

SYMPATHY, POVERTY, AND JUSTICE: THREE ESSAYS ON THE HISTORY OF
ECONOMICS WITH AN EMPHASIS ON ADAM SMITH

by

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Sympathy, Poverty, and Justice: Three Essays on the History of Economics with an
Emphasis on Adam Smith

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Master of Arts
George Mason University, 2010

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LIST OF ABBREVIATIONS

Adam Smith's <i>Lectures on Jurisprudence</i>	LJ
Adam Smith's <i>Lectures on Rhetoric and Belles Lettres</i>	LRBL
Adam Smith's <i>Theory of Moral Sentiments</i>	TMS
Adam Smith's <i>Wealth of Nations</i>	WN

ABSTRACT

SYMPATHY, POVERTY, AND JUSTICE: THREE ESSAYS ON THE HISTORY OF ECONOMICS WITH AN EMPHASIS ON ADAM SMITH

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Abstract: Taking the works of Adam Smith as a pivot and point of departure, these three essays explore themes integral to the birth of classical economics. The first essay, “Adam Smith’s Justice for the Poor,” recovers and develops an older understanding of Smith as an advocate for the poor and powerless. His arguments and statements supporting this view are largely invisible to the modern reader, ironically because of the great success of Smith (and others) in vanquishing the opposing position. They only come back into focus when seen against the background of pre-liberal theorizing about the “labouring poor.” By assembling an extensive catalogue of his statements about the common workers, Smith’s defense of their interests is shown to be entwined with his advocacy of the system of natural liberty. This interpretation questions recent Smith scholarship that also identifies his friendliness to the poor but instead associates it with government intervention. The second essay, “The Political Economy of Poverty in Transition,” examines a seemingly minor episode in British economic

history that has nonetheless been seen as pivotal by prominent later writers on the history of thought, among them Karl Polanyi and Emma Rothschild. These later interpreters view the defeat in Parliament of a minimum wage bill, proposed by Samuel Whitbread in 1796, as marking a turn by political economy (including the favored interpretation of Adam Smith) towards the class interests of the rich and away from warmth for the poor. But the surviving records of the debate reveal both a more complicated and a more interesting story than this conventional interpretation. The politicians of 1796, on both sides of the argument, articulated similar positions about the natural liberty of workers and differed radically from the Malthus-inspired worldview of the next decade. And it is not obvious that Whitbread's opponent, William Pitt, was less oriented towards workers' welfare either in his rhetoric or in the actual effect of his policies. The third essay, "The Sympathies in Economics," draws on the *Theory of Moral Sentiments* (and other early modern writings) to motivate a history and critique of the idea of sympathy. In eighteenth and nineteenth century usage, sympathy was a multifaceted word with (arguably) four distinct meanings relevant to economics. One of these meanings, identifiable in the thought of Hume, Smith, Mill, and Darwin (among others), is closely connected to the generation of ethical behavior. A much different meaning, developed after Smith by Jeremy Bentham and Francis Edgeworth, slowly displaced the previous interpretation and is today the dominant approach to sympathy in economics. This latter idea, labeled "welfare sympathy" for convenience, is certainly fruitful for conceptualizing resource transfers between persons. It is however much less suited for explaining ethical

behavior. By rediscovering all four original valences of sympathy, economics will gain tools for a richer understanding of human behavior

CHAPTER ONE: ADAM SMITH'S JUSTICE FOR THE POOR

Since the upsurge of scholarly interest in Adam Smith in the 1970s, many writers have drawn attention to the strong themes in his work of sympathy for the poor and the working class. Writers such as the philosopher Samuel Fleischacker, the Harvard historian Emma Rothschild, the Oxford political scientist Iain McLean, and others have argued strenuously that Smith was not an apostle of big business or laissez faire. Although his ideas were and are certainly influential for “conservative” thinkers, these modern interpreters of Smith highlight his influence on (and by) contemporary radicals such as John Millar, Condorcet, and Thomas Paine. This somewhat “left” flavor to Smith was certainly detectable to nineteenth century scholars. Rothschild, for instance, highlights a statement by Carl Menger that

[Adam Smith]...placed himself in all cases of conflict of interest between the poor and the rich, between the strong and the weak, without exception on the side of the latter. I use the expression 'without exception' after careful reflection, since there is not a single instance in A. Smith's work in which he represents the interest of the rich and powerful as opposed to the poor and weak. (Rothschild, 1992, p. 89).

In reviving the case for a “warm” Adam Smith, Rothschild, Fleischacker and others are battling a parallel trend in Smith interpretation with its own long history. Even in the early nineteenth century Richard Whately, Professor of Political Economy at Oxford, observed that his university contemporaries (particularly the devout Christians), believed that the teachings of Smith and Ricardo prescribed policies based on wealth alone and

were "dry, unfavorable to religion, and a check to charity" (Rashid, 1977, pp. 148–150). A version of this view, now seeing Smith (and the other classical economists) as the spokesman of capitalists and merchants, was common earlier in the twentieth century (Robbins, 1978, p. 20). In this reading, Smith's advocacy of laissez faire was an expression purely of class interest. His symbolic importance for later twentieth-century conservatives gives this claim plausibility in some eyes. Ronald Reagan's supporters in the 1980s wore Adam Smith neckties as a symbol of their devotion to deregulation and free markets (Stein, 1994). Indeed, such neckties are still available in 2012 from both the (British) Adam Smith Institute, closely associated with the Thatcher government in the 1980s, and the (American) Leadership Institute, which describes them as "the club wear of the conservative movement" ("Adam Smith Attire," n.d., "Shop," n.d.).

The modern writers have not, however, completely transmitted the insights of earlier scholarship that contributed to a "warm" interpretation of Smith. This earlier scholarship focused not on Smith but on mercantilism, a system of thought he was consciously reacting against throughout the *Wealth of Nations* and explicitly in Book Four. Mercantilism was famously interpreted by the early twentieth century writers Edgar Furniss (1920), Jacob Viner (1930), and Eli Heckscher (1936, 1955a). Although most naturally associated with trade, mercantilist economic ideas have profound implications for society's view of the poor as well. Specifically, the belief in the "utility of poverty" associated with mercantilism implied a view of workers completely at odds with the subsequent Western developments leading not only to the modern left side of the political spectrum but the modern right as well. Both positions on the spectrum affirm

that the liberty and prosperity of all citizens is the proper objective of government policy. This joint affirmation is undeniable even though the precise nature of these two goals, and the proper means to achieve them, is subject to debate. No politician in a modern democracy could openly contend that one group within society must endure poverty so that another group, or the nation as a whole, may flourish. Yet just such a doctrine was advanced before Adam Smith. The apparent polarity of modern “left” and “right” views of economic policy only exists because of the disappearance of this mercantilist doctrine. Put another way, to view Smith as a man either of the left *or* the right, in twenty-first century terms, is to tear him from the political spectrum of his own time and view him through a lens he himself (with, to be sure, many predecessors and allies) helped to create. To avoid this endogeneity of vision, to better appreciate Smith’s view of workers, it is necessary to reconstruct the political and economic position that has disappeared. Such is the first task of this essay. The second task is to describe an exercise that catalogues Smith’s views of poor workers. The essay closes by interpreting the results of this exercise, highlighting the interlace between worker welfare and the system of natural liberty in Smith’s thought.

The Desirability of Worker Poverty

Despite disagreement on specific details, there seems no dissent among serious scholars that there was a strong tendency—among English writers on labor issues at least—to advocate low real wages for workers during the seventeenth and eighteenth centuries. The seminal work in this area is Edgar Furniss’s *Position of the Laborer in a System of Nationalism: a Study in the Labor Theories of the Later English Mercantilists*

(1920). Besides his analytical brilliance, Furniss performed a vital service to later scholars by surveying the mass of English pre-Smithian economic writing and identifying the most salient authors, works, and arguments. This very brief survey therefore leans heavily and openly on Furniss, although in some cases (thanks to digitally imaged books) it is possible to check and extend his argument in places by direct reference to his primary sources. It is also possible to compare Furniss's views with other writers, although even Heckscher in his magisterial treatise on mercantilism (1955b, p. 152) essentially says that he has little to add to what Furniss has said on the subject.

Even though "the mercantilists" didn't form a self-aware or even coherent school of thought, Furniss argues that acceptance of two doctrines meaningfully identified them. These were the theory of the (positive) balance of trade and a theory of the national importance of workers (1920, p. 8). Uniting both of these, however, was a concept of national wealth qualitatively different from that prevailing in the subsequent age of liberalism. A modern economist or politician measures national wealth not by reference to what *particular* goods or services the economy produces but merely by the total product of their price and quantity. Put differently, the Bureau of Economic Analysis does not evaluate the deeper social utility provided by the purchase of Porsches, ice cream makers, or high-end mountain bikes; the values that consumers put on each of these items, in the form of price, all enter indifferently into the calculation of national income aggregates. The mercantilist conception of wealth differed. Instead of the individual and subjectivist viewpoint implicit in modern aggregates, they viewed wealth from dual collective and objective perspective. The wealth of the nation, as a collective

unit, was what mattered and the form of wealth had to be appropriate to national goals. There could therefore be a disjoint between the wealth of the collective and that of its individual members; in fact even *average* individual well-being did not necessarily enter into their assessment of national prosperity (Furniss, 1920, pp. 5–8). As Furniss puts it,

The present-day economist would find it hard to convince himself that the nation could be rich while its people could be hungry or in rags, but, holding a different conception of national wealth, the Mercantilist did not perceive that the poverty of the majority was incompatible with the wealth of the whole; quite the contrary, he came to believe that the majority must be kept in poverty that the whole might be rich. (Furniss, 1920, pp. 7–8)

The most obvious way in which the country as a collective whole could be rich— independently of the subjective condition of its laborers—was to accumulate a large stock of precious metals obtained through a positive balance of trade. This doctrine of course later became infamous, ridiculed by Adam Smith and countless others, although it was usually formulated with more sophistication than the naïve identification of wealth with gold and silver (Viner, 1930, 1948, p. 9). But whatever the rationale for the doctrine, it raised the importance of the laborer in the national economy. Mercantilists observed that finished goods commanded a higher price than raw materials. On this basis they reasoned that a nation exporting mainly finished goods, and importing mainly raw materials, would obtain a favorable balance of trade which would have to be settled by specie inflow. The working-up of the raw materials, then, became of paramount importance; and so possessing a large, willing and able population of laborers able to do this working-up was essential to fulfill the mercantilist plan (Furniss, 1920, pp. 9–14).

The mercantilist attitude towards labor seemed paradoxical, then, since they simultaneously viewed laborers as critical to national wealth and at the same time wanted

them to receive little of it as wages. The paradox is explained by two further widely held beliefs: the first that high (real) wages had a disincentive effect, and the second that they harmed the competitiveness of exports. Both ideas justified policies to hold real wages down. This could be achieved through direct government repression (limitation of wages by law), indirect repression such as taxes on workers' necessities, or longer term policies such as encouraging immigration (lowering wages through increased competition). The articulated rationale for these policies differed between authors. But while there were some attempts to justify low wages in terms of the welfare of the workers themselves, these attempts were generally outweighed by some appeal—implicit or vaguely defined though it might be—to the collective good of the nation as a whole. Furniss called this complex of beliefs “the doctrine of the utility of poverty;” Heckscher preferred the “economy of low wages,” but their analysis is compatible (Heckscher, 1955b, p. 165). In Heckscher's words, the mercantilists aimed for “wealth for the ‘country,’ based on the poverty of the majority of its subjects”—a contradiction, but one that had to wait for liberal economics to be fully exposed and refuted (Heckscher, 1955b, p. 153).

Arguments for Low Wages

Furniss assembled numerous quotes from seventeenth and eighteenth century nationalist writers to validate his interpretation of their views; a characteristic few give a flavor of the whole. Bernard de Mandeville is a particularly outspoken thinker with whom to start. In his infamous 1723 essay on “Charity Schools,” Mandeville contended that

In a free nation where Slaves are not allow'd of, the surest Wealth consists in a multitude of laborious poor ... To make the Society happy and People easy under the meanest Circumstances, it is requisite that great Numbers of them should be Ignorant as well as Poor. (Furniss, 1920, p. 118; Mandeville, 1957, p. 288)

Mandeville's essay illustrates in extreme form both the "disincentive" argument about wages and a further argument about knowledge. He begins with the necessity nature imposes on man to work, the fact that "vast Toil" is required even to obtain bare subsistence. Even more labor is needed to sustain a civilized society in which wants have multiplied. To allow such a society to exist, in which further "many of its Members...live in Idleness, and enjoy all the Ease and Pleasure they can invent" then it is necessary to have "great Multitudes of People that...by use and patience inure their Bodies to work for others and themselves besides." This extraordinary framing of the problem does not apparently imply any criticism of the arrangement, and Mandeville goes on to say that the "Welfare of all Societies" requires that labor be performed by people who are contented with the bare necessities of life, can work uncomplainingly from dawn to dusk, and are willing to eat any nutritious food without regard to "Taste or Relish." Without such people there could be no "Enjoyment, and no Product of any Country could be valuable" although presumably the enjoying is being done by someone other than the workers. The reason they must be kept poor is that no one would work without the spur of need; indeed the "greatest Hardships are look'd upon as solid Pleasures, when they keep a Man from Starving." And the reason they must be kept ignorant is that knowledge "multiplies our Desires." For Mandeville's workers, the better counsel is that "the fewer things a Man wishes for, the more easily his Necessities may be supply'd." And besides—when

“Obsequiousness and mean Services are required” these are better performed by people who are inferior not only in “Riches and Quality, but likewise in Knowledge and Understanding” (Mandeville, 1957, pp. 286–289). Mandeville wryly observes that he wouldn’t want to ride a horse who considered itself his equal (1957, p. 290) which might have provoked a question from his near-contemporary, the unsuccessful revolutionary Richard Rumbold, whether any man “comes into the world with a saddle on his back, [or] any booted and spurr’d to ride him” (Adair, 1952, p. 525)!¹ Heckscher goes so far as to suspect “the tendency to keep down the mass of the people by poverty, in order to make them better beasts of burden for the few” (Heckscher, 1955b, p. 166).

Not all advocates of worker poverty drove home their arguments with quite Mandeville’s vigor, and Arthur Young (in 1771!) manages to convey the same point while softening it with chauvinistic sentiment:

If you talk of the interests of trade and manufactures, every one but an idiot [sic] knows, that the lower classes must be kept poor, or they will never be industrious; I do not mean that the poor in *England* are to be kept like the poor of *France*; but the state of the country considered, they must be (like all mankind) in poverty, or they will not work. (Young, 1771a, p. 361)

Young doesn’t mention the bad effects of education, but that fear wasn’t confined to Mandeville either; forty years after the *Charity Schools* essay Christopher Rawlinson makes a similar complaint about the education of poor children, asking plaintively “[w]ho will be left to do the labour and drudgery of the world?” Rawlinson’s prescription, like Mandeville’s, is to avoid raising unattainable aspirations in the children of the poor by “inur[ing] them to the lowest and most early labour” though he adds an

¹ A similar figure of speech was later used by Thomas Jefferson.

exception for children of real genius who might be discovered among them (Rawlinson, 1767, pp. 15–16).

The reason high wages led to less work performed, mercantilist writers believed, was worker substitution towards leisure (particularly alcohol) once a threshold level of income was attained. This effect was so strong that it could even lead to lower earnings net of dissipation, at least in the minds of disapproving observers. Thus in 1660 Thomas Manly contended that

The men have just so much the more to spend in tittle, and remain now poorer than when their wages were less...they work so much the fewer days by how much the more they exact in their wages. (Furniss, 1920, p. 120)

More than a century later, Arthur Young made the same point on his *Eastern Tour* when he observed the weaving industry of Norfolk:

...it is remarkable, that those men and their families who earn but 6s. a week, are much happier and better off than those who earn 2s or 3s extraordinary; for such extra earnings are mostly spent at the alehouse, or in idleness, which prejudice their following work. This is precisely the same effect as they have found when the prices of provisions are very cheap; it results from the same cause. (Furniss, 1920, p. 119; Young, 1771b, pp. 75–76)

Even David Hume, hardly an observer sympathetic to mercantilist positions, believed that the poor worked harder, and “really lived better,” in years of moderate scarcity than in years of plenty – which only encouraged them to “idleness and riot” (1752, pp. 115–118). An obvious inference from this widespread belief (though not drawn by Hume himself) was that low wages were actually good for the poor.

Furniss, confronting the overwhelming number of eighteenth-century observers who believed in leisure substitution, judged that the farmers and manufacturers were

actually correct in thinking that England confronted a backwards-bending labor supply curve in the seventeenth and eighteenth centuries (Furniss, 1920, pp. 118, 125). The reason was not (as nationalistic writers supposed) an intrinsic moral degeneracy in the poor, but rather a rational response to their institutional environment. Legally tied (to at least some degree) to their home parishes by the Settlement Laws, increasingly deprived of opportunities for small capital investments in livestock by the enclosure of the commons, and insured by the Poor Law against sickness and old age, it was completely sensible for them to find what enjoyment they could when their wages were temporarily high (Furniss, 1920, pp. 230–234). The prescriptions of nationalist writers unwittingly stoked this dynamic; thus Sir William Petty’s 1662 rationale for the Poor Laws rested on the assumption that it was “just to limit the wages of the poor, so as they can lay up nothing against the time of their impotency and want of work” (Petty, 2003, p. 48). And Mandeville with characteristic starkness said that as the poor “ought to be kept from starving, so they should receive nothing worth saving” (Mandeville, 1724, p. 212). There was, of course, a massive contemporary literature devoted to analyzing the Poor Laws and describing schemes for improvement. Some of these writers recognized the disincentive effect of relief and even saw the need for channels of investment and saving. But these efforts bore little fruit until well after the 1770s, when Parliament began to facilitate the creation of friendly societies and savings banks to be established (Poynter, 1969, p. xix). The Poor Laws, of course, were themselves not reformed until 1834 (causing enormous controversy at the time and since) and policy was by that time under

the influence of Malthusian principles quite alien to the mercantilist ideas of the eighteenth century.

The second great justification for low wages was their effect on export prices. Here, Furniss traces out a subtle link between pre-modern theories of value and the prescriptive belief (at least for some thinkers) that wages ought to be limited for the sake of the balance of trade and thus, indirectly, the good of the nation. The chain of reasoning begins with Adam Smith's distinction between the "natural" and the "market" price of commodities, a distinction partly foreshadowed (although under different names) by earlier writers. Locke groped towards a distinction between the "*intrinsic*, natural worth of any thing...its fitness to supply the necessities, or serve the conveniences of human life" and its marketable value considered in relation to other commodities, which was determined by the relation of its "quantity to its vent" (Locke, 1824). The proto-subjectivist tendencies in this idea of "intrinsic" value were reversed elsewhere when Locke stated that "it is labour indeed that put[s] the difference of value on every thing" (Locke, 2003, p. 62). For Richard Cantillon, intrinsic value became "the measure of the quantity of land and of labour entering into its production" which did not necessarily correspond to the market price, determined as it was by "the humours and fancies of men and on their consumption." Although intrinsic value never varies, market prices were subject to "perpetual ebb and flow" depending on supply and demand; in a "well-organized societ[y]," though, they could be quite stable. And Cantillon makes clear that labor costs made up most of the intrinsic value of manufactures (Cantillon, 2003, pp. 80–81).

In the minds of mercantilist writers, the idea that labor gave manufactures (much of) their value slid into a belief that domestic wages determined the price at which exports could be offered. Thus if English wares were being undersold, the cause was high English manufacturing wages (as well as the separately explained indolence of the working class). And since a positive balance of trade was necessary for national prosperity—an aggregate concept of well-being in which the workers themselves were, somewhat obscurely, comprehended—it followed that high wages were a national evil. Thus Furniss reports that Thomas Manly blamed high wages for falling exports in 1669 (1920, p. 168) while a century later William Temple believed that “[t]he price of labor in England has been the principal cause of the decline of our trade to Turkey, Spain, and Italy in which states we have been undersold by the French” (1920, p. 175). There are many statements of a similar kind, often found in conjunction with the subsistence-cost theory of wages. Though this idea picked up sophisticated additions in the *Wealth of Nations* and the writings of classical economists, its pre-Smithian version really did seem to focus on bare survival. Thus a pamphlet supposedly by Josiah Tucker in 1766 argued that

The wages of the working hand are always high or low as the necessities of life are dear or cheap; but the value of manufactures in every country depends very much upon the price of labor, and that country will always carry on the greatest trade whose manufactures, ceteris paribus, are cheapest. (quoted in Furniss, 1920, p. 173)¹

¹ Furniss expresses some skepticism that this pamphlet was actually written by Tucker, who elsewhere sensibly denounced the theory that wages determined export costs. However, McCulloch (1845, p. 192) thought that the attribution was correct, even though he called the argument “trash.”

It was obviously only a short step from a theory like this to the idea that low wages ought to be encouraged, although the specific policy implications of this belief—and the means recommended—varied widely. Writers who thought, as a positive matter, that wages trended towards a physical subsistence level concluded that cheaper foodstuffs would boost exports. Thus Jacob Vanderlint in 1734 believed that the “Rates of Labour are always settled and constituted of the Price of Victuals and Drink” and so if the price of provisions could be lowered (by various expedients he proposed, such as cultivating waste land) then “all Manufactures will be vastly cheaper, for the Value of all Manufactures is chiefly constituted of the Price or Charge of the Labour bestowed thereon” (Vanderlint, 1914, p. 16). And the driving force of this exercise was the increase of foreign trade:

...we shall hence be enabled to make, and export our Manufactures at much lower Prices; and thus must needs cause us to export abundance more of them to those Nations that now take them of us...whence the Cash of the Nation will certainly increase, by raising the Value of our Exports above the Value of our Imports; that is, the Balance of Trade will thus be in our Favour, or Money will thus be made plentiful. (Vanderlint, 1914, p. 16)

Though this last sentence out of context paints Vanderlint as a crude specie fetishist, he didn't aim for “Plenty of Money” as an end in itself but as a means to increase trade (meaning, now, consumption) and hence taxes, though the specific mechanism for this isn't spelled out. Increasing trade would ultimately also increase the population, so the end result would be that the nation would be “more potent and formidable.” It would have more “Happiness (i.e.... Riches) and Numbers of ...Subjects” and therefore its government would have more “Strength, Honour, and Revenue” (Vanderlint, 1914, p.

17). And although Vanderlint was hailed as “the first scientific socialist” in a later age (Vanderlint, 1914, p. 4), the internal logic of his position still suggest that the laborers could not participate in the increase in “Riches” without reversing the whole benevolent process. Although Vanderlint wants workers to receive wages that will “produce a comfortable Subsistence for a Family,” that appears to be the fixed upward bound of his aspiration for their prosperity; labor has a “true and just Value” which is set by that “Rank of Life,” which he elsewhere describes as “low” rank (Vanderlint, 1914, pp. 99, 26). Despite his relative compassion, then, Vanderlint still seems driven into the mercantilist paradox that the “nation” can grow rich while the wealth of its masses is stationary.

Vanderlint’s conclusion, however, was mild compared to a harsher deduction from similar premises about the wages-cost theory of value. He did, after all, believe in subsistence wages for laborers not as a normative prescription but as a positive fact. Implicitly, Vanderlint believed in a physiological rather than a psychological determination of subsistence and hence wages; and so his attitude towards the poor was compassionate in its own terms:

[it is] needful to reduce the present Rates of Labour, and at the same time supply the labouring People with the Things needful to that Station of Life...the Labour of the Poor is the Wealth of the Rich; and if it was unreasonable to muzzle the Ox that trod out the Corn [Deut. 25:4, 1 Cor. 9:9, 1 Tim. 5:18], what Name shall I give the Measures that render it so difficult for the Bulk of Mankind... [to] rais[e] Families to stand in their Room when they are removed? (Vanderlint, 1914, pp. 88–89)

The poor in other words ought not to be deprived of their bare subsistence, even if economic realities meant they would never rise above it. But harsher thinkers were not

content with this passive attitude. In their thinking, physical and physiological subsistence were distinct, and market competition could in any case elevate wages without any limit in principle. Given the wages-cost theory of exports, though (and an implied social welfare function that excluded laborers) such a rise was a *bad* thing. An anonymous seventeenth-century pamphleteer quoted by Furniss therefore complains about the free setting of wages: “[h]andicraftmen's wages which they exact for their work are greatly mischievous, not only to every man who hath occasion to use them...but it is destructive to trade” (Furniss, 1920, p. 179). And in Thomas Alcock’s 1752 *Observations on the Defects of the Poor Laws*, the rise of new habits among the people is explicitly condemned: the use of tobacco, “dram [gin?]-drinking”, tea (“the Expence ... must be near treble to that of Milk or Broth, or any other common wholesome Breakfast”) and the purchase of “Ribbands, Ruffles, Silks, and other slight foreign Things, that come dear, and do but little Service”(Alcock, 1752, pp. 45–50). The link with wages is explicit, as is the policy implication:

Have not Extravagances in these Articles contributed greatly to make Labour and Servants Wages run so high? And yet the Servants and Labourers are not a Jot the better or richer. A sumptuary law would be of Service to the Poor themselves, as well as to the Nation in general. (Alcock, 1752, p. 48)

Alcock’s concern with tea-drinking was perhaps more comprehensible given that his subjects were sometimes relieved by the poor rates, but for William Temple the poor laws were actually a positive part of his plan for low wages. Thus, he wants the poor to “live comfortably by their labor and be supported by the state when age, sickness, or any other calamities render them incapable of labor” but the cost of this provision is a Spartan

life: “they should spend all they earn, but then they should spend it on necessities for themselves and families and not to purchase superfluities or the means of a low debauch (Temple, 1770, pp. 38, 245; quoted in Furniss 1920, 183).

The Repression of Wages

A question naturally provoked by these beliefs is what means nationalist writers actually wanted to employ in order to lower wages. Here, again, the prescription varied by writer. Furniss reports that calls for actual nominal reductions were rare and somewhat vague. For instance, Thomas Manly in 1669 wanted wages to be “subdue[d]” although it is unclear if this implies a legally mandated reduction. Josiah Tucker thought it was a “public good” if “the price of labor is continually beat down” although he preferred to accomplish this through open immigration. And Mandeville vaguely recommended that “the Wages of Labourers [ought to be proportioned to] the Price of Provisions” (Mandeville, 1724, p. 212). But William Allen, in 1732, openly called for legal intervention to lower wages in a case reported only perfunctorily by Furniss (1920, p. 132). First observing that “[s]ervants Wages are by much too high” (Allen, 1736, p. 32) he goes on to make a policy recommendation that at first seems incomprehensible:

...[wages] for want of a Power of Information cannot, by the Laws in Being, be lower’d. If they [i.e., the servants] were unhired after the legal Warning of Departure from their Masters, and obliged to agree to go into any Man’s Service, who was willing to receive them, (for the Wages ordered by Authority) without loss of time...such quick Contracts would possibly lessen their wages; provided they were obliged, on Oath, to declare, whether they were (when looked for) hired or unhired, to prevent false Declarations. (Allen, 1736, pp. 32–33)

The key to this passage is to realize that Allen wants to bolster employers' negotiating power using the legal framework for labor in England at this time, the 1563 Statute of Artificers (discussed at more length in the next chapter). Under the Statute, adult men and women of less than a certain income or property level—that is, the labouring class—had a legal obligation to work for whoever offered to hire them if they were not already in service somewhere else. The local Justices of the Peace had the power to set the maximum wage rate that could be contracted, and laborers were both forbidden to make labor contracts for less than one year and required to give notice to their employers before they wished to move elsewhere (Clapp, Juřica, & Fisher, 1977, pp. 489–498). What Allen is proposing, then, is to force laborers to reveal—to any potential employer who asks—that they are unhired once their notice period is up. They would then, presumably, be in violation of the Statute of Artificers and subject to heavy punishment if they did not then immediately accept an offer of employment. The effect on a worker's bargaining power can be imagined. Allen's attitude to the working people is clarified still further when he follows this recommendation for a call for an "Act of Parliament" to prevent people in the maritime counties of England from emigrating to the "Plantations" [colonies]—since the result of this is that "Prices of Labour must be higher in such Counties" (Allen, 1736, pp. 33–34). While the title of the pamphlet, *Ways and Means to Raise the Value of Land*, at least announces the writer's purpose, it is extraordinary (and revealing) that Allen felt that such overtly self-interested proposals could be made without a shred of explanation.

