

SMITH, ETHICS, AND LIBERAL MARKET ORDERS*

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Abstract: In this article I explore the relationship between ethics and liberal market orders in Adam Smith's *Theory of Moral Sentiments and Wealth of Nations*. I find that the link between these two works is a non-ideological one, in that one cannot infer a particular economic or political program from an understanding of his ethics alone. Smith does not expect ethics, politics and economics to converge in a neat ideological package nor, I argue, does he expect one to completely rule over the others.

In every age and country of the world men must have attended to the characters, designs, and actions of one another and many reputable rules and maxims for the conduct of human life, must have been laid down and approved of by common consent...The science which pretends to investigate and explain those connecting principles, is what is properly called moral philosophy.

Adam Smith¹

It is fashionable these days for liberals to repair to Adam Smith when they want to discuss the ethics of the market or defend liberal values. Smith did, after all, write a work on ethics and placed ethics more centrally in his system than he did economics.¹ But Smith's attitude towards ethics is not without interpretative difficulties, nor is it the most prominent one in historical defenses of liberalism. With respect to the latter issue, Smith seems to have, for example, very little use for the doctrine of natural rights. Natural rights, at least in its

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Lockean formulations, have been one of the most common and successful defenses of such liberal values as property rights and limited government. It is certainly not obvious that an ethics of sentiment and sympathy such as Smith's can get as hard edged conclusions in favor of liberal values as can Lockean natural rights. No doubt this is the reason that defenders of classical liberal or libertarian political perspectives prefer the language of individual rights to that of sentiment and sympathy. It is thus interesting that the name most associated with free markets and liberal social orders, namely Adam Smith, has one of the least utilized ethical theories in defense of it.

Historically there has been a question of whether Smith's *Theory of Moral Sentiments* and his *Wealth of Nations* contradicted each other in some fundamental way. This issue came to be known as "das Adam Smith Problem." Scholars today reject the idea that the two works are in fundamental conflict, but saying that does not yet clarify their relationship. For example, a typical understanding, especially among economists and classical liberals generally, has been something like the following:

Smith believed in relatively free markets.

He also had an ethical theory.

Therefore, we should read his ethical theory in light of his advocacy of free markets.

Today almost the opposite is occurring among scholars. Now the argument goes something like the following:

Smith had an ethical theory which was of primary importance to him.

He also wrote about how markets work.

Therefore, we should interpret his understanding of markets in light of his ethical theory.

In this latter way of looking at things, Smith's ethics is the check upon any ideological reading of his economics.³ It is what his economics must be understood in light of, and not the reverse. Neither one of these approaches

requires that one accept the idea of a fundamental conflict between Smith's two major works, but they are surely rather different approaches nonetheless to their relationship.

Even if that relationship were completely clear in Smith, it would still be possible to ask more generally about the relationship between ethics and liberal market orders. We thus have the general question of the relationship between the two and the specific question of their relationship in Adam Smith. In the latter case, my answer is that the link between TMS and WN is a non-ideological one; and I would further hold that the link between ethics and politics is also generally non-ideological. By "ideological" I mean something like an integrated pattern of assertions or conclusions that envision a certain sociopolitical program. Smith's ethics is thus non-ideological in that one cannot infer a particular political program, including Smith's own, from an understanding of his ethics alone.⁴ Thus although I do not believe that Smith saw his two works as being incompatible, or that the theories of one book can be ignored as one examines the other, I also do not believe he saw one of them (e.g., WN) to be a function of the other (e.g., TMS). Instead, there are distinct forces at work when one examines political economy than when one examines ethics, and while ultimately inseparable and mutually influential, these forces have their own distinctive properties and thus their own distinctive demands. Smith does not expect these forces to congeal in a neat ideological package nor, I would argue, does he expect one to completely rule over the other.

At the more general level, it is tempting these days to believe that a given approach to ethical theory will lead one inexorably to certain political conclusions. Perhaps this is because public discourse is often about what ought to be done. We tend, therefore, to hold that the first step is to fix our normative conclusions and then go from there to decide how the social/political order can be arranged in light of those conclusions. This approach, however, was not Smith's, nor is it a necessary feature of adopting an ethical orientation *per se*. We are neither compelled to reason from normative conclusions to certain political programs, nor are we compelled to hold that one approach to ethics is more or less likely to arrive at a given set of political conclusions than another. This point is especially true of liberalism. As we shall see, there

are multiple dimensions through which one can approach ethics, no one of which is decisive when it comes to giving ethical support for a liberal market order.⁵ It is possible, however, that the reverse holds, namely, that liberalism poses some special problems for ethics that perhaps another ideology may not. For some people such problems may be sufficient in themselves to dismiss liberalism as being deeply irreconcilable with ethics. I want instead to suggest that liberalism may have something important to consider when thinking about the relationship between ethics and politics and that Adam Smith himself reflects this very importance in his own work. Indeed, I want to suggest that Smith's significant understanding of both ethics and markets would lead him to some form of liberalism, but not because one of these areas was implied by the other.

Ironically, we can see the non-ideological aspects of both Smithean ethics and ethics generally by engaging in a thought experiment that holds a given ideology constant. The experiment is to adopt a political ideology, in this case the classical liberal one, and then look to see how differing approaches to ethics fare in defending it. The advantage of holding a given ideology constant is that it highlights more clearly just where ethical influences are likely to be strongest and weakest in buttressing the liberal ideology. In addition, by adopting classical liberalism as our ideology, we may be able to put to rest the notion that this particular ideology either requires amorality or is consistent with only one approach to morality. Finally, by holding the classical liberal ideology as a constant both in general and with Adam Smith in particular, we can avoid debates about just how classical liberal Smith may be and concentrate instead on the complexity of his ethical theorizing.⁶ So our most general question is this: given a commitment to classical liberalism, what are the strengths and weakness of various ethical frameworks when it comes to drawing classical liberal political conclusions? Our insights into this question will later help us examine the ways in which ethics and classical liberalism may relate to each other in Adam Smith.

