Smith after Samuelson:
Care and Harm in a Socially Entangled World

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The problem of separate spheres

Julie Nelson urges us to rethink the economy-as-machine metaphor and the related notion of commerce and care as separate spheres: the “harsh, depersonalized, masculine” iron cage of commerce as distinct from the “ethical, caring-laden . . . non-monetized family and community relations” (2018, 43-44). This narrow, mechanistic framing of economic life is often traced to Adam Smith whose two great works, The Nature and Causes of the Wealth of Nations (WN) and The Theory of Moral Sentiments (TMS), are understood as paradigmatic treatments of commerce and care as distinct modes of social provisioning:

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Moreover, economics textbooks since Paul Samuelson’s Principles of Economics (1948) have identified Smith’s “invisible hand theory” with neoclassical models of perfect competition, depicting Smith as a Newtonian free-market idealist who saw market-based economies as harmony-generating machines, fueled by atomistic self-interest (Milgate 2009).
My goal in this short essay is to show that Smith’s work provides fruitful resources for the project Nelson proposes, namely: to analyze the complex intersectionality of commerce and care and to deconstruct the gendered dualisms through which we understand and enact different forms of social provisioning so that we – as social scientists, educators, and citizens – are better able to recognize and support “the real-world qualities that make humans work and care and organizations run” (Nelson 2018: 186) and to advance “the pragmatic and challenging project of making real-world economies work for human benefit” *(ibid.*: 200).

Drawing from my own previous work (Garnett 2016, 2014) and from the extensive body of contemporary Smith scholarship in which *TMS* and *WN* are interpreted as complementary parts of a single intellectual project (particularly Boulding [1965] 1974, 1969; Muller 1993; Young 1997; Otteson 2002; McCloskey 2006, 2010; Montes 2004, 2008; Hanley 2009; Forman 2010; Sen 2010; Bowles and Gintis 2011; Klein 2012; and Smith 2012, 2013), I argue that Adam Smith’s moral philosophy offers a compelling social economics alternative to the mechanistic invisible hand theory of textbook economics. In particular, I call attention to the underappreciated economic significance of *TMS* and the ways in which *TMS* and *WN* jointly illuminate the humane potentialities and enduring pathologies of commercial society in a world riven by structural inequalities, ethnocentrism, factionalism, elitism, and corruption.

**The Samuelsonian invisible hand model**

In the first edition of *Principles*, Samuelson introduces “the mystical principle of the ‘invisible hand’,” the proclamation of “Adam Smith, the canny Scot . . . that each individual in pursuing
only his own selfish good was led, as if by an invisible hand, to achieve the best good of all” (Samuelson 1948: 36). The economic logic underlying this claim is detailed in subsequent discussions of pricing and resource allocation under perfect competition, showing the conditions under which the free play of self-interest and competitive price determination serve to maximize social welfare.

**Figure 1**

*Price Determination and Individual Supply and Demand Decisions under Perfect Competition*

Though analytically a special case that serves to highlight multiple ways in which real-world markets fall short of the perfectly competitive ideal (Hahn 1973), the “invisible hand” model nonetheless conveys an ideologically potent, normative vision of economic life (see Figure 1) in which each agent is assumed to exist in an ethical vacuum, interacting only with a faceless market, exerting influence upon no one in particular. Ethical responsibility vanishes and self-interest becomes wholly atomistic as the number of buyers and sellers approaches infinity. Individual buyers and sellers harm no one and serve only themselves.

**Smith after Samuelson**

To show the salience of Smith’s writings to contemporary understandings of the social provisioning process, I focus on four underappreciated features of Smith’s moral philosophy: (1) self-love as socially entangled self-approval; (2) exchange as socially entangled bargaining and learning; (3) assistance and harm as normal byproducts of duty, sympathy, and beneficence; and (4) commercial society as a hybrid web of cooperation (a social division of labor and responsibility, pecuniary and non-pecuniary) in which self-love both enables and undermines the achievement of a “flourishing and happy” society.

**Self-love**

In chapter 2 of *WN*, Smith famously writes:

> 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 (*WN* I.ii.2: 26-27).
Though tempting to read as a ringing affirmation of Samuelsonian self-interest, Smith’s concept of self-love and his juxtaposition of the power of self-love to the weakness of benevolence are richer and more innovative than they appear. Smith deftly avoids the standard dualism of selfish and selfless motivations. He rejects the Mandevillean presumption of “licentious” self-interest as well as the ideal of “pure and disinterested benevolence” advocated by his teacher, Frances Hutcheson. Self-love for Smith is the pursuit of a judicious balance between one’s own interests and the interests of others, guided by the virtues of prudence, beneficence, justice, and self-command. He calls it self-love because its ultimate aim is self-approval, the approval of one’s own “socialized conscience” (Forman 2010: 16; Brown 1994: 94-95).

