

## Adam Smith on Freedom

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Adam Smith did not present readers with a theory of freedom per se. He did, however, reflect on prospects for autonomy and self-esteem in market society, inspiring capitalism's critics almost as much as he did capitalism's defenders. In the process he gave us elements of a theory about what sort of freedom market society makes possible, what sort of challenge this freedom represents, and how and why such freedom is (or is not) achieved in particular cases. This essay discusses four such elements: first, market society frees us from starvation; second, market society frees us from servility; third, however, the liberating impact of markets is not guaranteed because markets can be corrupted by crony capitalism (that is, by monarchs and merchants buying and selling political privilege); fourth, markets can fail to be all they should be because of how much people want. Strikingly, the latter worry on Smith's part is not the obvious problem of people wanting too much so much as more subtle problems that go with wanting too little.

### 1. Freedoms Made Possible

#### *1.1. Freedom from Starvation*

Ryan Hanley says, "the fundamental departure point for Smith's defense of commercial society is its capacity to provide for the poor."<sup>1</sup> To Smith, "no society can be flourishing and happy, of which the far greater part of its members are poor and miserable" (WN I.viii.36). Smith observed commercial society liberating the poor from desperate need.

In a village, a poor man's son *might* grow up to become a doctor, but it is *certain* that no one will be pushing the frontier of oral surgery, for in a village there are not enough customers to sustain specialized trades. To see specialized trades, we go to a commercial hub such as London. In London, someone who otherwise would have been the village carpenter can specialize in making violins. To Smith, economies of scale enable fine-grained specialization, thereby making possible new dimensions of pride in being able to perform superlatively at a particular kind of work. In port cities, arts proliferate and people innovate, because port cities are hubs of commerce; they are where cultures meet, and where entrepreneurs come looking for ideas.<sup>2</sup> When trade goes global, enabling trade with customers by the millions, someone can get rich by

inventing the window envelope. Wal-Mart can become stunningly profitable not by making millions from each customer, but by netting a few pennies each from untold millions of transactions per day. The volume of trade is so massive that Wal-Mart can net billions even if nearly all of the surplus value created by transactions involving Wal-Mart is captured by Wal-Mart's customers.

How would we ensure that when London needs more carpenters, more people go into carpentry? Smith's answer is one of his signature insights. Given price signals, we check whether there is a problem (and in the process acquire a reason to help solve the problem) by checking the price of a carpenter's wage. This simple, elegant mechanism, intuitively grasped by everyone who buys and sells, coordinates the productive efforts of people who may share neither a religion nor even a language, and who are indeed only dimly aware of each other's existence. A spike in the wages of carpenters, more reliably than anything else, alerts consumers to a need to be more economical in their use of carpentry services, simultaneously alerting prospective suppliers to a community's rising need for carpentry services. Falling prices, more reliably than anything else, signal would-be suppliers that a community already has more than it needs. From such economic coordination, made possible by free-floating price signals, the wealth of nations is made. What comes to be classified as poverty will be what previous generations would have called opulence, such that even the poorest members of market societies will have, for example, life expectancies exceeding fifty years.

Where Plato supposed the wealth of nations must ultimately depend on a guardian class assigning to each worker tasks appropriate to that worker's nature, Smith realized that no guardian class could ever know enough (or reliably care enough) to handle such a task. Only a price mechanism can track the incomprehensibly vast flood of daily feedback from buyers and sellers regarding whether X is worth producing and if so where X needs to be shipped so as to reach consumers to whom X is worth what it costs to get it to them.

And yet, the manifest clarity of Smith's vision of the liberating power of markets notwithstanding, Smith is no giddy cheerleader but is instead one of history's most probing critics of commercial society even as he so insightfully defends it. He says, for example, that the pleasures of success and wealth "strike the imagination as something grand and beautiful and noble" (TMS IV.1.9) but immediately adds that this useful *illusion* induces us to be so overly productive that we produce vastly more than we need, leading at some point to our having

nothing better to do than sell our surplus to neighbors who have more use for it. He concludes (in one of the only explicit uses of the metaphor for which Smith is most famous) that high achievers “are led by an invisible hand to make nearly the same distribution of the necessaries of life, which would have been made, had the earth been divided into equal portions among all its inhabitants” (TMS IV.1.10). The result, as Smith put it: in terms of material comfort and peace of mind, the different ranks of life are nearly level, and even a beggar sunning himself by the side of a highway ends up with much of that security for which kings must fight.

### *1.2. Freedom from Servility*

A second freedom transforming Europe’s economy by Smith’s time was the freedom of ordinary people to contract with persons other than their lord. In a feudal system, if you are born a serf, you are entitled to your lord’s protection, but you lack many rights that today we take for granted. In a feudal system, you live where your lord tells you to live. You grow what the lord tells you to grow. You sell your harvest to the lord *at a price of the lord’s choosing*. If you want to leave, you need your lord’s permission. When you meet your lord, you bow. Your lord does not see you as his equal. For that matter, neither do you.