Ethics and the Market Order

The issue of the relationship between ethics and a liberal market order is really an issue that can be divided into two questions. The first is the one just mentioned and the one we shall deal with presently. The second is equally interesting but one which only gets partial treatment through our discussion of Smith later on. In summary terms this second question revolves around the “visible hand” of ethics versus the “invisible hand” of the market. The question might be framed as follows: in what way can it be said that self-regulating and spontaneously ordered markets in any way depend upon or utilize ethics? Does it even make sense to speak of ethics in a system that is spontaneously produced and self-regulating? Traditional ethical theory would have looked at the issue of social coordination in terms of applying to society some well-defined norms of conduct. Liberal orders, by contrast, rely upon system incentives and the concatenation of interests to produce order in society. That is why markets work. It is not through some authoritative norm that people are brought together, but what is conducive to their mutual interests, as they themselves understand them under a system of “side constraints.” We might ask about what justifies the side constraints. Yet even if we solve the problem of justifying the side constraints that should apply, the fact that those constraints do not appeal to particular interests, incentives, or consequences, raises the question of how they motivate real actors?⁷ Will we not have to be very *unliberal* and impose them on people, or at least require that people have split motivations in their conduct (some motives based upon interests, others based upon self-conscious adoption of rules)?

We know that in any social order we cannot allow people to do *whatever* may interest them; yet as numerous critics of liberal orders have pointed out, where does the habit of following these other sorts of norms come from in an environment where interest alone is central?⁸ Will it not be more likely the case that in liberal orders the side constraints will themselves be subject to the interests of social actors and transformed accordingly? For whatever the side constraints may be, they would seem to only remain such so long as they serve the interests of the people to whom they apply. At some point,

however, the liberal values exhibited through the side constraints would have to be immune from the influence of interest, if they are to be regulatory of their interests; or, if not immune from interests, some of those interests would have to be transfigured in such a way as to be *defined by* the values exhibited through the side constraints. There is quite a difference, and distance, between adhering to rules because they are in one's interest on the one hand and seeing at least some of one's interests in terms of the rules themselves on the other. Something like the latter perspective would seem to be necessary for a stable and continuing liberal order, yet such seems nowhere encouraged by that very same interest centered order. Indeed, so the argument goes, to actually succeed in making liberal values regulative of interests would require a completely different *communitarian* mind-set.⁹ In this respect, critics of the market are eager to predict these side constraints will not in fact remain unaltered by the interests they regulate. If they do, it will be in spite of the liberal order, not because of it.

One might hold that market orders and ethics are in some significant way connected, because markets encourage certain moral values such as thrift, honesty, trust, and promise keeping. But are these values the result of market forces or *ex ante* values necessary for markets to function? Are the values of the market adhered to because it is in the interest of the agents to keep them or because what those agents regard to be in their interest is defined in terms of the values? Finally, we can ask what the relationship may be between any answers given to these questions about the internal relationship of markets and ethics and then to the overall ethical defense of liberal market orders themselves? On the face of it, they seem to be logically unrelated issues.

With reference to this last point, ethical defenses of market orders seem separated from actual market conduct. If we defend the market order as a system, we have not yet begun a conversation about how ethical norms function in the practice of market agents. In other words, a gap seems to exist between this sort of abstract ethical theorizing about a social order and what might be applicable to norms and practices within the orders themselves as indicated by our previous sets of questions. Our intuitions tell us that the two areas ought to match up in some way. That is to say, the sorts of ethical

principles that legitimize the liberal market order ought to somehow be found operating within that order. We may believe that if they do not the possibility exists for an order which is defensible in general to house indefensible actions, or at least actions which are independent of the justification of that order itself. But as we just noted, if markets are spontaneously ordered and grounded in interest, and ethical conduct is self-consciously ordered based upon principle, then would not an ethical defense of liberal market orders be a defense of conduct that pays little or no attention to the essential characteristics of ethical behavior? There would consequently be a kind of nagging schizophrenia between ethics and practice, since the two would be so unlike each other in their basic nature. For the overall ethical defense, even if consequentially oriented, would still be measuring appropriateness of practice in terms of some principle (e.g., greatest good for the greatest numbers) whereas the conduct within the system itself need have no such reference on the part of individual actors.

Asking the foregoing questions is enough in itself to suggest some kind of possible tension between ethics and market orders. That tension tends to invite two basic kinds of responses: the first is to lessen the visible hand of ethics and discuss all conduct either as a function of, or as reducible to, market processes. The other approach is to lessen the invisible hand and govern conduct by means of ethical rules or principles. The latter might be compatible with a kind of “permissions” approach where conduct that does not in itself qualify as ethical is allowed but only because ethics permits it. I have discussed these two approaches elsewhere with respect to thinkers sympathetic to classical liberalism (Den Uyl, 2009), and there are other possible approaches.¹⁰ Indeed, I shall speculate later that Smith may just be a thinker offering an approach that neither reduces ethics to market behavior nor wishes market behavior to be the handmaiden of ethics. In general, however, leaning towards either the visible or invisible hand response does seem natural when faced with a possible tension between the two modalities surrounding ethics and markets. This point seems to be worth making at this stage, because the standard ideological battle is often framed as one between those advocating invisible hands and those in favor of hands more visibly active.

Returning to our first question, we can begin by asking whether the match between ethics and classical liberal ideology might itself depend upon how one sees the nature of ethics. I am not asking here about the kinds of ethical theory, such as “virtue ethics,” or “deontology”, or “consequentialism.” Prior to the development of these formal theories it is possible to ask whether there are different orientations to what ethical theories are trying to control for and how that might affect compatibility with market liberalism. In looking over the history of ethical thought, I have arrived at the following matrix. The purpose of the matrix is not to lock thinkers into categories, but to find some basic dimensions for understanding the way ethics has been used or understood and to have that as a tool for considering the kinds of questions about the relationship between markets and ethics we have been raising here.¹¹

Graphic I. Approaches to Ethics

	1. Ethics of Command	2. Ethics of Conduct
a) Agent Morality	1.a) Command Agent (Kant)	2.a) Conduct Agent (Aristotle, Aquinas)
b) Action Morality	1.b) Command Action (Burke, Calvin)	2.b) Conduct Action (Hume, Smith, Mill, Hayek)

Ethics of Command: Its principles are formulated independently of the actual preferences or purposes of the agent, with the goal of ordering, defining or removing those preferences and purposes in accordance with the rules or duties dictated by a given theory’s ultimate source of moral obligation.

Ethics of Conduct: Its principles are formulated to work in conjunction with an agent’s preferences or purposes, such that they enhance, modify or orient them towards practices that are in some significant way in accord with the preferences or purposes upon which they were ultimately based.

Agent Morality: a practice whose object is the production of some condition of the agent.

Action Morality: a practice whose object is a right or good action.

