

What Did Adam Smith Say About Self-Love?*

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How should we interpret what Adam Smith said about self-love in book 1, chapter 2 of *The Wealth of Nations* (WN 1776)? Smith's explanation of the role of self-love in motivating parties to exchange has been widely misunderstood. Understanding the textual setting of his reference to self-love is crucial to a correct interpretation. The first two chapters of *WN* must be read as a whole and in light of Smith's idea of "sympathy" from the *Theory of Moral Sentiments* (*TMS* 1759) to get the full meaning of the appeal to self-love.

No necessary contradiction or dichotomy exists in Smith's two treatments of human behavior in *TMS* and *WN*, as shown by a close examination of his reference to self-love in *WN*. This article shows that the division of labor, complex production, and consumer needs and wants are the starting points for the analysis, not selfishness. Smith assumes that people are capable of both benevolence and self-love. He explains that an appeal to a merchant's benevolence provides a few of our needs at particular times but not all of our needs and wants all of the time. Smith's discussion of self-love did not point to purely selfish behavior but to the efficiency of appealing to the merchant's self-love rather than to his charity.

Criticisms of Smith as the one who turned political economy into "the science of egoism" or as the one who implied that greed is good are not warranted by his mention of self-love. Appealing to others' self-love is less egoistic than begging and generally more beneficial to society. Furthermore, a focus only on self-love versus benevolence misdirects our thoughts on the forces necessary for social cohesion, as a final quote from *TMS* will show.

In book 1, chapter 2 of the *Wealth of Nations* (*WN*), Adam Smith wrote what has become one of his most quoted passages:

It is not from the benevolence of the butcher, the brewer or the baker that we expect our dinner, but from their regard to their own interest. We address ourselves not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages. (Smith 1776, 14)

This passage offends many because it seems to prefer selfishness to benevolence. The passage seems also to contradict the theme of sympathy as the basis for moral judgments in Smith's earlier text on moral philosophy, *The Theory of Moral Sentiments* (*TMS*). Such apparent contradictions in Smith's views on human nature comprise the "Adam Smith Problem" (see David Collard 1978, Robert Heilbroner 1982, Glenn R. Morrow 1928, and Jeffrey Young 1997): How can ethically oriented ideas of sympathy and benevolence be reconciled with the pursuit of self-interest?¹

Smith and the Commentators on Self-Love and Selfishness Versus Sympathy and Benevolence

What did Adam Smith mean when he used the words *self-love*, *selfishness*, *sympathy*, and *benevolence*? We can better understand by comparing Smith's use of terms to how commentators have understood these terms. Misunderstandings of his terms beget various misunderstandings of his ideas.

We can and will dismiss quickly those casual readings of *WN* that attribute to Smith the worst possible meaning of the passage: that he, for example, advocates outright selfishness in commercial exchange. Pure and immoral selfishness is not what Smith meant by self-love. Nor is his idea of sympathy purely other oriented or equivalent to benevolence (see *TMS*, 10–11, editors' note 1).

Defining Terms

Selfishness means to attend to one's own interests without regard to, or at the expense of, others. *Self-interest* and *self-love*, which Smith uses interchangeably at times, probably for variety of expression, mean attending to one's own interests but not necessarily at others' expense.² Adam West (1969, 95) notes that Smith, in *TMS*, viewed self-love in the context of Christ's admonition to "love your neighbor as your self" (see *TMS*, 25). More precisely, Smith saw self-love as a Stoic virtue:³ "Every man, as the Stoics used to say, is first and principally recommended to his own care; and every man is certainly,

in every respect, fitter and abler to take care of himself than any other person” (*TMS*, 219). The Christian virtue was a corresponding and equal love for one’s neighbor (see the editors’ note 1 in *TMS*, 23–24).

Sympathy, for Smith, meant the “fellow feeling with any passion” (as opposed to feeling only “pity and compassion” for others; see *TMS*, 10). Feelings for another’s passion, whether joyous or tragic, start with feelings for one’s own passions. For Smith, self-interest and sympathy are not opposites. One’s “sympathies” are by nature first and foremost with himself and then with “the members of his own family” and with his “earliest friendships” (*TMS*, 219). Personal sympathy could extend beyond immediate family and close friends, and social sympathy could reach beyond one’s own nation, but the feelings diminish as the reach extends. The greater is the reach of one’s sympathies, the greater is the virtue.

As the editors of *TMS* describe, sympathy and self-interest are not comparable but operate at different levels: one is a governor and the other a motivator. “Sympathy is the core of Smith’s explanation of moral *judgment*. The motive to action [such as self-interest] is an entirely different matter” (*TMS*, 21–22). To sympathize with the passions of another is to “approve of the passions” (*TMS*, 16). To sympathize with the social passions of “generosity, humanity, kindness, compassion, mutual friendship and esteem, all of the social and benevolent affections” is virtuous (*TMS*, 38). To disapprove of unsocial passions of “hatred and resentment” or to sympathize with the victim of unsocial passions are both virtuous (*TMS*, 34). Another virtue for Smith is to control our own passions, including the “selfish passions” of our own “grief and joy.” The “selfish passions” of one’s own “grief and joy” are neither as virtuous as the social passions nor as disagreeable as the unsocial passions (*TMS*, 40).

Propriety in sympathy and behavior is to be average or to conform to usual standards of appropriateness, while virtue is to be exceptional in goodness (and vice is to be exceptional in badness). Propriety for Smith is to control our passions and sympathies in such a way as meet the usual expectations of an impartial spectator (*TMS*, 25–26). Virtue consists in controlling our own passions and regulating our sympathies for others in such a way as to excite the gratitude and love of others in an exceptional manner (*TMS*, 113). Propriety, then, is to love others as we love ourselves, while virtue is to exercise a higher level of self-control. As Smith says, “perfection of human nature” is “to feel much for others and little for ourselves, ... to restrain our selfish, and to indulge our benevolent affections” (*TMS*, 25). Effectively controlling the passions

“much beyond ... [the sensibility] possessed by the rude vulgar of mankind” is to exercise “self-command” (*TMS*, 25).

It is an “impartial spectator” within by which we compare our own interests with those of others: “it is only by consulting this judge within, that we can ever make any proper comparison between our interests and those of other people” (*TMS*, 134). By an experienced “imagination,” we give proper weight to the interests of others in such an evaluation. The impartial spectator within has complete knowledge of our own motives, as well as sufficient experience of the passions and interest of others, to render an informed and unbiased judgment. “It is from him only that we learn of the real littleness of ourselves, and of whatever relates to ourselves, and the natural misrepresentations of self-love can be corrected only by the eye of this impartial spectator” (*TMS*, 137). The impartial spectator prefers the general happiness to that of the self: “We dare not, as self-love might suggest to us, prefer the interest of the one to the interest of the many” (*TMS*, 138).