As market society supplanted this system, the effect was liberating for all, especially the poor. As Hanley puts it, “commerce substitutes interdependence for direct dependence and makes possible the freedom of the previously oppressed.”<sup>3</sup> Your dependence on a particular lord’s mercy is replaced by your autonomous interdependence in a loose-knit but functional community of customers and suppliers (WN 3, esp. 3.3).

If you choose to work for an employer instead of launching a business of your own, then you delegate to your employer many key decisions and relegate to your employer much of the risk that comes with those decisions. You remain a free agent in the pivotal sense that when you decide to leave, you will not need permission. Even as an employee, you are in crucial ways a partner, not a mere possession. You won’t necessarily *prefer* being a partner to being a serf. You may feel insecure. But you will be free.

Throughout history, the strong have subjugated the weak. In Smith’s mind, commercial society changed the frontier of possibility in such a way that the strong often have a better option: namely, learning to do business in such a way that the community is better off with them than without them. As Hanley sees it, “this fascination with and gratitude for the harnessing of

the powers of the strong for the relief of the weak is the fundamental fact uniting Smith's seemingly separate defenses of both commercial society and his specific vision of virtue." Commercial societies "promote not only universal opulence but also a universal freedom of which the weak are the principal beneficiaries."<sup>4</sup>

The crucial bottom line is that freedom in commercial society involves *depending* on many, yet being at the *mercy* of none.

## 2. Freedoms Threatened

However, as Hanley notes, "Smith is not only a founding father of commercial society, but also a father of a critique of it that would come to dominate European political thought in the next two centuries."<sup>5</sup> A society of free and responsible persons must solve a twofold problem. First, people tend to be too intent on running other people's lives. Second, people are insufficiently intent on properly running their own. One problem corrupts the polis; the other corrupts the soul. This pair of problems arguably is a driving focus of Smith's two major works.

### 2.1. *Corrupting the Polis*

First, we labor under a ubiquitous threat of being shackled by crony capitalists. Smith wondered how internally stable a free market could be in the face of a tendency for its political infrastructure to decay into crony capitalism. Mercantilists lobby for subsidies for exporters, protectionists lobby for tariffs and other trade barriers, monopolists pay kings for a license to be free from competition altogether, and so on. Partnerships between big business and big government lead to big subsidies, monopolistic licensing practices, and tariffs. These ways of compromising freedom have been and always will be touted as protecting the middle class, but their true purpose is (and almost always will be) to transfer wealth and power from ordinary citizens to well-connected elites. As a result, an ordinary citizen's pivotal relationships are not with free and equal trading partners but with bureaucratic rulers: people whose grip on our community is so pervasive that we cannot walk away from such terms of engagement as they unilaterally propose. Thus, we reinvent feudalism. We are at the mercy of lords.

Adam Smith fought mercantilism, protectionism, and other forms of crony capitalism because such policies stifle innovation.<sup>6</sup> Smith remarks on the good, the bad, and the ugly of

industrial motivation:

To widen the market and to narrow the competition is always the interest of the dealers. To widen the market may frequently be agreeable enough to the interest of the public; but to narrow the competition must always be against it, and can serve only to enable the dealers, by raising their profits above what they naturally would be, to levy, for their own benefit, an absurd tax upon the rest of their fellow-citizens. The proposal of any new law or regulation of commerce which comes from this order, ought always to be listened to with great precaution, and ought never to be adopted till after having been long and carefully examined, not only with the most scrupulous, but with the most suspicious attention. It comes from an order of men, whose interest is never exactly the same with that of the public, who have generally an interest to deceive and even to oppress the public, and who accordingly have, upon many occasions, both deceived and oppressed it. (WN I.xi.p.10)

Resistance to such oppression requires eternal vigilance, with no hope of final victory.

People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices. It is impossible indeed to prevent such meetings, by any law which either could be executed, or would be consistent with liberty and justice. But though the law cannot hinder people of the same trade from sometimes assembling together, it ought to do nothing to facilitate such assemblies; much less to render them necessary. (WN I.x.c.27)

Unfortunately, kings wanting to fight wars employing expensive mercenaries are driven to sell monopoly licenses to generate revenue. As Smith understood, the market for monopoly power—kings selling monopoly licenses to raise funding for mercenaries to fight their wars—has a singularly unhappy logic. Namely, kings adopt policies systematically favoring merchants who have lost their economic edge, because inferior competitors are the ones most willing to pay for the imposition of tariffs and other barriers to competition. As David Hume saw, the easy transfer of external goods was both an enormous opportunity and an enormous problem, a foundation of both the promise and the downfall of capitalism.<sup>7</sup> It makes piracy possible, and enables crony capitalists to enlist the help of kings to bureaucratize piracy and make it seem normal.

