Once upon a time there was a man who read the Wealth of Nations; not a summary, nor a volume of selected passages, but the Wealth of Nations itself. He began with the Introduction, he read the famous first chapter on the division of labor, the chapters on the origin and use of money, the prices of commodities, the wages of labor, the profits of stock, the rent of land, and all the other well-known economic portions of the first book, not omitting the long digression on the fluctuation in the value of silver during the last four centuries, and the statistical tables at the end. Having completed the first book he went on to the second, not deterred by the fact that it is supposed to contain an erroneous theory of capital and an untenable distinction between productive and unproductive labor. In Book III he found an account of the economic development of Europe since the fall of the Roman Empire, with digressions upon various phases of medieval life and civilization. In the fourth book he came upon extended analyses and criticisms of the commercial and colonial policies of European nations, and a whole battery of free-trade arguments. Finally he attacked the long concluding book on the revenue of the sovereign. Here he found even

*Lecture delivered at the University of Chicago on January 28, 1927, in a series commemorative of the one hundred and fiftieth anniversary of the publication of the Wealth of Nations.
more varied and unexpected matters: an account of the different methods of defense and of administering justice in primitive societies, and of the origin and growth of standing armies in Europe; a history of education in the Middle Ages and a criticism of eighteenth-century universities; a history of the temporal power of the church, of the growth of public debts in modern nations, of the mode of electing bishops in the ancient church; reflections upon the disadvantages of the division of labor, and—what is the main purpose of the book—an examination of principles of taxation and of systems of public revenue. Time is too short to enumerate all that he found here before he finally came to the concluding paragraphs, written during the opening events of the American Revolution, concerning the duty of colonies to contribute toward the expenses of the mother-country.

Now of course I may have exaggerated somewhat. There probably never was any such man. But what I have said remains hypothetically, if not categorically, true. If there had been such a man, with the leisure and the industry, with the dogged perseverance and the freedom from doctrinal obsessions to follow the work of this great thinker to the very end, he would have found all that I have described. And at the conclusion of his reading he would have paused to reflect: This an economic work? It is far more than that; it is a history and a criticism of all European civilization.

And I think he would have been right. How absurd to think of the author of the Wealth of Nations as interested only in the wealth of nations! Adam Smith's great work is more than a treatise on economics; it is a philosophical work, in that sense of the word "philosophy" which has almost passed out of usage in the last hundred years. It is a philosophical work in that it deals with broad problems of human welfare, and deals with them in a reasoned and unprejudiced manner. Adam Smith had a tremendous breadth of interest, and his attention is attracted by the most diverse and seemingly the most insignificant facts. But this is not all. It takes more than breadth of interest, or variety of facts, to make a philosophy. Facts must be bound by the tie of the cause, as Plato says; they must be systematized; they
must be held, not for their own sakes, but for the principles they disclose; only then do they constitute true knowledge, whether scientific or philosophical. Adam Smith does not obtrude his principles, he does not expound them dogmatically and abstractly, he does not let them override his facts; but the principles are there just the same—economic principles, ethical principles, principles of jurisprudence, even principles of theology. A candid and comprehensive inquiry, enlightened by principles and inspired by concern for human welfare, the Wealth of Nations has every claim to be called a philosophical work.

I want to formulate briefly here some of the philosophical principles which run through the Wealth of Nations. I wish I had the skill of Adam Smith himself, so that I could present them in his own empirical persuasive fashion. But lacking that, I must necessarily present them somewhat bluntly and abstractly, in all their skeletal bareness, and it will be something, I suppose, if we succeed in distinguishing the members and finding the articulations without blundering.