One more term, *prudence*, further reveals the link in Smith’s thought between self-love and either virtue or vice. “Security ... is the first and the principal object of prudence. It is averse to expose our health, our fortune, our rank, or reputation, to any sort of hazard” (*TMS*, 213). Prudence is risk averse, “rather cautious than enterprising, and more anxious to preserve the advantages we already possess, than forward to prompt us to the acquisition of still greater advantages” (*TMS*, 213). Prudence is a virtue when it promotes our self-love without harming another, “yet it never is considered as one, either of the most endearing, or of the most ennobling of virtues” (*TMS*, 216), “Mere imprudence, or the want of capacity to take care of oneself, is” a vice, to be pitied but not hated (*TMS*, 216).

Equipped with these definitions and distinctions, we can compare various interpretations of the passage on self-love. Most commentators do not approach the extreme of accusing Smith of advocating pure selfishness, but none seems to fully capture what Smith actually stated.

Classifying the Commentators

We can place recent scholarly commentators on Smith’s seemingly divergent views of human nature into four groups. First are those who ignore *TMS* and focus on the role of self-interest in *WN*.⁴ These authors tend to quote the passage and then draw their *own* conclusions about market exchange, either positive or negative. A second group, wishing to rehabilitate the economic role of benevolence, highlights the divergence as obviously contradictory and the emphasis on self-interest as grossly overdone. Among them are Amitai Etzioni

(1988), David Collard (1978), and Mark Lutz and Kenneth Lux (1988).⁵ Along similar lines, Claudio Katz (1997) presented a “democratic” criticism of Smith’s self-interest principle.⁶ A third group of commentators reconciles Smith’s views with what might be called economic realism.⁷ Gary Becker (1989), Nathan Rosenberg (1990), and Piero Mini (1972) emphasize human realities such as a limited supply of benevolences. Jacob Viner (1928, 138) highlights the limits of human rationality, as in Smith’s tolerance for “inconsistencies.” Amartya Sen (1997) emphasizes the realities of modern exchange, which is more complex than a visit to the butcher’s or the baker’s shop. Those in a fourth group, composed mainly of historians of economic thought such as Robert Heilbroner (1982), Edwin West (1969), Glenn Morrow (1928), Nathan Rosenberg (1960), and Joseph Cropsey (1975), attempt to reconcile Smith’s views by careful analyses of *TMS* and *WN*. Except for Heilbroner, each synthesizes the two works.⁸ Belonging with the synthesizers, Jeffrey Young (1997) goes even further and explains how Smith intended *TMS*, *WN*, and his other major works to work as a system.⁹

Few commentators, however, consider precisely what Smith said in either the immediate context in paragraph 2 of book 1, chapter 2, or in the text’s broader context of chapter 1 and the remainder of chapter 2.¹⁰ Not surprisingly, those commentators most offended by this passage show the least familiarity with the precise form of the text itself, its immediate context, or its place in the sequential development of ideas in the first two chapters of *WN*. Even those without a quarrel with Smith do not clearly place the idea in its immediate context.

Although the dichotomy in Smith’s views on human nature may be stronger elsewhere in *WN*, no actual contradiction appears in this passage on the butcher, the brewer, and the baker. Lutz (1985) notwithstanding, the full context seems to oppose any notion that, in a modern society where low-level consumer needs are met, an appeal to self-interest is dispensable. The ideas on self-love in chapter 2 arise directly on the heels of Smith’s discussion in chapter 1 of meeting one’s own needs in a world of division of labor, complex production, and worldwide trade (*WN*, bk. 1). Ironically, the commentators usually ignore two of the great themes of *WN* that Smith connected as factors augmenting the wealth of a nation—self-interested behavior and division of labor.

This article interprets the passage on self-love in light of a closer examination of the exact wording of the text itself, its immediate context, and the broader context of the first two chapters of *WN*. The article will show that the beggar in *WN* is crucial to Smith’s meaning regarding the role of self-love.

Once the beggar's role is properly understood, the statement about self-love from *WN* can be reconciled more easily with statements about sympathy and benevolence from *TMS*.¹¹ Our understanding the beggar leads us to a more favorable view of the market as a socializing device and the role of self-love in the market.

While offering an insight into what Adam Smith actually said in *WN* book 1, chapter 2 about self-love as a motivation for commerce, the paper offers no new explanation of Smith's comprehensive system of thought, as for instance Young (1997) has done. Nor does it offer a novel extension to Smith's thought, as James Halteman (2003) and Robin Klay and John Lunn (2003) have done.¹² It proposes no great revolution in understanding Adam Smith's system of natural liberty. The article does provide a radically different understanding of the moral aspects of markets compared to disdainful interpretations of the passage and compared to any interpretation that suggests that "greed is good."¹³

What Smith Said About Self-Love: The Broader Context in *The Wealth of Nations*

Few casual readers of Smith's *WN* recall that his comment on self-love in book 1, chapter 2, closely follows a comment about the spaniel fawning before its owner. Nor do they probably understand the logical connections of these two ideas to the earlier stories in *WN* about the pin manufactory (1981, 14–15), or the day-laborer's woolen coat (1981, 22–24). This is understandable given the normal reader's method of touring old texts written when time was less scarce. When touring great cities such as London or New York City, many visitors only stop to view such sites as Buckingham Palace and Big Ben or Times Square and Central Park. Such a visitor cannot, however, fully understand London or New York without also inspecting the docks, financial districts, and neighborhoods or without studying their histories.

When touring *WN*, the casual reader stops to view passages on Smith's pin manufactory, the baker, the brewer, and the butcher, and other familiar quotes. Such a reader cannot fully understand Smith, however, without inspecting the surrounding text—the context—or the historical setting of *WN*, to be found in *TMS*. E. G. West noted that *WN* "was an original attempt to produce a comprehensive economic system" (1969, 168); it should be examined as a whole rather than in small parts. This is also true of the parts (the famous quotes) of the subsystems of thought found in chapters of *WN* (the contexts). Writers such as Bill Shaw (1997, n. 5), Amartya Sen (1987), Emil Kung (1985), and

Milton Myers (1983) recognize the context's importance but none provides an adequate statement of it. Concern with Smith's greater system of thought and with the larger Adam Smith problem overshadows concern with the precise structure of the subsystem of ideas about the nature of self-interest in commercial exchange.

