

**AGAINST BENEVOLENCE:  
ADAM SMITH’S ECONOMY OF CARE**

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**Abstract**

Economists have long interpreted Adam’s Smith’s two great works, *The Wealth of Nations* (*WN*) and *The Theory of Moral Sentiments* (*TMS*), as analyses of distinct social spheres: the impersonal realm of commerce and the interpersonal realm of sympathy and care. In this essay, I outline an alternative reading of Smith’s moral philosophy in which *WN* and *TMS* are understood as coextensive theorizations of a single object: the modern commercial society, the web of social cooperation that emerges as individuals direct their limited powers of care to particular persons and projects, guided by prevailing social norms and market prices and animated by the multiple virtues of Smithian self-love and “the naturall inclination every one has to persuade” (*LJA* vi.56: 352).

**Introduction**

The place of care in economic life is often told as a tale of two cages: an iron cage (a “harsh, depersonalized, masculine” marketplace) and a velvet cage (an “ethical, caring-laden sphere of authentic, non-monetized family and community relations”) (Nelson 2006: 36). Tellers frequently invoke Adam Smith (Viner 1972; Coontz 2005; Boettke 2012), to curse or celebrate his two great works, *An Inquiry into the Nature and Causes of the Wealth of Nations* (*WN*) and *The Theory of Moral Sentiments* (*TMS*), as archetypal sources of the two-cage vision:

<u>Care</u>	<u>Commerce</u>
<i>TMS</i>	<i>WN</i>
familiars	strangers
local	global
benevolence	self-interest
solidarity	competition
concrete needs	abstract rules
personal	impersonal

In this essay, I outline an alternative reading of Smith’s moral philosophy in which *WN* and *TMS* are understood as coextensive theorizations of a single object: the emergent web of voluntary cooperation and assistance that characterizes a “commercial society” (*WN* I.iv.1: 37; also *TMS* VI.ii.1.13: 223). Smith frames *WN* and *TMS* as theories of social interdependence in a world where 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; also *TMS* II.ii.3.1: 85). Smith’s two texts illuminate the potential for complex

collaboration in a modern liberal society where each member is free to direct his “principal attention” to “that particular portion of it which [is] most within the sphere both of his abilities and of his understanding” (*TMS* VI.ii.2.4: 229), guided by prevailing social norms and market prices and animated by the multiple virtues of Smithian self-love and “the naturall inclination every one has to persuade” (*LJA* vi.56: 352).

Many commentators since Oncken (1897) have read *TMS* and *WN* as a unified moral philosophy (Montes 2004: 35). My own reading of Smith is particularly indebted to the integrative interpretations of Boulding ([1965] 1974, 1969, 1970), Sen (1987, 1999, 2010), Otteson (2002), McCloskey (2006, 2010), Montes (2004, 2008), Hanley (2009), Forman (2010), Klein (2012), Smith (2012, 2013), and Bee (2015). Like Otteson, I argue that *TMS* sets forth an economic-cum-social theory on par with and complementary to *WN*. But whereas Otteson (2002: 4) claims that *TMS* and *WN* are marked by an epistemic asymmetry – small-scale cooperation based on direct, concrete knowledge of others’ “circumstances, passions, and interests” (*TMS*) vs. large-scale cooperation based on indirect, abstract knowledge of others (*WN*) – I read *TMS* as a theory of macro- social cooperation based on forms of knowledge and feedback isomorphic to those underlying Smith’s *WN* theory of market-based cooperation. Probing the epistemic symmetry between Smith’s theories of commercial and non-commercial exchange (market process and impartial spectator procedure) illuminates the larger parallels between *TMS* and *WN* as theories of social order. In particular, it sheds fresh light on Smith’s reformulation of the Stoic *oikeiōsis* (“circles of sympathy”) doctrine, treating each person’s moral connections to others (the order in which others are recommended to one’s care and attention) as emergent phenomena (Lewis 2011), not predetermined by genealogical or geographic proximity.

The paper proceeds in four sections. To set the stage for an economic reading of *TMS*, section one examines Smith’s conception of the self, based on his four cardinal virtues (prudence, justice, beneficence, and self-command). Section two reinterprets *TMS* as specialization-and-trade economics. Smith’s discussion of “the direction and employment of our very limited powers of beneficence” offers a nascent analysis of non-commercial specialization; and his analysis of sympathy, conceived as a nexus of agent/spectator exchange, shows how the social division of care is spurred, governed, and ultimately constrained by the extent of sympathy. Section three uses Smith’s subtle recasting of the Stoic *oikeiōsis* (“circles of sympathy”) doctrine to show that “economy of care” is an apt label the catallactic logic of Smith’s moral philosophy *in toto* (including *WN*), not just his analysis of non-commercial cooperation in *TMS*. Returning finally to Smith and the two cages, the final section argues, contra Hayek, that Smith’s “great achievement” as a proto-economist is not the commercial ethic of *WN* alone but the generalized care ethic – the logic of specialization and trade – he articulates in *TMS* and *WN*. The moral philosophy of care, the logic of extensive cooperation whereby every individual is “induced, by . . . the motives which [determine] his ordinary conduct, to contribute as much as possible to the need of all others,” “based on his peculiar knowledge and skill with the aim of furthering the aims for which *he* cares” (Hayek 1948: 12-13 and 17, original emphasis), is not the soft periphery of Adam Smith’s social theory but its very foundation, and as such a fertile platform for recasting the nature and place of care in contemporary economic theory.