As one can see from the foregoing, the basic division between an Ethics of Command and an Ethics of Conduct has to do with whether one primarily sees ethics as a way of controlling self and others or as a guide to successful living. Considerations of these two main approaches to the purpose of ethics leads one to concentrate in achieving that purpose either upon the actions of people or upon their states of agency. The matrix thus allows us to have four combinations, and I have located some possible examples of each combination in each box. In discussing each combination briefly in turn below, I will concentrate on the relationship between that combination and its ease in facilitating a defense of liberalism. I can state the results, however, before we begin: while it might be arguable which combination is the best approach as a defense of liberalism, it turns out that all of these approaches can be, and have been, used to defend liberalism!

The Conduct/Action Quadrant

The Conduct/Action quadrant illustrated in Graphic I.2.b) above might be regarded as the traditional home of liberalism. In general it seeks to have ethical norms give guidance to persons based upon their actual dispositions and preferences in such a way that those dispositions and preferences come to benefit the agent(s). In this particular quadrant the focus is upon what people actually will be doing with less emphasis given to their intentions or characters. The empirical orientation of the quadrant makes it a natural home for those inclined towards the social sciences, and this would thus be where the traditional reading of Smith by economists would likely fall. Our purpose here is not to reform behavior but to understand it and then use that understanding to improve well-being. With respect to liberalism, this quadrant has the advantage of being realistic and thus grounded in ways people actually act and value. As a consequence this quadrant would tend to be highly skeptical of any form of political enthusiasm or grand schemes for social management, for such schemes would be more about what people ought to value rather than what they do value. In that alone there would be a tendency towards liberalism, since the non-reformist impulse to let people follow their

preferences provided doing so imposes no great cost on others would be dominant. The main disadvantage of this approach to defending liberalism is the same as its virtue: one is not likely to get very hard edged principles to use against alternative ideologies, because hard edged principles themselves are in tension with this approach. That may appear to be a good thing, except that this quadrant is not very encouraging of idealism of any sort, including liberal idealism, and thus it has a hard time countering the enthusiasms of other ideologies, including those contrary to liberalism.

The Command/Agent quadrant

Directly in contrast to the conduct/agent quadrant is the Command/Agent quadrant located at I.I.a). Kant, at least upon many standard readings, would be a representative of this quadrant. Needless to say, Kant was a thorough going liberal, and thus this quadrant needs to be included in the possible frameworks within which a liberal ideology might be defended. As a general matter, the purpose of ethics here is to reform or manage the actions and intentions of agents according to clearly defined rules derived from reason. As Kant notes, ethics is essentially legislative in nature. Because this is an agent morality, the object in the end, then, is to get the agent's desires and intentions to incorporate the moral rules as integral components of the agent's own projects or decisions. Outward behavioral conformity may have practical uses but is not sufficient to qualify as either ethical conduct or as a defense of the practices themselves. Regarding liberalism, this quadrant has the advantage of offering uncompromising principles. If one can arrive at principles that support a liberal ideology, they will not only be firm and clear but will be defending the liberal order because it is right and not for its consequences. This orientation gives it a powerful counter to the idealism of conflicting ideologies. The "flexibility" found in the conduct/action quadrant will not be found here, which has the benefit of offering the possibility of a liberal idealism and thus more of an anchor to the ideology. By the same token, because consequences are not very decisive when it comes to making any kind of ethically justificatory

case, this quadrant has the tendency to distance itself from practice and to homogenize interests to better fit with its universalist conclusions. Some might argue that these tendencies in this approach are essentially illiberal in spirit.

The Command/Action Quadrant

The Command/Action quadrant (I.1.b) neither seeks to reform people towards adherence to some set of right principles nor is it in search of strategies for enhancing benefits. Rather, it measures ethical value by conformity to authoritative norms. These norms may be cultural or social in origin, such as what one might find in evolved standards of conduct in a given society, or the norms might derive from “transcendent” sources such as one might find in religious circles. These norms are not adhered to because they are somehow right, as in the command/agent quadrant, but right because they are adhered to. Moreover, they are the sorts of norms that easily trump proposals for more “beneficial” forms of conduct or organization. As a consequence, there is a “conservative” bias to this quadrant and one reason I listed Burke as a possible example of it. The advantage of that bias for liberalism is that if the culture is a liberal one, the commitment to liberal values can be generally robust. Of course, if the culture is not inclined to be liberal, the case to be made for a liberal ideology is that much harder to establish. In other respects, the advantages and disadvantages of this quadrant are similar to that of its sister quadrant of conduct/action.

The Conduct/Agent quadrant

We come finally to the Conduct/Agent quadrant (I.2.b). This has traditionally been the least utilized quadrant in defense of liberalism, so no obvious liberals are mentioned by way of example.¹² This approach has been least utilized by liberals perhaps because it defines ethical value neither in terms of benefits nor in terms of the adherence to principle per se, but in terms of the agent’s well-being understood as conformity to one’s nature. In this regard, the

problem of agent flourishing may call upon factors that make little reference to social/political principles (such as certain virtues) or which see liberal values as too minimalistic for an ethic of human flourishing and thus may find liberal ideology as too barren and absent of ennobling principles. Because this quadrant appeals to human nature, it shares some of the realism of the conduct/action quadrant. Yet for that very reason, it is also not strictly empirical and thus may share the principled orientation found in the command/agent quadrant. Consequently, whatever political principles it may support, they will take seriously appeals to consequences without being exactly defined by them. That is, an appeal to nature cannot ignore the role of consequences or empirical evidence, but it is more likely to depend on distinguishing the essential from the accidental, something an empirical approach alone has difficulty doing. Thus if liberalism could find a home here, there might be a harder edge to its conclusions than one might find in the lower half of the quadrants. One could appeal to nature in making a defense of something and not be as disturbed by fluctuations of the empirical order that may sometimes appear contrary to that defense. By the same token, this quadrant would not be as impervious to appeals to consequences as would its sister quadrant in the upper left corner. The disadvantages of this quadrant are first that some may regard any principles it derives as still being too soft to give a bright line defense of liberalism, because any conclusion is in principle subject to empirical qualification. Secondly, the appeal to human nature may be regarded as dependent upon an outmoded anthropology or ontology. Still if one could show a way for liberal orders to be highly compatible with an ethic of human flourishing, this quadrant could be a powerful basis upon which to rest liberalism.