Adam Smith was no metaphysician. The eighteenth century was not a metaphysical one, and Adam Smith was one of the least metaphysical persons of his century. Perhaps, however, we should only say that he avoided metaphysics in his two great works; for, like Socrates with respect to physical science, he was himself not unversed in these inquiries which he avoided. His first appointment at the University of Glasgow was to the chair of logic and metaphysics, and a part of his inaugural address is still preserved;¹ it bore the title “De Origine Idearum,” and was concerned, among other things, with an examination of the Platonic doctrine of ideas. But Smith was shortly transferred to the chair of moral philosophy, and there is no reason to doubt that it was a transfer thoroughly to his liking. This latter position he held for twelve years. We know something of the way he conceived and taught moral philosophy during this period. His predecessor and former teacher, Francis Hutcheson, had divided moral philosophy into four branches, viz., natural, theology,

¹ In the essay, “The History of the Ancient Logic and Metaphysics,” in the posthumous Essays on Philosophical Subjects.
ethics, jurisprudence, and political economy; and Adam Smith, so his earliest biographer tells us, followed this same classification in his university lectures. The two works on which his fame chiefly rests, the *Theory of Moral Sentiments*, and the *Inquiry into the Nature and Causes of the Wealth of Nations*, are the fruit of his studies in two of these divisions; the *Moral Sentiments* probably contains the content of the lectures on ethics, while the *Wealth of Nations*, contains the material of the fourth part of his lectures, elaborated, developed, and enriched by the reflections of seventeen years of travel and retirement. In the later years of his life he was also reported to be engaged upon another work, which, judging from some hints in the *Moral Sentiments*, 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.

That there was a unity of spirit and aim in Adam Smith's treatment of these separate divisions of moral philosophy cannot be doubted. He had no use for the kind of moral philosophy taught in the medieval universities and still persisting in some quarters in the eighteenth century. This philosophy, as he saw it, was chiefly concerned with the rewards and penalties of a future life, and looked upon virtue as inconsistent with happiness in this world; it was casuistical in its method and ascetic in its aim—in short, a thoroughly perverted form of moral philosophy. It was a form of moral philosophy, moreover, which was hard to reconcile with the material prosperity that the European nations were beginning to enjoy. The famous Dr. Mandeville, in his *Fable of the Bees, or Private Vices Public Benefits*, had made much of this opposition between the moral standards which the modern world had inherited from the Middle Ages, and the practices by which it got its wealth. 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. Self-denial, which is the only true virtue, is generally acknowledged, but fortunately not generally practiced; for if it were, the present era of material progress would soon come to an end.
The *Fable of the Bees* made a great stir in the eighteenth century, and was thought worthy of an answer by Bishop Berkeley, and William Law, and by almost every other writer of importance in the century. Adam Smith sees with Mandeville the conflict between an ethics of complete self-denial and the material prosperity of modern times. But he insists that the moral philosophy which would make virtue consist in complete self-denial is a perversion of the true doctrine. The true moral philosophy is concerned with human happiness and welfare in this world, and it conceives of no opposition between the demands of this world and the demands of perfect morality. Its object is to determine "wherein consists the happiness and perfection of a man, not only as an individual, but as a member of a family, of a state, and of the great society of mankind." In this fine and inclusive statement, 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.

There are other elements in Adam Smith's moral philosophy which differentiate it sharply from the orthodox moral philosophy of preceding centuries. The eighteenth century may be said to mark the culminating point in the movement of the modern world away from the social and moral order of the Middle Ages. It was an age of criticism, consciously and ruthlessly directed against the lingering structures of the medieval system. The political liberalism, the religious liberalism, and the economic liberalism of the eighteenth century were merely separate manifestations of one and the same attempt to break down the older institutional forms and set free human energies and allow satisfaction to human aspirations that could no longer find expression in those forms. Liberalism in all its manifestations was essentially a doctrine of the rights of the individual, and a criticism of the claims of existing institutions to regulate his activity. Individual liberty, in politics, in religion, in industry, was felt to be the first and sometimes the only thing necessary for the intro-

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*Wealth of Nations*, II, 259. This and the following references are to the edition of Edwin Cannan, London, 1904.
duction of a better social and political order. Other ages have perhaps appreciated more fully the meaning of individuality, but no age ever desired or fought for it with greater zeal than the century of Voltaire, Rousseau, and Adam Smith.