Second, we labor under a related and equally ubiquitous threat of being shackled by “men of system.” As Samuel Fleischacker says, “the limitations Smith describes on what anyone can know about their society should give pause to those who are confident that governments can carry out even the task of protecting freedom successfully. Taken together with his scepticism about the judiciousness, decency, and impartiality of those who go into politics, this is what gives punch to the libertarian reading of Smith.”<sup>8</sup> As Smith saw it, the “man of system”

is apt to be very wise in his own conceit. ... He seems to imagine that he can arrange the different members of a great society with as much ease as the hand arranges the different pieces upon a chess-board. He does not consider that the pieces upon the chess-board have no other principle of motion besides that which the hand impresses upon them; but that, in the great chess-board of human society, every single piece has a principle of motion of its own, altogether different from that which the legislature might cause to impress upon it. (TMS VI.ii.2.17)

A “man of system” moves pawns in pursuit of his goals, but pawns tend to respond as if they have minds of their own, which, after all, they do. Pawns respond with a view to their own hopes and dreams, but also with their own sense of what their society is about and where it needs to go from here (TMS VI.ii.2.17).<sup>9</sup> So, Smith says, public spirit leads people both to respect their traditions but also to want to see their institutions perfected. In peaceful times the potential conflict between these two impulses is not a problem, but in times of strife the two impulses of public spirit can come apart, and a “man of system” gripped by a vision of perfection can do great damage. Irritated by the pawn’s contrarian response, men of system make adjustments, now seeking more to dominate “pawns” than to help them, and any virtue these would-be public servants initially brought to public office is corroded.<sup>10</sup>

Consequently, there is a predictable even if not inevitable disconnect between what truly benevolent people seek and what men of system deliver. Such tension is driven by the logic of offices that align bureaucratic interests with that of “dealers” in particular rather than of the public in general. As Smith sees it, the law cannot circumvent this logic, but at least it can avoid requiring dealers and bureaucratic men of system alike to be driven by it. Thus, there is a presumption of liberty, allowing ordinary merchants a measure of freedom from regulation by dealers and such men of system as the dealers co-opt.

At the same time, it bears mentioning that Smith was by no means extreme in his pessimism about the possibility of good governance. He was merely a realist. He outlines a role for civil magistrates in upholding the basic infrastructure of a commercial society’s limited government (for example, TMS II.ii.1.8), expressing hope, if not exuberant overconfidence, that magistrates will take his message to heart regarding their proper role. And they might; after all, they too have an expansive as well as a narrow self-interest, and among other things aim to earn self-esteem. Smith likewise reflects (for example, TMS IV.1.11) on what it would take to instruct people in the art of true public spirit. When he says this he himself is self-consciously providing such instruction and exhortation to would-be public servants to whom his work was addressed.

## *2.2. Corrupting the Person*

I mentioned two factors that corrupt the polis, dividing a community against itself: first, some capitalists end up being pirates rather than producers; second, many public servants become men of system—treating people like pawns to be patronized at best and squashed at worst and who

themselves eventually become pawns of crony capitalists.

A person's soul likewise can be divided against itself.

1. First, after acquiring enough to meet genuine needs, workers tend to keep working. Why? Part of the reason is that they seek to amass enough wealth to make themselves more visible to others. Smith speaks of the "poor man's son" whose drive for visibility translates into a simplistic drive to *win* (TMS IV.1.8). The poor man's son is among other things an embryonic form of the crony capitalist and the man of system, the seed from which they grow. Tormented by envy and untutored ambition, the son's quest for opulence comes to revolve around keeping up with the Joneses (or keeping the Joneses in line) rather than around a meaningful life. He loses sight of the difference between creating wealth and merely capturing it, thereby helping to turn what should have been an effervescent positive sum society into a dreary zero-sum game where players spend much of their time waiting in line to beg bureaucrats for permission to make a move. And Smith sees the poor man's son everywhere he looks. Smith is glad people work as hard as they do for their customers, but laments that people care so little for themselves. It takes maturity and true self-centeredness to transcend this drive and to develop the habitual serenity that goes with *deeply* minding one's own business. Not everyone has what it takes.

What makes market society unique, however, is not that it makes alienation inevitable but that it raises the frontier of human possibility. The fact that we achieve so much less than we could is partly a function of how much we have been liberated to achieve.<sup>11</sup> Market society also gives us *free time* to indulge such laments, but that is not a bad thing. Thus, Smith's discussion of this failure to hit the rising ceiling of our potential was merely a lament, not a damnation: not a critique of capitalism so much as a reflection on how much capitalism makes possible but also how little it guarantees. A precondition of free society is people accepting (1) that they inhabit a world thick both with possibilities and responsibilities and (2) that not all possibilities will be realized. We trust people to do their best. We accept that many of them won't.