It may be that if our question is how best to defend the liberal order from an ethical perspective, the traditional quadrants of the bottom right and upper left are still our best choices. They, after all, have the advantage of well worked out theories in defense of liberal political orders. However, liberalism can be and has been defended from the position of any and all of these quadrants. Moreover, each of them has also served as a framework for criticizing liberalism. If that is true, then we have gone some distance towards

supporting our thesis that the relationship between ethics and political orders is a non-ideological one. By positioning oneself in any of these quadrants one is not led inexorably to certain ideological conclusions. And by adopting a given ideology, one is not ipso facto placed in one of these quadrants. There is, in short, no substitute for the hard work that must be done in flushing out an ethical theory and then examining its relationship to social and political alternatives. We shall leave aside for the moment the question of whether one can position oneself in more than one of these quadrants simultaneously.¹³ The key point is that when one adopts the framework of one of these quadrants, one will not only have to judge for oneself the value of the various ethical conclusions and arguments within that framework, but also how those may be utilized in support of a given political ideology. Further, one will have to try to incorporate, or at least account for, the strengths of the other quadrants and the weaknesses within one's own.

This myriad of tasks suggests that we should resist the natural temptation to move immediately from our favored ethical principles to a social/political program. That very Smithean point, as we shall see momentarily, may bias the discussion towards liberalism; but such biases are part of what must be factored into the debate about any presumed connections between ethics and ideology. In any case, liberalism cannot be called to account because it somehow approaches ethics in the wrong way or because it is inherently uninterested in ethics. Liberalism's possibilities for connection to a variety of ethical frameworks are as good as that of any political program. Whether it carries through on the details of drawing those connections depends a good deal on the insights of its defenders, to which one of whom we now turn.

Das Problem with Adam Smith

We might have tried to answer our original general question about which ethical framework best supports classical liberalism by simply repairing to Adam Smith, seeing what he had to say about the connection between ethics and his advocacy of a "system of natural liberty" and be done with the matter.

However, starting with classical liberalism in Smith's case and then moving to his ethics is highly problematic, even if we ignore any question of the degree to which Smith is committed to classical liberalism. Some scholars, for example, have recently argued that not only is ethics primary for Smith, but his well known exceptions to unfettered markets are motivated by ethical concerns to which he gives *priority* over markets in any cases of conflict.¹⁴ If there is any truth to these claims about the priority of ethics in Smith –and I believe there is– then Smith might allow ethical considerations to define the nature, scope, and limits of his classical liberal ideology. Already, then, we learn of the possibility that ideology is not the driving force in Smith's theoretical reflections. We cannot, in other words, turn immediately to Smith's ethics and find ready-made defenses of classical liberalism therein. What, then, does ethics do for the ideology Smith seems to possess, if it does anything at all?

Smith is both extremely complex and circuitous when it comes to the relationship between ethics and the market and with respect to the role of ethics generally. The WN draws its conclusions largely from an appeal to beneficial consequences, but the TMS does not. Indeed, one of the main points of the TMS is to argue against grounding ethical judgments in utility.¹⁵ Their source lies elsewhere. Economists and liberals generally tend to assume that the reconciliation will consist in blending TMS into what they regard as the liberal ideology of the WN. In fact, as just indicated, it is more likely that the reverse is the case, that the problem is one of fitting Smith's insights into economics into his ethics. Indeed Jerry Evensky has recently put the matter as follows:

By the end of his life, Adam Smith was no longer looking to the invisible hand to guide society to the conditions necessary for a constructive classical liberal state. Instead, he called upon the visible hand of moral leadership from all individuals, and especially statesmen, to create those conditions and thereby that society. This appeal and the sacrifice he makes to present it (the work on the revisions weakened him so that he died within six months of completing them) reflect the centrality of ethics to his vision of a classical liberal society.¹⁶

But if this is the case, our problem of determining the connection between ethics and classical liberalism (or TMS and WN) is not an easy one. There are, for example, places in Smith where he seems to reject or diminish the ethical value of commerce significantly. In the famous “poor boy” example, Smith seems to suggest that the pursuit of wealth is grounded in a socially beneficial ethical “deception” that the pursuit of wealth is something of value when in fact its value is at best problematic (TMS IV.1.10). Yet it is this deception that “keeps in continual motion the industry of mankind. It is this which first prompted them to cultivate the ground, to build houses, to found cities and commonwealths, and to invent and improve all the sciences and arts, which ennoble and embellish human life” (TMS IV.1.10). So here it would seem that ethical values are at least partially in contrast to the ideology Smith also is said to support. Elsewhere, Smith continues the paradox with comments like the following:

This disposition to admire, and almost worship, the rich and the powerful, and to despise, or at least, to neglect persons of poor and mean condition, 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. That wealth and greatness are often regarded with the respect and admiration which are due only to wisdom and virtue... has been the complaint of moralists in all ages (TMS I.iii.3.1).

The corruption seems to accompany the deception, so it looks as if the choice is *either* ethical *or* wealth producing conduct, but not both together. In other places, Smith allows for the moral propriety of self-interested conduct of the sort useful in, and characteristic of, a market economy, but regards it as distinctly inferior to other virtues (TMS VI.i.14). Indeed, one scholar has claimed that Smith is actually more favorably inclined towards self-interest in the TMS than he is in the WN (Paganelli, 2008). In still other places, Smith seems completely reductionistic about ethical values, making them purely a function of ones economic class (e.g., WN V.i.g.10).

Any ambivalence Smith shows with respect to ethics and the liberal market order is, as Douglas Rasmussen and I have argued,¹⁷ characteristic of liberals and liberalism. Early liberals tended to speak not only to ethical issues, but also were the fathers of social science. As social scientists they had to pay attention to the way people actually behaved. A realistic look at human beings would suggest that moral exhortation is both less effective and less pervasive than incentives and interests in organizing and directing human conduct. In doing good social science looking at human beings as they are rather than as they ought to be seems both a necessary and fundamental step. Even if we want to use ethics to constrain or order behavior in some way, it only makes sense to call upon those norms that “work” –that is, those norms that might reasonably be expected to be adopted and followed by the agents to whom they are meant to apply. This impulse towards realism is undoubtedly one of the reasons Smith’s TMS often reads more like moral sociology than moral theory. It is, in other words, often more descriptive than prescriptive. How, then, does ethics function in Smith’s overall social theory? If Smith actually is a complex moral thinker, we could hardly answer such a question in the few pages remaining here. However, we might try applying our matrix to Smith himself and thus analogously demonstrate that Smith is non-ideological when it comes to his understanding of the relationship between ethics and politics. If, for example, we can find significant portions of Smith’s ethics in all four quadrants, then we have some reason to move with caution when it comes to a tight ideological connection between his ethics and politics. As it turns out, such is the case, and we shall not only indicate that such is the case but speculate a bit on why that is so.