The episode suggests that Furniss may have understated the connections between the mercantilist approach to wages and the power claimed, and often exercised, by central or local government to fix the (maximum) wages of labor. Furniss believed the practice of “rating” or legally fixing wages (using the power of the Statute of Artificers) had died out by the 1730s at the latest, but nevertheless that the *mindset* underlying the practice—that wages were a proper object of government regulation, and indeed that there was a “correct” level of wages—survived and fed into theorizing on the subject (1920, p. 158). But R.H. Tawney found evidence that wage assessments took place even into the 1760s (1913) and there is at least one surviving assessment from the 1780s (Hammond & Hammond, 1913, p. 143). The laws themselves were not repealed until 1813, by 53 Geo. 3, c. 40 (Wiener, 1974, p. 913). Certainly the way Allen refers to the “Wages ordered by Authority” without explanation suggests that the assessment system was widely known and understood by his intended audience, even if not necessarily honored. It is important to recall, then, that mercantilist writers operated in a legal context that could at least in principle enforce their prescriptions about low wages.

Still, it was more common (Furniss argued) for mercantilists to wish to limit *real* wages than to seek nominal reductions (1920, p. 134). Specifically, they favored high prices for provisions in order to incentivize greater worker effort. William Temple thought that when wheat was expensive “the nominal price of labor continues the same; but being in times of dearth better performed, it becomes, in fact, considerably cheaper” (Temple, 1770, pp. 59–60 quoted in Furniss 1920, 137). Similarly Arthur Young wished to encourage the “free exportation of corn” in order to encourage “general industry”

among working people (Young, 1770, pp. 28–29, quoted in Furniss 1920, 135). A century earlier, John Houghton favored both an export bounty on wheat (whenever its price fell below five shillings a bushel) and an increased excise tax on beer and spirits. The justification was in both cases the same; he thought that “dearness, industry, and plenty” were linked because of worker psychology. If as a result of “dearness...the manufacturers [ie, the workers] cannot keep up their habitual port by working three days in a week, they will work four days” or put differently costly provisions would “oblige them [the workers] to more industry, whereby they will procure more manufactures to sell cheaper” (Houghton, 1728 [1681], 388-391). Even David Hume thought that if taxes were raised gradually on non-necessities, and didn’t reach an excessive height, that the poor would “encrease their industry, perform more work, and live as well as before, without demanding more for their labour” (Hume, 1752, pp. 115, 118). For Hume, though, this proposition seemed associated more with optimal tax policy than active plans for social engineering.

Opponents of Low Wages

There was certainly opposition to the doctrine of the utility of poverty before Adam Smith, although it is hard to judge its relative strength in public opinion. This opposition did not, however, speak with one consistent voice. Four distinct strains of opinion are discernable. The first tried to weaken the argument that worker effort was, in the long run, strengthened by lower real wages. Thus both Sir Walter Harris (in 1691) and Nathaniel Forster (in 1767) accepted the common observation that workers increased their efforts in time of dearth, but denied that this surge in effort could be sustained

should dearth conditions be made permanent (Furniss, 1920, pp. 125–126). Hume, who had some sympathy with the incentive argument for low wages, nonetheless thought that loading excessive taxes on the poor (to simulate dearth) would “destroy industry, by engendering [sic] despair” (Hume, 1752, p. 118). The second strain of opinion claimed that the English poor could not or should not be made to live as poorly as foreigners. It has already been seen how Arthur Young qualified his advocacy of low wages by saying that “I do not mean, that the poor in *England* are to kept like the poor of *France*” (Young, 1771a, p. 361). Another variation of this type of argument appears in a book with a bizarre provenance, the *Remarks on the Advantages and Disadvantages of France and of Great-Britain With respect to Commerce* of Sir John Nickolls (1754). Its title page describes it both as a “pretended translation from the English” and as “translated from the French Original.” According to McCulloch’s later catalogue, the book was actually written pseudonymously by a Frenchman, one Danguel (McCulloch, 1845, p. 62). But whoever “Nickolls” really was, he attacked the theory of low wages without really conveying any sympathy for the poor:

We have flattered ourselves too much, if we have believed that on augmenting the taxes upon the consumption, we should bring our workmen to the...frugality of a Frenchman, who lives, or rather starves, upon roots, chestnuts, bread and water; or the thriftiness of a Dutchman, who contents himself with dried fish, and butter-milk. When our workmen can no longer raise the price of their work to their mind, there still remain two great refuges to them from labor, the Parish, and Robbing. (Nickolls, 1754, pp. 261–262)

Here, the reason to let Englishmen’s wages alone seems to be less national solidarity (or chauvinism) than the existence of the Poor Law and a special English propensity for violence. There is really no positive affirmation of the laborer. Nor is such an

affirmation present in the third line of argument, which connected high wages with consumption spending and hence prosperity. This is a view attributed by Furniss to John Cary in 1691 and the aforementioned Jacob Vanderlint in 1734, although *pace* Furniss the latter's defense of high wages seems confused by his belief in the wages-cost theory of prices and subsistence wages (Furniss, 1920, p. 127; Vanderlint, 1914, pp. 16, 158).

Only in the fourth line of argument was there a positive affirmation of high wages for laborers as a good in itself. The view was sometimes implied by negation, as when Richard Gouldsmith said that the pursuit of low wages would “debase human nature as to put them [the workers] into the condition of brutes” (Gouldsmith, 1725, p. 18, quoted in Furniss 1920, 127). Forster called the pursuit “inhuman” (Forster, 1767, pp. 55–64, quoted in Furniss 1920, 126) and Malachy Postlethwayte said that it “contends for the perpetual slavery of the working people of the kingdom” (Postlethwaite, 1766, p. 14, quoted in Furniss 1920, 126). The more positive and explicit stated side of this view was expressed by Bishop Berkeley, who in his *Querist* (originally published in 1735) posed 595 questions—transparently leading questions—about the state of British and Irish prosperity (Berkeley, 1760). Although the unique format of the book makes it difficult to say how self-aware Berkeley was about his targets, many of the questions do seem to undermine the doctrine of the utility of poverty. The few reproduced below, for instance, subvert the coexistence of national wealth and worker poverty and incentive argument for low wages.

2. Whether a people can be called poor, where the common sort are well fed, clothed, and lodged?

20. Whether the creating of wants be not the likeliest way to produce industry in a people? And whether, if our peasants were accustomed to eat beef and wear shoes, they would not be more industrious?

353. Whether hearty food and warm clothing would not enable and encourage the lower sort to labour?

355. Whether the way to make men industrious, be not to let them taste the fruits of their industry? And whether the labouring ox should be muzzled? (Berkeley, 1760, pp. 5, 8, 76)

Berkeley's idea of prosperity for workers was an open-ended one, and he becomes almost poetic describing the kind of country Ireland could become ("fine plantations, rich meadows...neat dwellings...people well fed, and well clad...") if only its inhabitants weren't so lazy. He even foreshadows utilitarianism by saying that the goal of legislation is "public happiness," which "contain[s] that of the individuals" (Berkeley, 1760, pp. 137, 75). Although Berkeley was by no means a consistent economic liberal—he worried about trade deficits with individual countries, and had a healthy dose of anti-Catholic chauvinism—he was clearly at odds with mercantilist orthodoxy. A similar attitude, rejecting the incentive argument for low wages, is found in Dudley North; for him the main spur to work is not penurious want but "the exorbitant Appetites of Men, which they will take pains to gratifie...did Men content themselves with bare Necessities, we should have a poor World" (North, 1907, p. 27). Hume is the third great spokesman for the positive view of wages; his essay *On Commerce* erases any suspicion raised by the later *Taxes* work that he viewed low wages as a positive good. To the contrary, Hume believed that

...the multiplication of mechanical arts is advantageous, [and] so is the great number of persons, to whose share the productions of these arts fall...Every person...ought to enjoy

the fruits of his labour, in a full possession of all the necessaries and many of the conveniences of life. (Hume, 1752, pp. 17–18)

Hume goes on to explicitly reject the Mercantilist disjoint between the good of the “nation” as a collective unit and the good of its individual citizens. Even though England’s high wages lead to “some disadvantages in foreign trade” he observes that “foreign trade is not the most material circumstance, 'tis not to be put in competition with the happiness of so many millions” (Hume, 1752, pp. 18–19).

It should be noted that the respected historian of economic thought, A.W. Coats, has argued that the reaction against the doctrine of the utility of poverty was somewhat stronger than Furniss concluded in 1920. In Coats’ reading, views more sympathetic to the workers—or at least critical of the low wages theory for instrumental reasons—became increasingly strong after 1750. In addition to the proto-liberal triad of Berkeley, North, and Hume, Coats discovered two hitherto obscure pamphleteers who attacked the incentive argument for low wages in the early 1770s (Coats, 1992, pp. 68–69 and 79, n.39). He attempted a partial rehabilitation of Arthur Young, detecting in his work a rejection of the physical subsistence theory of wages and even a limited openness to rising pay in times of prosperity (Coats, 1992, pp. 71–72). Furthermore, Coats points out that the rising importance of mechanical devices in production after 1750 helped observers distinguish between wages and unit labor costs. With the help of this theoretical lens, it was no longer necessary for British wages to be lower than that of all competing nations to promote successful trade.

For the purposes of the present essay, the main question here is whether the theory of the desirability of low wages was still a living issue when Adam Smith entered

the intellectual scene. Coats' arguments don't fundamentally change the inference that it was, even if slightly weaker than Furniss implies. Besides, there are arguments pointing in the other direction as well. Heckscher thought that advocacy of low wages actually *increased* throughout the seventeenth century. He cites a memorandum written in 1786 (!) by a Lyons manufacturer, Mayet that outlines with extraordinary detail and starkness the anti-labour views prevailing even at that late date. Mayet counsels his fellow manufacturers that the workers must never become rich, else their "industriousness" will decrease; they would become

"particular in [their] choice of work and in the matter of wages....If necessity ceases to compel the worker to rest content with the wages offered to him for his employment, if he is able to free himself from *this kind of slavery*...he employs his time to form an association...the manufacturers of Lyons [should] keep so strict a hold on the worker that he must always work...(Heckscher, 1955b, p. 168, emphasis added)

This open mention of "slavery" is astonishing, but isn't incompatible with more severe trends even in English thought. Furniss documents proposals as late as 1767 to create a virtual police state in England, with laborers bound to the soil in a recreation of medieval conditions (1920, pp. 146–147). And in 1770 William Temple openly condemned the idea among the poor that "as Englishmen they enjoy a birth right privilege of being more free and independent than any country in Europe." The less liberty they had, the better for both them and "the estate", Temple thought; and "[they] should never think themselves independent of their superiors" (Temple, 1770, p. 56, quoted in Furniss 1920, 147). The very fact that Coats uncovered essays from 1771 and 1772 opposing such ideas is testimony that they were still recognized as viable positions.

It might still be asked what Adam Smith's unique contribution to this whole debate might be. Many of the basic elements of Smith's advocacy of the poor can be found in earlier writers; compare for instance Berkeley's second query, "Whether a people can be called poor, where the common sort are well fed, clothed, and lodged?" (Berkeley, 1760, p. 5) with Smith's claim that "[i]t is but equity, besides, that they who feed, cloath, and lodge the whole body of the people, should....be themselves tolerably well fed, cloathed, and lodged" (WN, 1981, I.viii.36, 96). There seems some ground to rankle at Gertrude Himmelfarb's sweeping claim that "the *Wealth of Nations*...was genuinely revolutionary in its view of poverty and its attitude toward the poor" (Himmelfarb, 1985, pp. 31–35, 46). The next section will argue that Smith can still possess pivotal significance in this area even if many of his ideas were prefigured elsewhere.

Adam Smith, Champion of the Poor

The case for Smith's transformative importance for the poor begins—though it doesn't end—with George Stigler. In his 1983 Nobel Address, Stigler acknowledged that Smith was not the first to conceive of many of the key ideas associated with him. But even if Smith was only an eloquent synthesizer, Stigler argued, he still transformed the discipline of political economy into a "science." Pre-Smithian economic writing was very extensive and sometimes sophisticated; in both these respects it resembled economic writing after Smith. The difference lay in the nature of the economic conversation carried on before and after the *Wealth of Nations*. Stigler observed that "there was little

advantage in studying foreign trade if one were born in 1680 instead of 1580” (Stigler, 1983). Although pamphleteers engaged one another in controversy, there was no real cumulative discussion or attempt to establish a coherent body of economic propositions. As a result, each pamphleteer or author struck off in his own idiosyncratic direction, informed (if at all) only by a haphazard familiarity of what had gone before them. The *Wealth of Nations* changed all of this. After it reached public prominence, no one could write on political economy without at least engaging Smith’s ideas (whether in agreement or disagreement). As elements of his system were refined or rejected, this habit of engagement was transferred to his successors, and a coherent scholarly conversation emerged. Such a transformation explains why there is nothing (within political economy) comparable to the Godwin-Malthus population debate or the underconsumption controversy before 1776.

The *Wealth of Nations* was able to accomplish all this partly because of its sheer size, which allowed Smith to assemble virtually all topics in contemporary political economy in one place. Partly the power of the book came from Smith’s eloquent prose, which was superior to the slapdash economic writing before him (and arguably the equal of legitimately great stylists, such as Mandeville and Hume). But partly—or perhaps even mainly—Smith legitimately can be said to have founded economics because he *systematized* it. The *Wealth of Nations*, despite its (delightful) digressions, doesn’t read as just a jumble of facts. There are coherent attitudes throughout; Smith on the “Policy of Europe” is recognizably the same writer as Smith on the mercantile system. In reference to the poor specifically, Smith consistently upholds their welfare and defends their right

to natural liberty. These elements of his attitude are inseparable: and inseparable at least partly because they were both negated by the mercantilist doctrine of low wages which Smith denies. Compared to this doctrine, the value of Smith's advocacy of the poor becomes particularly clear.

The Menger Test

A claim by the nineteenth-century economist Carl Menger, the founder of the Austrian School of economics, provides a helpful gateway into considering Smith's attitude to the poor in depth. It also has the advantage of upsetting the popular culture view of Smith as an apologist for big business. As reproduced in Emma Rothschild's notable essay, "Adam Smith and Conservative Economics," Menger wrote that

[Adam Smith]...placed himself in all cases of conflict of interest between the poor and the rich, between the strong and the weak, without exception on the side of the latter. I use the expression 'without exception' after careful reflection, since there is not a single instance in A. Smith's work in which he represents the interest of the rich and powerful as opposed to the poor and weak (Rothschild, 1992, p. 89).

While there is nothing shocking about Smith's attitude for modern readers, it is obvious that this position—if indeed held by Smith—seems to put him at odds with the currents of thought described in the previous section. Even if the theorists of low wages framed their arguments in terms of a vague national interest, by construction this interest left out the material welfare of the poor—and sometimes (as in the case of Mandeville, Mayet, or Temple) the interests of the rich were explicitly the goal of social policy. Taking up the case of the poor “without exception” would even have been a change from (most) of the

opponents of the low wage theory, who as explained were sometimes motivated by instrumental concerns rather than direct advocacy of the interests of the poor.

It is fair to ask, though, whether Carl Menger's claim is correct. The *Wealth of Nations* alone is a book of nearly one thousand pages; and Menger was writing before the notes for Smith's *Lectures on Jurisprudence* were unearthed. Surely it is possible that Menger overlooked or forgot a passage in which Smith contradicted his thesis. In addition, it is not clear what exactly it means for a thinker to be "on the side" of the poor. Karl Marx and Vladimir Lenin claimed to be so, as did Mao, as do many modern libertarian economists and philosophers, as do modern progressive interpreters of Smith such as Fleischacker and Rothschild. Even Mandeville, in a charitable reading, could be said to be aiming at the greatest good for the poor that he thought possible: continuous labor to which they had become inured, undisturbed by superfluous education. The question of "being on the side of the poor" depends on a social thinker's conception of what kind of society best serves their interest. For Smith, it will be contended, this conception was unequivocally the "simple and obvious system of natural liberty" he describes in Book Four of the *Wealth of Nations*:

All systems either of preference or of restraint, therefore, being thus completely taken away, the obvious and simple system of natural liberty establishes itself of its own accord. Every man, as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest his own way, and to bring both his industry and capital into competition with those of any other man, or order of men. (WN, 1981, IV.9.51, 687)

As is well known, Smith specifies that under this system the state has only three functions: defense, justice, and the maintenance of "certain public works and certain public institutions." Although this last principle is somewhat elastic, it seems clear that

Smith favors neither a pure laissez-faire “night-watchman” state nor the kind of state capitalism common in the twentieth (and twenty-first) century. Smith’s ideal commercial order is emphatically not a form of cronyism or corporatism in which, as Gavin Kennedy fears, large companies are allowed to do whatever they want—including obtaining monopoly privileges and using violence against labour unions (2005, pp. 141–145). A large space for debate does, of course, stretch between these two poles; but the entwining of compassion for the poor with natural liberty suggests that Smith is up to something not fully captured by modern “left” or “right” views of his thought.

The vehicle for testing both these claims--that Smith always favored the poor, and that he did so by favoring the system of natural liberty—is a comprehensive textual search of all of Smith’s surviving published works including his lectures on jurisprudence and rhetoric. A search of this kind, using widely available resources on the internet, would have been impossible or at least crushingly time-consuming even twenty years ago. Now, however, it is possible to in effect retrace Menger’s steps: to find and evaluate all references in Smith’s available works to the word “poor” (and related terms, as described below) whenever used in the context of their welfare or interaction with society, especially with the rich. This search exposes the claims to a kind of disciplined test, a means of falsification. There is not, of course, any pretense of “scientific” rigor to such an exercise. An author’s works are not like a natural process: to say that “Adam Smith favored the poor 90% of the times he mentions them” is knowledge of a different kind than the statement that “90% of observed adult individuals in species X weight less than five pounds.” The unit of analysis is ambiguous; often two nearby passages seemed

distinct enough to count as two separate references, and other times they were counted as one. This consideration alone, beyond the subjective element of interpretation, should instill a healthy skepticism for the specific numbers reported below. But resistance to false precision shouldn't obscure the broad trend that is apparent.

The actual search was performed as follows. I used the publicly available, full-text search engine at the Online Library of Liberty (<http://oll.libertyfund.org>) to find targeted terms in the *Wealth of Nations* (WN), *Theory of Moral Sentiments* (TMS), and the *Essays on Philosophical Subjects* (EPS) - as well as the published recollections of Smith's lecture notes, the *Lectures on Rhetoric and Belles Lettres* (LRBL) and the *Lectures on Jurisprudence* (LJ). A large number of terms were included, since by "the poor" eighteenth century writers generally meant "the laboring population" broadly, not just people in extreme poverty (Furniss, 1920, p. 25n). Smith's usage is consistent with this principle; by the "poor" he clearly means not (or not only) the literally destitute, but all those who live mainly by their labor and who lack significant property or social position. A list of the terms searched for, and the number of their relevant appearances in Smith's works, is below.

Term	EPS	LJ	LRBL	TMS	WN	TOTAL
<i>Artificer[s]</i>	-	-	-	-	17	17
<i>Artisan[s]</i>	-	-	-	-	-	-
<i>Common People</i>	-	2	-	-	6	8
<i>Commonality</i>	-	-	-	-	-	-
<i>Great Body of the People</i>	-	-	-	-	8	8
<i>Humble</i>	-	-	-	3	-	3
<i>Inferior Ranks</i>	-	-	-	2	11	13
<i>Labourer[s]</i>	-	4	-	1	23	28
<i>Low People</i>	-	1	-	-	-	1
<i>Peasant[s]</i>	-	-	-	1	1	2
<i>Poor</i>	-	11	-	8	29	48
<i>Serf[s]</i>	-	-	-	-	-	-
<i>Workman / Workmen</i>	-	-	-	-	17	17
<i>Worker[s]</i>	-	-	-	-	-	-
TOTAL:	-	18	-	15	112	145

Table 1: Relevant Mentions of the Poor in Smith

What constitutes “a relevant mention” requires some explanation. Searches on some of the terms listed above yield a large number of results – there are 129 occurrences of the word “poor” within the *Wealth of Nations* alone. Many of these occurrences are completely irrelevant to assessing Menger’s claim, such as a reference to “a poor crop or two of bad oats” (WN, 1981, I.xi.1.3, 239). Other references refer to the poor but make only a factual, not an evaluative statement about them or their interests. For example, the famous pin factory paragraph describes the workers as “very poor, and therefore but indifferently accommodated with the necessary machinery” but nonetheless able to produce a staggering number of pins because of the division of labor (WN, 1981, I.1.3, 15). But even though the principle of division of labor has enormous importance for

Smith's view of civilization, there is no discussion in this particular passage of the interests of the workers, or of a possible conflict with the owner of the factory. The famous "No society can surely be flourishing and happy" passage (WN, 1981, I.viii.36, 96) by contrast clearly does have at least the first of these features.

The passages remaining after the initial screen for relevance were evaluated along three dimensions. The first tests whether Smith sees a conflict of interest between the rich and the poor. This interpretation is obviously delicate – to some degree anyone entering the market has a conflict with the other side of the transaction, as all wish to buy cheap and sell dear. But I tried to include only those situations where a systematic conflict of interest occurred specifically between the rich and the poor, as groups. For example, Smith describes how the wealthy merchants expropriate the poor in China (WN, 1981, I.ix.15, 112) or conversely how the "violence and rapacity" of the poor would lead them to expropriate the rich if they weren't restrained by the civil magistrate (LJ, 2009, vi.19, 338). Next I assessed Smith's attitude towards the well-being of the poor, whether or not this involved conflict with the rich. Here, and in the previous dimension of judgment, there were only three possible ratings for the passage: "yes," "no," and "unclear." The "No society can surely..." passage from earlier is a classic "yes". A "no" passage would take the side of the rich against the poor, or be either indifferent or hostile to their welfare. A "unclear" passage does indeed discuss the poor's well-being but contains no clear policy suggestion or attitude about the situation; it doesn't convey either warmth or hostility on Smith's part. An example is the passage from the *Theory of Moral Sentiments* (TMS) in which Smith says "[t]he poor man must neither defraud nor steal

from the rich” (TMS, 1982, III.3.6, 138). Despite this passage’s ethical message, it doesn’t take either a positive or negative attitude toward the poor’s welfare.

The final qualitative metric assesses Smith's attitude in a particular passage towards the system of natural liberty. This is probably the most delicate of all three of the ratings, since it implicates modern normative political beliefs. Modern libertarians, for instance, might consider public education provision a violation of “natural liberty” because it coerces both participation and funding from (potentially) unwilling citizens and their children. Interventionist liberals, however, would argue that such support promotes liberty since it enhances equality of opportunity and sustains liberal democracy. Neither modern argument maps exactly to what Smith was arguing about “little parish schools” in his own time and circumstances (WN, V.i.f.52-57, 784-785). The difficulty is partly overcome by Smith’s own discussion of a borderline case. Immediately after proposing that small-denomination banknotes be prohibited, Smith questions his own position:

To restrain private people, it may be said, from receiving in payment the promissory notes of a banker, for any sum whether great or small, when they themselves are willing to receive them; or, to restrain a banker from issuing such notes, when all his neighbours are willing to accept of them, is a manifest violation of that natural liberty which it is the proper business of law, not to infringe, but to support. (WN, V.i.f.52-57, 784-785)

Since Smith goes on to justify his prohibition as only “in some respect a violation of natural liberty,” and one necessary to the preservation of society, he has in effect defined the boundaries of natural liberty in the breach. It requires the state to support free, voluntary mutual interaction on the part of both buyers and sellers; elsewhere, Smith describes the right of workers to sell (and others to buy) their own labor as “just liberty”

deriving from “this most sacred property [of workers in their own labor].” The only constraint on this liberty is that it must be used “without injury to his neighbour” (WN, I.x.c.12, 138). Policies that violate this freedom of exchange violate natural liberty, although they *can* still be justified if sufficiently weighty issues are at stake. In this context Dan Klein and Michael Clark characterize Smith as taking liberty as a “maxim,” a general rule, rather than an “axiom” to be obeyed always (Klein & Clark, 2010); but (as Klein notes) Smith treats the exceptions to the liberty maxim as exceptional (Klein, 2012, p. xiii). The third metric in this immediate exercise, the textual search of Smith’s works, can be thought of as trying to identify these exceptions. Passages rated as “contravene[ing]” natural liberty are the exceptions; passages rated “endorse” uphold the general rule, that is, the presumption of liberty. Passages that are “unclear” have a debatable relationship to natural liberty; they include proposals for adjusting the tax system and observations about the debilitating effects of the division of labor in a commercial society.

The results of the text search are tabulated in an Excel table and attached as an appendix to this dissertation. In addition to the ratings mentioned for each passage, the table notes the work, the reference (in conventional chapter, section, and paragraph form), the page number in the modern Glasgow editions of Smith’s books listed in the references, a summary of the passage, and one or more sentences explaining the three ratings. Readers can consult their own copies of the works for the full context of the passages, or rely on the summaries provided; more is excerpted from the *Lectures on Jurisprudence* since this is a less commonly held volume.

The Search Interpreted

Unsurprisingly, most relevant mentions of the poor come within the *Wealth of Nations*. The *Lectures on Jurisprudence* contained the next largest number of passages, again not surprisingly since it prefigured some of the material in the WN. The *Theory of Moral Sentiments* contributed the balance of the passages. The overall results are striking. Carl Menger's assertion is vindicated: although there are several passages where Smith takes an uncharacteristically harsh tone, overall Smith overwhelmingly favors the poor and never advocates exploiting or harming them. Likewise, Smith's advocacy of natural liberty is shown to be strong; there are only three unambiguous exceptions to the rule of liberty, and twelve instances where the existence of such an exception is debatable. The aggregate results are summarized below. What follows is a discussion of the more difficult or contested passages in the three main categories of judgment. In some cases Smith's views are contrasted with particularly salient mercantilist stances towards the poor.

