

On Seeing Invisible Hands

Adam Smith's
Benevolence and Self-Love

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In this article I will focus on two questions: First, does the “invisible hand” metaphor contribute to understanding the commercial society? And second, does it help us cope with the tensions between self-love, interest, and benevolence? While trying to answer these questions, I will examine connotations that Adam Smith’s idea of “invisible hand” have had as well as his possible sources of inspiration for such choice of words. In the *Wealth of Nations*, Adam Smith implies that in the commercial society each participant seems to be concerned with his own self-love and interest. While in *The Theory of Moral Sentiments* we find him suggesting the crucial importance of the moral approbation bestowed through selfless acts of benevolence. This article argues that Smith’s invisible hand in the marketplace may bring together passions centered upon the self with passions centered upon others. By doing so this article contributes to smooth the allegedly differences of philosophy between Adam Smith’s two great books.¹

Introduction

Adam Smith is among the most well-known thinkers in the history of humankind. At times it seems everybody presumes to know at least a little of his work.² As Edwin West reminds us, some people and even some critics regard Adam Smith as simply “the classical ‘apologist’ of capitalism, the insensitive theorizer, the man who believed in the ‘survival of the fittest’ in a world dominated by the cash-nexus and ruthless warlike competition.”³

But as all who actually read him know, these descriptions are far from the truth. Adam Smith was rather concerned, as a professor of moral philosophy taught by

Francis Hutcheson should be, with finding the sources of the good. The experience of living in the intellectual atmosphere of the eighteenth century inspired him to search for the right balance of feelings and affections. He does not exclude any sentiment from his system of morals. As he once put it so clearly: “Virtue consists not in any one affection, but in the proper degree of *all* the affections.”⁴

The very first sentence of *The Theory of Moral Sentiments* (henceforth *TMS*) gives us an excellent introduction to his wider thesis: “How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it except the pleasure of seeing it.”⁵ In this sentence, every word matters. Perhaps in a Scottish atmosphere too influenced by Mandeville, these were times when it was “supposed” that all men were simply selfish. But mere observation will help us discover that there is more than one principle of human nature. We also learn that “pleasure” matters and that the “happiness” of others interferes with our own. Our “interest” in others sets us in motion: someone else’s fortune is also important to us.

Nonetheless, to many readers, Adam Smith’s emphasis on the role of “interest” sounded new in his second book, the *Wealth of Nations* (henceforth *WN*). There, Adam Smith discusses the advantages of what he calls “the simple system of natural liberty,” a situation in which each participant seems to be concerned with his particular interest. According to some readers, it was incoherent to write favorably of a moral bond aiming at benevolence in one book, and about the self-interested impulse for bread, beer, or butcher’s meat in the other book.

These difficulties explain why the so called *Das Adam Smith Problem* emerged slowly in Germany almost the day after the publication of *WN*. The problem survived the nineteenth century⁶ and remains “very much alive today.”⁷ For a number of commentators, the apparent incompatibility of the books meant that we should either discard Smith or accept the line of thought in *WN* because he must have preferred self-interest to sympathy in the wide spectrum of motivations for human action.⁸

My interpretation differs from these conclusions. Adam Smith was, after all, deeply interested in the relationship between morals, economic freedom, and the free and virtuous society. For him, these ideas were not mutually exclusive. Far from it. I will argue that his proposal for a new commercial society actually imparts a system of morals which *emphasizes* benevolence. The “invisible hand” metaphor may be an image (as if something invisible could give us an image) trying to capture part of these interconnections.

The Invisible Hand in the *Wealth of Nations*

The invisible hand is perhaps the most well-known and misrepresented expression of Smith's works. Smith probably would not have guessed it would become known for describing the operations of a free market order. As it is only mentioned twice (or three times considering the one in his "History of Astronomy"), some have considered it merely "incidental to his scheme."⁹

In the "History of Astronomy," Smith explains just before the famous sentence that only "irregular events of nature," such as "thunder" or "lightning" were at first attributed to "invisible beings."¹⁰ He meant that normal situations would eventually cease, by their regularity, to be explained by divine entities. "Fire burns, and water refreshes; heavy bodies descend, and lighter substances fly upwards, by the necessity of their own nature; nor was the invisible hand of Jupiter ever apprehended to be employed in those matters."¹¹ Smith was thought to be at Oxford when he wrote this passage, so this is likely the first time he used the concept.¹² It is almost certainly different from the other two invisible hands, which do not belong to Jupiter. The regularities they inspire will be derived from human-handed activities rather than heavenly bodies.

It took more than one hundred years for readers to notice them in his writings: We could even argue that it was not until the middle of the twentieth century that the phrase was directly addressed in Samuelson's book *Economics: An Introductory Analysis*¹³ as the pathway to an efficient equilibrium in perfectly competitive markets. Those involved in the Lange-Hayek debate on the efficiency between free markets and central planning had also probably heard about the invisible hand.

Muhammad Ylikoski argues that the invisible hand describes not only the market economy but also the working of natural science.¹⁴ Salim Rashid calls it the "directing hand of the Deity."¹⁵ Jerry Evensky writes that the invisible hand is "the hand of the deity that designed the 'oeconomy of nature.'"¹⁶ Others like Raphael and Kristol have underlined precisely the opposite: the invisible hand is an artefact to conceal the lack of religious convictions.¹⁷ That Smith was more than a skeptic, and probably as atheistic as David Hume, is argued by Pack,¹⁸ according to whom the hand is a secular device.

