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ETHICS AND ECONOMICS IN ADAM SMITH’S VERY EARLY WORKS, LECTURES AND CORRESPONDENCE – PART TWO

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Ethics and Economics In Adam Smith’s Very Early Works, Lecturers, and Correspondence

Part II

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ABSTRACT

This paper utilizes the ethics and economics framework developed elsewhere (Alvey 2014; Alvey 2011; Alvey 2005). It is the second part of a sequence of papers re-examining Adam Smith early works, lectures, and correspondence (see Alvey 2014 forthcoming).

The ethics and economic framework is presented in summary fashion in the first substantive section. The framework has eight themes: an ethics-related view of motivation; functionings and capabilities; social achievement; agency; freedom; rights; “just price”; and ethical methodology.

This framework is then put to use in re-examining some of Smith’s early works, lectures, and correspondence (which are arranged in roughly chronological order). It seems reasonable to call the 1740s and early 1750s the very early period of his life (Smith published the Theory of Moral Sentiments in 1759). This period provides useful foundations for his mature works. The structure of the paper is as follows. After some introductory comments, Section 2 sets out the ethics and economics framework. This framework is then put to use in examining four early works by Adam Smith plus his early correspondence. Section 3 reviews the Anderson Notes (1751-54). Section 4 reviews a manuscript fragment on justice (1751-58). Section 5 scrutinizes a “short manuscript drawn up by Mr Smith” in 1755. Section 6 examines Smith’s “Letter to the Edinburgh Review” (1755-56). Section 7 considers early correspondence to and from Smith (1740-59). Section 8 provides some concluding remarks.

Keywords: Adam Smith; ethics and economics; Amartya Sen; functionings; social achievement.

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1. INTRODUCTION

This paper utilizes the ethics and economics framework developed elsewhere (Alvey 2014; Alvey 2011; Alvey 2005). It is the second part of a sequence of papers re-examining Adam Smith early works, lectures, and correspondence (see Alvey 2014 forthcoming).  

The ethics and economic framework is presented in summary fashion in the first substantive section. The framework has eight themes: an ethics-related view of motivation; functionings and capabilities; social achievement; agency; freedom; rights; “just price”; and ethical methodology.

This framework is then put to use in re-examining some of Smith’s early works, lectures, and correspondence which were not considered in the earlier paper in the sequence (Alvey 2014 forthcoming).  These materials are arranged in roughly chronological order.  It seems reasonable to call the 1740s and early 1750s the very early period of his life (Smith published the Theory of Moral Sentiments in 1759).  This period provides useful foundations for his mature works.

The structure of the remainder of the paper is as follows.  Section 2 sets out the ethics and economics framework.  This framework is then put to use in examining four early works by Adam Smith plus his early correspondence.  Section 3 reviews the Anderson Notes (1751-54).  Section 4 reviews a manuscript fragment on justice (1751-58).  Section 5 scrutinizes a “short manuscript drawn up by Mr Smith” in 1755.  Section 6 examines Smith’s “Letter to the Edinburgh Review” (1755-56).  Section 7 considers early correspondence to and from Smith (1740-59).  Section 8 provides some concluding remarks.

2. THE ETHICS AND ECONOMICS FRAMEWORK

The framework for ethics and economics for this paper builds on the work of Amartya Sen. The next sub-section develops Sen’s framework.  The following sub-section describes my expanded framework.

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2 Abbreviations from primary sources are as follows: The “Anderson notes” from Smith’s lectures = AN; Rousseau’s Second Discourse = SD; Smith’s The Correspondence of Adam Smith = Corr; Smith’s Essays on Philosophical Subjects = EPS; Smith’s “Fragment on Justice” in TMS (see below) = Justice; Smith’s Lectures on Jurisprudence = LJ; Smith’s “Letter to the Edinburgh Review” in EPS = Letter to ER; Smith’s “Of the External Senses” = ES; Smith’s “Short Manuscript Draw up by Mr Smith” in 1755 in Stewart’s Life (see below) = SM 1755; Smith’s Theory of Moral Sentiments = TMS; Smith’s Wealth of Nations = WN; Stewart’s “Account of the Life and Writings of Adam Smith, LL.D.” = Life.  Citations from Smith follow the practice adopted by the editors of the Glasgow Edition of the Works and Correspondence of Adam Smith, followed by the relevant page number (i.e. The Wealth of Nations Bk. I, Chap. X, sect b, para 2 = WN I.x.b.2, p. 117).  In the references to other primary sources the usual citation conventions are adopted followed by the relevant page number.  For Smith’s correspondence, the letter in the Corr will be cited followed by the relevant page number.  Spelling and punctuation have been revised/modernized in many cases.

3 Three other documents from the early years were also examined: Preface and Dedication to William Hamilton’s Poems on Several Occasions (these were published in 1749 and 1758 respectively) and “Review of Johnson’s Dictionary” Edinburgh Review (published in 1755).

4 For the chronology, I have used a number of sources.  I have used my own judgment in some cases.
2.1 Sen’s Framework

Sen’s approach is clearly plural. Depicting Sen’s work diagrammatically is difficult but any representation of it would need to include at least the following frameworks: ethical motivations; functionings and capabilities; social achievement; freedom; agency; and rights. In addition, a wider view of human motivation is assumed than is standard in economics: ethical motivations are admitted. Indeed, ethical motivations are the basic foundation of the whole metaframework. In what follows, I depict Sen’s metaframework of ethics and economics in three tiers.