The Command/Agent Reading of Smith

The Command/Agent reading of Smith’s ethics takes its normative bearings from the impartial spectator and then seeks to adjust actions to its judgments. The judgments of the impartial spectator function like deontic rules with little or no reference to any particular habits or interests and which represent normative ideals against which all relevant norms and decisions must be

measured. In this respect, appeals to the impartial spectator are always ethically decisive such that appeals to other factors, for example custom, culture, interest, order and benefits can always be overridden by these judgments. Markets practices also, then, are to be examined in light of this standard and reformed, or defended, accordingly. In this respect, the impartial spectator “rises above” the buzz of experience to provide that experience with normative order. And with respect to the agent herself the object is to reach a point where she believes the impartial spectator would approve even if others do not. Throughout TMS we find passages such as the following pointing to this reading of Smith’s ethics:

Before we can make any proper comparison of those opposite interests, we must change our position. We must view them... from the place and with the eyes of a third person who has no particular connection with either, and who judges with impartiality between us... how little we should take in the greatest concerns of our neighbour... if the sense of propriety and justice did not correct the otherwise natural inequality of our sentiments (TMS III.3.3)

To obtain that approbation where it is really due, may sometimes be an object of no great importance to him. But to be that thing which deserves approbation, must always be an object of the highest (TMS III.2.7).

The wise and virtuous man directs his principal attention to... the idea of exact propriety and perfection. There exists in the mind of every man, and idea of this kind... (TMS VI.iii.25).

The man who acts solely from a regard to what is right and fit to be done... acts from the most sublime and godlike motive which human nature is even capable of conceiving (TMS VII.ii.4.11).

Without this sacred regard to general rules, there is no man whose conduct can be much depended upon (TMS III.5.1.2).

It might occur to the reader that this reading of Smith’s ethics is very Kantian in nature. Of course, as we noted above, the exemplar of this quadrant is to be Kant, but the connection between Smith and Kant is one that scholars have indeed pursued.¹⁸ For our purposes here it is enough to establish that

dimensions of Smith's ethics could be regarded as falling squarely within this quadrant. We are, of course, not arguing at this time that this is a correct or incorrect interpretation of Smith, only a plausible one.

The Command/Action Reading of Smith

The command/agent reading of Smith would suggest a proactive role for the impartial spectator in regulating, and no doubt reforming, conduct according to its dictates. It is conceivable, however, that the impartial spectator could play a more epiphenomenal and secondary role to a normative authority that reflects patterns of actual practice, such as traditions or customs, as they govern the conduct of agents. In addition, the spectator's impartial judgments could themselves be a representation of cultural or customary norms considered apart from any particular agent's interests or circumstances. This reading thus emphasizes the cultural dimension of Smith where there is less prescription and more observation in accounting for the nature of ethics. The authority of tradition carries much weight here, and ethics itself is essentially a socio-cultural process of norm creation whose principal concern rests in conformity and cooperation of agents with those norms, rather than the reform and legislation of appropriate conduct.¹⁹ The somewhat rationalistic tendencies of giving the impartial spectator final say over moral matters would be mitigated on this reading. Instead, some version of "how we do things around here" would carry the most authority when considering what people ought to do. Such passages as the following indicate the possibilities of this approach:

Many men behave very decently, and through the whole of their lives avoid any considerable degree of blame, who yet, perhaps, never felt the sentiment upon the propriety of which we found our approbation of their conduct, but acted merely from a regard to what they saw were the established rules of behavior (TMS III.5.1).

The most sublime speculation of the contemplative philosopher can scarce compensate the neglect of the smallest active duty (TMS VI.ii.6).

We do not originally approve of condemn particular actions; because, upon examination, they appear to be agreeable or inconsistent with a certain general rule. The general rule, on the contrary is formed, by finding from experience, that all actions of a certain kind, or circumstanced in a certain manner, are approved or disapproved of (TMS III.4.7).

But if without regard to these general rules, even the duties of politeness, which are so easily observed, and which one can scarce have any serious motive to violate, would yet be so frequently violated, what would become of the duties of justice, of truth, of chastity, of fidelity, which it is often so difficult to observe, and which there may be so many strong motives to violate? But upon the tolerable observance of these duties depends the very existence of human society, which would crumble into nothing if mankind were not generally impressed with a reverence for those important rules of conduct (TMS III.5.2).

It should not be supposed that our point here is that Smith equates ethics with custom. He clearly does not, as we see in the famous infanticide rant (TMS V.2.15). Yet it is also not clear what stance he is taking in his revulsion to that practice beyond the sensibilities of his own day, especially when he admits that even the great philosophers of antiquity did not object to the practice. By the same token, Smith clearly does not want ethics to rest upon a foundation of custom (TMSV.2.2). This quadrant, then, when applied to Smith would have to be referring to a complex interplay of factors that resolve themselves into generally acceptable moral sensibilities, rather than upon simple customs. I would regard Smith's discussion of the "irregularity" of our moral sentiments (TMS II.ii-iii) to be evidence that the forces giving rise to our moral judgments are diverse and complex, for it is there that we learn that "non-moral" factors such as outcomes can play an important role in the moral judgments we make. Consequently, moral judgments are not necessarily "rational", reflecting instead more dispositional patterns among acting agents than reasoned conclusions from certain moral truths.

The Conduct/Action Reading of Smith

The conduct/action quadrant is where I placed the traditional readings of Smith. Like the command/action sector, the impartial spectator is a tool of moral judgment, not the final arbiter of it. It might be said that the impartial spectator on this view functions as a snapshot of the moral sensibilities of a given group of agents whose efforts at cooperative endeavors are synthesized by that snapshot into a general rule or conclusion. Unlike the command/action quadrant, the rules here need not be as internalized by the agents and thus as path dependent as one would find in that other quadrant. Actions might be influenced to some degree by the snapshot, but the accuracy of the snapshot is judged according to the actions rather than the actions by the snapshot. What this means in practice is that, with the possible exception of the rules of justice, the perspective of the impartial spectator, and the rules themselves, are not fixed but in process. Reading TMS here, as in the command/action quadrant, would be more an experience of descriptive moral assessment than ethical theorizing. As a consequence, this reading would tend to favor the social sciences, especially since being in the conduct quadrant means that behavior rather than intentions is more the object of the formation of, and regulation by, moral norms. Among the passages in support of this reading, one might point to as examples are:

The success of such people [people of middling and inferior ranks]...almost always depends upon the favor and good opinion of their neighbors and equals; and without a tolerably regular conduct these can very seldom be obtained (TMS I.iii.3.5).