This individualism characteristic of the century finds a prominent place in Adam Smith's moral philosophy. It appears in the *Wealth of Nations* not only as a protest against the system of government regulation in industry and an appeal for freedom of trade and commerce; but also in another guise which has frequently caused much concern to moralists, viz., in the emphasis which Adam Smith places upon the activity of self-interest in the economic order. 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. The strongest and the surest motive operating in economic relations is this "uniform, constant, and uninterrupted effort of every man to better his condition." "It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity, but to their self-love, and never talk to them of our own necessities, but of their advantages." Here we have the theme which is elaborated and developed and repeated with variations throughout the *Wealth of Nations*. Of course Adam Smith does not intend to represent self-love or self-interest as the only motive which ever actuates men. He recognizes in the *Wealth of Nations* other "passions" as occasionally responsible for economic conditions. He recognizes also that self-interest is stronger in some men than it is in others, and that all men may misconceive their interests and act contrary to them. But with these reservations, Adam Smith regards self-interest as the basis of the economic order, and as the main psychological factor in industrial prosperity.

This seeming glorification of self-love has been a stumbling-block to many admirers of Adam Smith, who have tried to minimize the extent to which he relied upon this explanatory principle in his economic work. It is sometimes necessary to know

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the truth, however, even about our heroes; and if we examine the *Wealth of Nations* with this question in mind, we shall find that Smith applies this principle of explanation almost universally, both to the fundamental traits of the economic order and to the variety of detail. The two main causes of the productivity of modern industry are the division of labor and the accumulation of capital. Self-interest is the explanation of both these key facts. 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 hands; hence the division of labor. Likewise the accumulation of capital: "The principle which prompts to save is the desire of bettering our condition, a desire which, though generally calm and dispassionate, comes with us from the womb and never leaves us until we go into the grave." Thus by following his own interest, as the individual sees it, he is furthering the progress of his neighbors and his nation toward wealth and prosperity. Directly growing out of the division of labor are all the facts of exchange. The invention of money, the variations in the price of labor, of rent, and of commodities are all explained by the higgling of self-interested individuals, each unwilling to pay more than is necessary for what he wants, or to sell for less than he can get. So when capital has been accumulated, its employment is regulated in every case by the prospective profits to the owner, and not by any concern for the public welfare.

But I need not multiply illustrations from these familiar economic doctrines. Other more striking cases can be found in which Adam Smith introduces the principle of self-interest as an explanation of facts usually regarded as outside the sphere of economic rivalry. England had an admirable system of justice in the eighteenth century—at least so Adam Smith thought—and the cause of its efficiency, he says, is the ancient system of maintaining the courts by fees collected from the parties at law; for under this system of competition "each court endeav-

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ored, by superior dispatch and impartiality, to draw to itself as many cases as it could." In contrast with the courts, the English universities of the eighteenth century were centers of indolence and intellectual apathy, and had almost ceased to function as educational agencies. The cause of this deplorable state of affairs, which Smith had abundant opportunity to observe during his six years at Oxford, was the presence of great endowments and the lack of competitive conditions to stimulate the activity of self-interest among the professors.

It is the interest of every man to live as much at his ease as he can; and if his emoluments are to be precisely the same, whether he does or does not perform some very laborious duty, it is certainly his interest, at least as interest is vulgarly understood, either to neglect it altogether or, if he is subject to some authority which will not suffer him to do this, to perform it in as careless and slovenly a manner as that authority will permit. If he is naturally active and a lover of labor, it is his interest to employ that activity in any way from which he can derive some advantage, rather than in the performance of his duty, from which he can derive none.

Contrast with this the efficiency of the teachers in ancient Greece, whose talents were developed through the effort to attract as many students as possible. Likewise, Adam Smith thinks that the industry and zeal of the inferior Catholic clergy are in most cases superior to those of the Protestant clergy, for the reason that they depend upon the voluntary contributions of their hearers rather than upon a fund provided by the state or upon endowments. Here, then, are three classes of men—the judge, the university professor, the priest—in whom the motive of self-interest is in general more efficacious than the sense of duty. It sometimes seems as if Smith could see no other real explanation of human activity. When the Quakers of Pennsylvania set free their slaves, we can be sure, Smith says, that the number of these slaves was not very great. Had they made any considerable part of their property, such a resolution could never have been agreed to. And even then they were set free only because slave labor was unprofitable in that corn-growing colony.
This is not all. Adam Smith not only represents self-interest as the usual and most powerful motive in economic activity, but by showing that economic institutions arise naturally, i.e., spontaneously, through the operation of this principle in human nature, and that 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, he represents self-interest as the motive which should actuate men in their economic relations. He even deprecates reliance upon any other motive. "I have never known much good done," he says, "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."9