The invisible hand has accumulated probably *millions* of adjectives and broad meanings.¹⁹ I can only name but a few. Some people say the "invisible" aspect refers to gentleness.²⁰ Others say it is "wise" and "far reaching."²¹ It's a light touch in the right direction. But it can be also "the dead hand"²² or the "grabbing hand,"²³ even for those unopposed to free markets. Those who do oppose free markets describe it, for example, as a "backhand" or a "trembling" hand. In the

same vein, others claim it to be “amputated”²⁴ or simply “palsied.”²⁵ On this side of the quarrel, even when perfectly functional, this hand can be “bloody”²⁶ or an “iron fist of competition.”²⁷

For those who interpret it as a pro-market device, like George W. Bush, the hand “improves the lives of people” as contrasted with “the government’s invisible foot [that] tramples on people’s hopes and destroys their dreams.”²⁸ Government here is compared to a foot treading on what a private people’s hands built to improve their lives. And a foot would always lack the *handiness* of a hand. The dexterity of our fingers is far superior to our toes’ abilities. The hand is spry and somewhat elastic. It can adjust quickly. It may try to create and produce whatever our mind is thinking.

For Milton Friedman, for example, Smith’s unseen hand represents the “power of the market [to] produce our food, our clothing, our housing”²⁹ and also serves as a scheme of coordination “without central direction.”³⁰ Economists in this school describe its “astonishing capacity to handle a coordination problem of truly enormous proportions.”³¹ For Jon Elster, the invisible hand “shapes human affairs,” but by producing unintended consequences, or “externalities.”³² Oswald argues that there is a rationality to its final outcomes.³³ The invisible hand is *invisible* to the extent that it allows the coordination of unseen features of the commercial society, such as the relative scarcity of a supplied good in relation to a consumer’s willingness to pay.

It is possible to argue that some subjects like biology and medicine, which were developing during Smith’s lifetime, used the word *invisible* to represent the theme of modern science. Science would entail the study of relations between elements we cannot see with our bare eyes.³⁴ If this is true, the term signifies a passage from rudimentary knowledge to the advent of a serious science of economics.

The invisible hand works by coordinating intertwining interests, and appears to clash with Smith’s desire to incorporate benevolence into human motivation. But as Milton Friedman argues, this regard for our own interest turns out, for Smith, to be more successful in the field of benevolence than government actions. “The invisible hand of the market was far more effective than the visible hand of government in mobilizing, not only material resources for immediate self-seeking ends, but also sympathy for unselfish charitable ends.”³⁵ As with benevolence, self-interest also contrasts fundamentally and absolutely with any possible government initiative. It is not possible to extract it by force. Conversely, self-interest is so strong a passion, so deeply embedded in humans and inculcated by nature, that it becomes extremely difficult or impossible to steer.

While the concept of interest seems to describe an individualist motivation, the idea of “sympathy” in *TMS* describes almost the contrary. When we break it

down, however, self-interested behaviour is not simply selfishness and sympathy is not simply benevolence. For Smith, these concepts were not separated into water-tight compartments. The relationship between different kinds of affections was an integral part of his overall scheme. While David Hume concluded that kindness tends to overbalance selfish motivations, Smith did not.

Smith also departed from his teacher Francis Hutcheson, whose ideas, though moderate in this regard, could not ascribe a bold *moral* value to self-love. But Smith did pick up from Hutcheson the basic importance of moral values within economic inquiry. Hutcheson thought that benevolence and self-love struggle against each other in a tug-of-war, but ultimately benevolence wins because it is the real end of all human action.

Where Smith departs from Hutcheson, he becomes more inclined toward Joseph Butler's *Sermons* and the dissertation *Of the Nature of Virtue*.³⁶ Butler also includes interest in his moral philosophy, and believes that humanity commands a wide variety of principles rather than a single one, be it benevolence or any other force of "gravity." Indeed, in his preface to the *Sermons*, Butler writes a passage from which Smith seems to derive much of his own thoughts:

If the observation be true, it follows, that self-love and benevolence, virtue and interest, are not to be opposed, but only to be distinguished from each other; in the same way as virtue and any other particular affection, love of arts, suppose, are to be distinguished. Every thing is what it is, and not another thing. The goodness or badness of actions does not arise from hence, that the epithet, interested or disinterested, may be applied to them, any more than that any other indifferent epithet.... Or in other words, we may judge and determine, that an action is morally good or evil, before we so much as consider, whether it be interested or disinterested. This consideration no more comes in to determine whether an action be virtuous, than to determine whether it be resentful. *Self-love in its due degree is as just and morally good, as any affection whatever.*³⁷

Butler believed that self-love could be a good thing if properly constrained, for example, by human conscience. Self-love is a very "general desire" whose relationship to benevolence cannot be described by mere opposition. As Eugene Heath defines Butler's position, "self-love is a general desire for one's own happiness, not a passion with an intentional orientation to particular objects."³⁸ There is no reason not to love the self. Moreover, self-love can be virtuous if it coincides with actions that benefit others.