### The virtues of self-love

Even as it ranks among Smith's four cardinal virtues (Montes 2004: 75-95), beneficence is often neglected or misconstrued by *TMS* commentators. Many conflate it with benevolence, the sentiment Smith describes as "feeble" in comparison to self-love (*TMS* III.3.4: 137). "It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner," Smith famously declares, "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). Smith's concept of self-love is predominantly Stoic in origin, steeped in the assumption that individual interests and conduct are shaped by an array of other-regarding virtues including duties of justice and beneficence (Brown 1994: 94-95). For Smith, therefore, beneficence is *part of self-love*. Even as he stresses our "very limited powers of beneficence" (*TMS* VI.ii.intro.2: 218), Smith assumes this "power" (virtue) is subject to growth, refinement, or erosion over time. Smithian beneficence is also egalitarian, "marked by the benefactor's commitment to the moral equality and dignity he shares with other human beings" (Hanley 2009: 204 and 208).

Smith appears to endorse the "feeble" status of beneficence as a social-economic force, in his categorical claim that beneficence is "less essential to the existence of society than justice," "the ornament which embellishes, not the foundation which supports the building" (*TMS* II.ii.3.4: 86). When he further asserts that "[b]eneficence is 'always free,'" (*TMS* II.ii.1.3: 78), a weak duty whose precise obligations are "loose, vague, and indeterminate" and "left to the freedom of our own wills" (*TMS* II.ii.1.5: 79), in contrast to the "precise" rules and "perfect" duties of commutative justice (*TMS* III.6.11: 175; Montes 2004: 93), Smith seems to cast beneficence in a strictly peripheral role within his social theory.

In Smith's account of human happiness, however, beneficence is front and center, the *sine qua non* of "superior prudence" (*TMS* VI.1.15: 216). Though the man of "ordinary prudence" gains happiness by reducing his exposure to anxiety, disease, and danger, his conduct "seems not entitled to any very ardent love or admiration" and commands only "a certain cold esteem." In contrast, the man of superior prudence whose actions are "directed to greater and nobler purposes than the care of the health, the fortune, the rank and reputation of the individual," gains a greater happiness by exercising the virtues of ordinary prudence (including justice and self-command) *plus* beneficence (*ibid.*). Such "amiable and . . . meritorious" conduct yields an "inward tranquillity and self-satisfaction," a "pleasing consciousness of deserved reward," knowing that we are "beloved . . . [and] deserve to be beloved" (*TMS* III.1.7: 113). Smith hastens to add that superior prudence is not "confined to men of extraordinary magnanimity and virtue" (*TMS* III.3.6: 138) but is commonly achieved by persons of all social ranks.

Parallel to his distinction between ordinary and superior prudence, Smith distinguishes two modes of social cooperation: a "flourishing and happy society" in which "the necessary assistance is reciprocally afforded from love, from gratitude, from friendship, and esteem" (i.e., from beneficence) and 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). Here too, Smith singles out beneficence as a defining feature and causal determinant of human happiness and flourishing. He grants that a society can “subsist” on a mercenary basis, just as an individual can lead a virtuous life of ordinary prudence. Yet these “corner solutions” – special cases in which beneficence is nil – are achieved at the cost of happiness and flourishing (Otteson 2002: 140; Hanley 2009: 194-195).

Smith illustrates the power of superior prudence as a generator of informal duties to unknown others in his parable of the Chinese earthquake (*TMS* III.3.4: 136-137). The story unfolds in two parts:

Let us suppose that the great empire of China, with all its myriads of inhabitants, was suddenly swallowed up by an earthquake, and let us consider how a man of humanity in Europe, who had no sort of connexion with that part of the world, would be affected upon receiving intelligence of this dreadful calamity.

Smith asserts that the man of humanity “would not sleep tonight” if “he was to lose his little finger tomorrow.” And yet:

[P]rovided he never saw them, he will snore with the most profound security over the ruin of a hundred millions of his brethren, and the destruction of that immense multitude seems plainly an object less interesting to him, than this paltry misfortune of his own.