Smithian self-love is a socially entangled pursuit, shaped by the norms conveyed to us as we are socialized in particular cultural contexts – norms that cumulatively define what Smith calls “the character of virtue”: “the tone of temper, and tenour of conduct, which constitutes the excellent and praise-worthy character, the character which is the natural object of esteem, honour, and approbation” (TMS VII.1.2: 265). Though Hutcheson would deem self-approval a morally vain pursuit, Smith contends that “The desire of doing what is honourable and noble, of rendering ourselves the proper objects of esteem and approbation, cannot with any propriety be called vanity” (TMS VII.ii.4.8: 309). Indeed, Smith argues, “this regard to the approbation of our own minds is . . . the sole motive which deserves the appellation of virtuous” (TMS VII.ii.3.10: 303).
Exchange

How do we learn the art of self-love? How do we discover our own interests and concerns? How do we become aware of our interdependence with others and the circumstances under which we are obliged to “sacrifice [our] own interests to the greater interests of others” (TMS III.iii.4: 137)? Smith’s answers to these questions (in WN and across the six editions of TMS) point to the deep and underappreciated symmetry between the processes of exchange Smith theorizes in his two classic works: the market process of WN and the impartial spectator process of TMS (Young 1997; Garnett 2016).

To see the aptness of this parallel, recall that in both books Smith emphasizes persuasion or “bartering” as “the practise of every man in the most ordinary affairs” (LJA vi.56:352) in view of the thoroughgoing interdependence of all persons in a commercial society – the fact that “[a]ll the members . . . stand in need of each others assistance” (TMS II.ii.3.1:85), that each individual “stands at all times in need of the cooperation and assistance of great multitudes, while his whole life is scarce sufficient to gain the friendship of a few persons” (WN I.ii.2: 26). In WN, exchange is the principal means of securing cooperation and assistance in the form of other people’s labor. Smith advises traders that they will be “more likely to prevail” if they can appeal to their trading partner’s self-love, to “shew them that it is for their own advantage to do for him what he requires of them” (WN I.ii.2: 26).

In TMS, Smith theorizes a different yet analogous process of securing other people’s assistance: the process of bidding for sympathy, a means of connecting ourselves to others despite the fact
that no person can ever truly know the lifeworld of another. Without using the term exchange, Smith develops a two-stage analysis of “bidding for sympathy.” In the simplest case of two persons, sympathy is negotiated between Person A and Person B via a bargaining process. If Person A is unable to obtain the sympathy she seeks from Person B, she can modify her bid (adjust her “pitch”) until she and her interlocutor reach an agreeable “concord” (TMS I.1.4.8: 22). Building upon the logic of interpersonal exchange, Smith argues that we engage in a similar bargaining process when we seek the sympathy/approval of our own conscience, though in this case we bargain not with another person but with a notional third party, “an impartial spectator” (TMS I.1.5.4: 24). In his words: “We endeavour to examine our own conduct as we imagine any other fair and impartial spectator would examine it. If, upon placing ourselves in his situation, we thoroughly enter into all the passions and motives which influenced it, we approve of it, by sympathy with the approbation of this supposed equitable judge. If otherwise, we enter into his disapprobation, and condemn it (TMS III.1.2: 110).”

Smith’s market process and impartial spectator process are forms of exchange in the broadest sense: processes of bargaining and persuasion through which people gain knowledge about their own interests and how to coordinate their actions with the actions and interests of others. As such they share several common features: (1) both convey impersonal feedback to individuals, positive or negative, based on prevailing social norms: profit/loss feedback based on normal (natural) prices in WN and applause/censure from one’s inner judge based on norms of propriety and merit in TMS; (2) both enable the individual to “[view] himself in the light in which he is conscious that others will view him” (TMS II.i.2.1: 83); and (3) both convey social
norms that are themselves subject to ceaseless pressures for change as individuals continually decide whether or not to accept the prevailing norms, e.g., the exercise of individual judgments of “what, in particular instances, our moral faculties, our natural sense of merit and propriety, approve, or disapprove of” (TMS III.4.8:159). To underscore the importance of (3): Smith was deeply aware of the ways in which prevailing social norms propagate hierarchies, divisions, and injustices, e.g., the normalization of infanticide in ancient Greece, “even among the polite and civilized Athenians” (TMS V.ii.15: 210, cited in Forman 2010: 245). The best hopes for modifying or eradicating these pernicious norms, in his view, are substantive freedom, particularly basic education, to enable citizens to exercise their own judgement and conscience (Fleischacker 1999), to make them “less liable . . . to the delusions of enthusiasm and superstition . . . [and] more disposed to examine, and more capable of seeing through, the interested complaints of faction and sedition” (WN V.i.f.61: 788), and competitive rivalry, in this case rivalry among contending social norms and perspectives, as people judge, “in particular instances,” what their “natural senses of merit and propriety, approve, or disapprove of” and thus collectively affirm, overturn, or modify a particular norm (TMS III.4.8: 159).