Using leisure time well is a skill. Developing that skill is an achievement. Both individuals and cultures need practice to fully capitalize on the potentials of new opportunities.<sup>12</sup> The surpassing compliment to commercial society that Smith wants to pay is to say that members of commercial society, even in failing to be all that they could be, make life better for their trading partners. Laborers working overtime for trinkets make our world a better place even while squandering opportunities to enjoy their earnings in more thoughtful, creative, self-

fulfilling ways. (Part of the problem with the feverish quest for happiness via the acquiring of toys and trinkets is that it embodies a mistake. It confuses the faux-visibility that comes from conspicuous consumption with the estimable visibility that comes from conspicuous production.) To Smith, our concern to be validated by others can drive our maturation through a certain stage, but then we will need to outgrow that drive. Otherwise, it becomes a psychological shackle. Why? Because to care greatly about external validation is to be controlled by the hoped-for source of validation. It is good for growing children to feel a need to insinuate themselves into socializing networks and to learn the rudiments of being a good neighbor and good citizen, but for an adult, the liberating ideal is Stoic indifference.<sup>13</sup>

2. Specialization is the source of the greatest benefits of human civilization, but Marx would come to share Smith's worry that repetitive factory floor work would make the mind drowsy.<sup>14</sup> Here is Smith's classic statement: "The man whose whole life is spent in performing a few simple operations, of which the effects are perhaps always the same, or very nearly the same, has no occasion to exert his understanding or to exercise his invention in finding out expedients for removing difficulties which never occur. He naturally loses, therefore, the habit of such exertion, and generally becomes as stupid and ignorant as it is possible for a human creature to become" (WN V.i.f.50). According to E. G. West, Smith feared that without a rigorous education, factory workers would have no idea what to fight for and what against, and would become dupes of (often equally uncomprehending) revolutionaries.<sup>15</sup> West says, "the root of alienation in Rousseau as in Marx—is economic interdependence and exchange based on private property."<sup>16</sup> To Smith, by contrast, "property, wealth, and commodity production are preconditions for the non-alienated state. And in this state individuals pursue refinement and art."<sup>17</sup> West goes on to remark that what may appear to a Marxist as a pointless, interminable quest for marginal advances in productivity becomes an art form, a healthy expression of the creative impulse.<sup>18</sup> Innovators experience commercial and technological breakthroughs as liberating affirmations of their exquisitely refined commitment to excellence rather than as never-ending turns in a cosmic rat race.

3. Marx anticipated, as did Smith, that alienation would not be confined to the factory floor but instead would some day be found even among well-paid white-collar workers. Alienation does not presuppose dismal working conditions. It can happen in posh offices (1) to executives who no longer see a connection between their labors and the possibility of satisfaction



from a job well done; (2) to creators who work only through intermediaries, losing contact with products and customers on the ground, thus losing some of the sense of the estimable place in their communities that their excellence creates; (3) to investors, when investments begin to present themselves as nothing more than gambles rather than as estimable opportunities to help worthy producers achieve excellence. Indeed, large organizations spawn legions of “Dilberts” whose main challenge every day is to cover their tracks in large bureaucracies where the drive to deliver an excellent product has been replaced by a drive to secure a less vulnerable position in the office hierarchy. Smith’s and Marx’s concerns are related, albeit not identical. It is easy to see why Smith would have inspired Marx as he did.<sup>19</sup>

4. **How We Are Corrupted By Our Need To Belong:** Less obviously, a different kind of risk to a person’s soul goes with the fact that one of life’s great pleasures is the finding of *kindred* souls—people with whom we can reach a concurrence of sentiment. We actively seek out companionship.<sup>20</sup> Because this desire for concord runs so deep, it can corrupt us in the following way. We tend not to notice how we adjust our attitudes to fit those of people around us. Adjusting subconsciously makes us more vulnerable to social pressure.<sup>21</sup> If we *notice* ourselves “going along to get along” then we can resist, or at least go along self-consciously. But if we do not even notice ourselves adjusting as needed so as to become agreeable company, our ability to master this ever-present threat to our autonomy is compromised.<sup>22</sup> The abdication is motivated by self-preservation, but also in a way by a deficiency of self-love. It is human nature that we will do almost anything to avoid being outcasts.<sup>23</sup> Thus, when colleagues insinuate that they are willing and able to bully us, it is only human to voice no resistance, and to be willing to do *or believe* whatever it takes to be perceived as team players. We then grasp at reasons to agree, however flimsy, so as to make the depth of our capitulation less humiliating.<sup>24</sup> Social pressures warp minds.<sup>25</sup> To let oneself be corrupted by such pressure is to let oneself become a self that one cannot afford to examine too closely—a self unworthy of esteem. People thus corrupted are shallow, and cannot afford to be anything other than shallow. A corrupt person *needs* to be less self-aware and less reflective, for accurate self-perception becomes unaffordable (but again, my point is not that the connection is necessary but that the tendency is robust). When one looks inward, there is, in a way, not enough there to be worth being aware of. At a personal level, cowardice under pressure is as corrupting as raw greed, and even more deeply shattering. Likewise from the perspective of a community: if we treat being uncorrupt as a virtuous mean