<i>Dimension of Smith's Judgment</i>	Yes	No	Unclear	Total
Is there a conflict of interest between rich and poor?	41 (44%)	52 (56%)	0 (0%)	93 (100%)
Does Smith favor the interests of the poor in general (whether or not a conflict of interest exists)?	83 (89%)	0 (0%)	10 (11%)	93 (100%)
If there is a conflict of interest, does Smith favor the poor?	34 (83%)	0 (0%)	7 (17%)	41 (100%)

Table 2: Smith's Judgments about the Welfare of the Poor

Attitude toward Natural Liberty	In all cases	When Rich/Poor Conflict
Endorse	60 (65%)	28 (68%)
Unclear	12 (13%)	6 (15%)
Contravene	3 (3%)	1 (2%)
N/A	18 (19%)	6 (15%)
Total	93 (100%)	41 (100%)

Table 3: Smith's Attitude toward Natural Liberty

Conflicts of Interest

Smith's view of the conflict of interest between rich and poor is relatively clear. Such conflicts are relatively common, occurring in close to half the passages analyzed. The rich, or more precisely specific groups of the rich, plunder the poor in Bengal (35) and China (41) [numerical references are to the index numbers of the quotes in the table of references]; strike better bargains with the poor in years of scarcity (40); and benefit from mercantilism while the poor are harmed (73 and a similar point in 52). But a series of related passages in the *Lectures on Jurisprudence* (and one in the WN) explore the converse theme that, at least in the origins of society, the poor would also plunder the rich if they could. Civil government comes about to prevent this happening, and Smith in fact describes government and property as a combination of the rich to "oppress" the poor and prevent their "open violence" (LJ passages 3, 5, 8 and 76 in the WN). On its own,

therefore, the mere recognition of conflict doesn't necessarily reveal Smith's sympathies towards either group. Whether conflicts are less common in certain contexts (such as a commercial society) than another is obviously bound up with the evaluation of natural liberty present in the passage. What is interesting to observe, however, is Smith's general refusal to treat "the nation" as the unit of analysis for prosperity, as the English mercantilists were fond of doing. Decomposing the nation into groups gives Smith eyes to observe patterns of mutual aggression (and benefit) concealed when only an organic whole is acknowledged.

Attitude to the Poor

The passage search strongly supports Carl Menger's claim that Smith always takes the side of the poor. There are no unambiguous cases of him siding with the rich and powerful, and in only 11% of the passages is his attitude unclear. Three of these instances have already been mentioned: they are #76 (in the WN) and 3 and 5 (in LJ). These passages combine a clash of interests with a somewhat negative tone towards the poor (passage 8 mentioned above, about the transition to the age of shepherds, lacks this negative tone). Smith's language is harsh. He describes the poor as motivated by envy as well as "hatred of labour and love of present ease and enjoyment" (76). In the closely related LJ passages (5), civil government protects the rich against the "violence and rapacity" of the poor, who in passage 3 make "inroads" and "attacks". But although initially troubling, on closer examination the passages aren't hostile to the poor per se. The rich, after all, are also described as motivated to invade property by their "avarice and ambition" while the poor at least have the excuse of need (76). Smith isn't, in any

case, speaking about real living people. He's instead using stylized classes and their behavior to explain the origins of civil justice. And by claiming that "the affluence of the few supposes the indigence of the many" Smith even evokes the reader's sympathy for the envy the poor feel for the rich – although he firmly defends property rights a few sentences later. He comments that the rich man or his ancestors may have worked many years to acquire his possessions, and is described as having "never provoked" the poor to expropriate him. Though the rich man is threatened by "their injustice" [the injustice of the envious poor] it is perhaps significant that justly held wealth is viewed as the product of work, rather than aristocratic privilege. A logical implication of the passage is that the arm of the civil magistrate will (or at least should) protect the property of both the poor *and* the rich from invasion. This reading is consistent with a further LJ passage on the same topic of property, which speaks of government "protect[ing] the industry of individuals from the rapacity of their neighbours" and the danger that, without property, "the indolent...would live upon the industrious, and spend whatever they produced" (12). The categories "indolent" and "industrious," which are open to all, have here replaced "rich" and "poor" with their insinuation of intrinsic merit or demerit. The context of the earlier passages suggests that this is a defensible rereading, and that Smith didn't really think that poor people were intrinsically violent or rapacious.

A somewhat related challenge to Smith's friendliness to the poor comes in passage 87 in the WN (V.ii.k.7, 872). Here, he seems to approve taxes on luxuries (such as tobacco, tea and sugar, and liquor) to discourage wasteful habits. The sober and industrious poor will not be much affected by this, and in fact will be able to raise more

children because of the “forced frugality” imposed on them by the sumptuary tax. The “dissolute” poor—at least, those who don’t change their consumption patterns—will be distressed by the new taxes, and able to raise fewer children. Smith argues that this policy won’t diminish the “useful population” of the country much, since the “dissolute” had few children anyway and most of them also grow up to be dissolute given the bad environment. If there is an instance of callousness towards the poor in Smith’s works, this is it. He presumes to dictate for the poor what commodities are, and aren’t, luxuries and to punish those who think differently than him. He comes perilously close to implying that the tax will cause more deaths among the children of the “dissolute,” and that this isn’t to be regretted since they wouldn’t be useful to the society anyway. The only slender reed in his defense is that he isn’t actively prescribing such taxes, only discussing their effects. The passage escapes being categorized as opposed to the interest of the poor only for this reason, and because his animus is directed at the “dissolute” and not the industrious poor. With respect to the latter he’s guilty only of paternalistic thinking. Of course, this passage seems so shocking partly because it is such an exception to his usually gentle attitude—it wouldn’t merit much comment coming from many other eighteenth century writers. As seen earlier, mercantilist anxiety about the consumption of supposed luxuries by the poor (which put “drunkenness and tea drinking” on one plane) reached absurd heights (Furniss, 1920, pp. 154–155) and Smith has apparently been affected by this discourse. Whatever his paternalism, though, Smith at least did not advocate these taxes as part of a project to benefit the rich. Menger’s claim therefore stands despite this questionable passage.

The many passages in which Smith warmly favors the poor far outweigh the above outliers, and put him in a hostile stance against his mercantilist predecessors. These passages are catalogued in the Appendix, but a particularly well-known instance merits discussion here. The passage is Smith's great declaration in favor of high wages:

Is this improvement in the circumstances of the lower ranks of the people to be regarded as an advantage or an inconveniency to the society? ...[W]hat improves the circumstances of the greater part can never be regarded as an inconveniency to the whole....It is but equity, besides, that they who feed, cloath and lodge the whole body of the people, should have such a share of the produce of their own labor as to be themselves tolerably well fed, cloathed and lodged. (WN, 1981, pp. I.viii.36, 96)

It was seen earlier that Bishop Berkeley's *Querist* probably contributed some wording this passage. But Smith's argument here, and in the adjoining pages, seems to combine and improve much of the previous thought on the subject. He rejects the disjoint between national well-being and the well-being of the "greater part" of society, using the ideas of Hume supported with a more beautiful version of Berkeley's language (Berkeley, 1760, pp. 5, 8, 76; Hume, 1752, pp. 17–18). Later, he dismisses the incentive theory of low wages, as advanced by Mandeville and others, in favor of "the liberal reward of labour" which both strengthens and encourages the workers. The phenomenon of leisure substitution when wages are high is deemed the exception rather than the rule; Smith backs up this claim with extensive real-world examples (WN, 1981, pp. I.viii.44, 99–100). His defense in the same place about the legitimacy of worker "relaxation" only seems odd until is recalled that mercantilist writers argued that workers must be denied most recreation opportunities (such as fairs, plays, gambling, and "skittle-alleys") in order to inure them to constant labor (Furniss, 1920, pp. 150–152). Smith even

articulates the idea of unit labor costs, the most fatal of all concepts to the mercantilist view of workers, by recognizing that “a smaller quantity of labour [can] produce a greater quantity of work...[so] that the increase of its price is more than compensated by the diminution of its quantity” (WN, 1981, pp. I.viii.57, 104). Once this possibility of productivity gains is recognized, there is no longer any justification for keeping wages low—no justification, that is, beyond the naked self-interest of employers.

In this connection, perhaps the most interesting part of this famous passage is the appearance of the word “equity.” This has often viewed by later writers (Rothschild, 1992) as a sort of benediction on later attempts to raise wages through intervention, by minimum wage laws for example. Awareness of mercantilist thought on wages suggests a different explanation. In the pages preceding his declaration, Smith had been concerned to demonstrate the positive fact that real wages had risen in Britain. Mercantilists, as observed earlier, viewed this development with alarm and were filled with schemes to hammer real wages down through taxes, immigration, and in many cases overt legal interference. Smith’s statement quite obviously opposes that view in the name of what has already happened, that is, a market process in which wages have increased. Therefore, the mention of “equity” isn’t a call for intervention to raise wages—it is a call to resist such intervention on the part of mercantilists seeking to *lower* them. This conclusion leads directly into a consideration of natural liberty.

Natural Liberty

Smith’s endorsement of natural liberty (in the context of the poor’s welfare) is strong, clearly overwhelming the few exceptions to the rule. This favorable attitude

prevails both in general (for the passages surveyed) and when the interests of the rich and poor specifically collide. Although nothing should be read into the precise percentage, Smith endorses the system of natural liberty slightly *more* frequently when the interests of the rich and poor clash than when this is not the case. Given his strong advocacy of their interests, the suggestion is that Smith's main palliative for the poor was an extension of natural liberty rather than its contravention. There are, of course, a large number of passages in which Smith's attitude to natural liberty is "unclear" and three in which the system is contravened. But even these—though they show him not to be a complete libertarian in the modern sense—represent relatively bounded areas of concern with commercial society. Smith's broad commitment to the system of natural liberty, and belief that it benefits (and ought to benefit) the poor, seems unassailable. But a discussion of the areas of exception is still warranted.

The first area where Smith is somewhat less than overwhelming in his endorsement of liberty is entwined with failures of self-interest or self-control of economic agents, which (Smith seems to think) should be addressed through the tax system. Passage 87, concerning luxury taxes directed against the poor, has been discussed above and is clearly a paternalistic policy. A purely neutral state wouldn't punish or privilege certain forms of consumption. Passage 82 (WN, V.ii.c.14, 831) resembles it in that Smith advocates higher taxes on rents in kind in order to discourage them (since such rents are associated, according to him, with "poor and beggarly tenants"). These two passages don't overtly prohibit the disfavored activities, but merely discourage them. Also, Smith's language in Passage 82 is extremely cautious; he speaks of "valuing...such

rents rather high” and “consequently taxing them somewhat higher than common money rents [so that] a practice ... hurtful to the whole community might perhaps be sufficiently discouraged.” Although the line is difficult to draw, the use of “rather,” “somewhat,” and “might perhaps” suggests he doesn’t have a prohibitive tax in mind, only a marginal adjustment.

Passages 78 (WN, V.1.d.5, 725 & V.1.d.13, 728) and 83 (WN, V.ii.e.6, 842) concern tax policy. In passage 78 Smith advocates higher highway tolls for “carriages of luxury” (such as the coaches of the rich) than for “carriages of necessary use” such as carts and wagons. In this way, the “indolence and vanity of the rich” in effect subsidizes the more humble traffic, and thus “contribute[s] in a very easy manner to the relief of the poor.” In a similar vein, in passage 83, Smith advocates taxes on house-rents, which he thinks will bear more heavily on the rich than on the poor (who spend most of their money on food, not housing). He argues that it is “not very unreasonable that the rich should contribute to the public expence, not only in proportion to their revenue, but something more than in that proportion.” For both Iain McLean (2006, p. 96) and Samuel Fleischacker, these passages (plus those on education) provide a definitive case that Smith favors redistribution of wealth. As Fleischacker argues,

That Smith does not have any principled opposition to using the state to redistribute wealth should be clear from the fact that he makes recommendations to do just that. Wealth can be redistributed either by a direct transfer of property from the rich to the poor, or by taxing the rich at a higher rate than the poor, or by using tax revenues, gathered from rich and poor equally, to provide public resources that will mostly benefit the poor. Smith makes proposals that fall under both the second and the third heading. (Fleischacker, 2004, p. 205)

But the redistributive nature of the “second and third heading[s]” isn’t as clear as Fleischacker implies. Though some (classical) liberal authors such as F.A. Hayek oppose proportional taxation in principle, whether such taxation is redistributive depends on the uses to which the taxes are put. And even Hayek’s view would seem to accommodate an income floor below which no tax is paid (1960, pp. 306–323). Does the existence of a personal exemption such that teenagers, the working poor, and seniors pay no income tax automatically mean the system is "redistributive"? A limited government (such as the early American republic, or indeed the British state in Smith’s day) can easily be imagined that mainly provided national defense, social order, and a few modest public works. In the American case, most federal revenue in the early Republic came from customs duties, which surely not everyone paid even when tax incidence is considered. But it would surely strain the sense of words to call the America of 1820 "redistributive" in the same way as, say, Britain under the Labour government of 1946. It might be more accurate to consider the poor under Smith’s differential taxation as receiving the framework of law, order, defense, and certain public works at a discount. The marginal cost of providing such goods to the poor is near zero, and in any case many of the citizens receiving the "discount" will in the future pay full fare (perhaps if there are currently young, or just going through a bad period). And as McLean argues, the rich do in any case receive a larger benefit from the protection of the state—they have more property to defend (McLean, 2006, p. 96). In any case, as Fleischacker acknowledges, the tax inequality that Smith proposes is certainly not the "direct transfer of property" from one citizen to another.

A more difficult position to analyze in terms of natural liberty is Smith's view on education (appearing as passage 79 in the text search). His advocacy of a kind of minimal, mandatory public education, partly at public expense, is designed to ensure that the poor don't become completely ignorant as a result of the stultifying effects of the division of labor (WN, 1981, V.i.f.50-57). While this position is more "redistributive" than the tax discounts discussed earlier, it is still not totally comparable to "direct transfer of property." Educating the poor helps sustain the framework of society on which the system of natural liberty depends in the first place. There is for example a martial benefit: Smith argues that a citizenry able to fight can assist the regular army in case of invasion, and also check the danger of a military coup (WN, 1981, V.i.f.59). Providing a minimal education to the members of the national militia is not, perhaps, so qualitatively different an expense from training regulars or stocking rifles in the armories – both core state functions even in a limited government. Likewise, education aids in the preservation of just order by inoculating the people against "delusions of enthusiasm." It improves politics, by helping ordinary people see through "the interested complaints of faction and sedition." Still, Smith explicitly says that "though the state were to derive no advantage from the instruction of the inferior ranks of people, it would still deserve its attention that they should not be altogether uninstructed" (WN, 1981, V.i.f.788). This is a pure appeal to utility. In combination with its compulsory attendance and partial compulsory (tax-financed) financing, the policy proposed in passage 79 must ultimately be counted as a contravention of natural liberty. This is not, of course, to condemn it, only to point out its status within Smith's thought. The policy is still, in any case, more radical than anything

seen in modern American education policy. There are stirrings of Friedman's voucher ideas in the concept that a public schoolteacher should be "partly, but not wholly paid by the public; because if he was wholly, or even principally paid by it, he would soon learn to neglect his business" (WN, 1981, V.i.f.55, 785). Smith advocates for little parish schools, not vast education bureaucracies; the public is to spend "a very small expence" on them, not the massive budgets of urban school districts; and the curriculum includes only the basics of reading, writing, and "accounting", not an extensive preparatory curriculum meant to form the minds of citizens from a common mold (WN, 1981, V.i.f.54-55, 785). In any case, the condition of nearly everyone in modern industrialized democracies is much closer to Smith's "people of some rank and fortune " than to the desperate laborers of his time, who had to work beginning in early childhood just to survive. For young people with sufficient time, at least some financial resources, and moderately attentive parents—a description matching all but the poorest citizens of modern industrialized countries—Smith would probably prefer private education.

The final category of “unclear” passages, partly discussed earlier, are the series of comments in the *Lectures on Jurisprudence* (3, 6, 7, 8, and 10) in which Smith gives both emotionally charged descriptions of inequality and upholds the “justice” of protecting earned property. This seemingly contradictory message may seem more coherent through an analogy with modern conditions. From a perspective of narrow self-interest, and absent laws to the contrary, most drivers would like to walk over to their local car dealer and drive away with a new Audi without paying. But few or none, if they were honest with themselves, would really want to live in a world in which any possession can be

plundered. In the contestable LJ passages, Smith seems to evaluate the property framework of a market society in a similar way. Those of the poor who are indolent or rapacious really would like to plunder the rich, as at Passage 3; but if they were to do so, no one would accumulate stock (capital) as described in 12. Without stock, the division of labor with its great benefits for everyone's standard of living can't get underway. It is after all because of the division of labor that the poor in a civilized society are better off than princes among "savages" without such division (6). This doesn't mean that Smith feels nothing for the spectacle of inequality. The rich labor very little or not at all, while the poor worker bears the brunt of actual effort but receive very little of its rewards; he is "buried in obscurity" and "bears on his shoulders the whole of mankind, and unable to sustain the load is buried by the weight of it and thrust down into the lowest parts of the earth" (7). But though Smith's sentiments are unquestionably with the workers, his prescription is steadfastly in favor of private property and the market system. The overarching plan is highly beneficial even if the results sometimes feel capricious or even unfair; the inequality of the "fortunes of mankind" is "useful" (5) as it comes from different degrees of talent and application. This defense of the market system is more realistic than the free-market Panglossian approach sometimes taken by twentieth-century libertarians. Connections, birth, luck, and sharp dealing would play a major role in distributing the rewards of free enterprise even under perfect liberty. Smith's attitude allows acknowledgement of these ills without seeking to destroy the highly beneficial overall framework. He after all affirms, in passage 11, that "when a rich man and a poor man deal with one another both of them will increase their riches" even though he

(unaccountably) thinks that the rich man will always gain more, proportionately, from the transaction.

There are two additional, overt exceptions to the rule of natural liberty found in Smith's works (at least, exceptions involving the poor). The first concerns trade in grain, which Smith discusses with frequent reference to the welfare of the "great body of the people." He argues strenuously for a free internal grain market and even defends speculators or "forestallers." Smith opposes any obstacle to importation and praises the merchants who facilitate this trade. In the case of grain exporters, though, Smith's position is somewhat more nuanced. Europe as a whole would be best served if all its countries maintained a policy of universal free grain import and export; various countries could then relieve each other's occasional poor harvests just like provinces under one government. In reality, of course, "very few countries have entirely adopted this liberal system;" export embargoes were common. In such a situation, it might sometimes be dangerous for a country to open its market to grain exports if its harvest were small compared to the need of trading partners; it would export grain, but import the famine among its own citizens. But Smith no sooner explains this justification for an export restriction than he qualifies it. It might "sometimes" be necessary to restrain exports in a small Swiss canton, but "scarce never be so" in a larger market such as France or England. And he characteristically notes that such a restriction violates the liberty of farmers to sell their crops in the best market. It would

...sacrifice the ordinary laws of justice to an idea of public utility, to a sort of reason of state; an act of legislative authority which ought to be exercised only, which can be pardoned only in cases of the most urgent necessity. (WN, IV.v.b.32-39, 535)

This is the archetypical statement of Smith’s method of “treating exceptions as exceptional,” in Klein’s phrase, and only subtly different from the prohibition on small banknotes mentioned earlier and at passage 53 (WN, II.ii.90, 323). The latter policy was ostensibly meant to protect poor holders of such notes from “great calamity” if the issuing bank were to fail, and later Smith implies that these notes could “endanger the security of the whole society” thus justifying a restriction on the “natural liberty of a few individuals.” He compares the banknotes restrictions to a law requiring “party” [intervening] walls between houses to prevent the spread of fire. This implicit appeal to third-party effects is a slightly different argument from that justifying wheat export restrictions, which were authorized by overwhelming public utility. Since Smith hedges less when discussing the banknotes policy, he may have thought it more justifiable. Passage 53 is therefore also categorized as a contravention of natural liberty.

The Goal of Policy

An examination of Smith’s view of the poor cannot be complete without comparing the end state, or ultimate objective, that he thought possible with respect to their standard of living. The mercantilists, as we have seen, believed in subsistence wages both as a positive fact and as something desirable. And “subsistence” for them seemed to be a static concept, even if some of their statements hinted at psychological (instead of merely physical) determinants of what that level actually was. Thus even Vanderlint, very sympathetic to the poor in many ways, did not seem to conceive of a process whereby the standard of living of working people could rise without limit. And although

Berkeley *did* seem to foresee such a process, the heterodox format of the *Querist* prevented him from unfolding its implications in any systematic way.

Smith's view of the prospects for working people is much more optimistic than the core mercantilist position. A recurring theme of his "Wages of Labour" chapter is that workers are better off in a society with economic growth—one that is "advancing with...rapidity to the further acquisition of riches"—than one that is stationary, even if its absolute level of wealth is high (WN, 1981, I.viii.23-24, 87-89). The causal mechanism for this phenomenon is population growth; along with Cantillon and others, Smith held a proto-Malthusian view of demography in which "the demand for men, like that of any other commodity...regulates the production of men." High wages encouraged large families; low wages checked births, until population readjusted itself to the demand for labor (WN, 1981, I.viii.40, 98). Workers enjoyed prosperity (high wages) when a rising demand for labor outran the increase of population. Smith thought this was particularly the case in the English North American colonies, where despite a rapidly growing population wages were very high. The labor even of children was so valued there that a widow with offspring was "courted as a sort of fortune" (!)(WN, 1981, I.viii.23, 89).

The optimistic implications of this view tend to be obscured by subsequent Malthusian thinking. For Malthus the availability of land, or rather food, was the dominant factor for living standards. Through Malthusian eyes, the thriving condition of the workers in the English North American colonies was a temporary boon from the discovery of an uncultivated continent. It would last only until the breakneck advance of population filled up the available land and began to be constrained by available food. On

this view, North America could offer no lessons for Europe—a continent already fully settled and cultivated. But this is to obscure Smith’s somewhat different argument, which Malthus in fact recognized as different and specifically attacked (Malthus, 1798, chap. XVI). Smith emphasized that the demand for labor is determined by “...the funds destined for the payment of wages, the revenue and stock of its inhabitants,” namely, rent and capital. It is the rapid increase of these “funds” that leads to a high standard of living for workers. While the availability of frontier land in North America certainly helps raise wages, there is no principled reason that even in a settled country capital could not outrace the growth of population—even to the point of outracing it indefinitely. Smith specifically states that England is “advancing to greater wealth” more rapidly than Scotland, hence leading to higher wages in England (WN, 1981, I.xi.e.35, 209). Since England had been settled and civilized for almost two millennia by Smith’s day, this certainly implies the possibility of growth in an old country. And a similar point is suggested by the discussion of China’s stationary state in the “Profits of Stock” chapter. Though “long stationary” and having “acquired that full complement of riches which is consistent with the nature of its laws and institutions,” Smith explicitly believes that China could acquire much more wealth if it had *different* laws and institutions (WN, 1981, I.ix.15, 111-112). It would, for instance, need to abandon its restrictions on foreign trade. But then Smith names a remarkable second condition. In China, “the rich or the owners of large capitals enjoy a great deal of security.” Such would seem sufficient if Smith were truly the champion of wealth and privilege. But he continues that

...the poor or the owners of small capitals enjoy scarce any [security], but are liable, under the pretence of justice, to be pillaged and plundered at any time by the inferior mandarins [sic]... [as a result] the quantity of stock employed in all the branches of business [in China]...can never be equal to what the nature and extent of that business might admit. (WN, 1981, I.ix.15, 112)

This passage is almost the culmination of Smith's growth theory and so, indirectly, of his prescription for the prosperity of the poor. To ensure rising standards of living, the wealth of a country must advance. To advance, it is sometimes necessary to reform "laws and institutions." In the China example, the reform includes free trade and an equal administration of justice—NOT justice for the rich only, but *justice for the poor*. Smith is saying that the poor can work out their own salvation, if only free from the depredations of the powerful.

Conclusion

Modern progressive scholars are correct to draw attention to Adam Smith's warm advocacy for the poor. They clearly feel, and share, the advocacy and fellow-feeling for them that Smith helped to introduce into modern thinking. And they are not uncritical supporters of the status quo; McLean for example notes that (his interpretation of)

Smithian social democracy fits some, but not all, of the ideas that we tend to call social-democratic. It favours government intervention to counter market failure; redistributive taxation; and trade liberalisation for the benefit of all including the poor of the world. It does not favour producer groups; public ownership of trading enterprises ... or [trade] protection." (McLean, 2006, p. 92)

Samuel Fleischacker, similarly, has a healthy skepticism of politicians and their motives.

He doesn't think the solution to every problem need be a government one, and prefers to

work through markets whenever possible (Fleischacker, 2004, pp. 274–276). There is still, though, a sense in which these modern scholars haven't fully entered into Adam Smith's perspective on the poor. They have not viewed Smith's writings against the backdrop of mercantilist theorizing, which viewed low wages as a positive good and consigned laborers to permanent poverty in the name of the national good. Nor were these empty theories; they were backed by actually existing laws and practices, among them the Statute of Artificers, the Laws of Settlement, and assorted sumptuary laws. Smith's statements in favor of the poor, such as the famous "equity, besides" passage analyzed in the text, make the most sense when viewed as *defensive* claims against the authoritarian pretensions of the mercantilists. This is why Smith's advocacy of the system of natural liberty is so tightly entwined with his advocacy of the poor's welfare; modern writers are apt to be misled here by the rhetoric of later ages, in which the state claimed to be the champion of workers and "liberty" became associated with big business and the wealthy. For Smith, the state was usually the *agent* of the wealthy and powerful—not their foe. Misuses of state power to violate natural liberty therefore evoked much more of his rhetorical energy than his hedged advocacy of marginal adjustments to the tax code or of banking regulations. The latter are made quietly, without rancor; but to prevent the poor from contracting freely with potential customers draws language ablaze with indignation: "[to hinder voluntary exchange] is a plain violation of this most sacred property. It is a manifest encroachment upon the just liberty both of the workman and of those disposed to employ him" (WN, 1981, I.x.c.12, 138). Anyone who violates this just liberty – including or perhaps especially including the

rich—draws Smith’s ire. Consider his barbed observations on what we would today call “state capitalism”:

It is the industry which is carried on for the benefit of the rich and the powerful that is principally encouraged by our mercantile system. That which is carried on for the benefit of the poor and the indigent is too often either neglected or oppressed (WN, 1981, IV.viii.4, 644).

On this topic, of course, both Smith and modern progressive Smith scholars would agree. But their policy emphasis would be different. Were Smith alive today, his first recommendations would probably not include the establishment of state-run healthcare or a social minimum income – topics he never even hinted at. It seems much more likely that he would seek out the modern analogue to his grand policy prescription for the 1770s:

Let the same natural liberty of exercising what species of industry they please, be restored to all his Majesty's subjects...that is, break down the exclusive privileges of corporations, and repeal the statute of apprenticeship, both which are real encroachments upon natural liberty, and add to these the repeal of the law of settlements, so that a poor workman, when thrown out of employment either in one trade or in one place, may seek for it in another trade or in another place without the fear either of a prosecution or of a removal (WN, 1981, IV.ii.42, 470)

From the perspective of the world’s poor, many of the policies of even modern democratic states are depressingly similar to those Smith inveighed against more than two centuries ago. Licensing laws, many with only flimsy justification, prevent the poor from exercising “what species of industry they please.” Modern corporations – though a different type of organization than in Smith’s day - receive subsidies, bailouts, and massive privileges from government. And an impoverished worker from Central America

rightly has “fear either of a prosecution or of a removal” if he seeks employment in “another place” such as the United States. Seeing these conditions, Smith might well be tempted to mount a "very violent [rhetorical and intellectual] attack on the whole commercial system" of modern democracies. In such a campaign – *both* for the poor, and in favor of natural liberty – a wide range of his modern admirers could join.

