and the foundation for his thinking. This is precisely what this thesis endeavours to undertake. Its purpose is to uncover the overall message, which Smith conveys through both of his books, and to show how it is present like a red thread throughout his works. It will be argued that, throughout Smith's academic career, his ideas and writings can be condensed to the thought that every individual's self-interest includes the interests of other members of society and, in turn, the public good itself. Smith's project in the TMS is to describe how we, as moral agents, interact with each other and, in extension, are able to form and maintain meaningful relationships. Thereby, he puts into words nothing less than the nature of practical morality. "Smith sets out to explain the principles humans actually, as a matter of fact, use in making moral judgments" (Sayre-McCord 2009, p. 2). The basis for his moral philosophy, Smith's unique understanding of sympathy, will be defined from the conventional usage in chapter II. Hereby, its twofold nature, combining in itself the motivation and ability to engage in social exchange, will be exemplified. After dealing with the nature of the Smithian notion of sympathy, this thesis will explain in chapter III how from sympathy, Smith develops the figurative character of the Impartial Spectator. Illustrating its nature and the way it is formed in us, it is spelled out how the Impartial Spectator serves as ideal judge in Smith's moral philosophy. Thereafter, the fourth chapter will briefly summarise Smith's second work, highlighting its major motives. This thesis will also show, how Smith's thinking developed over decades, being primarily influenced by his teacher Francis Hutcheson and his friend David Hume. Finally, chapter V will deal with *Das Adam Smith Problem*, showing its historic development as well as its flaws and shortcomings. Additionally, it will be explained how, throughout Smith's work, the mentioned red thread is present, connecting his writings to one overall academic project.

## II. Smithian Sympathy

Smith's moral philosophy depends to a large part on his unique understanding of sympathy and makes this notion the cornerstone of his entire findings. He develops this distinct notion in his first major work, the TMS, and the whole subsequent idea of morality and human interaction, which he develops in the course of this book, is built on his term of sympathy. Indeed, without sympathy,

especially his unique take on it, Smith seems to be unable to see any form of human contact as all of people's behaviour is, so Smith, based on and incentivised by the underlying capability and motivation to feel sympathetically with our fellow human beings. Consequently, he assigns to his understanding of sympathy an essential role in two respects. Not only does it serve as a condition for any human interaction by enabling people to approach others adequately to their intentions and interpret the behaviour of others when being approached themselves, it at the same time provides the motivation for doing so by making human behaviour and appropriate conduct impossible to understand without the agents engaging in sympathy. In addition to that, sympathy, in Smith's moral philosophy, marks the foundation of self-reflection as well as it enables an understanding of two moral agents. This makes it also the basis for another Smithian notion, that of the Impartial Spectator, which will be explained later. Smith's notion of sympathy being distinct results in it differing from the understandings of his contemporaries. Most prominently, Francis Hutcheson's and David Hume's view of the notion of "sympathy" vary, at times drastically, from that of Smith. As his teacher at Glasgow University in the case of Francis Hutcheson and his close, life-long friend in that of David Hume, they both undoubtedly influenced Smith immensely as he was developing his moral philosophy. However, or perhaps resulting from that, Smith's conclusions, although built on their findings, differ significantly from both of them. In the following, the distinctness of Smith's notion of sympathy to the common usage of the term will shortly be pointed out. Hereafter, sympathy will be explained in more detail, showing its meaning as an essential part of Smithian moral philosophy. By suggesting two major functions that sympathy serves in Smith's moral philosophy, namely the motivation to interact with one another and the capability to do so, it will also be shown how the concept of sympathy acquires its standing at the centre of Smith's understanding of morality. Following that, Smith's concept of sympathy will be put into contrast to the ones of Hutcheson and Hume. This is to illustrate the presuppositions Smith was influenced by when developing his own interpretation of the notion. Also, it is to clarify how, while contributing immensely to Smith's usage of the term sympathy, the accounts of Hutcheson and Hume differ significantly from Smith's. At the end of this chapter, the concept of sympathy as the basis of Smithian moral philosophy should have been made clear in both its essence and on which basis it was developed.

Smith understands and uses the term sympathy as a part of his moral theory. However, by reading his *TMS*, it quickly becomes clear that "Smith does not use the term sympathy in the narrow sense of positive affinity, compassion or pity as we do today" (Freiin von Villiez 2011, p. 67). Although he occasionally falls back to the common usage of the word, failing to sufficiently appreciate his unique take on it leads to a lesser, if not entirely warped, understanding of Smith's moral philosophy. "'Sympathy' is therefore to be understood as a technical term" and "misunderstandings can, and do, arise when his particular account of it is ignored" (Broadie 2006, p. 164). Sympathy commonly refers to compassion or pity towards a person in discomfort or pain. It is almost exclusively meant as a positive, supportive response to people in need of affirmation. Smith sees sympathy as a more complex and more universal faculty. "In its narrow sense, sympathy is an

emotion (that of compassion); in its broader Smithian sense, it is also the means through which emotions are conveyed” (Griswold 2006, p. 25). This seems to underline the more general approach Smith takes. The wider character of sympathy becomes particularly apparent when Smith goes on to explain that two agents are capable of sympathising with each other regardless of what type of emotion has been displayed. The kind of feeling that a person shares with another does not seem to matter. “Any human emotion can be transposed into the sympathetic mode, so that there can be sympathetic joy or pain, sympathetic gratitude, etc., just as there can be sympathetic resentment, etc.” (Freiin von Villiez 2011, p. 67). This, in extension, leads to a much more universal character of sympathy and allows us to engage with and understand others in a much more refined way. It also enables more fitting responses to emotions displayed. “The realisation that something makes our fellows miserable makes us miserable and when something makes them happy, we are happy” (Coase 1976, p. 4). Smith explains that himself fairly early in his *TMS*. “Pity and compassion are words appropriated to signify our fellow-feeling with the sorrow of others. Sympathy, though its meaning was, perhaps, originally the same, may now, however, without much impropriety, be made use of to denote our fellow-feeling with any passion whatever” (Smith 1759, I, i, 1.5). For Smith, the sharing of feelings itself becomes the most crucial aspect of sympathy and the particular feeling becomes a replaceable component. “He is using the term, as its etymology allows, to mean the sharing of any kind of feeling” (Raphael 2009, p. 12). Consequently, “the spectator’s anger would count as sympathy *qua* fellow-feeling with the agent’s anger” (Broadie 2006, p. 164) in any given situation. Sympathy, in the Smithian sense, can also be described as a social capability. It is one, so Smith, which is allowing for people to live together and to step into contact with each other by being “a capacity for being immediately affected and moved by the feelings of others” (Freiin von Villiez 2011, p. 66). Providing a way of understanding our opposite, it enables us to form an informed opinion about another’s behaviour and respond to it in an appropriate fashion. “Sympathy for Smith was an ordinary social practice through which people in shared spaces produce morality together without the artifice of coercion, philosophy, religion, or formal education” (Forman-Barzilai 2005, p. 192). Put differently, by practicing sympathy, people get to understand the meaning of another’s action and can put themselves into a position which enables them to find a proper response in any given situation without the help of any sort of facilitator. As a result, “sympathy for Smith was not a principle of benevolence. It was rather a mechanism for moral judgement that allowed the agent to judge the appropriateness of all behaviour” (Mehta 2006, p. 246). In a way, sympathy thereby serves as a universal interpreter for different languages of morality which is inherent to all human beings and thereby an activity to overcome individual biases.

The key to utilising this interpretative capability is, so Smith, the faculty of imagination. It is not possible for us to come to a conclusion on the feelings of a person for the very nature of them is not objective and can only be experienced directly. We are not able to sympathise based on reason because we can never adequately grasp the emotion of another person through rationality. “Smith’s model of fellow-feeling posited that humans can empathize with the passions of others. This trait is

not a faculty of rationality but of imagination” (Wight 2007, p. 344). Smith emphasises the pivotal role imagination plays in his understanding of sympathy. “By imagination we place ourselves in his [another person’s] situation (...) we become in some measure the same person with him, and hence form some idea of his sensation” (Smith 1759, I, i, 1.2). Because we connect to another person through our own feelings, rationality cannot bring us to understand the emotion of our fellow. “We judge of our neighbour’s feelings by our own; we put ourselves in his place, not by our senses, for they cannot give one man another’s feelings, but by our imagination” (Bonar 1926, p. 336). As a result, we become capable of picturing the situation of another person and of forming an own attitude towards it. Without that capability, we would be unable to understand other’s reactions in relation to particular situations as “our senses will never carry us beyond our own situation” (Griswold 2006, p. 25). This process is not implying or aimed at a ‘re-feeling’ of the exact feelings and an experiencing of the same sensations as the other person. If he had composed sympathy that way, Smith would have ignored the possibility of different opinions or even judgements about a certain behaviour because every situation would have one specific feeling attached to it. Contrary to that, it is giving us the opportunity to see the bigger picture of a situation rather than zooming in to re-experiencing every particular feeling. “Imagination is narrative, not just representational” as it “draws things into a coherent story whenever possible” (ibid., p. 23). That makes the essence of what Smithian sympathy is about. It is providing the opportunity to become aware of and, in turn, appreciate other agent’s individual biases and convictions. This is also where it draws its normativity from. Understanding of other people’s attitudes towards situations enables to a more refined moral judgement. As a result, Smith’s sympathy has a much more individual character than its counterpart in conventional use. Rather than resembling another person’s behaviour and attitudes in great detail, “we enter imaginatively into the situation of another (or ourselves, as the case may be), and we see whether we are disposed to share those feelings or not” (del Mar 2012, p. 244). The imagination is focussed on making a person understand a situation another person is in as it “makes possible a complex ‘change of places’ and enables [us] to grasp the situation and sentiments of an actor” (Griswold 2006, p. 23). It is directed towards the particular circumstances rather than the other’s particular feelings themselves. Experiencing the exact same and thereby literally ‘bringing home’ another’s feelings and sensations would not serve the purpose of becoming sensitive for the proper reaction to them because we would be in the exact same mental state, having the same attitudes, feelings, opinions, prejudices, et cetera. We would react in the same way as the other person already does. That is because by perceiving the exact same, we would as well adopt the other’s individual biases and be influenced by the other’s opinions towards the circumstances he or she is in and eventually act in the exact same way. “The only way a spectator can generate fellow feeling for the agent, according to Smith, is imaginatively to project herself into the agent’s world and to ask herself whether, were she the agent, she would be motivated by his circumstances to feel and act as he does” (Forman-Barzilai 2005, p. 192). Thus Smith puts the emphasis on the situation another finds himself in and allows for our own feelings and attitudes to develop in it. “We try to reproduce for ourselves [the other’s] situation, that we may

fancy how we should feel in his place” (Bonar 1926, p. 336). By seeing it this way, Smith enables us dive into “*their* world, *their* motivations, and to the circumstances to which *they* are responding” (Griswold 2006, p. 26, emphasis added). Focussing on that becomes crucial as it not only provides Smith’s conception on human interaction with flexibility, it also “is essential to his moral theory. Doing so provides his moral philosophy with a normative component as Smith “*also* prescribes the conditions for appropriate moral practice” (Freiin von Villiez 2011, p. 65). We can therefore set our own feelings, which we would have in the imagined situation, against the ones expressed by another person. Based on the results of that comparison, we come to an evaluation of the other’s reaction to the situation he or she is in. “As we have no immediate experience of what other men feel, we can form no idea of the manner in which they are affected, but by conceiving what we ourselves should feel in the like situation” (Smith 1759, I, i, 1.2). As a result of that, we either appreciate the other’s reaction to his or her condition as appropriate and sympathise with it or we reject the feelings demonstrated as an exaggeration or understatement of what we came to believe was appropriate when we imagined us being in the same situation. “Because of her natural sympathy a person can share other people’s feelings, and she will do so if she considers these feelings as a proper response to the given circumstances” (Fricke 2014, p. 350). This is, in turn, the footing of our own reaction to the behaviour of other people displaying emotions with their actions. “The compassion of the spectator must arise altogether from the consideration of what he himself would feel if he was reduced to the same unhappy situations” (Smith 1759, I, i, 1.10). Apart from compassion, other reactions to the imagination of the feelings of another person range from sympathetic resentment to sympathetic love and all the way to sympathetic disgust. Sympathy in the Smithian sense is therefore not only a process of understanding others through picturing ourselves in the particular situation they are in, it is also evaluative on the basis of the imagined feelings. Put differently, focussing on the imagination of ourselves in another one’s situation is the only way for us to experience genuine feelings and a genuine understanding of the other’s sensations. For Smith, all the feelings we feel as a response to seeing the display of other agent’s feelings are our own feelings and are only made possible by the very process of sympathy. “Sympathy, in turn, forms the basis for moral judgements since our inability to sympathise with someone equals disapproval of their sentiments” (Sivertsen 2017, p. 103). Subsequently, sympathy serves as a basis for the formation of normative conclusions. However, to this end, it is again essential that we do not feel in the same way as the person whose behaviour we observe at least not initially. Our forming of moral beliefs and moral evaluations which, in turn, lead us to figure out our own attitudes towards what is a proper response in any given situation, seems to rely on the uniqueness and authenticity of our emotions. “We do not, says Smith, have any direct experience of what other men feel but we form an idea of what they feel by placing ourselves, through an act of imagination, in the situation of the other” (Nieli 1986, p. 617). In other words, the differing of our feelings from the ones of our fellow moral agent seems to be a necessary condition for an original evaluation of our own *and* our fellow’s feelings towards a certain situation. This reciprocity of emotions therefore seems essential for sympathy in Smith’s sense for without it, an actual alignment of feelings seems close to



impossible. “In the course of acting and reacting, the participants in this affective communication about the propriety of feelings [...] adjust their feelings” until they “approach a common verdict on *proper feelings*”. We can rely on the resulting judgement proportional to how well the behaviour and the attitudes of the other matches with what we imagine behaving or feeling when put into the same situation ourselves. “The closer the correspondences of feelings, the more correct the verdict” (Freiin von Villiez 2011, p. 68). As sympathy seems to serve as a tool to gradually determine the proper behaviour in any given situation, lacking the opportunity to compare our virtual reactions and feelings towards a particular situation with the ones which others experience would thus be devastating to the normative function it seems to have for Smith. However, the very process of comparing as an “ongoing process of adjustment, a continuous search for equilibrium” (Griswold 2006, p. 35) is aimed towards a more and more comprehensive correlation of our feelings with those of others. Once we reached that state with someone, we can be said to fully sympathise with him or her. “Sympathy is thus not just a way of *sharing* feelings with others; it also opens a *gap* between their feelings and ours” (Fleischacker 2017, Ch. 3). The aim is, so Smith, to close this discrepancy and to reach an identity between our own feeling towards some particular circumstances and that of the other person. “It is primarily this interaction which Smith has in mind when he talks about sympathy, although he uses the term indiscriminately to describe the very act of sympathizing as well as the intended outcome of sympathetic interaction” (Freiin von Villiez 2011, p. 68). Once our feelings correlate with the ones of our fellow, so Smith, we rate the feelings they have as approvable and appropriate to the situation. “Nothing pleases us more than to observe in other men a fellow-feeling with all the emotions of our own breast” (Smith 1759, I, i, 2.1). Put differently, reaching a stage of mutual sympathy with our opposite moral agent is our ultimate goal when imagining another’s situation and us in it. We want to be on the same wavelength with our fellows. It is important to point out that this adjustment process is not aimed at alter our understanding of what is proper. We are not manipulating our own feelings in order to sympathise, neither do we accept as adequate improper passions in others because we desperately desire to sympathise with them. Rather than that, we gradually understand the impropriety of our own attitudes and tame them. “Sympathy was not meant to encourage or legitimize emotions involved in distress or happiness. Its purpose was to temper them” (Teichgraeber 1981, p. 117). Setting the focus of sympathy on situations of others and so to speak detaching it from their individual feelings also opens the door for sympathising with beings we normally would not assign feelings to. The mere existence of cases, in which we sympathise with ‘feelingless’ beings, seems to validate the focussing of imagination on the situation rather than the particular feelings of the other. Smith himself calls these cases “illusion of imagination”. One example of this are cases of insanity. We, as observers, here consider “how [we ourselves] would feel if [we] were reduced to the same unhappy situation” (Smith 1759, I, i, 1.13; 1.11). That is the only way for us to sympathise with the other because the person without reason is, “on the contrary, happy, being blissfully unaware of the tragedy that has befallen him” (Broadie 2006, p. 167). As a second example, Smith holds that the dead seem to be an object of our sympathy as well. Although they arguably do not have any feelings

we could share anymore, Smith describes in great detail how we feel the misery of “being deprived of the sun; to be shut out from life and conversation; to be laid in a cold grave, a prey to corruption and the reptiles of the earth” (Smith 1759, I, i, 1.13). Here, we again feel sympathetic feelings as an observer of an agent that “are plainly not matched by the agent’s own feelings” (Broadie 2006, p. 168). This is only possible through Smith’s focus on the situation of a dead corps rather than depending on “re-feeling” the feelings of the object. The result of imagining the situation in this particular case is crucial to human life though. Imagining the circumstances the dead are in and bringing home their feelings, that is imagining what we would feel put in a like situation, equips us with the fear of death which seems to serve us significantly in surviving. As Smith puts it, “the dread of death, the great poison to the happiness, (...) which, while it afflicts and mortifies the individual, guards and protects the society” (Smith 1759, I, i, 1.13). For purposes of completeness, it has to be added that notwithstanding the central role imagination plays in Smith’s understanding of sympathy, he also sees cases in which sympathy is “entirely spontaneous and are not accompanied by the exercise of imagination” (Raphael 2009, p. 13). Smith indeed mentions that “grief and joy, for example, strongly expressed in the look and gestures of any one, at once affect the spectator with some degree of a like painful or agreeable emotion” (Smith 1759, I, i, 1.6). Nevertheless, imagination is in the vast majority of cases “a prerequisite for sympathy” and “an explicit exercise of the imagination is certainly part of Smith’s account of moral judgement” (Raphael 2009, p. 13).

According to Smith, people want to approve of other’s feelings and attitudes and seek approval of their own. However, in order to achieve this goal, it is necessary to actively aligning our feelings of sympathy to the level of the other person in a gradual process. “Smith sees sympathy as building an aspiration to make one’s sentiments harmonize with the sentiments of others *into those sentiments themselves*”. This process serves as ongoing reflection on our own feelings towards other members of society, or their attitudes and behaviour in certain situations. Consequently, the result of it serves as a guideline to adjust our own feelings of sympathy to an appropriate level. While some feelings are appropriate in a given situation, others are not, so “the search for feelings we can share—for mutual sympathy—is a basic human drive, and it leads among other things to the rise of morality” (Fleischacker 2017, Chs. 3, 4). Throughout this alignment process, humans therefore constantly build and modify their own moral beliefs which are underlying any of their interactions with other people. Thus, mutual agreement seems to be the ultimate goal of human interaction, for a person feels the greatest approval when he finds his own attitude in accordance with that of his opposite. “[Sympathy] is, after all, the compound desire of understanding others and having others understand us” (Sivertsen 2017, p. 103). Moreover, feeling the approval of others not only serves to the purpose of showing us the morally right behaviour in any given situation, it is also an end in itself as it seems to have a calming effect on us. In seeing our actions approved of by others, we “derive pleasure from the observation of the agreement of [our] feelings with those of the [other], the pleasure is the pleasure of relief”. The relieving character of this pleasure comes from it serving as “validating [our] own position and reinforcing [our] judgement” (Broadie 2006, p. 172). The

interdependence of human contact is therefore essential for self-reflection. Smith sees this aspect when he writes that “we are anxious about our own beauty and deformity, only upon account of its effect upon others. If we had no connexion with society, we should be altogether indifferent about either” (Smith 1759, III, 1.4). Accordingly, moral thought in general is relying on imagining how we would feel in other’s situations and eventually sympathising with them. Sympathising means morally aligning our feelings and attitudes with others in order to bring home their feelings to ourselves and enabling them to bring our own feelings home to them respectively. “By a method of trial and error, we seek to anticipate the limits of the willingness of others to go along with our self-interest” and thereby we gradually come to understand the difference “between self-interest and other-interestedness” (Freiin von Villiez 2011, p. 70). So it is a gradual process that lasts “until the judgement and consequent feelings are in line with each other” (Broadie 2006, p. 176) and eventually can lead us to us fully sympathise with another person. In addition to that, the ability to sympathise is constituting “our capacity to approve (or disapprove) of actions, motives, and characters as moral or not” (Sayre-McCord 2014, p. 2) and seems to be necessary to form a normative moral judgement in the first place. Our opinion of someone seems tightly connected to whether or not we can sympathise with that person. “When we approve of the actions or emotions of another we do so because we perceive that we fully sympathize with his sentiments” (Morrow 1927, p. 338). It follows for Smith that not only our ability to judge a person morally but our understanding of morality as a whole depends on and cannot exist without sympathy for “if that capacity for sympathy were entirely absent, so too would be moral thought and practice” (Sayre-McCord 2014, p. 2). This significance comes not only from its explanatory value, sympathy also plays a vital role in determining the very process of coming to a moral conclusion and forming everyday decisions. Smith “thus uses the concept of sympathy not only as a mere description of moral practices, but also for the construction of a normative procedure that accounts for criteria of rational judgement and that can, thus, serve as a touchstone for everyday moral judgements. For Smith, *sympathy* plays an important role in the *justification of moral judgements*” (Freiin von Villiez 2005, p. 68, transl. S. Z.). It enables us to become aware of our moral opinions, sympathy can therefore be seen as our capability of morality.

Again, it becomes clear that sympathy as an ability mainly relies on the component of imagination. The further our capacity for imagination is developed, the better we can estimate another’s situation and picture us in it to experience our own feelings towards it. Sympathy is “the capacity which we have of entering into the situation of another and experiencing an emotion similar to what we would feel if in his situation” (Morrow 1927, p. 337). Consequently, imagination is essential to sympathising and enables us to use sympathy as a capability on the way to form normative moral judgements about others and ourselves. But being able to imagine another’s situation provides us not only with an indication of how we would have felt or behaved ourselves in those circumstances. It can also make us realise how we would react to our own conduct if we were confronted with it ourselves by another person as “our understanding and moral assessment not just of others, but of ourselves as well, depend on an exercise of the imagination” (Griswold 2006, p. 38). Sympathy so

to speak provides us with an opportunity to see ourselves as the other person, coming to a judgement about our own behaviour and attitudes towards certain circumstances like we are used to judge other people. That opportunity only arises in interaction with other people in a society of sorts. “Smith shows the necessity of others not only for the moral development of the individual but also of self-consciousness itself” (Urquhart 2016, p. 341). Without constant interaction with other moral agents, we therefore simply do not learn how to do so. As Smith points out, a person cannot think of his own character “without any communication with his own species (...) but bring him into society and he is immediately provided with the mirror which he wanted before” (Smith 1759, III, 1.3). We need community to become moral agents. “One only learns to see oneself as a person and as a member of a moral universe of agents through sympathy with others’ view of one’s identity and situation in the world” (Haakonssen 2006, p. 13). It is worth noting that Smith, by embedding the individual in society like that, acknowledges the need for an equal status of moral agents. Without this equality, we cannot sympathise with each other for we cannot understand each other’s perspective adequately if we lack a basic likeness. “Only people who respect each other as equals can provide each other with the ‘mirrors’ which allow them to understand the impression they make on others” (Fricke 2014, p. 353). In addition to that, sympathy enables us to imagine our reactions to the behaviour in question before we engage in it and, depending on our attitudes towards it, alter and adjust our planned actions to ones we find more agreeable. As a result, as Smith points out, sympathy is not only directed towards others but can also serve as an important tool for self-reflection. Seen in that sense, sympathising has a rewarding effect on us for it indicates that we are behaving in a favourable and proper way. “There is a distinct pleasure when our own sentiments accord with those of our fellows. Nothing pleases us more than to observe in other men a sympathetic echo of our own emotions; and nothing chagrins us more than an appearance of the contrary” (Morrow 1927, p. 338). Smith states that “we either approve or disapprove of our own conduct, according as we feel that, when we place ourselves in the situation of another man (...), we either can or cannot entirely enter into and sympathize with the sentiments and motives which influenced it” (Smith 1759, III, 1.2).

The motivational character of sympathy seems to show itself in, firstly, our potential to get along well with other people and, secondly, the prospect of self-reflection and self-realisation. The first is inherent to sympathising itself as engaging in the process of aligning our feelings with the ones of others is aimed at mutual sympathy. Sympathising is precisely what we are after when we engage with others. Consequently, we are highly incentivised to put effort into the process and, in turn, get along with them as well as possible. “Because of fellow-feeling, humans have a strong desire for the social acceptance that comes from pleasing others” (Wight 2007, p. 344). Smith seems to see individual humans as having a desire for a state of perfect sympathy with the people they interact with. The reason for this is that we can approve of other’s behaviour and attitudes only if they resemble our own. The opposite state, being on completely different pages in a particular situation, terrifies us as “a man is mortified when, after having endeavoured to divert the company, he looks round and sees that nobody laughs at his jests but himself” (Smith 1759, I, i, 2.1). Therefore, we

take effort to adjust our feelings and attitudes to those of other people as they go through a similar procedure with their own feelings. At the final stage of this alignment process, we aim to have reached a harmony between our feelings and those of our fellow humans. We desire this harmony precisely because we long to approve of and agree with other people and their feelings and reactions in particular situations. “When one’s own passions are in alignment with the passions of others, one experiences pleasure; when they are not, one experiences pain”. It seems to come down to the wish that we do not want to feel alone with our attitudes. Sympathising therefore not only confirms to us the propriety of what we are feeling, it also gives us a feeling of being integrated into society. “Nothing pleases us more than to observe in other men a fellow-feeling with all the emotions of our own breast” (Wight 2007, p. 344). Thereby, it is worth noting that sympathy and approval are still two separate concepts. Although Smith states that “to approve of the passions of another (...) is the same thing as to observe that we entirely sympathize with them”, in the very next paragraph he goes on to say that “to approve (...) is acknowledged, by every body, to mean no more than to observe their agreement or disagreement with our own” (Smith 1759, I, i, 3.1; 3.2). Rather than expressing the same concept, Smith is therefore likely to see sympathy and approval as following on each other in a positive feedback loop of sorts. “The identity view is in any event far-fetched, while the casual connection view seems a reasonable account of the psychological explanation that Smith has in mind” (Raphael 2009, p. 18). In addition to that, sympathy in the Smithian sense seems to serve the even more general task of providing a basis for moral evaluation. “We cannot get to the stage of either approving or disapproving of a standpoint until we see that it *is* a standpoint”. It therefore seems to be “preparatory for any assessment of people” (Haakonssen 2006, p. 11) and as such an essential component of our ability to build and maintain meaningful and rewarding relationships. The second side of sympathy as motivation is directed towards ourselves and a thorough understanding of our individual morality. The morally right or proper action in the Smithian sense seems only to be revealed to us when we judge unbiased from influences that would normally preoccupy our minds. Sympathy is the way to achieve this as “through sympathy, the individual transcends the limits of his own individuality” (Lamb 1974, p. 675). By enabling us to leave our own perspective, sympathy shows us how we present ourselves to other people and how our conduct impacts them. Moreover, it also makes us become aware of what effect our actions would have on us if we were the object of them ourselves. In other words, we stay the observer while at the same time becoming the observed person as well. This additional perspective on ourselves enables us to evaluate our behaviour more profoundly. “Smith’s self-examination framework, therefore, involves an agreement structure between the ‘judge’ and ‘the judged’ on the basis of sympathy” (Shin 2015, p. 2). We see ourselves so to speak from two angles and evaluate our behaviour from two vantage points. As a result, we are able to come to a normative moral judgement about our own conduct. Through our ability to see ourselves from another angle, we can put ourselves in the luxurious position of really acting according to our own convictions in a way that does not seem to be possible without this extra perspective on us. By conceiving clearly our actual behaviour and attitudes in comparison to how we ideally would want to see us, sympathy

holds the juicy carrot of acting morally right in front of our noses. Thereby, it manages to motivate us to strive towards bettering ourselves and living up to our own moral standards which we have developed interacting with others. It could be argued that sympathy cannot motivate and solely enables us to understand other's perspectives. "Sympathy itself *cannot* be motivational: it is part of the enabling or (literally) *actualising* of our motivations" (Wilson 2006, p. 256). As such, the function of it is limited to morally evaluate the actions and attitudes of us and the people around us. "The *Moral Sentiments* highlights the role of sympathy in judgement, not in motivation" (Raphael 2009, p. 118). However, this interpretation does not appreciate enough the twofold character of the unique notion of Smithian sympathy. In addition to serving as tool for understanding one another and morally judging conduct and feelings, sympathy, in Smith's sense, also motivates to do so. "Smith established a connection between psychic hardware (e.g., the desire for approbation) and social learning (e.g., accepting limits), the former providing the motive that inculcates the latter" (Evensky 2001, p. 504). The motivational character of sympathy therefore comes from the inbuilt desire to agree with others. It is the aim towards which sympathy as a capability is directed that constitutes sympathy as a motivation. One example of this double-nature is the reciprocal character of friendship. Doing a friend a favour is motivated by, at least in part, the belief that this friend would not hesitate to do us a favour in return. "Although the cultural forms of reciprocity are endlessly variable, functionally, reciprocity is universal. We do beneficial things for our friends, and implicitly we expect beneficial acts in kind from them. In fact, this condition essentially defines the difference between friends and foes" (Smith 1998, p. 3). Having friends is more desirable than having enemies so we engage in friendly actions. Applied to sympathy, this means that the aim of sympathy itself motivates us to enter into the process of sympathising.

In a nutshell, sympathy, as capability, firstly enables us to judge what is proper in any given situation before motivating us with the prospect of engaging in fulfilling social interaction with others. Secondly, sympathy equips us with the ability to imagine our own conduct from another perspective and so to speak gradually sympathise with ourselves and thereby motivates by the prospect of taking control of our own conduct and acting according to our own moral compass. To which extent we actually align our behaviour to our own moral convictions as a result of that is not important in this context. However, Smith seems to have aimed at fully following our sense of morality. He indicates this attitude in several passages in his *TMS* where he praises moral behaviour (see for example: Smith 1759, I, ii, 3.5; 4.1).

Apart from all its benefits to our understanding and the moral assessment of the feelings and behaviour of others and ourselves, imagination as a cornerstone of the process of sympathising, and therefore sympathy itself, seems to not entirely serve us to the best of our interests. Firstly, Smith points towards religion as it can "occasion any very gross perversion of our natural sentiments" (ibid., III, 6.12). This is an especially peculiar case because religion is "the very mechanism that affords us a normative standpoint" and thereby deceives us into a sense of duty. Unfortunately, it at the same time "supplies an incentive for the corruption of norms" (Griswold 2006, p. 43) and opens the door for the vitiation of our morality. Another way our imagination can

be corrupted is by neglect or over-consideration. “Smith argued that natural sympathy often falls short of what is morally justified by mass misery” (Ashraf 2005, p. 134). We do not sympathise as much with the victims of an earthquake on the other end of the world, although their suffering is quite real and arguably deserves of our sympathy. Even though we could briefly bring us to feel for them, we would still go on with our daily lives like nothing happened. “Let us suppose that the great empire of China, with all its myriads of inhabitants, was swallowed up by an earthquake, and let us consider how a man of humanity in Europe (...) would be affected upon receiving intelligence of this dreadful calamity”. He postulates that such a man would not be overly touched and “he would pursue his business or his pleasure, take his repose or his diversion, with the same ease and tranquillity, as if no such accident had happened” (Smith 1759, III, 3.4). On the other hand, it is equally possible to feel excessively when such a manifestation of emotion is not suitable to the situation the subject of it is in at all. “In other cases, Smith believed that people experience sympathy that is completely out of proportion to the plight of the individual one feels sympathetic towards (Ashraf 2005, p. 135). Here, we could not sympathise adequately with our opposite yet and need to further align our feelings. Somewhat connected to the last point, sympathy can be deceived in a third way by the trait of vanity. “So partial are the views of mankind with regard to the propriety of their own conduct” that we are sometimes blind for what is apparent to “any indifferent spectator” (Smith 1759, III, 4.5). We are therefore perfectly able to see us as we are theoretically because as we are closest to us, we have a much more accurate insight in the moral worth of our conduct and are therefore fitter to assess it than anyone else. But we actively refrain from doing so as the picture which we have of ourselves pleases us far too much for us to drop it in favour of a more realistic one. “Moral blindness is thus a major theme in Smith’s vivid depiction of moral experience” (Griswold 2006, p. 43). A fourth source of our imagination’s corruption is our affinity to the beauty of things. As Smith lays out, “the fitness of any system or machine to produce the end for which it was intended, bestows a certain propriety and beauty”. This is because we can enter into “the sentiments of the master, and necessarily [view] the object under the same agreeable aspect”. But Smith sees danger of corruption as beauty “is often the secret motive of the most serious and important pursuits of both private and public life”. This leads to us being “charmed with the beauty” and forget to “view it in this abstract and philosophical light” (Smith 1759, IV, 1.1; 1.2; 1.7; 1.9). Without this calming influence, we single-mindedly lose sight of the bigger picture. “Human life is naturally restless, driven not so much by fear (...), but by longing for a species of beauty” (Griswold 2006, p. 44). Fortunately, Smith sees a way out for us. “Nature, however, has not left this weakness (...) without remedy; nor has she abandoned us entirely to the delusions of self-love”. As he points out, we are able to cope with these herds of deception over time by developing best-practice guidelines to live by. “Our continual observations upon the conduct of others, insensibly lead us to form to ourselves certain general rules concerning what is fit and proper” (Smith 1759, III, 4.7; see next chapter).

The two characteristics of sympathy, being a capability to understand and a motivation to practice moral behaviour, are working together closely. “Sociability is not merely due to the cold calculation

of advantage (...) but to genuinely social inclinations” (Freiin von Villiez 2011, p. 67). How they are arranged alongside each other to form what is then observable as sympathy becomes more evident by the example of a traffic accident. We can use our imagination to put ourselves into the position of the different individuals involved. We obviously sympathise with the accident’s victims, being injured and trapped in the car. We can imagine feeling the victim’s pain and agony. But we cannot resemble the same genuine feeling within ourselves. We are, as observers of the situation, therefore experiencing a less intense or an exaggerated version of the observed pain and desperation of the person stuck in the crashed car. This expression of sympathy comes from its ability form and enables us to feel our genuine feelings towards the situation of the accident’s victim. In turn, we compare them with the ones actually displayed by the unfortunate victim himself. Put differently, we are giving “a varied emotional response to equally varied emotional states” (del Mar 2012, p. 242), no matter whether we are observing other’s displays of emotion or are the subject of them ourselves. Our imagination, following Smith, is directed towards the situation the object of our observation is in, not the particular feelings of that person. Sympathy does not give us an “immediate experience of what other men feel” but leaves us with what “we ourselves should feel in the like situation” and as a result, “we can form no idea of the manner in which they are affected” (Smith 1759, I, i, 1.2). The capability aspect of sympathy therefore does not help us re-feeling someone’s feelings in the exact way the other felt them. It is worth pointing out that the ability to imagine another’s situation is not restricted to people close to us as “by means of the faculty of imagination sympathetic participation even in the fate of spatially far removed persons (and of historical personalities, who have been subjected to injustices) becomes possible” (Freiin von Villiez 2005, p. 67, transl. S. Z.). Smithian sympathy therefore enables us to sympathise with our ancestors as well as people in a far away country we never even heard of. However, Smith stresses that we care about those less and are naturally more concerned with the people most immediately around us. That first and foremost implies ourselves as “every man feels his own pleasures and his own pains more sensibly than those of other people” and is therefore “in every respect fitter and abler to take care of himself than of any other person” (Smith 1759, VI, ii, 1.1). In the case of the traffic accident, sympathy as motivation drives us to find out whether or not the emotion displayed by the person stuck in the car is proper in that situation. “on the basis of sympathy, each of us is made the ‘immediate judge’ of others” (Sivertsen 2017, p. 106). The process of imagining situations works both ways. The example of the traffic accident shows that quite clearly when we turn our attention towards the victims themselves sympathising with us as the observers. While “the people observing the scene are constantly considering what they themselves would feel, if they actually were the sufferers,” the victims as well “is constantly led to imagine in what manner he would be affected if he was only one of the spectators of his own situation” (Smith 1759, I, i, 4.8). In rare cases a person might even exceed the mere imagination of another’s situation when “we do not simply imagine ourselves in that person’s situation, we take up (in our imagination) that person’s character and commitments” (Sayre-McCord 2014, p. 9). In these circumstances, the perspective of the other person, in this case the victims of the traffic accident, is entered entirely. This process of



imagining an accident-victims' situation triggers in the observer feelings which are not necessarily felt by the observed victim in the same way. "Imagination is essential to the production even of the 'idea' of another's feelings, and sympathetic feelings are no longer ones that the other person need actually have" (Fleischacker 2017, Ch. 3). The feeling one senses when sympathising with a suffering person is not felt by him in the same way but is the result and an expression of us imagining the circumstances of the situation the other person finds himself in. "The existence of fellow-feeling does not imply that two people have feelings of the same kind, even though in many cases (...), the spectator shares the agent's feeling" (Broadie 2006, p. 168). As a result, in addition to getting an idea of the accident-victim's feelings, one at the same time experiences an own feeling as a reaction to it. This particular feeling or emotion is felt in addition to the ones that are the result of the imagined sensations. Smithian sympathy as a whole, being capability and motivation to interact with other people at the same time therefore not only serves as the enabling condition of morality but also becomes its essence when put in practice. In other words, "sympathy is really a *capacity* or ability based on a fundamental interest in the fortunes of others" (Witzum 1998, p. 494).

Smith approached his examination of moral theory from a position which allowed him to refer to a plethora of work done before him. There have been two main sources of influence which feature in Smith's thought, most prominently in his *TMS*, but also throughout Smith's work in general. Undoubtedly, Smith's academic development was in huge parts owed to his teacher at Glasgow University, Francis Hutcheson as well as his life-long friend David Hume. Apart from that, Smith has been influenced by a range of thinkers of his time and of the antiquities. One of the most prominent of his contemporary influencers was Voltaire (François Marie Arouet) who certainly had an impact on Smith's attitude towards tolerance and morality in total as well as religion. At this place, one should also name, as antagonists of sorts, Bernard Mandeville and Thomas Hobbes for having a huge impact on how Smith saw the human nature and the individual as a moral agent. Mandeville's influence on Smith's moral philosophy is of special character as it is somewhat indirectly imposed on him through his studies at Glasgow University. "Mandeville was an obsession with Hutcheson. He could hardly write a book without devoting much of it to attacking the *Fable [of the Bees]*" (Kaye 1924, cxli). It is therefore likely that he used Mandeville frequently in his lectures as well. When it comes to thinkers from ancient Rome and Greece, Smith, especially in his *TMS*, very often relies on examples from Greek tragedies. In addition to that, he dedicated the whole part VII of his *TMS* to the origins of morality as such. Here, he shows how particular matters of human interaction were looked upon and interpreted by Stoics and Epicureans as well as household names of ancient philosophy, namely Plato and Aristoteles that Smith came across during his studies at Glasgow University. However, for the purpose of this thesis the focus will be set on the relationship between Smith and his fellow Scotsmen Hutcheson and Hume as the three of them actively defined what is referred to today as the Scottish Enlightenment. Following, each of their influences will be sketched shortly.