When he views himself in the light in which he is conscious that others will view him, he sees that to them he is but one of the multitude in no respect better than any other in it (TMS II.ii.2.1).

It is thus that man, who can subsist only in society, was fitted by nature to that situation for which he was made....All the different members of it are bound together by the agreeable bands of love and affection, and are, as it were, drawn to one common centre of mutual good offices (TMS II.ii.3.1).

In our approbation of all those virtues, our sense of their agreeable effects, of their utility,...joins with our sense of their propriety, and constitutes always a considerable, frequently the greater part of that approbation (TMS VI concl.6).

Man was made for action, and to promote by the exertion of his faculties such changes in the external circumstances both of himself and others, as may seem most favorable to the happiness of all. He must not be satisfied with indolent benevolence, nor fancy himself the friend of mankind because in his heart he wishes well to the prosperity of the world. That he may call forth the whole vigor of his soul, and strain every nerve, in order to produce those ends which it is the purpose of his being to advance. Nature has taught him, that neither himself nor mankind can be fully satisfied with his conduct, nor bestow upon it the full measure of applause, unless he has actually produced them (TMSII.iii.3).

In our conclusion we shall discuss a bit further the “problem” of reconciling TMS with WN, but one advantage of this quadrant in that regard is that by primarily focusing on action or conduct in determining the substance of morality, one has little problem with the notion of multiple motivations, provided they are all conducive in the end to cooperation. In this way, both “selfish” and “altruistic” propensities could equally have their place in appropriate contexts without having to choose their priority as it applies to moral conduct. This indeed has been the traditional solution to “das Adam Smith problem” (see Otteson, 2002:Ch. 4).

The Conduct/Agent Reading of Smith

Consistent with the nature of this quadrant, this reading of Smith would tend to emphasize the “perfection” of the agent through repeated exercises of self-command according to norms deemed worthy of respect. This reading of Smith would link him to the approach to ethics known as “virtue ethics,” usually associated with ancient ethics in general and Aristotle in particular. As one commentator has noted, “for both Smith and Aristotle, ethics is a

rhetorical and dialectical process rather than a deductive process –one which calls for persuasion rather than either conviction or mere demonstration.”²⁰ What this approach means, of course, is that the work of ethics is work upon one’s character to form it in ways proper to self-development and life in human society. Ethics is less a problem of formulating rules and deriving their implications than it is of judgment and dispositional orientation. Ethical conduct then involves inducing the right habits, being perceptive to dispositions of others, and commanding oneself in such a way as to exhibit the appropriate dispositions in the relevant contexts. Passages exemplifying this approach would be similar to the following:

The man who acts according to the rules of perfect prudence, of strict justice, and of proper benevolence, may be said to be perfectly virtuous. But the most perfect knowledge of those rules will not alone enable him to act in this manner...The most perfect knowledge, if it is not supported by the most perfect self-command, will not always enable him to do his duty (TMS VI.iii.1).

The desire of becoming the proper objects of this respect, of deserving and obtaining this credit and rank among our equals is, perhaps, the strongest of all our desires... (TMS VI.1.3).

A sacred and religious regard not to hurt or disturb in any respect the happiness of our neighbour, even in those cases where no law can properly protect him, constitutes the character of the perfectly innocent and just man; a character which, when carried to a certain delicacy of attention, is always highly respectable and even venerable for its own sake, and can scarce ever fail to be accompanied with many other virtues, with great feeling for other people, with great humanity and benevolence (TMS VI.ii.intro.2).

The man who acts according to the rules of perfect prudence, of strict justice, and of proper benevolence, may be said to be perfectly virtuous. But the most perfect knowledge of those rules will not alone enable him to act in this manner: his own passions are very apt to mislead him:... The most perfect knowledge, if it is not supported by the most perfect self-command, will not always enable him to do his duty (TMS VI.iii.1).

The exercise of looking at Smith through the glasses of each of our four quadrants and finding some evidence in support of each reading should be sufficient evidence for our thesis that Smith was a non-ideological writer. No doubt Smith saw a connection between his ethical views and his social/political views, and the purpose of relating the diverse readings above was certainly not to accuse him of confusion or inconsistency. The purpose was mainly to instill a cautionary note to any tendency to move quickly from what one might regard as his ethical views on the one hand to his political views on the other and vice versa. In addition, our purpose was to indicate that the relationship between ethics and liberal market orders is an inherently complex one. That complexity raises the possibility that liberalism has a unique perspective on the relation between ethics and politics that may be rather different from the communal presumptions that seem to dominate political philosophy since its inception. It is possible that Smith understood this and that part of the depth of his perception was that he understood the relationship between ethics and liberal market orders was not an isomorphic one. Consequently, the possibility exists that there could be both tensions and harmonies between ethics and market orders. That very tension may be the price one pays in advocating liberalism as a political ideology. To that matter we briefly now turn as it might apply to Smith.

The Liberal Connection

We noted above that in light of some of the questions that arise in considering the relationship between ethics and liberal market orders, the two main options were to diminish the role of ethics or to diminish the role of the market. In the first category might be those who would keep ethical considerations from interfering with any outcome of an efficiently functioning market order or who would come to equate ethical behavior with market behavior. On the other side might be those who would have all market transactions answer to the supervision of ethics.²¹ Certainly, however, at least one other option remains which would be neither to depreciate ethical concerns

in favor of the market nor to hold markets captive to ethical management, but rather to recognize that each makes independent claims upon us which, due to the nature of the contexts in which each arise, could possibly come into tension. This possibility is suggested by our opening section on the four quadrants, for if it is possible for there to be rather diverse paths to ethical defenses of liberalism, perhaps there is something unique about liberalism that gives it this open ended connection to ethics.²²

It may just be that the “open ended” connection between liberalism and ethics is due to the open ended character of liberalism itself. In contrast, ethics would seem to have a rather closed nature. Ethics posits precise ends or rules of action that are meant to direct individual and social conduct. Transferred to a political dimension, one would imagine an ethical society to be one governed by defined norms and roles. Liberalism, by contrast, is more procedurally defined. It does not try to direct conduct so much as define spheres of action within which conduct can be freely conducted. Within those spheres conduct can be conducted well or badly. Liberalism is indifferent between the spheres in a way ethics is not. In this respect liberal orders are inherently open ended; ethical orders would tend to be inherently closed. The difference this makes to our discussion here is that ethically governed orders would be ones where the participants bore enough of a relation to one another to insure that the rules or norms were followed, at least if the society was to be self-monitoring. In the absence of self-monitoring, coercion might be the most natural substitute. Liberal orders, by contrast, would be ones where the rules it enforces do not depend on there being some personal connection between those governed by its principles. Behavior would only be self-monitored to the point of policing procedural rules as they affect interactions among agents and not with respect to their behavior per se. The possibility exists, therefore, that interacting in a world where the parties are unfamiliar with one another might demand different forms of appropriate behavior from those where the parties are in close proximity and familiarity.