Perhaps most importantly, he argues that benevolence is "no more disinterested than particular passions."³⁹ If someone insists that an action is "interested," it is

irrelevant for Butler. An action can be evil and yet disinterested: “Benevolence towards particular persons may be to a degree of weakness, and so be blamable: and disinterestedness is so far from being in itself commendable, that the utmost possible depravity which we can in imagination conceive, is that of disinterested cruelty.”⁴⁰ Ultimately, self-love, benevolence, and interest are not commendable or reprehensible on face value. Sometimes some forms of “interest” can be good and some forms of “disinterest” can be bad. For Butler, we cannot judge the morality of an action by looking at these terms alone. The morality of an action exists before it is evaluated.

Unconsciously or not, Smith echoes Butler in the Second Chapter of Book IV in *WN*, precisely where the “invisible hand” appears. They were both working on the idea that some self-interested actions could have an unintended positive impact on others, allaying the tensions between self-love and benevolence.

Let us draw our attention to Smith’s key passage: “every individual necessarily labours to render the annual revenue of the society as great as he can. He generally, indeed, neither intends to promote the publick interest, nor knows how much he is promoting it. . . . [H]e intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention.”⁴¹ The difference between Smith and Butler lies in Butler’s attributing the same effect to another invisible, yet more defined leadership. Butler’s reasoning in 1726, half a century earlier, tells us,

It may be added, that as persons without any conviction from reason of the desirableness of life, would yet of course preserve it merely from the appetite of hunger; so by acting merely from regard (suppose) to reputation, without any consideration of the good of others, men often contribute to public good. In both these instances they are plainly instruments in the hands of another, in the hands of Providence, to carry on ends, the preservation of the individual and good of society, which they themselves have not in their view or intention.⁴²

Both Butler and Smith were already separating intentions from outcomes. Each of them do it precisely at the point where they are referring to the functions of these hands. They alluded to what Friedrich Hayek in the twentieth century called “spontaneous order,” the complex coordination of information arising from human interaction rather than a central authority. For Hayek, two prominent examples of spontaneous order were the price system and language itself. Smith also thought that language was a good example of how human action creates rules and results without anyone’s intention or design.

Smith's contemporary Adam Ferguson had similar ideas, describing "forms of society" that arise without a "single projector." We owe to Ferguson⁴³ the expression *the results of human action but not human design*, which Hayek reinterpreted and promoted in his own twentieth-century debates. In Ferguson's original description of this idea in his *Essay on the History of Civil Society*, we can read,

Like the winds that come we know not whence, and blow whithersoever they list, the forms of society are derived from an obscure and distant origin; they arise, long before the date of philosophy, from the instincts, not from the speculations of men. The crowd of mankind, are directed in their establishments and measures, by the circumstances in which they are placed; and seldom are turned from their way, to follow the plan of any single projector. Every step and every movement of the multitude, even in what are termed enlightened ages, are made with equal blindness to the future; and nations stumble upon establishments, which are indeed the result of human action, but not the execution of any human design.⁴⁴

The Invisible Hand in the *Theory of Moral Sentiments*

The first ever mention of the "invisible hand" happens in the middle of *TMS*. Smith takes his inspiration from an unexpected author: Jean Jacques Rousseau. The dawn of the commercial society is of crucial importance for these thinkers and serves as the basis for some additional concerns.

We can find important similarities between Rousseau's *Discourse on the Origin of Inequality* and Smith's *TMS*. They would probably agree on the fact that the satisfaction of natural needs occurred easily in the commercial era. They both knew that commerce was founded on persuasion. They also understood that persuading someone to trade is a way of appealing to her self-love.

Smith departs from Rousseau when he observes "that the demand for vanities increases as societies get wealthier."⁴⁵ We are keen to move on from demanding food to demanding superficial objects as soon as our welfare allows it. *WN* leaves us many examples of these demand shifts towards less basic goods or even luxuries.⁴⁶ Smith sees this as a positive development.

In the commercial era, we can easily satisfy our basic needs: "The wages of the meanest labourer can supply them."⁴⁷ In our society, then, material goods are not meant to address our physical needs, but rather types of satisfaction. What we ultimately seek is to be admired by others. Our desire "to better our condition" is how we acquire those ends:

The desire of becoming the proper objects of this respect, of deserving and obtaining this credit and rank among our equals, is, perhaps, the stronger of all our desires, and our anxiety to obtain the advantages of fortune is accordingly much more excited and irritated by this desire, than by that of supplying all the necessities and conveniencies of the body, which are always very easily supplied.⁴⁸

These desires reflect Smith's idea of virtue: We want praise because we ascribe value to praiseworthiness. Contrary to Rousseau,⁴⁹ for whom the disposition to seek approval is linked to a "real indifference for good and evil," for Smith, "Man . . . desires, not only to be praised, but praiseworthiness; or to be that thing which, though it should be praised by nobody, is, however, the natural and proper object of praise."⁵⁰

What Smith is saying is that we are only capable of conceiving the idea of praise because there must be actions that we consider *really* praiseworthy. Love of praise, then, "is but a derivative manifestation of a more fundamental desire, love of praiseworthiness."⁵¹ This contrasts with Hutcheson, who considered truly virtuous action to be pure or completely disinterested. For Smith, this could not be true. It is actually *possible* to be virtuous while acting from self-interest:

Regard to our private happiness and interest, too, appear upon many occasions very laudable principles of action. The habits of oeconomy, industry, discretion, attention, and application of thought, are generally supposed to be cultivated from self-interested motives, and at the same time are apprehended to be very praise-worthy qualities, which deserve the esteem and approbation of every body.⁵²