between extremes of vice, then passively silent cowardice at one extreme can be more lethal to a community than active greed at the other. Systematic failures of oversight in child-abuse scandals that continue to rock the Catholic Church may in some cases be an example.

Yet, as James Otteson observes, Smith sees our sociality as a key to accurate self-perception. It is upon being introduced into society that a solitary man takes stock of his appearance and character for the first time.<sup>26</sup>

Were it possible that a human creature could grow up to manhood in some solitary place, without any communication with his own species, he could no more think of his own character, of the propriety or demerit of his own sentiments and conduct, of the beauty or deformity of his own mind, than of the beauty or deformity of his own face. ... Bring him into society, and he is immediately provided with the mirror which he wanted before. It is ... here that he first views the propriety and impropriety of his own passions, the beauty and deformity of his own mind. (TMS III.1.3)

The image is lovely, although it hardly seems that Smith needed so bold a premise to make the simple point that solitary life is not among our serious options. A *human* life is a *social* life. Therefore, the life of a trader, someone who needs suppliers and customers but who needs no particular trading partner, is as independent a life form as a humanly rational agent wants. We may not have what it takes to be indifferent to whether we are visible to others.<sup>27</sup> If we cannot be indifferent, however, we still have what it takes to distinguish between *being* esteemed and *deserving* esteem, and to preserve our psychological independence by reminding ourselves that we aren't seeking sympathy for our false facades. It is our real core selves for which we want to achieve a sense of belonging.

That need for recognition—deep visibility—leaves us open to various disappointments.

First, when a partner starts appealing directly to my benevolence rather than to my self-interest, that makes the relationship a one-way street, and its failure to sustain me materially eventually translates into a failure to sustain me emotionally as well. I am being treated as a mere means.

Second, if I start to feel like a feudal serf, having no choice about whom I do business with, or at what price—if I am not merely depending on others but at their *mercy*—then that is another way in which commerce becomes alienating rather than affirming.

Third, if my way of making partners better off involves no particular *alertness* on my part to their needs—if I feel like a cog in a wheel, endlessly repeating a mindless task of someone else's design—then that too is a relationship that fails to make me feel visible as an esteemed member of a community of estimable traders. So, that too leads me to stop caring about the

excellence of my craft. I cannot see myself as visible, and from there it is a short step to being unable to see myself as estimable. Thus, I fail to be all that a member of market society can be, and instead I become the kind of creature lamented by Marx and Dickens.

### 3. Liberating Self-Love

Smith's second great work seems to treat self-interest as the fundamental human motivation, while the first privileges sympathy and a drive to earn esteem. This has been treated as a remarkable inconsistency, an "Adam Smith problem."<sup>28</sup> My diagnosis is this.

#### *3.1. Is the Drive to Truck and Barter Fundamental?*

First, there is some evidence that, to Smith, self-interest was not as fundamental a psychological foundation as some readings of *Wealth of Nations* have suggested. Strikingly, when Smith opens WN, Book I, chapter 2 by asking what accounts for the evolution of specialization, his opening remark refers not to the profit motive but to the propensity to truck and barter. This propensity, Smith says, is a necessary attribute of social beings whose ability to cooperate is mediated by faculties of reason and speech. Taking what Smith says at face value, it would seem that trucking and bartering is not grounded in the profit motive but is itself a primordial human motive.<sup>29</sup> A drive to truck and barter is not only a drive to make money but more fundamentally a drive to make deals. It is a drive to reciprocate favors, cultivate allies, and be part of a community of people who each bring something good to the table—free and responsible reciprocators who warrant esteem and whose esteem is thus worth something in return. This esteem for Smith is the ultimate coin of the realm (TMS VI.i.3).<sup>30</sup> The desire for esteem cannot be eliminated, but it can be educated.<sup>31</sup> A merchant learns how to bring something to the community that makes it a better place to live and work for everyone with whom that merchant deals. The overall result may be no part of a trader's intention, as Smith says in places, but neither is a successful trader's intention simply a matter of self-absorbed acquisitiveness.