It is clear that what F.A. Hayek called the “great” society, which is the extended commercial order, is indeed a “society” composed of interacting strangers. One would expect, therefore, that the norms of behavior governing

such an order would be rather different than those governing, say, a family. Not only would the norms be different, but the expectations between the interacting parties would be different as well. Throughout his work, Smith consistently reflects upon principles that tend to produce happiness and well-being among interacting agents in society. As he tells us in the passage cited above, “a sacred and religious regard not to hurt or disturb in any respect the happiness of our neighbour, even in those cases where no law can properly protect him, constitutes the character of the perfectly innocent and just man” (TMS VIII.intro.2). In a commercial order where we have no pre-existing expectations of the duties or even propensities of those with whom we interact, procedural rules would be the means by which one protects against disturbing the happiness of others. Moreover, Smith’s liberalism is not due simply to the recognition that procedural rules are the way not to disturb the happiness of our neighbors in a great society, but also part of the point of the WN is that such rules can be seen to positively *promote* the well-being of all involved. Thus liberal orders not only protect happiness by drawing lines across which one cannot pass, but also promote happiness by using that principle of our nature most suited to actually securing mutual cooperation and advantage within such a setting, namely the mutual interests of the interacting agents.

Smith notes that “circles of sympathy” are tightest in cases where we are strongly connected to each other in such a way that part of our own well-being is a function of mutual considerations that are not simply a matter of self-interest. Rather, we come to understand that our well being consists in forms of benevolence, reciprocation, gratitude, nurturing and the like that would simply be inappropriate or impossible in a society of strangers. To expect strangers to have feelings of benevolence for one another or even a significant number of duties, beyond perhaps simple human decency, is an unrealistic and even harmful expectation. Smith is clear about this:

All men, even those at the greatest distance, are no doubt entitled to our good wishes, and our good wishes we naturally give them. But if, notwithstanding, they should be unfortunate, to give ourselves any anxiety upon that account,

seems to be no part of our duty. That we should be but little interested, therefore, 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).

As the distance increases upon which we can have an effect upon others, and they upon us in the form of either a sympathetic relationship or good offices, the appropriateness of self-interest as the basis of the relationship increases. In this way, as James Otteson has well noted, there need not be a reason to believe that Smith's WN is inconsistent with his TMS.²³ In both cases we are looking for principles that facilitate as much cooperation as possible. Were societies to remain small and close knit, perhaps the patterns describing association based on interest found in the WN would be less used and needed. But Smith was writing at a time when worldwide trade was exploding at exponential rates from previous centuries. Smith in exploring the conditions for improving the wealth of a nation was simply looking for conditions conducive to happiness under those circumstances in the same way he might have done were he exploring the conditions of monks in a monastery a half a millennium earlier. That monks need more consideration towards each other than merchants does not mean we must choose between these respective conditions when thinking about human moral conduct as if one or the other condition should obtain.

Yet in saying that more than one context may be appropriate for human beings when considering what they ought to do or what their obligations may be, we also need not say that these differing contexts must be seamless with no rough edges. Our self-interest does not disappear when we are in families, nor do our feelings of sympathy disappear as we transact a business deal. This fact means, however, that we may experience a tension between the callings of the two different contexts. As a seller, for example, you may not have an obligation to explain to a potential buyer what some people regard as defects of your product, though you may feel a very strong obligation to do so if you were selling it to a family member. Similarly, you may feel

no obligation as a buyer to tell a seller that she is well below market price in what you are purchasing, but you might feel such an obligation to a friend. Where to draw such lines and how to draw them is a matter of perhaps endless disputes, but we can see by looking at the extremes of a continuum of circles of sympathy that ordinary moral understandings do not necessarily require the same obligation in different circles even if the “act” is identical.

Although we have argued that the connection between ethics and liberal market orders is a non-ideological one for Smith, the foregoing discussion helps explain why Smith was a liberal in his political philosophy. Because Smith did not derive his political philosophy from his ethical theory but rather looked to the actual actions of persons in their respective contexts, the *possibility* of liberalism was opened up to him, since he could discover that market contexts contained distinct motivational components from other contexts. He might thus incorporate that information into his ethical thinking, either allowing for different sorts of norms for different contexts, or at least defining the limits of ethical acceptability of different procedural rules. But that, of course, does not explain why Smith would *embrace* liberalism. He could have, for example, decided that the great society is ethically suspect and advocated smaller more ethically harmonious communities and thus limited the scope of the market. Apart from any realism on his part that such limitation, and their resulting lamentations, would be useless in the modern world, I believe he was a liberal because he recognized the benefits of it. As he tells us:

Man was made for action, and to promote by the exertion of his faculties such changes in the external circumstances both of himself and others, as may seem most favourable to the happiness of all. He must not be satisfied with indolent benevolence, nor fancy himself the friend of mankind, because in his heart he wishes well to the prosperity of the world.... Nature has taught him, that neither himself nor mankind can be fully satisfied with his conduct, nor bestow upon it the full measure of applause, unless he has actually produced them (TMS II.iii.3.3).

Clearly Smith was a man willing to measure the value of any ethical standard against its value in actual practice. He was a liberal, then, not because an ethics of sympathy drives one to it, but because our sympathies are built out of the success of our actions and liberal commercial orders are successful ones in the sense that they improve the well-being of people generally more than their alternatives. Thus rather than command the liberal order by means of ethical prescriptions or minimize the importance of ethics by claiming what is right is what the market produces, Smith sought to leave actions generally free in the political realm so that all useful motivations can be channeled towards the well-being of people generally.