Casual readers frequently reduce Smith’s argument to this initial segment (Singer 2009: 50). But the main lessons emerge in part two, where Smith asks: “To prevent, therefore, this paltry misfortune to himself, would a man of humanity be willing to sacrifice the lives of a hundred millions of his brethren, provided he had never seen them?” Smith answers no, then poses his ultimate question:

[W]hat makes this difference? When our passive feelings are almost always so sordid and so selfish, how comes it that our active principles should often be so generous and so noble?

Smith’s innovative argument is that people are frequently moved “to sacrifice their own interests to the greater interests of others” not by heartfelt empathy or concern (“that feeble spark of benevolence which Nature has lighted up in the human heart”) but by a desire to keep the peace with their inner judge, “the man within, the great judge and arbiter of our conduct”:

It is . . . he who, whenever we are about to act so as to affect the happiness of others, calls to us, with a voice capable of astonishing the most presumptuous of our passions, that we are but one of the multitude, in no respect better than any other in it . . . It is he who shows us the propriety of generosity and the deformity of injustice; the propriety of resigning the greatest interests of our own, for the yet greater interests of others, and the deformity of doing the smallest injury to another, in order to obtain the greatest benefit to ourselves.

Underscoring the weakness of benevolence and the strength of superior prudence, Smith concludes:

[U]pon many occasions . . . [what] prompts us to the practice of those divine virtues is not the love of our neighbor, it is not the love of mankind . . . It is a stronger love, a more powerful affection, which generally takes place upon such occasions; the love of what is honourable and noble, of the grandeur, and dignity, and superiority of our own characters.

The Chinese earthquake story offers a microcosm of Smith's virtue ethics. Self-sacrificing action is prompted by self-love, not benevolence. Does this sully the man's sacrifice, making it vain rather than virtuous? Smith says no. "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). To the contrary, "[i]n the common judgments of mankind . . . 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).<sup>1</sup>

As further illustration of Smith's theory, the man's sense of duty in this case is explicitly shaped by all four Smithian virtues. In addition to his evident prudence and self-command, the actor is inspired by "the propriety of generosity and the deformity of injustice" and by the realization that the distant strangers' happiness or misery depends upon his actions. The *concept* of beneficence thus plays a crucial role though the word does not appear. Smithian beneficence is activated or amplified by perceived causal potency. Contrary to the ethical atomism of neoclassical "perfect competition" (Milgate 2009) with which Smith's economics is widely associated in undergraduate textbooks, Smith assumes that actors are more inclined to be generous, other factors being equal, when they – or the spectators whose approbation they value – become convinced that the happiness or misery of others depends on it.

Other possible motives for voluntary assistance to distant others are also marked in Smith's story, via two crucial caveats: (1) "he never saw them"; and (2) he had "no sort of connection to that part of world." Under the assumptions of Smith's example, the man of humanity's *only* connection to the distant sufferers was the causal potency of his actions, i.e., his ability to prevent the disaster by sacrificing his finger. Had he experienced some previous visual contact with the would-be victims via images, travel, or other forms of cultural or commercial connection, he might have felt some degree of gratitude or fellow-feeling for the imperiled strangers, hence a heightened desire to render assistance.

But the main takeaway from Smith's Chinese earthquake story is that the familiar butcher-brewer-baker lesson from *WN* is equally salient in the *TMS* context. To elicit cooperation and assistance from unknown others, our best bet is to "address ourselves not to their humanity but to their self-love." Also noteworthy is the analytical egalitarianism and extensive spatial range of Smith's virtue ethics. Even as superior rank and its associated senses of dignity and grandeur play a non-trivial role in Smith's narrative, his analysis assumes that all persons are capable of learning when, how, and how much to "sacrifice their own interests to the greater interests of others" as they acquire the Smithian virtues of prudence, beneficence, justice, and

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<sup>1</sup> I am grateful to Michele Bee for bringing this passage to my attention.

self-command. Moreover, Smith's story makes clear that he does not limit the scope of beneficence to the intimate sphere of close friends and family members.

### ***TMS* as economics**

The preceding section outlines Smith's virtue-based concept of the human actor, with particular attention to the virtue of beneficence. In this section, we explore the *economy* of caring labor in *TMS*, the extended order of specialized care and assistance that paradoxically emerges from the very weakness of beneficence as an informal duty which "cannot, among equals, be extorted by force" (*TMS* II.ii.1.6: 80) and whose reach is forever constrained by individuals' limited reason and imagination.

### The division of care

Adam Smith envisions modern commercial society – the "great society of mankind" (*TMS* VI.ii.2.4: 229) – as an extensive division of labor, arguably including the "caring labor" of beneficence, within which individuals are free to determine their own jobs and duties. Hayek (1948) famously supplements Smith's "division of labor" analysis in *WN* by pointing out the distinct yet complementary social division of knowledge. I find in Smith's *TMS* a similarly nascent division of beneficence: the specialized roles and duties we each adopt in the course of determining "the direction and employment of our very limited powers of beneficence" (*TMS* VI.ii.intro.2: 218).