In view of these passages we can understand why Ruskin referred to Adam Smith as "the half-bred and half-witted Scotchman who taught the deliberate blasphemy: 'Thou shalt hate the Lord, thy God, damn his law, and covet thy neighbor's goods.'" Other critics, with less talent for denunciation and more concern for understanding Smith, have pointed out that the picture of human nature presented in the Wealth of Nations is seemingly inconsistent with the viewpoint of his other great work, the Theory of Moral Sentiments. In this work, published seventeen years before, Smith aligns himself with Hutcheson and Shaftesbury, the "benevolent" moralists, in opposition to the egoistic ethics of Hobbes and Mandeville, who asserted that the only motive of human activity is self-love. Consequently 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. Those who found this explanation satisfactory also found no difficulty in assigning the cause of this change to Smith's residence in France during the years 1764-66. According to this ingenious view, these three years in France not only gave Smith his most important economic ideas, through his contact with Turgot and the Physiocrats,

but also, through his friendship with Voltaire, Diderot, d'Alembert, and other leaders of the French Enlightenment, changed him from an idealist to a materialist. Unfortunately for this theory, which was quite popular in the later nineteenth century, there was discovered some thirty years ago a manuscript copy of a set of notes taken down by a student of Smith's at Glasgow in the year 1763, the very last year of his professorship. These notes of Smith's lectures enable us to ascertain definitely the economic doctrines taught by him before he came in personal contact with the Physiocrats, and to determine the precise nature of his indebtedness to the French thinkers. Cannan, who edited these lecture notes, has made quite clear, in the introduction to this volume and in the introduction to his edition of the *Wealth of Nations*, the elements of Smith's economic theory which he owed to the Physiocrats. In general, this indebtedness is much less than was formerly supposed. The theory of stock or capital in Book II, the theory of unproductive labor, and perhaps the doctrine of distribution, were borrowed from Physiocratic theory; but his economic liberalism, his doctrine of the division of labor, and—what is most to the point here—his view of the primary rôle played by self-interest in the economic order—these doctrines were taught by Smith before going to France. It is therefore impossible to suppose that he underwent a radical change of view between the period of the professorship at Glasgow and the appearance of the *Wealth of Nations*.

In fact, 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. It is true that in the *Moral Sentiments* Adam Smith opposes the egoistic doctrine that man acts only from self-love, and exalts benevolence as the highest virtue. But there are other, inferior virtues recognized, such as prudence, frugality, industry, self-reliance. These virtues must be restrained and regulated by justice, but when so regulated they are conducive to the welfare of the general public as well as of the individual. The important consideration is that these self-interested activities must be reg-
ulated by justice. Very little is said in the *Wealth of Nations* about the principles of justice (that was to have been the subject of Adam Smith's projected work on jurisprudence); but justice is of course always presupposed as necessary for the existence of nations at all, especially of wealthy nations. Justice is, in fact, so very important that its administration is one of the three duties which Smith intrusts to the sovereign. In short, unregulated self-interest is no more advocated in the *Wealth of Nations* than it is in the *Moral Sentiments*, whereas in the latter work the moral value of the inferior virtues, when properly regulated, is fully recognized.