NOTES

- 1 Adam Smith (1981), *Wealth of Nations*, WN V.i.f.25.
- 2 Smith's intellectual system is described in the editor's introduction to the Oxford edition of *The Theory of Moral Sentiments* (1982:2-3). There one can see that economics, for example, was given less prominence than ethics and jurisprudence in terms of overall theoretical importance. See in this connection Hanley (2009:57ff).
- 3 This view is the approach of those wishing to wrest Smith out of the hands of economists and into those of philosophers. With respect to this issue, I attach a good deal of importance to Smith's discussion of the "irregularity" of the moral sentiments as found in TMS II.iii.3. We shall say more about this below.
- 4 It is important *not* to take this as saying that virtually any ideological perspective fits with his ethics or that among those that do, no one of them is any better than another. What I will be saying below is that ethical conclusions will need to be coordinated with conclusions drawn from the political-economic realm which are themselves not necessarily direct implications of the former and which have standing in their own right when it comes to applying ethical conclusions.
- 5 I have pursued this issue in Den Uyl (2009). I borrow some material from that article here, but the focus there is somewhat different, since that article concentrates more directly on economics and not at all on Smith. The framework of analysis in both cases is largely the same.
- 6 Today, of course, there are scholars who would describe themselves as "left Smitheans" indicating that besides not being classical liberals themselves, they do not believe that Smith's doctrines lead inexorably to classical liberalism. While my view is that a) Smith is a classical liberal, and b) there is compatibility between his liberalism and his ethical

theory, Smith also understood that the relationship between ethics and politics is not so tight that ethics is a blueprint for political action.

- 7 James Buchanan has wrestled with this problem for years, hence the realistic flavor of a book like *The Limits of Liberty*, where cooperation based upon real interests is explored. But even Buchanan at some point has to introduce an exogenous “deontic” like rule (such as unanimity) to make the process work. That’s the sort of side constraint of which I am speaking. Of course, if one can get ethical values to themselves be part of one’s utility function, *à la* Deirdre McClosky, then the problem becomes easier. See below.
- 8 I suspect this is why people like Smith and Hume did not speak the language of natural rights very often, for these seem quite disconnected from actual practices which do clearly motivate people and seem a more solid foundation upon which to build a moral theory.
- 9 See in this connection Den Uyl & Rasmussen (2006) where we discuss Charles Taylor’s criticism of liberalism, which is along these lines.
- 10 Our own, for example, is one such; see Rasmussen and Den Uyl (2005).
- 11 This matrix and its discussion follow along the lines discussed in Den Uyl (2009).
- 12 It is, however, the quadrant in which my own defense of liberalism rests. This defense is detailed in Rasmussen and Den Uyl (2005).
- 13 I argue in Den Uyl (2009) that one cannot. This is mainly because these quadrants represent *basic* orientations so that even if elements of the others form part of one’s ethical theory, the basic approach will remain. It remains because as foundational orientations, they are incompatible.
- 14 See, for example, Fleischacker (2004), Chs. 4 and 5. Also see Sen’s introduction to the Penguin Classics edition of Smith’s *TMS* (2009).
- 15 Part IV of *TMS* is the most explicit on this, but numerous other places could be cited as well. It would be wrong to say that Smith ignores consequences. He does not; but consequences alone are not decisive or fundamental, especially when compared to propriety, coherency, beauty, and integrity. He does give a stronger role to consequences in Part II of *TMS* when he discusses the “irregularity of our moral sentiments.”
- 16 Evensky (1993:203). The theme is developed more fully in Evensky’s book (2005). This is not a view, however, that I necessarily endorse. The idea that Smith ethics is a seamless whole incorporating in equally seamless fashion his other works seems to me as off-base as the position it seeks to correct.
- 17 Rasmussen and Den Uyl (2005:Ch. 2). This paragraph and the two following ones are similar in nature to those found in Den Uyl (2009:352-353).
- 18 For example, one might look at the work of Samuel Fleischacker, (especially 1999). Another person working in this area is María Alejandra Carrasco, who writes: “moral judgments in [Smith’s] code of ethics are justified, at the normative level, by equality in dignity, which follows directly from Smith’s doctrine of sympathy. And at the meta-ethical level, the validity of these judgments comes from the mediation of the impartial spectator, an external though internalized instance that legitimizes our corresponding feelings, liberating us from the necessity to appeal to any other authority except for our own practical reason” (this volume, p.180).

- 19 J. B. Schneewind (2010:191-195) tends to give this sort of reading of Smith.
- 20 Hanley (2009:90). This book is easily the most powerful rendering of a Smith along the lines consistent with classical ethics.
- 21 This description is not necessarily one that breaks down into a left-right split. The demand for ethical management of the market may look like a mainstay in some leftist agenda, but a thinker like Ayn Rand who puts self-interest at the center of a market order and gives it priority in her ethical system, also tends to reduce market behavior to ethical behavior. My position here is that this was not a tendency in Smith, but neither was it a tendency in him to follow the path of many modern day free market economists who consider ethics an annoying intrusion into what can be handily defended without it.
- 22 We have our own approach to this issue which we label “liberalism’s problem” which can be found in Rasmussen and Den Uyl (2005:Ch. 11). Our view is different from Smith’s, but we would hold him as someone who recognized some of the anomalies about liberalism that we ourselves build upon.
- 23 Otteson, op.cit., Chs. 4 and 5. While I agree with Otteson’s familiarity principles –which I refer to here as circles of sympathy– I am not convinced by his “market principle” which holds that norms evolve for Smith in market like fashion over time. While this is not a false view, it seems an incomplete one. Many norms have developed by other than market means, e.g., through conquest and coercion, the exertion of institutional authority, charismatic leadership, and the like. Smith respects these patterns as well as he clearly tells us: “The *man* whose public spirit is prompted altogether by *humanity* and benevolence, will respect the established powers and privileges even of individuals, and still more those of the great orders and societies, into which the state is divided. Though he should consider some of them as in some measure abusive, he will content himself with moderating, what he often cannot annihilate without great violence. When he cannot conquer the rooted prejudices of the people by reason and persuasion, he will not attempt to subdue them by force” (TMS VI.ii.2.16). It is thus possible in Smith for there to be “free market” men of system as well as men of system opposed to markets. It is also possible, as I mention below, that there may be tensions between the different orders, something Otteson seems uncomfortable with but which I believe Smith was not. See also in this connection Smith (2004: 67-76).

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