![Diagram 1: Simplified Version of Tier 1 in Sen's Metaframework: Ethical Motivations](image)

The first tier of Sen’s metaframework (see Diagram 1) refers to the motivations of individuals. The starting point here is Sen’s rejection of the mainstream economic view that all motivations can be reduced to self-interest. Sen says that earlier thinkers, such as Aristotle, were on the right track: ethical motivations, such as “duty, loyalty and goodwill,” do exist (Sen 1987, p. 18; 1997, p. 13). Sen concludes that: “ethical deliberations cannot be totally inconsequential to actual human behaviour” (1987, p. 4). Although it is not explicit in Sen’s work, we can distinguish between several broad categories of motivations: “the ethics-related view of motivations,” self-interested motivations, and malevolent motivations.
In the second tier of Sen’s metaframework there are a diverse range of considerations. In some works Sen emphasizes one item and in other works he focusses on another. Let us comment briefly on the most important ones.

a) Functionings and Capabilities

Sen’s first clear statement of functionings and capabilities is provided in Sen 1980. Sen explains that his concept of functionings is a development from the work of Aristotle, Adam Smith and Karl Marx. Functionings “can vary from the most elementary ones, such as being well-nourished, avoiding escapable morbidity and premature mortality, etc., to quite complex and sophisticated achievements, such as having self-respect, being able to take part in the life of the community, and so on” (Sen 1992, p. 5; see 1993, p. 36-7).

“A functioning is an achievement, whereas a capability is the ability to achieve” (Sen 1986, p. 48). Fasting is the standard example that Sen gives to bring out his distinction between functionings and capabilities (1986, p. 49; see 1993, p. 45). Even if the “achieved functionings” of “the rich person fasting” is the same as the poor person starving, they “differ in their capabilities” (Sen 1993, p. 45).

b) Agency

For Sen, the agent is the individual but viewed from a wide perspective. He states that “An agent does things and also views actions and outcomes” (Sen 1982, p. 21). Agency includes “valuing the various things he or she would want to happen, and the ability to form such objectives and to have them realized” (Sen 1987, p. 59). The agent forms “goals, commitments, values, etc” and acts to fulfil them (Sen 1987, p. 41). The latter is also part of agency; it includes responsibility for one’s own actions (Sen 1985, p. 183). When we recognize and respect the person’s ability to form such goals and take action commensurate with them, we see the person through the lens of agency.
c) Freedom

For Sen, freedom is “valued” not merely because it contributes to “achievements,” such as well-being, but “because of its own importance” (1987, p. 60; 1993, p. 39; 2009, p. 18). He focusses on positive freedom (the freedom to achieve certain things) rather than negative freedom (freedom from constraints). Because Sen concentrates on positive freedom, it makes sense for him to claim that “human capabilities constitute an important part of individual freedom” (1993, p. 33).

While freedom can be viewed in this broad homogeneous manner, it can also be viewed as a plural concept. It turns out that there are many types or aspects of freedom; it is “an irreducibly plural concept” (Sen 2002, p. 585 see p. 658). Sen refers to personal liberty; political freedom; the process aspect of freedom; and the opportunity aspect of freedom.

d) Rights

Sen also sees a need to recognise rights to some degree. Once again this forms part of his critique of mainstream economics. Sen claims that rights may have an instrumental value but they also have importance for their own sake. In assessing states of affairs, “the value of right fulfilment and the disvalue of right violation” has to be taken into account (Sen 1987, p. 73).

As shown in Diagram 2 above, Sen primarily adopts the functionings/capabilities framework but modifies this with things such as freedom, rights, and human agency. Even though the functionings/capabilities framework is inherently a plural one, by admitting the relevance of other things, Sen multiplies this plurality. While this tier of the metaframework is dominated by functionings and capabilities, freedom makes a large contribution (as shown in the diagram).
Social achievement may be considered as the top tier of Sen’s metaframework (see Diagram 3 above). Social achievement is an evaluation of “the good” which is broader and “more fully ethical than just efficiency” (Sen 1987, p. 4). For Sen, it represents some benchmark of acceptable performance for the society in terms of delivery of functioning achievements. In *On Ethics and Economics* the concept refers to distributive justice.

It may be better, however, to refer to social achievement as a mosaic representing how society as a whole is doing in the light of the achievements, freedoms, and rights of various individuals within the society. As there are many individuals to be considered, and multiple types of evaluation, we would expect to see a sort of patchwork, as show above. A set of ethical judgments is implicit here. Consider the choice of items evaluated and the weighting given to the items. In addition, ethical judgments are required concerning the proportion of the population required for success in the evaluation of any item.

### 2.2 The Expanded Framework

Here I present my expanded framework for ethics and economics. In addition to the six themes from Sen’s metaframework presented above, I have added two themes that were included in Alvey 2011.

**a) Ethical Methodology**

There are two traditions in economics: the ethical tradition and engineering. In modern economics the engineering tradition is dominant. This makes heavy use of mathematics, which is indifferent to ethical ends. An ethical methodology has two characteristics. First, a “moral science” adopts a method which is consistent with moral or human concerns, distinct from the natural sciences. The engineering approach seems to fit better with the natural rather than the moral science methodology. Second, a “moral science” is concerned that the study contribute to moral ends.

**b) Just Price**

The final theme is a notion of a “just price.” The ancient Greeks were among the first to investigate notions of market justice, notably in the just price doctrine. Such doctrines continued through the Scholastics and others for one and a half millennia. Even though the position of the Scholastics was in decline by the time of the Scottish Enlightenment, we need to keep in mind that economists may have developed a view, at least implicitly, in the just price tradition.