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. It merely means that Smith was preaching, in the economic world, the same gospel of individual rights and individual liberty which in one form or another was the burden of eighteenth-century social thought. 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. 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. As it is, we have evidence of his warm sympathy for the political and religious liberalism of the Continent. He was ever a devoted admirer of Voltaire, and he followed the development of Rousseau's thought with the greatest interest. He was far from sharing the political conservatism of the French Physiocrats, with whose economic liberalism he was, of course, in entire sympathy. They were distinctly of the old régime, and believed that the *ordre naturel* could only be instituted and maintained in operation through the absolute power of an enlightened few. But Smith was as convinced a believer in equality as any revolutionary leader. "The difference between the most dissimilar characters, between a philosopher and a common street porter, for example, seems to arise not so much from nature as from habit,
custom, and education."¹⁰ In the main, it is dissimilarity of occupation which occasions the diversity of character. Plato, it will be remembered, had precisely the opposite opinion: it is difference of nature which makes possible the division of labor and the dissimilarity of occupation. Plato's view is probably the truer, but Adam Smith's is more characteristic of his century. 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. If all individuals are naturally alike, it follows that "equal quantities of labor, at all times and places, may be said to be of equal value to the laborer." Hence "labor is the real measure of the exchangeable value of all commodities."¹¹ Smith seems to have felt, like the writers of the Declaration of Independence and the Declaration of the Rights of Man, that in the conception of abstract individuals he had reached entities as absolute and irreducible as the atoms of the physical world were then thought to be.

There is another element besides individualism involved in Adam Smith's doctrine of self-interest. This is the conception of a rational or natural social order, in which there is a complete reconciliation of the interests of the individual and the interests of the society. This natural order is not merely an ideal for future realization, but an order which Smith conceived of as actually existing in every society, though not fully realized in his day because of the unwise restrictions of governments. To realize the natural order in its fulness it is necessary only to remove these restrictions, and restore the conditions of free competition, the system of natural liberty. "All systems of preference or of restraint, therefore, being thus completely taken away, the obvious and simple system of natural liberty establishes itself of its own accord."¹² In calling this order "natural," Smith means to say that it is superior to human contrivance, and expresses the ultimate and rational foundation of things. It may be hindered by the unwise tinkering of governments; but it can never be completely destroyed.

In the political body the natural effort which every man is continually making to better his condition is a principle of preservation capable of preventing and correcting, in many respects, the bad effects of a political economy in some degree both partial and oppressive. In the political body the wisdom of nature has fortunately made ample provision for remedying many of the bad effects of the folly and injustice of man, in the same manner as it has done in the natural body for remedying those of his sloth and intemperance.\textsuperscript{13}

Adam Smith's reasons for believing in the reality of this "natural order" were partly empirical, but mainly, it is safe to say, a priori. Experience shows many instances of the socially beneficent results that come from individual enterprise carried on without any thought of public gain: the employment of stock in the production or procurement of the commodities most needed; the diversion of labor into occupations most highly paid and therefore most in demand by the society; and, underlying all these exchange aspects of the economic order, the primary impulse to appropriate and utilize the material goods and the forces of nature for the satisfaction of human desires. But Adam Smith clearly saw the reverse side of the medallion: the cases in which the interests of certain groups, e.g., the merchants and manufacturers, are contrary to the public interest; and those cases of enterprises necessary for the public good, such as the maintenance of justice and the construction of public works, "which it can never be for the interest of any individual, or small number of individuals, to erect and maintain."\textsuperscript{14} The empirical evidence is therefore far from conclusive. The real foundation for Adam Smith's faith in the ultimate harmony of the conflicting interests of individuals is to be found in his theology. As I have said before, natural theology constituted the primary division of moral philosophy as it was taught at Glasgow by Smith. We have no systematic exposition of this part of his lectures, nor have we any indication that he ever contemplated writing on the subject at all. About all that we know of him in this connection is the statement in Dugald Stewart's memoir of Smith that in these lectures he considered the proofs of the existence and attributes of God, and those principles of the human

mind on which religion is founded. We can supplement this meager description both with fragmentary passages from Smith's works and with what we know to have been characteristic of natural theology in the eighteenth century. Natural theology, as then conceived, dealt with those universal religious truths which underlie all positive religions and can be discovered by the human reason independently of a divine revelation: such truths, for instance, as the existence of God and the moral government of the world. The chief concern of natural theology was to furnish a foundation for morality independent of positive religion; with religion in the popular sense it had nothing to do. Like most of his contemporaries, we find Adam Smith, in the *Moral Sentiments*, relying upon natural theology as a support for moral principles, and at the same time deprecating anything that savors of religious zeal or enthusiasm as excrescences upon, or perversions of, the true religion. Smith was by no means a sectarian. The public interests, he thinks, are best promoted by an equal and impartial toleration of all sects; for the competition of these different sects with one another will "probably reduce the doctrine of the greater part of them to that pure and rational religion, free from every mixture of absurdity, imposture, or fanaticism, such as wise men in all ages of the world have wished to see established."\(^{15}\)