The immediate context of paragraph 2 of book 1, chapter 2, and the broader context in book 1, chapter 1 and other parts of chapter 2, reveal more precisely what Smith was saying about self-love. What is needed is a map of these lesser-known ideas in *WN* that precede the more popular passage about self-love. In the first two chapters of book 1 of *WN*, Smith examines the following five themes: (1) the division of labor has led to increased productivity (the pin factory); (2) the division of labor has also increased the complexity of production (the day laborer's woolen coat); (3) human activity tends toward exchange, unlike the animals (the "propensity to truck and barter" compared to the apparent cooperation of the racing greyhounds); (4) specialization and complexity in production affect the way in which we are able to meet our needs (the spaniel and his master versus our relationship to the butcher, the brewer, and the baker); and (5) the beggar is able to meet some needs but not all in a timely fashion. These ideas form a unit and harmonize with Smith's idea from *TMS* that human behavior is capable of self-love *and* benevolence, not one or the other.

The Context of Chapter 1 of Book 1 of *The Wealth of Nations*

In book 1, chapter 1, Smith first shows how specialization and the division of labor, and consequent improvements in machinery multiply labor's productive power, leading to increased exchange and improving living standards. In his own words:

It is the great multiplication of the productions of all the different arts, in consequence of the division of labour, which occasions, in a well-governed society, that universal opulence which extends itself to the lowest ranks of the people. Every workman has a great quantity of his own work to dispose of beyond what he himself has occasion for; and every other workman being exactly in the same situation, he is enabled to exchange a great quantity of his own goods for a great quantity, or, what comes to the same thing, for the price of a great quantity of theirs. He supplies them abundantly with what they have occasion for, and a general plenty diffuses itself through all the different ranks of the society. (*WN*, bk. 1, chap. 1, 10)

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Smith's pin manufactory illustrates the source of increases in labor's productivity. Farther on, his extended reference to the woolen coat illustrates that the division of labor leads to a complex system of production and exchange. Provision of even the simplest item can involve thousands of people at diverse times and places. A long quote from *WN* will illustrate the exaggerated extent to which Smith went to make the point:

Observe the accommodation of the most common artificer or day-labourer in a civilized and thriving country, and you will perceive that the number of people of whose industry a part, though but a small part, has been employed in procuring him this accommodation, exceeds all computation. The woolen coat, for example, which covers the day-labourer, as coarse and rough as it may appear, is the produce of the joint labour of a great multitude of workmen. The shepherd, the sorter of the wool, the wool-comber or carder, the dyer, the scribbler, the spinner, the weaver, the fuller, the dresser, with many others, must all join in their different arts in order to complete even this homely production. How many merchants and carriers, besides, must have been employed in transporting the materials from some of those workmen to others who live in some other part of the country! How many ship-builders, sailors, sail-makers, rope-makers, must have been employed in order to bring together the different drugs made use of by the dyer, which often come from the remotest corners of the world! What a variety of labour, too, is necessary in order to produce the tools of the meanest of those workmen! ... Were we to examine, in the same manner, all the different parts of his dress and household furniture, the coarse linen shirt which he wears next to his skin, the shoes which cover his feet, the bed which he lies on, and all the different parts which compose it, the kitchen-grate at which he prepares his victuals, the coals which he makes use of for that purpose, dug from the bowels of the earth, and brought to him perhaps by a long sea and a long land carriage, the earthen or pewter plates upon which he serves up and divides his victuals, the different hands employed in preparing his bread and beer, the glass window which lets in the heat and the light, and keeps out the wind and rain, with all the knowledge and art requisite for preparing that beautiful and happy invention, without which these northern parts of the world could scarce have afforded a very comfortable habitation, together with the tools of all the different workmen employed in those different conveniences; if we examine, I say, all these things, and consider what a variety of labor is employed about each of them, we shall be sensible that, without the assistance and co-operation of many thousands, the very meanest person in a civilized country could not be provided, even according to what we very falsely imagine the easy and simple manner in which he is commonly accommodated. (*WN*, bk. 1, chap. 1, 11–12)

Dramatic overemphasis in this passage makes the conclusion clear: already in Smith's day, production and exchange were quite complex, even for items consumed by those living at lower levels of income.¹⁴

The Context of Chapter 2 of Book 1 of *The Wealth of Nations*

A major theme of book 1, chapter 2, is whether and to what extent humans and animals are able to meet their needs through mutual exchange, individual activity, or begging. Animals are restricted to independent effort or to begging. Animals in the wild act independently, but humans cooperate, and their "propensity to truck, barter, and exchange one thing for another" is a uniquely human tendency. Greyhounds running a rabbit may seem to work together, but they do not trade bones. Smith does allow that domesticated animals may obtain their needs from humans but not through trade:

When an animal wants to obtain something either of a man or of another animal, it has no other means of persuasion but to gain the favor of those whose service it requires. A puppy fawns upon its dam, and a spaniel endeavours by a thousand attractions to gain the attention of its master who is at dinner, when it wants to be fed. (*WN*, bk. 1, chap. 2, 118)

Like a spaniel, man may also beg, but Smith explains the difficulty of meeting human needs and wants by appealing to benevolence:

Man sometimes uses the same arts with his brethren, and when he has no other means of engaging them to act according to his inclinations, endeavours by every servile and fawning attention to obtain their good will. He has not time, however, to do this upon every occasion. In civilized society he stands at all times in need of the co-operation and assistance of great multitudes, while his whole life is scarce sufficient to gain the friendship of a few persons. (*WN*, bk. 1, chap. 2, 118)

Begging for all his needs would require too much time pleading for various items from a multitude of people in diverse places. Having understood the link in *WN* between the costs and benefits of begging for one's needs and wants in a world of specialization and division of labor, we can return to the text regarding the merchants' self-love and its immediate context.

What Smith Said About Self-Love: The Immediate Context in *The Wealth of Nations*

We come now to the initial mention of self-love in *WN*, book 1, chapter 2. Smith asserts the superiority of exchange over begging:

But man has almost constant occasion for the help of his brethren, and it is in vain for him to expect it from their benevolence only. He will be more likely to prevail if he can interest their self-love in his favour, and show them that it is for their advantage to do for him what he requires of them.... It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages. (*WN*, bk. 1, chap. 2, 13–14)

Contrary to Etzioni's (1988) critique, Smith's analysis does not necessarily present a "too-narrow psychology" of economic man. Smith was "much more aware than most of his successors of the complex motives in human life" (West 1969, 82). His butcher, brewer, and baker can be benevolent or self-interested, but society gains when we mutually meet one another's needs rather than beg for our own needs. Phillips (1997), while not addressing the beggar, recognizes the emphasis here on mutual benefits of exchange.