CHAPTER TWO: THE POLITICAL ECONOMY OF POVERTY IN TRANSITION—READING THE MINIMUM WAGE DEBATE OF 1795-96

In the winter of 1795-1796, the British Parliament considered and rejected a bill proposed by Samuel Whitbread to establish minimum wages for “labourers in husbandry” (*Parliamentary History* [PH], 1818, cols. 700-715). This seemingly minor incident, a footnote in the grand history of the Napoleonic Wars, has surprising salience for many writers on economic history and the history of economic thought. Among these, the prolific scholars (and Fabian Socialists) Sidney and Beatrice Webb cited Whitbread’s measure approvingly in their magisterial history of the English poor laws (Webb & Webb, 1963, p. 423). It merited a short appendix of its own in Karl Polanyi’s *Great Transformation*, in which Whitbread’s policy was favorably contrasted with the infamous Speenhamland system of poor relief actually adopted in England (Polanyi, 1957, p. 289). Whitbread’s twentieth-century biographer approved of his proposed measure (Fulford, 1967, p. 51) and it was later praised by Kenneth Lux, an advocate of “humanistic economics” (Lux, 1990, pp. 28–32). Perhaps most prominently in recent times, the bill’s defeat frames the argument of Emma Rothschild’s influential article, *Adam Smith and Conservative Economics* (1992) which later formed part of her *Economic Sentiments: Adam Smith, Condorcet, and the Enlightenment* (2001). Broadly, both Lux and Rothschild attributed the bill’s defeat to the ascendancy of a cold “political

economy” over the needs of the poor, a preview of later callousness by “economic conservatives” (Rothschild, 1992, p. 88) and Malthusian-influenced classical economics (Lux, 1990, pp. 32–42). And Rothschild’s interpretation has been referenced by other interpreters of Adam Smith (Fleischacker, 2004, p. 264; McLean, 2006, pp. 90–91).

It may be inevitable that later developments (and systems of thought) affect our view of a particular historical event. In this particular case, though, an eagerness to place Whitbread’s Bill in a narrative of economic “coldness” to the poor occludes its actual significance. The first occlusion relates to the past. As Chapter One has shown, a powerful school of thought, in the seventeenth and eighteenth centuries, had presumed that low (real) wages for working people were a legitimate, and indeed *desirable*, ingredient of a healthy economy. But this presumption was notably absent from both sides of the debate over Whitbread’s bill; a change of enormous importance in the justification of policy had occurred. The second occlusion relates to the future. The debate took place two years before the publication of Malthus’ first essay on population in 1798. Accordingly, the “conservative” in the debate – William Pitt, the Prime Minister and Chancellor of the Exchequer—advocated special subsidies for families with large numbers of children in the middle of a debate about low wages and famine (PH, 1818, col. 710). Since the (supposed) coldness of later political economy towards the poor is often associated with Malthusian ideas (Lux, 1990, pp. 32–47), the coldness of Pitt’s general rules of political economy seems chiefly tied to his rejection of the minimum wage itself. While the standard negative analysis of such laws is today fiercely debated, even its opponents feel the need to at least acknowledge and engage the conventional

view (Card & Krueger, 1997, p. 355). That fact that Polanyi, Lux, or Rothschild all fail to do so is puzzling – especially when a crude and partial version of the standard analysis can be found in the debate over Whitbread’s proposal itself. In Rothschild’s case in particular, this lack of engagement is symptomatic of a final occlusion relating specifically to Adam Smith. The burden of Rothschild’s article is that the more correct ‘left’ interpretation of Smith, a Smith sympathetic to the poor, lost out to a ‘right’ Smith sympathetic to economic freedom and big business. The third possibility, of a Smith sympathetic to both economic freedom and the poor, is neglected.

In the course of elaborating on these claims, this essay must take a cursory look at the rich institutional context of the 1795-96 debate. Two state interventions arguably influenced the crisis, the medieval “assize of bread” and government dabbling in the corn (grain) trade. But most saliently, the debate cannot be separated from contemporary views of England’s early welfare system, the Poor Laws, and the complicated set of effects these had on labor markets. To Karl Polanyi, for example, the importance of Whitbread’s bill was that its defeat precluded any alternative to a new phase of poor relief, the so-called Speenhamland system. He viewed the 1796 policy choice as binary: government could have selected either Whitbread’s minimum wage initiative or the inefficient and counterproductive Speenhamland policy. With no pretense to authority on the contested subject of the Poor Laws, I will at least suggest that more than these two possible paths of reform existed. The additional strategies corresponded to the third interpretation of Smith occluded by Emma Rothschild, the Smith concerned both with economic freedom and the welfare of the poor. Such an approach would have been more

consistent with Adam Smith's own views, but was only imperfectly articulated by Pitt and Whitbread in the debate. But this is all to anticipate; the first priority must be a description of the events giving rise to Whitbread's bill.

The Immediate Background: 1795

By the winter of 1795 Britain had been at war with revolutionary France for two and a half years. In addition to the other strains of conflict, the country was suffering a serious shortage of wheat ("corn" in British usage). Starting in around May of 1795, grain prices began to climb significantly and stayed between 66 and 100% higher than usual, until October of 1796 (Stern, 1964, p. 169). This had a serious impact on rural inhabitants of the South of England as well as town dwellers, for whom bread, butter, and cheese formed the bulk of their diet (Drummond & Wilbraham, 1958, pp. 206–209). The crisis had multiple causes, although the most immediate were the poor domestic harvests of both 1794 and 1795; the first yielded about 20% below average per acre, and the second more than a third lower than average. In addition, the disrupted state of European political and trade relations made obtaining grain from overseas difficult. Traditional breadbaskets such as Austria and Prussia placed embargoes on grain exports, though the British government was later able to negotiate exceptions. Furthermore, fear of official competition from French government buyers in the grain market led the British ministry to enter the grain trade themselves (PH, 1818, col. 693). Disruptive effects on the private trade followed, and grain prices didn't finally break until a flood of state purchases finally reached the country in April and May of 1796 (Stern, 1964).

The dearth induced a variety of responses by both political and civil society. In October of 1795, Parliament created a “select committee on the High Price of Corn” and discussed policy remedies including restrictions on distilleries, voluntary efforts by employers to raise wages, and reform of the ancient, complex set of rules known as the Assize of Bread (PH, 1818, col. 235–242) . In December, the Commons further created a voluntary “engagement” by which its members agreed to reduce their consumption of wheat by one-third (PH, 1818, col. 687–696). The use of hair powder (made from starch) was first voluntarily reduced, and then banned; the royal household itself voluntarily reduced bread consumption; and there were numerous official and unofficial attempts to make bread with different proportions of bran, oatmeal, and even potato flour admixed (Stern, 1964).

Anxieties about the price of bread were linked to concern for the real wages of workers. Charles Fox, the leader of the opposition, for instance felt that

...the price of labour has not kept pace with the increased price of provisions. I am afraid that this disproportion too much takes place in almost all the counties of England...while provisions have been rapidly rising to an unexampled height, labour has by no means advanced in proportion. (PH, 1818, col. 241)

The concern was particularly acute for agricultural workers; the MP Edmund Lechmere lamented that the " poor man...who ploughed the earth which produced that plenty [i.e. of the harvest], was starving, or driven to very great distress indeed, and entirely unable to support his family" (PH, 1818, col. 236). Such concerns on the part of the political and economic elites weren't wholly disinterested; even a nineteenth century writer unfriendly to the Old Poor Law describes 1796 as possessed by the “double panic of famine and

revolution” (Pretyman, 1878, p. 27). The presence of a French Republic across the Channel was a sanguinary warning about the possible consequences of popular discontent.

In parallel with these Parliamentary actions and speeches, a less formal but equally vigorous debate was taking place in pamphlets and magazines over how best to address rural hardship. In October of 1795, Arthur Young (the editor of the *Annals of Agriculture*) surveyed his readers on whether it would be wise to index the wages of laborers to the price of wheat. Most of the replies were negative, but Young himself favored the idea as did Howlett, the vicar of Dunmow in Cambridgeshire. Young attended a meeting of the Suffolk magistrates on October 12, at which they called for their Members of Parliament to introduce a bill that would implement such indexation on a national level. More surprisingly, a similar policy was called for by a meeting of day laborers that took place on November 5, 1795 in the parish church of Heacham in Norfolk. This highly organized event produced a chart relating the price of wheat to the desired minimum price of daily labor, and began a petition to Parliament requesting such a policy be enacted (Hammond & Hammond, 1913, pp. 185–189). On the other side of the debate, Edmund Burke wrote a pamphlet titled *Thoughts and Details on Scarcity* in which he vehemently denounced any attempt to raise wages above the natural market rate; Burke argued that “the laws of commerce...are the laws of nature, and consequently the laws of God.” He presented the pamphlet to William Pitt in November of 1795 (Poynter, 1969, p. 53).

It was against this tumultuous backdrop, then, that Samuel Whitbread—an opposition Whig and the member of Parliament for Bedford—introduced a bill on 9 December 1795 that would empower justices of the peace to fix minimum wages for "labourers in husbandry" on an annual basis, and thereby to bring "great relief to a very numerous and useful class of the community" (PH, 1818, col. 700–701). Little substantive debate occurred on the first reading of the bill, as Whitbread and his ally and leader Fox explained the bill's objectives and other MPs jostled over the true extent of rural hardship (Debrett, 1796a, pp. 648–651). Battle was joined, however, when the bill came up for its second reading (after the winter Parliamentary recess) on February 12, 1796. The goals of the measure, as Whitbread summarized them, were many fold:

...to rescue the labouring poor from a state of slavish dependence, to enable the husbandman, who dedicates his days to incessant toil, to feed, to clothe, and lodge his family with some degree of comfort, to exempt the youth of this country from the necessity of entering into the army and navy, and from flocking to the great towns for subsistence; to prevent the mechanic from considering the birth of a child as a family curse; and to put it in the power of him who ploughs and sows and threshes the corn, to taste of the fruits of his industry, by giving him a right to a part of the produce of his labour (Debrett, 1796b, pp. 20–21).

Opposing the bill in a long and well-received speech, Pitt argued that instead of Whitbread's measure it would be better to remove the deeper causes of rural poverty, which he identified mainly as the labor immobility caused by the English system of poor relief. Pitt proposed that reform of a key part of the system, the Act of Settlement, continue (some liberalization had already taken place the previous year). He also favored subsidies for families with many children, the promotion of "friendly [mutual-aid] societies", the removal of means-testing for aid, and the encouragement of "schools of

industry” in which children could both work and learn (Debrett, 1796b, pp. 26–27). Pitt’s long speech – which seems to have taken up more than half of the total debate time devoted to the measure – was well-received and praised to some extent even by Whitbread himself. Its rhetorical power, combined no doubt with political calculation, led to a sound rejection of the minimum wage measure plan apparently without even a tally of votes (PH, 1818, col. 715). Whitbread would return with a similar measure in 1800 and a more comprehensive proposal for Poor Law reform in 1807; both were harshly defeated. Though Whitbread committed suicide in 1815, a “Legal Minimum Wage” was again bruited in 1827 only to be similarly rejected (Webb & Webb, 1963, p. 176). The advent of a minimum wage law in the United Kingdom had to wait until the Trade Boards Act of 1909 (Holcombe, 1910).

This bare narrative does not, of course, convey the importance that later writers have attached to the episode. The recent interpreters (Rothschild, Lux, and those who reference them) identify this importance as a change in the deployment of political economy. The older interpreters (the Webbs and Polanyi) see significance, instead, in Parliament’s choice not to take Whitbread’s approach to alleviating rural poverty. Taking the new interpretations first, I will work backwards towards the debate itself and the intellectual presence dominating it, that of Adam Smith.

The Debate Interpreted: Rothschild and Lux

The debate over Whitbread’s Bill plays a central role in Emma Rothschild’s remarkable essay “Adam Smith and Conservative Economics,” though it is not the exclusive focus of the piece. The essay’s overall thesis is that Adam Smith was

reinterpreted, after his death, from a rather radical figure on the left of the British political spectrum into a narrowly economic thinker much friendlier to the conservative right and the status quo. Rothschild convincingly shows that Smith, during his lifetime, was friendly to the ideas about human equality then associated with French intellectuals. He died, however, before the French Revolution entered its more sanguinary phase. Smith's legacy was initially claimed by the pro-French party in the "Revolution Controversy"—the party which included Thomas Paine and Mary Wollstonecraft. However, once the Revolution began to spin out of control, a fearful reaction seized Great Britain. Men were actually tried and punished in Scotland for expressing opinions, such as opposition to jingoism and excessive public debt, that were close to Smith's own positions during his life. Out of self-preservation, therefore, Smith's intellectual heir—Dugald Stewart—minimized the political aspects of Smith's view of liberty and highlighted only a truncated message of economic freedom that would not be threatening to the authorities. This maneuver laid the groundwork, Rothschild argues, for "left" and "right" streams of Smithian interpretation in the nineteenth and twentieth century; the one associated with the common man, political liberty, and equality and the other with the political status quo, employers, and laissez faire (Rothschild, 1992, pp. 78–82).

The contention, then, is that conservatives hijacked the true legacy of Adam Smith and transformed him into a two-dimensional "hero of commerce" whose works conveyed one and only one lesson: that "all trade should be free" (Rothschild, 1992, pp. 88 & 93). Such a characterization was in contrast to the real Smith who was, Rothschild contends, warmly sympathetic to the poor, favored political as well as economic liberty,

and tolerated “government interference, especially when the object is to reduce poverty” (Rothschild, 1992, p. 93). Whitbread’s bill represents for her a symbolic clash between these two rival interpretations of Smith; his defeat at the hands of William Pitt marks in her view the triumph of the “conservative” interpretation of Smith—namely, a Smith rigidly bound by “general principles”—over the left interpretation represented by Whitbread. And although Rothschild underscores that “there is something of Smith in both sides of the parliamentary debate,” she clearly believes that Whitbread “is in many respects closer to the ‘real’ Smith, or to the real *Wealth of Nations*” (Rothschild, 1992, p. 86). The peroration of the article calls for “modern economic inquiry” to “move...beyond the 1790s, to something closer to Smith’s own conception” and implies that this conception could entail considerable government intervention, of which the minimum wage is only one example. In this view of a Smith-inspired economics, a presumption in favor of free markets must often be balanced with concern for the poor (Rothschild, 1992, pp. 86, 92, 94).

The somewhat earlier view of the debate by Kenneth Lux is largely congruent with Rothschild’s. The Whitbread episode appears early in Lux’s difficult-to-classify book attacking orthodox economics, *Adam Smith’s Mistake* (1990). Here the minimum wage bill is associated with the humanitarian movement involving Charles Fox and the Clapham Sect, whose objectives also included anti-slavery agitation and penal reform. The Smithian inspiration for this group was “Adam Smith’s message of liberty and the need to enhance the lot of the commoner” (Lux, 1990, p. 28). Whitbread’s bill is described as “in this same tradition” and its goal “to deal with poverty in England.” Lux

claims that “[t]his was the first time in history that the idea of a minimum wage was put forth” and (puzzlingly) that the proposal came at “the first time in history that such a concept could have any meaning” (Lux, 1990, pp. 30–31). Like Rothschild later, Lux argued that Pitt opposed the bill because he had a different reading of Smith. Instead of (presumably) the welfare of the “commoner,” Pitt was impressed by “Smith’s *natural law* argument” that labor’s price would be determined by supply and demand, and that interference with this process contravened the principles of political economy (Lux, 1990, p. 31, emphasis original). Although he awkwardly writes “natural law,” Lux clearly means here the natural price argument developed by Smith in Book One, Chapter Seven of the *Wealth of Nations*, and applied specifically to the wages of labor in Chapter Eight.

Lux notes that William Pitt “was somewhat reform-minded himself” and that while he opposed Whitbread’s measure he did later propose other improvements to the poor relief system. But it is clear that Lux views the minimum wage episode as first in a train of economistic mischiefs: he notes that “the voice of the new political economists was to be heard further, and with even more authority...through the person of Thomas Robert Malthus” (Lux, 1990, p. 32). Malthusian doctrine led to callousness towards the poor, and set in motion an intellectual process culminating in the New Poor Law. This disaster (in Lux’s view) has somehow not damaged his reputation among economists, whose teachings later enabled the depredations of the robber barons, the Great Depression, and the materialism of the twentieth century. All of these effects, he argues, trace back to the initial cause—Adam Smith’s mistake—in elevating self-interest alone as the highest (or indeed only) economic virtue, without admixed benevolence. Smith and

economics generally provided the moral cover that allowed the “lower motives” of the human psyche to influence conduct openly, “now justified totally within themselves and seen as good” (Lux, 1990, pp. 106–108).

Both Lux and Rothschild, then, defend similar narratives. A cold element of political economy, insensitive to the interest of the poor, became dominant in the decades after Smith’s death. The debate over the Whitbread minimum wage bill was illustrative or symbolic of this change. Strangely, though, the earlier authors discussing the same incident—including Karl Polanyi and the two Webbs—were not mainly concerned with its role as a signpost in intellectual history. They instead analyzed its effects as a policy choice with respect to agrarian poverty. To make sense of their analysis, then, a cursory glance at British poverty policy up to 1795 is needed—a context in which both Whitbread and his interlocutors would have been firmly grounded.

The Policy Background: The Poor Laws

British workers and employers of the 1790s operated inside a framework of legal rules that to modern eyes mixed welfare and labour policy. Grouped under the general description of the Poor Laws, these rules could be said to have originated at least as early as 1601 or in many respects much earlier. The assumptions grounding these policies were, however, somewhat alien to modern sensibilities. An arresting demonstration is an excerpt of Sir William Petty’s *Treatise on Taxes and Contributions*, written in 1662, in which Petty justifies tax-financed expenditure on “those who want employment”:

For the permitting of any to beg is a more chargeable way of maintaining them whom the law of Nature will not suffer to starve, where food may possibly be had: *besides, it is unjust to let any starve, when we think it just to limit the wages of the poor, so as they can*

lay up nothing against the time of their impotency and want of work. (Petty, 2003, p. 48, emphasis added)

Here, the duty to relieve the poor during unemployment or disability is linked to the justice of suppressing their wages when they are employed. This admixture of welfare and labor policy is appropriately described by the Webbs as “the Relief of the Poor in a Framework of Repression” (Webb & Webb, 1963, p. 427). It is because of this dual nature of the poor laws that the minimum wage proposal of 1795 cannot be analyzed as it would in a modern labor market.

The origins of the poor laws arguably reach back as far as pre-conquest England, in which both the Pope and the English King commanded that a third of church tithes be set aside for the relief of the poor. In this way, the individual obligation of Christians to relieve the needy was supplemented by an institutional obligation of the church supported by mandatory tithes, though this system seems to have fallen out of use by the 1100s (Webb & Webb, 1963, p. 2). Later, the Black Death of the fourteenth century—by causing a relative shortage of workers and higher wages—encouraged Edward III to add repressive elements to the system. The Ordinance of Labourers was propagated in 1349, with a Statute on the same subject in 1351. This Ordinance commanded every man (and woman) under sixty, of sound body, not otherwise employed or independently wealthy, to work for anyone who offered them “suitable service.” They could offer their work (or be paid) only at the rates prevailing before the plague, and couldn’t cut short agreed labor contracts, on pain of penalty and imprisonment (Clapp et al., 1977, pp. 472–474). Both the limited effect, and the nakedly self-interested motives of the supporters of the law, can be judged by the text of the 1351 Statute stiffening penalties and enforcement:

...the said servants [have] no regard to the said ordinance, but to their ease and singular covetise, do withdraw themselves to serve great men and other, unless they have livery and wages to the double or treble of that they were wont to take...*to the great damage of the great men*, and impoverishing of all the said commonality [ie, the Commons of England, at that time gentry and wealthy townsmen]...(White & Notestein, 1915, pp. 146–152, emphasis added)

Following the same trend, the 1388 Statute of Cambridge forbade laborers and artisans from leaving their local areas without a certificate; and a long chain of enactments in the fourteenth and fifteenth centuries confirmed the approach of fining or imprisoning workers who accepted more than customary wages, moved around without permission, or attempted collective bargaining (Pugh, 1968, pp. 38–39).

The “relief” aspect of policy towards the poor became prominent again as a result of Henry VIII’s dissolution of the monasteries in the early sixteenth century. In the high middle ages, charity had been provided by a diverse fabric of institutions including guilds, fraternities, towns, and monasteries. The expropriation and destruction of the latter in 1538 and 1547 removed them as a source of aid, and religious fraternities also declined in the new Protestant dispensation. In any case, the new humanism sweeping Europe contemplated the relief of the poor through government action, however rudimentary in modern eyes (Slack, 1990, pp. 6–9).

The new policy towards the poor developed by Tudor England represented sixty years of interaction between royal administration, Parliament, church, and local interests. The policy settlement that emerged was as a result a blend of central command and local control; it was principally codified by the Poor Law Act of 1601, although supplemented by many statutes passed in the sixteenth century (Slack, 1990, pp. 9–11). The parish, the

smallest division of local government in England, became responsible for relieving its own poor. Justices of the peace (county-level officials) appointed local officials called “overseers of the poor.” These overseers were empowered to collect a tax on parish inhabitants, the “poor rate,” to pay for the “necessary relief of the lame, impotent, old, blind, and...for the putting out of...children to be apprentices.” The overseers were also, in theory, meant to set the able-bodied who could not find employment to the task of working up raw materials gathered from the parishioners such as “flax, hemp, wool, thread, iron and other necessary ware and stuff” (Clapp et al., 1977, pp. 438–440).

This system existed in parallel, however, with a very comprehensive system of social control set up by the “Statute of Artificers, Labourers, and Apprentices” passed earlier in Elizabeth’s reign, in 1563. This statute had three main functions: to force the poor to work; to control their contracts, wages, and movements; and to compel long apprenticeships for many trades. It repealed all the outdated medieval statutes on labor matters, and instead instituted a remarkably detailed and comprehensive system. The targets of the act were, broadly, adults without a certain level of annual income (forty shillings) or a certain level of total wealth (ten pounds). Young, unmarried craftsmen in this category (who were not otherwise employed) could be compelled to work in their craft for any employer who asked them; unskilled, unemployed workers between the ages of twelve and sixty could likewise be compelled to work for any farmer who asked. The Statute forbade labor contracts for less than one year, and imposed stiff penalties if either employer or employee broke the agreement the term prematurely (Clapp et al., 1977, pp. 489–498). Furthermore, it allowed for the control of wages:

...for the declaration and limitation what wages servants, labourers and artificers...shall have and receive...the justices of the peace of every parish...shall [at a general session held in late spring] confere[r] together, respecting the plenty or scarcity of the time and other circumstances necessarily to be considered, [and] shall have authority...to limit, rate, and appoint the wages [of]...the said artificers, handicraftsmen, husbandmen or any other labourer. (Clapp et al., 1977, p. 493)

Finally, the Statute forbade anyone to practice “any craft, mystery or occupation, now used or occupied within the realm of England or Wales” unless they had previously served as an apprentice for seven years (Clapp et al., 1977, p. 496). It is hard not to agree with Samuel Whitbread, more than two centuries later, who said that the statute gave justices power to “oppress the labourer” (PH, 1818, col. 704–705).

The complicated political incentives created by the interplay of relief and repression insured that English poor law policy continued to evolve after 1601, again in ways by no means solicitous of the welfare of the poor. Most saliently, in 1662 Parliament passed the infamous “Law of Settlement and Removal” which, in effect, codified and extended trends in local government to forcibly ship potential ‘welfare recipients’ back to their home parishes. The incentive of local authorities to do this flowed logically from the Poor Law’s link between relief and the parish. Given that the poor rates in a given parish were directly proportional to the number of poor to be relieved, it was in the group interest of the payers to reduce the latter as much as possible. Until the 1662 Act, however, only vagrants were technically liable to be “extruded” from a parish not their own. The dubious achievement of the Law of Settlement and Removal was to extend the power of overseers to forcibly remove even able-bodied, employed persons who they merely *suspected* might in the future apply for relief. Although a

certain level of property or income protected a person from extrusion, that level was so high that roughly 90% of the English population was vulnerable to removal (Webb & Webb, 1963, pp. 314–321). The injustice and waste caused by this system was extraordinary. Perfectly innocent, hardworking men and their families could be forcibly removed without trial from their place of dwelling and employment – where they may actually have been born and passed their whole lives—and shipped as virtual prisoners to a distant parish they may never have seen and where they were merely suspected of having a legal “settlement.” The receiving parish was of course reluctant to accept them, and sometimes legal battles between parishes would result in the worker and his family being uprooted and shipped back to the original parish, and even in some cases shipped a *third* time back to the original destination—a destination that may have been, not his settlement or even his father’s settlement, but his grandfather’s (Webb & Webb, 1963, pp. 328–333)!

It is easy to see why the Law of Settlement attracted the ire of Adam Smith and others as both unjust and bad policy; Smith famously wrote that it made it as hard for poor man to pass a parish boundary as to cross “an arm of the sea or a ridge of high mountains” (WN, 1981, pp. I.x.c.59, 157). Later authorities, however, dispute that the law made labor quite as immobile as Smith claimed. Single workers able to maintain themselves were rarely harassed by parish officials, although widows and young mothers with children were often targeted. Clearly, sufficient loopholes – whether formal or informal - existed to enable the growth of London and the industrializing North and Midlands. The absolute number of removals wasn’t necessarily high; according to

records of the Cambridgeshire Quarter Sessions, between 1699 and 1749 an average of only eleven removal actions was brought each year in that particular jurisdiction (D. Marshall, 1926, pp. 163–166). And the Webbs report – albeit without citing their source – that the total number of removals in all of England was “only” between 50,000 and 100,000 people a year (Webb & Webb, 1963, p. 334). Even if 50,000 annual removals (roughly one percent of the 1700 population) is considered “low,” it does not, of course prove that the law was ineffective. In fact, given the shame, discomfort, and expense of being expelled from a parish, the deterrent effect against unauthorized mobility may often have made prosecution unnecessary. D. Marshall concluded that “this autocratic and enveloping machinery [of the settlement law]...was no dead letter” and the Webbs too acknowledge that “although the labourer may not always have been removed, he was harassed by the uncertainty, and intimidated by the risk” (D. Marshall, 1926, p. 174; Webb & Webb, 1963, p. 335). Even the element of flexibility in the system – the use of “certificates” or testimonials to allow a worker to travel beyond his home parish – could be an instrument of social control. Such certificates were issued by the overseers of the poor and the churchwardens of each parish (D. Marshall, 1926, p. 176). Since the overseers were likely to be the leading citizens of the area, an unsettling element of self-interest is suggested. As the Webbs noted, “[s]uch a power of detaining the labourers in the parish, even without finding them work, was plainly very convenient for the farmer, who had his reserve of labour legally kept at his beck and call, without even the risk of any other demand for labour raising the rate of wages” (Webb & Webb, 1963, p. 330).

Whatever the exact magnitude of the harm to labourers (or indeed to parishes, who were trapped in a zero-sum competition to shuffle the poor between them) the settlement system was widely recognized as dysfunctional. While a series of acts in the eighteenth century adjusted the operation of the poor law system as a whole, it was not until 1795 that labor mobility was dramatically eased. The Poor Removal Act of that year (35 George III c. 101) prevented anyone, except pregnant women (!) from being removed from a parish unless they had actually become a charge upon the rates – a privilege secured in the previous decades for members of friendly societies and the military (Poynter, 1969, p. 7). This recent reform must have been in MPs' minds during the 1795 minimum wage debate, and in fact Pitt referred to it specifically.

Whitbread's Bill therefore emerged from a very complex institutional situation created by the Poor and Settlement Laws. Deeply aware of this, the Webbs (and, to a lesser extent, Karl Polanyi) focused less on the bill's symbolism for political economy and more on its probable effects on the English system of poor relief. Yet their analysis is still marked by puzzling assumptions about the effects of the bill, as will be seen.