In *WN*, Smith notes the limited freedom to specialize in the clan-based, pastoral societies of the Scottish Highlands:

In the lone houses and very small villages which are scattered about in so desert a country as the Highlands of Scotland, every farmer must be butcher, baker and brewer for his own family. In such situations we can scarce expect to find even a smith, a carpenter, or a mason, within less than twenty miles of another of the same trade. The scattered families that live at eight or ten miles distance from the nearest of them, must learn to perform themselves a great number of little pieces of work, for which, in more populous countries, they would call in the assistance of those workmen (*WN* I.iii.2: 31).

In *TMS*, Smith again invokes the Scottish Highlands circa 1700 to describe the limited freedom to extend caring labor to persons beyond one's extended family in pre-commercial societies:

It is not many years ago that, in the Highlands of Scotland, the Chieftain used to consider the poorest man of his clan, as his cousin and relation. The same extensive regard to kindred is said to take place among the Tartars, the Arabs, the Turkomans . . . [in which] all the different branches of the same family commonly chuse to live in the neighbourhood of one another (*TMS* VI.ii.1.12: 223).

In these pastoral or tribal societies, the order in which persons are recommended to one's care follows blood lines, often because close association is "necessary for their common defence" (*TMS* VI.ii.1.12: 222). Smith defines commercial societies, by contrast, as societies in which

individuals are free to exercise meaningful degrees of freedom over where and for whom they work and care.

In commercial countries, where the authority of law is always perfectly sufficient to protect the meanest man in the state, the descendants of the same family, having no such motive for keeping together, naturally separate and disperse, as interest or inclination may direct (*TMS VI.ii.1.13*: 223).

Smith speaks of each individual's "peculiar beneficence" (*TMS VI.ii.1.19*: 225), just as in *WN* he refers to the "peculiar trade" of each worker in the commercial division of labor (*WN I.i.3*: 14). He assumes that in commercial societies, the order in which persons and projects are recommended to our care will generally not follow the order of kinship ties but instead will be determined by each person's "natural affections," affections that are "more the effect of the moral than of the supposed physical connection" among persons (*TMS VI.ii.1.13-14*: 223).

Smith's analysis of how, why, and to whom we elect to extend beneficence to non-kin begins with gratitude and reciprocity, the tendency to extend beneficence to persons "whose beneficence we have ourselves already experienced" (*TMS VI.ii.1.19*: 225). Casting "duties of beneficence" as the strongest of all informal duties (*TMS II.ii.3*: 79), Smith emphasizes its extrinsic rewards and the happiness of gaining "the sympathetic gratitude of the impartial spectator." Even when a person's beneficent actions fail to evoke a corresponding degree of gratitude, "the sense of his merit, the sympathetic gratitude of the impartial spectator, will always correspond to it. The general indignation of other people, against the baseness of their ingratitude, will even, sometimes, increase the general sense of his merit" (*TMS VI.ii.1.19*: 225).

Alongside "debts of gratitude," Smith posits a diverse set of moral connections through which non-kin are recommended to our care and attention. One broad set of examples includes friendships of necessity ("colleagues in office" or "partners in trade"), natural friendships (born of mutual esteem and approbation), and neighbors to whom we are expected to extend "certain small good offices" (*TMS VI.ii.1.15-16*: 224) – in all, persons for whom we acquire a natural affection based on "habitual sympathy" (*TMS VI.ii.1.7*: 220).

Smith emphasizes the formative influence of these extra-familial relationships. "The contagious effects of both good and bad company," he argues, arise from a "natural disposition to accommodate and to assimilate, as much as we can, our own sentiments, principles, and feelings, to those which we see fixed and rooted in the persons whom we are obliged to live and converse a great deal with" (*TMS VI.ii.1.17*: 224). If we recall Smith's memorable reflections on the philosopher and the street porter, marking the ways in which "men of different professions" are shaped by the habits, customs, and education associated with their peculiar trade (*WN I.ii.4*: 28), we can appreciate his parallel *TMS* observation regarding the formative effects of the various spaces and associations that comprise the social division of care.

A second, broader set of examples includes persons with whom we identify as "fellows" via imaginary association rather than direct, personal interaction. Such cases are already implied by Smith's notion of assimilation to neighborhoods or groups, some of whose members may be

unknown to us personally. Smith generalizes this concept when he speaks of moral connections to persons we come to recognize as moral equals, as “part of us” (Young 1997: 72):

The farmer . . . considers his servant as almost on an equal with himself, and is therefore the more capable of feeling with him. Those persons most excite our compassion and are most apt to affect our sympathy who most resemble ourselves, and the greater the difference the less we are affected by them (*LJA* iii.109: 184).