To assign to Hutcheson the credit of creating Smithian sympathy as a concept or even an outline would be an unfair exaggeration. Nevertheless, as his teacher and mentor, Hutcheson inevitably lay

the foundation of Smith's understanding of and approach to morality as "seeds of the concept of the impartial spectator had already been sown by Smith's teacher" (Broadie 2006, p. 159). Being a well-conceived Scottish Enlightenment philosopher himself, his own work paved the way for later findings in moral philosophy by introducing empiricism to morality. "Hutcheson proposed to place moral philosophy on an observational footing, to appeal to experience and facts rather than the traditional a priori perspective". Hume and Smith hugely benefitted from this approach to moral philosophy, being laid out by Hutcheson. In addition to that, Smith's idea of widening the notion of sympathy, at least its first seeds, can be traced back to Hutcheson. Sympathy as a term only exists in its narrow form to the time of Hutcheson's writings. As a result, he does not use it the way Smith uses it later in the *TMS*. However, it is not entirely absent. "Hutcheson concludes that human beings have different senses to perceive different aspects of reality" (Carrasco 2011, pp. 518, 521). He had developed a binary moral theory. It was built around a 'moral sense', inherent to every moral agent along with other senses for other parts of their perception of the world. "The moral sense, as understood by Hutcheson, is a disinterested feeling of approval". In this, he follows a line of moral philosophers before him such as his immediate predecessor Lord Shaftesbury who is the source from which Hutcheson's idea of the 'moral sense' stems from. New to this account is the notion of disinterestedness in connection with approval of behaviour. He was the first to introduce the idea that "a judgement of approving another person's action could be (...) uninfluenced by any thought of benefit to oneself". The binary character of Hutcheson's theory is based in its scope. The 'moral sense' is only "naturally evoked when we come across the disinterested feeling of benevolence, and a similar feeling of disapproval for motives with a tendency opposed to that of benevolence" (Raphael 2009, p. 28). So, for Hutcheson, disinterested judgement is limited to approval of benevolence presented to us and disapproval of the opposite, most likely display of resentment. The connection to sympathy becomes clearer in his remarks on the nature of the approving response. "Virtue is then called Amiable or Lovely, from its raising Good-will or Love in Spectators toward the Agent". Spectators, understood as physical and otherwise disinterested observers, do perceive 'good-will' from 'amiable and lovely' virtues. Put differently, they develop an affection towards the 'agents' and the virtues displayed by them. In Smith's words, they bring home the feelings they observe in other people and develop a fellow-feeling towards them. Hutcheson also specifies that this affection does originate "not from the Agent's perceiving the virtuous Temper to be advantageous to him or desiring to obtain it under that View" but from within the spectator himself. This connection, or effort to enter the perspective of the other, is similar to what Hume later calls sympathy and is then developed into the wider term that is all-present in Smith's work. It is worth noting that Hutcheson was a defender of a generally benevolent human nature. "Every Mortal is made uneasy by any grievous Misery he sees another incolc'd in, unless the Person be imagin'd evil, in a moral Sense: Nay, it is almost impossible for us to be unmov'd, even in that Case" (Hutcheson 1729, II, 1.8). His insistence on sympathy, or 'moral sense', being a part of human nature was "a crucial part of his anti-Hobbesian doctrine that benevolence is natural to humans" (Broadie 2006, p. 160). Although it might seem like a far stretch to derive Smith's

sympathy from Hutcheson's remarks on morality, as his teacher, Hutcheson laid the foundation to Smith's moral thinking and, eventually, academic career.

The influence Hume had on Smith, not only compared to that of Hutcheson but also to any other, is decisively larger. Not only did he compose his own moral theory much more similar to what Smith comes up with about a decade later, Smith also responds to criticism of Hume in the second edition of the *TMS*. On top of that, both, Smith's and Hume's thinking, expanded to areas outside of moral theory in general and the sympathetic feelings in particular as they both held views on utility, justice and religion as well. This, in turn, has implications on how they viewed morality. Following, the Humean understanding of sympathy is contrasted to that of Smith before shortly indicating their different takes on utility, justice and religion to emphasise Hume's influence on Smith's work in its comprehensiveness.

Looking at the two accounts of sympathy of Hume on the one and Smith on the other side, one quickly notices their similarity. They agree on wide parts of the concept of sympathy itself while also relying on it throughout the development of their respective philosophical work. Smith, as well as Hume, places great value on his understanding of sympathy. Not only does he place the explanation of it at the very beginning of the *TMS*, he also uses it to construct the notion of the Impartial Spectator which will be sketched later. Regarding the human being as a moral agent, it is fair to say that "if that capacity for sympathy were entirely absent, they [Smith and Hume] hold, so too would be moral thought and practice" (Sayre-McCord 2014, p. 2). But although they are very similar to each other, the usages of sympathy in Hume's or Smith's work respectively differ significantly in crucial points. In Hume's sense, sympathy is a process we engage in, or better, that happens to us naturally without us needing to put thought into it. It "simply transmits the emotions of one person to another more or less vividly" (Rasmussen 2017, p. 91). He sees sympathy therefore as a subconscious measure of exchange. For Hume, this does not only encompass feelings as "the whole weight of his exposition is to see sympathy as a principle of communication, not only of feelings, but also opinions". In addition to that, he does not discriminate feelings here in the sense that only feelings or opinions, which qualify in a certain way, can be sympathised with. Humean sympathy therefore is in its scope comparable to that of Smith. However, its character is different. One time that becomes very clear is when it comes to how the act of sympathy is effectively conducted. "Hume depicts this as a passive almost mechanical process" (Broadie 2006, p. 162). Indeed, Hume does not seem to see anything that is left to do by me as "a cheerful countenance infuses a sensible complacency and serenity into my mind; as an angry or sorrowful one throws a sudden damp upon me" (Hume 1739, 2, 1, 11.2). Smith on the other hand sees sympathy as an alignment process that requires a "much more active projection into the situation of another person" (Rasmussen 2017, p. 91). In Smith's understanding of sympathy, it is virtually impossible to sympathise with anyone unless we brought home, that is imagined ourselves in, the other's circumstances. This is because we cannot come to feel anything for anyone if we are not familiar with what seems to have brought about the feeling the other is displaying. It is only from this knowledge that we can then sympathise with the other. We need to come to a separate sentiment,

which is the result of us imagining ourselves in the other's situation. "To sympathise in Smith's sense [we] must have a 'fellow-feeling', literally, a feeling that is a fellow of [the other's] feeling" (Wilson 2006, p. 267). The crucial aspect of that feeling is that it is my own and therefore unique. It is not, as for Hume, a reproduction of another person's emotion in me. "We do not automatically feel anger when we see an angry person, for instance; rather, we need to know what caused this person's anger" (Rasmussen 2017, p. 91) for responding with a feeling of our own. In other words, "Smith regards sympathy as something that spectators need to 'go out to get'" (Hanley 2016, p. 4). Smith sees certain circumstances in which such an automatic response takes place. "Upon some occasions sympathy may seem to arise merely from the view of a certain emotion in another person". He also mentions where this might occur as "a smiling face is to every body that sees it, a cheerful object; as a sorrowful countenance, on the other hand, is a melancholy one" (Smith 1759, I, i, 1.6). These are of course the same examples "that Hume himself has used" (Rasmussen 2017, p. 91). Despite these exceptions Smith admits, Smith's focussing on the situation of another rather than on the other's particular feelings, differs from Hume's understanding of sympathy as well. "On Hume's account, sympathy arises precisely from the spectator's view (...) and he does not discuss the agent's situation". Where Hume describes sympathising as a reaction which makes us feeling the same feeling as displayed by another person, Smith insists that it is first and foremost us imagining ourselves in the situation of the other and then feeling our own feelings as a sympathetic response. In other words, Hume puts forward a theory in which the transmitting of feelings and opinions, that is sympathy, functions as "a spontaneous, entirely involuntary operation" (Broadie 2006, p. 168) and describes it as an emotional "contagion" (Hume 1739, 3, 3, 3, 5, Rasmussen 2017, p. 91.). Contrary to that, Smith sees sympathy as a process of actively aligning our feelings to those of others which is consciously and purposely set in motion by ourselves as moral agents. The result is us feeling our own feelings, which are distinct from those of the other person, towards the situation he is in. The active character of Smith's understanding is also put on display from another perspective. Rather than exclusively focussing on the spectator, it involves the agent as well as "sympathy not only presumes the spectator's active agency, but it also renders the agent capable of certain types of practical action". The agent's part in the process might be to do his part in aligning his feelings to perfectly sympathise with the spectator. Smithian sympathy can therefore also be "conceived of as a principle of agent motivation" (Hanley 2016, p. 5). Another point of divergence was made by Hume when he suggested an alteration for the second edition of the *TMS*. He proposed to put more emphasis on the issue that there are forms of sympathy which are not bringing pleasure as he saw "an apparent implication that all sympathy is pleasant" (Raphael 2009, p. 18). He writes to Smith in a letter while Smith prepares for the second edition: "I wish you had more particularly and fully prov'd, that all kinds of Sympathy are necessarily Agreeable". The point Hume makes here is that sympathising with a person in agony does not excite an enjoyable feeling in us as "we feel pain rather than pleasure when we sympathize with a person who is suffering". Ultimately, Hume goes on to say, if sympathy was enjoyable every time it occurs, "an Hospital would be a more entertaining Place than a Ball" (Rasmussen 2017, p. 110). This criticism

by Hume comes from an inherent misunderstanding as Hume seemingly failed to see the whole nature of the Smithian understanding of the term sympathy. For Hume, seeing sympathy as working similar to a contagion, this must be true as the observer of a displayed emotion feels the exact same himself. Smith, on the other hand, responds to Hume's comments in a footnote in the second edition of the *TMS*. Herein, Smith differentiates two excitations of sympathy. "first, the sympathetic passion of the spectator; and, secondly, the emotion which arises from his observing the perfect coincidence between this sympathetic passion in himself, and the original passion in the person principally concerned" (Smith 1759, I, iii, 1.9, footnote). Consequently, sympathy is split into two as it entails our sympathetic feeling towards the other person we are currently observing and also "the observation of correspondence" of our feeling with that of the observed person, resulting in "a consequent emotion which is the feeling of approbation" (Raphael 2009, p. 19). Smith goes on to say that "the last emotion, in which the sentiment of approbation properly consists, is always agreeable and delightful". It is the second feeling that Smith lays his focus on when making the point that we always enjoy sympathy as "the other may either be agreeable or disagreeable, according to the nature of the original passion, whose features it must always, in some measure, retain" (Smith 1759, I, iii, 1.9, footnote). It therefore does not matter whether or not the person we sympathise with is going through a pleasurable experience, the fact that we do sympathise, that is deeming the displayed feeling as an agreeable response and proper in that particular situation, makes us enjoy every occurrence of sympathy. In other words, "Smith argues that we can take pleasure in a harmony of sentiments even if the shared sentiment itself is disagreeable" (Rasmussen 2017, p. 111). That follows directly from Smith's understanding of sympathy for "the man who sympathizes with my resentment or grief must approve of my feelings as appropriate" (Raphael 2009, p. 19). This is a significant difference between Smith and Hume. It shows, how the notion of sympathy truly underwent an evolution in the Smithian understanding. In the *TMS*, it can explain the soothing effect someone understanding us and holding our hand in sorrowful times has as "sympathy is often comforting to us when we experience a painful emotion". The difference to Hume becomes apparent as "it is difficult to see how Hume's 'contagion' account of sympathy could account for this phenomenon" (Rasmussen 2017, p. 111). Smith adds another paragraph to the footnote in order to respond to the comments of his friend. He writes: "Two sounds, I suppose, may, each of them taken singly, be austere, and yet, if they are perfect concords, the perception of their harmony and coincidence may be agreeable" (Smith 1759, I, iii, 1.9, footnote). Hume seems to have been satisfied with that remark as he did not respond. "Smith's view has helpfully been described as a 'projection' account of sympathy, as opposed to Hume's 'contagion' account, since it involves an imaginative projection into the situation of another person" (Rasmussen 2017, p. 92). This distinction seems to capture the different natures of Smith's and Hume's understanding of the term sympathy adequately. However, despite the significant differences, sympathy plays an integral role in both their respective moral theories. For both, it is constitutive to the moral assessment of another one's behaviour as it is "the starting point of all moral judgement". In the end, the conclusion that "Smith's account is more complex, and arguably more sophisticated" (ibid., p. 93) seems fair. Apart

from differences in the understanding of sympathy, the two friends disagreed on other topics as well.

Closely connected to their individual view on sympathy is their attitude towards utility. The difference here seems to arise from the importance each of them assigns to it. Hume seems to put much more weight and meaning on this consequentialist concept when it comes to moral philosophy than Smith wants to allow. For Hume, we appreciate beauty of “a well-built house because we sympathise with the sense of satisfaction and convenience that we assume its owner must gain from it” (ibid. 94). The gains of the owner constitute the importance of the house. We therefore put the use of an object above the emotions it may excite in us. Hume goes on to hold a similar view of morality. The consequences of a certain behaviour are what counts in the moral judgement of it. We sympathise with the positive passions an action brings about in others and assess the action itself on that basis. “Hume explains [moral] approval by the spectator’s reproduction of the pleasure of those affected by a virtuous trait” (Shaver 2006, p. 194). Smith argues against Hume’s universally utilitarian approach. He holds that this way of assessment with its focus on utility is not applicable when it comes to moral philosophy. Although Smith admits that our sense of propriety seems to be aligned to “the conveniency both of the individual and of the society” (Smith 1759, IV, 2.3), he does not see the cause of our approval in the utility of actions. Utility is an agreeable consequence of our behaviour but it is not influencing our moral judgement regarding it. “In other words, while we approve of useful actions and character traits, in Smith’s view, we do not approve of them (...) *because* of their utility” (Rasmussen 2017, p. 96). Here, he diverges from Hume for whom there cannot be any other source of approbation or disapprobation than utility. While Hume sees moral approval originating in us sympathising with the pleasures which come from an action, “Smith explains it by the spectator’s reproduction of the passions of the agent and of the gratitude of those affected” (Shaver 2006, p. 194). He claims it is “impossible (...) that we should have no other reason for praising a man than that for which we commend a chest of drawers” (Smith 1759, IV, 2.4). We therefore seem to care about actions far more than we do for a tool we use. Smith cannot see this ‘more’ in importance we put on the morality of actions. It is “difficult to see why they *matter* so much to us, why moral considerations *move* us as much as they do” (Rasmussen 2017, p. 97) although they are mere means and not behaviour itself. Hume responds by assuming the pleasures we take from tools and morally right behaviour are of a different quality. However, Smith goes on to argue that “the usefulness of any disposition of mind is seldom the first ground of our approbation”. We seem to have “a sense of propriety quite distinct from the perception of utility” (Smith 1759, IV, 2.5) when we judge someone’s behaviour morally. The different handling of utility continues to define their views when it comes to their respective understanding of justice. Again, Hume claims that “the virtue of justice is founded entirely on its utility” for “we approve of just conduct because of our sympathy with the public interest”. It is, for Hume, therefore the use we draw from justice which makes it desirable. This very Hobbesian view is heavily opposed by Smith. For him, the understanding of justice is founded upon our natural desire for atonement. “Our sense of justice springs not from reflection on its usefulness but rather

from the sentiment of resentment” (Rasmussen 2017, p. 100). As a result, decisive for our longing for justice seems to be resentment for actions we do not approve of and sympathy for actions we do approve. Smith sees an action or a behaviour as being unjust “if in the conduct of the benefactor there appears to have been no propriety, how beneficial soever its effects” (Smith 1759, II, i, 4.1) or, in other words, if it is a proper object of resentment. Proper behaviour on the other side is one we can sympathise with and therefore assess as just. Again for Smith, the consequences do not play into that evaluation and the focus lays on sympathising with the agent. This becomes clearer at the example of punishment. While Hume relied on its use for society as “the utilitarian explanation for [our] approval of punishment cites the good effects of punishing”, Smith, on the other hand, would argue with “the resentment [we] feel after imagining myself in the place of the victim” (Shaver 2006, p. 194). Smith’s understanding of justice becomes relevant as it “provides a further window on the normative dimensions of his conception of sympathy” (Hanley 2016, p. 6). A final field on which Hume and Smith engaged in different views is that of religion. As it does not influence Smith’s moral philosophy immensely, it is only mentioned for purposes of comprehensiveness. Reading Smith’s *TMS*, one gets the impression that he wants to avoid this topic wherever possible as, “when Smith ventures onto religious terrain his writing is frequently evasive or equivocal”. Actually, his remarks in that context are far from essential for his moral theory as such as they occur most irregularly and mostly as side-notes to a primary point. Smith’s thoughts do not “rely in any way on religious premises or a divine will”. Unlike Hume, who famously entertained a very critical view on religion, Smith at least seems to see certain “practical benefits” in religion’s capacity to provide “comfort in the face of death”. In addition to that, Smith seems to hold “that religion tends to underwrite rather than undermine morality” (Rasmussen 2017, p. 101). Indeed, he expresses the importance of religion to morality as such when he states that “those important rules of morality are the commands and laws of the Deity, who will finally reward the obedient, and punish the transgressors of their duty” (Smith 1759, III, 5.3).

The meaning Smith assigns to the term of sympathy fully clarifies how he sees the human being as a self-interested, not selfish, moral agent who is consistently forced into and trapped in an ongoing interaction with others. Sympathy acts as every single agent’s tool to understand and respond to others in a way that is subjectively appropriate. Throughout this interaction, we are forced to reevaluate and have to constantly adjust our views and attitudes towards circumstances and other moral agents until both sides, we and our counterpart, reach an agreement on the proper feelings and behaviour regarding a particular situation. Also, “we conform to the rules of conduct accepted in society largely because we wish to be admired by others” (Coase 1976, p. 10), we are therefore highly incentivised to engage in the process of aligning our feelings with our opposite. The equilibrium that we set out to reach is what Smith describes as fully sympathising with one another, achieving mutual sympathy. It is worth noting that Smith sees sympathy distinct from reason and rationality. As sympathising depends on our capacity to feel, it must differ in its nature from reasoning objectively. Both components of moral judgement each fulfil their own functions separately. “Sympathy is the emotion, reason the operative method of the social act, both expressed

through individual person” (Macfie 1959, p. 219). In turn, sympathy is not only giving us the ability to build up a connection with other moral agents, it also enables us to fully sympathise with every part of our own conduct and, in extension, living in accordance to our own moral standards. At the same time, sympathy serves as a motivation for finding and entering the impartial perspective of a disinterested spectator. The prospect of being in agreement with our fellows drives us to undergo the bespoke adjustment process which is supposedly guiding us to complete sympathy with our opposite. It is in this way that both characters of Smithian sympathy — ability and motivation — go hand in hand in forming the foundation of Smith’s Impartial Spectator. The Smithian concept of sympathy is for the proper understanding of Smith’s moral theory what the Humean concept of sympathy was for that of Hume’s. Sympathy occupies a central position as the foundation of their thinking as they build their respective theories upon it. In the case of Smith, he “systematically develops the concept to accommodate a theory of justification that is vastly more refined (and more tenable) than those both of Hutcheson and of Hume” (Freiin von Villiez 2011, p. 68). It not only serves Smith as a basic understanding of human interaction, it also is a necessary condition to his theory on morality as a whole. Without their respective interpretation of the term, both, Smith’s and Hume’s, accounts on the social interaction of moral agents cannot stand. Regarding Smith in particular, this is emphasised by the urgency with which he deals with the explanation of sympathy at the very beginning of the *TMS*. Everything that follows is built on Smithian sympathy as its basis. Especially Smith’s notion of the Impartial Spectator, which will be the subject of the next chapter, relies heavily on the unique sense that sympathy is developed into by Smith.

### III. Smithian Impartial Spectator

The core of Smith’s moral philosophy — the propriety of our behaviour towards each other and, in turn, finding the right way to act in any given situation — is best exemplified by his notion of the Impartial Spectator. Especially in *TMS*’s third part, Smith uses the figure of the Impartial Spectator to show how human beings can become able to judge their own moral behaviour unbiased by and independently of subjective views and preoccupation. This process is divided into stages as moral agents escape individual biases by entering the perspectives of other people and avoid even those prejudices by entering the viewpoint of the Impartial Spectator. This figurative tool in that context can therefore be seen as a metaphorical instrument for any moral agent to understand what the proper thing to do is for *himself* in any given situation. Sympathising with others and thereby understanding other people’s perspectives on our *own* behaviour helps us to morally evaluate *their* actions and feelings. The Impartial Spectator shows us how to apply our moral standards and understanding of propriety to *ourselves* and *our own* behaviour. “Moral actions are only those which awaken the sympathy of a well-instructed and impartial spectator” (Oncken 1897, p. 444). Seen in this sense, Smith’s understanding of sympathy leads up to the elevated vantage point of the



Impartial Spectator, which provides the ultimate moral judgement not only regarding people we interact with, but ourselves as well. “Without sympathy, reason may be inhuman and powerless. But without the ‘impartial spectator’, without reasoning judgement, sympathy is dumb” (Macfie 1959, p. 214). Put differently, in evaluating other’s conduct, we and our views are the moral measure against which we judge. In evaluating our own behaviour, the Impartial Spectator steps into that role. As “the proper way to make normative judgments is to consider the details of a phenomenon from an impartial perspective” (Fleischacker 2017, Ch. 1), it simply does not seem to be possible for an individual to reach the level of impartiality necessary for an appropriate self-assessment. Since we cannot be the judge of ourselves without falling into intransitivity, we need another angle from which we can properly evaluate the propriety of our actions. Smith uses the device of the Impartial Spectator to achieve exactly that, utilising his unique understanding of sympathy and combining it with rationality. “While sympathy is the essential social sentiment (...), for Smith sympathy is always united with reason, with the operation of the impartial spectator” (Macfie 1959, p. 216). In this chapter, the nature of the Impartial Spectator will briefly be described. Thereby, it is shown how Smith constructs and develops it as a self-standing notion based on his unique understanding of sympathy laid out in the previous chapter. After that, the notion of propriety and its meaning for Smith as the criterion of praiseworthiness is pointed out. As the measure the Impartial Spectator applies in judging morally, praiseworthiness is put into contrast with the meaning of actual praise in Smith’s moral philosophy. In this context, it is briefly demonstrated, how Smith manages to distinguish between self-interest and selfishness and thereby clarifies the distinct natures of praise and praiseworthiness even further. The chapter concludes with presenting the influences, most prominently Hutcheson’s and Hume’s, which lead Smith to engineer the Impartial Spectator as central part of his moral theory.

The process, which Smith uses to develop the Impartial Spectator, can be divided into three subsequent steps. Throughout it, the two characters of sympathy, namely ability and motivation, eventually conjoin in the nature of the Impartial Spectator as the end result. All three of the steps rely on our capacity as moral agents to sympathise in general, including sympathising with ourselves. Consequently, we become the spectator of our own conduct. The first step, which Smith undertakes towards an impartial perspective, is to show how we sympathise with other moral agents. Imagination is a necessary condition of sympathy. Sympathising with another moral agent or not and, on that basis, understanding and assessing the propriety of another’s behaviour depends on our capability to imagine the particular situation the other person finds himself in. Put differently, the crucial character of imagination, when it comes to sympathising with other moral agents, rests hugely on our inability to align our feelings with others without having pictured or ‘brought home to us’ their situation and having understood their individual point of view beforehand. The only possible way to reach the perspective of the impartial spectator seems to be to conceive of our own feelings towards others and gradually sympathise with these other agent’s feelings as “the motivation for developing and applying this faculty [of sympathetic participation] results from the fundamental [principal] *sociability* of human beings” (Frein von Villiez 2005, p.

66, transl. S. Z.). As a result, steady contact with other people is an immanent condition of sympathising with them and, in turn, with ourselves. It becomes clear that the motivational characteristic of sympathy is itself built upon the general companionability of a person which we are, in turn, enabled to by sympathy as a capacity in the first place. The concepts of sympathy and sociability seem to be symbiotic, one cannot survive without the other. As we deal with other people on a day-to-day basis, not understanding our fellow agents would be corrosive for the purpose of achieving best results and a smooth converse with them. Being able to sympathise with other moral agents proves to be the necessary first step towards truly entering a completely impartial standpoint. This, in turn, is exclusively determined by moral standards or a universal sense of propriety. It is only the first step because by sympathising with our fellow agents, we do not effectively approach impartiality as we stay in our own sphere and continue to see things from our own perspective. “For Smith, sympathy cannot be detached from spectatorship, for it is spectators who sympathise” (Broadie 2006, p. 158). We, after having successfully imagined another’s situation and come to a verdict of the propriety of his responses to it, do not leave behind our prejudices and biases that influence our judgement because we remain the spectator of another’s conduct. What we do achieve is not entering another person’s perspective. Instead, we put ourselves in his situation and see for ourselves the circumstances he faces from his viewpoint. We still see the world with our own eyes and are influenced by our own opinions and attitudes. What has changed is our immediate experience, although this takes place only in our imagination. To sympathise with another moral agent is, so to speak, an intellectual effort of imagination rather than a sensational one as we still come to our own judgements, only regarding the situation another person is in. A situation is not firmly attached to the person and can, in most cases, be experienced by everyone while an individual’s perspective is his very personal take on things and includes all his individual biases and specific influences his mind might operate under. What that means is that we do not leave our own way of thinking and feeling about things by sympathising with other agents. This is essential and it is also showing rather clearly that Hume’s conception of sympathy cannot result in the Impartial Spectator that Smith develops in the *TMS*. In Hume’s view on sympathy, as was mentioned above, we are experiencing the same feelings and emotions as the person we sympathise with is feeling. Smith’s notion of sympathy on the other hand relies on a different form of imagination which does not extend further than the particular circumstances of the person we are sympathising with. It especially does not include the specific opinions and attitudes this person holds regarding the situation he is in nor general individual prejudices. This gives us the opportunity to fill that void with our own views and enables us to understand as well as morally judge the perspectives of even the dead or an unfeeling person. Although it does not bring us closer to an unbiased view on ourselves, as the Impartial Spectator is supposed to do, sympathising with others seems to be the basis for all social interaction and, consequently, as well for the interaction with ourselves. This includes self-judgement which seems to be the purpose of the construct of the Impartial Spectator all along.

Being able to align our feelings with those of others in a mutual adjustment process, or sympathising with them, therefore seems to be a necessary condition for introspection. But it is introspection itself which marks the first time we actually come closer to impartiality and, in turn, Smith's Impartial Spectator. The next step on the way to the viewpoint of an Impartial Spectator therefore has to be directed towards ourselves while at the same time avoiding our personal biases. However, introspection cannot be done from within us. In order for our judgement to stay consistent and avoid circularity, we cannot come to an unbiased verdict about us ourselves. If "I want to know what a disinterested judge would say, and because there are evident obstacles to my being a disinterested judge of my own acts, it is necessary for me to turn to others" (Broadie 2006, p. 158). Consequently, the only way to reach such an evaluation is to exit our sphere and thinking in order to put all our own biases and prejudices behind us. Sympathising with ourselves cannot be done in any other way "than by endeavouring to view them with the eyes of other people, or as other people other people are likely to view them" (Smith 1759, III, 1.2). The second step towards impartiality therefore seems to be leaving our own point of view completely and thereby to rid ourselves of any bias *we* have. In doing so, we naturally have to enter another's perspective from which we can come to a moral assessment of our behaviour, attitudes and feelings. "[The Impartial Spectator] arises out of the actual process of moral judgment around us, and we heed it as part of our drive to find a harmony of feelings with our actual neighbors" (Fleischacker 2017, Ch. 4). Judgement is meant as coming from outside here. Our neighbours judge us and we, in order to come to a more neutral picture of ourselves, enter their perspective, loosing all our personal preoccupations. Stepping outside our biased perception of all-day situations and entering into another's perspective is therefore essential, so Smith, for appropriately evaluating the moral worth of our own actions and feelings towards others. "We must endeavour to view them [our feelings] with the eyes of other people or as other people are likely to view them" (Smith 1759, III, 2.3). Thereby, we entirely enter the thinking of the agents who initially only appeared to us as external judges of our own behaviour and become the judges of it ourselves through their eyes. "We can imagine not only ourselves in another's place but how another at some distance from us might view our own actions" (Nieli 1986, p. 617). Only after having made that step outside of our minds, we can suddenly see our conduct without having any stake in it. "If we were unable to see the situation except from the standpoint of the person affected, (...) no independent evaluation would be possible" (Griswold 2006, p. 27). In other words, without having stepped out of the kind of thinking and seeing the world the way we are accustomed to, we seem to be unable to neutrally assess our conduct not only towards others but ourselves as well. As Smith puts it, we can never truly reflect on ourselves and, in turn, sympathise with our own conduct "unless we remove ourselves (...) from our natural station and endeavour to view them [our motives] as at a certain distance from us" (Smith 1759, III, 1.2). This reflects on the tremendous importance Smith puts on the sociability of us as moral agents and our contact with fellow moral agents. Without this steady exchange, there would be less or no opportunity to leave our own and enter another one's perspective as "we only become aware of ourselves — gain self-consciousness — through our relationship with others" (Haakonssen 2006, p. 12). Consequently,

seeing our own attitudes and behaviour objectively in an unbiased way would seem to require a significantly larger effort. A person's "character, the propriety or demerit of his own sentiments and conduct (...) are objects which he cannot easily see". Only through social interaction "he is provided with the mirror he wanted before" (Smith 1759, III, 1.3). Our capacity to sympathise with others is essential for understanding other's viewpoints. "It is through sympathy, Smith contends, that we are able to overcome the natural self-centeredness of our perspective and view ourselves as others would view us" (Nieli 1986, p. 617). By entering the perspective of our fellow moral agents, we not only have to be able to sympathise with them, as laid out in the previous step, the whole point of leaving our perspective is to sympathise with ourselves from the perspective of the other person as "distance creates the possibility of disinterest" (Broadie 2006, p. 180). Put differently, sympathising with others, in addition to enabling social contact, puts ourselves into a position to sympathise with ourselves. What makes that detour necessary is our inability to judge our own conduct. We therefore need other perspectives to enter into in order to become clearer about the propriety of our own. The first step equipped us with the ability to sympathise with moral agents in general. This does not include our own perspective, our own 'self' so to speak. We cannot enter into our perspectives ourselves as we already are in our position. The second step familiarised us with the adaptation of other's points of view and attained the competence of judging ourselves from there. After the first two steps towards impartiality we know how to sympathise with our attitudes and conduct and we can do so unbiased by our own preoccupations from the distant position of other perspectives. Naturally, what arises now is the question of which particular perspective to enter.

This is the subject of the third step towards the Impartial Spectator. Every other person who we can interact with is operating under a system of influences similar to ours and is relying on this framework of individual biases and preoccupations much like we do ourselves. By entering their vantage point, we do leave our own prejudices behind but at the same time, we adopt another's set of subjective beliefs. This seems to move us back to the point we started from. "We hardly ever, contends Smith, consider our own merit only by comparing ourselves to what we ideally ought to do; we almost always also compare ourselves to our friends and companions" (Sivertsen 2018, p. 452). Consequently, Smith does not suggest that we should judge our conduct from the eyes of another person, as other perspectives are biased in their own, and, in extension, unfit to serve us as an impartial point of view. Instead, "we must become the impartial spectator of our own character and conduct" (Smith 1759, III, 2.3). Here, Smith does not use the notion of the Impartial Spectator to refer to a physical being whose perspective we should adopt the way we would with another person. Rather, Smith seems to point towards a virtual, theoretical entity that we imagine. "He [the Impartial Spectator] is a creation of my imagination" and "indeed myself, through the character of an imagined spectator, not in the character of an agent" (Raphael 2009, p. 35). It represents the moral values that we want to live by and, in turn, guides us in every decision we face towards the most proper behaviour in any given situation. The Impartial Spectator therefore does not exist physically. "The impartial spectator is the product of an act of imagination (...) it is not a real

spectator who has the merit of being impartial, but an ideal spectator, one that exists as an idea” (Broadie 2006, p. 181). Accordingly, to reach this particular level of impartiality it is not enough to enter into other people’s perspectives as we did in step one, neither is understanding our attitudes and actions through their eyes, as step two enabled us to. Because “the impartial spectator is supposed to be free of [any] *partial* feelings” (Fleischacker 2017, Ch. 4), the only valid perspective we can use to come to a judgement about ourselves must come from a third source that has no agenda by itself, a truly and completely unbiased angle that *neither* belongs to our sphere *nor* that of one of our fellow moral agents. The Impartial Spectator’s perspective seems to be the only one from which we can understand how our behaviour appears from a completely neutral perspective. “We must view them [our interests], neither from our own place not yet from his [another agent’s], 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” (Smith 1759, III, 3.3). Neither ourselves nor any other person is involved in it because the Impartial Spectator itself *is* effectively representing the neutral point of view. “Each of us judges others as a spectator. Each of us finds spectators judging him. We then come to judge our own conduct by imagining whether an impartial spectator would approve or disapprove of it” (Raphael 2009, p. 35). This exemplifies the two characters Smith assigns to the Impartial Spectator. While his disinterested nature seems to classify him as an objective instance external to us, the normative force of his moral judgement suggests an internal perspective that was resting inside us all along. “The impartial spectator’s role is to approve or disapprove the actions and thoughts of an individual. He is impartial, and views the individual as from outside, but he is also within, the man in the breast” (Urquhart 2016, p. 340). The challenge in attaining an impartial perspective on ourselves is to enter this internal perspective without depriving it of its objectivity. We have to completely rid ourselves of any immediate interests we naturally have. “In judging himself, he [the agent] has, or is presumed to have, the information but has to overcome self-love or self-interest” (Broadie 2006, p. 180). Here, the pivotal role sympathy plays in the moral philosophy of Smith as well as the divergence from Hume become apparent once more. By the mere imagination and taking up of another’s perspective, effectively reproducing their feelings in ourselves, one cannot come to an own moral position regarding the situation at hand. It seems therefore that “attempts to replicate the actual feelings of others are not only futile, but also sterile” because they would “occupy a person in such a way that he would become blind to a more ethically significant task: namely, the creation of an independent perspective that is new to and independent of the original positions of both spectator and actor” (Hanley 2016, p. 10). This is why Hume’s understanding of sympathy does not allow for an Impartial Spectator in the Smithian sense. There is no actual person or moral agent whose feelings we could bring us to feel ourselves the Impartial Spectator is a virtual figure. We enter his perspective only metaphorically. Hume simply would not be able start to sympathise with Smith’s spectator because sympathy, in Hume’s understanding of it, is directed towards reproducing another’s feelings in ourselves. Consequently, the second step is as far as we can reach with the Humean conception of sympathy. The way Smith uses the term, on the other hand, focusses on the

situation instead on the particular feelings of the observed agent. Sympathy thereby becomes about imagining our own attitudes towards a particular matter or, in other words, we do not imagine other's opinions or perspectives in us anymore, we imagine *us*, coming to *our* potential conclusions, in *another one's* situation. "An agent can judge his own character and conduct only if he imagines *himself* in the position of a spectator (Raphael 2009, p. 42). That is what allows for us as moral agents to enter the perspective of even unconscious people, the dead or, as in the case at hand, a being that only exists in our imagination. Rather than sympathising with ourselves from the perspective of another person, it is then about sympathising with ourselves from the point of view of an imagined spectator who observes the situation impartially without any individual interest from outside the scene. As Smith puts it, "we endeavour to examine our own conduct as we imagine any other fair and impartial spectator would examine it" (Smith 1759, III, 1.2). Entering the perspective of the Impartial Spectator therefore seems to be the only way of self-approbation, self-validation or, to spell it out even further, evaluating whether or not our own actions and attitudes are appropriate to a certain situation according to objective moral standards. "The impartial spectator has normative force in part because it *defines* the moral point of view already latent in ordinary life" (Griswold 2006, p. 39).

It is worth mentioning that Smith did not intend the figure of the Impartial Spectator as a permanent solution to the problem of finding the morally right thing to do. Although it serves as exactly that initially, it is not what the Smith sees as the long-term ideal. "The impartial spectator is indeed real, for it is not unlike the agent who is imagining it into existence" (Broadie 2006, p. 181). A moral agent becomes the Impartial Spectator himself after having internalised its standards of moral decision-making. "And in so far as he succeeds in imaginatively switching roles with such a spectator, he becomes his own spectator" (Fricke 2013, p. 186). It would defy Smith's positive image of human nature to leave the necessity of an overseeing instance that we ought to consult before we can make any moral decision. Smith does not see humans as inherently good or bad but he observes multiple variations of human temper and emotion depending on the specific situation that human is in. Instead of asking absolute questions like "is human nature benevolent or malignant?, or is human nature self-interested or benevolent? Smith's questions are rather, what in human nature makes virtue possible?, what in human nature makes morality possible?". This suggests a more nuanced view on the matter as "the sources of human motivation are heterogeneous and cannot be easily reduced to a few principles". Human passions, which guide and partly determine our motivations and behaviour, are to be seen in context. Understanding the nature of the passion that led to a certain behaviour alone does not suffice for coming to an evaluation of the agent's character. The value of passions "cannot be determined simply from a description of the passions themselves but only from an account of their appropriateness to specific occasions" (Mehta 2006, p. 248). Human nature therefore seems to be much too diverse to be easily classified. Nevertheless, Smith sees human nature as consisting of and relying on a general moral system that cannot be overwritten. "The sentiments of moral approbation and disapprobation are founded on the strongest and most vigorous passions of human nature; and though they may be somewhat warped, cannot be

entirely perverted” (Smith 1759, V, 2.1). He presumes this underlying sociability in parts because of our inclination for exchange. “Both *The Theory of Moral Sentiments* and *The Wealth of Nations*, after all, build on a view of human nature that stresses the communicableness of the passions and the passion to communicate” (Phillips 2006, p. 77). This is a necessity for our capacity to sympathise with each other. So rather than staying at our side as a moral guide, the Impartial Spectator, fully embraced and its perspective adopted by a moral agent, seems to be having the sole purpose of working towards becoming obsolete. In the system of Smith’s moral philosophy, it seems to serve as a means for our minds to reach a certain point at which we, as individuals in society, are no longer in need of its moral guidance. We internalise the Impartial Spectator’s perspective to an extent at which “the division of the self into two persons, the imagined spectator and the agent, almost disappears” (Raphael 2009, p. 40). As Smith puts it, the agent “almost becomes himself that impartial spectator and, scarce even feels but as that great arbiter of his conduct directs him to feel” (Smith 1759, III, 3.25).