Man does not simply work for bread, beer, or butcher's meat; he works foremost in order to be seen favorably by others, that is, to entice their sympathy. The rich get the attention of the world, the poor gets despised. But there is still another "third" reason that Milton Myers⁵³ helpfully pointed out: design and harmony. We want "the order, the regular and harmonious movement of the system, the machine or oeconomy by means of which it is produced. The pleasures of wealth and greatness, when considered in this complex view, strike the imagination as something grand and beautiful and noble."⁵⁴ From Smith's point of view, the commercial society can be praised for being well-ordered and harmonious. He writes that the differences of wealth and rank among men are by themselves necessary for prosperity and good order, through a "disposition" of mankind "to go along" with the passions of the rich.⁵⁵

The invisible hand is part of the process for some of these balances and order. Differences in *wealth* are easily seen by everybody whereas differences in *virtue* can be invisible. The poor's aspiration for bettering their condition is nurtured by observing in society people in a much better condition as well as by thinking they must be happier.

Smith suggests that amongst the lower ranks of society good behaviour and propriety seldom fail to generate some form of material improvement. Striving to become richer is proper for the sake of this order and harmony because it makes us aware of the need to accommodate other people's feelings.⁵⁶ We may force ourselves to be industrious, to work harder and in doing so adjust the pitch of our passions to level with others. Only trying to achieve *great* wealth may be a source of moral corruption.

Smith discusses the extreme toil and hard labour of the "poor's man son"⁵⁷ to emphatically criticize the corruption produced by luxury and great wealth. While doing so, he praises poverty and virtue.⁵⁸ The phrase in the following quote, where Smith insists that "the poor" courts the great and the rich whom he hates, is almost the simplest translation of a phrase from Rousseau's *Discourse*: "For this purpose he makes his court to all mankind; he serves those whom he hates, and is obsequious to those whom he despises."⁵⁹ Rousseau's civilized man, then, is similar to Smith's poor man's son. They both get "no real satisfaction" in their extreme dependence on the "rich."

Smith also agrees with Rousseau when he defines the activity of the rich as "rapacity,"⁶⁰ precisely where the latter wrote "*rapines*."⁶¹ But the similarities end there. For Rousseau, the rich will try to subdue their neighbours since their ambition for dominance has no limits. For Smith, the rich are led by an "invisible hand" to promote an end that was not their intention. Both rich and poor get the sense of enjoyment that Rousseau argues is impossible in a civilized society. In both cases the "hand of the rich" distorts the satisfaction that was felt by both the savage in the state of nature and the poor man's son. Rousseau's hand of the rich, in this passage, is the cause of all our problems:

They [the poor] saw everything change around them, they remained still the same, were obliged to receive their subsistence, or steal it, from *the hand of the rich*; and this soon bred, according to their different characters, dominion and slavery, or violence and rapine. The wealthy, on their part, had no sooner begun to taste the pleasure of command, than they disdained all others, and, using their old slaves to acquire new, thought of nothing but subduing and enslaving their neighbours; like ravenous wolves, which, having once tasted human flesh, despise every other food and thenceforth

seek only men to devour. Thus, as the most powerful or the most miserable considered their might or misery as a kind of right to the possessions of others, equivalent, in their opinion, to that of property, the destruction of equality was attended by the most terrible disorders. Usurpations by the rich, robbery by the poor, and the unbridled passions of both, suppressed the cries of natural compassion and the still feeble voice of justice, and filled men with avarice, ambition and vice.⁶²

But Rousseau seems to contrast this hand with a “gracious hand,” which, by “correcting our institutions, and giving them an immovable basis, has prevented those disorders which would otherwise have arisen from them, and caused our happiness to come from those very sources which seemed likely to involve us in misery.”⁶³ This “gracious hand” seems to be very different from the other and it appears in the beginning of his article. But hence we see how both Rousseau and Smith describe *two* consequences from a “hand” at work when talking about the inequality between rich and poor.

We can easily argue that Smith’s invisible hand is also the hand of the rich. His famous expression stands out from a paragraph that starts to define “the rich” and in that sense it implies to be *their* hand. Smith seems to write this with Rousseau’s remarks on the same topic in mind because both paragraphs have a similar structure. But where Rousseau hardly sees a “gracious” hand “which has prevented disorders,” Smith seems to add a hand even more “gracious,” gentle like thin air. Only Adam Smith seemed to see it at the time. This hand is real, and it is working, but disappears from sight. Only its outcomes are going to be visible. Yet these are to be seen in the future only. In the short run, anyone can see the visible hand of rapacity (of the rich). But this one hand has a rebound effect in the second, invisible hand. We can compare the two impacts and reread Smith’s theory at its peak:

The produce of the soil maintains at all times nearly that number of inhabitants which it is capable of maintaining. The rich only select from the heap what is most precious and agreeable. They consume little more than the poor, and in spite of their natural selfishness and rapacity, though they mean only their own conveniency, though the sole end which they propose from the labours of all the thousands whom they employ, be the gratification of their own vain and insatiable desires, they divide with the poor the produce of all their improvements. They 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, and thus without intending it, without knowing it, advance the interest of the society, and afford means to the multiplication of the species.⁶⁴

Smith's response to Rousseau could hardly be more significant: rich and poor get more or less the same access to the joy of security as a result of the workings of another hand that Rousseau *did not see*. Adam Smith had better sight than Rousseau.