The Debate Interpreted: Hammonds, Webbs, Polanyi

With the history of the Poor Laws as context, the attitudes of earlier historians towards Whitbread's Bill become much more approachable. Their purposes were, of course, very different. The Hammonds were writing social history, the Webbs policy history, and Polanyi was driving home an attack on liberalism. For all three, however, Whitbread's Bill represented a foregone policy opportunity.

Karl Polanyi

The basic argument of *The Great Transformation* is well known. It was, in Polanyi's words, to show that "the origins of the cataclysm [of the 1930s and World War Two] lay in the utopian endeavor of economic liberalism to set up a self-regulating economic system" (Polanyi, 1957, p. 29). According to his narrative, nineteenth century liberalism viewed labor, land, and money as commodities with which government ought not to interfere. This viewpoint was absurd; if allowed to continue unchecked, it would have degraded the environment, the cultural basis of labor, and the stable price system on which the capitalist system rested. "Society," the state, accordingly protected itself by regulating all three markets. These protective moves included tariffs, unions, and social legislation such as wages and hours measures. Such moves disrupted the self-regulating capacity of the market, called forth more intervention, and eventually gave birth to the mutually hostile, autarkic states of the 1930s and 40s. A solution to the problem could only come when it was realized that liberalism was wrong to define freedom as freedom from compulsion. The use of coercion was always necessary to society, and in particular to remove land, labor, and money from the control of the market. Both socialism and fascism accomplished this goal by "recognizing the existence of society", but at least socialism preserved some kind of freedom as an ideal. To maximize what freedom was possible, while boldly confronting the need to exercise power, was the project to which Polanyi called his readers (Polanyi, 1957).

In Polanyi's narrative the Poor Laws, and indirectly Whitbread's bill, play an important role. An essential part of the liberal project was the creation of self-regulating

markets in labor and land, in which “all production is for sale on the market and that all income derives from such sales...[n]either price, nor supply, nor demand must be fixed or regulated; only such policies and measures are in order which help to ensure the self-regulation of the market” (Polanyi, 1957, p. 69). Such a market was alien to systems, such as feudalism and the medieval guilds, in which land sales and work agreements were subject to all sorts of non-market rules. For Polanyi, the latter type of society – in which “the economic order is merely a function of the social” – is universal except for the aberrant episode of the nineteenth century (Polanyi, 1957, pp. 70–71). This claim drives the wording of his description of early modern England:

In England the “nationalization” of labor legislation through the Statute of Artificers (1563) and the Poor Law (1601) *removed labor from the danger zone*, and the anti-enclosure policy of the Tudors and early Stuarts was one consistent protest against the principle of the gainful use of landed property (Polanyi, 1957, p. 70 emphasis added).

Whatever normative judgment the phrase “danger zone” is supposed to convey, Polanyi clearly shows suspicion of a free (or at least freer) labor market in which workers can travel and exchange their labor freely. By contrast, as seen earlier, the Old Poor Law laid serious burdens on worker freedom in this respect. The significance of the 1790s for Polanyi is not only, then, the crisis of subsistence, but the policy momentum generated towards a free labor market – which he views as having been partly established by the poor law reform of 1795, and completed by the Poor Law Amendment Act of 1834 (Polanyi, 1957, pp. 88, 102).

To Polanyi, the basic problem of the 1790s was that the market-clearing wage for agricultural workers was below subsistence level. Labourers in southern England, and in

particular Sussex, were worst off. This placed the local Justices of the Peace in a difficult situation. They could not actually let laborers starve, both out of humanity and out of fear of violence. The result was the so-called Speenhamland system, developed at a meeting of the Berkshire magistrates (Whitbread's home county) at the Pelikan Inn, near Newbury, on May 6, 1795 (Polanyi, 1957, p. 78). The key principle of the system was that local government would supplement a worker's wages so that, between pay and supplement, he would have enough money to feed his family. The amount of the "grants in aid of wages" was determined by a sliding scale that took into account both the price of wheat and the size of the worker's family. Although never enforced by the national government, the Speenhamland system proved very popular among local magistrates and was widely adopted by almost all English counties. But while it prevented starvation, the long-term effects of the system (according to Polanyi, and also to the Poor Law Report of 1834) were extremely deleterious. Since combinations (unions) were simultaneously outlawed, the microeconomic effect of grants in aid of wages was to suppress wages. Likewise, since workers knew they would always receive subsistence wages--and no more—their productivity suffered. The mores and general cultural level of laborers also deteriorated. Farmers tolerated these effects since they were enabled to pass some of their labor costs onto the general taxpayers, in which they were of course included but didn't constitute the only payers. Only after three decades were the effects of Speenhamland so bad as could no longer be ignored, leading to the report of the Poor Law Commissioners and the eventual passage of the New Poor Law of Dickensian fame (Polanyi, 1957, pp. 78–85). (It should be noted, as an aside, that this interpretation of Speenhamland isn't

beyond question and has been famously challenged by Blaug (1963) and others. But it was what Polanyi thought, which is what matters in this case.)

It was in comparison to Speenhamland, then, that Polanyi asks (in the title of an appendix) “Why not Whitbread’s bill?” Although its supporters saw little distinction between minimum wages and grants-in-aid of wages Polanyi points out that they were different, and that “[u]ndoubtedly, [Whitbread’s measure] would have met the needs of the emergency” (Polanyi, 1957, p. 289). Nowhere does Polanyi express any reservations about possible side-effects of the minimum wage. And he is followed in this opinion by Whitbread’s biographer Fulford, who thought that compared to Speenhamland “the Bill introduced by Whitbread was an altogether fairer method [than grants in aid of wages]” (Fulford, 1967, p. 51).

The Webbs and the Hammonds

For their part, the Webbs report the introduction and defeat of Whitbread’s minimum wage bill without editorial comment (Webb & Webb, 1963, pp. 175–176). However, in the magisterial Conclusion to their volume on the Old Poor Law it occupies a significant place. The crisis of the old system came, in their reading, with the “flood of pauperism” unleashed by or at least correlated with the Speenhamland allowance system (Webb & Webb, 1963, p. 418). To this system there were only two alternatives: collective bargaining (which was prohibited by law) or

[what] twentieth century experience would have recommended...the Policy of the National Minimum...[which would have consisted in] a cautious legislative enforcement, in one occupation after another, of standard minimum wages, standard maximum hours of labour [and health and safety standards]...thus putting it upon the employers to

accommodate their industries to the minimum conditions required in the public interest.
(Webb & Webb, 1963, p. 423)

Whitbread's proposal is identified as a prototype of such a system, which the implication that its defeat doomed the nation to the Speenhamland path and increasing misery.

The Hammonds also placed Whitbread's Bill firmly in the context of the agricultural crisis of the 1790s. Their analysis was similar to that of the Webbs, and Polanyi. There were only two ways to raise labor's income; and the first, worker combinations (unions), was illegal. That left as an option only "the fixing of a minimum wage in relation to the price of food" (Hammond & Hammond, 1913, p. 183). Their assessment of the measure was plainly positive; Whitbread is described as "showing that Pitt had not really found any substantial argument against it, and that Pitt's own remedies were all hypothetical and distant." The main debating point of the opponents of the bill is characterized as being that "the poor were not in so desperate a plight as Whitbread supposed" and later they are described as having "all the interests and instincts of class...disguised under the gold dust of Adam Smith's philosophy" (Hammond & Hammond, 1913, pp. 142-143). Later historical opinion has not contradicted their judgments; J.R. Poynter in the 1960s noted mournfully that, after the defeat of Whitbread's bill, minimum wage regulation was completely dropped as a legitimate public policy option. He adds that "it remained for later historians to discover its obvious virtues" (Poynter, 1969, p. 62). As in the case of the Webbs and Polanyi, there is no acknowledgement by any of these authors that Whitbread's measure could have had any drawbacks.

The Debate Reread

We are now in a position to revisit the debate on Whitbread's minimum wage bill in light of its historical context and the later interpretative weight put on it. The areas of consensus among the debaters may perhaps be as significant for the history of economic thought as the areas of dispute. Positions taken by both Pitt and Whitbread differ significantly both from earlier political opinion (with respect, for example, to the Laws of Settlement) and later opinion (with respect to population). This congruence seriously complicates the flattened, dualistic interpretation advanced by Rothschild and Lux. And the presence of a lively, if confused, dispute on the prospective effects of the minimum wage policy highlights the failure of later authors to consider the issue. Since these themes emerge from the extensive textual records of the debate,¹ it is helpful to break the discussion into five sections—each focused on a single topic. Pitt and Whitbread's views on the “general principles of political economy” will be reviewed first, followed by their ideas about labor mobility. A short discussion of their attitude towards population is followed by a much more detailed analysis of the arguments against the minimum wage itself. The section concludes with a review of the alternative policy proposed by William Pitt in place of Whitbread's proposal.

¹ It should be noted here that sources for what was said and done in Parliament in the 1790s are imperfect. Though there are at least five surviving reports of Parliamentary debates in this period, at this time all were unofficial. The reports originated in notes taken by newspapermen (or report editors) sitting high in the visitor's gallery of the House of Commons. Poor hearing or even malice on the part of a reporter could affect how completely a member's speech was captured. Conversely, the text of speeches was sometimes provided later by the Members of Parliament themselves, raising the possibility that the speech as printed was longer or better constructed than the speech as actually delivered. As a further limitation, the 1790s coverage of William Cobbett's *Parliamentary History*—though the ancestor of what would become the authoritative Hansard debate reports—was in fact assembled only from 1806 onward. Presumably Cobbett drew on past newspaper articles and possibly other debate reports (Thorne, 1986, pp. 368–369). When possible I have compared Cobbett's report with Debrett's, which was published earlier.

Views of “General Principles” of Political Economy

Emma Rothschild contends that William Pitt’s view of political economy was “very different” from Whitbread’s, relying in particular on the “unassisted operation of principles” to help the poor rather than Whitbread’s plan of immediate intervention. Specifically, Pitt wanted to improve labor mobility by reforming the Laws of Settlement; this remedy was attacked by Whitbread and his allies as too slow given the urgency of the crisis. Rothschild implies that Adam Smith himself wouldn’t have approved of Pitt’s rigid adherence to “general principles” and “systematical” policies in such an urgent case (Rothschild, 1992, p. 85). And it was seen above how the Hammonds thought that Adam Smith’s ideas (Rothschild would say, a particular interpretation of his ideas) became “gold dust” to conceal the class interests of the wealthy (Hammond & Hammond, 1913, p. 143).

There is some truth to these claims. As Rothschild acknowledges, both Pitt and Whitbread appear to have been influenced (either directly or indirectly) by the ideas in the *Wealth of Nations* chapters on “[T]he Natural and Market Price of Commodities” and “[o]f the Wages of Labour” (WN, 1981, p. I.vii and I.viii, 72 and 82). The influence isn’t completely certain, since neither Smith nor his book is ever mentioned by name in the debate. But the supposition explains why Whitbread felt he must defend his proposal against a presumption of non-interference:

...he [Whitbread] felt as much as any man how greatly it was to be desired that legislative interference in matters of this nature should be abolished, and the price of labour, like every other commodity, be left to find its own level. From reasonings upon the subject, the result was, that it always would find its level; but the deductions of reason were confuted by experience. (Debrett, 1796b, p. 20)

The reference to labor “find[ing] its own level” is consistent with Smith’s population-based theory of long term wage determination, which he pithily if somewhat crudely summarized as “...the demand for men, like any other commodity, necessarily regulates the production of men” (WN, 1981, pp. I.viii.40, 98). Both Whitbread and Charles Fox conferred authority to these “reasonings on the subject,” since they felt it necessary to cite rudimentary statistics suggesting that the cost of living was outstripping rural wages (PH, 1818, col. 703–704). They were willing, in other words, to depart from the general principle because of exigent need.

Pitt’s position was not as starkly opposed to this view as it may at first seem. He did, it is true, maintain that “trade, industry, and barter would always find their own level, and be impeded by regulations which violated their natural operation.” He preferred to attack the acknowledged problem of rural poverty by “the unassisted operation of principle” rather than by “authority” (Debrett, 1796b, p. 23). Specifically this meant helping wages to find their own level by cleansing the poor laws of the “abuses which had crept [in]” since their creation, specifically the constriction on labor mobility (Debrett, 1796b, p. 24). But Pitt also said that it would be “absurd bigotry” to stand on “general principle” alone to rule out Whitbread’s proposal; he felt the need to contest the latter’s empirical argument, which he would not have done if principle alone was dispositive (Debrett, 1796b, p. 23). Pitt was not at all a dogmatic advocate of laissez faire and in fact proposed changes to the poor law that would have massively expanded the role of the state (on which more below). But he felt that “arbitrary” intervention would be dangerous and in any case ineffective (PH, 1818, col. 709). And, conversely, both

Whitbread and Fox seemed sufficiently convinced by Pitt at the end of the debate to subtly shift their case for the minimum wage measure. Instead of framing it as a response to an anomalous violation of the principles of political economy, both Fox and Whitbread characterized it as an emergency measure needed because workers' economic freedom was currently impaired. As Fox put it,

The question now was, *not on the general principle*, but on that particular state of the law, which rendered some measure necessary...for the relief of the labouring poor, while the law as it stood, was saddled with so many restrictions. (PH, 1818, col. 713, emphasis added)

Whitbread, comparably, said that "If the poor laws were actually such, as [Pitt] has stated they ought to be" his measure would not have been necessary. He implicitly agreed with Pitt that labour would "find its own level" once restrictions were removed; Whitbread's concern was that the crisis was immediate, and that "till that level [of wages] be found, the industrious poor labour under the pressure of immediate suffering" (PH, 1818, col. 714). While still a genuine disagreement, the dispute between the two sides was not driven by their view of general principles. It was instead over the costs and benefits of intervention in an environment already distorted by existing policy.

The Unfree Labor Market

Whatever disagreement existed over the timeliness of Poor Law reform as a remedy for the immediate crisis, there was no recorded defense of their corollary, the gross interferences with workers' freedom represented by the Laws of Settlement and the maximum wage provision of the Statute of Artificers. Whitbread described the former as "oppressive" and Pitt called them both "a great striking grievance" to and a "vexatious

restraint” on the workers which called for “a radical amendment” (PH, 1818, col. 714, 708). Pitt lauded the reform that had already taken place in the Law of Settlements earlier in 1795—an Act that prevented a worker from being removed from a parish until he actually became chargeable under the poor rates. But he wanted to reform even further; as the law stood, a worker who fell temporarily on the rates could be hustled off to his home parish, where he might face permanently worse employment prospects (Debrett, 1796b, p. 24). The disagreement, again, was only about the speed with which this reform would help the poor. Opinion was only slightly less clear with respect to the Statute of Artificers. Whitbread attacked it savagely, both as a “clog to industry” (PH, 1818, col. 704) and as giving the justices of the peace power “to oppress the labourer” (PH, 1818, col. 705). Although given its existence he wished to use it as a statutory platform to help the distressed workers, failing that possibility he would rather see the whole statute repealed (PH, 1818, col. 715). Pitt’s stance was compatible, if cooler; he did not feel “compelled to defend the principles of these statutes [the Statute of Artificers]” which he claimed were passed only to prevent “the industry of the country from being checked by a general combination among labourers” (PH, 1818, col. 706–707). Although the plain language of the statute is against this interpretation (Clapp et al., 1977, pp. 489–498), Pitt still gives no indication that he endorses maximum wages and in fact explicitly wanted laborers to be able to travel where they could earn the most wages (PH, 1818, col. 708). And a staunch opponent of Whitbread’s measure, Burdon, recommended that the “obsolete regulations of Elizabeth” should be repealed (Debrett, 1796b, p. 30). Again,

there is a rough concord of the contending parties on the subject of workers' economic freedom.

The Welfare of the People

Although the prosperous men debating the fate of the poor in 1795-96 weren't above a certain tone of condescension towards them, the attitude of the rich towards their welfare was fundamentally different from the "mercantilist" view held earlier in the century and discussed in Chapter One. To reprise briefly, this earlier view held that *low* wages for the mass of the people were desirable; in Mandeville's stark words, as the poor "ought to be kept from starving, so they should receive nothing worth saving" (Mandeville, 1724, p. 212). There were two separate justifications for this attitude. The first was that low wages made British exports more productive, and hence improved the balance of trade. The second was that the poor would cut back on their hours if their wages rose too high; instead of maintaining or increasing their weekly work time, they would increase their consumption of goods and leisure - both, usually, in the local tavern (Furniss, 1920, chap. VI and VII).¹ Whatever the strength of this effect, the implication that low wages were therefore desirable had come under attack by Adam Smith and many predecessors (WN, 1981, I.viii.36, 96). By 1796 these attacks had borne fruit and the theories recommending low wages made no public appearance in the debate. Instead, the welfare of the labourers themselves was—at least for purposes of public debate and justification—the standard of decision for policy.

¹ Far from reflecting inherent laziness, this second behavior may well have been (another) rational response to the Poor Laws, which both provided for the aged and infirm and required recipients to have spent down all their assets before receiving relief. Together, these two provisions greatly decreased the incentive to save, as argued by Furniss (1920), appendix three.

Whitbread and his supporters were, of course, quite clear and explicit that the welfare of the people was the chief aim of policy. Hence Edmund Lechmere wished the

Labourer [to] enjoy the honest fruits of his industry, [rather] than be obliged to receive his due as an eleemosynary gift...he gave his assent to the second reading of [Whitbread's] bill, *because it tended to make the poor man happier.*" (Debrett, 1796b, p. 28 emphasis added)

Fox employed similar themes, implying an argument from equity and focusing on the large number of people affected:

the great majority of the people of England-an enormous and dreadful majority-are no longer in a situation in which they can boast that they live by the produce of their labour...during the pressure of every inclement season...the industrious poor are obliged to depend for subsistence on the supplies afforded by the charity of the rich. (PH, 1818, col. 241)

The nearly universal need to resort to either charity or the poor rates was also, Fox thought, destructive of Britons' status as ostensibly free citizens. What was "the state of a country," he asked, which "first compelled every poor man to dependence, and then reduced him to servitude?" (PH, 1818, col. 702). But even if Fox's Tory opponents didn't share this more political argument, they too appealed to worker welfare as the standard of decision-making. George Vansittart opposed Whitbread's bill because "if the magistrates were empowered to fix the price of labour, [then] the situation of the labouring man would be worse, and not better" (Debrett, 1796b, p. 30). And Pitt included worker welfare in his list of benefits from reforming the poor laws: first that "the wealth of the nation would be increased," next that "the poor man [be] rendered not only more comfortable but more virtuous" and finally that the "weight of poor-rates, with which the landed interest is loaded, [would be] greatly diminished" (PH, 1818, col. 709). Now of

course the mere speaking of these words doesn't render them sincere, and self-interest was surely at work as well. But it is still significant that politicians felt the words had to be spoken.

A comparison that throws this development into even sharper relief is with Sir William Petty's justification of relief payments to the poor, found in his 1662 *Treatise on Taxes and Contributions* quoted earlier. Petty thinks it is "just to limit the wages of the poor," and therefore seems to approve of the power of the Statute of Artificers to set maximum wages. But this power implies an obligation of government to provide relief payments for the unemployed, old, and the disabled. Petty's social compact therefore precludes economic freedom for workers but in compensation extends a minimal kind of security (Petty, 2003, p. 48). The debaters of 1796, however, both rejected maximum wages and began to expect the poor to insure themselves against hardship. Pitt hoped his reforms would allow the poor to "make permanent provision for themselves" and that membership in friendly societies would allow them, if in need, to "subsist upon a fund which their own industry contributed to raise" (PH, 1818, col. 710). And by way of another contrast, Bernard Mandeville had merely thought that "no body ought to hinder" a rare member of the poorest class who sought to save up capital. The national interest however was best served when the poor in general "continually spend what they get" (Mandeville, 1724, p. 212). William Pitt, by comparison, wanted to make microloans to the "industrious poor," again with a view to helping them make "permanent provision" for themselves (PH, 1818, col. 711). Here, presumably Smithian views about the desirability of capital accumulation reinforced a rise in status for workers.

The View of Population

The brief passage from Sir William Petty does, however, indicate an area in which the climate of economic thought in 1796 resembled that of 1662 more than it did the following decade. This area was, of course, the theory of population. For Petty, the “law of Nature” was a beneficent one, dictating that human institutions must prevent starvation if at all possible. The same premise basically operates in 1795-96. Outside of their policy debates, the MPs had been deeply involved in various schemes of voluntary charitable relief and restriction of grain consumption. No voices are raised against charity or even against the practice of “outdoor relief” via the Poor Law, later to be so controversial. Even Edmund Burke, whose *Thoughts on Scarcity* was seen as so reactionary by Emma Rothschild (1992, p. 87), wrote there that “[w]ithout all doubt, charity to the poor is a direct and obligatory duty upon all Christians” even though he didn’t think it a duty of government (Burke, 1800, p. 18).

The change would come with the advent of Thomas Malthus and his population theory. Even if the callousness attributed to him by Hazlitt (among many others) was a calumny and a misreading of the theory, elements of his writings did offer a justificatory cloak for persons disposed towards coldness to the poor. One such passage, particularly infamous, is Nature’s Feast described in the second edition of the *Essay on Population*.

If [a child]...cannot get subsistence from his parents on whom he has a just demand, and if the society do not want his labour, [he] has no claim of right to the smallest portion of food, and, in fact, has no business to be where he is. At nature's mighty feast there is no vacant cover for him. She tells him to be gone, and will quickly execute her own orders, if he does not work upon the compassion of some of her guests... the great mistress of the feast, who, wishing that all guests should have plenty, and knowing she could not

provide for unlimited numbers, humanely refused to admit fresh comers when her table was already full. (Malthus, 1803, pp. 531–532)

In Malthus' new vision, nature is no longer the benevolent force that it was for Petty (for whom nature's law was that none must starve if food was available). Malthus's nature instead "dismisses" indigent children from the Feast—from life itself—unless charity unwisely interposes. There were of course enormous implications for both the Poor Laws and voluntary charity itself.

These implications, though, were alien to the debate of 1796. Both sides of the argument advocated not population restraint, but expansion. One of Whitbread's explicit aims for his Bill was to counteract the "pressure of the times" that was "discourag[ing] marriage;" he noted with dismay that "among the laborious classes of the community, the birth of a child, instead of being hailed as a blessing, was considered as a curse"(Debrett, 1796b, p. 20). To his mind the "...wisest thing for a Government [to do], instead of putting the relief afforded to such [families with children] on the footing of a charity...would be at once to institute a liberal and ample premium for the encouragement of large families" (Debrett, 1796b, p. 32). Pitt had almost identical views on the utility of a growing population. He described a worker with a large family as someone who "had done most service to his country" and echoed Whitbread's language when he wanted to make relief for families with many children a question of

...right, and an honour instead of a ground for opprobrium and contempt. This will make a large family a blessing and not a curse...[benefiting] those who, *after having enriched their country with a number of children, have a claim upon its assistance for their support* (Debrett, 1796b, pp. 25–26).

These strikingly similar positions (unchallenged by any recorded speaker in the debate) mark a partial survival of the mercantilist view of labor. In this view the working population, for all that it must be kept poor, was also the foundation of the community's wealth (Furniss, 1920, p. 30). This survival is all the more striking because Adam Smith's own theory of population contained proto-Malthusian elements (WN, 1981, chap. VIII) and other authors had prefigured Malthus's ideas even more directly (Townsend, 1787; Wallace, 1761). Perhaps in a time of war the availability of cheap manpower was appealing to Pitt, if not to the more pacific Whitbread. In any case, whether Malthusian thinking deserves its bad name or not, Pitt and his allies in the 1796 debate were not guilty of it.

The Minimum Wage

If there were large areas of agreement in other areas, the wisdom of Whitbread's minimum wage proposal itself did, of course, divide the MPs. But it is important to describe the actual idea properly, to avoid confusion with minimum wages in modern states. It would not have created a national wage floor or been adjusted by statute. Instead, Whitbread wanted to extend the Statute of Artificers to give Justices of the Peace the annual power to fix minimum wages *for their county* in light of changing food price and demand conditions, as we have seen they already had power to do in the case of maximum wages. Whitbread did not “[commend] the principle of these statutes...[which] operated as a clog to industry, by permitting justices to fix the maximum of labour” and indeed they gave the magistrates power to “oppress the labourer” (PH, 1818, col. 704–705). However, given that the statute existed, at least it could be turned to some good in

relieving the immediate suffering of laborers. This view was not confined to Whitbread, or to Parliament. “Civis,” the contemporary, anonymous author of a letter to Arthur Young’s *Annals of Agriculture*, shared his basic assessment:

...it must be confessed that the leading principle of Mr. Whitbread's Bill is very just; that is, if a rate is to be fixed, to prevent the labourers from insisting upon higher wages than what are deemed reasonable, the masters ought equally to be restrained from giving less than the sum specified in the same rate. (Young, 1796, pp. 565–567)

In effect, “Civis” points out the logical consequences of a maximum wage law. If such a wage is supposedly set based on what is “reasonable,” why should employers be any freer to offer less than this price than employees are to ask more? And though the idea of such a price sounds medieval to modern ears, it was apparently still common among eighteenth-century farmers. Respondents (farmers) to a questionnaire sent by Arthur Young, editor of the *Annals of Agriculture*, regarded wages as set by what was “fair” or “necessary” and furthermore did not distinguish clearly between money wages, wages in kind, relief given in money, or relief given via gratis or subsidized wheat (Poynter, 1969, p. 48).

Clearly, conditions in the English rural labor market were quite different from the integrated national economies regulated by modern minimum wage laws. The potentially quite devastating effects of the Settlement Laws on labour mobility have been noted, along with the debate over how far that potential was realized. Because of these restrictions, it is possible that some English parishes may have been closed labor markets,

with few major farmers to employ a more or less captive population of laborers.¹ To the extent this situation prevailed, it is plausible that wages in such parishes were lower than the marginal product of labor, as monopolistic models of the labor market predict (Bhaskar, Manning, & To, 2002, p. 162). This situation would be even more plausible if employers were able to collude, a possibility explicitly mentioned by Adam Smith. The *Wealth of Nations* speaks of a “tacit, but constant and uniform combination” of masters not to raise wages, which to disobey was to court “reproach [for] a master among his *neighbours* and equals” (WN,1981, I.viii.13, 84). It was illegal, of course, for English workers to respond with combinations of their own (Grampp, 1979, p. 502). Such a situation of unequal bargaining power may have been what Charles James Fox had vaguely and imprecisely in mind when he feared that “a griping and avaricious employer...might be disposed to take advantage of [workers’] necessities, and undervalue the rate of their service” (PH, 1818, col. 701–702). Whether, and to what extent, English employers could behave monopolistically is not decided here. All that is necessary to differentiate the case for Whitbread’s minimum wage law from one in a modern, national labor market is that advocates might plausibly have *believed* they could.

Increasing the distance of the 1795-6 debate from modern controversies, the arguments deployed by Whitbread’s opponents foreshadowed the elementary, twentieth-century analysis of minimum wages only very imperfectly. Without a built-out concept of

¹ This possibility for rural labor markets does not correspond exactly to the distinction in the historical literature between “close” and “open” parishes, which were differentiated by openness to the poor actually living in them (Holderness, 1972). Given the specialist nature of this subject, it should be stressed that what is offered here is only speculation, not a historical claim—an attempt to give Whitbread’s idea the best possible case, as it were.

the marginal product of labor, or of demand and supply schedules, his foes had to resort to imprecise language.