A person of true benevolence puts himself in a customer's shoes not simply for the sake of predicting what customers will find irresistible but also for the sake of making it true that his partners are better off with him than without him. That is what enables a merchant to go home after work, look in the mirror, and like what he sees, having affirmed that he is good at what he

does; moreover, his community needs him to be that good. When he dies, he will pass from this earth knowing that it mattered that he was here. As Otteson says, being affirmed in that mundane way becomes a person's reason for living.

By contrast, being tormented by raw ambition—a naked desire to be an object of envy unrefined by a desire to be *praiseworthy*—is a feverish, heteronomous, lamentable condition. Something is wrong with the poor man's son, and it may have no remedy.<sup>32</sup> Worries about lack of authenticity remain to haunt any reflective person, and there is no such thing as addressing it “once and for all.” And yet, we do have what it takes to worry about the possibility, and at least to want to avoid being that kind of person. We spend a lot of time grooming, and some of that quiet time is for reflecting on what lies beneath the surface.

### 3.2. *Is Benevolence Fundamental?*

Second, it makes perfect sense for the author who treated benevolence as primary in his first book to subsequently analyze market virtue as a matter of treating the self-love of trading partners as primary. As a benevolent person hoping to truck and barter with the brewer and baker, you think first of their self-love because you want them to be better off. Smith does not say bakers are motivated solely by self-love. What he says is that we do not *address ourselves* to their benevolence but to their self-love. This is not to deny that bakers are benevolent. Rather, it is to reflect on what it takes to be benevolent oneself in one's dealings with bakers.<sup>33</sup> In sum, the author of *Moral Sentiments* gives center stage to virtue and benevolence, but in elaborating the substantive content of these ideas, the author of *Wealth of Nations* notes what should be obvious: namely, a man of true benevolence wants his partners to be better off with him than without him.

This trader, consistently the subject of all Smith's writings, cannot address his own benevolent concern except by addressing the brewer's and baker's self-love. The point of addressing each other's self-love is to give each other's self its due. That is what it is like to succeed in one's attempt to be sympathetic. From such sympathetic, indeed impartial, consideration of the ubiquity of self-interest and of manifestly real albeit contingent ways in which self-interest can be consonant with the common good, there emerges the complementary understanding of how the liberty of butchers, bakers, and their customers likewise serves the common good. The harmony of interests among free persons is not remotely to be taken for granted, yet is manifestly a real possibility. So long as people can see a way of building a

community of partners who are better off with them than without them, and so long as they see themselves as having reason to cherish such an achievement, their self-interest will bring them together to form a free and thriving community.

### *3.3. Sympathy for Self-Love in a Free Society*

When it is time to reflect on an evolving culture and legal infrastructure, and perchance to modify it, true benevolence is not about counting on people to be unselfish. True benevolence does not embrace an ideal of suppressing self-love; it instead embraces an ideal of guiding self-love to constructive rather than destructive ends.

Moreover, we do not count on the poor man's son being magnanimous. We encourage people to be magnanimous, but what honestly encourages people to be magnanimous is putting them in a position where they can afford to believe in each other—where they are not at the mercy of people who may be, or who may one day become, something other than magnanimous. When they are free to make their own decisions about whom to trust, and when they have some liberty to exit from relationships that go sour, they will in that sense be more free to enter those relationships (that is, more able to afford the risk) in the first place.

## Conclusion

Smith has a story about the wealth of nations: how wealth grows, liberating us in the process, but how we systematically fail to take full advantage of opportunities for liberation that wealth creates. Smith sees commercial society emerging, in the process liberating people economically from the shackles of destitution. He sees commercial society liberating people culturally from shackles of feudalism. He sees commercial society potentially liberating people psychologically, too, opening a door to a gusher of human possibility. Yet, Smith also wonders who will have what it takes to stride into that limitless future. (Will people, enough people, be sufficiently educated? Will the working class be a reservoir of talent, from whose ranks children will have an opportunity to lift the ceiling of human progress? Market society teaches us how to create wealth, but will we teach ourselves what wealth is for? Will we teach ourselves that money can buy precious time?) So long as people are trading freely—trading only when their partners consent—they will be led as if by an invisible hand to do right by their trading partners. Yet, they

are *not* led as if by an invisible hand to do right by themselves. We face an abiding risk of waking some day to find that we have been shackled by crony capitalists, or by “men of system.” We also face risks from within—risks that we will *not* wake up, and will not realize we have been shackled by social pressure. Practicing true self-love, in ways newly made possible by technological and commercial progress, is life’s greatest challenge. The market throws down the gauntlet; there is no guarantee that we will be up to the challenge it offers us.

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1 Ryan Patrick Hanley, *Adam Smith and the Character of Virtue* (New York: 2009), p. 18.