That Smith is criticizing begging (rather than some poorly defined ideal of mutual benevolence) in this passage is clear from the very next several sentences:

Nobody but a beggar chooses to depend chiefly upon the benevolence of his fellow-citizens. Even a beggar does not depend upon it entirely. The charity of well-disposed people, indeed, supplies him with the whole fund of his subsistence. But though this principle ultimately provides him with all the necessaries of life, which he has occasion for, it neither does nor can provide him with them as he has occasion for them. The greater part of his occasional wants are supplied in the same manner as those of other people, by treaty, by barter, and by purchase. With the money which one man gives him he purchases food. The old clothes which another bestows upon him he exchanges for other old clothes which suit him better, or for lodging, or for food, or for money, with which he can buy either food, clothes, or lodging, as he has occasion. (*WN*, bk. 1, chap. 2, 13–14)

Begging does not fully suit the beggar himself. Gifts are lumpy while consumption is smooth. Too few gifts of clothing one month and too little food

another force the beggar to abandon complete dependence on benevolences and to *appeal to* the self-love of others. While we may occasionally gain the benevolence of those we know, we cannot depend constantly on their benevolence, much less on the benevolence of those we have never met who work at a distance in time or space.

Self-Love in Context

What, then, did Adam Smith say about self-love? The full context shows that he did not encourage the butcher, the brewer, and the baker to be more selfish. Nor did he excuse apparently selfish behavior as due to the impersonal nature of market exchange. The emphasis of Klay and Lunn (2003, 558), for instance, is on the different moralities of personal and impersonal exchange. This distinction may apply elsewhere in *WN*, but not here. Smith's example explains exchange with village shopkeepers, perhaps through barter. Furthermore, the perspective is *not* that of the shopkeeper at all but that of the beggar or customer standing in need of food and drink. Efforts to convince shopkeepers to be more benevolent and ethical in their dealings do not violate the sense of this passage for it is directed toward the customer: You will be more able to meet your needs and wants if you appeal to the self-interest, rather than to the benevolence, of others.

Had Smith taken the perspective of the shopkeepers, he might well have written: It is not from the benevolence of the customer that the butcher, the brewer, or the baker make their livings, but from an appeal to the customer's desire for a good product at a fair price. To meet his own needs, the butcher must not plead about how poorly his family is doing but about how well he will cut the meat and trim the fat.

Is the choice here really between benevolent or self-interested exchange? No! The choice Smith poses is between self-interested appeals to others' self-love (through exchange) or self-interested appeals to others' benevolence (through begging). Amartya Sen (1993) interprets Smith as saying that self-interest is the motivation for exchange, particularly exchange of commodities. In these passages, however, Smith notes that self-interest is also the motive for begging. The appeal to self-interest is more efficient than begging for securing the necessities of life. Appealing to others' self-interest ensures a steadier and more-balanced supply of necessities in a world of complex production. The desire for steady, balanced supplies of necessities—not merely self-interest—is the mainspring of mutual exchange.

Can we separate production and exchange, as Sen (1993) does when interpreting Smith? No, we cannot because Smith in these passages has shown that production involves multiple transactions. Making the day-laborer's woolen coat requires numerous exchanges among many producers and carriers of the coat's individual parts and of related goods and services.

Complex patterns of exchange in the production process make begging inefficient. Rosenberg (1990) and Becker (1989) both explain Smith's emphasis on self-interest in terms of a scarcity of benevolence. While this idea may be consistent with *WN*, it seems to be read into, not out of, the text. Smith emphasizes mismatches between benevolences offered and benevolences desired or required. Rather than a shortage of benevolences, Smith points to a shortage of time needed to cultivate the various benevolences that could ensure a steady and complete supply of necessities but that are usually only available at great distances from the beggar. Begging leads to the inefficiencies of feast or famine and associated mismatches of wants and provisions.¹⁵

In context, the connection of self-interest to begging and the division of labor seem clear: The division of labor causes begging to be a poor method of pursuing one's self-interest. Myers (1983) recognizes that Smith links moral philosophy and the division of labor, but Meyers makes the division of labor depend on self-interest: "Consequently, the division of labor arises from a desire to serve one's self-interest but in such a way as to engage the self-interest of others" (Myers 1983, 113). While Smith's first two chapters of *WN* do suggest the casual inference that Myers draws, *WN* context supports a subtly different idea: The propensity to truck, barter, and exchange leads to a division of labor and complex patterns of production and trade, which must be supported by reciprocating appeals to the self-interest of others in order for exchange to be conducted for the social good.

Other Readings of the Text

As summarized above, Rosenberg (1990), Becker (1989), and Myers (1983) have drawn from the text of *WN*, book 1, chapter 2 potentially valid and helpful inferences not implied by the context. When Rosenberg says, for example, that "self-interest can be pursued in innumerable antisocial ways" (1960, 558), he is somewhat consistent with the view expressed here regarding begging versus mutual exchange. Other commentators on the text draw inferences at odds with the context.

Even though Adam Smith was addressing reasons why we should *appeal to others'* self-interest, Lutz and Lux (1988) and Etzioni (1988) vigorously argue against what they see as Smith's implied proposition: that people always do, or

should, act in their own self-interest. Lutz (1985) also derives policy implications from his appeal to a hierarchy of needs, an appeal that runs quite contrary to the context. According to Lutz, when lower needs for food and shelter are met, society need no longer depend on self-interest, but society meets the lower-level needs by relying on patterns of production and exchange that are increasingly complex due to a more extensive division of labor. As a result, self-interest is still a most efficient and even necessary motivator; its incentive effects are crucial to maintaining the high standard of living and to spreading it to those in developing nations.

As suggested earlier, it is not new to read Smith's ideas on self-love positively. For instance, Rosenberg (1990,11) finds in Smith's *Lectures on Jurisprudence* a relationship between self-interested behavior and additions to society's stock of moral capital: as commerce in a nation increases, self-interest leads those with commercial interests to increase in "probity" (strict honesty) and "punctuality."¹⁶ West (1969, 82–84) reconciles self-love and benevolence by noting that Smith applied the one to commercial transactions and the other elsewhere in life (commercial transactions not being the only or even predominate sphere of human activity for Smith).

Many of the commentators find novel insights into the possible roles of self-love as they read Smith's writings. What is needed, especially for those who find value in Smith's precise meanings, is not necessarily a new insight. For understanding Adam Smith's views on self-love, his own texts interpret the text well enough.

Reassessing the Adam Smith Problem

What remains of the Adam Smith problem, the apparent contradiction between assumptions about sympathy and self-interest in *TMS* and *WN*? Young (1997, 203; see also n. 9, supra) claims that Smith's ideas on sympathy have been misunderstood. Smith's precise comments in *WN* on self-love have also been misunderstood.

Examining the passage on self-love shows that it in no way violates the spirit of *TMS*. Our sympathy is being awakened in this passage on self-love. Which is better: to beg for food or to work for food? It is presumptuous to appeal to benevolence, but propitious to appeal to another's self-interest or needs. In context, no Adam Smith problem exists in book 1, chapter 2 of *WN*. Our reason and sympathies tell us that, in a world of complex production and distribution, society gains when we choose to motivate others to serve us by offering to serve them as well. Smith was promoting common courtesy, not unbridled selfishness, and appealing to another's self-love is the basis for

socializing people who live at great distances, even in different cultures. If promoting cooperation among disparate groups of people is the goal, mutual exchange is a powerful tool.