Their first line of attack has been examined above, an appeal to “general principles.” These were, specifically, a presumption of non-interference by government and second a presumption that wages would “find their own level” if unobstructed by unjust laws or extraordinary circumstances. But this appeal to principle functioned mainly to bolster Pitt’s alternative plan of reform, rather than to directly criticize the effects of Whitbread’s measure, excepting the accusation that the latter were “arbitrary.” But Pitt did in fact think that the minimum wage law would be either “completely ineffectual, or such as far to over-reach its mark” (Debrett, 1796b, p. 25). His reason for thinking so was not, however, an early version of the analysis found in introductory microeconomics textbooks. Instead, Pitt argued in effect that the justices of the peace faced an impossible task. If they set the minimum wage high enough to enable a married laborer to support a large family, laborers with small families would have “too much wages” and this would be “an encouragement to idleness.” But if the minimum wage were set to the standard of small families, then large families would not benefit as the measure intended—that is, receive enough real income to subsist. This was the reason that Pitt advocated what is apparently an automatic per-child subsidy, the affront to later Malthusian ideas mentioned earlier (Debrett, 1796b, pp. 25–26).

Outside Parliament, a contributor to Young’s *Annals of Agriculture* also argued against a fixed minimum from a different perspective. Sir Thomas Bernard wrote on December 8, 1795 that it would be a hardship to force farmers to pay all men the same,

even if they knew that some men were superior (that is, more productive) workmen; a claim oddly described by a twentieth-century historian as setting wages “according to the moral worth of the laborer” (Poynter, 1969, p. 51; Young, 1796, pp. 624–626). Bernard extended the point to contend that Whitbread’s bill would “cut up the spirit of industry, if the idle were to receive the same encouragement as the industrious;” but, interestingly, also claimed that farmers already, privately, sold grain to their laborers at a reduced price “adequate to the necessities of their families” (Young, 1796, p. 626).

Burke, along a related line, argued in his *Thoughts on Scarcity* that “labour” was not “one thing and one value” and that setting a price by rule or discretion would either ruin the farmers or raise the price of corn, which would defeat the whole purpose of the exercise (Burke, 1800, pp. 14–15).

It was Bernard’s attack, by appealing to the differing productivity level of workers, which prefigured the most modern counterargument mounted by Whitbread’s opponents. This was an analysis of the effect of a minimum wage on the less productive. The champion of this counterargument was not Pitt but a Norfolk MP, Robert Buxton. He contended that

the bill did not appear likely to be of much service, for if the price of labour were to be fixed by the justices of the peace, he feared many industrious people would be thrown out of employ...those who by sickness or old age were rendered incapable of doing so much as a common labourer, and who would consequently be rejected for persons of more strength and activity (PH, 1818, col. 712).

Buxton also mentioned the case of linen weavers, whose manufacturing employment was seasonal. These were apparently not as skilled as ordinary laborers, since they earned only “a shilling a day, when a regular labourer earns eighteen pence.” If their wages were

to be set equal to other laborers', Buxton thought they would "be dismissed" (Debrett, 1796b, p. 29). Whether Buxton was right or not would have depended, of course, on the relationship of the new minimum to the marginal productivity of the potentially affected workers. But even assuming only the simple, orthodox analysis of the minimum wage, no one in 1796 could have distinguished between the amount of potentially induced unemployment (dependent on the price elasticities of demand and supply schedules) from the incidence of such unemployment among specific individuals (dependent, at least to a profit-maximizing farmer, on their individual productivity). No one recognized, in other words, that the possible disemployment effects didn't depend on there being differences between workers—only on the diminishing marginal utility of labor in agriculture. Despite this, Buxton's was the most economically sophisticated argument mounted against Whitbread's bill.

It was, unfortunately, not an argument that Whitbread seems to have understood. Discussing the linen weavers and their low-season agricultural work, he claimed that "I do not see how these persons can be affected by the bill. It will still be necessary for the farmers to find persons to do that species of work, and it is not fitting that any should give their labour for a less sum than is competent to sustain them" (Debrett, 1796b, p. 32). Since his response doesn't appeal to employer combinations (or Fox's vague idea that employers had wage-setting power) it is difficult to read as anything other than incomprehension, or at best an implicit claim that the demand for labor is perfectly inelastic. This is particularly surprising since the bill, as drafted, apparently did allow for different wages to be on appeal for the young, the old, the sick, and those who "from

any other incapacity shall be unable to do the ordinary work of a labouring man” (Hammond & Hammond, 1913, p. 140). The presence of such exemptions seems like an attempt to foresee and pre-empt an attack along Buxton’s lines, even if the administrative challenge of actually implementing them seems insurmountable. But Whitbread didn’t mention them in his defense in either 1796 or in 1800, when he proposed an almost identical measure and faced the same counterargument (PH, 1819, col. 1426–1430). This may indicate that Whitbread didn’t himself draft the bill. Such a conclusion only adds to the impression that he may have listening to his heart more than his head when preparing his proposal.

The Policy Alternatives

The core of William Pitt’s argument against Whitbread was that while they shared the same end—the prosperity of the labourers—this end could be achieved more effectively by reforms in accordance with the teachings of political economy. But despite what this might lead a reader to expect, not all of his reform proposals fell neatly under the rubric of *laissez faire*, a term not even mentioned in the debates. It is true that Pitt’s primary goal was a further reform of the Laws of Settlement, altering them further so that a workman would not be forced to move to his parish of birth just because he applied for temporary relief (the reform of 1795 had only protected workers against expulsion until he actually applied for relief). Such reform would have been a major benefit to laborers whose unemployment was only temporary, or whose home parish had little demand for labor (PH, 1818, col. 707). As mentioned above, Pitt also wished to encourage membership in friendly societies (mutual aid societies) as a means of promoting self-

reliance in the poor: “individuals [in friendly societies] would be rescued from becoming a burthen upon the public, and, if necessary...subsist upon a fund which their own industry contributed to raise.” Pitt didn’t specify what legislation this involved, although there is a suggestion of paternalistic command when he praises “*making* them subscribe to friendly societies.” Perhaps more unnervingly, he advocated “the industry of children” and praised “the advantage of early employing them in such branches of manufactures as they are capable to execute” (PH, 1818, col. 710).¹ These measures did not, however, exhaust his list of proposed reforms. He included also the abovementioned entitlement to “relief in cases where there are a number of children” and wanted to remove the asset test from the poor law—in other words, not to require a potential recipient from spending down his savings before receiving assistance. Pitt seemed further to contemplate a microfinance scheme, by which the poor would receive “small capitals, which might be repaid in two or three years,” although without specifying what they were expected to invest in or the precise source of the funds. These positions seemed quite “left” by later lights, although balanced by the perennial aspiration of poor law reformers, the plan to “discourage relief where it was not [needed]” by giving relief in exchange for “labour” or by directly “affording employment” to persons in need (PH, 1818, col. 710–711). On the whole, though, Pitt’s program was distinctly more lenient towards the poor than the system contemplated (though imperfectly implemented) by the Poor Law Commissioner’s report of 1832. There was no workhouse test; there was no principle of

¹ It should perhaps be noted here in defense (or at least explanation) of Pitt that, according to Eli Heckscher, “[t]he belief that child labour, whether in fact or as an ideal, was a creation of the Industrial Revolution was a gross fallacy.” Heckscher extensively documents the efforts of preliberal governments all across Europe to promote and even compel child labor as far back as the sixteenth century, and for children as young as four (Heckscher, 1955b, pp. 155–157).

less eligibility. The poor law reform bill that Pitt eventually produced based on his speech against Whitbread even included a right to employment at a rate specified by local officials. If a worker was unemployed, his parish had to employ him at such a rate; if privately employed, the parish must make up his wages to the minimum amount—virtually the Speenhamland system without the bread scale. A Parochial Fund (fueled by donations and the parish rates) insured against old age and disability. Perhaps unsurprisingly, the administrative machinery proposed to bring all these disparate elements into effect was of baroque complexity and managed to infuriate nearly all the interests affected by the Poor Laws. Pitt’s poor law reform bill, first introduced in December 1796, was therefore excoriated in public opinion and withdrawn two months later (Poynter, 1969, pp. 62–65). Writing about the incident later in his 1798 essay on population, Malthus affirmed that the bill was “framed with benevolent intentions” but that it still suffered from the “radical defect” of the poor law system: of “tending to increase population without increasing the means for its support” (Malthus, 1798, chap. V). Specifically, the child-subsidy clause, which in the bill provided a shilling a week to parents with more than two children (or one in the case of a single mother), came in for his particular criticism as increasing population without increasing the means of subsistence (Malthus, 1798, chap. VII).

Whitbread’s subsequent Poor Law reform efforts fared no better. As observed earlier, he made a second attempt to pass his minimum wage bill in 1800—adding to his previous arguments Pitt’s failure to pass a reform of his own. The proposal was quickly crushed (PH, 1819, col. 1426–1430). A similar fate befell Whitbread’s most ambitious

effort, an 1807 attempt to reform the Poor Laws as a whole. Here, perhaps surprisingly, he partly embraced Malthusian ideas to the extent of avoiding Pitt's policy of a subsidy to children. The centerpiece of the reform was a system of public education (Lancaster schools) combined with prizes for self-supporting labourers, reforms to the poor law administrative structure, moderate liberalization of the Law of Settlement, and scaling of relief payments to discourage dependency. More even than Pitt's bill, Whitbread's measure seemed to attract the ire of nearly all interested parties: both the Malthusians and the anti-Malthusians, both the Tory country squires and the reform-minded radicals gathered around William Cobbett and his *Political Register*. Even when split into three separate bills, all of Whitbread's ideas went down to defeat, with only one making it to the House of Lords to be rejected (Poynter, 1969, pp. 207–214). This was Whitbread's last attempt at a comprehensive solution to the problem of poverty before his suicide, probably due to depression, on the night of 5 July 1815 (Fulford, 1967, pp. 306–308; Poynter, 1969, p. 222).

The Debate Reread: Conclusions

Beyond its intrinsic historical interest, the goal of rereading the debate is to complicate the simple symbolism attributed to it by later commentators. This symbolism depends on William Pitt, or at least Pitt's "general principles" of political economy, being a pretext to defeat a bill in the true interest of the working classes and to the disadvantage of the wealthy. But Pitt's general principles were compatible with a reasonably generous welfare scheme, by the standards of the time, and it appears that Whitbread had no answer to the proto-orthodox challenges to the effects of the minimum wage itself—even

if such answers might conceivably be drawn from the resources of modern economics. The parliamentarians of 1796 were not necessarily insincere in their opposition to a minimum wage just because they couldn't foresee the (disputed) finds of Card and Krueger (1994). And, finally, the illiberal institutional context of Whitbread's proposal—both the Settlement Laws and the Statute of Artificers—puts it in a very different light from modern, nationwide proposals. These considerations prepare the ground for a second round of analysis: this time of the additional symbolism in the debate alleged to come from Adam Smith's influence, and marking the ascendancy of a cold and callous portion of his legacy over the warm and compassionate portion represented by Samuel Whitbread.

Adam Smith in the debate

The main interlocutor in this section is Emma Rothschild, for whom maintaining a Whitbread-Pitt dichotomy is essential. Equally essential for her argument to establish, though, is compatibility between Whitbread's specifically interventionist idea and the “real” Adam Smith. In her own words,

The 1796 debate can be interpreted as a conflict between two different 'Smiths,' Whitbread's and Pitt's. Whitbread's Smith is in many respects closer to the 'real' Smith, or to the real *Wealth of Nations*. (Rothschild, 1992, p. 86)

While partly accurate, particularly with respect to the tenor of language used about the poor, this statement as a whole is misleading. Adam Smith gave no indication that he would have approved of Whitbread's measure, and many indications that he would instead have approved of the course Pitt followed. He would probably, though, have pursued reform with more energy than Pitt, and described his aims in warmer language;

and in at least one crucial respect gone farther than either Whitbread or Pitt at this time dared.

Sympathy for Regulation?

Rothschild moves aggressively to establish Whitbread's Smithian credentials. He is described as "... strongly influenced by Smith...[and] follow[ing] the *Wealth of Nations* closely in his parliamentary presentation" (Rothschild, 1992, p. 84). Beyond alluding to Smithian principles near the beginning of his speech—the presumption of non-interference, and that “labour will find its own level” (Debrett, 1796b, p. 20) it is unclear what “following the *Wealth of Nations* closely” means. Neither Smith nor his book is mentioned by anyone in the debate by name, and Whitbread's empirical and legal discussion is clearly his own unique work. What Rothschild seems to mean, instead, is that Whitbread's argument is inspired by Smithian principles and sentiments, which she proceeds to illustrate with several quotations. These do not, however, prove what she intends.

The first quote deployed comes from Book One of the *Wealth of Nations*. Here Rothschild cites Smith's observation that “[w]hen the regulation...[of wages or working conditions] is in favor of the workmen, it is always just and equitable; but it is sometimes otherwise when in favor of the masters.” The “regulations” discussed by Smith here are the “differences between masters and workers” by which he seems to mean negotiation of terms of employment (WN, 1981, pp. I.x.c.61, 157–158). Rothschild seems to cast this as a blanket, forward-looking approval on Smith's part of *any* regulations in favor of workmen. The context, though, makes it clear that Smith is mainly reporting actual

experience rather than making a direct normative statement about “regulations.” The passage opens with a discussion of the *maximum* wage laws, and then observes that “[w]henever the legislature attempts to regulate the differences between masters and their work men, its counsellors are always the masters” (WN, 1981, pp. I.x.c.61, 157). This sentence was the reference of the word “therefore” in the passage cited by Rothschild, though it is actually omitted through the ellipsis. The full sentence actually begins “When the regulation, *therefore*, is in favor of the workmen” which clearly gives a descriptive purpose to the “just and equitable” passage instead of a normative one. Otherwise, as George Stigler points out, the paragraph is puzzling—why would the legislature, dominated by allies of the employers, *ever* pass a just and equitable law in favor of the workers (Stigler, 1971, pp. 139–140)? The most reasonable answer would seem to be that the best workmen could hope for was “merely” justice and equity, since they would never get actively favorable treatment and in fact often suffered from active *injustice* such as the maximum wage law of 8 George III. It is clear that Smith decries such injustice against the workers, but there is no suggestion in the context that he wants to go beyond putting them on equal footing with the employers. The prohibition of truck, or in-kind, wages that he advocates (WN, 1981, pp. I.x.c.61, 158) doesn’t contradict this interpretation, since (as no less an authority than J.R. McCulloch pointed out) employer abuse of this system was made possible only because of the harshness of the British law on debt. An unscrupulous capitalist could lure an employee into debt to the “company store,” subsequently change the terms of trade, and then use the threat of prosecution and actual imprisonment for debt to prevent the employee from leaving – thereby reducing

him to a kind of slavery (McCulloch, 1852, pp. 685–686). It is surely possible that Smith was aware of this system, as it was applied particularly harshly to Scottish colliers.

Rothschild's next appeal is to the famous passage from Smith's "Wages of Labour" chapter:

No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable. It is but equity, besides, that they who feed, cloath and lodge the whole body of the people, should have such a share of the produce of their own labor as to be themselves tolerably well fed, cloathed and lodged. (WN, 1981, pp. I.viii.36, 96)

These powerful words clearly convey a deep regard for the welfare of the poor. They contain no suggestion, though, that Smith advocates some legislative scheme to raise wages. He has just observed that wages have *in fact* already risen due to market forces; and his claim is that this is a good thing, and not something to regret: "Is this improvement in the circumstances of the lower ranks of the people to be regarded as an advantage or as an inconveniency to the society?" The previous six long paragraphs argued that real wages in Great Britain are above subsistence level and that standards of living have risen during the eighteenth century. Smith's real target here was the jaundiced view that begrudged the poor these improvements: "the common complaint that luxury extends itself even to the lowest ranks of the people, and that the labouring poor will not now be contented with the same food, cloathing and lodging which satisfied them in former times" (WN, 1981, pp. I.viii.c.35, 95–96). Just as in the earlier passage about "regulations," Smith is concerned to put the poor on a footing of equal dignity with the rest of society, able to enjoy what they have rightfully earned.

The final passage Rothschild cites in the immediate context of the wage debate is Smith's claim that wages are "regulated" by "common humanity" (Rothschild, 1992, p. 85). It is not easy to unpack what Smith means here, but whatever is doing the regulating certainly does not seem to be government. The full passage is

...the wages of labour seem, in the present times, to be evidently more than what is precisely necessary to enable the labourer to bring up a family ... [t]here are many plain symptoms that the wages of labour are no-where in this country regulated by this lowest rate which is consistent with common humanity. (WN, 1981, pp. I.viii.28, 91)

Smith's phrasing here—and particularly the words "this lowest rate"—strongly suggest that "common humanity" means only subsistence wages. This conclusion is consistent with Smith's discussion of wages in China, which he thought was not experiencing economic growth (WN, 1981, pp. I.viii.24, 89). From his description of the extreme poverty of the Chinese it is clear that the forces that Smith thought "regulated" wages were population growth and famine. In Smith's view, increased population growth would tend to drive wages towards subsistence. This, to him, was a positive and not a normative claim. There is little ground for reading any prescriptive dimension into "common humanity."

Even more discomfiting for Emma Rothschild's thesis are the instances in which Smith discusses wage regulations specifically. Though he never makes a clear statement about *minimum* wages as such, there seems to be little doubt that he did disapprove of legislative interference. Smith approvingly quotes Richard Burn's *History of the Poor Laws* against maximum wage regulations: "[I]t seems time to lay aside all endeavors to bring under strict regulations, what in its own nature seems incapable of minute

limitation” (WN, 1981, pp. I.x.c.60, 157). And elsewhere Smith in his own words says that “experience seems to show that law can never regulate [wages] properly, though it has often pretended to do so” (WN, 1981, pp. I.viii.34, 95). His thinking is further revealed by a comment on the assize (price control) of bread:

[W]here there is an exclusive corporation [monopoly], it may perhaps be proper to regulate the price of the first necessity of life. But where there is none, the competition will regulate it much better than any assize (WN, 1981, I.x.c.62, 158).

Here, it seems unlikely that the principle trusted in the case of food would somehow fail to operate when it came to the means of purchasing food—although the mention of monopoly does hint at the possibility of regulation as a second-best solution.

Implicit in this analysis of passages from the *Wealth of Nations* is the broader question whether there is an intrinsic conflict between the “general principles” of political economy and compassion for the poor. (More accurately, one might specify the general principles of *classical* political economy; or at the risk of tendentiousness, *pre-Malthusian classical* political economy.) For Rothschild, Pitt’s admittedly somewhat garbled defense of the market wage-setting mechanism was less Smithian than Whitbread’s interventionist plan (Rothschild, 1992, p. 86). But as many scholars have already argued (Den Uyl, 2005; Muller, 2006; Otteson, 2011, chap. 6,9; C. Smith, 2007); the implied conflict between “general principles” and compassion is largely absent from Smith’s writings. It is difficult, in other words, to understand what Smithian compassion stripped of Smithian principles would actually look like. A better explanation is that Smith believed that his principles, or, better put, the overall operation of the market system of natural liberty, *were* good for the poor; as his theory of growth demonstrates.

Smithian Growth Theory

The model of economic growth in the *Wealth of Nations* strongly ties worker welfare to capital accumulation. For Smith, laborers' wages were continually gravitating towards subsistence level because of population pressure. The actually realized rate of wages (what he called the market rate) could exceed subsistence only if the demand for labor raced ahead of population; a desirable state of society which had the auxiliary benefit of thwarting masters' combinations:

When in any country the demand for those who live by wages; labourers, journeymen, servants of every kind, is continually increasing...the workmen have no occasion to combine in order to raise their wages. The scarcity of hands occasions a competition among masters, who bid against one another, in order to get workmen, and *thus voluntarily break through the natural combination of masters not to raise wages.* (WN, 1981, I.viii.17, 86, emphasis added)

It is rising demand for labor that therefore promotes higher wages, without any need for intervention by government or even collective bargaining. Smith believes that this demand for labor itself comes from “the increase of the revenue and stock of every country, *and cannot possibly increase without it*” (WN, 1981, I.viii.21, 86-87, emphasis added). When a landlord or rentier achieves a surplus over immediate maintenance, he hires a servant; when a workman accumulates more capital than he needs personally, he hires a journeyman. Smith clearly thinks that this beneficial process proceeds best when not meddled with by government. He famously writes that “the general industry of the society never can exceed what the capital of the society can employ...*no regulation of commerce* can increase the quantity of industry in any society beyond what its capital can maintain” (WN, 1981, IV.ii.3, 453, emphasis added), and he generally trusts individuals

to be good stewards of their own business decisions.¹ Smith argues that “...the study of his own advantage naturally, or rather necessarily leads [the holder of capital] to prefer that employment which is most advantageous to society” (WN, 1981, IV.ii.4, 454) and explicitly rejects government meddling: “...every individual, it is evident, can, in his local situation, judge much better than any statesman or lawgiver can do for him” (WN, 1981, IV.ii.10, 456). Furthermore the accumulation of capital is seen as beneficial to the less well off; when someone saves, he “not only affords maintenance to an additional number of productive hands, for that or the ensuing year, but, like the founder of a publick workhouse, he establishes as it were a perpetual fund for the maintenance of an equal number in all times to come” (WN, 1981, II.iii.19, 338). Finally, Smith notes that only profit can give owners the incentive to invest their stock in this way (WN, 1981, I.viii.7-8, 82-83). Although he was suspicious of the *political* power of merchants and the rich, there is no reason to think that Smith viewed intervention in the ordinary course of economic life as necessary to protect the poor. No intervention, that is, except to ensure liberty and justice for all market participants; and so this is the field for speculation about what Adam Smith might have recommended in the crisis of 1795-96.

¹ This trust is only general, and not universal. There are a few exceptions. For instance, Smith famously (or infamously) argues for the prohibition of small denomination banknotes on the grounds that they would allow “mean people” to enter the banking business, and that the poor would be harmed by the “frequent bankruptcies to which such beggarly bankers must be liable.” He argued that, although this indeed was a violation of “natural liberty,” such a relatively small violation was justified to prevent much greater harm to society (WN, 1981, II.ii.90-94, 323-324).

Smithian Remedies

Speculation is of course all anyone is engaged in when they fit Smith's ideas to a situation after his death. However, in moderation this seems warranted—if only to rebut the claims of Rothschild (and others) that Smith could legitimately be claimed as the inspirer of intervention. If, as has been argued, Smith was *both* warm towards the poor *and* a proponent of economic freedom, a consistent student of his should have had an agenda to help the poor in their hour of need in 1795-96. This agenda need not have been restricted to what Pitt and Whitbread actually proposed.

The broad outlines of such a hypothetical agenda would, first, have probably included a complete reform of the Law of Settlements so as to end forever its restrictions on the liberty to move in search of work. As countless reformers learned over the course of the eighteenth and nineteenth centuries, this was by no means as easy as it seemed because of how deeply parish financing was embedded in the English Poor Law system. It may have been asking too much of the political system in 1796 to create a national system (even if such had been desirable). Notwithstanding, Pitt's reform efforts were shamefully feeble. A person of his intellectual abilities, with access to numerous friends and allies who might have helped him, really ought to have been able to simplify the laws around gaining (or, perhaps, refusing) a settlement in a new parish. Nor does it seem impossible that some sort of inter-parish billing system could have been created to remove all reluctance on the part of a host parish from receiving a potentially chargeable migrant—or reluctance on the part of a labourer to work away from home. Smith would surely also have recommended the liberalization of apprenticeship and corporation laws,

which he had already called for in 1776 (WN, 1981, IV.ii.42, 470). His opinion on the poor laws themselves is more difficult to guess; beyond the hostility to the settlement law, he doesn't express an opinion on them either positive or negative. There are no grounds to think he would have wanted to abolish them in the midst of a crisis.¹ But, in addition to these remedies, there are two further areas where Smith might arguably have recommended action: government intervention in the market for food and the combination laws.

The Market for Food

Both the actual participants and the commentators on the Pitt-Whitbread contest apparently assumed that the background reason for the debate, the shortage of grain in 1795-6, was caused by poor harvests and the war. They also thought that the solution to the crisis lay in a better distribution of income, and the ideological fault line opened between those who wanted to distribute this income as charity and those, like Whitbread, who wanted to distribute it by intervening in the labor market. The possibility of other, microeconomic causes for the shortage goes unexamined. Adam Smith, however, would probably have investigated the situation more closely. His "Digression" on the Corn

¹ Smith's famous description of the proper duties of the sovereign (WN, 1981, IV.ix.51, 687) does not, of course, include relief of the poor. In the "system of natural liberty," as Smith describes it, the government has only three roles: national defense, maintenance of justice, and the provision of "certain publick works and certain publick institutions" which Smith describes according to the modern understanding of public goods. Welfare provided by the central government fits only awkwardly into this third category. However, the Poor Law system was not administered from London even though national laws set its broad parameters. The strong influence of local control on collection and disbursement of funds had many unattractive aspects, but may have given the system a quasi-voluntary, "community" character at least from the perspective of the more powerful ratepayers. Smith's attitude to all this, as a Scotsman, must remain mysterious.

Laws contains an extraordinarily strong claim that while “dearths” may result from war or bad harvests, “a famine has never arisen from any other cause but the violence of government attempting, by improper means, to remedy the inconveniences of a dearth” (WN, 1981, pp. IV.v.b.5, 526). While Britain did not reach famine conditions in 1795-96, Smith might still have suspected that “improper means” had been employed. And in fact, though frost and floods did lead to a poor 1795 harvest, and the war with France disrupted some sources of imports, the British government had also intervened in the grain market. Starting as early as January 1795, London had begun to purchase wheat abroad and to handle all importation through chartered or government-owned ships—all on government account. With the government in the market, no private merchants traded in grain, and the state’s performance was uneven. A state-sponsored fleet dispatched to collect part of the bountiful Canadian harvest of 1794 allowed half the cargo to spoil in hot conditions. Subsequently, fearing food shortages in Canada itself, the Governor-General embargoed further exports from the country. Finally, in November 1795 Parliament passed an act forcing the government to cease its grain-importing activities; by March 1796 (shortly after the Pitt-Whitbread debate) private grain imports began to reach England, easing the crisis. Indeed, grain imports in 1796 were three times those of 1795, although an unknown portion of these were due to government orders in arrears. Though all this at least suggests that state interference contributed to the crisis the principal economic historian studying these events—from whom this account is drawn—blandly dismisses the idea. After all, “[t]he consequences of events which did not happen [that is, non-intervention in the grain market] are not amenable to historical proof”

(Stern, 1964). A Smithian policymaker in 1795 would have resisted this agnosticism and ejected government from the grain market more swiftly.