The farmer and servant in this case are neighbors or “partners in trade,” sharing moral *and* physical proximity. But Smith’s claim that we are more apt to extend sympathy to persons “who most resemble ourselves” suggests that moral proximity can be achieved without physical proximity, among persons who share – or can be imagined to share – a common identity as members of particular groups. In such instances, when “common identity can substitute for face-to-face relations” (Offer 1997: 468), we see vividly how the sympathy process can generate price-like knowledge surrogates (Horwitz 2004), symbolic signals that urge and guide our actions – in this case, prompting us to extend beneficence to fellow group members, many of whom we have never encountered personally. This includes persons above or below us in social rank who are recommended to our care and attention *as imaginary peers*, i.e., 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).

In summary, though the term division of labor never appears in *TMS*, Smith’s attention to the heterogeneous forms of beneficence, sympathy, and “moral connection” that arise among non-kin make clear that “[m]oral distance for Smith was not merely a physical concept” (Forman 2010: 5). Indeed, the anti-physicalist thrust of Smith’s discussion recalls Smith’s anti-physicalist critique of mercantilism in *WN*. Just as Smith rejects the idea that certain physical properties confer intrinsic value to commercial objects, so too he rejects the notion that physical proximity confers intrinsic value to moral objects. Especially in *TMS* Book VI where he explores multiple motives for beneficent action, Smith opens the door to understanding the emergent nature of the order in which individuals are recommended to our care and attention – “an order defined in the process of its emergence” (Buchanan 1982), shaped by the shifting interests and associations that constitute each person’s “natural affections” and moral imagination.

#### The division of care is limited by the extent of sympathy

Forman claims that “Smith left beneficence and all of the softer virtues like friendship, generosity, and charity to the ordinary governance of the sympathy process,” to be “regulated by human connection, interest, and capacity” (Forman 2010: 224-226; see also *TMS* II.ii.3.4: 86). This “sympathy process” is at bottom a nexus of exchange, whose “ordinary governance” is achieved via non-commercial analogues to the price signals and profit/loss feedback of the commercial marketplace.

Exchange is the linchpin of decentralized collaboration for Smith, without which individual “geniuses and talents . . . cannot be brought into a common stock” and each person or family is “obliged to support and defend itself, separately and independently, and derives no sort of advantage from that variety of talents with which nature has distinguished its fellows” (*WN*



I.ii.5: 30). The word exchange scarcely appears in *TMS*; yet Smith's rendering of the "sympathy process" as a process of approbation-seeking dialogue and negotiation between actors and spectators, real and imagined (Otteson 2002), clearly falls within his overarching conception of exchange as bargaining, and his fundamental definition of commercial society as a society in which persuasion is "the constant employment or trade of every man" (*LJA* vi.56: 352). Smith's everyman, the constant bargainer, asks of his conscience the same question he asks of the commercial marketplace, namely: What are my good offices *worth* in the eyes of others?

Otteson (2002) details the institutional symmetry between Smith's postulated mechanisms of commercial and non-commercial coordination in *WN* and *TMS* but neglects their *epistemic* symmetry, i.e., the parallel forms of social learning that enable individuals to cooperate more effectively with strangers despite having no direct, detailed knowledge of strangers' needs and wants. Yet Smith begins *TMS* by asserting a knowledge problem of the very sort Hayek and Otteson discern in *WN* (Hayek 1948: 6-9). Since our senses cannot "carry us beyond our own person," Smith argues, "we have no immediate experience of what other men feel," (*TMS* I.i.1.2: 9). Hence every effort to understand or assist others is impaired by our inability to directly know what it is like to be someone else (Otteson 2002: 5). For Smith, the key to overcoming our epistemic isolation is sympathy, defined as "fellow-feeling with any passion whatever" (*TMS* I.i.1.5: 10), a process that presupposes and enacts one's fellowship (moral equality) with others (Peart and Levy 2005).

As Smith's analysis unfolds, it becomes clear that "sympathy" is not merely a feeling or sentiment; it is a process of dialogue, negotiation, learning – in a word, exchange. Smith explains that sympathy is a deliberative act, passing judgment on the propriety or merits of the motives and conduct we discern in others and in ourselves. To render such judgments, one must perform an "imaginary change of situation," to imagine "what we ourselves should feel in the like situation" (*TMS* I.i.4.6: 21 and I.i.1.2: 9). In the simplest case of two persons, actor (demander) and spectator (supplier), the buyer will modify her sympathy bid (adjust her "pitch") until she and her supplier reach a mutually agreeable "concord" (*TMS* I.1.4.8: 22). In the process, actor and spectator each gain valuable knowledge and enhanced capacities for providing and obtaining sympathy in the future.