2 Tyler Cowen, *In Praise of Commercial Culture* (Cambridge: 1998).

3 Hanley, *Adam Smith*, 20. Smith’s claim is that commercial society is the society wherein “the person who either acquires, or succeeds to a great fortune does not *necessarily* acquire or succeed to any political power” (WN I.v.3, emphasis added). That Smith would feel a need to add the italicized qualifier reflects a realism found throughout Smith’s writings (but see Jacob Viner, “Adam Smith and Laissez Faire,” *Journal of Political Economy* 35 [1927], pp. 198–232, for an argument that WN is more realistic than TMS).

4 Hanley, *Adam Smith*, p. 19.

5 *Ibid.*, p. 24.

6 The story in WN I.1.8 of how an innovative boy invents a labor-saving improvement on extant fire engines would be greeted by many labor unions as the sort of “jobs-killer” against which they have a right to be cushioned.

7 Noted by David Hume, *Treatise of Human Nature*, 3.2.2.16.

8 Samuel Fleischacker, *On Adam Smith’s Wealth of Nations: A Philosophical Companion* (Princeton: 2004), p. 235. See also *ibid.*, p. 233, on the delusions of the sovereign and the folly of the statesman who fancies himself fit to exercise the power to impose a central plan. See also WN IV.ii.10 and WN IV.ix.51.

9 My remarks here about the matrix of habit and tradition that thwarts the best-laid plans is indebted to Jacob Levy. See chaps. 3 and 7 of Levy’s *Rationalism, Pluralism, and Freedom* (Oxford, 2015). See also Vincent Ostrom’s discussion of “habits of the heart” and historically embedded structures of shared meaning. Although Ostrom was thinking mainly about Tocqueville, it seems likely that Smith too had such things in mind as part of the constellation of factors, distinct from self-love narrowly conceived, that men of the system are all too prone to ignore, at the expense of untold suffering. Vincent Ostrom, *The Meaning of Democracy and the Vulnerability of Democracies: A Response to Tocqueville’s Challenge* (Ann Arbor: 1997).

10 Compounding the problem, as discussed in the chapter on corruption, reins of power come at a price. Anyone acquiring the reins will be a person to whom such power is worth the price. Moreover, the more power there is to acquire, the more it will be worth, the more people must invest to acquire it, and thus the more that such power gets concentrated in the hands of people intent on using it for all that it is worth.

11 One of Smith’s abiding laments was that for a typical laborer, it was becoming increasingly true that “their work through half the week is sufficient to maintain them, and through want of education they have no amusement for the other but riot and debauchery.” Adam Smith, *Lectures On Jurisprudence*, ed. R. L. Meek, D. D. Raphael, and P. G. Stein (Indianapolis: 1982), p. 540.

12 For comparison, see F. A. Hayek, *Constitution of Liberty* (Chicago: 1960), p. 129.

13 I do not pretend to any expertise regarding Stoic philosophy, but my colleague Dan Russell discusses the Stoic view of disordered emotions, and why the way to deal with disorder is to get rid of emotions altogether, in sections 2 and 3 of “Why the Stoics Think There Is No Right Way to Grieve,” <http://www.danielcrussell.com/faculty/videos/169>. Stretching the point even further, we might suppose that Rousseau’s “noble savage” characteristically “lives in himself; a man of society always out of himself cannot live but in the opinion of others.” (This is Smith’s translation, from his 1755 *Edinburgh Review* of Rousseau’s *Discourse on the Origin of Inequality*.) Rousseau’s noble savage, however, is not a paragon of Stoic indifference; neither is it Smith’s ideal. Smith, siding with the Stoics, treats the prior stage of socialization as a necessary stage through which maturing humans must pass in order to emerge as genuine grown-up members of society. (It is tempting to read this as hinting at Nietzsche: the will to power drives a person to transcend the ideal types of unselfconscious “beast” on one hand and “ascetic priest” on the other, emerging from the process

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as a turned-inward exemplar of self-control.)

14 Had Smith seen automation coming, he might have worried less about drowsiness, because he would have foreseen that the “drowsy” jobs are the ones that automation would eliminate.

15 E. G. West, “Adam Smith and Alienation: A Rejoinder,” *Oxford Economic Papers* 27 (1975), pp. 295–301, at p. 296.

16 *Ibid.*, 297.

17 *Ibid.*, 298.

18 *Ibid.*, 298.

19 I thank Dan Brudney (but don’t hold him responsible) for the thought that “[f]rom each according to ability to each according to need” is not a principle of distribution but a description of how an economy ideally would work. People produce X and bring it to market because X is the best they have within them. They consume as necessary to sustain their best work. But communism is Marx’s *ideal* theory; socialism is his nonideal theory. The *ideal* Marx is uninterested in the size of shares because, ideally, goods are no longer scarce, so shares are immaterial. Contrast this with *nonideal* Marx, and with Rawls. Rawlsian ideal justice is very much about the size of shares; moreover, it aggressively denies that share size should be proportional to contribution. Nonideal Marx, circa 1844, was incensed about workers getting less than they deserve, which sounds like a concern about distributive justice. And yet, Rawls’s question of whether workers can accept their *share* is not Marx’s question. The nonidealist Marx’s question is whether workers can accept how their *productivity* is treated.