The second major intervention in the market for food came closer to the consumer, in the bakeries themselves. Efforts by the bakers during the crisis to substitute other grains for scarce wheat were hampered by regulations, the so-called “assize of bread,” which was a convoluted legislative survival from the Middle Ages. The assize defined the various types of bread which could legally be sold, fixed their price, and in theory allowed for periodic adjustment of the allowable weight of the loaf proportionate to the price of wheat. The adjustment process broke down during the grain crisis, however, and the bakers reported that “they were not allowed enough to pay for manufacturing, and in many cases were considerably out of pocket” (Webb & Webb, 1904). Although Parliament authorized—and in fact commissioned—various attempts to find substitutes for wheat, the controls on bread hampered such adaptation: “the law laid down in detail what grades of wheaten bread could be sold and how to price them, making allowance neither for the introduction of a higher extraction rate for flour nor for the fixing of a price adequate to remunerate bakers” (Stern, 1964, p. 185). Here it was William Pitt who rightly assessed the situation, noting (on 3 November 1795) that “as the law stood, the farmer had an interest in preventing [the highest quality wheat] from coming into consumption” (PH, 1818, col. 235–237). And it was Pitt who secured a relaxation of the assize for London and its hinterland, although not until 1797 (Webb & Webb, 1904, p. 212). Changes made under his leadership therefore represent a considerable achievement: the assize was “never again allowed to hamper the feeding of

the people at a time of wheat scarcity;" nor did the government trade in grain for the remainder of the Napoleonic Wars, nor were the corn laws themselves enforced for the remainder of the conflict (Stern, 1964, p. 187).

Worker Combinations

The second obvious policy area for a “Smithian” solution to the crisis lay in the area of worker combinations, or unions. Although the (in)famous Combination Acts proper were not passed until 1799 and 1800, common law as far back as the Middle Ages viewed such combinations as conspiracies in restraint of trade. The punishment meted out by the common law and various statutes was in fact more severe than that prescribed by the Acts of 1799-1800. English workers in 1796 were definitely not able to engage in free collective bargaining (George, 1936). This basic inequity was noticed and implicitly condemned by Adam Smith, who noted that the law “punish[es] [workers] very severely” when they create an association to raise wages, though masters are able to achieve the same ends through repressive laws—in his example the Journeymen Tailors Act of 1768, which prohibited tailors’ strikes and fixed their wages by judicial authority (Orth, 1987, pp. 181–182; WN, 1981, pp. I.x.c.61, 157–158). Such ideas were not Smith’s alone; in 1796 a country vicar, Howlett, complained about combinations of masters (Hammond & Hammond, 1913, pp. 185–186).

If there were in fact monopolistic features to the English labor market—particularly in the Southeastern rural parishes—then one obvious remedy would have been to repeal all of the scattered statutes against combinations. Free collective bargaining would then have been able to elevate wages at least to some extent. Karl

Polanyi himself thought that the problems of the Speenhamland system could have been cured in this way (Polanyi, 1957, p. 81). This is an area in which Pitt did depart dramatically from Adam Smith's legacy. Whitbread, it is true, failed to bring up combinations at all in the 1796 debate, and did not try to repeal them as part of his second wage bill in 1800. But he did at least speak about them in the 1800 debate, revealing both a sense of equity and (incidentally) his limited model of wage determination:

...it was said that the price of labour would find its level. How did it find its level? If labourers found they were not sufficiently paid, they combined, and the price of labour was raised. The multiplied statutes to prevent combinations operated more strongly against the labourers in any attempt to raise their wages, than against the masters who might attempt to reduce them. (PH, 1819, col. 1430)

Pitt by contrast was actually the author of the 1799 and 1800 Acts, although he may have been motivated by the exigencies of the war with France rather than a specific desire to repress wages (George, 1936, p. 177). But he was certainly suspicious of combinations; as mentioned above he had justified the 1563 Statute of Artificers as a "guard [against] the industry of the country...being checked by a general combination among labourers" (Debrett, 1796b, p. 23).

Pitt's hostility to the Combination Laws might at first seem evidence for Rothschild's ideas about "cold" political economy. It is true that the later classical economists had an ambivalent relationship with combinations, torn between the presumption of individual liberty (which supported free association) and their fear of labor strife and monopoly. But for all that, the massive 1824 repeal of all the anti-combination laws—managed by the radical London tailor Francis Place—was strongly supported by John Ramsay McCulloch, and to a lesser extent by David Ricardo. Many of

the reformers, furthermore, viewed themselves as operating in the Smithian tradition because of the quoted lines from Chapter Ten of the *Wealth of Nations* (Grampp, 1979). There is no intrinsic reason such a solution couldn't have been pursued thirty years earlier, except for the political dynamics created by the war with France.

Smith-inspired political economy, then, would plausibly have had many policy options to deploy in aid of the poor of 1795-6. These options would have been consistent both with his “general principles” of political economy and with his passionate advocacy of the rights of the poor. Combined with the existing Poor Law system and the large amounts of charitable relief that were actually given, such reforms—with some perhaps phased in to avoid labor market disruptions—could scarcely have made the situation worse, and may have made it a good deal better, at least in the long run. Whatever the merits of Whitbread's minimum wage bill according to the labor economics of two centuries later, it cannot be argued that it was the only compassionate policy option available to the political economy of 1795-96.

Aftermath and Significance

The Pitt-Whitbread debate intrigues both in itself and in its interpretative afterlife long after all participants in it had died. Even if no completely definitive verdicts are possible in either of these areas, some closing judgments now seem possible. As an episode in the application of economic thought to policy, the debate does not represent the hinge after which political economy swung towards indifference to the poor; both Pitt and Whitbread shared many key suppositions and (imperfectly and inconsistently) sought reform. Later interpreters go astray on this point because of their mishandling of the

minimum wage idea itself. They simply assume that it would obviously have worked as advertised, and therefore that opposition to it must have been misguided if not sinister. The objectionable step here is not approval of the minimum wage, which is after all a contested issue in modern economics, but the failure to recognize controversy exists at all. This failure cripples the analysis both of the earlier historians (the Webbs and Polanyi), who see in the debate a turning point for Poor Law policy, and for the later commentators (Rothschild, Lux, and their followers) who see in it a broader ideological symbolism. Viewed in the context of its time, the episode itself becomes a messy but not uninspiring interplay of politics, institutions, and economic thought at the dawn of classical economics.

The lens for reading the Whitbread-Pitt encounter favored by Rothschild and others is dualistic. Whitbread is associated with the left, Pitt with the right; warmth and compassion with the former, coldness and adherence to dogma with the latter. Equity and government intervention go together. This polar opposition does violence to the nuanced reality of the debate; it is a strange Manichean contest in which both parties agree on the ultimate solution to the problem. But Whitbread explicitly acknowledged that he would not have needed to make his proposal if Pitt's reforms were already in effect (PH, 1818, col. 714). As has been argued, their disagreement was in some sense tactical, not strategic. Whitbread and his allies feared (correctly, as it turned out) that Pitt's reforms were too uncertain in timing to serve in the present emergency. But both Pitt and Whitbread were heirs of Smith in that they argued that workers *deserved* liberty and justice—even if Pitt used cooler language, and even though Pitt in other, more purely

political, contexts advocated repression. But it was also Pitt who reformed the assize of bread and (apparently) reliberalized the grain importation industry. He was willing to subsidize families with many children, hardly an act (whatever its wisdom) of an enemy of the poor. And though neither Pitt nor Whitbread had anything approaching even a principles-level analysis of the minimum wage proposal, Pitt at least hit on the textbook “correct” answer while Whitbread gave no sign of understanding the question.

The same, unfortunately, seems to be true of the later commentators on the debate. It would certainly have been defensible for Emma Rothschild (for instance) to mention the orthodox analysis of the minimum wage, but subsequently either appeal to its alleged exceptions or clarify that her goal was merely tracing intellectual trends, not passing a judgment on policy. Even the canonical analysis confers a grudging, second or third best policy status for a minimum wage in the case of employer power, which Rothschild might have mentioned (Stigler, 1946, pp. 363–364). But she does none of these things, not even in her book *Economic Sentiments* (2001) published years after Card and Krueger (1994) launched their empirical challenge to the orthodox analysis and after defenders responded (Neumark & Wascher, 2000). Such an explanation matters, since it is difficult to criticize Pitt’s stance while at the same time suspecting that he and his allies were right that the measure would do net harm to workers. Elevating the interventionist Whitbread as the true heir of Adam Smith is similarly difficult, even though he is otherwise an attractive figure whose failure was one of analysis not intent. But Rothschild is not alone in this failing: none of the other commentators justify their positive view of

Whitbread's measure in microeconomic terms either. To deduce they didn't fully grasp the problem strains belief, but seems to be the only alternative to deliberate suppression.

The final legacy of the debate should not, however, be disheartening. For all their failings, Pitt and Whitbread (with their colleagues) had forever left behind the mercantilist attitude to labor expressed by William Petty in the seventeenth century. Instead of being drudges doomed to ignorance and poverty—albeit relieved in distress by paternalism—it was not contested in principle that the poor should possess economic freedom, independence, and even dignity. What efforts the political class was willing to make in this direction was of course another story, and the first half of the nineteenth century showed the yawning gap between Adam Smith's vision for the poor and the reality. But even if post-Smith classical political economy was partly to blame for the repression and misery of the 1800s—a thesis vigorously contested by Lord Robbins, for one, at least so far as the goals of policy (Robbins, 1978)—the rejection of Whitbread's minimum wage proposal is a poor symbol for the transition. Pitt's defense of market principles was fully consistent with Smith's idea that the market system of natural liberty was good for everyone, rich and poor alike. Pitt (and Smith) opposed government intervention in the price system, not because of a fetish for “general principles” per se, but because “principles” predicted that the intervention would be counterproductive. Pitt's impulse to remove the restrictions on natural liberty harming the workers was deeply Smithian, as was his fear of causing harm with a well-intentioned but ultimately destructive policy. His opponent Whitbread, of course, was no villain, and the two men ended their debate in tolerable agreement and cordiality. Even though that moment's

hope of reform ultimately went unfulfilled, it did briefly exist, and these two followers of Adam Smith could in principle have pursued a program of reform together. Later commentators have overlooked this moment of concord between the two British politicians, just as they overlook the compatibility later in time between concern for the poor and commitment to free-market principles. To conclude by paraphrasing Rothschild's own closing words from "Adam Smith and Conservative Economics": The interesting project, for both economics and intellectual history, is to move back in time and reunify these two aspects of Adam Smith's thought in a way faithful to his own ideas.

CHAPTER THREE: THE SYMPATHIES IN ECONOMICS

The concept of sympathy, at first glance, might seem peripheral to economics: a fuzzy, imprecise idea mainly of interest to psychologists and the makers of condolence cards. To the extent that it has any place in modern economics, sympathy serves as a synonym for benevolence or altruism. It plays a minor supporting role in models in which there is a “positive valuation of the beneficiary’s wealth by the donor” (Kolm & Ythier, 2006, p. 233). As an idea, it is even somewhat disparaged by philosophically minded economists. For Deirdre McCloskey, sympathy in its modern sense collapses into a pursuit of self-interest by other means; it becomes “a matter of mere prudence...sympathy *because* it brings prudent pleasure” (McCloskey, 2006, pp. 135–136). And Amartya Sen also thinks that sympathy is “in an important sense egoistic” for similar reasons (Sen, 1977, p. 326). Nor does the history of economic thought seem to rescue the idea from obscurity. Though sympathy was the master idea of the *Theory of Moral Sentiments*, the first of Adam Smith’s two great books, it is the *Wealth of Nations* that economists view as seminal for their discipline—and in that book, the word sympathy does not appear.

Despite appearances, though, this obscure idea gives purchase on a thorny issue in economic methodology. This was identified more than forty years ago by the President of the American Economic Association, Kenneth Boulding, who warned that the

discipline's approach to human decision-making was seriously incomplete. It did not take into account interdependent preferences stemming from benevolence or malevolence on the part of agents. Neither could it accommodate "heroic" ethical systems whose practitioners disdained to count costs. A person who held a military, religious, or "sporting" ethic would sometimes take an action "not because of the effects that it will have, but because of what he 'is,' that is, how he perceives his own identity." Beyond producing "saints and martyrs of all faiths, religious or secular," this kind of motivation also "gives rise to a great deal of quiet heroism...in jobs, in marriage, in child rearing...without which a good deal of the economy might fall apart" (Boulding 1969). A similar argument was later advanced by Amartya Sen, who called adherence to ethical rules regardless of their welfare impact "commitment." Sen argued strenuously that revealed-preference theory amounts to a kind of definitional egoism, and that even an economics that incorporates interpersonal preferences elides the possibility an agent will take a genuinely welfare-lowering action out of moral obligation (1977, 2005).

Since Boulding's time, great progress has been made meeting the part of his challenge concerning interpersonal utility. In this domain the modern conception of "sympathy" has proven its worth. Economists and philosophers are still engaged in a vigorous debate about "commitment," however, with some findings from experimental economists supporting Sen's critique and others arguing that a broader conception of rational choice can meet his attack. Without taking a position in this debate, it is clear that sympathy as a concept is viewed as belonging to the narrower conception of rational choice. Daniel Hausman explains that "...sympathy is the way in which benefits and

harms to other people register within self-interested preferences...” (quoted in Peter & Schmid, 2007, p. 57). It supports the interpretation of all action as utility maximizing.

Sympathy has a split personality. In its modern form it is the enemy of “commitment,” the (arguable) existence of non-maximizing action based on identity. Adam Smith’s *Theory of Moral Sentiments*, though, abounds with committed statements—and is in fact praised for this reason by both Sen (1988, pp. 22–25) and McCloskey (2006, pp. 119–122). To give a particularly salient example, Smith’s “great stoical maxim” prohibits “one man to deprive another unjustly of any thing, or unjustly to promote his own advantage by the loss or disadvantage of another.” In context, the “maxim” is even stronger; one person must never injure another even if “the benefit to the one should be much greater than the hurt or injury to the other” (TMS, 1982, III.3.6, 138). This is a moral prohibition, and in the *Theory* sympathy is the foundation of morality; as a nineteenth-century commentator remarked, Smith’s thesis was so daring because it claimed, in Thomas Brown’s words, that there is a “necessary antecedence of sympathy to our moral approbation or disapprobation [of all actions]” (quoted in Reeder, 1997, p. 141). Sympathy for Adam Smith, then, directly enables “committed” behavior in a way that seems directly contradictory to the concept’s modern implications. The tension can only be resolved by recognizing that multiple meanings of the word “sympathy” are in play. The modern idea, to be identified here as “welfare” sympathy, captures only one of four valences of the word distinguishable in older writers on economic themes. This essay will identify a valence called “concord” sympathy, now largely forgotten, as forming a strong link to ethical rules in the writings of Adam Smith

and others. A short narrative will then trace the fortunes of this concept of sympathy as it faded out of general use. Several arguments then follow supportive of a revival of concord sympathy within modern economics, not to the exclusion of the “welfare” view but as a necessary complement to it. The central aim here is to establish that “welfare” sympathy alone—as interpreted most preeminently by Gary Becker—cannot plausibly motivate non-instrumental ethical behavior in modern society. To the extent that such behavior is vital for social flourishing, as argued recently by David Rose (2011), the existence of concord sympathy can serve both as a tool for positive understanding and perhaps even a normative guidepost. First, though, two preparatory tasks must be performed. The meaning of commitment and its relation to sympathy needs elaboration, as do the four meanings of sympathy with which economists, arguably, ought to work.

Sympathy and Commitment

Kenneth Boulding’s “heroism” and Amartya Sen’s idea of “commitment” pose a serious threat to the completeness of the economic view of the world. These terms describe moral obligations (not necessarily large ones) that are obeyed not because they make one better off in a welfare sense, but out of a sense of duty or fundamental identity. Actions taken under such a justification fit only uneasily within the revealed-preference, rational choice view of the world. Consider, for example, a bystander rescuing a drowning person at some risk to her own safety. Assume further that, as seems to be the case at least sometimes, such rescues are not motivated purely by reputational reasons, hope of reward, or other indirectly egoistic reasons. While the rescue might still in some definitional sense still be utility-maximizing (perhaps because of the “pleasure of being

heroic”) the cost of explaining everything this way would seem to be explaining nothing. The term “selfish” loses any traction if it describes the motives of both Bonhoeffer and Eichmann. Furthermore, the definitional egoist line of thinking oversimplifies individual choice. It would, for one thing, miss the possibility that an individual chose to act “as if” he had different preferences due to Kantian or other universalizing considerations (Sen, 1974). As Sen (1985) also points out, the “private interest” of a person has three interpretations. Someone may pursue his own narrow, individual self-interest, what Sen calls “self-centered welfare.” A person may also have a “self-welfare goal” that takes the interests of others into account, though only through the intermediation of the agent’s own utility function (this is Gary Becker’s approach, and the level where “sympathy” in Sen’s definition operates). Third, someone may pursue goals even at the expense of his own welfare and that of others he cares about; but a level of selfishness can persist even on this level of “self-goal choice” if these goals are chosen without regard to the objectives of others.

Ethical commitments can constrain agents operating on any one of these levels. Someone may be wholly self-centered in terms of his goals, for example, but still be willing to partly accommodate his pursuit of these goals to the objectives of other people. He might, for example, pursue wealth relentlessly, but feel himself bound by rules of justice and fair dealing that sometimes deflect him from this pursuit (Sen, 1985, p. 347). Commitment can also subject goals themselves to examination and alteration by reason (Sen, 2005) as well as

[break] the tight link between individual welfare (with or without sympathy) and the choice of action (e.g., acting to help remove some misery even though one personally does not suffer from it). (Sen, 1985, p. 347)

What Sen is proposing is that benevolent action may sometimes occur even when the “sympathy,” in the modern sense, is weak or nonexistent. He is supported in this claim by another example from Adam Smith, the famous scenario illustrating the “stoical maxim.” Imagine, Smith says, that China and all its inhabitants are destroyed by an earthquake. A “man of humanity” in Europe, hearing of the disaster, will express sadness and compassion for the slain. However, his own friends and affairs being unaffected, he would regain his tranquility very quickly and sleep soundly that night. In fact, “a more real disturbance” to him would be the loss of his little finger in an accident. His sympathy for the Chinese is, in the modern sense of the word, extremely weak. Yet despite this disjunction between his own interests and those of the Chinese, “[h]uman nature startles with horror at the thought” that the man would be willing for the earthquake to happen if that would save his little finger. Reason, conscience, and Smith’s conception of the impartial spectator would absolutely forbid such a tradeoff—not the “feeble spark of benevolence which Nature has lighted up in the human heart” (TMS, 1982 III.3.4, 136-137). In as many words, Smith claims here that sympathy in its modern usage is not the motivation for committed action.

These distinctions may seem unworldly but do in fact have a practical application. Although the causes of the great world recession of 2008 are many and disputed, most informed commentators attribute at least some role to opportunistic behavior beforehand on the part of many actors in business, government, and the murky boundary between the

two (Morgenson & Rosner, 2011). And this is of course only the most currently prominent of many instances in which excessively short-term or (narrowly) self-serving decision-making produced inferior results. Sen (Sen, 2005, p. 9) argues that companies even in routine times must depend on a level of employee commitment to honesty, hard work, innovation etc. that cannot be fully monitored or specified by contract. And Buchanan (2011) contends that private market actors can't be expected to generate the optimal rules to govern the market itself, since these rules are public goods – a view that significantly reduces the appeal of the famed aphorism by one of the Goldman Sachs elders, Gus Levy, that the firm ought to be “Greedy, but long-term greedy” (Endlich, 2000, p. 18).

If these concerns are justified, economics itself can play a role in either exacerbating or mitigating destructive forms of behavior. Some experimental findings suggest that there is a feedback effect from economic models to the values people instantiate with their behavior (Frank, Gilovich, & Regan, 1993; Marwell & Ames, 1981). If some level of commitment is healthy for society, an economics that accommodates such commitment might be superior to one that excludes it by definition. Understanding how the concept of sympathy fits into such a project might then have a practical justification. The next task, then, is to scrutinize the concept itself more closely.

Four Kinds of Sympathy

Sympathy is an equivocal word with multiple meanings. Though it descends from the Greek *συμπάθεια*, “sympathy” has no single, authoritatively accepted definition even within a single field such as psychology (Eisenberg & Strayer, 1990, p. 7; Liddell &

Scott, 1940). The *Oxford English Dictionary* identifies at least eight shades of meaning within it (“sympathy, n.” OED Online, 2011). Half, arguably, have nothing to do with economics, such as the medieval belief that “sympathy” connected iron and lodestone (or disorders of the stomach with that of the kidneys). The remaining four definitions, however, do have an economic dimension. OED definition 3b roughly corresponds to a concept identified here as *responsive sympathy*, and meaning 3a to *social sympathy*. The key distinction for the present argument, however, is that between meaning 3c (called here *welfare sympathy*) and definition 3d, *concord sympathy*. Though new terms shouldn’t be used when old ones will do, in this case there really don’t seem to be sufficiently precise words for sympathy’s diverse meanings. And, as psychologist Lauren Wispé has observed (after Lavoisier), “to call forth a concept a word is needed” (1986, p. 1). Beginning with “responsive sympathy” first, the diversity of these four concepts—and the diverse implications they have for economics—will become clear.

Responsive Sympathy: Shared Emotion

The first and perhaps most obvious form of sympathy is that which responds to another’s feelings: it is the OED’s “quality or state of being affected by the condition of another with a feeling similar or corresponding to that of the other” (“sympathy, n.” OED Online, 2011). We feel touched by sorrow ourselves when someone else weeps, and feel grave and attentive when an ambulance rushes past with siren blaring. This usage is very ancient. Although finding the exact word “sympathy” in non-English languages is a function of the translation, in meaning at least the goddess Hera feels such sympathy (compassion) for the Argives dying of plague in book I of the *Iliad* (1924, vv. 54–60).

Xenophon, in his *Oeconomicus*, recommends that a householder conciliate his servant so that she “share[s] our joys in the day of gladness, or, if aught unkind befell us...[she will] sympathise in our sorrow” (Xenophon, 2008, chap. IX.7). Though sympathy does not appear in the other leading “economic” texts of Greek antiquity – Hesiod’s *Works and Days* or either the *Economics* or *Nicomachean Ethics* of Aristotle – mentions are found in the Hebrew Bible, as when David sends messengers to Hanun to “express his sympathy...concerning his father” Nahash, who had died (1 Chronicles 19, NIV). Elsewhere, the writer of Psalm 69 “looked for sympathy, but [found] none” (NIV) and the Lord commanded Jeremiah not to show sympathy for any bereaved Israelite, because of his wrath against them (Jeremiah 16:5).

From the beginning, of course, there was a brighter side to responsive sympathy: the sharing of another’s happiness or joy, as well as their grief. This meaning can be seen in Aeschylus’s *Agamemnon*:

Many of mortal men put appearance before truth and thereby transgress the right. Every one is ready to heave a sigh over the unfortunate, but no sting of true sorrow reaches the heart; and in seeming sympathy they join in others' joy, forcing their faces into smiles.
(1926, lines 785–796 emphasis added)

The focus here should not be on the counterfeiting but the possibility of a sharing another’s joy. In a similar vein the Roman poet Horace observed that “[a]s the human countenance smiles on those that smile, so does it sympathize with those that weep” (1863, v. 99). Many centuries later, Horace’s meaning survived in Disraeli’s observation (in his novel *Endymion*) that “the sympathy of sorrow is stronger than the sympathy of prosperity” (1880, p. 65). Responsive sympathy also entered political philosophy as well,

at least as early as the late seventeenth century. As part of his counter to Hobbes's view of human nature, Richard Cumberland (an Anglican clergyman) included sympathy as part of his more optimistic view:

...we perceive in...[mature human beings, an] expectation of *Compassion* from Men, and a *Sympathy* to be accounted for upon Principles which I shall afterwards explain, *by which they rejoice with those that rejoice, and weep with those that weep.* (Cumberland 1672, 237, emphasis added)

This “positive” part of responsive sympathy, too, has its counterpart in everyday experience. It is hard to remain somber when everyone around is laughing or smiling. David Hume described the same phenomena in his *Treatise of Human Nature*; human beings have a “propensity...to sympathize with others, and to receive by communication their inclinations and sentiments...a chearful countenance infuses...serenity into my mind; as an angry or sorrowful one throws a sudden damp upon me” (Hume, 1739, sec. II.I.XI). Applying his theory of the mind, Hume argued that we feel sympathy because our idea of another's experience is converted into an “impression” that we feel directly, and that causes us to have the same emotion as the person we observe (Hume, 1739, sec. II.II.V). The effect is stronger the more closely the observed person is connected to us, because the idea of their experience draws strength from the power of our own self-conception. The opinion of relatives, friends, and neighbors matters more to us those of strangers, although there is a certain level of sympathy generated by shared humanity alone. This principle explains the love of fame, as well as the respect we feel for the wealthy, since by sympathy we enter into the satisfaction that riches give “to their

possessor; and this satisfaction is convey'd to the beholder by the imagination” (Hume, 1739, sec. II.II.V).

Social Sympathy: The Pleasure of Joint Experience

Closely allied, but not identical, to responsive sympathy is a meaning very roughly corresponding to the “community of feeling” that “makes persons agreeable to each other” categorized by the OED’s definition 3a (2011). The correspondence is inexact since the *OED* focuses on a kind of sympathy (compatibility) in long-term relationships, such as marriages or friendships, which leads to harmony and happiness. Social sympathy, in the present schema, has a slightly different emphasis: the kind of sympathy that can produce enhanced enjoyment based on joint experience. The pleasure of social sympathy partly explains why watching a baseball game at a stadium is (usually) more delightful than watching it alone in the comfort of a den. Responsive sympathy is therefore clearly connected to social sympathy; a sad or distracted spectator at the ballpark may well be infected by the enthusiasm of the other fans. But social sympathy has more of a specific and deliberate character than responsive sympathy; it is something that may be sought out rather than experienced by chance.

Descriptions of social sympathy appear clearly in the “moral sense” or sentimentalist tradition of British thinking, whose founder is widely judged to be the third Earl of Shaftesbury and whose members include Francis Hutcheson and (to some extent) David Hume and Adam Smith himself (den Uyl, 2001). A characteristic illustration appears in Shaftesbury’s 1699 essay “An Inquiry Concerning Virtue and Merit.” As part of his project to reconcile self-interest with the interests of society, Shaftesbury observes

that happiness is really nothing more than a “constant flowing Series or Train of mental Enjoyments, or Pleasures of the Mind.” While sensual enjoyments can certainly produce such pleasures, their most reliable sources are the “natural affections”—by which Shaftesbury means pro-social affections as opposed to purely private ones. From these, he thinks “nine Tenths” of life’s real enjoyment is derived (Shaftesbury, 2001, p. 45). Of these pro-social affections he writes “...how many the Pleasures are, of sharing Contentment and Delight with others; of receiving it in Fellowship and Company...[s]o insinuating are these Pleasures of Sympathy” (Shaftesbury, 2001, p. 44). A feast, no matter how delicious or well-prepared, is usually melancholy eaten alone. Other people are needed to make it delightful. Shaftesbury pungently adds that even “[c]ourtezans...know very well how necessary it is, that every-one whom they entertain with their Beauty, shou’d believe there are Satisfactions reciprocal; and that pleasures are no less *given* than *received*” (Shaftesbury, 2001, p. 51).

Social sympathy appears in the other sentimentalist authors as well; Adam Smith’s beloved teacher Francis Hutcheson observed that

by means of this sympathy...it happens, as by a sort of contagion or infection, that all our pleasures...are strangely increased by their being shared with others...whatever is agreeable, pleasant, witty, or jocose naturally burns forth, and breaks out among others, and must be imparted. (Hutcheson, 1747, pp. 14–15).

Likewise, David Hume thought that “[e]very pleasure languishes when enjoy’d apart from company, and every pain becomes more cruel and intolerable.” Even if a person somehow had the whole earth at his command, “[h]e will still be miserable, till you give him some one person at least, with whom he may share his happiness, and whose esteem

and friendship he may enjoy” (Hume, 1739, sec. II.II.V). Adam Smith, too, discusses a version of social sympathy in the *Theory of Moral Sentiments*. When we are “in company”, Smith says, we hope that everyone laughs at our jokes and are mortified if we are the only one who does so. There is therefore something about the mere harmony of emotions that we enjoy, separate from and in addition to the extra gaiety created by other people’s mirth (TMS, 1982, I.i.2.i, 13).