We now put the framework to use in examining some early works, lectures, and correspondence of Adam Smith. This part of the paper should be read with the earlier part of the sequence of papers on Smith’s early works (Alvey 2014 forthcoming), where four more of his early essays were considered.
3. THE ANDERSON NOTES (1751-54)

In 1976, Meek reproduced and commented upon the Anderson notes (which had been discovered in 1970). Meek says that the notes are from an early period in Smith’s lectures on jurisprudence at Glasgow University. Two points of clarification are required. First, they are not notes taken by Anderson directly but “extracts made by Anderson from [an actual] student’s notes”; to be more precise, they are “a very short set of summarized extracts made by Anderson” (1976, p. 442). The extracts or jottings are, therefore, two steps removed from Smith’s actual lectures (and his own lecture notes). Second, because they are second-hand notes (and for other reasons), Meek could not determine the precise date of their composition (but he provides convincing evidence for the date being within a narrow band) or the date of the lectures from which the extracts are taken. An important clue is found in Smith’s theory of history. Smith presents a stage theory in the Anderson notes but the stages are slightly different from what he adopts subsequently (in the LJ and the WN; see Meek 1976, pp. 465-6). Consequently, the Anderson notes are from a period before either set of lecture notes reproduced in the Lectures on Jurisprudence (LJ) (i.e. 1762-3 and 1763-4). Meek (1976, p. 461) eventually suggests that the Anderson notes are from one of the following lecture terms: “1751-52, 1752-53, or 1753-54” at Glasgow.

From these notes it is clear that Smith’s lectures on jurisprudence were already at an advanced stage by 1751-54. By this stage Smith had developed many of the points evident in the two sets of notes reproduced in the LJ.

3.1 Pleasure and Pain

The notes are primarily addressed to law and government but also address other matters. Smith begins with two principles that underpin law. The first relates to criminal law and the second to property. First, when “no punishment is due or danger apprehended,” depriving “a man of life or limbs” or giving him “pain” is “shocking to the rudest of our species” (1, p. 467). Second, “[w]e acquire a liking” for someone or something by familiarization; depriving “us of them” therefore causes us “pain” (1, p. 467). The two principles underpinning law are based on pleasure and pain (or injury). At least on the surface, this is in tension with the thrust of my argument in this paper and projected future work (which claims that Smith is developing an argument in the ethical tradition of economics).

The Anderson notes also provide some sketchy insights into Smith’s spectator theory of morality. The context in the notes (the dying person’s impartial view) suggests that, at this time, Smith had not developed a systematic theory of ethics. Nevertheless, in quick succession, Smith mentions the “perfectly disinterested person”, “sympathy,” and placing “ourselves[s] in his [someone else’s] stead” (5, p. 468). A little further on Smith says that, “in order to judge of the reasonableness and origin of different punishments, we must call to

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5 On Anderson, see Muir 1950. In my opinion the Anderson notes should have been included in the Glasgow Edition of the Works and Correspondence of Adam Smith, probably in the LJ. Unless otherwise stated, all citations in this section are from the “Anderson notes” (AN). The paragraph from the AN is followed by the relevant page in Meek 1976.

6 In the version of the notes reprinted in Meek’s 1976 article, the notes take up ten pages of text (see Meek 1976).
mind what a private person feels when injured (15, p. 471). Hence, the spectator theory coexists with a focus on pleasure and pain.

In the context of his discussion of property, Smith introduces his theory of human history. This time pain is linked to labour. The first stage of history is characterized by “hunting and fishing” (1, p. 467). Even in this stage, rudimentary norms or “laws” arise: “to deprive a man of the beast or fish he has caught, or of the fruit he has gathered, is depriving him of what cost him labour and so giving him pain” (1, p. 467). Here we see just the “acorn” of what will later appear in “sapling” form in the *LJ* as a “just price theory” in the line of Scholastic thinking (see Young 1997, pp. 80-5, 96-8).

### 3.2 Family and gender issues

As we saw in Section 2, Sen and the Capability theorists place considerable weight on family and gender issues. There is considerable discussion of family and gender issues in the Anderson notes. Smith indicates that the unequal treatment of men and women for adultery is because “men are the makers of the laws” (24, p. 473).

8 This view is consistent with some of Smith’s other comments about the ill-treatment of women. Females have been treated like slaves (and presumably denied education) (24, 29, pp. 473, 475). Female functionings have been neglected, particularly in ancient times. The combined effect of these statements in Anderson’s jottings is that a significant proportion of the inequality between men and women is due to social convention and law (rather than natural inequality); these are biased against women compared to what would emerge if the system of natural jurisprudence (which will be mentioned in the next section and in the *TMS* but developed in the *LJ*) should fully emerge.

Somewhat similar sentiments can be seen in Smith’s discussion of polygamy. “Where polygamy takes place” there are “constant jealousies” and consequently each wife “must be neglected” (25, p. 473). Indeed, he goes further with the following claim: because of polygamy “[t]here is melancholy among women of the east, and so ... *half of the species is miserable*” (25, p. 473; see Montesquieu *Persian Letters* Letters 147-61, pp. 270-81). Smith sums up the issue this way: “The sentiment of love fixes upon one, and as polygamy is contrary to this sentiment, it is contrary to nature” (27, p. 474; c.f. Hume 1987, pp. 557-62).

Smith does not spell out his argument but it would run something like the following. We need the love of one other person. The harem, by contrast, treats women like cattle. For women in the harem, sexuality is little different from religiously sanctioned slavery (or prostitution). This is not love. Sexuality in this context does not contribute to good human functioning.