Assistance and harm

Assistance prompted by a sense of duty

One implication of the argument to this point: If Smith’s impartial spectator process is truly analogous to a market, then it should be capable of conveying knowledge and incentives to elicit the provision of assistance to distant others, beyond one’s intimate sphere (Hayek 1945). Smith offers precisely such an illustration in his well-known parable of the Chinese earthquake
(TMS III.3.4:136-137). Smith asks us to imagine “that the great empire of China, with all its myriads of inhabitants, was suddenly swallowed up by an earthquake,” then asks how a “man of humanity in Europe” might respond to the disaster under two sets of circumstances.

In the first case, Smith assumes that the man has “no sort of connexion with that part of the world,” not even a visual image of the earthquake victims. Under these circumstances, the man would find “the destruction of that immense multitude . . . an object less interesting to him than [a] paltry misfortune of his own.” The man would “snore with the most profound security over the ruin of a hundred millions of his brethren,” though he would be unable to sleep at all “[i]f he was to lose his little finger tomorrow.” In the second case, Smith again assumes that the man has no prior connexion to China and no visual image of the victims but stipulates that the man could potentially prevent the disaster by sacrificing his little finger. Under these circumstances, Smith argues that the “man of humanity” who would otherwise be indifferent to the distant strangers’ fate would now be willing to sacrifice his own finger to spare their lives. “[W]hat makes this difference?” Smith asks. In view of our natural self-centeredness (“always so much more deeply affected by whatever concerns ourselves than by whatever concerns other men”), “what is it which prompts the generous, upon all occasions, and the mean upon many, to sacrifice their own interests to the greater interests of others?”

Smith’s answer is compelling: What inspires the sense of duty in this case is not benevolence but self-love: “not the love of our neighbor,” “not the love of mankind,” but “a stronger love . . . the love of what is honourable and noble, of the grandeur, and dignity, and superiority of our
own characters” (TMS III.3.4: 137). In other words, the difference between the two cases is not
the man’s character (selfish in 1, benevolent in 2) but the price of self-approval: the price he
must pay (the sacrifice he must incur) in order to earn the approval of his impartial spectator.

In case 1, when the actor is powerless to prevent or ameliorate the distant strangers’ suffering,
the man’s detached response (brief lamentations, peaceful slumber) is understandable, even
ethically defensible, in Smith’s view. “That we should be but little interested . . . in the fortune
of those whom we can neither serve nor hurt, and who are in every respect so very remote
from us, seems wisely ordered by Nature; and if it were possible to alter in this respect the
original constitution of our frame, we could yet gain nothing by the change” (TMS III.3.9: 140).
In case 2, however, once the man discovers his influence over the welfare of the distant
Chinese, he is called to make a personal sacrifice – large to him yet acceptable and necessary in
the eyes of a fair and equitable third party. “When the happiness or misery of others depends
in any respect upon our conduct, we dare not, as self-love might suggest to us, prefer the
interest of one to that of many. The man within immediately calls to us, that we value ourselves
too much and other people too little, and that, by doing so, we render ourselves the proper
object of the contempt and indignation of our brethren” (TMS III.3.5: 137). Hence even in the
absence of personal ties, the quest for self-approbation can potentially nudge us toward win-
win compromises between our interests and the interests of others.
From pure duty to beneficence

Smith’s parable of the Chinese earthquake presents a case of pure duty in which the call to action is essentially mercenary: performed for a price. He carefully excludes other possible motivations, stipulating that the man in Europe “never saw” the would-be victims and had “no connection to that part of world,” hence no bonds of familiarity, fellow-feeling, or gratitude with the imperiled strangers. The man’s only connection to his distant brethren was his ability to prevent the disaster by sacrificing his finger.