In accordance with this theology, Adam Smith looks upon social and economic institutions as the product of a power beyond human power, of a reason which human reason can fathom but cannot imitate. He speaks with awe of "the great, the immense fabric of human society, that fabric which to raise and support seems in this world, if I may say so, to have been the darling care of Nature."\(^{16}\) (Nature, spelt with a capital N, equals God.) He sees the working of an invisible hand in the action of self-interested individuals. Providence divided the earth among a few lordly masters, and these are "led by an invisible hand to make nearly the same distribution of the necessaries of life, which would have been made had the earth been

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\(^{15}\) *Op. cit.*, II, 278.

\(^{16}\) *Moral Sentiments*, Pt. II, Sec. II, chap. iii.
divided into equal portions among all its inhabitants; and thus, without intending it, without knowing it, advance the interests of society." Likewise the capitalist, in preferring domestic to foreign industry, and in directing that industry most profitably, is "led by an invisible hand to promote an end which was no part of his intention," viz., the public good.

This reliance upon the invisible hand, this appeal to a natural order which maintains itself in and through the activity of self-seeking individuals, has frequently been regarded as a defect in Smith's thought, at least in his scientific thought. Certainly it is an expression of the eighteenth-century faith in the beneficent harmony and the ultimate rationality of things. But besides expressing in concrete form this faith in the processes of nature, Adam Smith's doctrine has great significance in another direction: it is an effort to think of the social order as a genuine organic unity, with principles of structure and functioning which maintain themselves independently of the wills of individuals. It expresses, to use technical terms, a realistic, as contrasted with a nominalistic, conception of society. In considering the relation between the individual and the social order, we may proceed in one of two ways: We may start from the individual and attempt to interpret the institutions and the phenomena of society as the results of instincts, or characteristics, which are found in the individual man; or we may start from the concrete historical order and interpret the nature of the individual; the second shows the individual to be a product of society. Both ways of proceeding are legitimate, for each brings out one side of the complex organic relation between the individual and the institutions and social observances among which he lives. Adam Smith is employing the former method when he attempts to show how specific economic institutions arise from certain human traits, e.g., the division of labor from the instinct to barter; or when he constructs the whole economic

17 Moral Sentiments, Pt. IV, chap. i.
18 Wealth of Nations, I, 421.
order upon the activity of individual self-interest. This interpretation of social facts in terms of individual traits was, in fact, the more common procedure of the eighteenth century; and the almost universal employment of this individualistic method is one of the defects of eighteenth-century thought. The concrete social environment must also be taken into consideration in explaining the nature of the individual man, and Adam Smith is one of the very few thinkers of his time who had any realization of this complementary point of view.

This concrete social point of view is best expressed, not in the Wealth of Nations, but in the Theory of Moral Sentiments. This work has by no means been as influential in the history of thought as was its illustrious successor. Few people ever read it now, except antiquaries of thought and persons celebrating the sesquicentennial of the Wealth of Nations. Its own sesquicentennial was not observed. And yet it 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. During Smith’s lifetime it went through six English editions and was published in at least three French versions. The oblivion in which it now rests is due partly, no doubt, to the greater success and influence of the Wealth of Nations; but also to intrinsic faults. Its rhetoric, so much admired in its day, now rather palls; and its treatment of the moral experience seems at times superficial, even insincere. And yet in its fundamental doctrine, the doctrine of sympathy, Adam Smith develops a highly original theory of the moral consciousness, one which is far ahead of the current individualistic doctrines of his contemporaries.