In any event, the quotations above are powerful indications of 1) Smith’s view that love is an important part of good human functioning and 2) his concern that the assessment of social achievement should include female functioning achievements. Of course, Smith’s inclusion of female functionings in social achievement does not mean that he held that female

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7 For more on Smith’s views on gender, see Justman 1993. For more on the family, see Kennedy 2006; Nerozzi and Nuti 2008.

8 The notion that law is based on power is the theme of the modern school of jurisprudence called critical legal theory.
functionings need be weighted equally to that of male functionings (or that raising female functioning achievements above some minimum should be a social goal).

Smith also discusses children. Children are “helpless” (29, p. 474). Because of their vulnerability, “taking care of children [is] natural in the highest degree” (27, p. 474). Nevertheless, the exposing of children was practised by the ancient Greeks and Romans (27-8, p. 474), those who were said to be civilized. Smith calls this an “abuse” and asserts it was only permitted because governments felt unable to interfere in what were deemed to be “private affairs” (28, p. 474). Later, he returns to the topic. Smith states that in his day “half [of those born] die under 7” years of age and most of these are from “vulgar” (i.e. lower class) families (36, p. 476). It is because of “poverty” that parents from the lower classes are rendered “unfit to ring up the most tender of all animals, viz infants” (36, p. 476). What can be draw from these comments? Smith is adopting views consistent with Sen’s Capabilities approach. He sees good human functioning as living a long life; exposing children and premature mortality are major social achievement shortfalls. The ancient Greeks and Romans, as well as modern Britons, had major deficiencies in terms of social achievement.

Smith also discusses the absolute rule of the father in a family (*patria potestas*) and slavery. In this context, Smith refers to “humanity,” “sympathy,” happiness, and cruelty (31, p. 475). One can see clear hints as to his mature views but complete arguments are missing because of the summary character of the Anderson notes.

### 3.3 Freedom

Smith refers to a case of quasi-slavery in contemporary Scotland. He makes the economic argument that, if the Scottish masters put the salters and colliers (who are in quasi-slavery) on “the same footing with other labourers,” the salters and colliers would work harder and the masters themselves would be better off (34, p. 476). According to this argument, liberty is good both for the worker and the employer. Here we have an early version of the harmony theory often attributed to Smith. He is arguing that freedom (i.e. freedom of the person to choose where to work) is an important means. Smith’s defence of liberty is sometimes explicit in these notes but, in most cases, we have to rely upon other (later) material to draw implications about what he was actually saying.

### 3.4 Miscellaneous points

Finally, we should mention three miscellaneous points about the Anderson notes. First, Smith refers, amongst others, to Plato, Locke, Hutcheson, Hume and especially Montesquieu. Explicit references to Montesquieu in these notes are frequent (9, 12, 19, 26, 31, 39, pp. 469-70, 472, 474-5, 477). Second, Smith refers to equity issues related to debasing the value of coins (i.e. inflation). This theme is taken up by Smith in later work. Third, Smith says that no one would even think of what we now call price discrimination (7, p. 469). By contrast,

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9 The young of humans live “long in a state of entire dependency” (*ES* 74).

10 Price discrimination is where identical or virtually identical goods or services are sold for different prices by the same provider in different markets (and sometimes the same market). In a discussion of the fees charged by Professors at Glasgow University, however, Smith notes that discriminatory pricing is practised. Fees for “noblemen’s sons” are about double that for “any gentleman’s son” (Letter 42, p. 59).
modern economic textbooks claim that price discrimination is the way of the world and the distributive consequences are irrelevant (Mankiw 2012, p. 315; Elegido 2011; c.f. Tiemstra 2012, Ch 8). In other words, modern economics claims that there is nothing wrong with price discrimination; either price discrimination is seen within the broad positivist claim that economics is free from ethical concerns or it passes the rather low ethical hurdle set by economists. Smith seems to say that opposition to price discrimination in his day runs so deep as a norm that no one would even think of introducing it.

3.5 Conclusion

In conclusion, there is some evidence for an hedonic theory in the Anderson notes. Nevertheless, Smith’s ethics and economics framework is stronger. Smith sees living a long life as an important functioning. Premature mortality is a major functioning failure. Love is another component of good human functioning. Female functionings have been neglected in the past. From Smith’s perspective, earlier societies are given a failing grade in terms of this aspect of social achievement. In the future, female achievement must be considered in the assessment of social achievement.

4. A MANUSCRIPT FRAGMENT ON JUSTICE (1751-58)

The editors of the Glasgow Edition of the TMS reproduce a brief fragment of about 2 pages in length (in Appendix II) and provide a lengthy commentary on it and associated issues. Raphael and Macfie call this “a manuscript fragment on justice” (Appendix II title). They state that it formed part of Smith’s lectures at Glasgow and conclude that it is “earlier than edition 1” of the TMS (Raphael and Macfie 1976, p. 395; see pp. 393-98). By contrast, Long (2009, p. xxiii) calls this the Atonement manuscript (presumably because the fragment begins with a discussion of theology) and places it in the 1751-59 period. It is clearly an early fragment because it contains at least two arguments which Smith later revised (see Raphael and Macfie 1976, pp. 393-4). As the first edition of the TMS was published in April 1759, it seems better to date the work to the period 1751-58.

The fragment begins with a discussion of divine justice. It then considers the origin of human justice. With regard to the latter, Smith considers the exceptional case before turning to the normal situation. The exceptional case is where human beings base punishments on the general interest of society. The specific case that is mentioned is something related to the Laws of War (a sentinel who falls asleep during his watch). In this peculiar case, Smith concedes that the death penalty is just (i.e. justice understood as the common good). “Nothing can be more just, than that one man should be sacrificed to the security of thousands” (Justice, p. 389).