Ultimately, however, the focus of Smith's sympathy analysis shifts from personal exchange (person-to-person) to a process of impersonal exchange (person-to-market) wherein actors seek the approbation of a notional third party, "a person quite candid and equitable . . . who has no particular relation either to ourselves or to those whose interests are affected by our conduct . . . but is merely a man in general, an impartial spectator" (*TMS* I.1.5.4: 24). To clarify the market-like character of the impartial spectator procedure and the centrality of sympathy within it, consider Smith's summary of the basic process<sup>2</sup>:

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

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<sup>2</sup> The explanation borrows directly from the insightful analysis of Bee (2015).

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).

Schematically, the two parties – actor and judge – proceed as follows:

- Actor seeks sympathy and approbation from judge
- Judge issues verdict to actor
- Actor receives and accepts verdict, thus achieving self-approbation or self-disapprobation

Through this process, actor and judge achieve mutual sympathy and hence a proper exchange. The judge gives actor “that which he wants” (namely, a verdict: approval or disapproval of actor’s conduct) and in return receives “that which she wants” (sympathy with judge’s verdict).

Consider too the social knowledge at play in these transactions, e.g., the knowledge required (and the process by which such knowledge would be generated and conveyed) for actors to “know that [they] deserve to be beloved” (*TMS* III.1.7: 113). Even though actor and judge nominally reside within a single individual, the judge’s feedback draws its knowledge and authority from evolved social rules and norms. Like market prices, therefore, prevailing norms of propriety and merit inform actors of how society at large is likely to see and judge their conduct.

The actor/judge dialogue is thus aptly described as actor/market, and the self-approbation and self-disapprobation that emerge from the impartial spectator process are directly analogous to the profit/loss signals that emerge from the commercial market process. “Profit or loss” in the *TMS* context consists of applause or censure from one’s inner judge and the eudaimonic happiness or unhappiness of knowing that one’s conduct is deserving of applause or censure.

Moreover, the actor/judge dialogue is shaped and propelled by market-like competition at both ends. At the social level (the judge’s level), there is competition among contending rules and norms. Social rules and norms are subject to ceaseless pressures for change as each individual is free to render his or her own judgement of “what, in particular instances, our moral faculties, our natural sense of merit and propriety, approve, or disapprove of” (*TMS* III.4.8: 159; see also Weinstein 2013: 268). There is also rivalry at an individual level among contending objects of care and attention. Having postulated multiple avenues by which previously unknown persons might be “recommended to our beneficence” (*TMS* VI.ii.1.20: 225), Smith acknowledges that our “beneficent affections” often “draw different ways” yet insists that each person is capable of resolving these conflicts by seeking internal accord with their impartial spectator (*TMS* VI.ii.1.22: 226-227; see also Brown 1994: 35-37 and Fleischacker 1999). Such accord, Smith assumes, is “the great object of our ambition” (*TMS* VI.ii.1.19: 225). Hence the very scarcity of our “limited powers of beneficence” (*TMS* VI.ii.intro.2: 218) is assumed to generate corrective feedback and adjustments, as individuals reassess their commitments in light of shifting circumstances, devoting greater care and attention to those domains where they feel greater senses of potency, duty, connection, or joy.

### Of woollen coats and catallaxy

One of Smith's winning arguments for commercial society is "that universal opulence which extends itself to the lowest ranks of the people":

Observe the accommodation of the most common artificer or day-labourer in a civilized and thriving country, and you will perceive that the number of people of whose industry a part, though but a small part, has been employed in procuring him this accommodation, exceeds all computation. The woollen coat, for example, which covers the day-labourer, as coarse and rough as it may appear, is the produce of the joint labour of a great multitude of workmen (*WN* I.i.10: 22).

Smith offers no direct parallel to the woolen coat in *TMS* but his text provides the concepts necessary to produce similar examples of "universal opulence." For instance, Smith uses the term "good offices" as a general concept of wealth and riches in *WN* and *TMS*. An individual is rich, in Smith's view, when, like the owner of the woolen coat, s/he is able to command a large quantity of other people's labor in exchange for her own good offices. In today's society, a paradigmatic example would be a Google search (Elder-Vass 2014): a relatively common item, obtainable in return for a modest investment of one's own time and ideas, and providing a mass of valuable knowledge derived from the ideas and labor of a multitude so vast, it too "exceeds all computation." Conversely, individuals in a society of universal opulence are able to exert substantial leverage in the provision of good offices to others. A current-day example would be the many forms of digital philanthropy whereby one can provide valuable products or services to distant others in return for small amounts of time, money, knowledge, and care (Bishop and Green 2010).