Like the natural theology of the seventeenth and eighteenth centuries, the English ethics of this period was concerned with finding a rational foundation for morality, a foundation independent of theology or ecclesiastical authority. As ethical inquiry proceeded, two problems soon began to stand out as distinct from one another: the problem of the content of morality, or the nature of right, and second, the problem of the moral fac-
ulty by which we distinguish between right and wrong. The latter question, at the time at which Smith wrote, proved the more absorbing of the two, and this is the question with which Smith is chiefly concerned in his *Moral Sentiments*. This work is therefore not so much an attempt to determine the nature of morality as an ingenious theory of how we come to judge certain actions good and certain characters virtuous. This is not to say that it ignores altogether the question of the nature of virtue; but Smith’s answer to this question involves nothing more distinctive than an effort to unite in one comprehensive view the diverse answers given by preceding moralists. He finds virtue to consist, not in benevolence alone, but in benevolence, justice, and certain inferior virtues summed up under the name of prudence. Besides these three, he borrows from ancient ethics a fourth constituent, propriety. Clearly this conception of virtue is to be praised more for its breadth of view than for its logical clearness and consistency. But after all, the whole theory of the nature of virtue is in the main incidental to the real inquiry which Smith has in mind. The more important, and by far the larger, portion of his work is given over to the development of a psychological theory of the origin of the moral judgment. This portion of the *Moral Sentiments* is unique; it may be said to have anticipated, in some important respects, the results of later social philosophy and psychology with respect to the origin of the moral consciousness.

The primary factor in the development of the moral sentiments is what Smith calls sympathy, or 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. The misery and misfortunes of others excite emotions in us similar to the emotions the sufferers themselves feel; and likewise we take pleasure in beholding their happiness. When we see a stroke aimed at the leg or arm of another we instinctively draw back our own as if it were threatened. In watching a tight-rope walker we ourselves feel a sense of relief when he has reached the platform at the end. Any passion whatever of which the human mind is susceptible may be reflected in the sentiments of
the attentive bystander. Furthermore, there is a distinct pleasure when our own sentiments accord with those of our fellow-men. 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; as when a man, after having endeavored to divert the company, looks round and sees that nobody laughs at his jests but himself. Now this pleasure which arises from a mutual accord of sentiments, and the disagreeable feeling aroused by this disproportion, is the ultimate basis of the moral judgment. Briefly stated, when we approve of the actions or emotions of another we do so because we perceive that we fully sympathize with his sentiments, i.e., that we would feel the same in his place, and even now feel something of what he feels. When we sympathize we approve; and by approving we judge the sentiment in question to be appropriate, or suitable, or just, with respect to the given situation.

This is really all there is in the theory, though the detailed application of this simple principle to the various forms of moral judgment is most interesting and ingenious. The simplest cases are those in which we approve of the sentiments of another as being suitable or proportioned to the exciting cause. These are what Smith calls judgments of propriety. More complex cases are judgments of merit or demerit, in which our sympathy or lack of sympathy with the person in question is joined with or supplemented by our sympathy with the person affected by his action or emotion. The sense of merit is then a compound sentiment, consisting of a direct sympathy with the sentiment of the man who has conferred the benefit, and an indirect sympathy with the gratitude of the recipient. Likewise, the sense of demerit is compounded of a direct antipathy to the sentiments of the agent, and an indirect sympathy with the resentment of the sufferer. As for gratitude and resentment, they are instinctive feelings which the theory of sympathy presupposes; they are principles with which Nature (again with a capital N) has endowed mankind for the preservation and welfare of society.