The particular point that the Impartial Spectator is supposedly making us to reach does not seem to be described adequately by having acquired an understanding of morality that provides us with the ability to judge every situation correctly and to decide which is the appropriate feeling to feel or action to pursue in any given set of circumstances. Such an explanation would imply having the choice of acting differently and immorally. This does not seem to be what Smith has in mind. Neither does this bespoke point, once reached, put us into a state in which we are forced or determined to do the objectively right thing or have the emotion that is considered proper according to a universal morality inherent to society. Not only would that leave unanswered the essential questions of where such a morality would originate from and how it could be legitimised, it also would contradict Smith’s favourable image of human nature. Instead of a set attitude towards morality, he sees the moral agent’s character as living through an ongoing evolution. “Our reflective skills can, and need to be, constantly sharpened and our moral self-awareness tended to and enhanced through both intellectual and moral education and refinement” rather than being involuntarily committed to “*natural standard*, like an inborn emotional compass” (Freiin von Villiez 2018, p. 261). We therefore can and indeed must adapt our moral convictions according to experiences we make. Needing a coercive system to lead us towards right behaviour suggests a general and deep mistrust in the individual’s ability and intention to make morally right decisions. Smith, being the liberal thinker that he is, would have rejected this implication fiercely. As a result, there seems to be another explanation for this point at which the Impartial Spectator becomes a tool which we do not need to rely on anymore. Smith seems to suggest a simple but comprehensive learning process that extends to our psyche and consists of a moral agent imagining “himself as an impartial spectator of his [own] feelings or acts” (Broadie 2006, p. 185). In other words, we gradually are becoming the Impartial Spectator by sympathising with him. During this process, we choose to lean on the Impartial Spectator in order to understand the nature of right and wrong as well as to be shown the proper and improper behaviour for any given situation. It is, for Smith, implied that we are entering this procedure freely because we, as moral agents, enjoy agreeing with

our fellows and being agreed to by them since this mutual sympathy is the ultimate goal of engaging with other people and the only way of self-validation that we have. Sympathy with other moral agents requires an understanding of what is the proper response to actions towards us. That is what we seek guidance for from the Impartial Spectator. After we internalised his perspective, we act morally without having to reflect on the proper behaviour in every situation anymore because the Impartial Spectator, whose viewpoint we made our own, is responding properly in any set of circumstances. “The impartial spectator is the measure of propriety” therefore, “virtue is not a question of what is good for man, or of the obedience to laws or the satisfaction of desires. It is a matter of what the impartial spectator would approve of” (Mehta 2006, p. 260). Once we entirely internalised the perspective of the Impartial spectator and see the world through his eyes without having to think about doing so, we have achieved the level of introspection that does not require us to put thought into our everyday conduct anymore. Rather, reaching morally right decisions becomes natural as the propriety of different options is evident to us. An agent who reached this point does not need to rely on his imagined Impartial Spectator anymore. As Smith puts it, thinking like the Impartial Spectator “has become perfectly familiar to him. He has been in the constant practice (...) of modelling (...) not only his outward conduct and behaviour, but, as much as he can, even his inward sentiments and feelings according to those of this awful and respectable judge”. As a result, “he does not merely affect the sentiments of the impartial spectator. He really adopts them” (Smith 1759, III, 3.25). The overall aim of us as moral agents is therefore to become able to fully sympathise with ourselves from the perspective of the Impartial Spectator. The Impartial Spectator forms an identity with our sympathy “which implies that he can never be detached from sympathy since *he* is the one sympathizing (Broadie 2006, p. 158). It is therefore crucial to point out that his perspective is the only one that matters in developing our individual morality as it is the indisputable touchstone of propriety. “Smith’s central argument in the *Theory of Moral Sentiments* is that the sentiments of an impartial spectator are what set the ultimate moral standard: actions and character traits that would earn such a spectator’s approval are morally right and those that would earn his or her disapproval are morally wrong” (Rasmussen 2017, p. 90). Once this stage of complete identity is reached, “our judgments of propriety will be made according to the sentiments that have already been modeled, modulated or impartialized by this man within” (Carrasco 2011, p. 541). On the way there, we develop rules and moral standards to live by but even the guidelines we use to act morally seem to come directly from the Impartial Spectator’s vantage point as “moral norms express the feelings of an impartial spectator” (Fleischacker 2017, Ch. 2). We develop this basic framework of rules to lead us as a guide which we use only until we entirely entered into the perspective and adopted the thinking of the Impartial Spectator as just mentioned. Once internalised the Impartial Spectator “is the personification of these rules in my breast”. Getting to this point is a learning process. “What he must teach me is how to look at myself as though I were anyone *other* than myself”. Moreover, this process by no means seems to be passive on the moral agent’s side. We must actively work on our capacity to see and evaluate ourselves without personal biases. Subsequently, by learning how to enter the Impartial Spectator’s perspective, we bring him into



place in the first place. “The impartial spectator teaches me, but I also have to learn, to some extent on my own, to create him; we constitute one another” (Urquhart 2016, pp. 345, 346).

The rules which constitute this framework seem to be formed by us through experience. “They arise (...) from our reaction to the conduct, especially the shocking conduct, of *other people*” (Raphael 2009, p. 54). We naturally watch the behaviour of our fellows as bystanders. Subsequently, we analyse how we react to and feel towards other’s actions. The rules we give to ourselves are to a large extent a result of our shock regarding the behaviour we observed. This disgust serves as a motivation “never to be guilty of the like, nor ever, upon any account, to render ourselves in this manner the objects of universal disapprobation” (Smith 1759, III, 4.7). This very rudimentary and far from comprehensive evaluation of the other person’s conduct is the foundation for the rules we give to ourselves. “Our observation of the conduct of others insensibly leads us to form certain general rules concerning what is fit and proper either to be done or to be avoided” (Morrow 1927, p. 339). The nature of these rules depends on whether we approved of the action or not. “We do not come by our individual moral judgements by applying the rules, but come by the rules by way of the individual moral judgements” (Broadie 2006, p. 186). In other words, the moral rules we form as guidelines to help us reaching moral decisions are founded solely on the experiences we acquired from following other people’s conduct and our analysis thereof and not the other way. “For making the general rules of morality explicit, an agent can rely on previous experience of behavior that was generally approved, as well as on inductive reasoning” (Fricke 2013, p. 195). The guidelines upon which we found our behaviour in order for it to receive approval by others are themselves based on how people we interacted with throughout our lives behaved towards us. “Our continual observations upon the conduct of others, insensibly lead us to form to ourselves certain general rules concerning what is fit and proper” (Smith 1759, III, 4.7). Acting according to these guidelines provides a safe path towards a general behaviour we would approve of in others. The result also matches the way we want to be seen by others as the rules result from and point us towards what we appreciated as proper in other people’s conduct. Moral rules, therefore, are a product of what we approve or disapprove of in other people which is itself a result of our moral convictions and by how we see ourselves. Put differently, these moral guidelines “are formulated by induction on past impartial approvals” (Shaver 2006, p. 204). By following these rules, we avoid disapproved patterns and, as a result, they are not part of our behaviour anymore as long as we stick to the guidelines we created. “They [moral rules] are ultimately founded upon experience of what, in particular instances, our moral faculties (...) approve, or disapprove of” (Smith 1759, III, 4.8). But we do not only rely on how we judge the observed behaviour, we also take into account how other people react to it repeatedly. Our “own reaction is reinforced by seeing that everyone else is affected in the same way” and “by seeing that the particular kind of reaction is repeated whenever one encounters the particular kind of conduct” (Raphael 2009, p. 54). This eventually leads us to a state in which we do not need this framework of rules anymore as we got used to acting according to them. Thereby, we fully internalised the Impartial Spectator. “Once we have on board the standard set by

the impartial spectator, we are in a position to consider our own patterns of approval to determine which ones meet that standard and which ones do not (Sayre-McCord 2014, p. 32).

Nevertheless, apart from the moral rules we set for ourselves according to how we reacted to other's conduct earlier on, we seem to be driven towards acting morally by a different force. As Smith writes, "those vicegerents of God within us, never fail to punish the violation of them, by the torments of inward shame, and self-condemnation" (Smith 1759, III, 5.6). The mere disobeying of a rule we put upon ourselves seems to be a much too insignificant act for justifying or bringing about such a struggle with ourselves in the aftermath. Smith's emphasis on us troubling ourselves after acting in a way we know was improper seems to suggest another instance that helps us find the morally right thing to do and leads us to a proper conduct in any given situation. A likely candidate for this function seem to be the opinions and attitudes of the other members of our society. "Social conduct and theory must take account of public opinion" (Macfie 1959, p. 219). Society has a significant impact on the way we see ourselves, in many cases it even seems to generally determine our general attitudes and approaches towards particular issues. It seems reasonable to assume that the Impartial Spectator should be founded in public opinion as it "plays an essential role in fairness, by causing individuals to internalize other people's sense of fairness" (Ashraf 2005, p. 136). In the second stage on the way to a truly impartial standpoint, we endeavour to see ourselves from the perspectives of the people we interact with in our community. Only this enables us to continue the process of entering into a fully impartial viewpoint. Not before we achieved this insight into other's attitudes towards us can we reach a stage that allows us to adopt the Impartial Spectator's vantage point and morally judge ourselves from that angle. "According to Smith, moral education is a matter of engaging in sympathetic processes with peers" (Fricke 2014, p. 354). Consequently, Smith's mirror, which can only be provided to us by our fellows in society, seems to be the obvious foundation of the Impartial Spectator as sketched above. "Our first criticisms are exercised upon the characters of other people; and we are all very forward to observe how each of these affects us". By elevating the judgement of other people to the level of being the standard of our own moral attitude in such a way, our everyday points of contact with other members of our community seem to not only create the way we see the behaviour of others but especially determine in which light we see our own actions for "we soon learn, that other people are equally frank with regard to our own [conduct]" (Smith 1759, III, 2.5). But the accumulated individual convictions of our neighbours, in whichever form we may be confronted with them, seem to be missing the normative force that could make us adjust our behaviour away from its status quo towards the practices of other people. "The impartial spectator cannot simply be a repository of social opinion, nor is it possible to reduce the judgement of the impartial spectator to the judgement of society, even where those two judgements coincide" (Broadie 2006, p. 180). Our approach towards the Impartial Spectator's perspective seems to show this quite clearly as it is threefold and the angles of society's members is not sufficient to help us reach the third stage of the process. We first enter the perspectives of other people in order to, secondly, view us and our conduct from their vantage point. Public opinion as the agreed upon moral standard in a society can therefore only serve as a guide thus far. But, if we

want to transcend this stage of impartiality, in which we are detached from our own prejudices though relying on society's moral attitudes, the societal morality is not adequate anymore. "If the impartial spectator is no more than an idealized version of 'our friends and neighbors', it likely also conserves or even distils whatever biases and prejudices might be endemic to the moral culture in question" (Sivertsen 2018, p. 445). As soon as we accept that other's perspectives are biased in the same way ours is, we need to distance ourselves from the idea of an identity of the Impartial Spectator and the accumulated opinions of all members of our community. "Smith thus portrays society's spectators as superficial, concerned only with the external effects of an action, and contrasts them to the impartial spectator, who judges based on actual moral virtue" (Shin 2015, p. 2). We must therefore leave this sphere of societal bias to achieve true impartiality. Because real spectators, as the only other positions available for us to enter into, cannot lift our view onto neutrality, a faculty of judging ourselves must exist within us which serves us in more ways than the mere interpretation of other people's judgements. "In response to the challenge arising from disagreement among [real] spectators, an agent tries to look at himself from an unconcerned spectator's point of view and thereby learns to become his own spectator and judge" (Fricke 2013, p. 179). Instead of accumulating the, sometimes contradicting, views and perspectives of our society's members, we disregard them entirely as not trustworthy. With regard to others, "we become anxious to know how far we deserve their censure or applause" (Smith 1759, III, 2.5). This anxiety, which Smith mentions here, seems to be the essence of what we may call conscience and what seems to be a more likely candidate for that normative voice than public opinion. "It is no longer the opinions of factual spectators that are decisive. Their place is rather taken by an *idealized spectator*: the 'impartial spectator'" (Freiin von Villiez 2006, p. 121). So instead of relying on the agents we are surrounded by and accepting their moral judgement, which involves their individual biases, the Impartial Spectator is to be seen as a separate entity whose judgement is not affected by particular attitudes and prejudices. "The voice of conscience reflects what I, with all my knowledge of the situation, would feel if I were a spectator instead of an agent" (Raphael 2009, p. 36). Not only does it seem to act as a cognisant tool for self-evaluation, it also works as a kind of 'silent alarm' which warns us about and makes us aware of improper behaviour in any particular situation. Through that, it equips us with an almost subconscious sense of morality which, in turn, helps us to act virtuously without needing to rely on moral rules in every situation. Our drive for praiseworthiness adds the focus to conscience. It therefore "enables [moral agents] to get actively and fruitfully involved in sympathetic processes, aiming not only at mutual sympathy in general but at mutual sympathy in accordance with real praiseworthiness in particular" (Fricke 2013, p. 194). The way conscience shows itself emphasises its cognisant character. "The consciousness (...) is the source of that inward tranquility and self-satisfaction with which it is naturally attended, as the suspicion of the contrary gives occasion to the torments of vice" (Smith 1759, III, 1.7). Differently from moral rules that we apply directly to our conduct according to the voices of people around us, conscience seems to take a less noticeable approach and can nearly be described as a 'feeling' or a 'principle' rather than a 'sense'. "On the one hand, Smith wanted to retain the view that the voice of

conscience (...) is superior to popular opinion. On the other hand, he believed that conscience is initially an effect of social approval and disapproval” (Raphael 2009, p. 37). Following this interpretation, Smith endeavours to reconcile conscience with public opinion to the extent that it depends on the approval of others but, in turn, develops a unique character on the basis of other’s responses. Conscience shows itself in peace of mind and therefore seems to succeed if we do not perceive it at all. Most importantly, conscience does not seem to be biased as it seems to be an independent voice inside ourselves. “The point here is that, by whatever means the impartial spectator, considered as conscience, comes into being, it is not a member of society” (Broadie 2006, p. 182). As such, it must be seen distinct from influences we are inevitably under as moral agents in a society. This also explains, “how conscience [can] ever go against popular opinion, as it clearly sometimes does” (Raphael 2009, p. 36). Smith therefore seems to build up to this understanding of the notion of the disinterested observer as “he clearly sees the Impartial Spectator, in standing as the voice of conscience” (Sayre-McCord 2009, p. 10) and that, in turn, seems to give his perspective additional normative force. “Nevertheless, the impartial spectator owes its existence to the real spectators. Were it not for our discovery that while we observe and judge other people, they observe and judge us, we would not form the idea of an impartial spectator of us”. The opinion of others, aggregated or not, therefore seems to serve as a necessary condition for the Impartial Spectator understood as conscience. The very idea of an evaluating instance within ourselves relies on the concept of us observing others and, in turn, others observing us as the Impartial Spectator of everyone else depends on us as observers as well. “Smith’s impartial spectator, considered as an inner man, is constructed by a process of internalisation of such outer people” (Broadie 2006, p. 180). However, this bilateral dependency is restricted to being a part of the procedure that leads to the Impartial Spectator, which leaves room for the individuality of each person’s ‘man within the breast’. But it is worth noting that entering into the perspective of the Impartial Spectator really seems to be made possible by having sympathised with others and imagined our conduct and attitudes from their perspectives beforehand. Frankly, it is only through the interaction with other people that we can come to morally assess our own behaviour and feelings. This dependency is essential to Smith’s moral philosophy. Smith’s notion of the Impartial Spectator is not merely a figurative tool of self-reflection but rather a normative moral ideal as “it serves as a figure of thought to illustrate the level of approbation of certain actions or attitudes” (Freiin von Villiez 2005, p. 72, transl. S. Z.). Stressing this point even further, the impartial spectator is an internal third perspective that, through its impartiality, enables us as moral agents to evaluate circumstances and what is the proper response to them in an unbiased way. Thereby, he makes us self-reflect, develop and, in turn, live by our own morality which we developed in the process. We could not achieve that ability of self-reflection without leaving our perspective behind. “Not being concerned is a necessary condition for impartiality” (Fricke 2013, p. 179). Understood in that sense, conscience seems to come close to describing the Smithian notion of the Impartial Spectator as a third party which is only partly reliant on our relation to any other person, but rather judges “from the place

and with the eyes of a third person, who has no particular connexion with either [of us], and who judges between us” (Smith 1759, III, 3.3).

Despite its genuineness, the Impartial Spectator is by no means an irrefutable entity of moral judgement but comes with its own limitations. One of them seems to be founded in the foundation of his judgements. “The impartial spectator as a creature of a person’s imagination has no more (nor less) information about what is to be judged than the agent, for the creature cannot be better informed than its creator” (Broadie 2006, p. 182). The considerations of the Impartial Spectator are therefore based on the same knowledge that is to our disposal all along. However, limiting the availability of information of the Impartial Spectator to the exact amount we have access to is vital. This restriction enables us to make the step of becoming the Impartial Spectator of our own conduct by ourselves. If we lacked the capacity for or access to information crucial for forming an impartial verdict on our own character, we would still be bound to rely on the judgement of others which would, in turn, disable us from an unbiased moral judgement regarding ourselves. Requiring the assistance of other moral agents would force us into accepting their individual biases, a truly impartial assessment of our own behaviour would consequently become an impossibility. “Our autonomy as individual moral agents would then be limited to our specific society, and we end up with a kind of cultural relativism” (Sivertsen 2018, p. 445). Having this limitation, the Impartial Spectator can morally judge without relying on external information acquired from itself biased instances. However, that a vast majority of the information we as individuals have access to were at some point acquired through exchange with another agent leads to a slight insecurity. Because Smith connects the moral decision-making of the Impartial Spectator with our individual faculty of gathering information, which is all about consulting different sources, he allows for an almost certain involvement of external influences. The judgement of the Impartial Spectator therefore must always be seen as a momentary one and subject to constant change as “we can never say categorically that the impartial spectator’s judgement is true” (Broadie 2006, p. 183). Another limitation of the Impartial Spectator seems to arise regarding the justness of his judgements. Being reliant on and limited to the information the agent has access to seems to leave the possibility of unjust judgements as well. This becomes clear at the example of apologising to another person without having caused any harm. “This task would never be imposed upon him, did not even the impartial spectator feel some indulgence for what may be regarded as the unjust resentment of that other” (Smith 1759, II, iii, 2.10). Smith opens two possible ways in which the Impartial Spectator’s judgement could be unjust. One of them is that this ‘unjust resentment’ could, at least in parts, be felt rightfully and the Impartial Spectator misjudged the implications of the committed act. The other refers to the Impartial Spectator encouraging the feeling of an unjust emotion although our intention to sympathise with others would necessitate us to adjust the display of our feeling, and indeed the feeling itself, to a proper level. “If the impartial spectator feels some indulgence for what may be regarded as the unjust resentment of the other, he must surely have some sympathy for that unjust resentment” and as a result “he is sympathizing unjustly” (Broadie 2006, p. 184). A last apparent constraint of the Impartial Spectator seems to be based in his courage. As “the abstract and

ideal spectator of our sentiments and conduct requires often to be awakened and put in mind of his duty, by the presence of the real spectator” (Smith 1759, III, 3.38), it seems that Smith himself questions the reliability of our ‘man within the breast’ as he calls him several times. In these cases, we become “fearful and hesitant” when confronted with and, in turn, influenced by “a fearsome clamour of real spectators who violently proclaim a judgement which is contrary to the one that the impartial spectator would have passed” (Broadie 2006, p. 184). We therefore sometimes overrule the verdict even of the Impartial Spectator if we feel insecure about opposing opinions. This phenomenon arises for instance in situations suitably described as peer pressure when our inclination to sympathise with our fellows in society conflicts with the moral judgement of the Impartial Spectator. It does not mean that he has to fight an internal opposition, it merely shows “that the real spectator’s judgement naturally prompts a question as to whether that [the Impartial Spectator’s] judgement is appropriate” (ibid., p. 185). Real spectators therefore seem to provide a controlling instance for the Impartial Spectator and not just the other way. Apart from these limitations, the Impartial Spectator is the closest we can come to an unbiased and true moral assessment regarding our own conduct as it is also the only way at our disposal. However, in addition to our Impartial Spectator’s set of information being limited to our own horizon, we sometimes seem to actively work against him to an extent, which prevents him to form the correct judgement. We simply seem to manipulate the information we have on hand until the Impartial Spectator can only come to a judgement that favours our character beyond what would have been appropriate in that situation. Under these circumstances, “the violence and injustice of our own selfish passions are sometimes sufficient to induce the man within the breast to make a report very different from what the real circumstances of the case are capable of authorising” (Smith 1759, III, 4.1). In other words, we withhold information from the Impartial Spectator because it would reveal the true, morally less proper, nature of our conduct. Being denied these crucial clues, he cannot come up with the verdict adequate to the situation. We are capable of this kind of manipulation even regarding past behaviour. “Even in retrospect, I can exaggerate the wrong done to me to conclude that an impartial spectator would approve of my furious resentment” (Shaver 2006, p. 204). The Impartial Spectator therefore can be and often is deceived. Nevertheless, this ongoing deception of strict impartiality serves an important purpose. Smith sees self-deception as a necessity of everyday life. Although “this self-deceit, this fatal weakness of mankind, is the source of half the disorders of human life”, we seem to need it to not surrender ourselves to absolute desperation. Our character seems to be so immensely flawed that we could not lead a happy life with full knowledge of the true nature of ourselves. “If we saw ourselves in the light in which others see us, or in which they would see us if they knew all, a reformation would generally be unavoidable” (Smith 1759, III, 4.6). We therefore seem to save ourselves from our true self by clinging to a more favourable picture of us. This also does not require any exhaustion of the mind for “since the relevant spectator is my creation, it is tempting for me to create one who will let me approve of myself” (Shaver 2006, p. 204). Again, we do that for the sake of being able to lead a reasonably happy life as “we could not otherwise endure the sight”. Our individual flaws would prevent us from progressing because we

would be overwhelmed by how manifold our shortcomings are. To not let the deception take over and completely thwart our judgement and that of the Impartial Spectator, we form basic rules and apply them universally. The result is the set of moral guidelines sketched above. Herein, we have an ever-present guide, reminding us of how our conduct appears to our fellows as the rules are forged out of our experiences from us observing others in the first place. “Those general rules of conduct, when they have been fixed in our mind by habitual reflection, are of great use in correcting the misrepresentations of self-love concerning what is fit and proper to be done in our particular situation” (Smith 1759, III, 4.6; 4.12). We keep our selfish desire to manipulate the moral view we have on our conduct in check by following rules we found on our observation of others. Put differently, “nature leads us to form general moral rules in order to guard against such self-deceit” (Raphael 2009, p. 54). But these rules themselves can be bypassed. We can, by amending the rules we set to keep us on track of morality, alter them in such a way that they, in the end, again allow for our selfish passions to overrule our proper intentions. “General rules allow the same cheating as the creation of a spectator because induction from particular impartial judgements will rarely produce exception-less rules”. It seems very unlikely that we formulate universal rules as they are impractical and difficult to live by in everyday life. For instance, a rule that forbids any type of lying is likely to become tested many times during a day. A certain number of the instances which make following the rule a struggle, prove to be more manageable by allowing certain exceptions to the rule. Judging whether an exception is in order or not “seems as prone to self-deception as my creation of a spectator”. The use of moral rules in our life is not to provide an infallible instance of morality, it is to accompany us on the way to fully enter the Impartial Spectator’s perspective. “General rules are necessary for society, not because they block the effects of self-deception, but because (...) they provide a ready method for making moral decisions” (Shaver 2006, p. 204). As such, they are only needed during the learning process which leads us towards becoming the Impartial Spectator of our own conduct as sketched above. Consequently, they should not be seen as commandments with an absolute character but as a temporary framework. “One should, however, not overlook that relying on these rules for making a moral self-judgment is second best in comparison to properly engaging in a sympathetic process” (Fricke 2013, p. 196). Furthermore, religiously sticking to rule-following is both impractical and improper. For Smith, “a benefactor thinks himself but ill requited, if the person upon whom he has bestowed his good offices, repays them merely from a cold sense of duty, and without any affection to his person” (Smith 1759, III, 6.4). It therefore seems “both difficult and pedantic to act entirely out of regard to the rule” (Shaver 2006, p. 207). Another difficulty the Impartial Spectator seems to suffer from is his claim to universality. Smith himself seems to see his creation as a general tool for moral reasoning, applicable to and by any moral agent. “There exists in the mind of every man, an idea of this kind, gradually formed from his observations upon the character and conduct both of himself and of other people. It is the slow, gradual, and progressive work of the great demigod within the breast, the great judge and arbiter of conduct” (Smith 1759, VI, iii, 25). This is an expression of great individualism as the person seems to be somewhat

detached from the society he lives in. “Smith conceptualizes this imaginary figure as an embodiment of universal morality, and hence not limited to the values of one’s immediate community”. However, this claim is at least questionable. “The impartial spectator is inevitably a local figure, a judge who, while objective, adjudicates based on the context of one’s immediate social milieu” (Shin 2015, p. 1). This conclusion seems standing to reason, as Smith mentions, that the Impartial Spectator is based on the immediate experiences and observations of the moral agent himself. “Considering that humans are generally swayed by community norms, one’s decision to approve another person’s traits is, more often than not, biased”, even through the eyes of the Impartial Spectator. Depending on the environment a person grew up in, his judgement of what is to be considered worthy of approval might very well differ from that of another moral agent with another cultural background. “Hence, the impartial spectator merely echoes one’s culturally-informed notions of approval-worthiness and blameworthiness”. He therefore seems to be reduced to “simply a figure who helps individuals receive praise and avoid blame from others” (ibid., p. 3). However, this criticism seems to miss a crucial point in the Impartial Spectator’s nature. Through our experiences, we become able to form our judgements more and more elaborately. The observations we are left with in the beginning do not remotely resemble what we have at our disposal at a later stage in our lives. The Impartial Spectator has recourse to more information and is able to understand more sentiments as we ourselves gain experience throughout our lives. Part of the experience that, in the ideal case, leads to the evolution of the Impartial Spectator can be found in a comprehensive learning process of morality. This includes the formation of basic moral rules as a framework to support the creation of an individual morality. Through this, biases, unique to the cultural background of our upbringing, can be minimised. “The impartial spectator is *in* me, he is the man in *my* breast, but he has no particular relation to me, and he is not partial *to me*” (Urquhart 2016, p. 345). The Impartial Spectator is, so to speak, a part of us but not solely constituted by us. Rather, he takes part in constituting our morality on the way to and after us fully entering his position. In that sense the Impartial Spectator seems culturally unbound to us because his vantage point is positioned above conceptions of particular civilisation’s morality. His impartial character does not depend on the confirmation of other agents in contrast to us until we reach the stage at which we enter his perspective. Once we are at that stage, however, the impartiality takes over and not anymore do we rely on the guidelines of society. “We appeal, in other words, not to the judgment of our immediate companions, but to the impartial spectator, who is freed from the limitations of their knowledge and experience” (Morrow 1927, p. 339). Put differently, we outgrew our cultural biases once we fully entered the perspective of the Impartial Spectator.

In addition to how the perspective of the Impartial Spectator is imagined, sympathised with and, in turn, adapted, it is important to fully appreciate the standards he himself applies to our behaviour and behaviour in general. In other words, understanding the measurement of the Impartial Spectator’s point of view is vital for grasping his whole character and the consequences his moral judgements have on how Smith sees the nature of individual human morality. Smith equips him with features that uniquely combine our individual conscience and a claim for universality. This



leaves the necessity of a solid foundation to build moral judgement on. So far, judgement was founded upon principles of rationality. Decisions on matters could be reached through a cost and benefit analysis of the options at hand. But in spite of that common practice, morality seems to function in a different way that transcends the limitations of logics. The Impartial Spectator therefore has to combine our capacity to infer rationally and our individual conscience into one apparatus of moral judgement. “Reason is the compass that guides [our] self-awareness beyond emotion, conscience representing an attentiveness to the *conclusions drawn by reason(ing)*” (Freiin von Villiez 2018, p. 261). In other words, the Impartial Spectator’s way of judging is as novel as his character. Indeed, its mechanics appear to be so different from other forms of judgement that “the ‘measure of virtue’ also has to change.” As a result, “it can no longer be something extrinsic to the situation but rather to act according to what the spectator thinks the situation deserves: propriety” (Carrasco 2011, p. 538). The consequence for Smith’s Impartial Spectator seems to be clear. “‘Propriety’ and ‘impropriety’ are, in principle, expressions for right and wrong” (Raphael 2009, p. 23). Propriety, seen like that, therefore is a binary system, a black and white criterion for morality that appears to support itself. “In thinking someone’s action proper, in Smith’s sense, we are thinking that her reactions, and consequent actions, are (as we might put it) appropriate and called for, under the circumstances” (Sayre-McCord 2009, p. 4). We act properly if our behaviour was the right thing to do in any given situation and the right action is always the proper one. Smith differentiates two kinds of propriety. “One is perfect propriety, an ideal that cannot be attained in practice, so that a reference to it makes all human actions ‘blameable and imperfect’”. This view on propriety illustrates the binary character indicated above. As proper actions surely exist in Smith’s moral philosophy, the second understanding of propriety is more allowing. It serves as a threshold to indicate what kind of behaviour is favourable, basically explaining propriety as a gradual concept. As such, its basis is “the level commonly attained (...) actions that surpass this are praised and those that fall below it are blamed” (Raphael 2009, p. 92). However, setting propriety as the criterion for the Impartial Spectator’s decision-making does not seem to send the message Smith wants to convey. When seen this particular way, propriety does not necessarily include the interests of our fellow agents. Smith recognises that when he writes “virtue is not said to be amiable, or to be meritorious, because it is the object of its own love, or of its own gratitude; but because it excites those sentiments in other men” (Smith 1759, III, 1.7). Propriety is not an end in itself. Quite oppositely, proper behaviour produces love and gratitude in other people. The expression of exactly that is what we then call praise. Merely acting in a proper way for its own sake does not suffice for an action or general behaviour to be of the kind that would be favoured by the Impartial Spectator as it is not an end in itself but one constituting part of virtuous behaviour. By just behaving properly, we have therefore not achieved anything but reaching a milestone towards praiseworthy conduct. Acting in a perfectly proper way while thinking about no one else but ourselves is not what Smith has in mind when he thinks of morally right actions. The interaction with other agents is essential for us to evaluate the moral value of our own conduct. How our fellow moral agents react to our behaviour indicates the praiseworthiness of our actions. It is worth pointing out that Smith

understands praise in the quite literal sense of our fellows uttering their approval through rewarding our actions with positive feedback. Praiseworthiness, on the other hand, appears for Smith in a more idealistic light. It represents whether or not we morally deserve to be praised. This distinction is vital as it illustrates our motivation to act in a proper way. Praise by itself does not suggest praiseworthiness and vice versa. The response we receive by other people regarding our behaviour only points towards which part of our conduct is likely to be morally worthy of actual praise. It does not, however, necessarily express the morally right thing to do as the judgement of others is dyed by their individual biases. This everyday mirror which society provides us with is the foundation for the framework of moral rules we act by until fully entering the perspective of the Impartial Spectator relieves us from the need of such a set of guidelines. We then become aware of the morally right thing to do in any given situation and, in turn, can adequately judge our conduct and that of others by ourselves as an Impartial Spectator would have done. But then, still, praiseworthiness is what we are after with everything we do as we define ourselves over how much praise we deserve, not how much we actually receive. This distinction is crucial as it depicts the motivation of our morality. An agent in society “comes to scrutinise his acts and attitudes to determine not whether they will be praised, but whether they are praiseworthy” (Broadie 2006, p. 186). Praise itself, apparently being the obvious reward for ‘good’ behaviour, becomes less relevant in Smith’s moral philosophy. “We are pleased, not only with praise, but with having done what is praise-worthy”. The actual expression of approval by other people moves into the background. Most importantly, we seek the feeling of being worthy of it as without that feeling, the expressed praise itself becomes worthless to us. “The most sincere praise can give little pleasure when it cannot be considered as some sort of proof of praise-worthiness” (Smith 1759, III, 2.5; 2.4). The expression of approval therefore still satisfies us but cannot do so without being backed up by us feeling worthy of it. This conviction is essential to the rewarding effect of praise. In other words, the character of proper recognition has changed. “It is no longer the ‘moral applause of society’ – its approbation or disapprobation – that is decisive, but rather the *praiseworthiness* of actions” (Freiin von Villiez 2006, p. 120). This shift in direction is essential. In addition to that, aiming for praise as motivation for morally right behaviour appears to be too uncertain as it can be given without merit. Smith sets the focus clearly on deserving praise rather than actually obtaining it. “To be amiable and to be meritorious; that is, to deserve love and to deserve reward, are the great characters of virtue”. This perception of deserving moral approbation cannot be given to us but must come from within. “We are pleased to think that we have rendered ourselves the natural objects of approbation, though no approbation should ever be bestowed upon us” (Smith 1759, III, 1.7; 2.5). Having our feeling of being worthy of praise confirmed by our fellows expressing their contentment and approval with our behaviour becomes even more enjoyable then. When both aspects, deserving praise and being presented with it, come together, we sympathise with the sentiments displayed by other people and draw pleasure from this mutual understanding in addition to the feeling of being worthy of praise in general. The worth we assign to praiseworthiness even holds if we cannot expect any actual recognition at all in a particular situation. The mere conviction of being worthy of it suffices to

reward us adequately for right actions although this pleasure is amplified when we receive actual praise for behaviour we are already convinced was worthy of it. “Though a wise man feels little pleasure from praise where he knows there is no praise-worthiness, he often feels the highest in doing what he knows to be praise-worthy, though he knows equally well that no praise is ever to be bestowed upon it” (ibid., III, 2.7). This is vital as it has the potential to motivate anyone to act morally regardless of the response he receives as long as he is convinced of his course. Smith makes a difference between the wise man who is driven towards praiseworthiness and the mass of society. Although this stage of Smith’s ‘wise man’ is not reached by everyone, it rests as a potential in everybody waiting to be realised. This gives a foundation in ourselves for holding on to our principles without having to turn to any external, potentially divine entity that overlooks and controls, motivates and possibly rewards us. The mere knowledge of having become the proper object of praiseworthiness is enough to reward us for moral actions and prompt further such conduct in us. “What does satisfy the desire for praiseworthiness is knowing that one *would* secure the approval of an appropriately informed spectator, whether or not one actually enjoys such approval”. That relation between praise and praiseworthiness is central to Smith’s moral philosophy as it entails the nature of how Smith sees self-interest. Determining our action, self-interest is directed at what we want to achieve ourselves. This might be influenced by external entities but ultimately is the result of an individual attitude and conviction. It just so happens that our goal somewhat involves the opinions of others towards us. Yet while we need to rely on these external sources to some extent, “Smith points out that the desire to be praiseworthy is not satisfied when we secure the praise of those who are not appropriately informed impartial spectators” (Sayre-McCord 2014, pp. 32, 31). Consequently, the objective seems to be a more universal trait than the opinions of spectators around us. “Man naturally desires, not only to be loved, but to be lovely; or to be that thing which is the natural and proper object of love”. Vice versa, should we be convinced of our own behaviour’s praiseworthiness, we can neglect others blaming us for we already firmly feel confirmed. “When he is perfectly satisfied with every part of his own conduct, the judgement of other people is often of less importance to him”. Smith postulates that praiseworthiness must be the measure of the Impartial Spectator as he is the only criterion which leads us towards it. To become “the impartial spectators of our own character and conduct” (Smith 1759, III, 2.1; 2.17; 2.3) is effectively the only way for us to judge whether or not one of our actions or attitudes can be considered praiseworthy since the Impartial Spectator is the expression of proper behaviour in any given situation. “On the basis of the distinction between praise and praiseworthiness, [Smith] shows how each of us judge ourselves, and in turn each other, from the assumed point of view of an impartial spectator” (Sivertsen 2017, p. 106). The sole criterion which is applied by the Impartial Spectator for judging our conduct morally seems to be praiseworthiness as a measure of propriety of actions. This is vital as it also points out how highly Smith regards individuality. Because praiseworthiness is the criterion the Impartial Spectator uses to come to a moral evaluation, even an overwhelming public opinion cannot, by its own, move us to alter our conduct from what we came to see as the morally right thing to do. “The praiseworthiness of an action or disposition rather

results from its being apt to excite the sympathetic sentiments of the well-informed impartial spectator” (Freiin von Villiez 2006, p. 127). Aligning our behaviour with a strictly impartial evaluation of our choice of actions therefore seems to necessarily lead us towards a conduct which can be considered praiseworthy. In other words, we are interested in acting in a praiseworthy way and the Impartial Spectator shows us the proper course of action in any given situation. So once we sympathise with him, we necessarily act praiseworthy as the Impartial Spectator is the standard of propriety. Our self-interest then guides us towards the morally right conduct because it is directed towards “not only praise, but praise-worthiness; or to be that thing which, though it should be praised by nobody, is, however, the natural and proper object of praise”. Receiving praise without being or feeling like the adequate addressee of it cannot give us any fulfilment. What really matters is being or feeling worthy of praise, regardless of whether or not it actually occurs. It is worth pointing out that the value Smith assigns to praiseworthiness is to a large extent founded on the observation that we seem to be obsessed with how we appear to our peers. “Humanity does not desire to be great, but to be beloved” (Smith 1759, III, 2.1; 5.8). We seem to aim for being perceived as we want to perceive ourselves. If our own evaluation of ourselves matches with the image we represent to other people, we are able to sympathise with them in regard to how we view ourselves. This mutual sympathy then reassures us in the judgement we reached earlier and, as a result, pleases us. Through that, it becomes clear that self-interest cannot be the same as selfishness for selfish behaviour does not serve us on the way to be worthy of praise. “Acting from unrestrained selfish passions stands in the way of being approved by others” (Fricke 2013, p. 180). As a result, selfishness is not fit to motivate us properly. Rather, what motivates us to act in a morally proper way is a deeply rooted self-interest in being worthy of praise or, as Smith puts it, “the love of what is honourable and noble, of the grandeur, and dignity, and superiority of our own characters” (Smith 1759, III, 3.4). Our desire of praiseworthiness therefore seems to be rooted in the deeper longing for sympathising with our fellows. When our image of ourselves does not correspond with the one others have of us, we anxiously revise it until we reach sympathetic concurrence with them. Accordingly, we adjust our entire behaviour towards feeling praiseworthy. The greatest motivation for us to act morally therefore is to seem like, and to attain, the image of the person we want to be seen as, in order to be able to sympathise with our fellows. This, in turn, is the foundation of our desire to be the proper object of praise. “The love of praiseworthiness is the desire for a state in which you, as an impartial spectator, are able to go along with yourself, as an agent, in what you are doing, feeling and thinking”. It is worth pointing out that this also seems to make sympathy something that cannot be faked, as we instantly realise the lack of praiseworthiness ourselves. Similarly, receiving recognition which is unearned cannot please us for we are aware of the fact that we are not worthy of it. “To accept unmerited praise is to accept appearing to other people as someone we are not. Letting praise trump praiseworthiness is vanity, plain and simple” (Sivertsen 2017, pp. 112, 108) and, in turn, not praiseworthy conduct. Despite the focus Smith seems to set on how we appear to our fellow moral agents, the origin of praiseworthiness, the way it occurs as a criterion for the Impartial Spectator, seems to lie elsewhere. Here, again, it is helpful to differentiate

praiseworthiness from actual praise. “Praise is bestowed by factual spectators – the man without, while praiseworthiness is a function of the man within” (Freiin von Villiez 2011, p. 72). Just like the figure of the Impartial Spectator himself, the criterion he applies to morally judge our behaviour and attitudes towards issues therefore seems to come from inside us. The question is, from which place exactly our inherent desire to act and be regarded as praiseworthy originates. The obvious answer to that question might be found in a deeply rooted love of praise. Nevertheless, the distinction between praise and praiseworthiness, which Smith builds on and maintains throughout his thought process, makes this explanation seem quite unlikely. Both notions, of praise and praiseworthiness, are varying in such a way that aligning our behaviour towards a pattern that leads us to the one, necessarily would lead us away from the other. We cannot achieve praiseworthiness by aiming for praise and, vice versa, we do not necessarily get praise out of acting towards the goal of praiseworthiness. Pursuing both at the same time seems to be impossible “since if praise comes apart from praiseworthiness, love of praiseworthiness will guide you away from actual praise toward self-approbation through the judgements of the impartial spectator” (Sivertsen 2017, p. 109). In addition to that, Smith himself negates a direct correlation altogether. “The love of praiseworthiness is by no means derived altogether from the love of praise” (Smith 1759, III, 2.2). An explanation that seems more probable focusses on the love of praiseworthiness instead of attempting to find a relation between and thereby appreciates the dissimilarity of both. “The love of praiseworthiness is in some ways Smith’s answer to the age-old question ‘why be moral?’ – at least if this is understood as a question about why we should care about what is right, or, alternately, as a request for an explanation for why we, in fact, do care” (Sivertsen 2017, p. 103). This approach seems to elegantly avoid the discrepancy between the love of praise and that of praiseworthiness by not presuming any relation at all. The mere fact of praise resulting from praiseworthiness does not necessarily imply that we love praiseworthiness because of our love of praise. However, the two desires in fact do seem to be related as Smith stresses that they do not *altogether* depend on each other. Indeed, as was indicated above, our love of praise results in an even deeper love of praiseworthiness as the “love of praiseworthiness *is* derived from love of praise in the sense that it is our desire to be approved of by others that teaches us, by turns, to view ourselves as others see us from the point of view of an imagined spectator, predicting what others *will* judge, then what they *would* judge had they only been well-informed, and, finally, what they *should* judge, as impartial spectators” (ibid., p. 109). In other words, the combination of the world without and the world within us to a certain extent facilitates a relation of the love of praise and the love of praiseworthiness. Loving to be the worthy object of praise, decided upon by the Impartial Spectator within us, is therefore partly conditioned by what factual spectators, from without us, are likely to bestow praise on. Put differently, we seem to love praise *because* it indicates what is worthy of it. This, in turn, leads us to praiseworthiness which we love even more. Blame and blameworthiness seem to behave in the same way as praise and being worthy of praise. What has been said regarding praiseworthiness can therefore be equally applied to being worthy of blame vice versa. “Neither is it (...) so much the thought of being hated and despised that we are afraid of, as that of being hateful