For Smith, they are "nearly upon a level," and if some imbalance is found it functions in favor of the poor, as the rich will still have the trouble of "fighting for" security by exposing themselves to the risks of conflict with their neighbors. They live in constant anxiety because their great wealth may be destroyed altogether by a simple distraction. Yet they retain and enjoy the attention of the people around them. Rousseau and Smith could not be further apart here: Smith's commercial society will give satisfaction to all. For Rousseau, to none. But if we look closer at Smith's last line, we find that if anyone is to feel better off, it is the beggar in the street. For Smith, kings are still fighting to get the beggar's ease and satisfaction under the sun.

This complementarity may help us explain Smith's second invisible hand in *WN*. There, the invisible hand is precisely what makes everyone's self-interest good for the whole. The invisible hand causes the self-interested industrialist to support the *domestic* industry by pursuing *his* self-interest alone. The industrialist's self-interest is the domestic industry's interest: the invisible hand combines the two.

The moment he does not follow his self-interest and speaks from the standpoint of the public interest, he asks for protective measures (political measures for his own *broad* interest, so to speak). These measures are only possible by rational design and ultimately uphold a partial interest set in absolute contrast to the common good. Protective measures are not "Natural" in the sense that Smith uses the term.

If the merchant alluded to is said to be thinking about the public interest and not just his self-interest, he acts in favour of a particular interest in society: *his own*. This is a paradox: If you think about your interest, you benefit everyone. If you say you think about everyone's interest, you only benefit your own interests. This is the outcome of a tension between intentionality and efficiency.

For Smith, those who preach good intentions are only whining. Those who direct their self-interest to a fruitful activity instead will uplift the standards of living for everyone. This means that the industrialist promotes the public good with competence if restricted to self-interest in a narrow sense: "By pursuing his own interest he frequently promotes that of the society *more effectually* than when he really intends to promote it."⁶⁵

The invisible hand promotes opulence for all and lifts the conditions of the poor efficiently. This is the history of the industrial revolution, or in Smith's words,

the effects of frugality and parsimony in advancing the overall level of capital. Michael Novak called this progress the “transformation.” The invisible hand helped change people’s perceptions of business as a part of human progress. Novak believed that both David Hume and Adam Smith were responsible for what he called “the great moral transformation in Western ethical reality—a transformation, they thought, for the better, especially from the viewpoint of ordinary people and the poor.”⁶⁶

Conclusion

The marketplace, in a commercial society, is the process by which we overcome the tension between a self-centered action and a selfless one. The action of trading butcher’s meat does not focus on a single end because both ends are enriched in the exchange. The market constantly overcomes the moral dilemma between self-oriented and other-oriented action. In the moment of trade, as two objects change hands, each partner imagines momentarily what it would be like in the other’s place. By doing so she is forced to look beyond her emotions and to see the event from the other’s perspective.

In the market place, each one is forced to evaluate every action from the side of the other. It is the self-love, yet of the other, that we indulge. The two positions involved in trading are not opposed because for each one the point of view of the other is considered. Thus, *WN* does not really need to use moral expressions. Trading in the market seems to stimulate our moral sentiments.

In *TMS*, the impartial spectator would require that in the moment of trade an almost disinterested party suggests the terms of the deal. But the impartial spectator also understands the preference each person has for herself. He only asks us to temper our other passions so that we can imagine ourselves from the outside, suggesting that we could, by the increased distance, judge the event with more reasonableness and propriety. This distance increases focus. Smith even says the impartial spectator is like a “looking-glass,” placing the actions where we can see them better. Many authors see a triangular approach in *TMS* whereby an actor acts, a viewer reacts, and the impartial spectator judges. In this approach, the impartial spectator is a middle ground between two impulses or sentiments. To the extent that the impartial spectator compromises between contradictory passions, this is true.

But this is not the whole case in *WN*, where Smith goes much further. When trading, it is insufficient to imagine an external perspective. Natural liberty not only presupposes moral sentiments but also demands a great degree of benevolence. Let us not forget that benevolence is the virtue by which our own self-love

is reduced for the sake of someone else. In *WN*, we are not simply requested to correct the strongest impulses of our self-love. According to Smith, the marketplace entails the complete change of perspectives. In *TMS*, I judge any action or conduct by bringing it to my “home.” In *WN*, I judge my actions by bringing them to the other’s “home.” Thus, by forcing ourselves to bring any case back to the *other* person’s self-love, *WN* requires almost complete benevolence. It is *their* self-love that matters to me. Nevertheless, since benevolence is a mere “feeble spark,” its firepower comes from the strength of interests. *WN*’s concern for our self-love *lit up* *TMS*’s sparks of benevolence.

It is possible to criticize this model by saying that one partner in this trade might be more needy than the other. The sense of despair at one end could tilt this balance and allow one of the partners not to engage in such moral exercise. Though this could always be true in isolated situations it turns out to be less true as the scope of the market increases. The impartial spectator is ultimately the measure of mankind and by trading repeatedly and constantly the terms of the exchange will approach normal market conditions. This model is the one described in *WN*. By increasing the number of participants in markets through free trade, the message in *WN* approaches that of *TMS*.

What is more interesting, meanwhile, is that *WN* becomes more complementary to *TMS* precisely by expanding markets. It is the free market that forces each individual to think as if she were in the other’s shoes. In a closed market the interest and self-love of each person does not lead to an apparatus of benevolence and mutual gain. In this situation *WN* is not compatible with *TMS*.