His comments on self-love reflect not an extreme assumption of a narrow range of selfish human motives but rather the reality of human nature and the complexity of commercial society. Advocates for socialism hold out a visionary hope for living in a cooperative community and generally view Smith's market economy critically. Various critical commentators on Smith's *WN* have labeled his self-interest principle as socially dysfunctional. To socialize, however, means to make an individual fit for interacting in a group. A close reading of *WN* shows Smith to be explaining an important principle of socialization: appealing to others' self-interests encourages economic cooperation.¹⁷

According to T. D. Campbell (1975, 70), Smith's moral theory in *TMS*, "is that men approve of the conduct and character of another person if, when they imagine themselves to be in that person's situation, their 'sympathetic' feelings accord with those which they observe to motivate the person's behavior; and similarly, men disapprove of actions or attitudes which they cannot enter into by this sort of imaginative change of situation." Morrow (1928) also emphasizes this idea by paraphrasing Smith (*TMS*, 10):

When we see a stroke aimed at the leg or arm of another we instinctively draw back our own as if it were threatened. In watching a tight-rope walker we ourselves feel a sense of relief when he has reached the platform at the end.... When we sympathize we approve.... This is really all there is in the theory, though the detailed application ... to various forms of moral judgment is most interesting and ingenious. (Morrow 1928, 174–75)

What would Smith's impartial observer think of begging (as opposed to charity toward a beggar)? Heilbroner (1982) finds Smith's view in *TMS* disturbing:

The mere want of fortune, mere poverty excites little compassion. Its complaints are too apt to be the object of contempt rather than fellow-feeling. We despise a beggar; and though his importunities may extort alms from us, he is scarce ever the object of any serious commiseration. (*TMS*, 144; quoted in Heilbroner 1982, 437).

While Smith may be harsh in his assessment of beggars, as Heilbroner (1982) contends,¹⁸ and while his theory of moral sentiments may be "too complicated to be a common occurrence" (D. D. Raphael 1975, 99), Smith is not

guilty of a contradiction between his ideas of sympathy and moral sentiments in *TMS* and his idea of self-love as a motive for mutual exchange in *WN*.

West's (1969, 85, 89–93; paraphrasing *TMS*, 10) explanations of the impartial spectator's shared sorrow for the distressed and "sympathy" (or joyful "empathy") for the rich are at odds with Heilbroner's negative reaction to Smith on begging. In the first chapter of *TMS* (10), for example, Smith recognizes that others feel sympathy for the beggar's "sores and ulcers" and "grief" for the "distress" of others. Even so, West also points to the consistency of *TMS* and *WN*. "[T]he spectator [has] a propensity to enter into and share sorrow of" the individual (West 1969, 85). Even so, the spectator sympathizes more with joys.

To what purpose, Smith asks, is all the toil and bustle of this world? ... [A]ll this feverish economic activity is prompted by mankind's desire to seek sympathy. Since people sympathize more with our joy than with our sorrow, we try to conceal our poverty and to parade our riches. (West 1969, 90)

We may confidently assume that, when we appeal to another's self-love in exchange, we are also pleasing the impartial spectator, who sympathizes with the resulting mutual gains from trade of both parties. Appealing to another's self-love can evoke sympathies on two accounts. First, appealing to a merchant's self-love in mutual exchange is morally superior to pursuing one's own self-love by begging. Second, appealing to a merchant's self-love is more efficient than begging in a world of specialization. Therefore, sympathy and self-love are not necessarily contradictory in the context of exchange.

Conclusion

The full context of Smith's *WN* explanation of the role of self-love may be one of the most misunderstood portions of the book. If not misunderstood, then the context has simply been ignored. The context is crucial to a correct interpretation of Smith's concept of human behavior; to understand Smith's economic man, the first two chapters must be read as a whole and with understanding of sympathy from *TMS* to get the full meaning of the appeal to self-love.

That no necessary contradiction or dichotomy exists in Smith's two treatments of human behavior in *TMS* and *WN* is made clear in the context of his reference to self-love in *WN*. First of all, division of labor, complex production, and consumer needs and wants are the starting points for the analysis, not selfishness. Humans are capable of both benevolence and self-love. Smith

shows clearly that an appeal to benevolence is capable of providing a few of our needs at particular times but not all of our needs and wants all of the time. If not perfect all the time, appealing to others' self-interest is more efficient and propitious. Smith's discussion of self-love did not have purely selfish behavior in mind. It is selfish instead to depend always on charity.

The sympathetic, impartial observer will recognize how exchange based on appeals to the self-interest of others effectively socializes people at a distance. Even a beggar who depends on benevolences from local shopkeepers is better off in such a world. If the beggar were to request a coat from the local tailor who makes the day-labourer's woolen coat, under which of the following two scenarios would the beggar be better off? Would he be better suited if the innumerable people involved in production of the coat were to beg from one another, depending on each other's benevolence? On the contrary, is he more likely to be better accommodated in a world in which those who do trade and work appeal to one another's self-interests?¹⁹

The context of the first two chapters of *WN* and related texts in *TMS* force economists, sociologists, and moral philosophers to radically rethink any stern criticisms of Adam Smith as the one who turned political economy into "the science of egoism," as the German historical economist Hildebrand contended (Gide and Rist 1948). Appealing to others' self-love is much less egoistic than begging or stealing and generally more beneficial to society.

The Adam Smith problem seems wrong on two more accounts. Smith did not favor self-interest over benevolence as a motivator but lauded the society where people are moved by "generous and disinterested motives" (*TMS*, 86). Moreover, the Adam Smith problem misdirects our attention away from Smith's broad system of thought on social coherence, to which Rosenberg (1960) and Young (1997) point. Smith's system included both an ideal concept of society and a practical awareness of human frailties and the need to limit their effects.

Ideally, Smith imagined a free and cooperative society that encouraged increasing specialization and division of labor and generated higher levels of labor productivity and higher standards of living. Critical commentators who focus on the selfishness of Smith's butcher, brewer, and baker (and all such petty merchants and large-scale capitalists) distract from his ideal thoughts on the gradual increase in the productivity of labor and misdirect discourse about finding a practical social and economic ideal.²⁰

The fuss over self-love has also impugned the motives of all merchants and further confused what Smith meant by his remarks on their motivation. His later references in *WN* to the three merchants further support that Smith is cru-

cially concerned with the productive benefits of an increasing division of labor. Appealing to a merchant's self-interest is only one source of increased social welfare in commerce, as it draws forth increased precision in matching output to needs. More extensive trade increases the scope of specialization by the farmer and the butcher, baker, and brewer, while low population density thwarts it.²¹ The use of money further encourages the merchants' ability to specialize and his level of productivity.²² In contrast to the critical emphasis on the merchants' selfishness, Smith saw the butcher, brewer, and baker as part of a widening and mutually beneficial network of "artificers" and farmers.