and despicable”. Again, the views of others play a vital part in the determination of our image of ourselves and, at the same time, does not represent the sole condition of it, as the Impartial Spectator, the instance of morality within ourselves, decides on the moral value of our behaviour and attitudes. Just as with regard to praise, we are sensitive to whether we deserve to be blamed or not, and acknowledge blame where it is due in order to sympathise with our fellow moral agents. People feeling the weight of being worthy of blame “voluntarily submitted themselves both to the reproach and to the punishment which they knew were due to their crimes, but which, at the same time, they might easily have avoided” (Smith 1759, III, 2.9; 2.10). In the end, praiseworthiness seems to have two components. Both worlds, the opinions and judgements of outside spectators *and* the Impartial Spectator within us, lead us towards moral conduct. Thereby, the first serves as a motivation for us to seek praiseworthiness and strive towards it, the second gives us the means to do exactly that. “It is our desire to be approved of by others that drives us to view ourselves from without, which in turn lets us see the difference between something being praised and something being worthy of praise” (Sivertsen 2017, p. 104). So, the impact of our everyday contact with other people on how we come to judge our own conduct morally is only partly responsible for our self-evaluation. Our drive towards being the proper object of other people’s praise is complemented by us striving towards it using the Impartial Spectator as an internal instance of moral judgement. “This superior human desire for *praiseworthiness* locates proper moral judgment yet *beyond* the horizon of *popular opinion*” (Freiin von Villiez 2006, p. 121) and thereby places it in our individual conception of morality. One underlying condition for praiseworthiness seems to be the sacrifices we had to endure in order to act in a morally right way. Engaging in morally right conduct, and thereby acting praiseworthy, on occasions which do not test our discipline and will-power does not entirely prove the praiseworthiness of our character. “The situations in which the gentle virtue of humanity can be most happily cultivated, are by no means the same with those which are best fitted for forming the austere virtue of self-command” (Smith 1759, III, 3.37). The praiseworthiness of our behaviour rather consists of two components. An action is worthy of praise if it is virtuous and chosen above a less virtuous but easier to achieve alternative. We ought to act morally for its own sake and not with a potential reward in mind. “A person of high character is honest not because the law forbids theft, nor because the person has calculated the advantage of appearing trustworthy. A person of character loves virtue itself” (Wight 2007, p. 351). Virtuous behaviour is the end of a praiseworthy action. In other words, the very lack of any agenda apart from acting virtuously creates the highest amount of praiseworthiness in our conduct. For Smith, there are a number of virtues to morally qualify an action. One virtue he recognises is prudence. It consists of the care and attention we give to issues concerning ourselves. “The care of the health, of the fortune, of the rank and reputation of the individual (...) is considered as the proper business of that virtue which is commonly called Prudence” (Smith 1759, VI, i, 5). In other words, we act prudently by putting effort into bettering our situation in general and taking care of us as agents. “The moderate expression of the care for one’s self is, according to Smith’s ethics, morally good” (Witzum 1998, p. 506). This often means maintaining the present standard. Smith seems to primarily deem prudence a

virtue of defending the position we are in and only after that moving up from there. “We suffer more (...) when we fall from a better to a worse situation, than we ever enjoy when we rise from a worse to a better”. The most important trait for the prudent man is therefore a steady wariness. Prudence “is rather cautious than enterprising, and more anxious to preserve the advantages which we already possess, than forward to prompt us to the acquisition of still greater advantages” (Smith 1759, VI, i, 6). Although being one virtue, Smith does not value it the highest among them. The praiseworthiness of prudent actions is limited as it is in our own interest to take care of ourselves anyway. “Since we have a natural inclination to be concerned first and foremost with ourselves, it is the least difficult virtue to cultivate”. Beneficence is another virtue Smith sees as being apt to lead to praiseworthy behaviour. The degree of it in our actions “determines the proper level of prudence” (Otteson 2000, p. 56) in them for it is the virtue of caring about other people. While prudence is concerned with ourselves only, beneficent actions are directed towards anyone but us. As such, Smith sees it decreasing with physical and mental distance. “After himself, the members of his family, those who usually live in the same house with him (...) are naturally the objects of his warmest affections” (Smith 1759, VI, ii, 1.2). Smith understands this relation also gradual. The closer a person is to us, the more proper is our display of beneficence towards this person. “The impartial spectator approves of an increasing level of beneficence toward others in direct proportion to our familiarity with them” (Otteson 2000, p. 54). Accordingly, we most benefit people with whom we “regularly consort” and being apart from them for an unusually long time “inevitably diminishes the natural feeling of affection” (Raphael 2009, p. 77). Family ties, so Smith, can decrease the impact of distance on this connection. “The general rule is established, that persons related to one another in a certain degree, ought always to be affected towards one another in a certain manner”. These relationships formed through family connections are also more resilient regarding long distances. “Even during the separation, the father and the child, the brother s or the sisters, are by no means indifferent to one another” (Smith 1759, VI, ii, 1.7; 1.8). Justice is the third virtue in Smith’s canon. He regards just conduct as important as it is the condition for a certain reliability in everyday interaction. Its degree in our behaviour is, for Smith, defined through the response to our actions by the other members of society. “The propriety of reward and punishment consists in the approval by spectators of the natural reaction of those affected, gratitude for being benefitted, punishment for being harmed”. Differently to prudence and beneficence, justice is a standard. Acting justly is expected from every agent but breaking with justice is the proper object of blame. “Justice differs from other virtues in that it is attended by a degree of obligation to conform; consequently a breach of justice renders the offender liable to the enforced imposition of the punishment it deserves” (Raphael 2009, p. 74). Smith sees justice as the more important virtue compared to beneficence as it “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”. Within justice, Smith orders the rules governing the interaction of people with each other according to their respective importance for society as a whole. “The most sacred laws of justice (...) are the laws which guard the life and person of our neighbour; the next

are those which guard his property and possessions; and last of all come those which guard what are called his personal rights” (Smith 1759, II, ii, 3.3; 2.2). The dominant feature of justice is a sense of fairness (similarly to how John Rawls defined its nature more than two hundred years later (see Frein von Villiez 2006)). Self-command completes Smith’s catalogue of virtues. However, its character is distinct from prudence, beneficence and justice in the sense that it seems to enable them. “Although Smith considers self-command a virtue along with the other three, it is best understood as the necessary quality a person must have in order to act on the other three virtues” (Otteson 2000, p. 56). Its character as basis for virtuous behaviour in general makes it stand out among the other three virtues Smith mentioned. “Self-command is not only itself a great virtue, but from it all the other virtues seem to derive their principal lustre” (Smith 1759, VI, iii, 11). The otherwise virtuous conduct needs to be contested to make it praiseworthy, therefore we have to struggle and make sacrifices in order to act fully virtuously. “Virtue appears when an unusual effort has been made in the tuning up, when the distressed shows more fortitude or the bystander shows more feeling than could ever have been expected” (Bonar 1926, p. 337). This extends to the entirety of our behaviour, including the interest in ourselves as “a healthy self-interest implies the discipline of self-control and a regard for the rights of others” (Wight 2007, p. 344). Without the presence of self-command, virtuous behaviour by itself cannot achieve praiseworthiness. A virtuous action draws its value from the self-command necessary to perform it. In the case of prudence, “the impartial spectator approves of [prudence], not on account of its success or failure in obtaining goods but because of the self-command that frugality and industry are thought to imply” (Mehta 2006, p. 261). Self-command is therefore a direct criterion for the moral judgement of the Impartial Spectator. “The virtue of self-command is judged by the supposed impartial spectator, by our moral *alter ego*, and it is reflected in our sense of propriety” (Montes 2004, p. 107). He morally evaluates the propriety of our actions on the basis how the virtues of prudence, beneficence and justice feature in them but behaviour becomes truly praiseworthy through the exercise of self-command. Both components, the presence of one or more of the three virtues Smith lists as well as a certain degree of self-command, need to concur in order to lift an action to the level of being the proper object of praise morally. Consequently, we must be tested to really confirm the validity of our character. Being exposed to extreme conditions and having to commit to difficult decisions shows how much we truly internalised the perspective of the Impartial Spectator in our everyday thinking. “Virtuous behavior is that which receives the approval of the disinterested outlooker” (Grampp 1948, p. 317) so what the Impartial Spectator points us towards. To follow his guidance in difficult situations is what demands self-command as “the partial spectator is at hand, the impartial one at great distance” (Smith 1759, III, 3.42). To really prove our morality, we need to practice how firmly it stands under severe circumstances as “morality recommends and approves self-control and moderation” (Sayre-McCord 2009, p. 11). We are, however, very easily deceived into avoiding the trouble of virtuous behaviour and indulging our own passions. Smith defines two kinds of passions which are apt to mislead us. “Fear and anger (...) constitute the first class. The love of ease, of pleasure, of applause, and of many other selfish gratifications constitute the second” (Smith 1759 VI, iii, 3). The



withholding from these constitutes true self-command. Moreover, Smith considers praiseworthy behaviour to be more enjoyable and pleasurable if self-command was an essential element on the way to it. “The reward which Nature bestows upon good behaviour under misfortune, is thus exactly proportioned to the degree of that good behaviour”. In other words, the praiseworthiness of an action and, in turn, the pleasure and pride we retrieve from engaging in it increases “in proportion to the degree of self-command which is necessary in order to conquer our natural sensibility” (ibid., III, 3.27). It seems that praiseworthiness is a gradual concept that depends on both, virtuous conduct as well as self-command. Good behaviour must, and in most cases is, be accompanied by self-discipline to make it praiseworthy as “the man of the most exquisite humanity, is naturally the most capable of acquiring the highest degree of self-command“. So following Smith here, a person who is not naturally or by fate exposed to challenging circumstances seems to be unable to engage in praiseworthy conduct no matter how morally right his behaviour might be, unless he actively puts himself into potentially precarious situations. “Hardships, dangers, injuries, misfortunes, are the only masters under whom we can learn the exercise of this virtue. But these are all masters to whom nobody willingly puts himself to school” (ibid., III, 3.36). For this reason, Smith sees challenging situations as opportunities to prove our self-command. Regarding the overcoming of fear and the display of courage “war is the great school both for acquiring and exercising this species of magnanimity” (ibid., VI, iii, 7). However, deliberately risking our physical and mental integrity and health is not necessary to attain praiseworthiness as Smith seems to offer alternatives. Firstly, the relation of praiseworthiness and self-command seems to work in both directions. “Morality valorizes limitations on the expression of grief at the loss of a loved one, calmness in the face of danger, as well as restraint when in the grip of love and controlled enthusiasm in the face of good fortune” (Sayre-McCord 2009, p. 11). Even the person depicted above, who never had to face hardships and whose character was never tested in a way that would require self-command in order to adhere to praiseworthy behaviour, can still attain praiseworthiness. He, in his luck and bliss, needs to restrain from showcasing his fortunate circumstances to others. Modesty is therefore the self-command asked of him. Moreover, the emphasis on self-command as one virtue of praiseworthy behaviour does not render untested moral behaviour completely worthless. Rather, it is a way to scale up praiseworthiness beginning from a certain foundation. Smith sees it as a learnable skill as “a very young child has no self-command”. Gradually, we attain the knowledge of how to control our emotions in a process that continues throughout our lives and is very unlikely to end before we eventually die. The child therefore “enters into the great school of self-command, it studies to become more and more a master of itself, and begins to exercise over its own feelings a discipline which the practice of the longest life is very seldom sufficient to bring to complete perfection” (Smith 1759, III, 3.22). Just like adopting the perspective of the Impartial Spectator in general, learning to control our emotions and individual weaknesses through self-command becomes a subconscious companion to us once we reached a certain level in it. “The man of real constancy and firmness, the wise and just man who has been thoroughly bred in the great school of self-command (...) maintains this control (...) upon all

occasions". In this context, as with the perspective of the Impartial Spectator, Smith does not differentiate between cases or situations in which the obtained ability of self-control might vary. This man he describes, once having reached a certain level of self-command, or entered fully into the perspective of the Impartial Spectator, no matter what situation he might see himself confronted with, "whether in solitude or in society, wears nearly the same countenance" (ibid., III, 3.25). Once attained, we therefore rarely lose this capacity.

The Impartial Spectator was, although in its comprehensiveness and final form firstly formulated by Smith, already sketched in earlier works by other authors. The term 'spectator' was present in moral philosophy long before Smith published the *TMS* with his own construction of the figurative tool of the Impartial Spectator as it was briefly outlined above. The concept of a spectator, from whose perspective a moral evaluation of behaviour is conducted especially occurred in British moral philosophy as "Lord Shaftesbury and Bishop Butler both argued for disinterested motives" to morally evaluate an agent's behaviour. Although they could not "fully shake off the conviction that a judgement to justify doing (...) must in the last resort be based on self-interest" (Raphael 2009, p. 27), this was a first advance towards introducing impartiality into the process of moral evaluation and indeed into moral theory in general. Also, it laid the main emphasis not on the evaluation itself but on the spectator as the origin and the initiator of the evaluative process. Thereby the ultimate judgement came to depend on the observer's individual point of view and intentions. Hutcheson and Hume, as Smith's companions in the era of Scottish Enlightenment, took up this thread of thought and followed it further. They introduced the notion of the spectator as a third instance that, through its disinterest, can come to more profound moral judgements and verdicts than any spectator involved in the situation could. Moreover, this kind of spectator can more directly and purely judge our behaviour than just any bystander could. This is where Smith comes into play by promoting this entity to the ultimate tool of self-evaluation. To fully analyse and adequately evaluate the earlier sources of influence on Smith's moral philosophy would exceed the scope of this thesis. As before with sympathy, the comparative focus will rest on Hutcheson and Hume. In the following, their positions will be briefly sketched and differentiated from each other and from Smith.

When talking about what influenced Smith in his life and moral philosophy, there is no way around Hutcheson. As with sympathy, it is a far fetch to see Smith's Impartial Spectator as a direct response to Hutcheson's thoughts, having been mentoring Smith and maintaining contact with him until his death, it nevertheless seems fair to say that Hutcheson played a significant role in the evolution of Smith's considerations on moral philosophy. This becomes apparent from the points, in which Smith seems to agree with Hutcheson but perhaps even more so from those, in which their opinions diverge. "Francis Hutcheson (...) was the first to insist that there are disinterested judgements about the moral character of actions as well as disinterested motives for doing or refraining from those actions". In contrast to Lord Shaftesbury and Bishop Butler, who did reserve space for self-interest in this form of moral evaluation, Hutcheson eliminated it completely. In doing so, he seems to have set neutrality and impartiality as necessary conditions for arriving at a morally right judgement in the end. "Hutcheson struck out a new path in saying that a judgement of approving another person's

action could be quite disinterested, uninfluenced by any thought of benefit to oneself” (Raphael 2009, pp. 27, 28). This importance that he placed on the impartiality of an evaluation can be rediscovered in Smith. The Impartial Spectator derives parts of his normative force from being uninfluenced by our personal biases and, at the same time, being a part of us. The disinterestedness towards individual convictions and advantages therefore seems to be a defining feature of the Impartial Spectator’s moral reasoning. Hutcheson’s ‘moral sense’ is inherent to the moral agent and not imagined. This is a contrast to Smith’s Impartial Spectator, whose standard of moral judgement is gradually internalised following a step by step learning process. Differently from Hutcheson’s ‘moral sense’, the Impartial Spectator’s viewpoint therefore is not inborn but acquired over a period of moral education. However, Hutcheson’s qualified his ‘moral sense’ in a way that not only is it impartial, but also only “naturally evoked when we come across the disinterested motive of benevolence, and a similar feeling of disapproval for motives with a tendency opposed to that of benevolence” (ibid.). This means the ‘moral sense’ operates significantly different from Smith’s Impartial Spectator. Being inherent to every human being, Hutcheson’s ‘moral sense’ prompts reactions automatically. The Impartial Spectator, on the other hand, as not being inherent to us, creates moral behaviour in us as a result of the learning process we went through to internalise his perspective. Also, for Hutcheson, the sole concern and criterion of a behaviour’s evaluation, therefore seems to be benevolence. Any self-regarding in our motivation would diminish its moral value entirely. “Hutcheson had argued that moral virtue consisted in pure benevolence, and that any admixture of self-interest tended only to take away whatever merit an action might have had” (Otteson 2000, p. 55). The reactions evoked by the ‘moral sense’ therefore only depend on the occurrence or lack of benevolence. This becomes clearer when Hutcheson’s considerations towards beauty are considered. He was “as much interested in aesthetics as in ethics” and clearly distinguished the reference points of morality and aesthetics. “In Hutcheson’s view, moral approval is directed upon benevolence, and aesthetic admiration is directed upon unity-in-variety” (Raphael 2009, pp. 82, 28). Accordingly, the ideal for each of these desirabilities, be it beauty or moral approval, is the emergence of a particular signal resulting in the occurrence of the wanted result. Benevolence and unity-in-variety are triggers for approval or beauty respectively. “Virtue is benevolence approved and beauty is unity-in-variety admired. The reaction of a spectator is a necessary though not a sufficient condition” (ibid.). Hutcheson’s focus on benevolence with regard to moral evaluation has implications for his influence on Smith, for it expresses how he sees ethics in general which seems to be quite different from Smith’s understanding. “By reducing virtue to benevolence he [Hutcheson] necessarily focuses on the consequences of the actions/characters for the whole system rather than for the individuals affected by them, and this leads his theory to a particular metaethical model which, without being the same, will have many similarities with the subsequent utilitarian tradition and will mark an unbridgeable difference with Adam Smith’s philosophy”. Not only does the concentration on benevolence make Hutcheson’s moral theory appear in a Utilitarian light, it also seems to needlessly weaken his whole account of moral philosophy by being too exclusive regarding moral motivations. “If only disinterested benevolence

counts as virtuous, any other motive, even if it is not hurtful to the whole, will unjustifiably diminish the excellence of an action or character” (Carrasco 2011, pp. 525, 526). Smith on the other hand seems to have found a way to circumvent that by introducing another criterion. “Smith specifically criticizes that theory of morals (...) which would recognize as the only motives to moral action purely disinterested benevolence” (Nieli 1986, p. 618). For him the only way to virtuous conduct and moral approval is propriety. Entering the Impartial Spectator’s perspective enables us to attain the status of being worthy of praise by showing us the proper behaviour in any given situation. It is because Smith changes the focus of the Impartial Spectator from benevolence alone to propriety, which indicates and is indicated by praiseworthiness, that he manages to solve his mentor’s conundrum. “In order to reach propriety, however, ‘benevolence’ is not enough for human beings; thus Smith supplements his mentor’s sole motive with the virtue of self-command” (Carrasco 2011, p. 528). He thereby complements benevolence, along with the other virtues, with self-control as stepping stones to propriety and, in turn, praiseworthiness. It also becomes clear, why Hutcheson could not come up with an Impartial Spectator as his disciple Smith did decades later. The figurative person of the Impartial Spectator is a perspective that needs to be entered. But it is not the insight that we gain after we adopted the point of view which helps us evaluate our conduct morally, it is the process of entering itself. “This is not the case with Hutcheson [and his ‘moral sense’]. The internalization of an imaginary impartial spectator and the sympathizing and judging *as an impartial spectator would do*, radically distances Smith’s *TMS* from his contemporaries’ sentiment”. This narrow view on benevolence as the only criterion for moral evaluation also impacts his understanding of disinterest. Hutcheson uses the term ‘impartiality’ differently from Smith in the sense that it seems for him, it expresses a principle intimately related to, if not identical with, utilitarianism. Everyone in society counts as one and should be treated as such. Individual circumstances do not count as much, as the value of every conduct is judged exclusively according to how it is able to increase the overall happiness of society. And this contribution is judged by applying the measure of benevolence. “An action is morally good not because it has the best consequences but mainly because it originates in benevolent affections (or a disinterested desire for universal happiness)” (ibid., pp. 541, 547). That is as long as an action is benevolent, it is to be approved. Although this generalisation seems to contradict the presentation of Hutcheson as utilitarian, however, it even intensifies this perception of him. As only benevolent behaviour results in moral approval, it is to be favoured above all other. The consequences, via the diversion of generalisation, still are decisive for the value of an action. Impartiality for Smith, on the other hand, describes the complete opposite. “Smith goes out of his way to reject the idea that utility either explains or sets the standard for our moral judgments” (Sayre-McCord 2009, p. 2). The Impartial Spectator looks at the individual characteristics of the circumstances other people are in and is impartial only towards our own biases and attitudes. Smith claims that “it is not so much utility in the sense of the end or outcome of action as in the sense of the *means* to some end (...) — utility in the sense of functionality” (Haakonssen 2002, p. xix). The mechanisms of judgement rather than the ends are impartial. Smith’s Impartial Spectator sees the situation regardless of

individual characteristics of the agent and is disinterested in that way only. He therefore even concentrates on the particular characteristics of a situation by making them the only conceivable material to go on from. Smith therefore includes far too many aspects into moral judgement as for it to be called utilitarian in any way. Smith explains this understanding of impartiality in the *TMS*. “Before we can make any proper comparison (...), we must change our position. We must view them [the circumstances of the situation at hand], neither from our own place nor yet from his [another moral agent], 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” (Smith 1759, III, 3.3). This third person is what Smith describes by the notion of the Impartial Spectator. The contrast between the teacher’s and the student’s understanding of impartiality becomes especially clear when considering their respective understandings of the role punishment ought to play in a community. Smith defends an approach which takes into account the particular circumstances and kind of wrongdoing at hand and neglects capital punishment as disproportionate and improper. “Smith says that punishment ought to be proportionate to the injury done. Excessive punishment is revenge, and no spectator will go along with it”. Hutcheson, as a result of his different take on impartiality and disinterest, seems to consider punishment as a more universal subject. “In several places he insists that the ends of punishment are repelling injuries, compensation, deterrence, and, the most important and to which all the others are subservient, maintaining a regard to the safety and happiness of the community”. This is not only due to his interpretation of the term of impartiality but also a result of his focus on benevolence as the only end of moral judgement. “Since the public good, the greatest happiness to the greatest number (produced by the most extensive benevolence), is the overriding principle in his theory and the moral justification of actions, there is neither allusion to repentance and recognition of equality nor to proportionality” (Carrasco 2011, p. 546). Smith on the other hand “argues that even where the value of the outcome is not in question, our actual interest is not so much in securing the outcomes (in utility, that is) but in good design. The suitability of things to certain ends recommends them to our approval, often more than what they might actually produce” (Sayre-McCord 2009, p. 11). Another aspect in which Smith deviates from his teacher is the character of judgement itself. “Smith’s main concern is to take issue with Hutcheson’s view that moral judgments are properly seen as strictly analogous to the other sorts of judgments we make. Smith thinks this fails to get right the distinctive nature of moral judgment and so mistakes the principle of approbation that underwrites those judgments” (Sayre-McCord 2009, p. 20). In Smith’s Impartial Spectator, reason and moral evaluation are combined into one tool of moral judgement. Since we long to engage in praiseworthy behaviour, the combination of these aspects makes sense because it consolidates our efforts towards that aim. By utilising the intellectual means to initiate a process of observation and analysis *and* the capability to morally judge, the Impartial Spectator therefore integrates both mentioned components in one unit. This marks another stark diversion from Hutcheson, for he does not see this identity at all. On the contrary, he considers reason and desire as quite distinct from each other, with each having separate purposes to serve in moral judgement. The

rational part, namely the domain of reason, serves us by providing the framework needed to morally agree or disagree. Morality applies this capability to approve of morally right behaviour and to disapprove of the morally wrong. “Reason is only in charge of the preparatory tasks of moral judgments. (...) After doing this instrumental job, the ‘moral sense’ will approve or disapprove of the agent’s conduct” (Carrasco 2011, p. 543). For Smith both of these faculties are merged in the Impartial Spectator.

As with Smith’s understanding of sympathy, the Impartial Spectator as well is in large parts building on the thinking and moral philosophy of Smith’s life-long friend Hume. Unlike Hutcheson, Hume went further in describing morality and added considerably more depth in his understanding of it. Hutcheson’s ‘moral sense’ relies on the occurrence of benevolence in an agent’s action and makes this the only condition for it being morally worthy or not. “Hume added to this theory an explanation of the ‘moral sense’ or ‘moral sentiment’, the capacity to feel approval or disapproval” (Raphael 2009, p. 29). Although it most certainly evolved from it and, from its name alone, seems to take a lot from its pendant in Hutcheson’s moral philosophy, Hume’s ‘moral sentiment’ is in many ways different from Hutcheson’s ‘moral sense’. The most obvious difference, and perhaps the one Hutcheson would perceive as the most drastic diversion from his theory, can be found in the scope of his ‘moral sentiment’s’ foundation. “Hume did not follow Hutcheson in confining virtue to benevolence” but opened up the term to an understanding that makes benevolence one component of many. In doing so, another difference to Hutcheson’s narrow ‘moral sense’ becomes apparent. In Hume’s understanding, moral approval is based on sympathy with conduct. He worked with a conception of sympathy very similar but not quite equal to Smith’s. It is the foundation of Hume’s ‘moral sentiment’ or ‘point of view’ as he called it himself. Nevertheless, benevolence is by no means neglected in the course of this. On the contrary, Hume uses it as an illustration of how we interact with and come to moral judgements about each other. “Benevolence pleases the observer because he sympathizes with the pleasure that benevolent action brings to the benefited” (ibid.) and vice versa. Thereby it is worth noting that we do not need to be in some way identical with the benefited in any given situation to be able to engage in sympathy or, in turn, in moral judgement. It is perfectly possible for us to come to such a moral verdict regarding an action towards not us but another agent, even if we are just bystanders and observing the situation from outside. We need to widen our moral horizon in a way that allows us to come to moral judgements about agents who acted towards third parties. “We must take into account the effects of a person’s actions and character traits not just on ourselves but also on those, who have any commerce with the person we consider” (Rasmussen 2017, p. 89). The resulting concept is in its nature very similar to a spectator model as it does include many of them, who by the virtual combination of their individual perspectives eventually form a mutual standpoint, which Hume then calls ‘point of view’. “On Hume’s account, spectators approach a general point of view by seeking to transcend their individual positional or sentimental biases and striving to occupy the only ‘common point of view’ that can ‘appear the same to all’” (Hanley 2016, p. 9). This vantage point is described by Hume as “that of the person himself, whose character is examined; or that of persons, who have a connexion

with him” (Hume 1739, 3 3, 1.16). As a result of Hume’s definition of sympathy, the focus of the ‘point of view’ lies in the feelings of the subject of observation. In Hume’s view, engaging in sympathy successfully means the reproduction of my fellow’s feelings in me. In a way, we are understanding another’s perspective by ‘re-feeling’ his respective feelings and going through the same emotions as him. This, as has been pointed out, is a point in which Smith departs from his friend as he focusses on our own feelings towards another’s situation. However, for Hume’s ‘point of view’ - theory, this means that spectators by accumulating their different perspectives strive towards reproducing other’s feelings in their hearts to enter into the other’s perspectives towards the aim of one common ‘point of view’. “On this view, the mark of a good spectator is not mere transcendence of particular biases, but also replication of the precise feelings experienced by the actual subject or subjects of her observation” (Hanley 2016, p. 9). Nevertheless, Hume’s ‘point of view’ is not only constituted by various spectators, it also seems to be closely connected to the concept of a spectator itself. Hume himself indicates that by using the terms interchangeably in multiple passages of the *Treatise*. “Hume occasionally links the concept of the general point of view with the standpoint of ‘a judicious spectator’ or ‘every spectator’ or ‘every bystander’” (Hume 1739, 3, 1.14; 3, 3, 1.30, Rasmussen 2017, p. 90). It should be mentioned that Hume in his *Enquiry Concerning Human Understanding* later departs from his remarks in the *Treatise* to approach Hutcheson’s belief in benevolence as the criterion for morality. However, Smith’s Impartial Spectator seems to be the logical next step of evolution and indeed, “the device of the ‘impartial spectator’ central to Smith’s ethics is similar in both its intentions and its operations to Hume’s ‘general point of view’, and it has even been claimed that the concept, though not the precise name, of an impartial spectator is there already in Hume” (Hanley 2016, p. 8). To mention another similarity between Hume and Smith, the ‘point of view’ in Hume as well as the Impartial Spectator in Smith “must be informed, for instance, and impartial, and engaged by the welfare of others” (Sayre-McCord 2014, p. 32). Their respective objectives seem to be aligned as well as both seem to seek an impartial standpoint. This should be uninfluenced as far as this is possible to form an instance of moral judgement and moral self-evaluation which can withstand the greatest manipulation from ex- and internal influences by, at the same time, allowing for enough contact to and close observation of the world to reach a position from which we can come to a profound moral judgement on other agents and ourselves. “Hume’s general point of view and Smith’s impartial spectator are each conceived, in the first instance, as mechanisms intended to assist us in overcoming the distortions endemic to our naturally partial perspectives” (Hanley 2016, p. 9). This plethora of agreement has further implications, for it shows itself in their respective perception of general moral questions as well as the basic structure of their respective models of moral judgement. “Smith agrees with Hume that right and wrong are established by the sentiments that we feel when we adopt the proper perspective, one that corrects for personal biases and misinformation” (Rasmussen 2017, p. 89). In Smith’s terms, this is another description of entering into the perspective of the Impartial Spectator, as he is the ultimate instance of impartiality. This becomes clearer when one examines the nature of the sentiments proposed by Hume. “The

'sentiments' that Hume's spectator expresses are impartial and (in a sense) rational: impartial because disinterested, and rational because universal" (Raphael 2009, p. 30). Both philosophers therefore seem to explicitly stress the necessity of non-involvement for a perspective from which we are able to form moral judgements. "The basic mechanism by which right and wrong are determined is the same for both: morality rests on disinterested sentiments" (Rasmussen 2017, p. 90). Apart from the question of right and wrong, Smith seems to agree with Hume in the more structural points as well. An example of that is in what way each one sets the expectations that their respective model needs to live up to. Both, the 'point of view' and the Impartial Spectator are in their nature standards of moral judgement. As such, they "must be morally good, appropriate, or justified. This means that the standard we rely on (whether set by the general point of view or by the impartial spectator) must itself meet the standard it sets" (Sayre-McCord 2014, p. 33). In other words, we must be able to deduce the Impartial Spectator from itself. There must be a way to think of him as a product of himself. The same holds for Hume's 'point of view'. Another similarity that is expressed in the semantics of each model is how both treat approval. "Hume and Smith share the idea that we should understand thinking of something as approvable in terms of the thing being such that it would secure approval". An action or feeling therefore has to qualify to be worthy of approval. Smith would put it like this: something is not approvable unless it is a proper object of approval. As mentioned above, he sets praiseworthiness as the measure for the Impartial Spectator to judge by, this seems to be included in Hume's account already. Thereby, both expand the scope of the propriety criterion beyond that. It includes specifics as the subject of it as well as the particular situation. They demand for worthy approval to be "not approval from just anyone under any circumstances, but approval from someone appropriate under suitable circumstances" (ibid., p. 32). Nevertheless, the 'point of view' model in Hume's moral philosophy and Smith's Impartial Spectator are not identical as the similarities in each of their thinking are accompanied by a number of differences. For example, Smith increases the scope of what his model, the Impartial Spectator, can be applied to. Where Hume's 'point of view' was restricted to the moral evaluation of other people's behaviour and the support of our moral judgement regarding our fellow moral agents, Smith's Impartial Spectator seems to be designed to exceed these boundaries. "What is original in Adam Smith is the development of the concept so as to explain the judgements of conscience made by an agent about his own actions". Through the Impartial Spectator, we can come to unbiased moral evaluations about ourselves. This is something which Hume cannot provide. Since in his theory of moral philosophy, the 'point of view' is the accumulation of a number of members of a certain community, which may include our own, it necessarily contains the individual biases of each of those agents or particular spectators. Whether these preoccupations are aggregated in a 'common point of view' or not does not matter in that context. Hume therefore only helps as far as we are concerned with moral judgement about others and morally evaluating other agents' behaviour. The reason for that, again, seems to be found in Hume's interpretation of the term 'sympathy'. "The sympathy to which Hume referred was a spectator's sympathy with the feelings of the person or persons affected by the action concerned" (Raphael 2009, p. 31). Smith directed his thinking



towards the feelings of the spectator if he imagined himself in the situation of the subject of his observation, the person affected by the action concerned. The reference point for Smith's sympathy is the feelings of the spectator having imagined himself in the subject's situation, not the subject himself. Instead of focussing on the passive part of an action, the person acted towards and his feelings, Smith seems to put more emphasis on the active part, the person engaging in the behaviour in question and what his feelings are towards it. It is his perspective that we have to enter and fill with our own feelings towards the situation at hand. We then, following Smith, use the Impartial Spectator to figure out what the proper reaction to it would be. The advantage over Hume's 'point of view' is that we can apply this process to ourselves in the same way and thereby come to unbiased moral judgements about ourselves. Closely related to that point is another one at which the difference between Hume's 'point of view' and Smith's Impartial Spectator becomes clear. As has been crucial in the comparison of Smith and Hutcheson, the individual understanding of the term 'impartiality' becomes again crucial in the discussion of Hume's influence on Smith. Smith is ready to go beyond what Hume established in his 'point of view'. "Smith suggests that the proper end of impartiality is something other than a mere transcendence of self-preference culminating in replication of the sentiments of the person or persons principally concerned" (Hanley 2016, p. 9). This shows Smith's different handling of the sympathy notion again. He sees it as not being a reproduction of other's feelings but focussing on our own feelings, were we in another's situation. Thereby, he allows for unique own feelings in ourselves rather than limiting our morality to the reproduction of feelings that have been felt before. "Where Hume's common point of view aims to replicate an already extant position—that of the person being observed—Smith's impartial spectator occupies a new position that was known to neither the spectator nor the person principally concerned prior to their independent active exertions to achieve a commonly accessible disposition". It becomes clear once more that both philosophers build their individual ideas of moral philosophy on their particular understanding of sympathy. Consequently, the character of their findings depends on the basis they laid in the development of the term sympathy. As has been mentioned when comparing the two sympathy understandings, "Hume aims at an 'exchange' where Smith strives rather for 'convergence'". The new conception of the term has implications for the Impartial Spectator himself. "In Smith's account, (...) the actor and the spectator are engaged in a creative act as opposed to merely a mimetic act of replication". The process of moral judgement is therefore a creative one with Smith while Hume confines it to one of reproduction. It is this creativity however which gives the Impartial Spectator its descriptive power and what enables Smith to distinguish the merits of what is being praised and what is praiseworthy. This distinction is central to Smith's moral philosophy for it is the measure the Impartial Spectator evaluates the propriety of behaviour by. The flexibility Smith establishes by giving the Impartial Spectator this creative room for interpretation widens the range to which he can be applied as a tool for moral judgement significantly. It "allows the impartial spectator, in a way Hume's general point of view cannot, to accommodate not only 'the emotions and attitudes of people as they are' but also those of 'people as they might be'" (ibid., p. 10) and, in turn, it also provides the means to morally judge

ourselves from an impartial perspective. With the Impartial Spectator we can come to normative moral judgements about our fellows and ourselves precisely because Smith detached him from the actual feelings of others and gave him the freedom it has. That feature makes the Impartial Spectator a creation original to Smith. “Hume had worked out the social functions of sympathy, as had other eighteenth-century thinkers. The 'impartial spectator', as Smith used it, is all his own” (Macfie 1959, p. 217).

## IV. Smithian Invisible Hand

The second work of Smith, which was published in 1776, was long seen as a more mature academic contribution than his *TMS* had been seventeen years earlier. Self-interest features much more prominently and is even regarded as the sole motivation for agents in a community. Although Smith lays his main focus on an economic analysis of his days' society and how it became what it was, the *Inquiry into the Nature and Causes of the Wealth of Nations* (*WN*) is in many ways not sufficiently grasped by reducing it to economics for the *WN* combines several fields into one comprehensive picture of centuries in European history. “This an economic work? It is far more than that; it is a history and a criticism of all European civilization” (Morrow 1927, p. 322). Smith begins the *WN* with what is likely to be the most precise description of economic processes up to Smith's time and what probably even today serves as the foundation of economic theory. He then goes on to found this account on a comprehensive history of the economic emancipation of Europe of over two hundred years. In addition to that, he includes perhaps the strongest case against mercantilism and in favour of free trade ever brought forward. He builds it on a quite detailed discussion of contemporary examples such as colonialism and slavery. Last but not least, Smith endeavours to political economy and sketches eighteenth century society from the ruling classes to the beggar. He also sheds light on the responsibilities of the sovereign and a justification of a publicly financed education system as well as principles of taxation and an explanation of public revenue. In short, in this book, Smith endeavours to explain the world as a whole, but the basic question that underlies all parts of it and that Smith posed to the world by publishing the *WN* is whether or not — and if so, how far — the state should interfere in everyday affairs of its citizens. He shows the tension, which develops between the individual and state authority in a society, by the nature and implications of every agent's self-interest. “It would be difficult to deny that for Smith the flow of economic life depends on self-interest” (Mehta 2006, p. 249) but, on the other side, it would needlessly weaken Smith's case by admitting to a diabolical nature of self-interest that simply is not there in neither of his works. Rather, self-interest should be considered a given drive in human nature that is present in every person. “It is this natural similarity and equality of all individuals that furnishes the basis for one of the theories of value found in the *Wealth of Nations*” (Morrow 1927, p. 332). Accordingly, Smith sees every agent in society unknowingly serving a common purpose. “The purpose of the

*Wealth of Nations* is to redefine the public good so that it reflects the *equality* of interests” (Mehta 2006, p. 252). In other words, self-interested behaviour becomes a contribution to a mutual project in which every member of society takes part. Rather than being self-serving, it is directed at a common purpose. This chapter will briefly introduce the *WN*. In it, each of Smith’s main work’s five books is summarised shortly. Subsequently, a few selected main motives of the *WN*, namely Smith’s remarks on self-interest and market economy and his resulting opposition against trade regulations, as well as the figure of the frequently cited invisible hand analogy itself, are briefly sketched and clarified in a little more detail. After that, a few main inspirations which influenced Smith in the writing process of the *WN* will shortly be introduced which is to help seeing the book in its historic context. This historic embedding also should illustrate the evolution of economic thought, starting with Bernard Mandeville’s literary remarks on economics having progressed to the influences of Smith’s contemporaries Hutcheson and Hume.

To summarise the *WN* appropriately would and did indeed fill many books by itself. The sheer comprehensiveness of Smith’s major work makes it difficult to boil down the Scottish philosopher’s thoughts to a concise statement. Following, such an attempt is made by highlighting the main findings for each book separately.