Elsewhere in *TMS*, Smith identifies a host of motivating entanglements – including but not limited to “perceived influence over the well-being of others” – that might inspire individuals to give attention and assistance to persons beyond their own intimate circles, including gratitude and reciprocity, e.g., extending beneficence to persons “whose beneficence we have ourselves already experienced” (*TMS* VI.ii.19: 225) and sympathy-based identification or fellow feeling, of two broad types: (1) persons “distinguished by their extraordinary situation; the greatly fortunate and the greatly unfortunate, the rich and the powerful, the poor and the wretched” (*TMS* VI.ii.1.19: 225); and (2) persons “who most resemble ourselves” (LJA iii.109:184), with whom we share a common identity via shared bonds of admiration, nationality, ideology, ethnicity, race, gender, class, or other forms of affinity through which we recognize others as part of “us” (Young 1997: 72).
Duty, sympathy, and beneficence as precursors to harm

With regard to harm, Smith is keenly aware that the motives and capabilities which under certain circumstances are conducive to social cooperation will under other circumstances become engines of corruption, factionalism, national prejudice, and other forms of division and delusion that undercut cooperation (Levy and Peart 2009). Social interdependence in Smith’s view portends extensive care and harm, as “[a]ll the members of human society stand in need of each others assistance, and are likewise exposed to mutual injuries” (TMS II.iii.1: 85).

In WN, Smith notes multiple ways in which the pursuit of pecuniary advantage undermines the market process, giving rise to asymmetric information (manufacturing and trade secrets), collusion, legal monopolies, and other forms of competition-reducing “preference and restraint” (Tegos 2013, Muller 1993). Similarly in TMS, Smith calls attention to the ways in which “love of country” both expands and constricts the social range of sympathy and beneficence: fostering citizens’ identification with the nation and with fellow citizens while also fueling “national prejudice,” making the nation’s citizens more likely to view with “the most malignant jealousy and envy, the prosperity and aggrandisement of any other neighbouring nation.” While he laments that nations’ excellent achievements so often become objects of “prejudice or envy” rather than celebration and emulation, Smith regards “love of country” as an exemplary case of the partiality of self-love and the ways in which it fortifies and threatens cooperation in the “great society of mankind.”
Smith’s sober assessment of “love of country” is amplified in his *TMS* analysis of civil and ecclesiastical factions – groups of like-minded people joined by their mutual pursuit of sympathy who consider themselves to be at war with other factions. As human judgement is vulnerable to the “general contagion” of in-group norms, these war-like conflicts among rival parties, religions, or other groups turn factions into echo chambers, corrupting the corrective feedback loop (the impartial spectator process) that would otherwise signal the impropriety and injustice of their conduct. Smith writes:

The animosity of hostile factions, whether civil or ecclesiastical, is often still more furious than that of hostile nations; and their conduct towards one another is often still more atrocious. . . . The real, revered, and impartial spectator, therefore, is, upon no occasion, at a greater distance than amidst the violence and rage of contending parties. To them, it may be said, that such a spectator scarce exists anywhere in the universe. Even to the great Judge of the universe, they impute all their own prejudices, and often view that Divine Being as animated by all their own vindictive and implacable passions. Of all the corrupters of moral sentiments, therefore, faction and fanaticism have always been by far the greatest (*TMS* III.3.43: 155-156).

Smith identifies additional threats to the “voice and authority of conscience” in *TMS*, most notably elitism (“the disposition to admire, and almost to worship, the rich and the powerful, and to despise, or, at least, to neglect persons of poor and mean condition”), a tendency Smith describes as “the great and most universal cause of the corruption of our moral sentiments”
(TMS 1.iii.2.3: 61) and self-deceit (“delusions of self-love”), the ease with which we fool ourselves about the virtuousness of our actions, blinding us to the ways in which our actions are harmful to ourselves and to others (TMS III.4.1-6: 156-159). In all, Smith theorizes multiple ways in which the pursuit of self-love and the provision of corrective feedback from markets and from the socialized conscience of one’s impartial spectator are prone to diminish social cooperation or to induce or exacerbate harm.

Commercial society
Contrary to “separate spheres” interpretations of Smith’s writings (Viner 1972; Coase 1976; Hayek 1978; Boettke 2012) in which WN and TMS are seen as pertaining to two distinct modes of social cooperation (commerce and care, impersonal and personal, competition and community, strangers and familiars), I read Smith’s two great works as complementary analyses of a single object, what Smith called “commercial society.” Smith's commercial society is not just a market economy; it is a hybrid web of cooperation, a common pool of “mutual good offices,” including the “common stock” of labor he describes in WN from which “every man may purchase whatever part of the produce of other men's talents he has occasion for” (WN I.ii.5:30) and what he describes in TMS as the “common centre of mutual good offices” afforded from love, gratitude, friendship, and esteem (TMS II.ii.3.1:85).