Without the assistance of some artificers, indeed, the cultivation of land cannot be carried on but with great inconveniency and continual interruption. Smiths, carpenters, wheel-wrights, and plough-wrights, masons, and bricklayers, tanners, shoemakers, and tailors are people whose service the farmer has frequent occasion for. Such artificers, too, stand occasionally in need of the assistance of one another; and as their residence is not, like that of the farmer, necessarily tied down to a precise spot, they naturally settle in the neighbourhood of one another, and thus form a small town or village. The butcher, the brewer, and the baker soon join them, together with many other artificers and retailers, necessary or useful for supplying their occasional wants, and who contribute still further to augment the town. The inhabitants of the town and those of the country are mutually the servants of one another. The town is a continual fair or market, to which the inhabitants of the country resort in order to exchange their rude for manufactured produce. It is this commerce which supplies the inhabitants of the town both with the materials of their work, and the means of their subsistence. (*WN*, bk. 3, chap. 1, 378)

This peaceful and productive network of artificers and cultivators (which later in Smith's system also includes those who trade abroad) is the ideal. Practically, however, Smith was aware of threats to the social peace and productivity posed by those who are willing to hurt others for their own benefit. The following quote from Smith's *TMS* illustrates his awareness of those threats and the practical importance of a just society, and the quote may do well to summarize and refocus our thoughts on the matter of benevolence, self-love, and social cohesion:

All the members of human society stand in need of each other's assistance, and are likewise exposed to mutual injuries. Where the necessary assistance is reciprocally afforded from love, from gratitude, from friendship, and esteem, the society flourishes and is happy.... But though the necessary

assistance should not be afforded from such generous and disinterested motives, though among the different members of the society there should be no mutual love and affection, the society, though less happy and agreeable, will not necessarily be dissolved. Society may subsist among different men, as among different merchants, from a sense of its utility, without mutual love or affection; and though no man in it should owe any obligation, or be bound in gratitude to any other, it may still be upheld by a mercenary exchange of good offices according to an agreed valuation.

Society, however, cannot subsist among those who are at all times ready to hurt and injure one another... Society may subsist, though not in the most comfortable state, without beneficence; but the prevalence of injustice must utterly destroy it. (*TMS*, 85–86)

In short, ubiquitous self-interest is rather certain as a minimum force sufficient to motivate commerce. Benevolence, as icing on the cake, is always welcome but not certain or necessary. Justice, however, is necessary for commerce and society but is not ensured.

Notes

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- 1. Nathan Rosenberg is one of the more recent scholars to have drawn attention to the contrast:

It may come as a surprise to encounter Adam Smith telling his reader that "the wise and virtuous man is at all times willing that his own private interests should be sacrificed to the public interest of his own particular order or society [Smith 1758, 235]." To someone whose knowledge of Smith has been confined to *The Wealth of Nations*, such self-sacrificing altruism is distinctly unexpected. (Rosenberg 1990, 1)

More recently, Jeffrey Young (1997, 55 and 203) labeled this contrast as the "original" Adam Smith problem, and noted that it is worth pursuing. He identifies a second problem as identifying the various links between *TMS* and *WN* (see note 5, *infra*). This article addresses the general nature of the Adam Smith problem by highlighting one of those specific links.

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2. Self-love is an eighteenth-century expression for self-interest, according to the editors of *TMS* (22).
3. See editors' comments, pages 19–20. Italicized page numbers in *TMS* refer to the editors' introduction.
4. Commentators who ignore or are unaware that Smith wrote on sympathy in *TMS* and on an economic role for benevolence are least important to scholarship on Adam Smith. Even so, they have influenced popular opinion because of their great numbers. (A *Yahoo!* Web search on 11/13/04 found 27,500 quotes of Smith's phrase, "It is not from the benevolence of the butcher.") Readers can also easily comprehend their simplistic interpretations. Those favorable to capitalism and market economies focus pragmatically on the self-love of *WN* as the mainspring of economic activity. Those less favorable to capitalism and market exchange decry the selfishness that Smith seems to permit and apparently encourage.
5. Critics of capitalism who recognize a conflict between *TMS* and *WN* generally reject reliance on self-interest and emphasize an economic role for benevolence, thus dismissing a major piece in Smith's system of natural liberty. Amitai Etzioni (1988, 37) understands the divergence of views in *TMS* and *WN* but finds the emphasis on self-interest too strong and wishes to rehabilitate the role of benevolence in economic affairs and to balance Smith's self-love with sympathy. Etzioni criticizes neoclassical economics' reliance on self-interested optimizing behavior to maximize social welfare. He notes, "the origins of the theorem go back to Adam Smith, who emphasized that the market as a *system* relies on each actor's pursuing his self-interest" (Etzioni 1988, 28). For this supposed me-first model and its utilitarian ethic of self-interest, Etzioni would substitute a deontological ethic that stresses moral duty. In contrast to Etzioni's communitarian perspective, Katz (1997) prefers a democratic criticism of Smith's view of the motivating role of self-love.

Also critical of theoretical reliance on self-interest, David Collard (1978) explains how economists justify ignoring conflicts in *TMS* and *WN*. Social interaction and civilized commerce require only a minimum of sympathy and all agree to play this cooperative game to a very limited extent. Thus, selfish motives dominate commerce and the determination of values and output and further discussions of sympathy belong to the field of ethics not economics. "Sympathy was kicked downstairs to the infrastructure and upstairs to morality. The decks were then cleared for a political economy uncluttered by consideration of altruism" (Collard 1978, 57).

Hoping to rehabilitate benevolence, Mark Lutz grows more critical over time in his comments on Smith and self-love. Lutz (1985) accepts the role of self-interest as a motive for economic production and exchange in the early stages of developing a modern economy. Appealing to the human hierarchy of needs, Lutz wants to dispense with self-interest as the economy develops. Once lower-level

needs are met, we can abandon an appeal to self-interest as the basis for society and begin to cultivate benevolence. Writing with Kenneth Lux in 1988, though, Lutz embraces a more critical view:

Adam Smith's celebrated proposition that we can expect our daily provisions from the butcher, the baker, and the brewer, thanks to their self-interest, loses force when it is found that large segments of the population are likely to go without their daily bread unless they are able to successfully appeal to public benevolence, namely, public welfare or charity. It was in terms of mass poverty and human degradation that Sismondi and Ruskin questioned the unalloyed wisdom of an economy relying on the springs of self-interest. (Lutz and Lux 1988, 77)

6. As Katz concludes: "the central dilemma is [that] ... Smith's doctrine raises a moral concern because it would strip the community of its authority to distribute the resources needed to guarantee a basic livelihood" (1997). A referee suggested a comparison of Katz' views with Smith's views on government regulation of the necessities of life. Smith argued vigorously against popular political interferences in the carrying trade of the very grains that sustain life. In times of unusual scarcity, Smith argued, such restraints would tend to exaggerate the shortage.