Smith describes the essence of the first book of the *WN* as “the causes of this improvement, in the productive powers of labour, and the order, according to which its produce is naturally distributed among the different ranks and conditions of men in the society” (Smith 1776, Introduction, 6). He addresses two issues. Firstly, in coming up with the segmentation of production processes and assigning each task to a number of people, Smith single-handedly revolutionizes production and introduces the need and opportunity for more particularly trained workers. This division of labour brings a previously unknown production efficiency. But it reaches further than the specification of tasks, as it opened up new opportunities of cooperation between industries. The division of labour “has led to specialisation being introduced, not just within trades, but between them” (Butler 2012, p. 9). Secondly, he also looks at the implications this development has. “Smith is interested in finding the causes of the standard of living of the population”. As it turns out, both factors that determine living-standard in a society, “the share of citizens employed in productive labour and the productivity of their labour” (Pagliari 2011, p. 135), are increased by the introduction of division of labour. As Smith explains himself, “it is the great multiplication of the productions of all the different arts, in consequence of the division of labour, which occasions, in a well-governed society, that universal opulence which extends itself to the lowest ranks of the people” (Smith 1776, I, i.10). This emancipating character the division of labour has for landless citizens, giving equal opportunity to everyone, leads him to suggest free trade later in the *WN*. “Smith is first and foremost a champion of commercial society on the grounds of its capacity to maximize opulence and freedom and especially to maximize the opulence and freedom available to the poorest and weakest” (Hanley 2009, p. 8). He sees specialisation of production processes allowing every individual to perform the task he is most talented in. Thereby, everyone can earn enough to sustain himself and his family from the occupation, which he and his particular set of skills are most suited

for. The special character of these strengths varies, the level to which they amount does not. “Smith appears to have been committed to a remarkably strong version of the claim that people are essentially equal in abilities” (Fleischacker 2004, p. 76). However, Smith also sees downsides of this mode of production. “The division of labour, which is for Smith the principle source of universal opulence, is not in itself an uplifting spectacle”. Performing a single action for years of one’s life places that person “at risk of psychological mutilation” . Smith sees one solution to this problem in a universal education system. In an industrial nation, at least the majority of the citizens “should be instructed in reading, writing, counting, and even in the more ‘sublime’ principles of science” (Rothschild 2006, p. 321). Labour division and, by extension, production efficiency are conditioned by the extension of the market. “When the market is very small, no person can have any encouragement to dedicate himself entirely to one employment” (Smith 1776, I, iii.1). Smith sees a “direct proportionality between the level of the productivity and the level of labour division, and then, he demonstrates that it depends on the extension of [the] market itself”. The market size determines the motivation of production immediately. Without the prospect of a buyer for a product, the incentives increasing production efficiency are limited. “Hence, according to Smith, productive efficiency depends both on the labour division and on the extent of the final market outlet” (Pagliari 2011, p. 137). We are motivated to improve the means of production solely by the returns we expect. “These gains from exchange, and our natural willingness to do it, stimulate the division of labour”. The price for a produce on the market is determined by “the quantity of the product that sellers bring to market, and the size of the demand from potential buyers” (Butler 2012, pp. 12, 18). Also, as Smith points out, the closeness to a market and the resulting transportation costs have an impact on the final price as “by means of water-carriage a more extensive market is opened to every sort of industry than what land-carriage alone can afford” (Smith 1776, I, iii.3). Given the absence of natural catastrophes, political or societal events “prices are always gravitating towards the cost of production under competition” (Butler 2012, p. 18). A consequence of the division of labour is the establishment of money. Because of our specialised qualification, we cannot hope to produce all goods we need ourselves anymore. “Every man thus lives by exchanging (...) and the society itself grows to be what is properly a commercial society”. As we frequently do not possess exactly what the people who hold goods we want to acquire desire, we “cannot be their merchant, nor [we] their customers”. Money became a medium to enable everyday trade amongst people in society and “has become in all civilized nations the universal instrument of commerce, by intervention of which all goods can be bought or sold”. Another reason and need for a device of transferring goods is the material itself. Many trading goods can perish and, in turn, not be used for transactions over long distances. “Consumable commodities, it is said, are soon destroyed; whereas gold and silver are of a more durable nature” (Smith 1776, I, iv.1; 2; 11; IV, i.19). Money is therefore a potent amplifier of trade in a society. “Smith indeed compares money (...) to an immense highway which circulates all the produce of a country” (Rothschild 2006, p. 323). It is not the sole reason for commerce, nor is it necessary for it but money accelerates trade and makes markets more efficient. However, money does not make the value of goods as labour remains “real measure of the exchangeable value of all

commodities”. The price of a good is therefore twofold. One, which expresses all efforts which went into the production of it, is the real price of the produce, this is labour. “Labour (...) is alone the ultimate and real standard by which the value of all commodities can (...) be compared” (Smith 1776, I, v.1; 6). Money, as the expression of the nominal price, varies depending on the value we put in the medium of transaction we use. While the real price by definition always must stay the same, the nominal price can vary significantly. Production efficiency, of which the division of labour is a result, is itself a consequence of our desire as human beings to better ourselves. “Smith believed there are universal principles of human nature, including the desire to better one’s condition and the disposition to conversation, or persuasion” (Rothschild 2006, p. 362). By improving the living situation and conditions of the poor in a society, we support society as such. “What improves the circumstances of the greater part can never be regarded as an inconveniency to the whole. No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable” (Smith 1776, I, viii.36). This leads back to the assumption of a general universality of all human beings. “Smith is resolute in his presumption of the natural equality of all individuals” so different levels of wealth must have resulted from societal failure. Such a shortcoming can even “obstruct the dispositions on which opulence is founded” (Rothschild 2006, p. 324). Also, through the urge to better their situation, the poor can contribute to the good of the whole of society much more efficiently if they were supported by the better off. “The wages of labour are the encouragements of industry, which, like every other human quality, improves in proportion to the encouragement it receives” (Smith 1776, I, viii.44). In addition to the universal disposition in human nature to better our situation and the division of labour as a way to increase the efficiency of production, Smith also turns to the factors of income. It is, following Smith’s system, divided in rent of land, wages of labour and profits of stock. Wages are the first factor he sheds light on. They are paid to the members of society who are living from employing their workforce into labour. Workers have generally very little influence of their own wages. “When the demand for labour is rising, however, the workers have the advantage, and competition between employers bids up wages” (Butler 2012, p. 21). In these cases, “they sometimes enter into (clamorous) combinations to increase or maintain wages, which are almost always crushed by the combined power of the masters or employers” (Rothschild 2006, p. 328). Profits, as the second factor of wealth, are generated by merchants who employ their stock. “Profit is so very fluctuating that the person who carries on a particular trade cannot always tell you himself what is the average of his annual profit” (Smith 1776, I, ix.3). The profits of merchants generally depend “on market prices, on how competitors are faring, and on the many problems that can occur in the production, transportation and storage of goods” (Butler 2012, p. 23). The business of merchants can turn out highly speculative. Smith does not seem to have the highest opinion of merchants. He describes them as “sneaking hypocrites” but they are “intelligent, and they have an acute knowledge of their own interests” (Rothschild 2006, p. 328). In the *WN*, merchants are depicted as ruthless, advantage-seeking defectors in society. “On most points, Smith’s opinions were precisely the opposite of the mercantilists’. Where they favored low wages as a spur to industry, he favored high wages for the

same reason” (Grampp 1948, p. 325). Their focus on their own gains makes them “say nothing concerning the bad effects of high profits. They are silent with regard to the pernicious effects of their gains”. Furthermore, so Smith, they “have generally an interest to deceive and even oppress the public” (Smith 1776, I, ix.24; I, concl..10). This results in goals that are “not identical with, and are often opposed to, the interest of the society”. Despite their strong self-interested motivation, “the credit of the trader depends on the way in which he is judged by other people”. A merchant therefore engages in and tries to maintain good relations with their business partners. This, however, is not caused by a prudent character but is “rather a consequence of self-interest, in the particular circumstances of a mercantile society” (Rothschild 2006, pp. 328, 329). The third factor of income is rent, which is classified by Smith as “the price paid for the use of land” (Smith 1776, I, xi.1). Land owners live from the rent their land property provides for them. It is in their interest to “improve their land and enjoy the tranquility of mind” (Rothschild 2006, p. 327) which they stick to if they are agreeable. The generation of “rent is different from wages, which must be laboured for, or the profits of capital, which must be carefully accumulated and managed”. The income of a landlord on the other hand “is derived merely on account of ownership, rather than any care and effort” (Butler 2012, p. 28). Differently from wages and profits, rents are not constituting the price of a good but a direct consequence of it. “High or low wages and profit are the causes of high or low price; high or low rent is the effect of it” (Smith 1776, I, xi.8). It usually is determined by a percentage of the price the produce brings forth on the market. Owners of large portions of land are considered less agreeable by Smith as he sees them cementing or reestablishing feudal structures and preventing individual liberty in favour of their own interests. Although “it is possible for two or more of these revenue streams to belong to the same person” (Butler 2012, p. 17), it does not appear likely and frequently practiced. All three groups, which each depend on another sort of income, in the end work together in a society and provide it with productiveness of the workers, the circulation of goods by merchants and the provision of food by the landowners.

The second book of the *WN* focusses on capital and describes its essence in more detail. Smith introduces this part of his work as dealing with “the nature of capital stock, of the manner in which it is gradually accumulated, and of the different quantities of labour which it puts into motion, according to the different ways in which it is employed”. He divides capital into two parts. “The part which, [the agent] expects, is to afford him his revenue, is called his capital. The other is that which supplies his immediate consumption” (Smith 1776, Introduction, 7; II, i.2). How our capital is distributed depends on a multitude of conditions and is entirely open. The part that is utilised to generate more revenue, or income, is the productive part which is utilised and helps us to generate income. The other is consumed by us to satisfy our particular and immediate needs, it is therefore unproductive. To invest capital and thereby use it productively, Smith presents two options. On the one hand we can employ it “in raising, manufacturing, or purchasing goods, and selling them again with a profit”. Doing that, we accept that our capital “yields no revenue or profit to its employer, while it either remains in his possession, or continues in the same shape”. Revenue is in that case generated by modifying and selling the capital or stock, goods in our possession do not generate

income until they are exchanged for money. The other type of employing one's capital lays "in the improvement of land, in the purchase of useful machines and instruments of trade" (ibid., II, i.4; 5). This way, capital does not become revenue-generating itself either. Rather, it supports us in generating revenue. The way capital is actually put to use form four categories. "Different branches of trade use these different kinds of capital in different ways. Agriculture, mining, manufacturing, wholesale trade and transportation, and retail trade have different needs and different relationships to the society". The main three sorts that Smith specifies are landowners, manufacturers and traders. The way capital is invested is different in each of the categories and frequently overlap. For example, manufacturers and traders employ their capital to acquire resources for production of goods in the manufacturer's case or stock to resell with profit in the case of a trader. But while the trade does not use the stock he acquires, the manufacturer modifies the material and thereby adds value to it. Manufacturers even use the second option of investment as well by purchasing machines to improve production efficiency. "Each [of these] order[s] has its own idiosyncratic way of life, its own interests, and its own way of thinking" (Rothschild 2006, pp. 331, 327) and is looked upon differently by Smith. One form of capital usage is engaged in by the landowners or countrymen. They invest in improving their land, thereby increasing the output and the revenue they can generate. Smith sees them at the very basis of his whole construct as "unless a capital was employed in furnishing rude produce to a certain degree of abundance, neither manufacturers nor trade of any kind could subsist" (Smith 1776, II, v.4). The achievement of this class therefore cannot be appreciated too little and "Smith is warm in his praise of the country gentleman" (Rothschild 2006, p. 332). He himself writes that "no equal capital puts into motion a greater quantity of productive labour than that of the farmer" (Smith 1776, II, v.12). He directs this appreciation also at the people belonging to that class generally. "The small proprietor is of all the owners of capital the most likely to improve his stock in a lasting and useful way" (Rothschild 2006, p. 332). The group of manufacturers is itself divided into the employers and the workers they pay wages to. The "master manufacturer" invests in "instruments of his trade" which he employs to generate revenue. Additionally, he purchases the materials needed for production. Value is created by modifying or augmenting the purchased material in order to produce goods fit for use. Smith's opinion of this class is reasonably high. "Unless a capital was employed in manufacturing that part of the rude produce which requires a good deal of preparation before it can be fit for use and consumption, (...) it would be of no value in exchange, and could add nothing to the wealth of the society" (Smith 1776, II, v.11; 5). However, Smith is generally not in favour of the employers as they "complain about the bad effects of high wages and attempt to make their employees overwork". At the same time, he is "admiring (...) the skill and dexterity of the workmen" (Rothschild 2006, p. 333). Traders have "occasion for no machines or instruments of trade". Their capital is in continuous motion and they collect their revenue every time their capital changes hands. "The goods of the [trader] yield him no revenue or profit till he sells them for money, and the money yields him as little till it is again exchanged for goods" and "it is by only means of such circulation (...) that it can yield him any profit". Smith distinguishes traders into retailers and merchants. The merchant's

function in a society, so Smith, lies in the distribution of goods from the manufacturer to the user or consumer as their capital is “employed in transporting either the rude or manufactured produce from the places where it abounds to those where it is wanted”. Retailers, on the other hand, makes goods approachable to the consumer and invests his capital in “breaking and dividing certain portions (...) into such small parcels as suit the occasional demands of those who want them” (Smith 1776, II, i. 6; 4; II, v.6; 7). Both bring value to society by providing mobility of goods and resources. The traders occupy a very prominent position in the *WN* as “it is the merchant, or the owner of mercantile capital, in whom Smith is most interested, and by whom he is most disturbed”. Smith sees their motivations as ambiguous and least transparent of all of the classes. “They are bold, and they are at the same time in search of security and reassurance. They are indifferent citizens, and they at the same time seek political advantage from every government” (Rothschild 2006, pp. 333, 334). The same way Smith divides productive and unproductive capital, he distinguishes our labour. “There is one sort of labour which adds to the value of the subject upon which it is bestowed: there is another which has no such effect”. According to this classification, two groups of professions can be established. While “the labour of a manufacturer adds, generally, to the value of the materials which he works upon (...) the labour of a menial servant, on the contrary, adds to the value of nothing”. One must therefore always make sure to invest capital at disposal, when employed in labour, in the productive kind as “a man grows rich by employing a multitude of manufacturers: he grows poor by maintaining a multitude of menial servants”. Here, again, Smith’s appreciation of workers becomes apparent. Wages paid to productive workers are not to be considered a loss. “Though the manufacturer has his wages advanced to him by his master, he, in reality, costs him no expense, the value of these wages being generally restored” (Smith 1776, II, iii.1). The opposite is true for the unproductive worker. However, unproductive labour still has value for society. “The army and judiciary, for example, serve the public, and their professions are honourable, but their labour of today purchases nothing tomorrow”. Lawyers and civil servants as well as doctors therefore provide a bonus although they do not produce anything. “The realisation that services have value, as well as manufactures or agricultural products, is another Smith innovation” (Butler 2012, p. 35).

In Book III of the *WN*, Smith sets out to recapitulate European history and the progress of the continent’s main nations. As he states in his introductory remarks, “since the downfall of the Roman empire, the policy of Europe has been more favourable to arts, manufacturers and commerce (...) than to agriculture”. While the former three promote the creation and rise of cities and towns, the latter supports the country population. Consequently, over the period Smith considers, he observes an increased number and power of cities and lays out the effect of this development. He also presents the different approaches various nations have been following to generate wealth. “The policy of some nations has given extraordinary encouragement to the industry of the country; that of others to the industry of towns” (Smith 1776, Introduction, 7). Not all European nations are on the same economic level and their resources are used in different degrees of efficiency. Book III is also dedicated to shedding light on the reasons for that discrepancy of progress. As a whole, this part of



the *WN* can be described as “a historical narrative describing how the feudal order (...) gave way to a liberal, commercial order” (Rasmussen 2017, p. 163) and how that brought about a progress of opulence in Europe. It also depicts one theme central to Smith’s thinking as it supports his view that “the progress of opulence consists in the victory of the individual spirit, over the oppression of legal institutions” (Rothschild 2006, p. 335). Wealth of cities is based on the provisions the country provides them with. It is there that they are traded and turned into products and that these products are used to provide specified services. “We must not, however, (...) imagine that the gain of the town is the loss of the country”. Instead, Smith sees the relationship of towns to the country as a symbiotic interdependency. While “the country supplies the town with the means of subsistence, and the materials of manufacture”, towns or cities provide goods and services and thereby “repays this supply by sending back a part of the manufactured produce to the inhabitants of the country” (Smith 1776, III, i.1). The necessity of agriculture and produce of the country to enable the industries of towns results in a clear priority for investment. “When people are allocating their capital, therefore, they prefer to put it first into land, then into manufactures, and only then into foreign trade, with its many risks (Butler 2012, p. 42). Smith narrates in detail the rise of feudalism after the fall of the Roman Empire. He describes the assignment of certain privileges to estate owners as “the most absurd of all suppositions” because it presupposes “that every successive generation of men have not an equal right to the earth (...); but that the property of the present generation should be restrained and regulated according to the fancy of those who died perhaps five hundred years ago” (Smith 1776, III, ii.6). Out of this system, feudalism emerged and put farmers without own property in a situation of dependance to their landlords. “The leases of tenant farmers were precarious and their security limited. They were obliged to provide arbitrary and irregular services to their landlords” (Rothschild 2006, p. 335). Consequently, feudalism is of great concern for Smith and he especially engages with the situation of the individuals bound by indentured servitude. “Smith forcefully draws the reader’s attention to the serfs’ almost total lack of personal freedom: they could have no private property (...), they were bought and sold with the land and so were unable to move freely” (Rasmussen 2017, p. 163). The ongoing practice of it solidified this system even further to an extent where they could “be legally outed of their lease, by a new purchaser” and “if they were turned out illegally by the violence of their master, the action by which they obtained redress was extremely imperfect”. Due to the weakness of kings, destitute people rarely had a chance to escape injustice as they had no one to stand up for them. Smith states that “the sovereign of perhaps no country in Europe was able to protect (...) the weaker part of his subjects from the oppression of the great lords”. As a result, those “who were not strong enough to defend themselves were obliged to have recourse to the protection of some great lord” and become dependants of him. The situation of the cities’ inhabitants was “not more favoured than those of the country” as they “seem, indeed, to have been a very poor, mean set of people, who used to travel about with their goods from place to place, and from fair to fair” (Smith 1776, III, ii.14; III, iii.8; 1; 2). While the farmers on the country were sliding into dependancy to land owners, the citizens in the larger settlements struggled to earn their living through trade and “had only limited freedom to

travel and inherit, to buy and sell” (Rothschild 2006, p. 335). However, despite the difficult starting position they shared with their fellows from the country, people living in cities “arrived at liberty and independency much earlier than the occupiers of land in the country”. This is largely favoured by the political situation which citizens used to their advantage and make a case for their desire of freedom. Powerful land owners and country noblemen feared the inhabitants of cities “whom they considered not only as a different order, but as a parcel of emancipated slaves” and the growing wealth of the burghers “never failed to provoke their envy and indignation” (Smith 1776, III, iii.3; 8). Likewise, the burghers “naturally hated and feared the lords” and, luckily for them, “the king hated and feared them too” for his ability to raise and finance armies depended to a large extent on their contributions. The citizens utilised the tension between king and noblemen and “gradually they won privileges and self-government — helped in part by the desire of weak kings to make them allies against the rich landowning barons” (Butler 2012, p. 43). The king was readily granting them these liberties for he saw it as an opportunity to rid himself of the overwhelming influence the lords enjoyed upon him. At some point, the power of the cities and towns had become “so considerable that the sovereign could impose no tax upon them” (Smith 1776, III, iii.11). Eventually, the success of towns and cities spread to the country. “The commercial progress of the cities in turn helped to introduce liberty and security, even into the countryside” (Rothschild 2006, p. 336). The market cities provided increased the profit in the country as well and “gave encouragement to its cultivation and further improvement”. Additionally, rich traders from the city bought formerly uncultivated land and set out to make it profitable. “Merchants are commonly ambitious of becoming country gentlemen, and when they do, they are generally the best of all improvers”. Another way in which the upcoming cities benefitted the population of landless farmers was the flourishing commerce and sudden availability of formerly unreachable goods and services. In this way, trade contributed to end feudalism because lords were given incentives to spend their money on other things than to maintain serfs and dependants. “For a pair of diamond buckles perhaps, or for something as frivolous and useless, they exchanged the maintenance, or what is the same thing, the price of the maintenance of a thousand men for a year, and with it the whole weight and authority which it could give them” (Smith 1776, III, iv.2; 3; 10). In turn, they simply could not afford the number of dependants anymore which lead to their freedom.

Smith dedicates the whole of Book IV to an introduction of different systems of political economy. He writes: “I have endeavoured, (...) to explain, as fully and distinctly as I can, those different theories, and the principle effects which they have produced”. This translates into an elaborate case against mercantilism and trade regulations. Smith begins with analysing the general meaning of money and states “that wealth consists in money, or in gold and silver, is a popular notion” and “to heap up gold and silver in any country is supposed to be the readiest way to enrich it” (ibid., Introduction, 8; IV, i.1; 2). Consequently, economists equalled money with wealth and treated both synonymously. Part of Smith’s mission in Book IV is to dismantle this as a basic misunderstanding by explaining how the meaning of wealth differs significantly from that of money. “With respect to the nature of wealth, the mercantilists often confused gold and silver, the *makers* of wealth, with

wealth itself". Smith, on the other hand, "regards it as obvious that real wealth consists not in precious metals but in an abundance of affordable goods and services" (Rasmussen 2017, p. 167). He even partly denies money's accuracy of value representation as it gold itself can become desirable enough to divert our focus away from the actual good behind the money. "Gold is in general, for Smith, associated with illusion and self-deception" (Rothschild 2006, p. 338). It therefore cannot represent the wealth of a nation as it is only the means by which the mobility of wealth in a society is ensured. Smith sees this as "too ridiculous to go about seriously to prove that wealth does not consist in money, or gold and silver; but in what money purchases, and is valuable only for purchasing" (Smith 1776, IV, i.17). Nations like Spain, Portugal and, to a lesser extent, France and England, based on this flawed perception of the nature of wealth, pursue policies to prevent gold to leave their country. Consequently, a chain reaction was put into motion. "The obsession with gold and silver (...) leads to an obsession with the balance of trade, and the obsession with the balance of trade leads in turn to (...) policies to discourage imports and encourage exports" but "to watch over the balance of a country's exports and imports was at least as foolish, for the government, as to watch over the export of gold and silver" (Rothschild 2006, pp. 340, 339). As Smith puts it, "the attention of the government was turned away from guarding against the exportation of gold and silver to watch over the balance of trade" . He does not especially hide his opinion as he states that the nation's sovereign's vigilance was turned "from one fruitless care (...) to another care much more intricate, much more embarrassing, and just equally fruitless" (Smith 1776, IV, i.10). As, for Smith, the real wealth consists in the affordability and availability of goods, "the primary source of prosperity is not a favorable balance of trade, as the mercantilists held, but rather the division of labor" (Rasmussen 2017, p. 167). In addition to the general deconstruction of the system of mercantilism, Smith describes in detail the negative impact mercantile policies have with regard to trade, the financial market and banks in particular. When a selection of central themes of Smith's work is addressed later in this chapter, the fourth Book of the *WN* will be considered in more detail. Especially the colonies and the benefits of free trade, which Smith turns to in later parts of Book IV, will be dealt with more thoroughly then.

Book V of the *WN* "treats of the revenue of the sovereign, or the commonwealth". Firstly, Smith looks at the nature of "the necessary expenses of the sovereign" and from where they should be drawn. Secondly, he introduces "different methods in which the whole society may be made to contribute". Thirdly, Smith describes the nature of debt and "the reasons and causes which have induced almost all modern governments to mortgage some part of [their] revenue" (Smith 1776, Introduction, 9). The sovereign, for Smith, has two faces. One is the official face as head of the state governing his subjects. Another side of a nation's ruler is the person behind the office. Smith depicts both in the last book of his work. "The sovereign is distinct (...) from the person of the individual sovereign and may also be described as the 'state or commonwealth'". He points towards the possible conflict of interest that can arise when the personal interest of the ruler interferes with the interest of the sovereign of the nation and, in turn, its subjects. Many mistakes therefore can be traced back to the improvidence and thoughtlessness of few. Unfortunately, rulers often "share the

predilections of other great lords, in [Smith's] description: vanity, gaudy finery, insignificant pageantry, frivolous passions, and costly trinkets" (Rothschild 2006, p. 347). The state on the other hand consists of many civil servants working together. The sovereign in this sense therefore includes "all the officers both of justice and war who serve under him, the whole army and navy" (Smith 1776, V, ii.e.17). It seems obvious that this huge apparatus features inefficiencies and unnecessary ways. However, "Smith is generous, in general, with respect to these armies of the inadvertently unproductive" (Rothschild 2006, p. 348). He states: "it is the system of government, the situation in which they are placed, that I mean to censure; not the character of those who have acted in it" (Smith 1776, V, ii.k.65). The sovereign, so Smith, has three functions to fulfil. Firstly, he is responsible for the protection of the realm against invasion. As it is crucial for maintaining the integrity of the nation, Smith regards it as very important that its assertion is always ensured. "The first duty of the sovereign, that of protecting the society from the violence and invasion of other independent societies, can be performed only by means of a military force". Even in times of peace, it is important to maintain a professional military force for "where a well-regulated standing army has been kept up, the soldiers seem never to forget their valour". Also, the severity of the matter requires the sovereign to be prepared at all times as "when a civilised nation depends for its defence upon militia, it is at all times exposed to be conquered by any barbarous nation which happens to be in its neighbourhood" (ibid., V, i.a.1; 38; 39). The cost of warfare has increased, as Smith describes in a concise military history of Europe, from rudimentary beginnings of hunting societies through ancient Greece and Rome to that of civilised nations of the eighteenth century (see ibid., V, i.a. 6-37). As armies no longer consist of part-time soldiers who each have individual other professions in peace time, the division of labour has been introduced to the military sector. "War has also become more expensive as a consequence of the mercantile or commercial system itself" as "modern or civilized wars (...) have commercial causes and commercial effects" (Rothschild 2006, pp. 348, 349). Smith shows that at the example of the Seven Years war as motivated by colonial conquest. Smith criticises the British sovereign for engaging in wars to amuse the population as the people in London "enjoy, at their ease, the amusement of reading in the newspapers the exploits of their own fleets and armies" and are "commonly dissatisfied with the return of peace, which puts an end to their amusement". But defending the country is not the only purpose of an army. The sovereign also needs his military to enforce his law and maintain order and discipline. "As it is only by means of a well-regulated standing army that a civilised country can be defended, so it is only by means of it that a barbarous country can be civilised". This way, the sovereign can be assured and "the rudest, the most groundless, and the most licentious remonstrances can give little disturbance" (Smith 1776, V, iii.92; V, i.a.40; 41). The second task of a sovereign is the upholding inner security and order. Maintaining a system of justice is very important in a society. "Justice is also an end in itself, or an essential constituent of the human spirit" (Rothschild 2006, p. 350). As Smith already states in his earlier work, justice is "the main pillar that upholds the whole edifice" without which the "immense fabric of human society (...) must in a moment crumble into atoms" (Smith 1759, II, ii, 3.4; VII, iv, 36) and "civil society would become a scene of bloodshed

and disorder". In the *WN*, he builds on that sense of justice. The sovereign has a duty "of protecting, as far as possible, every member of the society from the injustice or oppression of every other member of it". Cases of injustice are motivated by "envy, malice, or resentment" as "the only passions which can prompt one man to injure another". In modern societies, Smith observes, members are likely to come across one or more of these once in a while. He takes the example of wealth. "Wherever there is great property there is great inequality". A well-organised law system is therefore essential to keep violence and injustice at bay. "It is only under the shelter of the civil magistrate that the owner of that valuable property, which is acquired by the labour of many years, or perhaps of many successive generations, can sleep a single night in security". However, Smith is very critical towards the strict enforcement of property rights as "civil government, so far as it is instituted for the security of property, is in reality instituted for the defence of the rich against the poor" (Smith 1776, V, i.b.1; 2; 12). Thirdly, the sovereign is to set up and maintain public institutions "to facilitate commerce, the education of the young and the instruction of people of all ages" (Butler 2012, p. 62). The reason the state should provide these services is that the "profit could never repay the expense to any individual". Significantly, Smith notes that these public works "may easily be so managed, as to afford a particular revenue sufficient for defraying their own expense, without bringing any burden upon the general revenue of the society" (Smith 1776, V, i.c. 1; V, i.d.2). In other words, they should generally not aim to be profitable but stay as affordable as possible. In terms of infrastructure, Smith "believed communication to be a necessary condition for the progress of opulence" (Rothschild 2006, p. 351). Consequently, Smith sees "the erection of public works which facilitate the commerce of any country, such as good roads, bridges, navigable canals, harbours, etc." (Smith 1776, V, i.d.1) in the domain of the sovereign. Because private investors cannot endeavour in uneconomical projects as they depend on earning a living. However, Smith acknowledges that public services have to be provided in a society. "In the freest of markets individual enterprise will not find it profitable to supply certain indispensable goods and services, and their provision must be undertaken by the state" (Grampp 1948, p. 335). Another institution in the sovereign's responsibility is an education system. Smith defended an education system financed by the state in which the "public can facilitate, can encourage, and can even impose upon almost the whole body of people, the necessity of acquiring most essential parts of education" (Smith 1776, V, i.f.45). Surprisingly, Smith defends his demand for a general education system not in ensuring a basic level of culture or even literacy. Rather, it is to enable "the people to make disinterested and reflective judgements about the government's own conduct" (Rothschild 2006, p. 352). Private teachers made a significant part of Smith's education system. The public part is to be confined to "paying part, but not all, of the salary of the teacher; of giving prizes to children; and of setting public examinations" (Rothschild 2006, p. 353). In addition to that, Smith mentioned "social opportunities (...) which are set up by society to guarantee that individuals can effectively take part in social and economic life" (Pagliari 2011, p. 142). To be in a position that allows to properly meet these tasks, the sovereign has to generate revenue to support the growing needs of the population. "Government becomes more expensive as countries become more opulent" (Rothschild 2006, p.

353). The main source of the sovereign's income is taxes. "There is no art which one government sooner learns of another than that of draining money from the pockets of the people". Smith specifies four basic principles for taxation. Firstly, it should be bound to the income. "The subjects of every state ought to contribute (...) in proportion to the revenue which they respectively enjoy under the protection of the state". Smith introduces a general income tax which was to his time still new to Britain. He also connects everyone's contribution directly to what the state provides for its citizens. Secondly, to ensure the individual security and freedom of every member of society, taxes must be "certain, and not arbitrary" with regard to "the time of payment, the manner of payment [and] the quantity to be paid". Thirdly, "every tax ought to be levied at the time, or manner, in which it is most likely to be convenient for the contributor to pay it". This is to ensure that members of society can employ their capital to the highest possible degree before paying taxes. The fourth and last point Smith mentions is concerned with overtaxation and ensures that a tax works to "take out and to keep out of the pockets of the people as little as possible" (Smith 1776, V, ii.h.12; V, ii.b. 3; 4; 5; 6). This principle makes sure that taxes are spent economically and that "the cost of taxes to the taxpayers should not exceed by too much their benefits to the sovereign" (Rothschild 2006, p. 353). Smith sees overtaxation critically because the citizen of such a society would be likely "to abandon the country in which he was exposed to vexatious inquisition, in order to be assessed to a burdensome tax, and would remove his stock to some other country" (Smith 1776, V, ii.f.6). In the case of the sovereign borrowing money to maintain the expenses of the public sector, public debt is accumulated. In these cases, "private capital that is intended for the maintenance of productive labour is diverted into the support of unproductive labour" (Butler 2012, p. 74). Nevertheless, as Smith observes, "the progress of the enormous debts which (...) in the long run probably ruin, all the great nations of Europe has been pretty uniform" (Smith 1776, V, iii.10). This dire outlook seems justified considering that "borrowing has enfeebled every state that has done it" (Butler 2012, p. 76) which Smith backs up with examples from European history (Smith 1776, V, iii.11f). The sovereign should therefore try to limit his dependency on lent capital for it almost certainly backfires.

The *WN* at the same time, delivers not only a very detailed description of the nature of the eighteenth century's economic system, it also encompasses an outline of central developments in European history and on the mechanics and functioning of a society. Following, some of the most prominent themes captured by Smith in the *WN* are depicted in a little more detail. While doing so, they are set into context to the whole of the work and very briefly, where applicable, to the *TMS* as Smith's previous book.

One point that seems to become clear while looking at the content of the *WN* as a whole is that Smith held high beliefs in us as individual moral agents. As he did already in the *TMS* when he gave his account of how agents interact with each other, in the *WN*, again, he sets his focus on our individuality and that of our fellows in a society. "Smith always looks at society in his inductive thinking from the angle of the individual" (Macfie 1959, p. 218). Consequently, the competence on matters concerning us must also be located in us as individuals. Smith is convinced that we are in a position to judge best regarding our personal needs and desires. He "presumes that the person

whose interest is in question must be regarded as the best judge”. Consequently, Smith advocated giving “those whose interest is in question more authority over its fulfilment” (Mehta 2006, pp. 251, 250). Smith himself formulates this thought out of the perspective of the individual and as an opposition to a sovereign. “The law ought always to trust people with the care of their own interest, as in their local situations they must generally be able to judge better of it than the legislator can do” (Smith 1776, IV, v.b.16). In society, we do not need our sovereign to regulate every detail of our lives but to establish and maintain a situation in which we can pursue our own interests for we know better than anyone else what they are consisting of. For this reason, he naturally sees interference by authorities into the life of individual members of society very critically. “Too often, legislators or others presume to know best how interests are to be served” (Mehta 2006, p. 251). Smith noticed a conflict between the two roles of the sovereign as an individual and as the ruler of a state. He did not see the state as an abstract body that announces decrees but as the particular people whose decisions lead to these decrees. Smith therefore distrusted the authorities not only because the individual citizens can look after themselves more adequately by their own than any authority could, he also accused officials of being too corrupt to properly serve the interest of the state and the whole society. “It is the greatest impertinence and presumption, therefore, of kings and ministers, to pretend to watch over the economy of private people. (...) Let them look well after their own expense, and they may safely trust private people with theirs. If their own extravagance does not ruin the state, that of their subjects never will” (Smith 1776, II, iii.36). In a slightly radical manner, Smith seems to have generally questioned the constitution and the status of the sovereign in it. In course of that, he suggested drastic change in how power is exercised and by whom towards authority, as far as possible, to the person affected by the particular decision in question. Put differently, Smith “sought to replace the interests of those who exercise power over others with the interests of those over whom such power is exercised” (Mehta 2006, p. 250). Another pivotal reason for Smith to promote the interests of single members in a society and defend individual liberties against the infringement done by authorities was his basic understanding of society as such. Here Smith argues that every discrimination must have a proper foundation, otherwise it should be labelled as an abuse of power. “To hurt in any degree the interest of any one order of citizens, for no other purpose but to promote that of some other, is evidently contrary to that justice and equality of treatment which the sovereign owes to all the different orders of his subjects” (Smith 1776, IV, iii. 30). For Smith, every agent is entitled to an equal amount of consideration. He sees self-interest as inherent to every member of society individually. By infringing on this, our initial position in our community would artificially be altered by a group of people who, for Smith, are evidently incompetent when it comes to our personal needs and desires. This does not make him an egalitarian, rather it illustrates once more the trust Smith places in us as the individual moral agents in a society as, for Smith, everyone should be empowered on an individual level. Seen in this light, Smith would be a strong proponent of instruments like a universal basic income for we as individuals know best where to set our priorities, although it is debatable how he would go about to facilitate such an arrangement. In any case, the point is that Smith is prepared to minimise the

power a sovereign has on its subjects for he believes no ruler can ever know and facilitate their personal needs and wishes. In order to ensure a society to prosper, certain liberties therefore need to stay with us as individuals and who are most able to adequately decide on matters that impact us directly. However, Smith does not, as one might assume, see us as completely oblivious towards our fellow agents in a society or indeed the good of society as a whole. “Adam Smith’s world is not inhabited by dispassionate rational purely self-interested agents, but rather by multidimensional and realistic human beings” (Ashraf 2005, p. 142). Accordingly, the needs and desires of other people, whether we can sympathise with them or not, seem to be incorporated into our own agenda so that by pursuing our own aims, we also work towards achieving other agents’ goals. This, in turn, leads us to work towards the achievement of the mutual goals of society as a whole. “It is his own advantage, indeed, and not that of the society, which he has in view. But the study of his own advantage naturally, or rather necessarily, leads him to prefer that employment which is most advantageous to the society” (Smith 1776, IV, ii.4). Smith therefore not only describes the uniqueness of our character and interests, he also observes the positive impact pursuing them can have on how we act towards other members of our community. “The prosperity of a nation can best be advanced, according to Smith, by allowing each individual to pursue his own interests as he sees them” (Morrow 1927, p. 326). He even sees the individual drive as the most important instrument to impact society positively. As Smith states himself, “the natural effort of every individual to better his own condition (...) is so powerful, that it is alone (...) capable of carrying on the society to wealth and prosperity” (Smith 1776, IV, v.b.44). At the example of a market economy, which will be examined a bit more detailed later, Smith does not exclusively look at the individual gain a transaction has for us as the seller or buyer, he also sees the benefit for the agents we interact with as he “focuses at least as much on the way in which these commercial exchanges prompt us to focus on *other* people’s interests and the *mutuality* involved in doing so” (Mehta 2006, p. 250). Smith goes as far as disregarding intervention by the sovereign generally for it frequently even worsens the situation. He builds on the idea that individual self-interest practiced freely by every individual leads to the greater good of society more than actions directed towards the public good itself ever could. “I have never known much good done, by those who affected to trade for the public good. It is an affectation, indeed, not very common among merchants, and very few words need be employed in dissuading them from it” (Smith 1776, IV, ii.9). Actively working towards the greater good apparently does not achieve it. Rather than that, it even seems to deteriorate the situation more than strictly self-interested agents in society ever could. “The bulk of *The Wealth of Nations* is devoted to the thought that for much of their history human beings have not acted on their interests” — at least not without certain regulations in place which restricted the free pursue of their self-interest. This, so Smith, has led to injustice and inequality. Another aspect of Smithian self-interest in the *WN* is that of self-worth. “Would anybody but a beggar choose to depend on the benevolence of others?” (Mehta 2006, pp. 255, 250). It is our picture of ourselves that demands us to better our situation. Self-interest therefore corresponds with self-worth and an urge for independence inherent to every individual. “It is not from the benevolence of the butcher, the brewer, or the baker, that we



expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our necessities but of their advantages” (Smith 1776, I, ii.2). We are drawing our ability to respect ourselves from the feeling of giving something in return for what we received. Thus, sustaining ourselves does not depend on receiving alms but acquiring goods through fair exchange. Furthermore, the character of self-worth extends to our counterparts as well. “What would be more appropriate than to address the butcher and the baker by offering them something in return for what they might have to give?” (Mehta 2006, p. 250). By extension, our self-interest corresponds with the understanding and respect towards other people’s integrity and self-worth and through this, again, incorporates their individual perspectives in our agenda. As a result of this integrating character of individual self-interests, they are intertwined with each other on multiple occasions to the extent that they become inseparable. This is, as was sketched in a previous chapter, the way Smith sees as the nature of human interaction in general. Sympathising with our neighbours in the Smithian sense presupposes the willingness to engage with other people’s views and expressed emotions. Analogously, Self-interestedness must include the interests of our counterparts to achieve a benefit for both sides. In this sense, the *WN* builds strongly on the findings Smith already formulated twenty-three years earlier in his *TMS*.