As markets become more central in our lives, we grow more accustomed to their functioning. Situations of despair tend to disappear. It is easy to check if someone’s self-love is pitching higher than it should. By looking to buy elsewhere, we force the former to tune down his passions. Just as the impartial spectator is no one in particular in *TMS*, the market price reached through this interaction is not made by anyone in particular in *WN*. The impartial spectator applied to economics resembles the price mechanism.

A particularly important point for Smith is that as markets get freer, there will be less room for selfishness. Merchants can be self-centered in restricted markets where only a small number of agents are allowed to play. The merchant’s selfishness is thwarted, however, if we allow buyers to make their purchase elsewhere, and it will be further undermined if we render the market completely free and open. Free markets are compatible with the set of morals envisaged in *TMS*. Market competition ushers in the procedures by which we curb the wrong impulses. For Smith, the “simple” system of natural liberty fully encapsulates the moral sentiments.

As we approach the end of this article, let us recall our main research questions: Does the “invisible hand” metaphor contribute to our understanding of the commercial society and does it help us cope with the tensions between self-interest and benevolence?

Adam Smith’s idea of the invisible hand embraces Hutcheson’s idea of benevolence in its charitable capacity to lift up the conditions of the people without forgetting Bishop Butler’s idea of self-love, whose “hands of providence” seems to generate positive unintended consequences for the public despite stemming from private self-interest. The two hands we cannot see could be the coordinating forces of the market.

Market interactions allow ties of virtue to emerge by focusing our passions on the other without forgetting those focused on ourselves. The invisible hands combine beneficent motivations with proper degrees of personal interest, pride, and worthiness. As a result, the simple system depicted as his proposal for the new commercial society imparts a system of morals that emphasizes benevolence without forgetting self-love or interest.

By improving the conditions of the poor, the system of natural liberty could not be indicted from the moral point of view in *TMS*. Luxuries were becoming accessible to great masses of people. It would not be a stretch to suggest that an invisible force was lurking behind the scenes. Perhaps a hand was not the best metaphor, as it can sound too human and too intentional for something as spontaneous as markets. But even so, if we say we can reach equilibrium from something unseen, this will sound too abstract.

So let us retain the useful metaphor. Smith shows us a synchronized concert of benevolence and self-love in which nobody needs to see the conductor’s hand. We act as if we see a finger coordinating all of our activities, but what we follow is our own self-love, and while doing so we find the harmony of benevolence.

Notes

1. As a personal note, I would like to express my deep gratitude for this honor. Thank you to the Acton Institute for awarding me the Novak Award. More than ten years ago, in 2011, I ran a series of research workshops about “the moral dimensions of a free society” at the Institute for Political Studies at the Catholic University of Portugal (IEP). I taught the workshops with Professor Joao Carlos Espada every Thursday during the lunch break for more than two years. I was introduced to Michael Novak in one of those sessions and discovered one of the most inspiring research programs I had ever encountered at the time. I was also thrilled to come across the works of Rodney Stark and Robert Royal, the latter of whom later attended some of our gatherings in Portugal. Those seminars still deeply motivate my current academic endeavors and adventures. More than twenty years ago, back in 2001, Michael Novak held the Tocqueville Lecture at our Institute, precisely about Tocqueville. This was the main lecture launching our commencement ceremonies and one I had only read on paper because at that time I was still far from knowing about the IEP.

It is therefore with great enthusiasm that I recall what brought me here. The theme of this article is the “invisible hand.” I have chosen this topic after considering the many other—and probably equally good—alternatives.

Michael Novak himself is a most distinguished author who worked with the utmost elegance on the connections between the core ethics of a free society and economic prosperity. As his editor Edward W. Younkins once stated, “Novak explains that Adam Smith and John Stuart Mill were wise to view economics as a branch of moral philosophy. Economics should be treated not only as a mathematical and a moral science, but also as a humanistic vocation. Every person is an acting subject, capable of reflection and choice, faced with scarcities inherent in nature, and sensing the call to barter, trade, create, and better their condition.” Furthermore, he adds, “Political economy is the study of human action—it is the branch of moral philosophy that studies what is right and what is wrong in dealing with scarcity and optimizing prosperity.” Edward W. Younkins, “Introduction,” in Michael Novak, *Three in One: Essays on Democratic Capitalism, 1976–2000*, ed. Edward W. Younkins (Lanham, MD: Rowman & Littlefield, 2001): xiii. So, I explore this possibility by starting with the concept Smith is most famous for: the invisible hand.