The normal situation, however, is that laws arise from human sentiments. Resentment of unjustified injury incites the injured to seek vengeance against the offender. When they

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11 Because the increase in producer surplus can be greater than the loss of consumer surplus, social welfare can increase (Mankiw 2012, p. 315). 1) In this utilitarian framework, consumer utils are assumed to have equal weight to producer utils. 2) The compensation for losers is not considered to be an issue.
punish the offender, the injured party feels “that mankind applaud and go along with them” (*Justice*, p. 389). Here we have hints of the kind of spectator theory developed in the *TMS*.

In any event, the tendency to seek revenge, unfortunately, tends to lead to “a scene of bloodshed, confusion and disorder” (*Justice*, p. 389). Raw justice (resentment of the injured followed by vengeance) undermines the general interest of society (i.e. justice understood as the common good). As a remedy, whenever governments have “acquired considerable authority” they employ their power to satisfy the offended; they “enforce the practice of justice” (*Justice*, p. 389).\(^{12}\) The magistrate promises to hear all such complaints and considers both sides of the story diligently. Having done so, the magistrate attempts to “give that redress which to any impartial person shall appear to be just and equitable” (*Justice*, p. 389). Once again, we have more hints of the *TMS*.

Resentment, combined with the taming of revenge by the magistrate, is the origin of “civil and criminal jurisdiction” (*Justice*, p. 389). The natural principles of justice arise from the human sentiments. Here is the starting point for what Smith calls “natural jurisprudence, or the theory of the general principles of law” (*Justice*, p. 389). This was also mentioned in the Anderson notes. Smith is equally brief here (he proposes to deal with it elsewhere but his planned book on jurisprudence, however, was never completed).

Having dealt with punishment (and commutative justice), Smith turns to doing good towards others. He shifts from commutative justice to distributive justice (*Justice*, p. 390). According to the Schoolmen, distributive justice equates to “the proper exercise of all the social and beneficient virtues. It cannot be extorted by force” (*Justice*, p. 390).

In conclusion, Smith sketches his view of the instinctive basis of justice (developed in the *TMS*). In addition, he clearly held that humans sometimes demonstrate beneficient virtues. At the same time, he has also given us some clear signs that his spectator theory of morality is maturing (before being revealed in the *TMS*).

### 5. A “SHORT MANUSCRIPT DRAWN UP BY MR SMITH” IN 1755

In 1755 Smith presented a paper to a society of which he was a member, probably the Glasgow Economic Society (Hamowy 1968, p. 253; Rae 1895, p. 63). At the time that he wrote his important biography of Smith, Dugald Stewart had in his possession the entire “short manuscript” that the former had used in his talk (Stewart IV.25; 1980, p. 321). Unfortunately, the original document has been lost and only about a half page of text was reproduced by Stewart in his biography.

Stewart quotes two passages from the manuscript. The first excerpt and about half of the second excerpt address the doctrines that Smith wished to claim as his original contribution.

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\(^{12}\) In essence, there is a conflict between two notions of justice: commutative justice (justice as “an eye for an eye”) and justice as the common good (i.e. peace). On the different notions of justice, see Alvey 2011, pp. 94, 105, 107, 111-2, 115, 144-6.
The end of the second except is addressed to the issue of plagiarism. According to Stewart, the doctrines were propounded in the final year of Smith’s public lectures in Edinburgh and in his lectures during the first four of five years at Glasgow. Smith claims to have given his Glasgow lectures “without any considerable variation” in the content (SM 1755). In other words, the core of the lectures must have been written between Smith’s final year lecturing at Edinburgh (1750-1), the year that he was a Professor of Logic at Glasgow (1751-2) and the first year that he was a Professor of Moral Philosophy (1752-3). The original doctrine that Smith sought to claim as his own in the paper was, therefore, articulated in lectures in the period 1750-53.

In his biography, Stewart tells us that “the progress of Mr Smith’s political ideas” (i.e. ideas in political economy) even at this “very early period” was considerable. Indeed, “Many of the most important opinions in The Wealth of Nations” are detailed in the manuscript (Stewart IV.25; 1980, p. 322). As we have only the two short excerpts from the paper, we have to take Stewart’s word for this.

The doctrine that Stewart highlights in the extract is the benevolent effects of nature when it is left alone. Merely “let her alone” and nature will “establish her own designs” (SM 1755). The more complete doctrine runs as follows:

Little else is requisite to carry a state to the highest degree of opulence from the lowest barbarism, but peace, easy taxes, and a tolerable administration of justice; all the rest being brought about by the natural course of things. All governments which thwart this natural course, which force things into another channel, or which endeavour to arrest the progress of society at a particular point, are unnatural, and to support themselves are obliged to be oppressive and tyrannical. (SM 1755 emphasis added)

This is a profound quotation and warrants close attention. First, rather than some capabilities-type concept, opulence appears to be the end. Nevertheless, as it is contrasted with barbarism, there is a qualitative aspect as well. Opulence is almost a proxy for the complex concept of civilization (which indeed have a Sen-type flavour). Second, “peace, easy taxes and a tolerable administration of justice” are means to that end. Third, this passage can certainly be viewed as an instance of unintended consequences of decentralized human action. More importantly it is a statement of a harmonious natural order which has spontaneous economic growth as the normal outcome. Fourth, we see more evidence of the benevolent design of Nature which we have mentioned on a previous occasion (see Section Alvey 2014 forthcoming, Section 3). It is “statesmen and projectors” (SM 1755) who, arrogantly assuming greater knowledge than God, undermine the beneficial tendency of nature. Fifth, the passage represents one of the earliest indications of Smith’s stress on freedom as a means.