Out of this interconnection arises the necessity to somehow structure the plethora of interests in a society. “People do not simply act on instincts but create institutions and moral laws to harness them” (Wight 2007, p. 345). Self-interested behaviour in a society therefore leads to a fundamental need for a structural foundation which supports the individual ways of the citizens of a society to prevent potentially negative implications of their conflicting interests. “On the most competitive markets the consequences of [the agent’s] acts can be undesirable and require social intervention” (Grampp 1948, p. 336). The consequence is that “in Smith we have both self-interested behavior and the control of self-interest by moral and legal rules. Self-interest exists only within social control”. Smith sees this foundation given in and the resulting social control executed by a market economy. When a number of people engage in any kind of transaction, a market is created. Markets for Smith are frameworks for human interaction of any given kind that contain the extreme forms self-interested behaviour otherwise could turn into. “Smith viewed the market as a regulatory system, itself an institution of social control” (Samuels 1977, pp. 199, 196). This becomes clearer by means of an example. Two hunters meet each other after a day of hunting in the woods. One is short of arrows because he used them all while he was out hunting. He even lost his bow on his last shot. On the upside, he came across many animals and hit his target quite often which bestowed a lot of fresh meat on him. The other hunter had a less lucky day. He did not see one animal so his storage of arrows is still full. Nevertheless, he also does not have any meat which leaves him hungry and thirsty. “Smith uses the moral side of human nature to help him explain why voluntary agreement and not violence takes place when these two hunters meet” (Young 1997, p. 62). The market between these hunters in this author’s example prevents the one with the weapon to force the other into sharing his meat with him or even kill him and take it all. It serves as a

controlling mechanism in this society of hunters through its regulative character. Markets arise naturally as an implication of the division of labour and the resulting need for exchange but they also serve to restrain the agents active on them. Smith “articulates the role of the market as a regulatory system which performs well or not, depending upon the role of institutions and other forces of social control” (Samuels 1977, p. 205). He therefore seems to assess the success of a market not necessarily regarding how well the overall liberties of the actors are ensured but primarily on the functionality of its institutions. Smith acknowledges that self-interest can be misguided. “Self-love or self-interest, for Smith, is often in conflict with reason” (Rothschild 2006, p. 362). Consequently, the function of a market is not only to harvest the positive impact of individuals’ self-interest mentioned above for society, it also has to deliver a framework to enable that in the most frictionless way. “It is the business of morality and law, as well as of the market, to regulate the detailed realities of freedom and of exposure to freedom”. The market serves a controlling purpose but needs to be regulated itself in order to fulfil its full potential. “Smith’s emphasis is not solely, or not so much, upon the self-regulatory character of the market as upon the regulation of self-interest by the market” (Samuels 1977, pp. 198, 196). In other words, “the instinct for fitness and order can be trusted because it produces results that ultimately (in the right institutional setting) are harmonious and beneficial to society” (Wight 2007, p. 347). Markets therefore work to moderate the self-interested behaviour of agents in a multitude of ways that encompass all parts both of Smith’s main works. “Self-interest not only is operated upon by the market but also is defined, channeled, and restrained by moral and legal rules and by the operation of benevolence, sympathy, and the principle of the impartial spectator”. From this, it follows that market regulations played a pivotal role in the Smithian idea of economy. “He does not propose, let alone establish, the exclusive or a priori presumptive optimality of market solutions”. Rather, markets need to be regulated by an external instance. The market can only serve to its best capacity if it is adequately regulated and these regulations are sufficiently enforced. For Smith, this task comes to the sovereign or the authorities in a society. The authorities declaring the rules and regulations of the market must be in a position to enforce them when needed and the sovereign has the authority to enforce rules on all of his subjects equally. “Market order is achieved only within the structure of power. Both the market and power govern whose interests will count in the economy” (Samuels 1977, pp. 200, 205, 192). The particular regulations, in order for them to be reliable, must be proposed, executed and, in turn, enforced in decisive moves of the sovereign. Controlling markets therefore “will require a conscious act of the will of the virtuous legislator to bring it about” as “good law must be the result of an intentional action” (Young 1997, p. 205, 177). Having said that, regulation of a market is by no means a straightforward task. “There is a complex set of distributional, hierarchical, and aggregate-income level trade-offs and related choices to be made through [market-] institutions”. However, the right amount and kind of regulation is the only way to ensure the positive effects of self-interest can arise for “the order produced by markets can only arise if the legal and moral framework is operating well”. For Smith, this does not mean a set collection of firmly standing rules but rather a more flexible collection of guidelines governing

behaviour on the market. “The market must be seen as qualified in its operation by the impact of moral and legal rules and other institutions which are themselves a matter of choice and evolution”. This allows for a steady evolution of governing principles and, by extension, for the adaptation of new circumstances. “It is truly a process of cumulative causation or general interdependence and not one in which particular rules or particular patterns of socialized behavior may be taken as given once and for all” (Samuels 1977, pp. 198, 196, 200). Instead of providing a complete system of set economic statutes, Smith therefore aims at formulating underlying principles which are to be filled with individual practices based on the particular situation at hand. Again, it becomes clear that the system of market economy, as developed in the *WN*, is not detached from Smith’s former considerations on morality brought forward in the *TMS*. On the contrary, this model of economy, which still very much dominates the way economy is seen today, is based on and closely affiliated with the main topic of his previous book. It is an embodiment of Smith’s view on how different agents in a society should and indeed do interact with each other. “For Adam Smith, a mixture of concern about fairness (enforced by the fear of negative appraisal by the impartial spectator) and altruism played an essential role in market interactions, allowing trust, repeated transactions and material gains to occur” (Ashraf 2005, p. 136). The result is the process of sympathising with one another applied to the environment of a competitive market. “It is Smith’s message that these issues need to be worked out through the principles of approbation, disapprobation, the impartial spectator, and so on”. This character Smith assigns to a functioning market regulation system extends to market institutions which are important and necessary components in Smith’s market model as well. They too need to be adaptable and flexible enough to offset even sudden and disruptive changes in the market landscape. “He treats institutions not as inevitable, but as subject to redesign and change, as the product of past choice and subject to revised choices”. Smith’s economical considerations are therefore so powerful precisely because they do not stick to certain dogmatic principles but allow for flexibility and pragmatism when needed. “The greatness of his analysis is that it is an *open* system in much the same sense that the market economy itself is an *open* system” (Samuels 1977, pp. 205, 201, 207).

The next major theme in the *WN* is Smith’s case against the mercantilist doctrine, gaining popularity in his time, and a passionate advocacy in favour of free trade. This topic, primarily discussed in Book IV but in alignment with and beaming into the work as a whole, is one of the most persistent influences Smith had on modern society and the developments in nineteenth and twentieth century Europe as well as still today. Mercantilism is the doctrine of aiming at supremacy over another country in trade. Its principles are formulated towards keeping wealth inside a country as far as possible while at the same time directing the global flows of goods and capital into one’s own nation. Seen that way, the prosperity of one country means the disadvantage of its neighbour. Theoretically, practiced mercantilism therefore results in the attempt to force other countries into dependencies by gradually drawing all the capital out of them and making their production rely on the home nation’s exports to them. However, Smith does not display mercantilism, or the commercial system as he calls it multiple times, as being opposed to foreign trade in general.

Rather, he argues that mercantilist policies are inherently mistaken due to a universal confusion over how to handle trade in favour of the country as a whole. “That foreign trade enriched the country, experience demonstrated to the nobles and the country gentlemen as well as to the merchants; but how, or in what manner, none of them knew”. The fundamental idea is that of competition amongst nations. Smith sketches two ways the doctrine of mercantilism suggests to achieve its end. Following that, he disregards both in the most drastic fashion. Firstly, he outlines the idea of banning the exportation of gold and silver. An entirely isolated nation, Smith says, does not have the necessity to engage in such policies because “if a nation could be separated from all the world, it would be of no consequence how much, or how little money circulated in it”. However, the world mainly consists of “countries which have connections with foreign nations, and which are obliged to carry on foreign wars”. Such countries cannot neglect the amount of money they give to other nations as it could well finance their future enemies and, as a result, European countries use “every possible means of accumulating gold and silver in their respective countries”. Smith sees no use in these efforts. He even goes further and questions the worth of gold beyond its function as money. “A well-regulated paper money will supply it, not only without any inconveniency, but, in some cases, with some advantages” (Smith 1776, IV, i.10; 4; 5; 15). Apart from that, gold and silver as materials also appear to have a strong effect on people. “Gold is in general, for Smith, associated with illusion and self-deception” (Rothschild 2006, p. 338). Consequently, he refuses to assign to it the value it is commonly holding. The second embodiment of mercantilism is, so Smith further, that of pursuing a positive trade balance. Merchants complained about the restraints on the exportation of gold as “they could frequently buy more advantageously with gold and silver than with any other commodity” and thereby enable the acquisition of even more gold in the longer run. In turn, they demanded a policy that was more favourable to their trade. Granting these wishes, “the attention of government was turned away from guarding against the exportation of gold and silver to watch over the balance of trade”. Smith sees this move very critically. “From one fruitless care it was turned away to another care much more intricate much more embarrassing, and just equally fruitless”. In essence, it meant that the policy’s focus widened from gold and silver in particular to all the capital in the country. The import of goods and commodities draws capital out of the country. “When two places trade with one another, this doctrine supposes that, if the balance be even, neither of them either loses or gains; but if it leans in any degree to one side, that one of them loses and the other gains in proportion to its declension from the exact equilibrium” (Smith 1776, IV, i.6; 10; IV, iii.c. 2). Mercantilistic policy was thereby aiming at increasing the own country’s trade balance and, in extension, considered import restrictions a well-suited tool to achieve this aim. Smith disagreed heavily. He argued that “trade is not a zero-sum game” and that “nations can benefit by trading with one another” (Rasmussen 2017, p. 166). An exchange that, following the mercantilistic system, outbalanced in the other country’s favour, can still be beneficial for the home country. “Though it were certain that in the case of a free trade between France and England (...) the balance would be in favour of France, it would by no means follow that such a trade would be disadvantageous to England” (Smith 1776, IV, iii.a.2). Mercantilism therefore hinders trade, prevents needed or more

favourable goods to be imported and, by extension, effectively hurts the economy. It also incentivises traders to smuggle goods as “the interest of merchant importers, in a system of import duties and bounties on exports, [is] to declare very little” (Rothschild 2006, p. 339). Another point of criticism Smith brings forward is that it is by no means clear how to measure the balance of trade. “There is no certain criterion by which we can determine on which side what is called the balance between any two countries lies or which of them exports at the greatest value” (Smith 1776, IV, iii.a.4). Even if mercantilism was furthering the wealth of a nation, quantifying its success would be difficult. Additionally, Smith criticises the separating and escalating character of mercantilist policies as it initiates and propels national rivalries. This, in turn, can lead to an atmosphere which causes trade wars between nations once “mercantile jealousy is excited, and both inflames, and is itself inflamed, by the violence of national animosity”. Seen in this light, mercantilism can become a means to pursue political interests and directly evokes hostilities between nations. “Each nation has been made to look with an invidious eye upon the prosperity of all the nations with which it trades, and to consider their gain as its own loss” (ibid., IV, iii.c.13; 9). Its main purpose, therefore, seems to be to “exacerbate national prejudice and animosity” as “the balance of trade has very little to do with national advantage” (Rothschild 2006, p. 339). This character of triggering potential conflicts is what Smith sees as a consequence of the motives of individuals as single merchants use the mentioned uncertainty to their advantage. “National prejudice and animosity, prompted always by the private interest of private traders, are the principles which generally direct our judgement upon all questions concerning it” (Smith 1776, IV, iii.a.4). It could be argued that “that pride is the cause of injustice, irrationality, and folly. War is harmful but sustained by pride; colonies are detrimental but held onto because of pride; slavery is economically irrational but sustained by the love of domination” (Mehta 2006, p. 252). Smith shows his frustration when he must conclude that nations hold on to mercantilistic policies despite their obvious ineffectiveness. “After all the anxiety, however, which they have excited about this, after all the vain attempts of almost all trading nations to turn that balance in their own favour and against their neighbours, it does not appear that any one nation in Europe has been in any respect impoverished by this cause” (Smith 1776, IV, iii.c.14). Smith uses the example of sustaining of colonies to support his objections against trade restrictions and the mercantile system in general. While in ancient Greece colonies were founded out of need for settlement space and Romans sought political stability through assigning land to its subjects, “the establishment of the European colonies in America and the West Indies arose from no necessity”. Colonies set up by European nations were an expression of mercantile trade politics. They were kept to provide goods which would otherwise have had to be imported from other nations. This, in turn, would have had affected the trade balance of that particular country. Especially, the prospect of gold and silver made European states engage in colonialism in the first place. The new world “was represented as a country abounding in gold, and, upon that account (...) an inexhaustible source of real wealth to the crown and kingdom of Spain” (ibid., IV, vii.a.4; 14) by Columbus upon his return to make up for the expenses of his journey. Subsequently, colonialism is the last in a series of mercantilistic policies that aim at

competing with other trading nations. “Gold, the balance of trade, the restriction of imports and the subsidy of exports, the establishment of colonies — one commercial illusion leads to the next, in a succession of ever more oppressive policies” (Rothschild 2006, p. 341). Referring to the American independence war, which started around a year before the *WN* was published, Smith clearly opposed a military enforcement of overlordship as “Great Britain derives nothing but loss from the dominion which she assumes over her colonies” (Smith 1776, IV, vii.c.65). Instead, he proposes to integrate Britain’s possessions in America completely into the nation and make the American settlers, still looked down on by the British establishment, British citizens. “Smith proposes a constitutional union between Britain and America on the model of the union 1707 between England and Scotland”. This was a major divergence from public opinion as “such a union would have allowed for full American representation in the British Parliament and granted Americans the same rights (and burdens) as all other British subjects” (Rasmussen 2017, p. 180) and made Americans equals. Another way Smith illustrates the disbenefit of mercantilism is by showing the positive effect free trade has on a society. Smith assigns trade a pivotal role in ending feudal structures and the upholding of a well-functioning system of justice. “Commerce and manufactures gradually introduced order and good government, and with them, the liberty and security of individuals” (Smith 1776, III, iv.4). Through trade, society opens up and allows the empowerment of people, not only commercially but also socially. Consequently, as was mentioned when looking at Smith’s view on market economy, within a framework of certain regulations, freedom serves as an amplifier, the more liberties are left to the people. “In general, if any branch of trade, or any division of labour, be advantageous to the public, the freer and more general the competition, it will always be the more so”. Trade restrictions, for Smith, have the opposite effect. “A trade which is forced by means of bounties and monopolies (...) commonly is disadvantageous to the country in whose favour it is meant to be established” (ibid., II, ii.106; IV, iii.c.2). By actively influencing trade and restricting or penalising certain transactions, mercantilism not only fails to help commerce of a country, it actively undermines it. For Smith, any form of interference cannot be beneficial in the long run. “Attempts to form human behavior through state regulation were likely to deal only with symptoms; the proper way was to cultivate a commercial society whose citizens would be free and responsible only to themselves” (Mehta 2006, p. 255). Taking initiative seems only favourable when it prevents trade restrictions. “Removing impediments to international trade would promote the division of labour within the trading countries and globally” (Pagliari 2011, p. 138), thereby leading to a more efficient production process by enabling a specialisation of production across borders.

The *WN*, and in turn Smith himself, are most known for the invisible hand analogy Smith brings forward as part of his rejection to trade interferences by the sovereign. However, because it is mentioned only once in the entirety of the *WN*’s five books, the significance of it was frequently questioned. Following, one of these challenges to the pivotal character of the invisible hand metaphor, highlighted in Emma Rothschild’s article *Adam Smith and the Invisible Hand*, is briefly sketched and critically assessed. Rothschild argues that the invisible hand is a figure of speech

Smith takes advantage of where he deems it fitting and denies any further significance for his philosophy. “[The invisible hand’s] political importance consists, in fact, in its public loveliness”. She begins with pointing out the mere three times Smith himself mentions the invisible hand. In his *History of Astronomy*, written before 1758 and originally published in 1795, Smith is “talking about the credulity of people in polytheistic societies” (Rothschild 1994, pp. 322, 319). The citizens of such communities imagine the causes of natural phenomena to belong with divine figures or “intelligent though invisible beings” and are ignorant to the scientifically proven theories of the Western world “nor was the invisible hand of Jupiter ever apprehended to be employed in those matters” (Smith 1795, p. 49) by them. The next passage in which Smith uses the famous analogy features in his *TMS*. “Smith is describing some particularly unpleasant rich proprietors, who are quite unconcerned with ‘humanity’ or ‘justice’” (Rothschild 1994, p. 319). Albeit they do most likely not intend to, the rich in a society “in spite of their natural selfishness and rapacity (...) divide with the poor the produce of all their improvements” . Smith states that “they are led by an invisible hand (...) [to] advance the interest of the society, and afford means to the multiplication of the species” (Smith 1759, IV, 1.10). This list of references is completed by the most famous one in the *WN*. Regarding his critique on mercantilism, Smith employs the invisible hand of the individuals involved in trade to show the superfluous and potentially harming character of government interference. “He argues strongly against restrictions on imports, and against the merchants who support them”. Smith insists that government regulations on trade are not necessary as a merchant, even without import tariffs, “would still prefer to support domestic industry” (Rothschild 1994, p. 319). The reason for this, so Smith, lies in everybody’s desire for stability and safety. He writes “[the merchant] intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, (...) 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”. By doing so, the merchant “neither intends to promote the public interest, nor knows how much he is promoting it” (Smith 1776, IV, ii. 9) and is following his own interests only. Rothschild argues that the invisible hand is a mere means by which Smith attempts to illustrate his point in every particular incident separately. “Smith’s attitude to the invisible hand was ironical on each of the three occasions”. In other words, Smith utilises the invisible hand as a handy and eloquent metaphor. Following that, not only regarding the *WN*, it cannot be seen as a major theme of Smith’s whole work. Rothschild points towards the nature of the occasions he employs the invisible hand analogy. “Smith’s three uses of the phrase have in common that the individuals concerned are quite undignified; they are silly polytheists, rapacious proprietors, disingenuous merchants” (Rothschild 1994, pp. 319, 320). This indicates Smith’s intention to leaven his language and make his writing less monotonous. This becomes slightly more likely when Rothschild brings up popular literature Smith could have used to make the particular point he wants to convey become more approachable. “There is a more famous invisible hand in Anglo-Scottish literature, with which Smith was almost certainly familiar. It is invoked by Macbeth, who asks the night ‘with thy bloody and invisible hand’ to cover up the crimes he is about to commit”. Also, the word invisible itself is used by Smith in different contexts more

than thrice. “He associates the invisible on several occasions with heathen religion”. This also seems to support Rothschild’s interpretation. Another point she raises concerns the actual meaning of the word. “The classical Latin word which is translated by ‘invisible’ is *caecus*, which in its literal sense means blind” (ibid., pp. 319, 320). An object being invisible to a person therefore deems the person to be ignorant towards this object. This does not seem to fit in Smith as the advocate of individual freedom who he was but expresses Smith’s intended meaning of the metaphor at all three times he uses it. The polytheists do not see the gods they made up as explanations for the movement of Jupiter, neither do the rich property owners see the way they without intending it shared the advantages of land-improvements with the poor. Similarly, regarding the last mention, the merchants of a country are blind to the ways pursuing their interests leads to contributing to achieving society’s goals. The etymologic argument seems to support the prominent role which was assigned to the metaphor. However, Smith himself seems to support Rothschild’s view. He talks in a posthumously published essay on philosophical subjects, which also entails his *History of Astronomy*, “disparagingly of those who fall for the temptation of letting a nice analogy become the great hinge upon which everything in a system turns (Smith 1795, Sivertsen 2018, p. 436) is based. Indeed, it only in relatively recent literature acquired the status as an expression of the essence of Smith’s thought as “commentators on his work, too, mentioned it only infrequently prior to the 20th century” (Rothschild 1994, p. 319). However, Rothschild’s interpretation stands against an established literature promoting the invisible hand as the embodiment of Smith’s liberalism. Firstly, the invisible hand could be a frame for Smith’s emphasis on self-interest throughout his two books. “Adam Smith’s invisible hand represents the unseen instincts of human nature that motivate and direct behaviour” (Wight 2007, p. 341). Because he “regards self-interest as the basis of the economic order, and as the main psychological factor in industrial prosperity”, it would make sense for him to make this prominent theme of his stand out as much as possible. Following that, the metaphor could have been intended as a slogan for his central message that “the individual is necessarily interested in securing those ends of which his fellow-men approve” (Morrow 1927, p. 326, 341). This interpretation also acknowledges Smith’s distinction of self-interest from selfishness as “the invisible hand does not constitute an endorsement of selfish individualism” (Wight 2007, p. 353). Secondly the invisible hand could serve as an explanation for the evolution of the division of labour and, in extension, the market. “The individual finds it more to his interest to exercise his strength and develop his skill in one occupation and exchange the surplus of what he produces for the products of other men’s skill than to attempt to supply all his various needs by the labor of his own hand” (Morrow 1927, p. 327). In other words, rather than producing every commodity ourselves, we are led by the invisible hand to focus on our particular talents and thereby form a functioning market as our produce necessarily does not cover all our needs. Eventually, this drives us to exchange our products on a larger and larger scale. “Progress is a natural feature of human history, with an expected progression from hunting and gathering to pasturing to agriculture to industry, and eventually to foreign trade” (Wight 2007, p. 348). The prominent status this analogy has acquired over time could therefore be based in Smith using it to



explain the development of the market and its institutions as a whole. “Economic institutions arise naturally, i.e., spontaneously”. But not only is their evolution led by an invisible hand, “they are socially useful in proportion to the degree to which they have been allowed to arise naturally, i.e., through the operation of self-interest” (Morrow 1927, p. 329). This suggests a holistic meaning of the invisible hand. Smith, following this thread, uses it to illustrate both, individual self-interest and the market with its institutions. “The invisible hand is not simply the instinct of self-interest operating alone. Nor is the invisible hand the market or competition or efficiency — although these institutions and concepts may work synergistically with it” (Wight 2007, p. 347). The general and non-directed nature of our drive to improve supports this interpretation, as “for Smith, action is not motivated necessarily by the desire to attain any particular end or by considerations of utility. Rather, we are motivated by the pleasure arising from the employment of the means to that end” (Mehta 2006, p. 264).

With his whole *WN*, Smith raises economic thought and general policy-making from rudimentary and scattered findings to a comprehensive branch of philosophical analysis. His comprehensive coverage of society as a whole sets new standards in treating economical and political thought. “Adam Smith’s moral philosophy exhibits its sharp divergence from all ascetic theories, and its willingness to cope with the problems of human welfare in all the concrete conditions of the modern world” (Morrow 1927, p. 325). With the completeness of this inquiry, he unintentionally invented economics as the social science as which it is practiced today. Due to Smith having received a comprehensive education but especially because he enjoyed the opportunity to travel through Europe, he was exposed to a number of influences throughout his life and career. Regarding the two major components of his moral philosophy in the *TMS*, namely the notion of sympathy and the figure of the Impartial Spectator, Smith’s inspirations have been sketched above. It has become clear that his findings, at least temporarily, marked the peak of a development of moral philosophy which span over more than a century. Similarly, the *WN* set a benchmark for economic thought. It, too, was inspired by thinkers who came before Smith and to whom he owes a great deal of the genius of the *WN*. While economic thought, at least in a basic form, is as old as humanity itself, this paper concentrates on the major influences on Smith’s *WN* in particular. It will look at Mandeville who, influencing Hutcheson but also directly, most definitely made a strong impression on Smith very early in his career as a scholar. Thereafter, Hutcheson’s influence on the *WN* will shortly be sketched before Smith’s inspiration taken from his lifelong friend Hume is examined in a little more detail.

Undoubtedly, one major source that led Smith to write the *WN* in its actual form is Mandeville’s *The Fable of the Bees (FB)* as it is “a source with special claims to influence” and “Smith was intimately acquainted with it”. Mandeville’s influence on Smith’s *WN* is twofold. Firstly, and more evidently, he set the foundation for Smith’s economic thoughts as he was perhaps the first inspiration for the examination of the division of labour in the first book of the *WN*. In fact, in the *FB*, Mandeville formulates the very essence of this thought quite explicitly to the extent that Smith seems to have simply reformulated integral parts of Mandeville’s work. “One of the most famous passages on this

matter in the *Wealth of Nations* — that about the labourer’s coat — is largely a paraphrase of similar passages in the *Fable*” (Kaye 1924, pp. cxxxiv, cxxxv). And indeed, the similarity is striking at the very least. “What a number of People, how many different Trades, and what a variety of Skill and Tools must be employed to have the most ordinary *yorkshire* Cloth?”. He even goes on to explain the beneficial effects of specialisation of production processes at the examples of other commodities such as bread or beer and illustrates how this economic development made goods available to a greater number of people from social classes which formerly were not able to afford them. Mandeville draws a direct connection between the division of labour and, in extension, markets to a distribution of goods that benefit even those who formerly did not have a chance of acquiring basic luxuries at all. “Many things which were once look’d upon as the Invention of Luxury, are now allow’d even to those that are so miserably poor as to become the Objects of publick Charity” (Mandeville 1714, I, p. 169). In addition to inspiring Smith to the idea of the division of labour as such, he also seems to have inspired the concept of global trade and an international market economy explained in the *WN*. He foresees the scale of production’s needs when he writes: “What a Bustle is there to be made in several Parts of the World, before a fine Scarlet or crimson Cloth can be produced, what Multiplicity of Trades and Artificers must be employ’d! Not only such as are obvious, as Wool-combers, Spinners, the Weaver, the Cloth-worker, the Scourer, the Dyer, the Setter, the Drawer and the Packer; but others that are more remote and might seem foreign to it”. Mandeville here becomes aware of the sheer extent to which the threads of production lines and resource supply chains have to be woven into each other to enable the production and, in extension, consumption of a final product. He also considers the necessity of international supply chains for the production of goods and thereby anticipates Smith’s reflections on global trade. “How widely are the Drugs and other Ingredients dispers’d thro’ the Universe that are to meet in one Kettle!”. Mandeville thereby also sees the individual sacrifices that have to be made in order to enable this supply of goods and resources. “While so many Sailors are broiling in the Sun and sweltered with Heat in the *East* and *West* of us, another set of them are freezing in the *North* to fetch Potashes from *Russia*” who all go through “the Variety of Toil and Labour, the Hardships and Calamities that must be undergone to compass the End I speak of” (ibid., I, pp. 356, 357). The second influence which can be awarded to Mandeville concerns Smith’s findings on the nature and role of the sovereign in a nation which Smith outlined in Book V of the *WN*. It also is connected to Smith’s understanding of self-interest in a society of moral agents. However, it also marks a point where Smith clearly diverges from Mandeville and leans more towards his teacher Hutcheson. While Smith holds a somewhat optimistic and positive view on us as individuals and therefore encourages the empowerment of the single agent, Mandeville’s view is more critical. He disregarded all human intention and, in turn, behaviour as solely motivated by selfish desires. An agent, for him, is motivated by no consideration that concerns anyone else but the agent himself. Consequently, he came to conclude that virtue cannot exist at all. “Mandeville was notorious for the claim that all instances of virtue were simply self-interest in disguise” (Mehta 2006, p. 258). Where Smith distinguishes between self-interest and selfishness, Mandeville’s view is less nuanced in that sense.

“His conception of virtue proclaimed that no action was virtuous if inspired by selfish emotion; and this assumption, since Mandeville considered all natural emotion fundamentally selfish, implied the ascetic position that, no action was virtuous”. The only way he could appreciate human behaviour comes from its unique ability to reach decisions through reason. “Mandeville’s definition of virtue declared that no action was meritorious unless the motive that inspired it was a ‘rational’ one”. Evidently, this view is not the most allowing one as it excludes all motivations which are remotely concerned with the improvement of one’s own situation. Instead, so Mandeville, strictly rational considerations are paving the only path to a morally valuable conduct. “As he interpreted *rational* to imply an antithesis to emotion and self-regard, both aspects of his ethical code — the ascetic and the rationalistic — alike condemned as vicious all action whose dominant motive was natural impulse” or, put differently, “acts as were caused by the traits men share with the animals” (Kaye 1924, cxx). Out of this somewhat radical conviction arose his sophisticated view of the nature and the duties of the sovereign in a society. “All sound Politicks, and the whole Art of governing, are entirely built upon the Knowledge of human Nature. The great Business in general of a Politician is to promote, and, if he can, reward all good and useful Actions on the one hand; and on the other, to punish, or at least discourage, every thing that is destructive or hurtful to Society” (Mandeville 1714, II, p. 320). While Smith proposes a slightly eased approach when it comes to the personal lives of subjects, Mandeville suggests a more engaging role for the sovereign. In his view, the task of the ruler is to educate his subjects by showing them the way which is most beneficial for society. However, he acknowledged that self-interested or, as he would have put it, selfish passions are the drivers of progress. “The vices of men, said Mandeville — luxury, ambition, desire for worldly gain in all its forms — are the causes of the wealth of modern times” (Morrow 1927, p. 324). Nevertheless, this is not due to a concession he made to human motivations. On the contrary, he followed that every benefit we enjoy means disadvantaging another member of society. “Mandeville’s paradox was meant not only to show that private vice (...) led to public benefit, but also that the wealth of some was born out of the poverty of others” (Mehta 2006, p. 262). As a result, so Mandeville, the only possibility for the head of a nation to achieve the execution of individually undesirable actions like hard work in his subjects, was to somehow make them seem desirable or create an urgency around them. This way only, the citizens of a society selfishly engage in activities that promote the public good because to reach and maintain the needed level of production, a large workforce is needed in a society. “The only way to sustain production was to make it *necessary* for the mass of mankind to labor” (Mehta 2006, p. 262). Mandeville therefore argued it would be too risky to leave agents a considerable amount of freedom for he saw agents as too immature and emotional to be left without guidance and control. “The Chief Thing, therefore, which Lawgivers (...) have endeavour’d, has been to make the People they were to govern, believe, that it was more beneficial for every Body to conquer than indulge his Appetites, and much better to mind the Publick than what seem’d his private Interest”. In addition to this suggestion, Mandeville’s advice for sovereigns of nations becomes even more Orwellian. He reasons that in order to control citizens in this manner, they have to be in a state which makes them most convenient for the

sovereign to be kept in check. For Mandeville, this means a sovereign should be motivated to avoid wealthy and educated citizens. “To make the Society happy and People easy under the meanest Circumstances, it is requisite that great Numbers of them should be Ignorant as well as Poor. Knowledge both enlarges and multiplies our Desires, and the fewer things a Man wishes for, the more easily his Necessities may be supply’d” (Mandeville 1714, I, pp. 42, 287). This could not be further from Smith’s remarks in the *WN*. Instead of denying virtue in our attitudes and behaviour altogether, “Smith (...) does not dispute the existence of virtuous conduct, nor our capacity to recognise it” (Wilson 2006, p. 265). Although Smith, too, spends a large part of his book on the nature of self-interest, his conclusions differ significantly. “Mandeville had argued that all men are naturally more concerned with their own interests than with those of others; so far, Smith agrees. Mandeville argued further, however, that it was therefore impossible for a person to prefer anyone else’s interest to his own, from which he concluded that all man’s activities are at bottom driven by self-interest” (Otteson 2000, p. 56). At this point, Smith diverges from Mandeville. Self-interest for Smith is not directed at itself but at being the proper object of praise. Consequently, purely self-regarding motivations do not represent what Smith calls self-interest. As indicated in the previous chapter when discussing the treatment of virtues in the *TMS*, Smith sees self-interest as distinct from selfishness in a conceptual way. The drive to better our situation does, for him, not conflict with our consideration for others. Quite oppositely, it even necessarily promotes public interest as the desires of the people we interact with are interwoven with ours to an extent that makes pursuing our interests also beneficial for society as a whole. In the next chapter, when showing Smith’s understanding of self-interest and its implications in a little more detail, this specific conception of self-regarding interests will be made clearer. Smith even allows for what could be called altruistic conduct. “There is no claim here of the sort Bernard Mandeville espoused that all instances of benevolence really turn out to be, on close inspection, self-interested” (Mehta 2006, p. 250). However, as much as Smith diverges from Mandeville, their differences come down to the direction of self-interest. While Mandeville sees it as a destructive trait and confuses it with the embodiment of selfish desires, Smith understands it as encompassing the interests of our fellow agents as well as our own. We do not seek our own advantage in materialistic terms or in the sense of an external reward, we seek to be the proper object of approval by others. Self-interest, as Smith stated in his *TMS*, is not directed towards attaining a reward we receive from other people, its aim is modifying our behaviour and attitudes in a way that makes us able to sympathise with them. Mandeville could not see any virtuous form of self-interest. Smith on the other hand, made it a virtue and differentiated it from selfish passions and the vices resulting from them. “Given that it is prudence which is the principal force behind the *WN*, it seems as if Smith has refuted Bernard de Mandeville’s paradox of ‘private vice, public good’” (Witzum 1998, p. 503). The drives of striving for one’s own well-being and the good of others are not a contradiction anymore. For Smith, they even benefit each other because we fulfil our self-interest by earning the approval of others. Although we might not attain it in the end, being worthy of it suffices to satisfy us. “For Smith, Mandeville had simply failed to acknowledge the fact that not only do we desire praise, we desire to

be praiseworthy” (Mehta 2006, p. 258). Had he come to that conclusion, the other-regarding character of self-interest most likely would have featured in Mandeville’s *Fable* already.

The self-proclaimed antagonist to Mandeville was Smith’s teacher in Glasgow. Hutcheson disliked Mandeville’s assertion that every person is inherently driven by selfish desires and not able to escape this pattern. On the contrary, his main focus was set on benevolence as the one virtue occurring in moral agents. “Francis Hutcheson had insisted that all virtue could be understood in terms of benevolence”. This is understandable as he saw everything but benevolence contaminated by a materialistic connotation which, for him, destroys every hint of virtue it could express. “In Hutcheson, the passive pleasures of beauty and virtue were severed from material life and industry”. Smith frees himself from this restricted view and extends the catalogue of virtues to self-love. Other than Mandeville, he does not characterise self-love or self-interest as the embodiment of vice and immorality. For Smith, it is not wrong for us to be concerned with our own problems because we are the most competent regarding them. “Smith insisted, against Hutcheson, that a prudential regard for one’s own affairs could be a virtue and that it was possible to distinguish a self-regarding prudence from unmitigated selfishness or unalloyed vice” (ibid., pp. 258, 263, 259). As a result, he has the much more nuanced understanding of morality that he outlined in his *TMS*. When it comes to his picture of governance and the relationship of a sovereign to his subjects, which Smith expounds in Book V of the *WN*, this leaves him considerably more room to argue. Self-love or self-interest motivates to better our situation and works towards other people’s interests as well. Consequently, we are perfectly motivated to bring forward society without having to be forced into it. Hutcheson, on the other hand, is bound to benevolence as the sole source of virtue. To his trouble, benevolence does not seem to be a strong enough motivator for hard work. Or, as he put it himself, “bear Labour and Toil, and many other Difficultys which we are averse to from Self-love” (Hutcheson 1729, II, 7.8, p. 186). He therefore would be, as much as he despises his ideas otherwise, forced to agree with Mandeville to the extent that the sovereign has to control his citizens to a certain degree or create particular incentives for them in order to make them do things needed or beneficial for society. This becomes necessary as they clearly would not be inclined to engage in the hard work of production out of benevolence.

Hume influenced Smith much more directly and decisively than Mandeville and Hutcheson ever could have, due to the fact that Smith and Hume very frequently exchanged their views with one another and the intimacy, with which they knew each other’s opinions and convictions. Hume’s significance is particularly obvious as he is mentioned by name in the finished work. “In *The Wealth of Nations* Smith cites Hume by name five times, and at another point he transcribes full paragraphs from *The History of England*” (Rasmussen 2017, p. 161). This is especially noteworthy since Hume’s name does not appear once in the entire *TMS* which Hume arguably had a far more significant influence on. Smith mentions Hume first when he describes the fall of feudalism in the third book of the *WN*. Smith assigns the miserable living conditions to the feudal structures which positioned local lords in a position that allowed them to rule almost unchecked over their dependants. He praises the upcoming cities for they, so Smith, eventually destroyed the power base

of the nobility (see above and Smith 1776, III, iv). Hume's view on feudalism is equally dark as he "paints the feudal lords, even more than the clergy, as the chief enemies of liberty and security throughout much of European history" (Rasmussen 2017, p. 165). Like Smith, Hume goes on to reconstruct the development which led to the end of this restrictive system. Both describe how the rising and flourishing cities resulted in a new freedom of commerce. This, in turn, cut the power of local lords and enabled the king to assert his power more completely. "The settled authority, which he acquired to the crown, enabled the sovereign to encroach on the separate jurisdictions of the barons, and produced a more general and regular execution of the laws". He celebrates the "secret revolution of government, and subverted the power of the barons" (Hume 1778, IV, pp. 384, 385). Unlike Smith, who assigns the largest part of the responsibility to the cities and the free commerce they gradually forced upon the country, Hume therefore sees the king's ability to enforce the law as the most important factor. A second point, in which Smith concurs with Hume, is the rejection of mercantilism. The fourth book of the *WN* Smith's passionate case for free global trade and argues vehemently against import restrictions. Once more, his friend proved to be his ideological brother as well. As Smith does in great detail, Hume attacks the very concept of mercantilism. "Hume argues, just as Smith later would, that nations are helped rather than hurt by having flourishing trade partners" (Rasmussen 2017, p. 167). The objective of achieving a positive trade balance rests on the mistake of equalling wealth with money. Smith criticises this confusion harshly as wealth for him is the availability of goods and, in turn, a certain quality of life. Hume's view matches Smith's completely. He writes: "[Money] is none of the wheels of trade: It is the oil which renders the motion of the wheels more smooth and easy". Consequently, he saw restrictions on imports and subsidies for export as harmful barriers for the success of the own nation as well as global trade in general. Hume even states explicitly that he cannot see why the success of other nations "even France itself" (Hume 1777, pp. 281, 331) could damage Britain's trade. For Hume, as well as for Smith, freedom of trade was the foundation of the wealth of a nation. "While Hume took virtually no notice of the division of labor, he too maintained that prosperity derives principally from a productive citizenry and that a general policy of free trade is the surest means to that end". He also matches Smith's view that a strong government is needed to ensure the frictionless procedures within a society. This includes trade as well as everyday social interaction between all agents. Furthermore, the sovereign has to be strong enough to defend national integrity against foreign invasions. Smith therefore agrees with Hume on "the need for government action for the sake of national defense, the administration of justice, the provision of certain public works, at the very least". Justice is for both the cornerstone of every working society. "Both emphasized the need for the government to be *strong* enough to enforce order and rules of fair play". This view is an extension of their remarks on feudalism as "the absence of such a government was precisely what had made the feudal era such a sad spectacle". However, despite their clear agreement on the nature of trade and although Smith's ideas were present in Hume's thoughts already, the concentration on economics and the role of the sovereign make the *WN* a more comprehensive treatise of these matters in width and depth. "Smith's case on behalf of free trade was far more detailed and

systematic than Hume's; indeed, even today it remains one of the most comprehensive such cases ever made" (Rasmussen 2017, p. 168). Somewhat connected to their agreement on free trade and mutual opposition to mercantilism were their views on colonialism. Smith, in his inflammatory speech against mercantilism in all its forms, disregards the maintenance of colonies as another embodiment of this economic doctrine and even proposes an integration of American colonies into Britain rather than waging war against them. Hume's view on this was heading into a similar direction but slightly more radical as he took the side of the independence fighters in America and called for the granting of sovereignty. "While Hume never published anything on the topic, his correspondence reveals that he was among the earliest and most consistent advocates of American independence in all of Britain" (ibid., p. 178). However, his reasons for holding this view might have been somewhat less idealistic than the ones which convinced the colonists of their endeavour. He simply seemed to think upkeep of colonies was little more than an unnecessary nuisance not worth the cost. "Whereas most Britons were sure that the colonies were a prime source of national wealth and power, Hume believed that they were an economic, political, and military burden". Smith, as well, sees the war very critically and aims for an integration of America. He does not believe Hume's solution to be in any way realistic as "he judges Hume's preferred outcome, the voluntary granting of American independence, to be a wild pipe dream" (ibid., pp. 178, 180). Despite their consilience over many areas of the *WN*, there are still points where Smith diverges from his friend. For instance, while evidently in favour of commerce, he also sees its potential downsides. Oppositely, Hume's only distress regarding a commercialised society, apart from imperialistic fantasies which he also attacked in his critique of the treating of the American colonies, seems to have been founded in the instrument of public debt. The whole system, so Hume, is built on the idea that "posterity will pay off the incumbrances contracted by their ancestors". He was afraid of the potential loss of control over national matters and subsequent slide into "poverty, impotence, and subjugation to foreign powers". His conclusion was a pugnaciously radical one. "Either the nation must destroy public credit, or public credit will destroy the nation" (Hume 1777, pp. 350, 360). Smith agrees with this view and indicates the same dire outcome for the sovereign in the case of an overwhelming accumulation of debt. However, unlike Hume, Smith sees many potential drawbacks of a commercial society in addition to the matter of public debt. One of these points concerns the character of merchants. "Smith's comments on the malicious activities of rich and powerful merchants could hardly be more disparaging" (Rasmussen 2017, p. 171). He does not see merchants in the most favourable light as their interests are, in a considerable number of cases, directly opposed to the public interest and that of the sovereign. Consequently, so Smith, they will actively work against what would be beneficial for society as a whole. This sentiment is not shared by Hume, who goes overboard with his praise for the merchants. He describes merchants as "one of the most useful races of men, who serve as agents between those parts of the state, that are wholly unacquainted, and are ignorant of each other's necessities" (Hume 1777, p. 300). Hume appreciated the function merchants fulfil in a nation and indeed globally. He did not, as Smith does, see the other side of the medal as their selfish interests harming society. Another negative side Smith

notices is the workers' situation. Despite being the target for a general critique of capitalism and being made responsible for the horrible working conditions during the Industrial Revolution and exploiting companies even today, Smith indeed considers the circumstances of the individual worker and proposes certain benefits provided by the sovereign of a nation. He builds the necessity of a public education system on the dull daily routine of a factory worker. Smith therefore "suggests that when an individual spends the bulk of his life working at a single task (...), he has no occasion to utilize his mind" (Rasmussen 2017, p. 171). Hume did not consider commercial society having such negative effects on the members of society at all. On the contrary, he praised economic development as the more a nation progresses, "the more sociable men become: (...) They flock into cities; love to receive and communicate knowledge" (Hume 1777, p. 271). Smith also sees the danger that economic inequality poses in a society. "For every rich man, there must be at least five hundred poor" (Smith 1776, V, i.b.2). He considers an unequal society as causing its agents to gradually build a romanticised picture of the well-off "leading them to admire and emulate the very rich and to neglect and even scorn the poor" (Rasmussen 2017, p. 172). This feature of human nature, so Smith, "though necessary both to establish and to maintain the distinction of ranks and the order of society, is, at the same time, the great and most universal cause of the corruption of our moral sentiments". Consequently, the well-off are the centre of attention whereas the worst of are ignored and avoided. Even education and talent do not seem to overcome this bias as "we frequently see the respectful attentions of the worlds more strongly directed towards the rich and the great, than towards the wise and the virtuous" (Smith 1759, I, iii, 3.1; 3.2). For Smith, this leads to an even more hopeless situation of the poorest in society as "they suffer not just the material deprivations of poverty but also the feelings of invisibility and even shame" (Rasmussen 2017, p. 172). Hume, too, sees the problem of inequality in a nation. However, rather than thoroughly examining this issue, he notes it along with a call for a fairer society. "A too great disproportion among the citizens weakens any state. Every person, if possible, ought to enjoy the fruits of his labour, in a full possession of all the necessaries, and many of the conveniencies of life" (Hume 1777, p. 265). Smith also differs from Hume in his view on institutionalised religion. "Smith argues, in direct opposition to Hume, that a free market and competition would prove beneficial in the realm of religion". He favours a system in which a multitude of different sects and religious groups keep each other in check and prevent one from becoming too powerful. In contrast, Hume advocated one strong church in a country that is powerful enough to enforce religious unity. "The problem, as Hume depicts it, is that competition among the clergy to attract followers would have the effect of inspiring intolerance and fanaticism" (Rasmussen 2017, pp. 176, 175). A single strong religious institution in a nation would avoid this dangerous potential for unrest. "There must be an ecclesiastical order, and a public establishment of religion in every civilized community" (Hume 1778, III, p. 135). All in all, the similarities between Smith and Hume regarding economic theory and the nature of the sovereign by far exceed their discrepancies. The general agreement between the two Scottish philosophers can be traced back to their congeneric moral theories. "For Smith as for Hume, predictability of human behavior was brought about by the continuity generated by



stabilized relationships embodied in institutions” (Samuels 1977, p. 198). This also becomes apparent with the letter that Hume wrote Smith upon the publication of the *WN* as it expressed a general “affection for Smith” and “satisfaction in his success”. Although he did mention points of disagreement, “the differences that he identifies are quite minor” (Rasmussen 2017, pp. 180, 181).