If we ponder for a moment the non-commercial leverage exercised by the poorest Scots today in comparison to their predecessors in the 1750s – their gains in purchasing power *and* provisioning power as members of national and international divisions of labor and care – one begins to fathom the Smithian growth processes that have generated this massive enrichment. The broader the web of sympathetic exchange, the more varied and refined the forms of specialized beneficence, the greater the caring capacities possessed by individuals, and the greater the physical and social capital that augments individuals' caring labor, the more opulence can be provided and enjoyed by the common person.

What also stands out clearly in *TMS* are the humanizing effects of sympathetic exchange, parallel to the catallactic effects of commercial exchange celebrated by Hayek (1988: 112). Smith's sympathy process is catallactic in two senses. First, the sympathy process is socially integrative, cultivating familiarity and fellowship among erstwhile strangers. Sympathy fosters mutual dignity among persons who regard each other as equals within "the multitude" of humankind (*TMS* I.ii.2.1: 83). Sympathy thus creates a market, a space in which members' diverse passions, circumstances, and good offices are rendered negotiable. Just as Hayek invokes the Greek root of catallaxy (*katalattein* or *katalassein*, meaning both "to exchange" and "to receive into the community" or "to turn from enemy into friend") to recast commercial exchange as a process of turning alien "them" (*allogtrion*) into familiar "us" (*oiken*), Smith's sympathy process achieves the same result via non-commercial exchange. Second, despite

each person's constitutional ignorance of fellow citizens' needs and circumstances, the Smithian sympathy process enables individuals to better serve "the multiplicity of separate and incommensurable ends of all its separate members" (Hayek 1976: 108) by generating self-approbation and self-disapprobation: profit/loss signals that nudge individuals toward mutually beneficial compromises between their interests and the interests of others (*TMS* III.3.1: 134).

### Smith's *oikeiōsis* revisited

If Smith's object in *TMS* is aptly described as an economy of care, can the same be said of *WN*? Is there a meaningful sense in which it too theorizes an economy of care? If not, then the preceding discussion of *TMS* has failed to challenge – indeed, has unwittingly affirmed – the received dualistic interpretation of Smith's *oeuvre* (*WN* as commercial economy, *TMS* as caring economy).

To address this question, we turn to recent discussion of Smith's relationship to the Stoic doctrine of *oikeiōsis*, a term that never appears in Smith's published works but was a major topic in Stoic writings widely read and influential among Scottish Enlightenment thinkers (Montes 2008). In her provocative recent book on this subject, Forman defines Stoic *oikeiōsis* as a presumed "concentric structure of human affection and care" and argues that Smith accepts this anthropological premise as an "empirical fact" (Forman 2010: 8). She characterizes Smith as an anti-cosmopolitan, wary of exhortations to "extend our care and concern to distant strangers whom we have little contact with, little knowledge of and little capacity to help" (Forman 2014: 291). On this view, *TMS* and *WN* pertain to separate spheres: local cooperation via direct mutuality (*TMS*) and extensive cooperation among strangers via the surrogate mutuality of commerce (*WN*) (den Uyl 2010: 285-286).

An alternative definition of *oikeiōsis* is advanced by Brown (1994) who argues that "the doctrine of *oikeiōsis* . . . provides an account of the process of moral and psychological development from the early stages of childhood to that of the mature moral agent." As such, *oikeiōsis* coincides with Stoic self-love, a concept that "cannot be equated with modern conceptions of self-interest, individualism, or egocentric behavior" because it "describes nature's mechanism for motivating the development of moral awareness in the individual agent" (Brown 1994: 95; see also Montes 2008: 45).

Extending Brown's theme, Montes emphasizes the sense in which *oikeiōsis* "encompasses a sense of belonging, appropriation or ownership, of making something one's own" (2004: 89). Recalling *oiken* (familiar) as the Greek root of "econ," the term *oikeiōsis* – referring to each agent's assumption of responsibility for the constitution and care of his or her *oikos* – can be understood as a shorthand description of Smithian self-love and the cultivation of one's own humble department, arguably the chief engines of social cooperation in *TMS* and *WN*.

Forman rightly emphasizes Smith's Burkean rejection of the Stoic moral *telos*, "the global cosmopolitanism of the 'dear city of Zeus'" (Brown 1994: 96), and steadfast emphasis on the ethical imperative to never "neglect of the smallest active duty" to one's nearest and dearest

(*TMS* VI.ii.3.6: 237). On the other hand, per Brown and Montes (and per Forman's own searching analysis of Smith's writings), the persons and projects that comprise our respective "humble departments" and the order in which these objects are recommended to our attention and care are not predetermined by blood ties or physical geography. Etymologically and analytically, Smith's *oikeiōsis* can thus be understood as an *economic* process: the process of constituting one's *oikos*, "that particular portion of [the great society of mankind] which [is] most within the sphere both of his abilities and of his understanding (*TMS* VI.ii.2.4: 229), and doing so in dialogue with the larger social/economic order via commercial and sympathetic exchange.