In *WN*, book 4, chapter 5, section b, Smith evaluates laws enacted in the reign of King Edward VI that attempted to "hinder as much as possible any middle man from coming between the grower [of grains] and the consumer" (*WN*, 532). A relaxation of restraints under Charles II allowed the carrying trade in corn to resume so long as the price was under "twenty [to] forty shillings the quarter" of a hundredweight (*WN*, 528).

In times of high grain prices, the revised restraints forced farmers to retail their own grains rather than engage a grain dealer. This law assumed that, during a "dearth" of grains, carriers would monopolize the trade and inflate prices further. At the same time, other restrictions *prevented* manufacturers from retailing their own wares. That law reflected a fear that a manufacturer might make a double profit on the same good (*WN*, 529).

Smith's comments on these restrictions are worth noting because they highlight links among self-interest, specialization, and efficient exchange that are closely related to the arguments of this article:

Both laws were evident violations of natural liberty, and therefore unjust; ... the law ought always to trust people with the care of their own interest, as in their local situations they must generally be able to judge better of it than the legislator can do. The law ... which obliged the farmer to exercise the trade of a corn merchant ... obstructed, not only that division in the employment of stock which is so advantageous to every society, but it obstructed likewise the improvement and cultivation of the land. By obliging the farmer to carry on two trades instead of one, it forced him to divide his capital into two parts, of which one only could be employed in cultivation. But if he had been at

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liberty to sell his whole crop to a corn merchant as fast as he could thresh it out, his whole capital might have returned immediately to the land, and have been employed in buying more cattle, and hiring more servants, in order to improve and cultivate it better... [I]nstead of tending to render corn cheaper, it must have tended to render it scarcer, and therefore dearer, than it would otherwise have been. (*WN*, 530–31)

7. Certain economists reconcile Smith's views with candid realism. Piero Mini (1972, 7), for example, frankly admits that self-interest holds society together, not sympathy. Gary Becker (1989) and Nathan Rosenberg (1990) resolve the conflict by noting the scarcity of sympathy.

Amartya Sen (1997) claims that Smith did not intend this statement on self-love to apply to "all economic activities"; instead it is "just an example of a case of pure exchange of commodities, for which the pursuit of self-interest entirely suffices as motivation" (1997). In the broader range of more complex operations of a market economy, trust and moral behavior will be necessary. This assumes that Smith's passage on self-love did not take for granted any trust between a buyer and the butcher or the baker.

Jacob Viner (1928, 132) concluded that, in *WN*, Smith abandoned his stress on benevolence from *TMS* and emphasized self-interest instead. Such a complete abandonment of benevolence after publication of *WN* in 1776 is difficult to accept, given that the sixth edition of *TMS* appeared in 1790 (the year that Smith died) with significant revisions but still retaining an emphasis on benevolence.

8. Robert Heilbroner (1982), Edwin West (1969), and Glenn Morrow (1928) reconcile Smith's views by viewing *TMS* as background for *WN*. Morrow and West each appreciated and explained the links between sympathy in *TMS* and self-love in *WN*. Yet, both focus primarily on the context of *TMS* and only treat the broad setting of *WN*. While not in error, neither achieves clarity about how the beggar in book 1, chapter 2 of *WN* and the beggar in *TMS* are helpful in reconciling the two texts.

Robert Heilbroner comes closer to understanding the beggar. In his own (1982, 427) words, he "develops more fully the insights of [Raphael and] MacFie that the economic man who is the active agent of the *Wealth* is the prudent man who is the product of the *Theory*." Heilbroner sees *TMS* as covering the conversion of primal man into socialized man by means of his exposure to censure and approval, while *WN* picks up there and traces "social progress" due to the application of the "Institutions of Natural Liberty" and "freedom of contract" (1982, 434). Heilbroner correctly emphasizes that this conversion in Smith's *WN* includes "progress" beyond the "self-reliance of a simpler age" (434). Like Lutz and Lux, though, Heilbroner remains concerned about the plight of the poor and the preference of others for social order "over the relief of the miserable by the systematic muting of our moral sensibilities" (1982, 439).

Nathan Rosenberg (1960, 557) finds a synthesis of Smith's views in an often ignored duality in Smith's work, the analysis "of the *conflicting* forces which impel the human agent to action." Joseph Cropsey (1975) also found in *WN* and *TMS* a dual view of human behavior: "man can be described, according to Smith, as being by nature altruistic and egoistic—a species-member moved by love of self and fellow feeling with others" (1975, 138). For Smith, the interesting question (as Rosenberg highlights) is which social institutions will allow the "market system [to] operate most effectively" (Rosenberg 1960, 569).

9. Jeffrey Young (1997) offers the latest substantial effort to synthesize *TMS* and *WN*. He explains them and Smith's other published and unpublished works as part of a comprehensive system of thought on moral philosophy, economics, law, and science (see p. 203 for a summary of the incomplete nature of Smith's systematizing work). He sees the "original Adam Smith problem" as arising from a "now widely recognized ... confusion about Smith's concept of sympathy" (203). Young identifies a second Adam Smith problem, that of identifying the precise links between *TMS* and *WN*, and the nature of how Smith connected moral philosophy with science in general and positive economics in particular (55 and 203).
10. A text's context is its setting in surrounding words. By text, I mean the quote on self-love. By immediate context of the quote, I mean the surrounding sentences in paragraph 2 of book 1, chapter 2. They begin with, "But man has almost constant occasion for the help of his brethren ..." and end with "... and never talk to them of our necessities but of their own advantages." By the broader context of *WN*, I mean especially all of book 1, chapters 1 and 2. The historical context of Adam Smith's writing of *WN* includes his ideas in *TMS*, which the article also addresses. As the references cited here show, it is not novel to consider *WN* in light of *TMS*. This article asserts that it is much less common to pay close attention to the connections among ideas *within* the first two chapters of *WN* when discussing Smith on self-love.
11. While Heilbroner does find the beggar twice in *TMS*, he seems unconcerned with the beggar of book 1, chapter 2 of *WN*. The beggar in *TMS* is "despised" (Heilbroner 1982, 437; from *TMS* 144) and yet, having not been "forgotten" by "providence," is nearly equal to the rich in "ease of body and mind" (Heilbroner 1982, 439; from *TMS*, 185). What Heilbroner does not discuss is how the pure beggar in *WN* (119) is accommodated somewhat unevenly over time and is therefore in an economic position inferior to a beggar who also participates in mutual exchange.
12. Halteman (2003) and Klay and Lunn (2003) both address interactions between Smith's system of thought and Christian belief. Halteman claims that Smith's moral theory did allow for people to be motivated by ultimate "purpose or telos" (453) rather than being guided by a rationally calculated here-and-now morality

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(my words). He concludes that Christians should not worry about the ultimate collapse of a society based on Enlightenment ideology. They can instead offer an “alternative model showing how life can be more meaningful” (474). Klay and Lunn claim that Smith’s and Friedrich Hayek’s concepts of market exchange and the spontaneous order it generates is consistent with the theological idea of “God’s providential care of humanity” (541).