The *WN* as a whole, with all the status-quo challenging innovative thoughts it entails and although it is still of greatest relevance today, is very much a book of its time. In accordance with the contemporary attitude, “individual liberty, in politics, in religion, in industry, was felt to be the first and sometimes the only thing necessary for the introduction of a better social and political order” (Morrow 1927, p. 325). Nevertheless, Smith does not ignore the situation of the individual agent as he “was clearly interested in other, nonmaterial dimensions of welfare; that he recognized the moral corruption of overemphasizing wealth and success; (...) and that he felt that self-interest is not to be equated with selfishness” (Samuels 1977, p. 200). All the more incredible is the accusation of being in favour of a ruthless capitalism.

## V. Smithian Account of Moral Philosophy and *Das Adam Smith Problem*

Smith was fortunate enough to enjoy fame and recognition during his lifetime and, in turn, was widely read throughout not only Britain but the rest of Europe as well. However, the foundation of his fame in his home country was of a different nature than that on the continent. Although in Britain the *WN* was turning out to be a major success eventually as well, the primary reason for Smith’s academic authority and also what he was mainly known for was his first book. The *TMS* positioned Smith as a moral philosopher along with his teacher Hutcheson and his friend Hume in the minds of the British people as “it was the publication of *TMS*, not *WN*, that made Smith’s name” (Wilson 2006, p. 264). The perception of Smith by the Continental European readers turned out to be quite different. This has a number of reasons. Firstly, the *TMS* was not as successful in Continental Europe as it was in Britain. Consequently, its translation did not receive the attention that the original in Britain enjoyed. Secondly, the *WN* did not suffer from this lack of attention as it was a major success, not only in Britain, but all over Continental Europe. This prominence of the *WN* outside of Britain led Continental European scholars to focus on Smith’s second work rather than taking into consideration the first equally much. Smith’s reputation throughout Europe became that of an economist and his endeavours into moral philosophy rarely moved into the focus of Smith scholars. “Sadly for Smith he’s been studied more often than not as an economist, and not as the moral philosopher he was. In doing so, his disciples in economics have lost sight of an essential dimension of his moral philosophical vision” (Evensky 2001, p. 497). When the *TMS* was eventually re-discovered and started to feature more prominently in European literature on Smith, it

presented an apparent antithesis to the *WN*, the work Smith for which was known until then. The conclusion that has been drawn is that both books have to be seen separately, representing different stages of Smith's life and academic career. While the former was imputed to a romantic and inexperienced young idealist's belief in the goodness of people and their drive to cooperate, the latter was recognised as the work of a more matured and disillusioned scholar who corrected his earlier mistake by assigning the main influence on human conduct to purely selfish passions. In other words, the *TMS* was considered as suggesting a general fondness towards other people, while the *WN* was taken to present human agents as strictly self-interested agents in society seeking their own advantage only. Consequently, Smith's work was thought of as divided into two distinct parts in the development of his thoughts. This misconception developed into what was later called the *Das Adam Smith Problem (ASP)*. In this chapter, it is examined how this construct, by dealing with the *TMS* and the *WN* separately, has missed entirely Smith's overall message connecting both. "The puzzle implicit in the two great works of Adam Smith is whether, why, and how cooperation and noncooperation (classical competition) can coexist" (Smith 1998, p. 8). The economic thinking of *WN* cannot be detached from the moral philosophy of *TMS*, and Smith did not attempt to do so. Rather, he sets out to construct one comprehensive picture of how moral agents interact with each other in different settings, gradually forming the nature of society as a whole. "Implying that Smith emancipated economics from the restraints of morality is to miss the complex moral valences of self-interest" (Mehta 2006, p. 249). The misunderstanding that resulted in the *ASP* was founded on the idea "that Smith's two books represented fundamentally different outlooks on the nature of man" (Nieli 1986, p. 611) while, quite oppositely, the *TMS* and the *WN* shape "a system of Moral Philosophy, in which Political Economy forms but a part" (Oncken 1897, p. 449). The deficiency of the *ASP* therefore is far more drastic than merely being a "problem of deciding which is the appropriate intellectual-historical framework within which [Smith's] arguments ought to be viewed" (Teichgraeber 1981, p. 122). It is a faulty perception to view Smith's two published works as an evolution of sorts, in which the latter book was meant to redeem or mend the former, rather than as forming one message. "If those who believed there was a discrepancy between the *Moral Sentiments* and the *Wealth of Nations* had but taken the pains to consult the former work thoroughly, a great deal of this alleged discrepancy would have disappeared" (Morrow 1927, p. 330). The present chapter sets out to connect both works, presenting the *TMS* as the basis of Smith's thought which was applied to economic life in the *WN* as its sequel. In the following, after briefly presenting the nature of the *ASP* and how it developed historically, this chapter will give a brief overview of the *ASP*'s current stage. Subsequently, a case against the interpretation of Smith's work held by the *ASP*'s creators will be undertaken. Thereby, the role of self-interest in *TMS* and *WN* as well as the importance Smith assigns to restrictions of self-interest in a society will be discussed. Finally, this chapter will present the red thread, which forges one academic legacy by linking Smith's thoughts together. It thereby will also clarify how Smith's work evolved chronologically and ends with claiming that the *WN* must be seen as a *TMS*-sequel. During Smith's life, a series of editions for both works (six editions for the *TMS*, five for the *WN*) were brought to publication. Especially

regarding the *TMS*, Smith used the opportunity to change and update his thoughts which resulted in sometimes drastic modifications. The *TMS* “was one of the most popular books of the eighteenth century; it procured its author immediate fame, not only in England and Scotland, but even in France, where Smith became almost as popular in the salons of Paris as Hume had been” (ibid., p. 336). However, adequately examining the differences between the editions of either of Smith’s works would exceed the scope and purpose of this thesis; this was already done quite impressively and in great detail by Laurence Dickey (Dickey 1986).

The *ASP* is founded upon an alleged discrepancy between Smith’s two works and, more importantly, the desire to reconcile the *TMS* with the *WN*. “The difficulties of the authorities result mainly from their determination to find a basis for complete concordance of the two books” (Viner 1927, p. 201). The failing to achieve this unity gave rise to a discussion on the work of Smith in general as the *ASP* was an endeavour to “divide the indivisible, human nature, in two. Thus *Moral Sentiments* presupposed that humans were sympathetic in their interaction with others, while *Wealth of Nations* presupposed that the fundamental human motivation was selfish” (Tribe 2008, p. 519). Essentially, the problem is best formulated as the presumption that this discrepancy shows Smith changing his view on human nature completely between the publication of the two books. “The point of controversy was whether there is an inconsistency between the *Moral Sentiments* and *The Wealth of Nations* on the psychology of human action” (Raphael 2009, p. 115). Moreover, this presumed change of mind regarding the nature of human morality was taken as a change of course altogether. It led to a conundrum among the *ASP* theorists as “it was precisely the question of relating two principles of human nature that aroused the Adam Smith problem” (Witzum 1998, p. 494). Scholars contributing to the discussion of the *ASP* struggled to explain such a drastic shift in Smith’s view by still upholding the desired outcome of the two works being coherent. During the debate, a number of solutions to it were developed, two of which were held most fiercely. Firstly, a change in personality was suggested as the cause for Smith’s academic shift. “It has been maintained that the two works represent different stages of Adam Smith’s own development: the *Moral Sentiments* an earlier, altruistic stage; the *Wealth of Nations*, a later, cynical, materialistic stage, in which altruism has been replaced by selfishness, and virtue by material wealth” (Morrow 1927, p. 329). The Smith who wrote the *TMS* was depicted as a believer in the moral human being. The respective theorists of the *ASP* held that Smith, still under the influence of his teacher Hutcheson, set out to describe the human being as a virtuous creature whose motivation mainly is determined by benevolence. “*Theory of Moral Sentiments*, they held, was based on the view that man is essentially a benevolent or altruistic creature who is “idealistically” motivated to moral action by the sympathy he feels for his fellow creatures”. Having matured through the seventeen years between the two works, Smith, following this view, then set out to formulate his new view on human nature. “In the *Wealth of Nations*, (...) man is depicted as egoistic in nature, being motivated almost exclusively by self-love and a desire for material gain” (Nieli 1986, p. 611). The author of the *TMS* grew up to become the man who was able to write the *WN*. The second prominent explanation which was maintained by the defenders of the *ASP* agrees with Smith being the

inexperienced young scholar, who, influenced by his teacher, clung to his romanticised view of the moral human being. However, following this view, Smith's subsequent change of mind was caused by more than him growing up. Smith had the chance to travel France in the 1760s and the liberty to connect with the leading philosophers and economists during his stay. This view suggests that the inspiration which led to the *WN* may have come from his several conversations in the French salons. "In 1764 Smith traveled to France as the tutor to the young Duke of Buccleuch and during his three year stay France — it was said — came under the influence of the French materialist philosophers (...) in addition to the leading physiocrats. It was as a result of his trip to France, according to this view that Smith changed his basic understanding of human nature" (ibid., p. 612). The stay in France supposedly was enough to entirely change Smith's academic project and the *WN* is to be seen as a correction to his former view. This explanation attempt also implies that the *WN* is basically a product of French school of thought and that Smith's contribution to it is limited. The view of Smith having changed his mind on the human nature is problematic as a whole and, despite the naturalness it was held initially, not easy to defend. One possible point of attack is the abrupt character with which Smith, according to the *ASP*, has changed his view. According to "*Problem-theorists*, Smith claims in *WN* that individuals motivated by self-interest, *and in virtue of that motivation alone*, are able to co-ordinate their activities, whereas in *TMS* he claims that benevolence alone is supposed to do the job" (Wilson 2006, p. 269). Even though the author of the *TMS* did consider four virtues, of which benevolence is only one, the selfish character of the human agent, as it was taken from the *WN*, is a drastic contrast to the sympathising moral agent of Smith's earlier work. "Smith was thus depicted as having moved from the position which at first specifically criticized the egoistic view of human nature to one which fully embraced it" (Nieli 1986, p. 613). It appears at least doubtful whether or not a stay in France could have that much of an effect on an accomplished philosopher. Another aspect which seems to expose a weakness of the *ASP* is the extreme character, theorists read into the individual in the *WN*. "The economic man for whom Smith is held responsible is an alarmingly rational creature who invariably seeks his own interest, who reacts with lightning speed to actual and anticipated changes in his real income and wealth, turning with ease here and there upon the slightest fluctuation in relative prices". This unrealistic display of an individual agent evidently is not to describe Smith's actual picture of the human nature but a model which he used to describe the general economic behaviour of agents in a society. "He is unencumbered by any personal relations which might interfere with his relentless maximizing, being a disembodied creature without a soul and devoid of human compassion". From the author of the *TMS*, this image of an individual almost seems to amount to an ironic remark on merchants as a group. "It is as alien to the thought of Adam Smith as it is to the observable facts of social behavior or to any reasonable preconception of them" (Grampp 1948, p. 315). Contrary to the claim that Smith completely turned around and formed a new view on the human being as such, this description of the economic man in society rather serves to illustrate his former holdings of moral philosophy, as expanded upon in the *TMS*, on the field of economics, which is the subject of the *WN*. It seems therefore more likely that the economic man, 'homo oeconomicus', is a model Smith

uses to explain the division of labour especially and the nature of economic life in general. Apart from the two potential weaknesses just mentioned, the *ASP* seems untenable for multiple more reasons, a few of which will briefly be addressed at a later stage in this chapter.

The *ASP* as a term arose about a century after the publication of the *WN* in the heart of continental Europe. “In the last decades of the nineteenth century a group of German scholars coined that phrase to describe what they saw as a possibly fundamental break between the assumptions that guided Smith’s first work, *The Theory of Moral Sentiments* (1759), and those that supported the economic theory of his later work, the *Wealth of Nations*” (Teichgraeber 1981, p. 106). It is worth noting that despite the concentration of English literature on Smith’s later work on economics, German scholars appear to have been the first ones to examine both of Smith’s works together, trying to establish a connection, or indeed disconnection between them. “During the century following his death there was, with only two or three notable exceptions, (...) no scholarly engagement with the writings of Smith in the English language that went beyond that of the classical economists in the first two decades” (Tribe 2008, p. 515). The *ASP* therefore can be seen as the first comprehensive attempt to understand Smith’s work as a whole. “Although no one in Smith’s own time seems to have perceived any contradiction between the assumptions and philosophies underlying the two works” (Nieli 1986, p. 611), the scholars developing what has later been called the *ASP* enthusiastically engaged in showing exactly that presumed contradiction. The German scholars who contributed to its creation provided the starting point for a more profound academic discussion on Smith. By criticising the very originality of his work, they laid the foundation for a new chapter of literature on Smith. “*Das Adam Smith Problem* (...) was indeed a mistaken idea, but one which stimulated argument about the significance of Smith’s work and the nature of any project that he might have been pursuing”. To treat Smith’s academic writings each as part of one work and trying to find a connection between them instead of examining their messages separately from each other was a new idea. “Such argument was absent from English commentary on Smith” and “the placing of Smith in a wider intellectual context was first essayed by German scholars” (Tribe 2008, p. 518). The contributors, mainly economists, were for the most part interested in Smith’s ideas on political economy and national wealth. Unlike their British counterparts, who were as well mainly economists focussing on Smith’s contribution to national economics, the German scholars, by including the *TMS* into their analysis of the *WN*, intended to add another dimension to their critique of Smith’s economic theory. As the *ASP* mainly “emerged among certain economists with socialist and social-reformist sympathies”, its main objective was not to shine light on Smith as moral philosopher but to expose fundamental flaws in his theory on economics. Accordingly, the main contributors to the *ASP* were “economists, who had become very critical of the dominant, Manchester-style, laissez-faire philosophy” (Nieli 1986, p. 611). However, the efforts made in the debate on the presumed contradiction between Smith’s two works established a wider image of Smith. In other words, by enabling the *TMS* to occupy a more prominent position in literature, the *ASP* theorists reestablished Smith as a moral philosopher where he was threatened to be exclusively seen as an economist. “Despite the routine disparagement of

Smith by German historical economists, there was an increasing body of German-language writing which represented in the early 1890s an understanding of Smith considerably more sophisticated than anything to be found in English at this time” (Tribe 2008, p. 522). One of the first to mention the *TMS* and the *WN* in one context was the historic and political economist Karl Knies. In his work on the history of economics, he expresses his confusion regarding the two publications of Smith apparently contradicting each other. He then argues that the time Smith spent in France must have moved him to change his mind as he described him as an otherwise reliable academic who should have known better. “Smith himself had earlier been a teacher and author in the field of philosophy, specifically moral philosophy.” Consequently, “it certainly cannot be viewed as a mere accident, that between the publication of his *Theory of Moral Sentiments* and his economic *Inquiry* [the *WN*] there came his stay in France” (Knies 1853, p. 180, transl. S. Z.). The point was made somewhat more vigorously by Witold von Skarżyński as he seemingly set out to discredit Smith’s work entirely. By questioning the authenticity of not only the *WN* but also the *TMS*, von Skarżyński denied Smith any academic credibility. His book on Smith’s legacy turned into “a ridiculously harsh critic of Smith, maintaining that Smith lacked originality, having learned his moral philosophy from Hutcheson and Hume, and his economics from the French Physiocrats” (Raphael 2009, p. 118). Regarding *TMS*, von Skarżyński concludes that it is in essence a jejune reproduction of Hume’s theory of moral philosophy. “All in all, this ‘system’ of Smith seems to be a rather clumsy and vague schematisation of the freer and logically strictly coherent Humean inquiry, this in reverse order, with an oftentimes superfluous furnishing of unnecessary details of all sorts, trivial and outdated components and finally religious-mystical, so quite unscientific, impulses”. The *WN*, so von Skarżyński, is even more a result of Smith taking other scholar’s ideas and publishing them under his name. Von Skarżyński grants that Smith has revolutionised economics and still holds influence a hundred years later. However, this makes his plagiarism even more severe for von Skarżyński. “In no way do I negate the hardly deniable fact that a whole century and still today, a good part of economics rests on the teachings of Adam Smith, — I nevertheless do state that these teachings themselves rest on the findings of the Physiocrats, of Hume’s and [Anne Robert Jaques] Turgot’s, a fact, which until today has not been brought to attention anywhere; mostly because Adam Smith did not present his relation to the physiocrats in the right light and because he generally did not do his predecessors and teachers justice” (von Skarżyński 1878, pp. 74, 197; transl. S. Z.). This is but a rough sketch of the rigorous critique towards Smith’s works in the second half of the nineteenth century. It is displayed extensively and in more detail by Montes, Nieli and Tribe (Nieli 1986, Montes 2004, Tribe 2008). The insistence on the *ASP* by the German scholars of the late 1800s is, in addition to their own agenda to oppose British liberalism, partly due to the lack of knowledge about the *TMS* itself. Apparently, as it was highly unusual for German scholars to read the English original at the time, the extent of information they had at their disposal regarding the *TMS* was limited to its existence and general message. “Put more bluntly: most of those who wrote in German about *Theory of Moral Sentiments* had not read the book.” Although “two German translations of *Theory of Moral Sentiments* had been published in the eighteenth century (1770 and

1791/1795), (...) no new German edition was available to readers until [Walther] Eckstein's edition of 1926". Consequently, the economists in Germany were ignorant to the exact messages and contents of the *TMS* and established the image of Smith on the basis of the *WN*, which was a much bigger success on the continent than its predecessor. However, the dominant standing of the *WN* and the therefore vague idea German scholars had of Smith's general message caused by "the absence of a current edition of *Moral Sentiments* had not obstructed discussion of its relationship to the argument of *Wealth of Nations* during the final decades of the nineteenth century" (Tribe 2008, pp. 518, 523). The discussion on the *ASP* was somewhat discredited when Edwin Cannan published lectures Smith conducted in the early 1760s. Especially the theory of Smith having been inspired to the *WN* exclusively by the French physiocratic movement, which von Skarżyński asserted, "was dealt a fatal blow in 1896 with the publication by the English economist Edwin Cannan of notes that a student of Smith had taken of lectures Smith delivered at the University of Glasgow in 1763, the year before Smith left for France" (Smith 1896, Nieli 1986, p. 614). This showed clearly the evolution of Smith's thought process and the scope of the academic legacy he was building on. The *Lectures* entailed not only Smith's thoughts on jurisprudence and politics, the compilation of the notes included main parts of the *WN* already. Cannan even illustrated the close correlation of the *Lectures* and the *WN* by pointing out passages that appear unchanged in the final *WN* (Cannan 1896, p. xxxv). By that, he prompted the conclusion that the *Lectures* already marked the early stages of Smith's second book. The *Lectures* therefore "showed clearly that Smith had formulated the major ideas of the *Wealth of Nations*, including the idea that economic relations are motivated by self-interest rather than benevolence, before he had even embarked upon his French journey" (Nieli 1986, p. 614). The significance of the *Lectures* for refuting the *ASP* will be addressed in a little more detail later in the present chapter. It should be noted that Cannan, by publishing the *Lectures*, did not mean to answer to the ongoing debate in Germany at the time. In fact, it is highly unlikely that he knew of it altogether and that, if he did, would have regarded it as relevant for his work. "Cannan was an economist interested in the history of economics, not a historian of political thought. That German scholars had debated the wider significance of Smith's work since the later 1860s went largely unremarked" (Tribe 2008, p. 524). As the Swiss economist August Oncken stated, the *ASP* as an academic debate was not recognised in Britain at all. "It does not seem to be understood in Great Britain that, on the Continent, there is a difference of opinion about one fundamental point in Adam Smith's system" (Oncken 1897, p. 444). Cannan therefore had no way of knowing of the significance his find had on the picture of Smith in Europe and, in turn, felt no urge to refer to it in his edited publication of the *Lectures*. "When a summary of August Oncken's survey of the 'Adam Smith Problem' was published in the *Economic Journal* in 1897 this appears to have introduced to English readers for the first time arguments that went back forty years" (Tribe 2008, p. 524). Not only does his article contribute to explain the different perceptions of Smith in Europe and in Britain, Oncken also established a connection between them. By linking Cannan's publication of the *Lectures* with the discussion on the *ASP*, he made clear that one of the *ASP*'s main points, Smith having taken major parts of the *WN* from thinkers he met in France, could not be

true. “Oncken’s article was a turning point in Smithian scholarship because it marked the time when Smith scholars began to take for granted that the French Physiocrats had not changed Smith’s mind” (Otteson 2000, p. 52). The article directly addressed the misconception the German economists fell prey to and rehabilitated Smith on the continent. “It is quite evident that Smith needed no introduction from the Encyclopedists in France in order to give self-love that place among human motives for action which he has given it later on in the *Wealth of Nations*“ (Oncken 1897, p. 447). Through that, Oncken brought back the idea of an overall Smithian position, which encompasses the *TMS* as well as the *WN*. Thereby, he contributed hugely to the way Smith is seen today.

After Cannan published the notes from Smith’s lectures and Oncken established that the *WN* was not a result of Smith’s stay in France, the *ASP* as an academic concept seemed to be buried. “The old *Das Adam Smith Problem* is no longer tenable. Few today believe that Smith postulates two contradictory principles of human action” (Wilson 2006, p. 251). However, despite the refutation of the *ASP* of the late 1800s, a debate on presumed inconsistencies between Smith’s two works is still going on. Following, three contemporary approaches suggesting the incompatibility of Smith’s two works will briefly be displayed. The first and most obvious of these regards the apparent lack of continuity between the *WN* and the *TMS*. It is not out of this world to expect a number of references in Smith’s second book to the work, which established his academic standing. Nevertheless, no such references are made. Although Smith could have presented a relation multiple times in the *WN* as the central theme of the *TMS*, virtue and propriety of behaviour and the interaction of people with each other in a society, is primary subject to major parts of the *WN* as well, Smith does not see the necessity to relate his two works. Despite the seemingly evident touching points of the two works, for example the interaction of moral agents in an economic environment, Smith desists from connecting his thoughts. “Nowhere in *WN*, for example, is reference made to *TMS*; nowhere in *WN* is mention made of the view championed in *TMS* that four principal virtues — justice, beneficence, prudence, and self-command — must be balanced in the virtuous person”. This naturally suggests that the virtuous person of the *TMS* is seen as somewhat disconnected from the economic man of the *WN*. “The problem is that in *WN* Smith seems to treat self-interest as the sole natural motive to act, to the exclusion of benevolence and the desire for mutual sympathy” (Otteson 2000, pp. 63, 65). What is most striking about this lack of reference is its apparent implication that Smith either did not see touching points between the two works, which is highly unlikely given the multiple editions of the *TMS* after the publication of the *WN*, or intentionally disconnected his economic work from his earlier one on morality. To view Smith’s two books as being part of the same academic project, they seem to necessarily build on and make connections to one another. Apart from the advertisement of the *TMS* announcing the *WN*, they do not. Whether deliberately or not, Smith seems to present the *WN* as a separate work that does not rely on or develop further the findings of the *TMS*. Smith’s overall project to be evident seems to require a visible link between his only two published works. “When applied to *human* nature [Smith’s thought] requires the tying together of *all* the various components of human character. These include capacities (or dispositions), like sympathy or utility, as well as motives like own and other regard” (Witzum 1998,



p. 495). Secondly, Smith seems to actively work against a perception of him following one overall academic idea in both of his works. “It is true that Smith failed to put his two books together into a single coherent system of thought” (Smith 1998, p. 17). In the *WN*, he explains at large the nature and mechanics of a market economy. A reference to how this construct impacts the moral agent as depicted in the *TMS* would be a reasonable connection Smith easily could have made. He did not however and by that leaves room for the claim that “only the self-interested people of the *WN* are predisposed to this deception [of short-term economic gain] and would consider natural liberty as morally good — a view that no impartial spectator would uphold” (Witzum 1998, p. 493). He therefore never explained how moral agents act in market economies. “Thus the matter must still be addressed (...) of how morality mixes with markets”. This point also raises the question which work must be seen as primary to the other “because it highlights the tension between moral injunctions to beneficence and other virtues, on the one hand, and the apparent amorality of economic markets on the other” (Otteson 2000, pp. 70, 69). If Smith wants to establish a supremacy of the *TMS*, he must make clear how morality features in the market economy as explained in the *WN*. In the opposite case, Smith needs to clarify how the economic man relates to the virtuous behaviour. “While it is true that there is no problem of consistency, as all humans are *capable* of sympathy, some are likely to use it for a less-than-admirable purpose” (Witzum 1998, p. 492). Smith seems to leave this conundrum unanswered intentionally by needlessly separating the contents of his two works. Although it could be argued that it does not occur to Smith that this could be interpreted as an attempt to divorce his inquiry on economics from his work on moral philosophy, he supports this view himself by not taking any efforts to couple his two books into one approach incorporating both, the moral agent and the economic man. “The great difficulty in explaining this connection in Smith’s thought — and thus also the reason for being clear at the outset about the traditional humanistic notion of ‘virtue’ — is that he made no elaborate, direct argument linking the terms ‘virtue’ and ‘commerce’” (Teichgraeber 1981, p. 114). A third way to see an *ASP* is by reversing the original from the end of the nineteenth century. “If there is any tension between the two books, it could be because *The Theory of Moral Sentiments* is more favorable to self-interest than *The Wealth of Nations*”. This view, instead of criticising the apparently boundless room given to self-interest the *WN* and identifying the supposedly resulting conflict with the *TMS* as a consequence of that, turns the narrative around and assigns to the *TMS* the role of the self-interest’s advocate. Self-regarding intentions of individuals are depicted as a hazard to society in the *WN* whereas they are seen as favourable and even virtuous in the *TMS*. “In *The Wealth of Nations*, self-interest cannot successfully be constrained, leaving individuals and society more susceptible to its abuses. In *The Theory of Moral Sentiments*, self-interest is always successfully constrained so that both individuals and society are, unlike in the later book, unquestionable better off by its presence” (Paganelli 2008, pp. 73, 79). Seen this way, it even seems like the earlier work is meant as an answer to the latter. “Within the treatment of the sympathetic and impartial spectator, Smith’s treatment of the prudent man seems a crucial and telling example of the way in which he tried to cope with the main difficulty in all social theories, the obstinate selfishness of the individual” (Macfie 1959, p. 220).

Indeed, the Impartial Spectator is presented as an instrument to avoid selfish passions and lead the way towards a morally impeccable behaviour. “Our desire to be praiseworthy and to be praised, embodied in the impartial spectator that lives within us, overwrites all possible excesses of self-interest”. Our striving for praiseworthy behaviour as depicted in the *TMS* is our natural way to avoid the dangers of selfish behaviour in a market society. “The desire to be approvable and to be approved is an effective constraint on self-interest” (Paganelli 2008, p. 81). The favourable characteristics of self-interest, which feature in the *TMS* more than in the *WN*, can even be seen as a direct answer to the allegedly selfish economic man of the latter work. “In this prudent self-love, the *Moral Sentiments* explicitly mentions the economic interest, indeed mentions it first, and so presumably of primary importance” (Macfie 1959, p. 223). By holding that Smith was anticipating the *WN* in the *TMS*, this view, unlike the other approaches to explaining the lack of reference, makes an overall idea, by which Smith had connected his two works, more likely. However, it also makes the alleged lack of connection between Smith’s two works seem even more enigmatic.

Despite these approaches towards reviving the *ASP* by presenting it in a different light, it is overwhelmingly agreed to be an untenable position. The view that the *WN* expressed a drastic change of thought to the extent of straightforwardly contradicting the statements made in the *TMS* is overwhelmingly agreed to be scientifically dubious. “Such crude interpretation of Smith’s thought could arise only from a failure to read his writings with care. The scholars who took up the alleged problem were, in general, interested in Smith’s economics and not well versed in philosophy” (Raphael 2009, p. 115). While not all Smith scholars agree that there is no discrepancy at all, the majority seems to assent that Smith’s two works can be seen as both contributing to one Smithian legacy and that Smith does not need to stick to one profession but can reconcile both, moral philosophy and economics, in his writings. “The practical act, like the act of artistic creation, is a complex unity. Feeling and thought, like colour and form, are aspects of this unity. To suggest that we can finally separate them, or explain the act by any one alone, is the major (and constant) error that the merely analytic intelligence commits” (Macfie 1959, p. 215). In the following, it will be shown how both parts of Smith’s academic achievement come together into one and connect the fields of moral philosophy and economics. This connection is explained by addressing a few major points of attack that the *ASP* theorists, both historic and contemporary, brought forward to question the continuity in Smith’s work. In the course of that, the natures of self-interest in both of Smith’s works are compared and related to each other before also shedding light on how Smith evaluates constraining self-interest of individuals in a society. After examining the time gap between the original publications of the *TMS* and the *WN* by building on the historic context, this chapter will close with connecting all points made against the *ASP* thus far, illustrating the red thread that is evident throughout Smith’s work and suggesting the *WN* as a sequel to the *TMS*.

The nature of the *ASP*, the foundation of the misconception that led thinkers at the end of the nineteenth century to disregard Smith as an academic entirely, rests to a large extent on Smith’s understanding and discussion of self-interest. The *ASP* theorists’ reading of the *WN*, promoting self-interest as an exclusively self-regarding motive, could not be reconciled with their reading of the

*TMS* presenting sympathy as representing an emotion, which is solely directed towards the advantage of others. “If self-interest is indeed selfishness, sympathy — interpreted as a genuine interest in the fortunes of others — cannot be consistent with it” (Witzum 1998, p. 502). Both readings are, as shall be explained, perfunctory and simply mistaken as Smith’s unique understanding of sympathy, which he outlines in the *TMS*, encompasses the notion of self-interest as the basis for the economic man of the *WN*. Below, it is examined in what way sympathy indeed is the foundation of and does entail self-interest through the virtue of prudence. Moreover, it is explained how Smith establishes this correlation in his *TMS* by showing the natural inclination and competence we have regarding our own concerns, thereby suggesting the vital function of self-interest Smith expands upon in the *WN* in great detail. Finally, the interpretation of self-interest in the *WN* as greed is examined and it is shown, how this understanding appears to be as misguided as the *ASP* as a whole.

The objective of Smith’s moral philosophy is to attain a comprehensive understanding on how people interact with each other. Smith makes clear that the pivotal role in our behaviour towards other people and indeed other’s behaviour towards us, as well as our picture of ourselves is determined by sympathy. It is the fundamental feature of all relationships among moral agents, extending to all thinkable situations of human interaction. “For the Two Smiths (of *TMS* and *WN* respectively) there is but one principle that governs human behaviour—and that master-principle is sympathy” (Wilson 2006, p. 254). To see the notion of self-interest detached from sympathy is missing Smith’s point. The *TMS* “is not a book about a single character. It is a book about how diverse tendencies and dispositions generate a system where ethical judgments and behavior interact” (Witzum 1998, p. 490). Everything we feel, do or convey towards others is directed by this moral groundwork. “We are only able to act out of self-love or benevolence *because* we are sympathetic”. This again shows the distinctness of Smith’s notion of sympathy, which the *ASP* theorists did not adequately appreciate. The contradiction they interpreted the relation of sympathy and self-interest as “dissolves, however, once it is admitted (and it must be) that Smithian sympathy is not benevolence” (Wilson 2006, p. 255). It is important to note that sympathy, in the Smithian understanding of the *TMS*, is not limited to a single emotion as it is the basis for all of them. This explicitly includes the self-love which is the basis of the *WN*. Sympathy is not exclusively the basis for favourable sentiments but serves to bring about all emotions. Smith values these emotions not for their own sake but for the underlying motivation by which they are driven. Seen in this light, even initially selfish passions, which seem completely unfavourable, can provide a productive function in society. “He shows very clearly how vanity itself has a social function and regard, being itself derived from sympathy (...) vanity can and does develop into a relatively *worthy* sentiment when it is allied to the desire for the esteem of others. Vanity so motivated Smith considers capable of modified approval, as pride; not in itself — for in itself it is a vice” (Macfie 1959, p. 221). Sympathy’s neutral character regarding the emotions it excites is illustrated once more by setting opposing motivations into context with one another. “Once a proper relationship is established between the own-regarding motives (...) and the other-regarding ones (...), the relationship

between self-interest and special forms of sympathy will also become apparent” (Witzum 1998, p. 501). Our motivations, although produced by it, are not impacted by sympathy in their character whatsoever. The very process of sympathising does not in any way extend to the kind of the emotion it excites, it rather is limited to bringing it about. This is how both, self-interest and benevolence, can be results of the same process. “Whether we act out of *concern* for self or for other, we are only *able* to act as we do because we are sympathisers” (Wilson 2006, p. 270). The defenders of the historic *ASP* did not see this character of Smithian sympathy. “The originators of ‘das Adam Smith Problem’ misconceived an important part of this problem when they equated Smith’s account of sympathy with benevolence alone” (Teichgraeber 1981, p. 116). Unfortunately, it is a crucial aspect of Smithian sympathy. All sentiments sharing this one sole source, it is likely that the emotions produced are essentially related although they seem to be quite the opposite to each other. One example of such a case is the collision of self-regarding motives and other-regarding ones. “Sometimes individuals may appear to be selfish (...), but in truth they do have a positive interest in others’ happiness at all times”. Once benevolence is one of the emotions brought about by our sympathy, it seems, every other feeling is to a certain extent connected to its other-regarded objective. “No matter what motivates people’s behavior, there are *some* principles in their nature that interest them in each other’s fortune”. Put the other way, the motivation for us to engage in understanding other people, and, in turn, sympathising with them, is self-interest as agreement rewards us emotionally. “It is not inconceivable that it is *our* expected pleasure from the harmony of sentiments which dominates all other possible causes to our practice of the imaginary change of places” (Witzum 1998, pp. 500, 507). A claim of sympathy and self-interest contradicting each other seems therefore internally inconsistent. “Only in theory, then, was it possible that our rational pursuit of self-interest might set us in conflict with one another” (Teichgraeber 1981, p. 115). Another feature of sympathy is the universality which Smith assigns to it. The process of sympathising, as our general way of creating feelings towards others, is not confined to certain situations. Rather, it must necessarily be applicable in all circumstances, in which we interact with moral agents for we cannot do so without it. “For Smith, sympathy *constitutes* human behaviour, always and everywhere” (Wilson 2006, p. 257). Economic exchanges are certainly not exempt from this rule. The defining feature of Smith’s economic man, is therefore a result of, and not a contradiction to, the sympathy depicted in the *TMS*. Self-interest, as “the topic of *WN*[,] concerns only a subset of human behavior, but it is human behavior nonetheless”. As such, it is derived from sympathy, the basis of Smith’s moral philosophy, and, in turn, features quite prominently in the *TMS* already. For this reason, self-interest cannot, as claimed by *ASP* theorists, contradict Smith’s earlier work by describing economics in his *WN*. “Hence it is clear that any critic who claimed that there was no accounting of self-interest in *TMS* (...) cannot have read all of *TMS*” (Otteson 2000, pp. 60, 55).