13 The accusation is presumably over Smith’s system of natural liberty (Hamowy 1968, p. 252; Rae 1895, p.63). Smith seems to have raised plagiarism issues against others at least three times: in 1755, 1767, and 1769 (Hamowy 1968). It is not clear who the target of the accusation was in 1755.
The two excerpts by Stewart are short but fundamental. The full significance of Smith’s doctrine of spontaneous economic growth for the themes in this book only becomes apparent in later writings (notably in the *WN*).

6. **SMITH’S LETTER TO THE EDINBURGH REVIEW (1755-56)**

In the period before the *TMS* was published, Smith published very little. He did, however, have two contributions published in the *Edinburgh Review* (1755-56). The first was a “Review of Johnson’s Dictionary”; it showed Smith’s early interest in literary themes but otherwise it contains nothing of interest for us. The second contribution was a lengthy “Letter” to the editor of the *Edinburgh Review* (Alexander Wedderburn).

Two more pieces of evidence of Smith’s elitism are found in the “Letter”. First, consistent with the prejudices of the age, he thought female functioning achievements were minimal. Smith addresses his letter to “gentlemen.” Smith presumed that females were not sufficiently literate to be interested in his philosophical work. Just two years after Smith’s death, however, Mary Wollstonecraft had published her book about women’s liberation. Second, Smith is elitist with respect to ability. The primary purpose of the *Edinburgh Review* seems to have been to review Scottish books on a regular basis. Smith argued in his letter that the scope of the *Review* had to be widened in order to give more attention to works from the rest of Europe, notably England and France (*Letter to ER* 3, p. 243). The reason was that, in the Scotland of his day, there were “as yet so few works of reputation” (*Letter to ER* 1, p. 242). Not one in a hundred articles reporting on such parochial publications would leave the readers with a lasting impression (i.e. remembered after two weeks). Smith said that the object of the *Review* should be to consider publications that have “a chance of being remembered for thirty or forty years to come” (*Letter to ER* 2, p. 242). This benchmark seems to have been the minimum that Smith set himself when he turned to writing his own books.

In “the Letter” Smith also lists the leading moral philosophers of recent times; all but Descartes are English (*Letter to ER* 10, pp. 249-50). He then discusses the way in which “English philosophy” has influenced the French counterpart. In particular, Smith argues that Rousseau modified the “English” philosophy of Mandeville (*Letter to ER* 10, p. 250). First, according to Smith, neither philosopher sees “in man” any “powerful instinct which necessarily determines him to seek society for its own sake” (*Letter to ER* 11, p. 250). Here Smith is following Aristotle (*Politics* 1253a1-4; see West 1971, pp. 60-1). Second, Mandeville and Rousseau provide similar arguments about the slow development of all the things (talents, habits, and arts) which fit human beings “to live together in society” (*Letter to ER* 11, p. 250).

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14 Although Smith does refer to content, reflecting his early interests, there is probably greater emphasis in this letter on literary style and eloquence (West 1971, p. 69). In the letter Smith also discusses Rousseau’s *Second Discourse*. His recommendation of it to his readers, despite his opposition to the logic underpinning it, was because “he was intrigued not by the philosophy but by the literary style” of the work (West 1971, p. 69).

15 It is strange that Smith does not mention Montesquieu even though he cites him frequently in the Anderson notes. Several commentators refer to Smith’s adoption of ideas drawn from Montesquieu (Meek 1976, p. 465 and note).

16 Strangely, he neglects to mention that the asocial nature of man could just as easily have been traced to Hobbes (who sought to break from Aristotle).
Third, they have similar arguments about the origin of the “laws of justice”: the latter were invented by the “cunning and the powerful, in order to maintain or to acquire an unnatural and unjust superiority over the rest of their fellow creatures” (Letter to ER 11, p. 251). While Smith does not tell us here about his own views on these matters, Rousseau’s work was clearly important in provoking him to think through, refine, and articulate his alternative views.17

Smith also notes that there is one important difference between Mandeville and Rousseau. Although both start from the assumption that pity is natural to humans, they draw different conclusions about its status and effects. Rousseau argues that pity is capable of producing a wide variety of virtues. By contrast, Mandeville denies the very existence of the virtues. For Smith, the tendency of Mandeville’s doctrine is to “corruption and licentiousness” (Letter to ER 11, 250).18 It is a disgraceful, “profligate” doctrine, whereas Rousseau’s has the “purity and sublimity of the morals of Plato”; Rousseau’s is “the true spirit of a republican carried a little too far” (Letter to ER 12, p. 251). Contrary to Mandeville, Smith clearly believes that there are virtues and vices. Contrary to Rousseau, Smith sees morality originating not only from fellow-feeling towards other humans but also from resentment.

After a brief discussion of Rousseau’s overall claims about life for early humans, Smith provides two pages of free translation from Rousseau’s Second Discourse (Pl., III, 172, 175, 192; 1992, pp. 49, 52, 66).19 In his comment on the work, Smith says that Rousseau’s depiction of “savage life as the happiest of any” focusses on the indolent life but glosses over the dangerous aspects of life there (elsewhere [Alvey 2014 forthcoming] we indicated that he had previously discussed this dangerous environment in his (unpublished) astronomy essay) (Letter to ER 12, p. 251). Smith’s translated passages all refer to savage life and how this differs from life in commercial society. A brief summary of these passages (Letter to ER 13-5, pp. 251-4) is in order but I will use a more accurate translation.