2. References to *The Theory of Moral Sentiments* are to Adam Smith, *The Theory of Moral Sentiments*, ed. D. D. Raphael and A. L. Macfie (Indianapolis: Liberty Fund, 1982 [1st ed. 1759]), hereafter abbreviated as *TMS*, followed by part, section (where one exists), chapter, and paragraph. References to *The Wealth of Nations* are to Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, ed. R. H. Campbell and A. S. Skinner, 2 vols. (Indianapolis: Liberty Fund, 1981 [1st ed. 1776]), hereafter abbreviated as *WN*, followed by book, chapter, part (where one exists), and paragraph. References to “History of Astronomy” are to Adam Smith, *Essays on Philosophical Subjects*, ed. W. P. D. Wightman and J. C. Bryce (Indianapolis:

- Liberty Fund, 1982), hereafter abbreviated as *Astronomy* and followed by part and paragraph.
3. E. G. West, *Adam Smith: The Man and His Works* (Indianapolis: Liberty Fund, 1976): 96.
 4. *TMS.VII.ii.3.21*, emphasis mine.
 5. *TMS.I.1.i.1*.
 6. See Bruno Hildebrand, *Die Nationaloekonomie der Gegenwart und Zukunft* (Frankfurt: J. Rütten: 1848), 328.
 7. Dickey Laurence, “Historicizing the ‘Adam Smith Problem’: Conceptual, Historiographical, and Textual Issues,” *Journal of Modern History* 58, no. 3 (1986): 609.
 8. See Witold von Skarzynski, *Adam Smith als Moralphilosoph und Schoepfer der Nationaloekonomie: Ein Beitrag zur Geschichte der Nationalekonomie* (Berlin: Verlag und Theobald Grieben, 1878).
 9. J. Persjey, “Adam Smith’s Invisible Hands,” *Journal of Economic Perspectives* 3, no. 4 (1989): 195–201, esp. 196.
 10. *Astronomy.III.2*.
 11. *Astronomy.III.2*.
 12. See Gloria Vivenza, *Adam Smith and the Classic: The Classical Heritage in Adam Smith’s Thought* (Oxford: Oxford University Press, 2001): 10n8.
 13. Paul Samuelson, *Economics* (New York: Mcgraw-Hill, 1948): 36.
 14. See Muhammad Ylikoski, “The Invisible Hand and Science,” *Science Studies* 8 (1995): 32–43.
 15. Salim Rashid, *The Myth of Adam Smith* (Cheltenham, UK: Edward Elgar, 1998), 219.
 16. Jerry Evensky, *Adam Smith’s Moral Philosophy* (Cambridge: Cambridge University Press: 2005), 163.
 17. See D. D. Raphael, *Adam Smith* (Oxford University Press: 1985), 36. See also Irving Kristol, “Rationalism in Economics,” *The Public Interest* 61, Special Issue (1980): 201–18, esp. 204.
 18. See Spencer J. Pack, “Theological and Hence Economic Implications of Adam Smith’s ‘Principles which Lead and Direct Philosophical Enquires,’” *History of Political Economy* 27, no. 2 (1995): 289–307.

19. See Mark Skousen, *The Big Three in Economics: Adam Smith, Karl Marx and John Maynard Keynes* (London: M. E. Sharpe, 2007), 19.
20. See Sharon Harris, "The Invisible Hand Is a Gentle Hand," <http://www.ejfi.org/Prohibition/Prohibition-5.htm>.
21. See Helen Joyce, "Adam Smith and the Invisible Hand," *+Plus*, March 1, 2001, <https://plus.maths.org/content/adam-smith-and-invisible-hand>.
22. See Brink Lindsey, *Against the Dead Hand: The Uncertain Struggle for Global Capitalism* (New York: John Wiley, 2002).
23. See Andrei Shleifer and Robert W. Vishny, *The Grabbing Hand: Government Pathologies and Their Cures* (Cambridge: Harvard University Press, 1998), 3–4.
24. Frank Hahn, "Reflections on the Invisible Hand," *Lloyds Bank Review* 144 (April 1982): 1–21.
25. Joseph E. Stiglitz, "Information and the Change in the Paradigm in Economics," *Nobel Prize Lectures*, December 8, 2001 (Sweden: Nobel Prize Committee, 2001): 472–525, esp. 473.
26. Emma Rothschild, *Economic Sentiments: Adam Smith, Condorcet and the Enlightenment* (Cambridge: Harvard University Press, 2001), 119.
27. John E. Roemer, *Free to Lose* (Cambridge: Harvard University Press, 1988), 2–3.
28. See George W. Bush, "President Honors Milton Friedman for Lifetime Achievements," May 9, 2002, <http://georgewbush-whitehouse.archives.gov/news/releases/2002/05/20020509-1.html>.
29. Milton Friedman and Rose Friedman, *Free to Chose: A Personal Statement* (New York: Harcourt Brace Jovanovich, 1980), 1.
30. Milton Friedman, "Adam Smith's Relevance for 1976," in *Adam Smith and the Wealth of Nations: 1776–1976 Bicentennial Essays*, ed. Fred R. Glahe (Boulder: Associated University Press, 1978): 7–20, esp. 17.
31. William J. Baumol and Alan S. Blinder, *Economics: Principles and Policies*, 8th ed. (Ft. Worth, TX: Harcourt College Publishers, 2001): 214.
32. Jon Elster, *Explaining Social Behavior: More Nuts and Bolts for the Social Sciences* (Cambridge: Cambridge University Press, 2007): 303.
33. See Donald J. Oswald, "Metaphysical Beliefs and Foundations of Smithian Political Economy," *History of Political Economy* 27, no. 3 (Durham: Duke University Press, 1995).