In addition to seeing self-interest and sympathy, rather than opposing each other, as both being part of the same philosophical project, Smith even explicitly promotes it as a favourable trait already in the *TMS*. “Smith by no means deprecates all self-interested action; indeed self-interested action is

sometimes seen as a virtue” (Nieli 1986, p. 617). The self-interest depicted in the *WN* has been taken for Smith’s primary focus regarding the economic field as detached from moral philosophy. This interpretation, however, seems to be entirely mistaken. “We misconceive the nature of Smith’s intentions if we understand free and self-interested ‘commerce’ (...) as a ‘substitute for virtue’” (Teichgraeber 1981, p. 118). Seeing it synonymously to selfishness is misreading the *WN* and failing to understand its character. “Smith is not replacing a public-spirited motive with a self-interested one” (Mehta 2006, p. 251). Self-interest and selfishness are, even in the economic context, quite distinct motives for Smith. While the former is a virtue, the latter is a vice. The fundamental role self-interest plays in Smith’s first book even led to the ‘Reversed Adam Smith Problem’, which was briefly outlined above. Indeed, Smith is very clear about his favourable view of self-interest in his work on moral philosophy. “Regard to our own private happiness and interest appear (...) very laudable principles of action. The habits of oeconomy, industry, discretion, attention and application of thought are generally supposed to be cultivated from self-interested motives, and at the same time are apprehended to be very praiseworthy qualities which deserve the esteem and approbation of everybody” (Smith 1759, VII, ii, 3.16). Smith sees self-interest as prudence’s basic component. It is a self-regard motivation, which makes us better our situation and that of our loved ones. Prudence describes how self-interest and other-regarding virtues like beneficence can and indeed do complement each other. This other-regarded character of self-interest as prudence becomes clear in our striving for praiseworthiness and the subsequent motivation to act morally. Much more evident still is the connection of our self-interest to our interest in others in Smith’s examination of economics. “The economic man of the *Wealth of Nations* is himself assumed by Smith to be a servant of society, so far as he is truly prudent, or acts appropriately” (Macfie 1959, p. 223). Put the other way, positioning it as virtuous in the discussion on how to reach praiseworthy behaviour, Smith manages to defend economic striving in his defence of capitalism. “Prudence was a characteristic of self-interested conduct — and also one particularly helpful in economic pursuits” (Teichgraeber 1981, p. 108). The correlation between our pursuit of self-interest and its positive impact on other members of our community was described on multiple occasions throughout this thesis. Nevertheless, Smith seems to illustrate it most in the economic context. “Not only does prudence more securely sustain one’s own advancement; in doing so, it also contributes to economic growth” (Mehta 2006, p. 261). Prudence connects the *TMS* and the *WN* in contributing to both our moral and our economic advantage at the same time. Both works, therefore, illustrate a self-interested agent in a society and, although the latter one raises a few important concerns about our self-interest, they both favour the idea of giving individuals the opportunity to follow their self-regarding motivations. “Smith was rather apprehensive about the moral goodness of what might be termed as self-interest” (Witzum 1998, p. 510). The treatment of it in *TMS* and *WN* respectively connects his moral philosophy with his inquiry on economics, making the interpretation of them being detached contributions to separate fields more unlikely. “Prudence is the link between *The Theory of Moral Sentiments* and Book II of *The Wealth of Nations*, where Smith singles out frugality as an important factor of economic growth” (Mehta 2006, p. 261). Smith

also describes prudence as the sustainable exercise of self-interest and thereby displays it as opposing short-sighted selfishness. Rather than satisfying our present desires at all cost, we therefore, by acting prudently, prioritise and act in a way, which allows us to formulate and achieve more significant goals. “Prudence is the virtue that allows us to weigh our present desires against our long-term desires without regard to what at times is the pressing feeling of immediacy” (Otteson 2000, p. 53). On the contrary, selfishness is expressed by a lack of prudence. The failure to act prudently is what Smith understands as selfish behaviour. “Imprudence (...) means that the person only cares for himself and has no regard whatsoever for rank or reputation. (...) With such individuals around, society may not subsist. It is therefore clear (...) that the difference in the other-regarding behavior of characters is closely associated with their pursuit of their own business”. Through promoting prudence to a virtue, Smith makes clear that pure self-love cannot lead to virtuous conduct and, in extension, to praiseworthy behaviour.

Prudence, along with showing the virtuous character Smith seems to assign to self-interest, is an expression of his belief that we, in the majority of cases, are simply the most competent responder regarding our own affairs. The “definition of self-interest, prudence, is the virtue of caring for one’s self, according to Smith” (Witzum 1998, pp. 506, 502). In addition to its virtuous character, self-interest is favourable for practical reasons as well. Hence, common sense seems to promote self-interest as a motive. “Every man, as the Stoics used to say, is first and principally recommended to his own care; and every man is certainly, in every respect, fitter and abler to take care of himself than of any other person. Every man feels his own pleasures and his own pains more sensibly than those of other people” (Smith 1759, VI, ii, 1.1). However, Smith does not see self-interest as excluding concern for others. The opposite is true, since “all human beings are naturally *motivated* to pursue their own affairs. This does not mean that they cannot be endowed with the *capacity* to feel for others” (Witzum 1998, p. 489). Rather than ruling out our interest in others, as the *ASP* theorists interpreted Smith’s depiction of self-interest in the *WN*, he instead observed a hierarchy of our priorities. The virtues do not eradicate each other but can occur together in our actions. “We are first and foremost attuned to ourselves and consider our self as we act. But we are also capable of weighing considerations of justice and beneficence as we choose our actions” (Evensky 2001, p. 503). Despite the value Smith assigns to the virtue of prudence, we are perfectly able to not neglect other-regarding virtues in our conduct. Prudence is our best hope when it comes to dealing with our own concerns. We see matters concerning ourselves better than anyone else could. Self-love in other contexts can have destructive effects, not only for our impact on other people and society as a whole but also on us as individuals. “Smith did claim that self-interest is endemic to human behaviour. But *this* kind of self-interest—and this kind of interest pervades *TMS* just as much as *WN*—is more a matter of perspective than some crude (economic) impulse to self-gratification” (Wilson 2006, p. 270). The justification of self-interestedness lies therefore to some extent in us having the highest competence ourselves when it comes to issues that occur in us as individuals and, in extension, those nearest to us. We favour ourselves and those who we consider our family and friends first not for reasons of selfishness but because we can better their situation most effectively.

“Benevolence, while the highest form of virtue, for Smith was primarily a feature of private relationships” (Teichgraeber 1981, p. 107) and not part of our everyday economic endeavours with people otherwise unknown to us. “This kind of act— behaviour *motivated* by self-interest— dominates the discourse of *WN*, but not because Smith (...) has changed his opinion on how people are motivated. It is rather that *WN* (...) is not concerned with situations in which a ‘benevolent’ disposition is to be expected” (Wilson 2006, p. 270). Prudence shields us from being exploited in an economic environment.

Interpreting self-interest as selfishness is mistaken in a third way. Apart from constituting the virtue of prudence and being the most efficient way to improve our situation, Smith is opposed to selfish conduct for rational reasons as well. Being primarily seen as the father of capitalism, Smith’s usage of self-interest in the *WN* is oftentimes taken as an indication for Smith seeing greedy behaviour as the *modus operandi* of a market economy. “In the 20th century, the invisible hand became a grabbing hand — the foundation for ethical egoism” (Wight 2007, p. 350). However, a proper reading of Smith’s two books together reveals that this interpretation could not be further from what the author intended. “The principle of the invisible hand, in its twentieth-century sense, was quite un-Smithian” (Rothschild 2006, p. 363). This mistake, again, could only occur through misunderstanding the *WN* as separate to the *TMS*. It is not in our interest to act selfishly, this seems to be Smith’s point consistently throughout both of his books. “Smith’s psychological system was founded upon sympathy” and a “problem with the greed interpretation is that the ends of nature (survival and procreation) require a high degree of social cooperation and justice for their fulfillment” (Wight 2007, p. 350). To observe and explain the conditions of rewarding human interaction was Smith’s vision and purpose. Acts disregarding the interests of others directly opposes the effort of cooperation. We cannot fruitfully interact with others and form meaningful relationships if we let our behaviour be guided by greed. “Selfishness is not a sufficient instinct for creating and maintaining a good society”. This thought of not being able to progress towards our goal is captured by the *WN* in the same way. As Smith’s market economy is inhabited by the same agents who he describes in his moral philosophy, the same conditions for their interaction apply. “Although many markets are assumed to rely on anonymous exchange, Smith’s market examples usually depend on conversation, civility, and character”. Relying on the free market to regulate price is a trust-based system. It works best and most quickly in the case of everyone complying to agreed upon market rules. “Transactions costs are lower when a merchant believes a supplier is honest by principle not by calculation”. An elaborate system of enforceable market rules is not the motivated by constraining self-love but the result of self-interestedness. Greedy behaviour such as fraud and cheating is penalised instantly, independently from formal market rules, by a decrease in trust put in the agent. The short-term gain he achieves through defecting is not worth the prospect of future isolation as isolation leads to the end of any business in a liberal, Smithian society. Selfishness is therefore the least successful strategy to follow. Furthermore, Smith was openly opposed to selfishness. Another “problem with the greed interpretation is that Smith clearly condemned it”. He was, differently to the capitalism of the twentieth century, in favour of

controlling and regulating market economies to prevent selfish passions and an unbearable inequality. “The instinct for promoting one’s own welfare is intense yet it is a passion that must be disciplined alongside other appetites” (ibid., p. 351). Rather than the cold hearted laissez-faire capitalist he is presented as, the economist Smith proves to be closer to a critic of the modern interpretation of capitalism. In any case, his understanding of self-interest in the *WN* does not favour selfish behaviour, nor does it promote a general altruism. “Far from being either one-sidedly ‘optimistic’ or one-sidedly ‘pessimistic’, Smith’s view of man and of human moral possibilities, one might say, is quite realistic and balanced” (Nieli 1986, p. 624). Both of his works are based on one understanding of self-interest. The *ASP*’s claim that Smith presented a direr view on human nature and, in turn, self-interest therefore does not seem to be valid.

Apart from promoting self-interest as including in itself the interests of others and thereby serving society as a whole, Smith also sees the necessity for constraining self-regarding motivations throughout his academic career. Smith regards regulations to be a necessity to ensure order in a community and thereby avoid a situation, in which liberties can no longer be exercised. “An ideal liberal society is, according to Smith, one in which there is liberty and justice for all. Liberty offers freedom of movement and choice, and justice ensures the security that empowers individuals to take advantage of their liberties” (Evensky 2001, p. 506). The picture of self-interest in the *TMS* is a positive one and it is assigned a function, which goes beyond the individual. In the *WN*, self-love is presented as a potentially dangerous trait for people and, in extension, for society, due to the different context self-interest is applied in. Despite the favourable picture he draws of self-regarding motives in his first work, Smith constrains the exercise of self-interest in both of his books. “Unregulated self-interest is no more advocated in the *Wealth of Nations* than it is in the [*Theory of Moral Sentiments*” (Morrow 1927, p. 331). Regarding regulation in his moral philosophy, he relies, as has been lined out in the third chapter, on the regulative function of the Impartial Spectator. In cases, in which we would have acted improper, the moral rules, which are expressing the Impartial Spectator’s moral judgement, guide us back towards praiseworthy behaviour. It is worth noting that our motivation is essential in order to avoid unrestrained self-love. Without our drive to achieve what the Impartial Spectator points towards, a liberal society could not sustain as we would not be motivated to motivated to comply with agreements. “Smith believed that liberty can only be complete and thus the fruits of liberal society can only be fully realized where justice is based on a common willingness of citizens to voluntarily follow the dictates of civic ethics” (Evensky 2001, p. 506). Individuals cannot be forced into order but must have an interest in following rules. This motivation is provided by our desire for attaining praiseworthiness. In addition to this constraint of self-interest, which, through the Impartial Spectator, is imbedded in us as individuals, Smith proposes governmental regulations in form of enforceable laws as well. “Social exchange requires not only positive reciprocity (...) but also negative reciprocity, the endogenous policeman whereby failures to reciprocate are punished” (Smith 1998, p. 17). A law system, and a government strong enough to enforce it, is a presupposition of a liberal society. In order for competition and liberal markets as well as the self-regulating function of self-love to work their magic, we need to have



established a framework of basic rules governing our everyday conduct. Self-interest is essential to maintain and improve our standard of living. However, Smith stressed that self-love cannot go unguided as it would at some point hurt the liberties of other members of society. “The important consideration is that these self-interested activities must be regulated by justice” (Morrow 1927, p. 330). This is one of Smith’s main messages in the *WN*. He inquires into the wealth of nations and not into the personal wealth of their citizens. Consequently, Smith, throughout his work on economics, deals with the question of how it is possible to establish order in a society of self-interested people. The *WN*, therefore, was, rather than glorifying self-love, concerned with how to constrain it for the good of society as a whole. “Adam Smith’s employment of self-interest in the *Wealth of Nations*, then, does not mean either that he regarded self-love as the only actuating principle in human nature, or that he recommended unrestrained selfishness as the best means of promoting public wealth”. Nevertheless, the resulting system of laws meant to regulate the excesses of personal self-love was not suggesting a general rejection of individualism. Rather, “it expresses his faith in the value of the individual and in the importance of freeing the individual man from the fetters of outworn economic institutions” (ibid., p. 331). Smith, despite seeing the need for a system of basic laws to keep self-interest in check, was not in favour of the government regulating the life of its citizens. Limiting its involvement into the everyday interaction of its subjects should therefore be a priority of every nation’s ruler. “To the degree that external Government enforcement of constructive behaviour is necessary it not only reduces the fruits of liberal society (...), it reflects the tenuousness of that [particular] liberal experiment”. Smith generally has trust in the individual agents. His favourable image of them arises from his observation that individuals are interested in being the proper object of praise. An excessive government would, by gradually eradicating their individual drive towards praiseworthiness, minimise this self-regulating effect that moral agents have on each other through their interaction. A liberal society cannot subsist for long if its rulers interfere with its members too much. As a result, the more regulations a government installs, the weaker it becomes. “In Smith’s story small government is not the cause of liberal society’s success, it is the benefit of that success” (Evensky 2001, pp. 506, 507). The laws of a nation therefore should work to amortise themselves as “a society of virtuous men was one in which individuals were allowed to attend to their own self-interest, broadly defined” (Teichgraeber 1981, p. 115). A society works better, the less guidance its members require. Having established an ethos of morally right conduct seems to be what a government should aim for. “In Smith’s view, the ultimate success of a liberal experiment lay in the institutional development and general inculcation of a mature set of civic ethics” (Evensky 2001, p. 506). The achievement of a society is to have embedded in their members an attitude towards morality which deems all government intervention unnecessary. One of the ways, which Smith proposed towards this end was the design of the laws themselves. As they are supposed to serve the good of the whole society, their basic character must appeal equally to all individuals. Smith derives this foundation of all laws from his moral philosophy as “a theory of the prudent man, of self-love, which is carefully fitted into the theory of society, as operative through the working of sympathy and reason constructing the detail of moral rules and economic institutions

as essential guides to appropriate action” (Macfie 1959, p. 223). Here, the relation between Smith’s two works becomes apparent once more and clearly shows how the *ASP*’s interpretation of the economic work as a means to counter his efforts on moral philosophy seems untenable. The nature of the constraints of self-love proposed in the *WN* to decrease its potentially negative effects in an economical context are a consequence of the moral agent as depicted in the *TMS*, not a reaction to it. For Smith, economics is growing on the fundament of moral philosophy. “His ethical theory is of great importance for understanding the doctrine of the economic harmony between the interests of the individual and the interests of the public” (Morrow 1927, p. 340). Another characteristic of the regulations Smith proposes for a society is flexibility. Despite its underlying function, “Smith believed that moral philosophy should be a general guide for policy, not a blueprint for arranging the social construct” (Evensky 2001, p. 514). A set framework of rules would snooker the individual progress in a society as well as that of society as a whole. It would therefore have a similar effect as a too high number of regulations as a fossilised legal system could not respond adequately to the drastic changes society faces over time.

The belief Smith could have changed his mind and that the *WN* was a result of that swift turn in his academic thinking is one major argument held by the *ASP*, at least in its historic shape. This view is based on, as was addressed above already, the claim that Smith was, during his stay in France, influenced to the point at which he had to alter the direction of his thinking. Even after a connection of Smith’s time in France and the *WN* was credibly rejected by Cannan’s publication of the *Lectures*, a modern version of the *ASP* still sees an inconsistency in Smith’s work. The defenders of this claim are driven by the search for the reason, which explains Smith’s apparent detachment of the *WN* from the *TMS*. However, both, the historic *ASP* as well as its attempted reviving by modern Smith scholars, fail to see the red thread, connecting all his works. In the following, it will be shown how the two works of Smith are directly related to one another and form Smith’s overall academic legacy together. Firstly, it will be briefly illustrated how the view seeing the *WN* being published after the *TMS* is mistaken altogether. After this, hints suggesting Smith’s intention to consolidate his thoughts will be examined before explaining the role of the *Lectures* in linking Smith’s moral philosophy with his remarks in economics. Finally, this chapter will end with presenting the *WN* as ‘*TMS*-sequel’. By means of four arguments, it will be shown how Smith’s economics is a direct result of his moral philosophy.

The *TMS*, as well as the *WN*, each were revised and newly published by Smith in his lifetime a number of times. While the four editions of the *WN*, which follow the original publication in 1776, were rapidly finalised and published in the course of little over ten years (1778, 1784, 1786 and 1789), Smith spent a much longer time with the *TMS*. Its first publication in 1759 was followed by five subsequent editions in 1767, 1774, 1781 and 1790 (see Raphael 2009, p. 2). It is important to note that two of these later editions also followed the publication of the revised *WN*. The many differences, which do separate the particular versions of the *TMS* from each other in detail are of minor interest for the present purpose, once it is established that they did not change the main theme and message of the work as such. Realising this, the interpretation of the *WN* countering and even

contradicting the *TMS* becomes even less tenable. Especially the last version of the *TMS* stands out in clarifying this mistake. This “drastically revised and expanded version, the sixth edition, appeared a few months before Smith’s death in 1790” (ibid., p. 1). It is clear from the scope and number of changes that it is a conscious move to update the treatise on moral philosophy. “Smith spent a good deal of time revising the sixth edition of the *TMS*” and it took him almost four years to finish it, which makes it likely that “these were not cosmetic changes for him” as “a rough page count of the edition reveals that about one-third of the book was newly written” (Dickey 1986, p. 592). The newly written passages include the whole sixth part, explaining Smith’s view on the character of virtue. He therefore maintained the view, which he was later accused of having wanted to counter in the *WN*, in the last edition of the *TMS*, as the last work published by him in his lifetime. Should the *ASP* theorists have been right in claiming a drastic change of mind between the first and the second of Smith’s books, he would have held on to a view he wanted to correct even after the supposed correction had been published. Moreover, the *TMS* was read as a supplement to the *WN* by the authors contributing to the historic *ASP*. “One source of misunderstanding is that many of the commentators have been economists who have looked at the [*Theory of*] *Moral Sentiments* simply in order to find some relevance for *The Wealth of Nations*”. However, “Smith himself is said to have thought it superior to *The Wealth of Nations*” (Raphael 2009, p. 1). It is highly unlikely that Smith maintained a view in his economic work, with which he wanted to correct his moral philosophy. Still holding on to a major change of Smith’s thought expressed by the *WN* is saying that Smith has held two opposing views at the same time, which, as this chapter has been trying to show, is mistaken for a number of reasons. Furthermore, in the preface of the *TMS*’s sixth edition, Smith not only announces a major work regarding jurisprudence, he also refers to the first edition of the *TMS*, in which he signals a work on law and government through different ages. In the same passage, he states to have partly realised this project in the *WN*. With the sixth edition of the *TMS* being the last book Smith published, it seems to be more adequate to see the *TMS* as being published after the *WN* and, in turn, the last testimony of Smith’s thought. The interpretation of the *WN* opposing Smith’s work on moral philosophy, again, appears to simply be mistaken.

Apart from this consistency, with which Smith maintains the themes of his respective books throughout later editions, as well as the announcements of a third major book, the academic project of Smith is further evident through the red thread connecting his two works. “Smith himself obviously saw no great contradiction between his two works, having conceived both of them as part of a broader study of the history of morals, government, and law” (Nieli 1986, p. 616). The scope of the *TMS* and the *WN* put together encompasses major parts of history, moral philosophy and political economy already. Also, and more importantly, they both can be subsumed under the same Smithian endeavour. In all fields to which he contributed, Smith’s primary ambition was to understand and describe the nature of people’s interaction with each other in a society and the apparent tension between our selfish passions and our desire to contribute to the greater good. “Adam Smith’s single axiom, broadly interpreted to include the social exchange of goods and favors across time, as well as the simultaneous trade of goods for money or other goods, is sufficient to

characterize a major portion of the human social and cultural enterprise. It explains why human nature appears to be simultaneously self-regarding regarding and other-regarding” (Smith 1998, p. 3). Moreover, Smith was not finished with this project. He seems to have intended a third treatise to complete it. This third work was to examine the nature of jurisprudence. “Smith had stated that his grand intellect design was the creation of three overlapping ‘systems’: the *Theory [of Moral Sentiments]* at one end, the political economy of the *Wealth of Nations* at the other, and a theory of justice that would pull each end into one grand, harmonious system” (Teichgraeber 1981, p. 108). Along with moral philosophy, examined in the *TMS*, economics and government of nations, addressed in the *WN*, he wanted to examine justice and the judiciary system in a third major book. This particular project “was probably a treatise on jurisprudence after the manner of Montesquieu; but the materials which he had collected for this work were destroyed at his own order shortly before his death” (Morrow 1927, p. 324). All three works together would have formed an even more multifaceted academic legacy. In addition to sympathy, making interaction between us as moral agents possible in the first place by enabling us to imagine ourselves in other’s situations, and the nature of self-interest, which expresses our constant drive to improve our situation, justice, as the foundation of society, would have completed Smith’s enterprise of explaining all aspects of human interaction. The chronology of the works’ publication would also have corresponded to Smith’s construct. “The choice of these particular principles and their subsequent relationship — upon which the coherence of his entire theory surely relies — is naturally associated with the way in which Smith conceived, and described, the human character” (Witzum 1998, p. 494). Justice, in this view, consists of the exercise of sympathy. As such, a treatise on it evolves naturally from the *TMS*, in which sympathy is introduced and explained, in combination with the *WN*, in which the execution of justice in a nation is depicted. All three endeavours of Smith’s career, of which only two were published in his lifetime, not only work together but also build on each other. “Smith’s approach to moral philosophy encompassed four realms of thought and action: natural theology, ethics, justice (or jurisprudence), and expediency (by which he meant concern for wealth, power, and prosperity). The domain of ethics was explored in the *Theory of Moral Sentiments*; expediency, or wealth and associated power, in the *Wealth of Nations*; and justice was to be the object of another discourse” (Samuels 1977, p. 193). It is likely that a work on jurisprudence would have featured a strong emphasis on the individual just like his former two did. “If Smith had lived to complete his work on jurisprudence we might have seen a similar application of his individualistic principles to the subject of law and political institutions” (Morrow 1927, p. 331).

The *Lectures*, published by Cannan more than a century after Smith’s death, allow a decisive rejection of the claim that Smith was, in writing the *WN*, significantly influenced by the French. Being founded upon a student’s notes from lectures in 1763, before Smith left for France, and containing the clear vision of central themes of the *WN*, the *Lectures* credibly link the second of Smith’s books to the time preceding his departure for the continent. “The Glasgow *Lectures* showed that many of the main principles of Smith’s economic theory, especially his understanding of the division of labor, had in fact been put forward at roughly the same time as his *Theory of Moral*

*Sentiments*” (Teichgraeber 1981, p. 107). In addition to the division of labour, which makes Book I of the *WN*, other main motives of his later work, such as the description of economic systems and the attack on mercantilism in particular, were anticipated in the *Lectures* as well. “Book IV of *The Wealth of Nations*, like large sections of Smith’s lectures on jurisprudence, is a sequence of strong criticisms of different tenets of the commercial system” (Rothschild 2006, p. 338). Also, the institution of private property, which is constitutional for the market economy Smith describes in Book II of the *WN*, is essentially founded upon the discussion on people’s rights in the *Lectures*. “Smith refers to the natural right of each person to his life and to security against violence, the natural right of inheritance, and the natural right to private property” (Grampp 1948, p. 325). The essential role of property as the focus of the sovereign’s protection and as the guarantee against arbitrary encroachments is depicted clearly. “Till there be property, there can be no government, the very end of which is to secure wealth and to defend the rich from the poor” (Smith 1896, p. 15). Moreover, the *Lectures* also anticipate the market regulations Smith suggests in the fifth book of the *WN*. This thought, too, arises from the dealing with natural rights of every person. “The belief that each man possesses undeniable rights necessarily implies that he must respect the rights of others and that all men together must so arrange their social conduct that each may have what is due him” (Grampp 1948, p. 326). It is worth noting that, additionally to the *WN*, the, at this point already published, *TMS* is very present in the *Lectures* as “Smith suggests that sympathy, and yet another principle, utility, explain the origin of civil societies” (Witzum 1998, p. 494). By connecting jurisprudence closely to his thoughts on political economy as “much of the material that was to form the core of *WN* already occupied a significant place in Smith’s thought concerning jurisprudence” (Otteson 2000, p. 52) while, at the same time, containing and building on his remarks on moral philosophy, the *Lectures* serve as a link, connecting not only Smith’s two published works but also the third unfinished one. Apart from helping to reject the historic *ASP* and solidifying the picture of Smith’s works as all being part of one academic enterprise, the published *Lectures* therefore also indicate once more the third work Smith announced in editions of the *TMS*. Cannan points this out in his editorial introduction. “Besides thus elucidating the composition of the *Wealth of Nations*, the lectures serve to settle the (...) question of the nature of Adam Smith’s proposed work on Justice” (Cannan 1896, p. xxxi). Cannan even speculated on the stage in which Smith had to leave his third book behind. “After the publication of the *Wealth of Nations* he must have had far greater distractions than before, and his official duties at the Board of Customs must have occupied a portion of his time”. In combination with Smith’s deteriorating health, “it is therefore unlikely that the unfinished work ever consisted of very much more than those parts of the lectures on Justice which were not incorporated in the *Wealth of Nations*” (ibid., pp. xxxiii, xxxiv).

The realisation of the strong conjunction, which connects all of his writings to one legacy and consolidates his academic career, did clarify the understanding of Smith as a scholar immensely. Especially, the misunderstanding of seeing the *TMS* and the *WN* separately and even opposing each other distorted the image of Smith and confused scholars as to whether he should be seen as an economist or as a moral philosopher. This puzzlement was part of what caused the *ASP* and

contributed to its endurance. The *ASP* is mostly rejected today and has ceased to dominate the discussion on Smith. However, the exact relationship between Smith's two works is still debated today. It has become clear "that Smith never thought that benevolence was the sole or even predominant motive in human action. Smith knew the power of self-interest already in *TMS*, so its appearance in *WN* was not new" (Otteson 2000, p. 52). Nevertheless, the precise nature of the connection between Smith's two works needs to be examined more closely. So far, it has been exemplified that his later work is the result of his former, rather than an attempted rectification. "The *Wealth of Nations* develops the story of the twists and turns of material progress in the context of the lessons laid out in the *Theory of Moral Sentiments* and his *Lectures on Jurisprudence*" (Evensky 2001, p. 505). It now has to be established that the *WN* is the sequel to the *TMS* in Smith's greater academic project. Not only does it follow chronologically, it also continues the thoughts Smith elaborates in his first book. "Far from there being any clash between the two books, the later one gives merely a particular development of the broader doctrine in the first" (Macfie 1959, p. 223). Seeing the *WN* as having been intended by Smith as the direct follow-up to the *TMS* is likely for three reasons. The first, and most obvious, argument refers to a continuity expressed by the *WN* and thereby directly steps in opposition to the theorists defending the *ASP*. According to this view, the *WN* could not have been written as it completely arises from the *TMS*. In other words, the second work is the application of the first to the field of economics. "This argument maintains that the ethical system of *TMS* 'contains' the economic argument of *WN*" (Dickey 1986, p. 584). Sympathy, according to this view, is the fundament upon which all Smithian thinking is based. Accordingly, the "doctrine of sympathy is a necessary presupposition of the doctrine of the natural order expounded in the *Wealth of Nations*" (Morrow 1927, p. 341). The self-interested individual pictured in the *WN* is an embodiment of the moral agent depicted in the *TMS*. "Here then we have the picture of the prudent man, of whom *homo oeconomicus* of the *Wealth of Nations* is just the economic facet". Being a result from Smith's considerations in the *TMS*, the economic man of the *WN* behaves and is affected by circumstances exactly as the moral agent of Smith's first book would have been. This not only implies that he strives to sympathise with his fellows, it also means that he seeks the moral judgement of the informed Impartial Spectator. "The economic man is the prudent man in the economic sphere. So the economic man also is under the sway of social sympathy and the impartial rulings of the informed spectator" (Macfie 1959, pp. 221, 223). The continuity argument also is in accordance with the view of one Smithian project as, for the proponents of this interpretation, the *WN* is the next step, building on one coherent vision. "Smith's economic prescriptions were only one dimension of a larger vision of societal improvement. Pursued in isolation they cannot accomplish his goal" (Evensky 2001, p. 514). The *WN*, consequently, seemingly has to be seen as a '*TMS* continued'. However, "in saying this, the *WN* is conceptually assimilated back *into* the *TMS*". It seems to follow that Smith's first work already contains every thought he would have brought to publication, had he been given the time. The *TMS* almost become a manifesto rather than a contribution to moral philosophy. "The argument for continuity conceptually insists that *TMS* is the

single ‘motivating center’ of Smith’s thought. Everything that Smith writes after that is an elaboration of themes developed in that book which is to say that this treatment of the *ASP* refuses to allow Smith fundamentally to change his mind about things”. Therefore, it appears to be a somewhat “unhistorical view of Smith as a thinker” (Dickey 1986, pp. 584, 585) and seemingly strips him off his academic sovereignty as all his ideas, according to this view, have to be seen as being originated in the *TMS*. A second argument for the *WN* being the successor of the *TMS* and the next step in the Smithian academic legacy is based on a view opposite to the first argument. It focusses on the supposed discontinuity between Smith’s two books. Rather than completely relying on the first work, according to this view, the *WN* instead represents a new chapter of Smithian thought and does not need to carry on where the first finished in order to be part of the same academic legacy. This view was prominently maintained by Jacob Viner in his 1927 paper *Adam Smith and Laissez Faire*. Here, he states that “the *Wealth of Nations* was a better book because of its partial breach with the *Theory of Moral Sentiments*”. Connection of both works is established through lack of continuity and not in spite of it. The *TMS* as well as the *WN* see an internal order in their respective fields. Either work holds that an agent, “in following his own interests, at the same time and without necessarily intending it serves also the general interests of mankind”. However, although this seems to be the general thought of both of Smith’s books, the *WN* raises concerns whereas the *TMS* does not see any need to do so. “In the *Theory of Moral Sentiments*, this harmony (...) is represented as universal and perfect. In the *Wealth of Nations*, this harmony is represented as not extending to all elements of the economic order, and often as partial and imperfect where it does extend”. The space Smith uses on the need for market regulations and government interference in the *WN* is to express this slightly more critical approach on individual liberty. Nevertheless, Viner appreciates Smith’s restrictive treatment of these regulations as well. “Government activity is natural and therefore good where it promotes the general welfare, and is an interference with nature and therefore bad when it injures the general interests of society” (Viner 1927, pp. 201, 208, 220; emphasis added). This seems to lead Viner to see Smith supplementing his first work with the second instead of replacing it. This way, the two books can without problem coexist, both contributing to the same academic project with the *WN*, being a sequel to the *TMS* and adding to it a more refined view on the positive image of human nature depicted in the previous work. This approach, although it comes to a similar conclusion, stands in contrast to the continuity argument examined above by allowing for a discrepancy between the two works. While the continuity view connects “the economic argument of *WN* back into the context of *TMS*, Viner absorbs the natural harmony of interest doctrine of *TMS* into *WN* and then allows it to be superseded there as the interventionism of the mature Smith develops” (Dickey 1986, p. 586). Self-interest, as shown above, features heavily in both of Smith’s works. However, it can do so without necessarily connecting both as it “meant to Smith not only the desire for wealth, but self-love in all its possible manifestations” (Viner 1927, p. 212). Another difference of the discontinuity view is the different perspective, from which Smith’s work as a whole is seen. While the continuity argument sees Smith’s work on political economy as a sequel to his book on moral philosophy because the former

arose from and is already entailed in the latter, Viner's view is the complete opposite. He "establishes the *WN*, not *TMS*, as the 'motivating center' of Smith's thought" and thereby changes the focus from Smith the moral philosopher to him as an economist. This seems to have implications on the character of the market regulations proposed by Smith as they are, differently to the *TMS* where regulations are issued to us and enforced by the Impartial Spectator, decreed by the government. "The strategy of economic containment has changed also it is no longer nonpolitical but is quite specifically political in an interventionist sense" (Dickey 1986, p. 586). One critique brought forward against Viner is that his argument for a relation between the two books can be, and has been, interpreted as a defence of the *ASP*. "According to Viner, the ethics book reflects a youthful idealism that is inconsistent with the mature, realistic thought of the great work on economics" (Raphael 2009, p. 118). The discontinuity argument indeed encourages a view, which disconnects the *WN* from the *TMS*. Viner therefore seems to support the *ASP*. "In his earlier work Smith was a purely speculative philosopher, reasoning from notions masquerading as self-evident verities. In the *Wealth of Nations* Smith made use of a rich harvest of facts gathered by personal observation at home and abroad". Nevertheless, he does not see Smith as proposing a boundless laissez-faire and in that way contrasts from, at least the traditional form of, the *ASP*. "Smith had himself undermined what is ordinarily regarded as his principal argument for laissez faire, by demonstrating that the natural order, when left to take its own course, in many respects works against, instead of for, the general welfare" (Viner 1927, pp. 216, 218). Also, instead of holding the apparent discrepancy between the *TMS* and the *WN* against Smith, Viner seems to incorporate it into his argument in order to use it as support for the claim of one Smithian account. The third argument endorsing the characterisation of the *WN* as *TMS*-sequel aims at combining the two views just examined. By avoiding confrontation between the arguments of continuity and discontinuity, the third argument "explains the relationship between the two books in terms of a continuity *and* change argument rather than in terms of a continuity *versus* change argument" (Dickey 1986, p. 586). Instead of referring to the respective contents of the two books, this reconciliation argument concentrates on a chronological context. "The *TMS* and the *WN* are taken as complementary for *historical* rather than *logical* reasons". Such a fresh change of perspective has implications for the role of Smith as the creator of the books. Not only leaves it "two 'motivating centers' for Smith's thought" and thereby agrees with the discontinuity argument, the reconciliation view also minimises the sovereignty of the author in general. Sympathy, according to this interpretation, simply evolved historically into a market-economic, somewhat contractualist concept of human interaction. Following this, the *WN* is a result of Smith's adaptation to a change in academic fashion rather than a product of genuine thought. The reconciliation argument seems to have "historicized the *ASP*" but "has not tried to solve it as a conceptual problem" (ibid., p. 587). It seems to arrange the two works by Smith instead of effectively engaging in attacking the *ASP* by interpreting the content of Smith's works and their relation to each other.



## VI. Conclusion

This thesis has endeavoured to give a comprehensive picture of Smith's legacy. Explaining the messages of his two major works and the various inspirations, which went into them, it has been shown how they both are part of the same academic project. Smith builds the whole construct of his scholarly accomplishment on his unique understanding of sympathy, which he lines out very elaborately in his first work, the *TMS*, which is subject of chapter II of this thesis. It also explained how Smith manages to combine in the notion of sympathy the ability and motivation to interact with other moral agents in society. We are able to interact with others because the faculty of sympathy enables us to understand and morally evaluate their perspectives. Our motivation to engage in this interaction is also derived from sympathy, as we need the consistent social exchange with peers to develop the capability to sympathise and the only way to reach that level of contact is through the exercise of sympathy itself. Additionally, we can, through sympathising with others, enter their perspective in a way that allows us to see ourselves through their eyes. Thereby, we reach a level of self-reflection unattainable to us without sympathy. "The logic of Smith's position is just this: before I can judge, I must feel" (Wilson 2006, p. 266), and this seems to hold true for the moral evaluation of other's as well as our own. Through sympathy, Smith introduces the figurative character of the Impartial Spectator. This virtual moral judge, which was the subject of chapter III of this thesis, is pivotal for Smith on the way to sustainable moral conduct. He develops this moral authority in three stages, which all rely on his understanding of sympathy. From understanding and entering the perspectives of other people to internalising the entirely unbiased vantage point of the Impartial Spectator, Smith gradually leads us as moral agents through a learning process. This development includes the temporary reliance on moral rules helping us to maintain morally right behaviour. The third chapter also showed the essential role of praiseworthiness in Smith's moral philosophy, consisting of virtuous behaviour and the self-command required to overcome vices. By illustrating the nature of praiseworthiness, especially the way he separates it from actual praise, it was demonstrated how Smith sees it as the only criterion the Impartial Spectator uses to judge morally. This thesis' fourth chapter turned to Smith's second work, the *WN* and set out to briefly summarise the very comprehensive treatise on European economic history. The approach of Smith's second book was described by exemplifying different main topics of the book. "Economic life, for Smith, was intricately interconnected with the rest of life, or with the life of politics, sentiment, and imagination" (Rothschild 2006, p. 319). In addition to the messages of the *WN*, the notion of the Invisible Hand, for which Smith became known particularly throughout the twentieth century, was discussed with a view to its importance for the work as a whole. The topic of the fifth chapter was *Das Adam Smith Problem*. It was shown how the *ASP* developed historically and still is, in alternated forms, championed in contemporary literature. The fifth chapter also illustrated the fundamental mistakes, which the *ASP* seems to be based upon, and explained in more detail the nature and sources of those misconceptions. Throughout this thesis, a cohesive account of Smith's

thinking has been developed, combining his two works by showing that, instead of contradicting each other, they can express Smith's message only if they are seen together. The mistake of the *ASP* theorists was to read them separately. This wrong approach can be partly excused by the fact that, since the defenders of the *ASP* were mostly German economists, their access to the *TMS* was hindered by a language barrier as well as a lack of competence in moral philosophy. However, the scope and persistency of the misconception and the complete absence of similar interpretations in England deem it a significant academic blunder. In uncovering the common thread, this thesis refuted the *ASP* and demonstrated that Smith created one unified account in both of his publications. This claim was supported in recourse to the historical background of Smith's ideas in *TMS* and *WN* as well as their implicit reference to each other. Smith's intention to publish a third major work, focussing on the nature of justice, was examined as further evidence for an overall academic project he was pursuing. In a nutshell, Smith's message can be summarised as the conviction that the self-interested conduct of moral agents serves society in its entirety. As our aim is not primarily to be praised but first of all being worthy of praise, we are highly incentivised to behave virtuously. Consequently, other's interests are naturally incorporated into our own. "Ethical individuals live in perfect harmony and realize, through their autonomous efforts, the best for themselves and in turn the greatest possible wealth for the nation" (Evensky 2001, p. 505). His positive view of human nature, built on our desire to sympathise with one another, made Smith a strong believer in the individual moral agent. He opposes the sovereigns of nations and the ruling classes of societies respectively, which dominate the lives of their subjects by imposing extensive regulations on them. However, neither does he defend an anarchic situation, in which every person's self-interest will eventually resolve all kinds of challenges and injustices. Rather, he proposed a strong government as the basis for individual liberty. "Adam Smith was not a doctrinaire advocate of laissez faire. He saw a wide and elastic range of activity for government, and he was prepared to extend it even farther if government, by improving its standards of competence, honesty, and public spirit, showed itself entitled to wider responsibilities" (Viner 1927, p. 231). His concise message was that each of us has a strong interest in benefitting others and society as a whole. Thereby, rather than being a burden, contributing to the public good becomes what should be the motivating aim of every self-interested individual. "Smith's aim was to show that removing arbitrary restrictions on labor, prices, and supply would give self-interest free reign and bring about universal opulence" (Mehta 2006, p. 249). Out of this account arose his, sometimes controversial and very modern, opinions on how to best govern a nation in general and deal with the American colonies as a particular example.

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