First, for Rousseau, in savage society before the division of labour, humans “lived free, healthy, good, and happy, insofar as they could be according to their nature” (SD Pl., III, 172, p. 49). In other words, social achievement was very high. Second, Rousseau says that, at a later time, dependency was introduced and along with it went inequality, private property, and slavery. Dependency (or the negation of agency) makes them “incessantly seek to interest them [others] in his fate and to make them [others] find their own profit …in working for his” (SD Pl., III, 75, p. 52). Deceitfulness becomes the norm. Economic progress brings ethical decline. Third, along with inequality goes a desire to raise one’s relative fortune, which has nothing to do with “genuine need” (SD Pl., III, 175, p. 52). This insatiable ambition inspires a desire to harm one another (which was absent in early times). The advent of property and inequality leads to “a base inclination to harm each other, a secret jealousy all the more dangerous because … it often assumes the mask of benevolence” (SD Pl., III, 175, p. 52). Ethical decline accelerates. Fourth, due to dependency in post-savage society, human beings now care about the opinion of others. Indeed, their idea of happiness depends upon

17 For more on the Smith-Rousseau connection, see West 1971; Rasmussen 2006; Rasmussen 2008.
18 In the TMS, Smith deals with Mandeville under the heading “of licentious systems” (TMS VII.ii.4, pp. 306-14). West says that Mandeville is the “notorious Smithian ‘bete noire’” (1971, p. 68).
19 Bryce comments on the lack of “fidelity” in Smith’s translation (1980, p. 231).
the opinion of others (SD Pl., III, 192, p. 66). False consciousness means that humans do not even aim in the right direction.\(^{20}\) Finally, those living in civil society work themselves to death (SD Pl., III, 192, p. 66).\(^{21}\) In other words, human beings become so disoriented that they bring about their own premature deaths, thus failing to achieve the most fundamental goal of all: a long life.

Except on the third point, related to the desire to raise one’s relative position, Smith seems to have opposed Rousseau on virtually every issue mentioned above (West 1971, p. 64). Consider the first point. Although Smith has not shown us anything but vague hints\(^{22}\) about his theory or stages of economic development, if Stewart is to be believed, by this stage Smith’s views on these topics were fairly mature. Rousseau seems to have provoked Smith to refine his own version of history, as we hope to show on another occasion.

Second, from Smith’s perspective, Rousseau’s depiction of both early society and commercial society contained grains of truth. Nevertheless, in Smith’s view, Rousseau was wrong on the fundamentals of both.

Third, Rousseau’s view of spectatorship and adjustment to each other society lies in sharp contrast to Smith’s own view, which will soon be revealed in the TMS.\(^{23}\) Rousseau’s negative characterization of commercial motivation is oversimplified. In Young’s interpretation of Smith, there are two models of trade (the benevolent model and the malevolent model) and Rousseau’s interpretation fits only one of them (1997, pp. 58-63). As we hope to show on another occasion, Smith generally focuses on the benevolent model where trade offers means for mutual trade (West 1971, p. 65).

Overall, Scotland was at an earlier stage of development from England and France. The cultivation of the Scottish mind, in literary pursuits, was deficient. This was a social achievement shortfall but Smith seems to hold out hope for improvement with development (and spontaneous economic growth). In terms of moral virtue, in subsequent work Smith set out to correct not only the immoral system of Mandeville but many of the details in the romantic system of Rousseau.

7. **CORRESPONDENCE UP TO 1759**

Smith’s correspondence in this early period is of limited value for us. We do get some insights, however, into his views on ethical motivations and several of the virtues (as well as his concerns about popular opinion on religion).

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\(^{20}\) West says that it is as if man has “fallen from grace having lost his properly intended ‘pure’ form of (primitive) life (1971, p. 62).

\(^{21}\) Because of their experience with long working hours after World War II, the Japanese have developed two words for situations where death results from overwork: *karoshi* (the Japanese word for death caused by overwork or exhaustion) and *karo jisatsu* (the Japanese word for suicide from overwork). In recent times, China has begun to experience *karoshi* problems, called *guolaosi* in Mandarin (Bloomberg Hong Kong 2014, p. 4).

\(^{22}\) Smith seems to link together “learning, trade, government and war” (Letter 4, p. 243).

\(^{23}\) West says that Rousseau’s “mutual ‘spectator function’ of man in society is sour and soul-destroying compared with Smith’s” (1971, p. 61).
Consider love. In a letter to his mother in 1741 Smith refers to himself as “your most affectionate son” (Letter 3, p. 2). In another letter to his mother, Smith says that he thinks of her “every day” (Letter 6, p. 3). Love is important to Smith and he seems to hint that experiencing it is part of good human functioning.

Next consider friendship. There are several references to Smith having friends. Although Smith must have been friendly with Hume for some time, the first letter which has survived from the latter is dated 24 September, 1752 i.e. after Smith had become a professor at Glasgow (Letter 12, pp. 8-9). In a letter the following year, Hume calls Smith his “friend” and concludes by referring to himself as “Your affectionate friend” (Letter 13, pp. 9-10).

In a letter in 1751 concerning the possibility of Hume taking the Professorship in Logic that Smith was vacating at Glasgow University, Smith says that he would prefer “Hume to any man for a colleague” but that “the public” would not agree (Letter 10, p. 5). He concludes that “the interest of society will oblige us to have some regard to the opinion of the public” (Letter 10, p. 5). Hume was known as an infidel and presumably Smith is saying in this letter that the religious sentiment of the many must trump 1) Smith’s friendship with Hume and 2) Hume’s meritocratic claim to a Professorship. Here we see the start of a long pattern of Smith’s caution on religious matters (elsewhere [Alvey 2014 forthcoming] we noted that, in the astronomy essay, he had raised the issue of the dangers of mass opinion on religion).