34. See Stefano Fiori, “Visible and Invisible Order: The Theoretical Duality of Smith’s Political Economy,” *The European Journal of the History of Economic Thought* 8, no. 4 (2001): 429–48.
35. Friedman, “Adam Smith’s Relevance for 1976,” 18.
36. See Joseph Butler, *Fifteen Sermons Preached at the Rolls Chapel*, repr. from the 2nd ed. (London: J. & J. Knapton, 1729 [1st ed. 1726]); idem, “Dissertation II: Of the Nature of Virtue,” 1st ed., 1736, appended to the “Analogy,” in Selby-Bigge, ed., *British Moralists*, vol. 1 (Oxford: Clarendon Press, 1897).
37. Butler, *Fifteen Sermons*, 193–94, emphasis mine.
38. Eugene Heath, “Adam Smith and Self-Interest,” in Christopher J. Berry, Maria Pia Paganelli, and Craig Smith, ed., *The Oxford Handbook of Adam Smith* (Oxford: Oxford University Press, 2013), 249.
39. D. D. Raphael, “Index,” in idem, ed., *British Moralists: 1650–1800*, vol. 2: *Hume—Bentham* (Cambridge: Hackett, 1991), 367.
40. Butler, *Fifteen Sermons*, 193–94.
41. *WN.IV.ii.9*.
42. Butler, *Fifteen Sermons*, 200–201.
43. Originally this sentence is actually attributed to De Retz, *Memoirs*. See Adam Ferguson, *An Essay on the History of Civil Society*, ed. Fania Oz-Salzberger (Cambridge: Cambridge University Press, 2001 [1st ed. 1767]), 119 (III.II.7).
44. Ferguson, *Essay on the History of Civil Society*, 119 (III.II.7).
45. Samuel Fleischacker, *On Adam Smith’s Wealth of Nations: A Philosophical Companion* (Princeton: Princeton University Press, 2004), 115.
46. See, e.g., *WN.I.xi.c.7*; *WN.I.xi.d.1*; *WN.I.xi.k.1*.
47. *TMS.I.iii.2.1*.
48. *TMS.VI.i.3*.
49. See E. G. West, “Adam Smith and Rousseau’s Discourse on Inequality: Inspiration or Provocation?” *Journal of Economic Issues* 5, no. 2 (June 1971): 56–70.
50. *TMS.III.2.1*.
51. Pierre Force, *Self-Interest before Adam Smith: A Genealogy of Economic Science* (Cambridge: Cambridge University Press, 2003), 66.
52. *TMS.VII.ii.3.16*.

53. See Milton L. Myers, *Ideas of Self-Interest: Thomas Hobbes to Adam Smith* (Chicago; London: University of Chicago Press, 1983), 114.
54. See *TMS.IV.i.9*.
55. See *TMS.I.iii.2.3*.
56. See Force, *Self-Interest before Adam Smith*, 160.
57. *TMS.IV.i.8*.
58. See Force, *Self-Interest before Adam Smith*, 159.
59. *TMS.IV.i.8*. Cf. Jean-Jacques Rousseau, *Discours sur l'origine et les fondements de l'inégalité parmi les homes* [1st ed. 1755], in *Oeuvres complètes*, vol. 3: *Du Contrat Social – Écrits Politiques*, ed. Bernard Gagnebin and Marcel Raymond (Paris: Gallimard, Bibliothèque de la Pléiade, 1964), 192 : “... il travaille jusqu’à la mort, il y court même pour se mettre en état de vivre, ou renonce à la vie pour acquérir l’immortalité, Il fait sa cour aux grands qu’il hait et aux riches qu’il méprise; il n’épargne rien pour obtenir l’honneur de les servir; il se vante orgueilleusement de sa bassesse et leur protection.”
60. *TMS.IV.i.10*.
61. See Rousseau, *Discours*, 175.
62. See Rousseau, *Discours*, 175–76:
 devenus pauvres sans avoir rien perdu, parce que tout changeant autour d’eux, eux seuls n’avoient point changé, furent obligés de recevoir ou de ravir leur subsistance de la main de riches, et de là commencèrent à naître, selon les divers caractères des uns et les autres, la domination et la servitude, ou la violence et les rapines. Les riches de leur côté connurent à peine le plaisir de dominer, qu’ils dédaignèrent bientôt tous les autres, et se servant de leurs anciens Esclaves pour en soumettre de nouveaux, ils ne songèrent qu’à subjuguier et asservir leurs voisins; semblables à ces loups affamés qui ayant une fois goûté de la chair humaine rebutent autre nourriture, et ne veulent plus que dévorer des hommes. C’est ainsi que les plus puissans ou les plus misérables, se faisant de leur force ou de leurs besoins une sorte de droit au bien d’autrui, équivalent, selon eux, à celui de propriété, l’égalité rompue fut suivie du plus affreux désordre: c’est ainsi que les usurpations des riches, les Brigandages des Pauvres, les passions effrénées de tous étouffant la pitié naturelle, et la voix encore foible de la justice, rendirent les hommes avarés, ambitieux, et méchans.”

I am using the translations to English of the Liberty Fund edition. However, in this quote the translation did not mention “the hand” (“la main”) that appears in the original of Rousseau and which I think should not be ignored. Thus, I have amended the translation to reflect this.

63. See Rousseau, *Discours*, 127: “main bienfaisante, corrigeant nos institutions et leur donnant une assiette inébranlable, a prévenu les desordres qui devoient en résulter, et fait naître nôtre bonheur des moyens qui sembloient devoir combler nôtre misère.”
64. *TMS.IV.i.10*.
65. *WN.IV.ii.9*, emphasis mine.
66. Michael Novak, “Two Moral Ideas for Business, *Economic Affairs*, September/October 1993,” in idem, *Three in One*, 223.