20 James R. Otteson, *Adam Smith’s Marketplace of Life* (New York: 2002), p. 207.

21 Thus, Smith acknowledges various circumstances in the “earliest period of society” conspired to make infanticide pardonable, but it was condoned in the latter ages of ancient Greece as well, even by philosophers such as Plato and Aristotle, for no better reason than because it was “commonly done.” A brooding Smith worries that “[w]hen custom can give sanction to so dreadful a violation of humanity, we may well imagine there is scarce any particular practice so gross which it cannot authorize” (TMS V.2.15).

22 Smith does not lament that commercial society is disordered and chaotic (unproblematic in and of itself) so much as “that the soul of the commercial man replicates this chaotic disorder” (Hanley, *Adam Smith*, 39).

23 See Jonathan Haidt, *The Righteous Mind* (New York: Pantheon House, 2012).

24 See Jonathan Haidt, *The Righteous Mind* (New York: Pantheon House, 2012).

25 To Smith, wanting to be validated by others can drive our maturation through a certain stage, but we must outgrow that drive. To care too much about validation is to be controlled by the hoped-for source of validation.

26 Otteson, *Adam Smith’s Marketplace*, 298. See also Hanley, *Adam Smith*, 137.

27 In particular, we are prone to a slide from wanting people to be *able* to depend on us to wanting people to *need* us. People of true benevolence, though, transcend needing to be needed and instead aim to help people to be independent. We succeed as parents, teachers, or investors by making ourselves dispensable, and ultimately less visible. Our ultimate consolation, when we look in the mirror, is that we will know we were there when it counted.

28 Otteson (*Adam Smith’s Marketplace*, chap. 4) addresses that problem squarely; Smith’s impartial spectator would see a prudent partiality toward oneself as having a prominent place in a constellation of virtues. See also Leonidas Montes, *Adam Smith in Context* (New York: 2004), chap. 2.

29 I owe the point to a discussion with Geoff Brennan.

30 The desire to be proper objects of esteem may be “the strongest of all our desires” and for good reason.

Nowadays, our bodily needs are easily met, whereas the esteem of our peers is a hard-fought daily battle that on any given day may hold the key to our fate.

31 Hanley, *Adam Smith*, 118.

32 For a sober yet reasonably optimistic discussion of corrupting elements in market society, see chap. 7 of Charles Griswold, *Adam Smith and the Virtues of Enlightenment* (New York: 1999).

33 Although this does not posit self-love as primary, it does invite reflection on the fragility of all motivations, self-love and benevolence included. Benevolence needs nurturing. One way to nurture it is to avoid leaning too hard on it, and celebrate when it culminates in flourishing rather than self-sacrifice. To Smith, self-love likewise needs nurturing, and our failure to keep our true interest in focus is lamentably common. See David Schmidtz, “Reasons for Altruism,” in *Person, Polis, Planet* (New York: 2008), pp. 62–77.

Every year, the Adam Smith Institute calculates the number of days the "average" person (more on that later) would have to work just to pay off their taxes. This year, every penny the average person earned up until May 29th went straight to the taxman. From May 30th (Tax Freedom Day) onwards, the average person will get to keep every penny they earn. We calculate Tax Freedom Day each year to illustrate the true size of the tax burden once you factor in taxes from every source. Complications. By Adam Smith's time in the 18th century these questions had brought an answer: a theory of liberal democracy which was believed to rest on natural law like the laws of the physical world. The theory harked back to the philosopher John Locke in the previous century and, along with many others, was advanced in Smith's time by his close friend and fellow Scottish philosopher, David Hume. The laws would provide even-handed justice, personal freedoms, minimal government, private property, the sanctity of private contracts, economic freedoms, and free trade, both domestic and foreign. Adam Smith's significance cannot be overstated in formulating the ideas and insights of that "system of natural liberty" that helped to foster an understanding of the workings of the free market order and its institutional prerequisites of individual freedom, private property, voluntary association and unrestricted, peaceful competition. Or as the prominent nineteenth century economist and popularizer of economic ideas, John R. McCulloch, said in 1853, "Adam Smith has an unquestionable claim to be regarded as the real founder of the modern system of Political Economy . . . The Wealth of Nations Adam Smith did not present readers with a theory of freedom per se. He did, however, reflect on prospects for autonomy and self-esteem in market society, inspiring capitalism's critics almost as much as he did capitalism's defenders. In the process he gave us elements of a theory about what sort of freedom market society makes possible, what sort of challenge this freedom represents, and how and why such freedom is (or is not) achieved in particular cases.