In WN, Smith famously conceives the macro-level web of cooperation in a commercial society as a social division of labor. Central to his vision of commercial society are (1) the emergent nature of the social division of labor (Lewis 2011), as the “slow and gradual consequence” of
the human propensity to bargain and persuade and (2) the novel freedom and duty of individuals to discover and develop their own specialized roles within the larger collaborative process. In his discussion of commercial societies from pre-commercial societies in *WN*, Smith highlights the ideal of “free labor” in commercial societies, the freedom of “every man to apply himself to a particular occupation, and to cultivate and bring to perfection whatever talent or genius he may possess for that particular species of business” (*WN* I.II.3: 28), in contrast to the clan-based economies of the Scottish Highlands circa 1700 in which “every farmer must be butcher, baker and brewer for his own family” (*WN* I.iii.2: 31).

Smith offers a parallel view of non-pecuniary specialization in *TMS*, famously noting that “beneficence is always free” in a commercial society where the security afforded by “the authority of law” allows “descendants of the same family . . . [to] naturally separate and disperse, as interest or inclination may direct” (*TMS* VI.ii.1.13: 223), in contrast to the agrarian, clan-based society of the Highlands in which the persons recommended to one’s care were mostly blood relatives, with whom close association was “necessary for their common defence” (*TMS* VI.ii.1.12: 222). Smith never uses the term “division of beneficence,” yet his analysis *TMS* suggests precisely such a notion, as he emphasizes the freedom and duty of individuals to determine “the direction and employment of [their] very limited powers of beneficence” (*TMS* VI.ii.intro.2: 218).

Smith’s normative ideal, stated in both books, is a “flourishing and happy society,” a society characterized by (1) “universal opulence,” a common stock of labor sufficiently plentiful to
allow even “the lowest ranks of the people” to exchange their specialized labors for “the joint labour of a great multitude” (WN I.i.11: 22) in quantities sufficient to ensure that the “servants, labourers and workmen of different kinds [who] make up the far greater part of every great political society . . . [are] tolerably well fed, cloathed and lodged” (WN I.viii.36: 96); and (2) a society in which the “necessary assistance” required by each and all “is reciprocally afforded from love, from gratitude, from friendship, and esteem,” in contrast to a pure market economy – what Smith terms a “mercenary society” – in which cooperation is secured “as among different merchants, from a sense of [their] utility, without any mutual love or affection . . . a mercenary exchange of good offices according to an agreed valuation” (TMS II.ii.3.2:86).

Smith two great works provide a visionary argument for the possibility of a flourishing and happy commercial society as well as a host of reasons why real-world commercial societies will forever fall short of this utopian ideal. Smith’s big idea, expressed in his hopeful premise that “the interest of the great society of mankind [is] best promoted by directing the principal attention of each individual to that particular portion of it, which was most within the sphere both of his abilities and of his understanding” (TMS VI.ii.2.4: 229), is that despite “the weakness of [our] powers and the narrowness of [our] comprehension,” humans are capable of extensive cooperation beyond the limits of tribe and clan (TMS VI.ii.3.6: 237). On the “separate spheres” interpretation of Smith’s work, he is cast as a free-marketeer who sees markets as the best and only means of social provisioning beyond the intimate sphere of family and friends (Coase 1976; Hayek 1978). Yet these standard interpretations miss Smith’s innovative and expansive analysis of specialization. His parallel discussions of pecuniary specialization in WN and non-
pecuniary specialization in TMS suggest a potent reconceptualization of each person’s economic domain or oikos as neither a physical space (a house or household) nor simply a commodity space but a moral-economic space, the set of commercial and moral objects that comprise each person’s unique sphere of understanding, concern, influence, and duty.

In his classic 1971 paper, “After Samuelson, Do We Still Need Adam Smith?”, Kenneth Boulding answers his own question with a resounding yes, not because Smith’s texts are holy scriptures that contain ineffable truth but because they are still alive in an evolutionary sense, still capable of generating insights that challenge and complement present-day economic thought (Boulding 1971). Social economists have much to contribute to 21st-century articulations and critiques of Smith’s project, not least its systematic inattention to gender, as we proceed to craft equitable, humane alternatives to the Samuelsonian economic machine.

References