13. “Greed is good” is an extreme and reductionist view of the benefits of a largely unregulated market economy. The remark here is less about scholarly criticism and more about the diffusion of scholarly ideas into the broader culture. While scholars wisely avoid such unqualified statements, popular sentiment runs to such extremes. For instance, the movie *Wall Street* (1987) expresses such extremism through the character of corporate raider Gordon Gekko:

The point is, ladies and gentleman, that greed—for lack of a better word—is good. Greed is right. Greed works. Greed clarifies, cuts through, and captures the essence of the evolutionary spirit. Greed, in all of its forms—greed for life, for money, for love, knowledge—has marked the upward surge of mankind. And greed—you mark my words—will not only save Teldar Paper, but that other malfunctioning corporation called the USA.

More recently, see the controversial documentaries on the benefits of greed by John Stossel for ABC-TV, including *Greed in America* (1998) and *When Is Greed Good?* (2005).

14. Writers continue to copy Smith’s pattern of overemphasis in describing the global reach of markets as a socializing and an organizing device. A referee noted that Leonard Read’s essay, “I Pencil,” highlights the numerous economic links that bring together the brass ferrule, gum eraser, graphite lead, and wooden jacket to form the simple pencil. Milton and Rose Friedman praised Read’s essay and incorporated it into their book *Free to Choose* (1980, 11–13). In his ABC-TV special *Greed in America* (1998), John Stossel included a video essay on the many people who raise, prepare, and transport beef, from a mid-western U.S. farm to the steak on a diner’s plate in New York City. On this theme of a “society of strangers” and the anonymous nature of market exchange, see Michael Ignatief, *The Needs of Strangers* (1984, 119).
15. To reduce such inefficiencies for those who have no alternative or who choose to beg, modern society establishes private charitable agencies—food banks, soup kitchens, used clothing shops, and so on—and public welfare agencies.
16. This is similar to John Commons’ (1926) notion that the goodwill value of a firm and the customer relations that give rise to it are based on the ethical behavior of firms: In order to promote regular patronage and increase its value, a firm must endeavor to provide ethical service.

17. Beginning as they do with the ideas of Émile Durkheim and Karl Marx, sociologists have generally been reluctant to view Smith as contributing important ideas to their discipline. David Reisman, however, in *Adam Smith's Sociological Economics* (1976) recognizes Smith's concern for sociological issues outside the narrow focus of commercial and economic relations. Reisman even finds correlations between Smith's and Durkheim's theories of morality (69) and their integration of economic issues with law, morality, religion, and the state (11).
18. Heilbroner remarks that Smith's analysis "is not brought to bear on other analogous misfortunes" (1982, 437). Note, however, that Smith is harsh about feelings toward beggars, but not about actions. In *TMS* (144), he mentions giving "alms" and forgiving debts through "the indulgence of those very creditors who have much reason to complain against his imprudence." Smith is not writing against benevolence, but about a lack of sympathy for someone's "fall from riches, [which] can seldom happen without misconduct ... in the sufferer" (*TMS*, 44). Smith's more complete discussions of benevolence are found elsewhere in *TMS*. Nevertheless, Heilbroner is right: Smith reflects a harsh tone, especially for those who have accepted even minimally the ethos of a modern social-welfare state. Mark Perelman's (1989, 514–15) review of what Smith considered virtuous—the virtues of the "petty bourgeoisie," people who were "prudent, hard-working individuals"—may give insight into Smith's acceptance of a middle-class indifference to poverty that is common even today.
19. An anonymous referee offered an important corollary to this point. Not only does the beggar do better in a world where people appeal to each other's self-love in exchange, but the benevolent person benefits as well from self-interested exchange. The manager of a charity assisting the poor, for instance, pays for many goods in the market instead of making them all or begging for every item needed (even though certain charities do solicit donations, such as a local mission to the poor requesting food donations from those in the food industry). A counselor for the unemployed will also note market wages (the result "of exchanges based partially on self-interest") as signals of which skills employers seek and which skills a client should also seek. Thus, in performing acts of selflessness, a benevolent person often "depends on markets for the greatest efficiency in providing help."
20. What is the result of misreading Smith on self-love? A focus on commercially encouraged and capitalist-sponsored selfishness has usually led away from Smith's ideal of a free-market economy governed by self-command toward ideals of socialism and communalism, where a strong center will selflessly direct social and economic progress. These socialist ideals have often proved less practical than Smith's ideal of economic liberty and commercial cooperation.
21. "In the lone houses and very small villages which are scattered about in so desert a country as the Highlands of Scotland, every farmer must be butcher, baker and brewer for his own family" (*WN*, bk. 1, chap. 3, 31).

22. In the early stages of the division of labor but without money, Smith imagined a continual surplus of goods at each merchant's shop.

The butcher has more meat in his shop than he himself can consume, and the brewer and the baker would each of them be willing to purchase a part of it. But they have nothing to offer in exchange, except the different productions of their respective trades, and the butcher is already provided with all the bread and beer which he has immediate occasion for. No exchange can, in this case, be made between them. He cannot be their merchant, nor they his customers; and they are all of them thus mutually less serviceable to one another. In order to avoid the inconveniency of such situations, every prudent man in every period of society, after the first establishment of the division of labour, must naturally have endeavoured to manage his affairs in such a manner, as to have at all times by him, besides the peculiar produce of his own industry, a certain quantity of some one commodity or other, such as he imagined few people would be likely to refuse in exchange for the produce of their industry. (*WN*, bk. 1, chap. 4, 36–37)

The introduction of money widened the scope of the division of labor and the productivity of the merchants.

But when barter ceases, and money has become the common instrument of commerce, every particular commodity is more frequently exchanged for money than for any other commodity. The butcher seldom carries his beef or his mutton to the baker, or the brewer, in order to exchange them for bread or for beer; but he carries them to the market, where he exchanges them for money, and afterwards exchanges that money for bread and for beer. (*WN*, bk. 1, chap. 5, 49)

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