But what is the foundation of our approbation or disapprobation of our own actions? This is a case of reflected sympathy.
We approve or disapprove of ourselves by identifying ourselves in imagination with the spectators of our actions, and perceiving whether under such conditions we can or cannot sympathize with our own conduct. In other words, we judge ourselves through the approbation or disapprobation of others. Society is a mirror which shows us ourselves. Our first moral criticisms refer to the characters and conduct of other persons, and only later do we learn to judge our own conduct and character by considering how they appear to our neighbors. A human creature who should grow up in some solitary place, without any communication with his kind, would have no idea of virtue or vice. It may be objected that our moral consciousness demands not so much that we receive the approval of our fellow-men as that we be worthy of their approval. There are cases in which our conscience approves of our conduct in spite of the disapproval of our fellow-men. Such cases are explained by Adam Smith in the following way. 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. Actions which we have observed to shock all our natural sentiments and to arouse the detestation of all our fellow-men we resolve to avoid, and make a general rule to that effect. Thus are formed the general rules of morality, which in their entirety constitute the moral conscience; they are ultimately derived from our experiences of the approval or disapproval of men, but are capable of resisting in special cases the force of our own passions or the temporary disapproval of our fellow-men. 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. These general rules which have been distilled from social experience may even be looked upon as the ultimate foundation of what is just and unjust in human conduct, and as having their foundation in the command of God. Thus the morality of sympathy and social experience leads up ultimately to the same theological world-view which we found supporting Smith's belief in the natural order of economic liberty.
These are the essential parts of the *Theory of Moral Sentiments*. It is a theory which omits some of the important problems of ethics and deals sometimes rather superficially with the problems it touches. Yet it has the merit of opening what was practically a new line of inquiry in eighteenth-century thought. It looks for the origin of the moral judgment, not in an innate individual source of insight, but in social experience. The individual's moral consciousness with its judgments of approval and disapproval is a reflection, or a derivative, of the social consciousness; it grows through experience in society, and represents the demands of his fellow-men upon the individual. This theory, therefore, looks upon the individual not as an absolute and irreducible entity existing prior to social experience, but as a product of his social environment. It is true there are certain absolute elements that are supposed to exist in the individual, such as gratitude and resentment, pleasure and pain; but Smith's larger purpose in the *Moral Sentiments* is to show how these original passions develop into the moral consciousness through the working of sympathy in social experience. This was a relatively new line of thought for the eighteenth century. It is a noteworthy abandonment of facile abstractions in favor of a more concrete and positive method of inquiry. Obviously the theory of the social origin of the moral judgments goes far toward explaining the variations in moral standards that have taken place in the course of history. In one section of the *Moral Sentiments*, Adam Smith actually employs it for this purpose, and so points toward the same kind of treatment of ethics as Montesquieu had already given to laws, and as he himself had already employed with respect to economic phenomena in the historical passages of the *Wealth of Nations*. The point of view here presented in the *Moral Sentiments* and in the historical portions of the *Wealth of Nations* is an anticipation of the concrete historical outlook of the nineteenth century.

May I suggest also that this 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 which we found maintained in the *Wealth of Nations*?
These various forms of self-interested activity upon which the economic order depends, i.e., desire for place, and conveniences, and honor, are motives which have been instilled into the individual, partially at least, through his social experience. As a product of society the individual is necessarily interested in securing those ends of which his fellow-men approve; and we here have an internal principle of regulation and adaptation sufficient in time to bring about that general harmony between the interests of each and the interests of all which the *Wealth of Nations* posits. It might almost be said that the doctrine of sympathy is a necessary presupposition of the doctrine of the natural order expounded in the *Wealth of Nations*. At least it seems quite probable that Adam Smith had this earlier theory in mind as a covering for the naked economic individualism which he expounds in the later work, and that it furnished him with an additional reason for believing in the absolute value of individual liberty. It is because the individual is in his very nature socialized, a product of the social environment, that he can in general be left without external interference to act in accordance with the demands of his individual nature.

Thus we arrive, by way of the *Moral Sentiments*, at a deeper understanding of that individualism which is presented in the economic liberalism and laissez faire of the *Wealth of Nations*. It was an ethical, and not merely an economic, individualism which Adam Smith held up as an ideal. The apocryphal personage mentioned at the beginning of my lecture who is supposed to have read the *Wealth of Nations* in its entirety—may his tribe increase!—could testify that Adam Smith looks at the economic prosperity of a nation in the broadest way possible; he sees its causes in human nature and in history, its effects, beneficial or otherwise, upon the individual and the society; and he by no means regards it as the supreme concern, either of moral philosophy or of human endeavor. But he was too canny to despise wealth, too wise not to recognize that the new era of material enterprise has possibilities for the advancement and perfecting of the human species which no other period ever possessed. Perhaps he was not sufficiently alive to other less glow-
ing possibilities of the present age, but I am inclined to think that the effective moral philosophy of the future will be that which accepts, with Adam Smith, the material resources of the modern world, and the human traits which have created it, and attempts to determine under these conditions "wherein consists the happiness and perfection of a man, not only as an individual, but as a member of a family, of a state, and of the great society of mankind."

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