Consider the common opinion of ethical attributes. On a number of occasions Smith was asked to write recommendation letters. In a letter in 1752 recommending a young man to an influential senior politician, Smith provides many insights into his view of ethics. He refers 1) to the standard of judging others as how you wish “to be judged yourself” and 2) to the role of a “narrow sphere of acquaintance” (Letter 11, p. 7). Both the way that we judge and the role of the spheres of intimacy are developed in the TMS. In terms of the content of character of the young man being recommended, Smith mentions: “discretion, good temper, sincerity, … honour, a refinement and depth of observation, … an accuracy of judgment, solid substantial abilities and worth” (Letter 11, p. 7). Strangely, apparently with approval, he says that “experience” may cure the young man of “modesty and sincerity” (Letter 11, p. 7).

Consider his view of generosity. Despite having been given effectively a blank cheque to undertake some project by a public benefactor, Smith says to his correspondent that “we must not abuse generosity” (Letter 26, pp. 25-26). If Smith was a champion of self-interest, surely this statement makes no sense.

In conclusion, in Smith’s early correspondence we see some evidence for the view that friendship is part of good human functioning. Second, we see more evidence that Smith views love as a component of good human functioning. Third, we also see more evidence of Smith’s stress on character and ethical motivations.

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24 On the spheres of intimacy, see Nieli 1986; Forman-Barzilai 2010.
25 The most suitable summary of the selfish man is “never give a sucker an even break” (the title of a 1941 film starring W.C. Fields).
8. CONCLUSION TO SMITH’S EARLY WORKS, LECTURES, AND CORRESPONDENCE (PARTS I AND II)

In this section I will bring together the conclusions about ethics and economics in Smith’s early works, lectures, and correspondence from this paper and from the earlier paper in the series (Alvey 2014 forthcoming).

Smith repeatedly argues that there is evidence for the providential care of Nature. He accepts that there is a fixed human nature. Once one adopts this view of human nature, one must accept that there are instincts and that they play an important role. In addition, a fixed human nature gives weight to the view that Smith accepts that there are a set of human functionings which exist and can be used in evaluation of how well individuals and societies are doing. What type of human motivations does Smith discuss in this early period? We have seen some evidence that Smith views humans as conforming to the Hobbesian view of humans as pleasure machines (see Cropsey 1957, pp. viii, 3-4 (and note 4), 15-6, 29 c.f. p. 72). Nevertheless, there is greater evidence for Smith adopting arguments along the ethics and economics line.

Ethical concerns are important in framing Smith’s thoughts in his early life. We have seen various components of the ethics and economics framework set out in Section 2. First, we have seen a number of elements of his views of ethical motivations, notably in the fellow-feeling that humans have for each other is innate. Resentment is the foundation of justice. Further, we have seen Smith’s suggestion that economic development is a means to moral improvement. Second, we have seen some indications of his stress on freedom, at least as a means. Third, we have seen some important insights into Smith’s views of human equality and functionings. Smith, however, does not hint at Sen’s distinction between functionings and capabilities. For Smith, female functionings must be considered. Human functionings include living a long life, experiencing love, having friends, and some degree of intellectual virtue (which will be discussed further shortly). Just as important as functioning achievements is the absence of certain impediments (e.g. poverty, superstition, polytheism).

As commentators like Cropsey (1957, pp. 7-8) have dismissed the role of intellectual virtue in Smith (and claimed that, for him, the contemplative life was not the best way of life), a few comments are in order. Attaining some degree of knowledge is an important step towards improving the human mind. The gross ignorance of individuals in the first ages correlates with the “impotence” of the human mind and ready acceptance of superstitions. Clearly there was a massive functioning shortfall at this time. The fully-fledged philosopher is one who has an inquiring mind and brought his knowledge to a high level. The development of the mind in the philosopher represents a high level of achievement in this functioning. For Smith, it is clear that good human functionings include the development of the human mind and acquisition of a moderate amount of knowledge.26 While he does not think that everyone

26 Cropsey (1957, pp. 8, 43) says that Smith downgrades intellectual virtue and, for that reason, does not provide a sustained discussion of it. Smith certainly wanted humans to develop a moderate level of intellectual virtue. An analogous view would apply to his view of social achievement. Hence, Cropsey may be correct when he says that “Smith regarded the moral as superior in worth to the intellectual” (1957, p. 47; see p. 53).
should aim to become a philosopher, Smith obviously thinks that education must play a considerable role in developing the intellectual functionings.

Fourth, we have seen some elements in Smith’s evaluation of social achievement. Lack of mental development, gross ignorance, superstition, exposing of children, and poverty are seen as important factors in functioning shortfalls and social achievement failure. Smith is concerned about the misery of half of the species (i.e. women). Contrary to Rousseau, societies of the first ages were profound failures (at least in terms of these fundamental aspects of social achievement).

Fifth, with respect to methodology, we have seen a major point (Smith’s stress on a single principle to explain as much as possible) in the astronomy essay. This would seem to have limited value in the ethics and economics context but consider the following. In attempting to deliver the most aesthetically appealing theory (a Newtonian theory of ethics and a Newtonian theory of political economy) Smith may oversimplify his true views (glossing over various details).

Sixth, we have had only a very vague hint as to his view on the “just price.” Finally, thus far at least, we have seen nothing of his views on agency and rights.

In a future paper, I propose using the ethics and economics framework to deal with the first edition of Smith’s *Theory of Moral Sentiments* (1759).
REFERENCES