In the *TMS* context, *oikeiōsis* would refer to ethical "appropriation or ownership," the assumption of responsibility for one's personal domain including informal duties of care. We see this in Smith's analysis of "commercial countries" where beneficence is freed from the spatial and social constraints of family and clan, such that each individual is at liberty to determine the moral objects for which s/he is willing to accept some degree of responsibility, motivated and informed by the "ordinary governance of the sympathy process." In this connection, Montes (2008: 40-44) argues that Stoic *oikeiōsis* is a major underpinning of Smith's concept of sympathy, understood in the catallactic sense of transforming *allotrion* (alien) into *oiken* (familiar). Smith's theory of non-commercial benefaction in *TMS* highlights the sundry forms of familiarity and informal duty that arise as certain roles and responsibilities become part of who we are and what we do within our respective humble departments.

In the *WN* context, *oikeiōsis* would refer to "appropriation or ownership" in an ethical *and* legal sense. As individuals become free to determine the direction and employment of their own paid labor, they become property owners, responsible for the care and betterment of the objects within their personal domain. In this context, Smith describes specialization as follows:

A savage who supports himself by hunting, having made some more arrows than he had occasion for, gives them in a present to some of his companions, who in return give him some of the venison they have caught; and he at last finding that by making arrows and giving them to his neighbour, as he happens to make them better than ordinary, he can get more venison than by his own hunting, he lays it aside unless it be for his diversion, and becomes an arrow-maker (*LJA* vi.46: 348).

While obviously shaped by relative prices, the process of commercial specialization – becoming an arrow-maker in this case – is also a matter of identity and audience: What persona will I adopt on the social stage? What genius or talent do I have (or might I cultivate) that others might value? What is my gift? Whom shall I serve? The choice to produce arrows is more than just ordinary prudence; it is also an act of beneficence (a gift) that initiates or perpetuates a cycle of reciprocity (Wight 2009). Even in cases of wholly "mercenary" exchange in which items are traded "according to an agreed valuation . . . without any mutual love or affection" (*TMS* II.ii.3.2: 86) – perhaps because traders perceive no connection between their actions and the happiness or misery of others, hence no duty to provide additional good offices – an economy of care still prevails insofar as the actors observe other-regarding social norms and rules (Lewis

2014), and insofar as such trade represents what Smith considers the exception that proves the rule – the special case of mercenary cooperation in which beneficence approaches zero.

## **Conclusion**

Despite decades of active attention to *TMS* among Smith scholars, economists' default understanding of Smith's moral philosophy remains a "two worlds" view, seeing *TMS* and *WN* as theories of market-based "cooperation with strangers" and sympathy-based cooperation within the "realm of the familiar" (Boettke 2012: 6). Smith's champions argue that the iron cage of commerce is also a velvet cage, a humane catallaxy in which every individual is "induced, by his own choice and from the motives which [determine] his ordinary conduct, to contribute as much as possible to the need of all others," "based on his peculiar knowledge and skill with the aim of furthering the aims for which *he* cares" (Hayek 1948: 12-13 and 17, original emphasis). Unfortunately, Hayek et al. confine their catallactic vision – and their vision of Smith's contribution to economic science – to commerce only.

In this paper, I have attempted to show that Smith's own texts provide impetus and conceptual architecture for a substantive rethinking of the commerce/care relationship. My argument has proceeded in two stages: (1) using the *WN* specialization-and-trade framework to reinterpret *TMS* as a non-commercial economy of care; and (2) introducing Stoic *oikeiōsis* – and Smith's subtle reformulation of the Stoic doctrine – as a broader frame in which to describe the "economic" and "caring" focus of Smith's social theory in *TMS* and *WN*. The resulting interpretation suggests that the Smithian commercial society is best understood as a hybrid economy of commerce and voluntary association in which the core economic process revolves around human conduct "in the ordinary business of life" (Marshall 1890: 1), the ongoing (re)constitution of each person's realm of liberty, responsibility, and care (*oikos*) and the two-way connections linking each *oikos* to broader webs of social collaboration and learning.

In future work, I hope to explore the nature and scope of non-commercial economies in our own world (e.g., Benkler 2006) and the deep complementarities and conflicts between the commercial and non-commercial dimensions of every social entity from the individual to the global (e.g., Lessig 2008). Smith's moral philosophy provides rich resources for rethinking the "two worlds" dualism of commerce and care – the impersonal iron cage and the benevolent velvet cage – and for diagnosing the endemic pathologies of commercial society by appreciating the destructive factionalism and parochialism that arise from the human thirst for sympathy (Levy and Peart 2009) and the fallibility and corruptibility of human knowledge and judgement.

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