For Smith, as for Shaftesbury, Hutcheson, and Hume, the operation of social sympathy requires mutual presence—physical proximity. The pleasure of sharing a picnic comes from being together; the effect would not be at all the same if the picnickers were separated by a hill or a wall. Smith’s famous opening sentence of his *Theory*, that a man is interested in the fortunes of others “though he derives nothing from it but the pleasure of *seeing* it” (TMS, 1982, I.i.I, 9, emphasis added) suddenly becomes a more meaningful qualification.

Welfare Sympathy: The Extended Self

The responsive and social forms of sympathy don’t exhaust it’s meanings in literature and real life. Specifically, the mere reflection of another’s emotion doesn’t imply any lasting concern for his happiness or sadness; once the ambulance speeds past with its anonymous victim, a bystander usually reverts to her usual preoccupations. The spectator’s emotional experience would be far different if she knew the ambulance carried her friend. The full opening lines of Smith’s *Theory*, containing the words just quoted above, suggest this meaning—which is called here “welfare sympathy”:

However 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 (TMS, 1982, I.i.I, 9).

This idea, too, has a long history. When Cicero viewed sympathy as critical to a fully human life, he recognized that it could bring additional suffering to the sympathetic agent:

Wherefore, if distress of mind befalls a wise man (as it certainly does unless we assume that human sympathy has been rooted out of his heart), why should we remove friendship entirely from our lives in order that we may suffer no worries on its account? For when the soul is deprived of emotion, what difference is there...between man and a stock or a stone [?] (1923, p. 48)

The wise man, in Cicero's discussion, does not necessarily experience misfortune himself; it merely happens to his friends, which occasions him "distress of mind." But the value of being fully human outweighs this vulnerability.

To minds steeped in the later intellectual history of economics, the natural interpretation of Smith's words is that they imply interrelated "utility" between people; the happiness of an observer depends on the happiness or fortune of the observed. Agent A's utility depends on his own prosperity and the well-being of others he cares about. This is also the modern working definition of altruism, which in a modern treatment is virtually synonymous with sympathy:

This positive valuation of the beneficiary's wealth by the donor usually is named altruism in economic theory, notably since Becker (1976)...[f]ormal altruism is usually interpreted...in family contexts, as feelings of individual sympathy, such as liking or love; in charity contexts, as philanthropy (sympathy towards mankind), frequently associated with feelings of pity or compassion; in socio-political contexts, as feelings of

solidarity (sympathy towards community members) or fraternity (sympathy towards equals). (Kolm & Ythier, 2006, p. 233)

A similar view is expressed in Sugden (2002, p. 66), who views “*altruistic, benevolent or sympathetic preferences*” as all describing the same thing, an epicycle reconciling rational choice theory with non-selfish behavior. A seminal formulation of this view came in Francis Edgeworth’s (1881) *Mathematical Psychics*, which describes agents “actuated in effective moments by a sympathy with each other’s interests... the object which X (whose own utility is P) tends...to maximize, is not P, but $P + \lambda\pi$, where λ is a *coefficient of effective sympathy*” (Edgeworth, 1881, p. 53). Albeit in a more sophisticated form, this Edgeworthian tradition continued in Gary Becker’s work in the mid-seventies on social interactions and altruism, considered a landmark in economists’ reinvigorated interest in other-regarding behavior (Becker, 1974, 1976; Fontaine, 2007, p. 2; Sally, 2002). In the 1974 paper Becker aimed to build a rigorous model of the human pursuit of ends dependent on others, such as “distinction, a good name, or benevolence” through the use of interdependent utility functions (Becker, 1974, pp. 1063–1065). In Becker’s treatment, the utility of an agent h might be depend on both his own consumption (x_h) and the consumption of someone else, i , represented as

$$U_h = x_h^{a_h} x_i^{b_h}$$

with the weights depending on h ’s preferences (1974, p. 1081, n). Since Becker himself linked his project with Jeremy Bentham, and Bentham viewed “sympathy or benevolence” as equivalent, it seems wholly legitimate to read Becker as writing about sympathy under another name (Bentham, 1879, p. 313).

More recently, in his classic *Evolution of Cooperation*, Robert Axelrod defends the relevance of his analysis of "how individuals pursuing their own interests will act" by observing that "[i]f a sister is concerned for the welfare of her brother, the sister's self-interest can be thought of as including (among many other things) this concern for the welfare of her brother" (Axelrod, 1984, pp. 6–7). And in their analysis of ideas from both Becker and James Buchanan, Bruce and Waldman (1990) employ a more complex multi-period utility function (for parents) that is still recognizably in Edgeworth's tradition; they conceive that parents' utility depends on their own two-period consumption and the well-being of their child, thus

$$V(C_1^p, C_2^p \cdot U) = v_1(C_1^p) + v_2(C_2^p) + wU$$

where the C terms represent the parents' own consumption and U the child's welfare (Bruce & Waldman, 1990, p. 158).

Finally, in his attack on rational choice theory, what Amartya Sen (1977) described as "sympathy" is obviously the Edgeworth/Becker idea of welfare sympathy. According to Sen, sympathy is the phenomenon whereby "concern for others directly affects your own welfare...one is oneself pleased at others' pleasure and pained at others' pain" (Sen, 1977, p. 326). This is close to some usages in everyday life, although the line is indistinct between evanescent "responsive" sympathy and the welfare sympathy that reflects abiding concern for another. Otherwise, the only real difference between the "welfare sympathy" of economists and the sympathy of everyday conversation is the latter's focus on commiseration for sorrow, rather than fellow-feeling with both sorrow *and* happiness. People send "sympathy cards" to bereaved friends, but not to happy

parents. The same meaning, however, is conveyed by statements such as “I am happy for you”. When sincere, these everyday usages are examples of welfare sympathy.

There is a strong association, both in literature and in economics, between welfare sympathy and the flow of resources from one person or group to another. In his work *Antiquities of the Jews*, for instance, the Romano-Jewish historian Flavius Josephus summarized the Jewish law on gleaning for his pagan audience. This sharing (of the surplus of the rich for the benefit of the poor and widows) is justified by an appeal to sympathy:

it is proper for you who have had the experience of the afflictions in Egypt, and of those in the wilderness, to make provision for those that are in the like circumstances; and while you have now obtained plenty yourselves, through the mercy and providence of God, to distribute of the same plenty, *by the like sympathy*, to such as stand in need of it. (Josephus, 1895, v. 4.231, emphasis added)

Likewise Francis Hutcheson’s discussion of sympathy also included material provision; he argued that “scarce any man can think himself sufficiently happy though he has the fullest supplies of all things requisite for his own use or pleasure; he must also have some tolerable stores for such as are dear to him; since their misery or distress will necessarily disturb his own happiness” (Hutcheson, 1747, p. 14). Transfers can also be seen in Gary Becker’s analysis of social relationships and altruism. Given certain simplifying assumptions, an agent will expend a fixed, optimal amount h_0 to affect the characteristics of others, which can include their welfare (Becker, 1974, pp. 1064, 1068–1069).

Welfare sympathy attracts controversy that sympathy’s other forms avoid. For Deirdre McCloskey, this concept of sympathy collapses into a pursuit of self-interest by other means; it becomes “a matter of mere prudence...sympathy because it brings

prudent pleasure” (2006, pp. 135–136). And as seen saw earlier, Amartya Sen thought that it was “in an important sense egoistic” (Sen, 1977, p. 326). There are, nonetheless, many domains where welfare sympathy seems to be the best tool for modeling behavior. It is a common experience for parents of sick children; this kind of sympathy appears in the *Theory of Moral Sentiments* when Smith describes “the pangs of a mother, when she hears the moanings of her [ill] infant...form[ing], for her own sorrow, the most complete image of misery and distress” (TMS, 1982, I.i.I.12, 12). Likewise, people from all walks of life send money (usually through aid organizations) to complete strangers, even those on other continents. In such cases, welfare sympathy is at least a useful “as if” model for thinking about human action. They also reveal the paradoxical nature of welfare sympathy. On the one hand, it is at least in a definitional sense egoistic, and often (as in the case of children’s well-being, or the “warm feeling” some people get after giving) directly satisfying. On the other hand, it is profoundly selfless compared to responsive and social sympathy. The agent, the sympathetic self, does not have to receive any specific benefit in his own person or even be acknowledged by the recipient of aid. The child at a distant college receives her allowance and tuition payments on time thanks to her mother’s support; the same mother may never know the name of the boy in Mali whose life she saves through a wisely given donation. Although the connection between agent welfares is made formally in the mother’s utility function, in the real world there may be no visible connection or advantage whatsoever that accrues to her.

Concord Sympathy: Approval, Imagination and Rules

To the preceding three definitions—and particularly welfare sympathy—is contrasted a final valence of sympathy that is rare though not wholly lost in everyday usage. This is the meaning connected with the OED’s “disposition to agree or approve.” Naming this meaning “concord” sympathy reflects its subtlety, particularly as used in Smith’s *Theory of Moral Sentiments*. Smith stipulates that “to approve of the passions of another...as suitable to their objects, is the same thing as to observe that we entirely sympathize with them.” The valence of *approval* is the critical difference between concord and welfare sympathy; for Smith the test of approval is whether, when we mentally project ourselves into the situation of an observed person, the emotions we feel on their behalf match the emotions they actually exhibit. Smith calls this mental transposition “bring[ing] the case home to ourselves” (TMS, 1982, I.i.3.1, 16).

Concord sympathy differs from the other three varieties of the concept in at least two ways. First, feeling this form of sympathy does not imply that we fully adopt another’s emotional state or feel a deep concern for their welfare (as we might in responsive or welfare sympathy). Although in Smith’s system all approval is *ultimately* grounded on sympathy, our imaginative conception of another’s emotion is “somewhat analogous to what is felt by the sufferer...[but doesn’t] approach to the same degree of violence” (TMS, 1982, I.i.4.8, 22). Likewise there are many occasions when we extend what Smith calls “conditional” sympathy, an approval of someone’s emotion based not on our actual experiencing a sympathetic emotion but by the realization that we *would*

feel sympathy if we had the time or energy to make an imaginary change of persons.

Smith's explanation of this is difficult to improve:

A stranger passes us by in the street with all the marks of the deepest affliction; and we are immediately told that he has just received the news of the death of his father... [we] approve of his grief. Yet it may often happen, without any defect of humanity on our part, that, so far from entering into the violence of his sorrow, we could scarce conceive the first movements of concern upon his account. (TMS, 1982, I.i.3.4, 17)

The act of “bringing the case home” to oneself also distinguishes approval from responsive and social sympathy. To take full effect, the latter two require proximity or at least some interaction between persons. With the aid of imagination and intentionality, however, concord sympathy can act at a distance or even across time and lives. For instance Smith writes that we can view the heroic suicide of Cato the Younger (who died in 46 BC) with “complete sympathy and approbation” (TMS, 1982, I.iii.I.14, 48).¹ The actual emotions, the personal sadness or happiness, which one generally feels for people in the past are generally much weaker.

Sympathy in all four senses discussed here has played a role (in different systems of thought) in motivating observance to ethical rules. However, the role played by concord sympathy was particularly strong for the British sentimentalist thinkers of the eighteenth century and their successors. As suggested above, it was concord sympathy specifically that grounded Adam Smith's ethics; the motivational bite of the system was

¹ The *unique* connection of concord sympathy with approval is one element distinguishing the present discussion from the able work of Robert Sugden (2002), whose concept of fellow-feeling combines elements of the present taxonomy's categories of responsive, social and concord sympathy. Although the arguments advanced (independently) here support and are supported by Sugden's article, he focuses more on the effects of social sympathy in sustaining civilization. The present discussion emphasizes the superiority of the “concord” versus the “welfare” concept of sympathy for generating commitment to rules (although Sugden does link ‘fellow feeling’ and Smith's explanation of morality).

the individual's desire to have the sympathy of others, which in mature minds shades into the desire for the approval of the abstract impartial spectator (TMS, 1982, II.ii.2.1, 83) and leads to the formation of general rules of conduct based on what is commonly approved or deprecated by others (TMS,1982, III.4.7-8, 159). Neither of these processes makes sense if sympathy is interpreted in its responsive, social, or welfare forms. But although Smith was the purest exponent of sympathetic ethics, the ethical role of concord sympathy was not an idiosyncratic feature of his thought alone. To give warrant for this claim, the role of concord sympathy for political economists is next discussed: for Smith's friend David Hume, for Smith himself, and for the great liberal John Stuart Mill.

Concord Sympathy and Ethical Rules: Hume, Smith, Mill

The link between sympathy and the rules of behavior in David Hume's thought comes by way of his theory of justice. Hume famously claimed that the origin of justice was "public utility" (Hume, 1809, p. 231) by which he meant a rough and ready concept of mutual advantage. The connection with utility is seen most clearly in the case of the institution of property, which Hume argues does not exist when it would be useless. Property is not found in situations of complete abundance or benevolence (such as the provision of air, or food within a loving family) but neither will it survive in a state of public emergency such as a famine, in which all private stocks of food would be distributed by force. In normal circumstances, however, society is in a "medium amidst all these extremes" and the laws of justice are very useful. They allow men to wrest abundance from the earth through toil, knowing they can enjoy the results of the efforts. For this reason, even from an imagined state of nature, justice (and property) would

naturally arise. First it would hold between partners, then amongst a family, next amongst alliances of families, and so on as far as trade and interaction among groups made the observance of justice mutually beneficial (Hume, 1809, p. 240).

However, Hume's system of justice needs a motive for individuals to care about the "public utility" underwriting its emergence—that is, beyond narrow personal advantage. The "sentiments of humanity or sympathy" play this role; they are the features of human nature that make public utility pleasing (Hume, 1777, sec. IX.I). By "humanity" Hume seems to mean (somewhat confusingly) the effects of welfare and responsive sympathy as named here. These emotions motivate men towards benevolence because "every thing... [that] presents us with the view of human happiness or misery...excites in our breast a sympathetic movement of pleasure or uneasiness" (Hume, 1809, p. 270). Hume describes this sympathy as a "correspondent movemen[t]" of the heart when we see the signs of another's pleasure or pain; it is a fundamental principle of human nature that cannot itself be analyzed further. However, its power is limited, and applies more strongly to those close to us: "[s]ympathy...is much fainter than our concern for ourselves, and sympathy with persons remote from us much fainter than with persons near and contiguous." Hume goes on, however, to say that wide social interaction, and the need to make "calm judgments and discourse concerning the character of men" leads us to form general standards by which to approve or disapprove of conduct. The moral power of these general rules can't completely overcome the partiality of the human heart, but they do (Hume thinks) serve us well enough "in company, in the pulpit, in the theatre, and in the schools" (Hume, 1809, p. 278).

Sympathy in its “welfare” sense, then, provides part of the motivation for the observance of ethical rules. But the “sympathy” in the second half of Hume’s formula of “humanity and sympathy” is clearly concord sympathy. It strengthens the observance of justice, doing so through two mechanisms: the human desire for sympathy in their judgments, and the love of fame. Hume explains the first as follows. Self-love is extraordinarily powerful, but other people don’t ordinarily concur in the necessarily partial and individual emotions it provokes. To gain their assent in one’s moral judgments, to “touch a string to which all mankind have an accord and symphony,” a person must ground the sentiments he expresses to others in something universal rather than particular; on a general rule, and not on passions drawn from self-love (Hume, 1809, p. 324). This desire to gain other’s assent is clearly a desire for concord sympathy, so although Hume’s “general rules” of conduct seem to come from “humanity” [welfare sympathy], the desire to *obey* them seems to be reinforced by the former concept. Concord sympathy helps general rules gain general authority even though the passions (the welfare sympathy) that give rise to such rules is individually too weak to counterpoise each person’s own self-love. In somewhat different words, Hume explains that the “love of fame” (or reputation) also spreads the authority of general rules, since to gain it we must

...bring our own deportment and conduct frequently in review, and consider how they appear in the eyes of those who approach and regard us. This constant habit of surveying ourselves, as it were, in reflection, keeps alive all the sentiments of right and wrong, and begets, in noble natures, a certain reverence for themselves as well as others...(Hume, 1809, p. 327)

This love of fame Hume explicitly calls the “force of many *sympathies*” (emphasis added) since it draws on the “approbation of mankind” to reinforce individuals’ own judgment. The implication is that the pleasure of approval with others, although perhaps weak in a single case, has great aggregate force when the opinions of all humanity are considered. Concord sympathy therefore seems to be an essential part of David Hume’s approach to justice.

Sympathy and Ethics: Adam Smith

Adam Smith, famously, erected his system of ethics on the power of sympathy. It’s easy to forget just how ambitious Smith’s argument was: it was not just that sympathy is an important constituent of human nature, but (in the words of a later commentator, Thomas Brown) that there is a “necessary antecedence of sympathy to our moral approbation or disapprobation [of all actions]” (Reeder, 1997, p. 141). Moral approval in Smith’s system is based on the idea of imaginative interchange between a spectator and an acting agent. As assessed by Haakonssen (1981), there are actually four moves in the Smithian process of moral approval. The spectator must first enter into the circumstances of the agent; second, he must react to the agent’s circumstances, that is, feel a sentiment; third, he must compare the original sentiment (the sentiment actually experienced by the agent) with his own, the spectator’s, sentiment; and fourth and finally, the spectator experiences either the pleasure of approving of the original sentiment or the pain of disapproving of it (Haakonssen, 1981, p. 51). To use Smith’s term, a correspondence between spectator and agent emotions indicates that the agent’s actions have “propriety” in the spectator’s eyes. If there is no such correspondence, the spectator

feels that the agent has committed an impropriety (TMS, 1982, I.i.3.i, 16). The spectator next performs the same imaginative interchange with the patient, the recipient of the agent's action. If (after considering the patient's circumstances) the spectator feels a sense of gratitude towards the agent, then the agent's actions have merit in his eyes. If the spectator feels anger or resentment towards the agent, however, the latter is guilty of demerit; the spectator thinks he is deserving of punishment (TMS, 1982, II.i.1-3, 69-70). In addition to any action the spectator might take, the motivational bite of the system comes from the agent's desire to have the sympathy of the spectators; Smith says that "nothing pleases us more than to observe in other men a fellow-feeling with all the emotions of our own breast" (TMS, 1982, I.i.2.i, 13).

The desire for concord sympathy is made even stronger by Smith's famous construct of the impartial spectator – an imagined observer free of envy or bias and well-informed about the situation. Even if actual observers err in what they praise and blame; the well-informed and impartial spectator is a judge of what is truly praise- and blame-worthy (TMS, 1982, III.2.32, 130). Smith knows that no such person actually exists; the impartial spectator is only "supposed" and furthermore can't be directly conceived. His opinions can only be approximately gauged through the imagined "man within," the "representative of the impartial spectator," elsewhere identified with "reason, principle [and] conscience" (TMS, 1982, VI.i.11, 215 and III.3.5, 137). Nature, Smith proposes, has planted in human hearts both the desire for [concord] sympathy with actual people and the approval of the supposed impartial spectator. Humans desire both to "be loved [and] to be lovely" and fear not only to "be hated, but to be hateful; or to be that thing

which is the natural and proper object of hatred” (TMS, 1982, III.2.1, 114). The desire for actual sympathy is enough to make people want to seem fit for society, but the second desire (of being praise-worthy) is needed to make them want to really be fit (TMS, 1982, III.2.6-7, 116-117).

These desires for both praise and praise-worthiness are powerful enough even to counteract the force of self-love. Though each individual is naturally inclined to prefer his own well-being to those of others – and hence be inclined to exploit others for his benefit - he also knows that no one else shares the view that his happiness is the most important in the world. As Smith writes, though each person

naturally prefers himself to all mankind, yet he dares not look mankind in the face, and avow that he acts according to this principle...if he would act so as that the impartial spectator may enter into the principles of his conduct, *which is what all things he has the greatest desire to do*, he must...humble the arrogance of his self-love. (TMS, 1982, II.ii.2.1, 83, emphasis added)

People yearn for the approval of the impartial spectator because they yearn for concord sympathy and fear losing it. Someone who transgresses justice—who injures someone else on the principle of preferring “himself to all mankind” – first forfeits the sympathy of actual spectators. These people “readily...sympathize with the natural resentment of the injured” and burn with indignation against the transgressor. Worse, the transgressor himself comes to see his crime in the same light as the spectators once the heat of the moment has passed. Under cool reflection, he sees that his motives can’t be approved by an impartial observer. Remorse begins to torment him; “[b]y sympathizing with the hatred and abhorrence which other men must entertain for him, he becomes in some measure the object of his own hatred and abhorrence” (TMS, 1982, II.ii.2.1-3, 83–84).

He ends (in Smith's account) by giving himself up to justice, seeking "to supplicate some little protection from the countenance of those very judges, who he knows have all unanimously already condemned him"(TMS, 1982, II.ii.2.3, 85). The account gains great power from Smith's evocative prose. It is of course idealized; not every criminal or sinner gives himself up out of remorse, although some certainly do. Smith is aware of this, and later discusses the "mysterious veil of self-delusion" by which men protect themselves from judging their own past conduct. It is to correct this tendency in human nature that general rules of conduct are necessary.

Smith's strong advocacy of these general rules of conduct makes his ethical system endorse "commitment" in Sen's terminology, for which the latter admires him (Sen, 1985, p. 349). But the general rules themselves also rest on the mechanism of concord sympathy. Smith goes out of his way to make clear that "general rules concerning what is fit and proper either to be done or to be avoided" aren't deduced by abstract reason, but arise "insensibly" from our "experience of what, in particular instances, our moral faculties, our natural sense of merit and *propriety*, approve, or disapprove of" (TMS, 1982, III.4.7-8, 159, emphasis added). Each human being naturally feels resentment against injuries, and gratitude for benefits. When combined with concord sympathy, this allows each person to form judgments the acts that affect both him and other people. The social group, as well as individual judgment, plays a role in the formation of such rules, as when "we hear every body about us express the like detestation against [shocking actions]" (TMS, 1982, III.4.7, 159). Once formed, the general rules of conduct (such as politeness to benefactors, or abstention from theft) help

people behave well when in the grips of the “misrepresentations of self-love concerning what is fit or proper to be done in our particular situation” (TMS, 1982, III.4.12, 160).

The introduction of social influence on general rules seems to open Smith’s system to relativism and call into question whether sympathetic ethics really do express “commitment.” It is true that Smith mentions the great differences in manners and comportment between civilized and “savage” peoples, and within the cultures of Europe itself. Even a horrible practice such as infanticide (he notes) could be condoned and even encouraged by the sophisticated culture of ancient Greece. However, Smith’s model of ethics has two levels. The surface level of observed cultures exhibits differences shaped by history, culture, and circumstance. The inner core of morality, though, exhibits much more consistency and convergence towards basic values – essentially, respect for life and property. The early twentieth-century philosopher Glenn Morrow described this foundation beautifully as

...that which is permanent, universal, rational, [and] natural in the phenomena of sympathy. Since sympathy is the principle which makes life in society possible, the normal sympathies which the impartial spectator personifies can only be those sympathies which best further the existence of men together in society (Morrow, 1923, pp. 72–73).

The differences in outward culture usually vary only in inessential ways from the underlying code. Italians are more emotional than Englishmen but both cultures protect person and property. These variations in levels of emotion, Smith implies, are not blamable as long as they don’t lead people to transgress “justice and humanity” (TMS, 1982, V.2.10, 207). It is however possible for contingent factors—for “custom” – to authorize specific practices at variance with the foundational values, such as infanticide

or slavery. But even though “custom can give sanction to so dreadful a violation of humanity,” natural sentiment and utility ultimately do work together to give moral sentiments a tendency towards liberal justice. As Smith notes,

...the sentiments of moral approbation and disapprobation, are founded on the strongest and most vigorous passions of human nature; and though they may be somewhat warped, cannot be entirely perverted (TMS, 1982, V.2.1, 200)

No matter the customs of an age, Smith thinks, the tyrannical conduct of Nero will always evoke fear and anger. There is an instinctive tendency to resent such actions. “All men,” he says, “even the most stupid and unthinking, abhor fraud, perfidy, and injustice, and delight to see them punished” (TMS, 1982, II.ii.3.8, 89). Put differently, all men naturally resent murder, robbery, and disappointed promises; so the “most sacred laws of justice” are therefore those that defend “the life and person of our neighbour...his property and possessions; and last of all...his personal rights, or what is due to him from the promises of others” (TMS, 1982, II.ii.2.3 84). Furthermore, an awareness of the utility of good rules comes to the aid of these natural sentiments when, due to “weak and partial humanity,” we are disposed to relax (for instance) the punishment due to those who have committed crimes. And the ultimate test of utility, the survival of society itself, comes into play to check deviations from just conduct due to custom (historical contingency). The “general style and character of conduct” – the rules that apply to most people and interactions – could never include the cruelty and arbitrary aggression implicit in infanticide or slavery: “[n]o society could subsist a moment, in which the usual strain of men’s conduct and behaviour was of a piece with the horrible practice I have just now mentioned” (TMS,1982, V.2.16, 211).

That Smith views social survival as the ultimate constraint on moral rules is reinforced by similar passages earlier in the *Theory*. First he comments that "[s]ociety may subsist, though not in the most comfortable state, without beneficence; but the prevalence of injustice must utterly destroy it" (TMS, 1982, II.II.iii.3, 86) and secondly "society cannot subsist unless the laws of justice are tolerably observed...no social intercourse can take place among men who do not generally abstain from injuring one another" (TMS, 1982, II.ii.3.5). Taken together, these considerations mean that, within Smith's theory, the specific cultural form that moral sentiments may take will vary. They will however tend, in the long run and for humanity as a whole, to be conformable to the natural abhorrence of injustice (driven by concord sympathy) as well as to the basic necessity of justice for society's bare existence. Utility, in the sense of the survival of society, serves as a kind of reinforcement and ultimate corrective to any errors of concord sympathy. But it is concord sympathy that originally generates the ethical rules, and motivates their observance.

Sympathy and Ethics: John Stuart Mill

A further test of the link between concord sympathy and rules of justice is the case of John Stuart Mill – the great enemy of slavery and the subjection of women, and the advocate of democracy and liberty. Two leading historians of economic thought, David Levy and Sandra Peart, give Mill a central role in their interpretation of nineteenth century liberal reform as "sympathetic exchange"—reform linked to a utilitarianism constrained by individual rights. "Sympathy," they write, "restrain[s] individuals from

injustice” and “connects spectators with actors in such a way that spectators might be willing to trade something of theirs to prevent harm to actors” (Levy & Peart, 2006, p. 121). Neoclassical economics (they argue) later dropped this element of restraint from injustice, opening the door to elitist schemes of social planning, including eugenics (2008a, 2008b). They make their case, however, using an undifferentiated conception of sympathy; they identify the older and more liberal form of utilitarianism with a zero “sympathetic gradient” which seems to imply welfare sympathy (2008a, pp. 186–188). While Mill himself did not distinguish between the welfare and concord versions of sympathy, and Peart and Levy’s reading is defensible, there is still warrant to perceive concord sympathy in relation to Mill’s reformist proposals. This observation bolsters, rather than weakens, their overall contrast between classical and neoclassical economics.

The case for concord sympathy’s centrality at first seems inconclusive. In Mill’s *Principles of Political Economy* there is only one mention of sympathy in connection to family size, and here its sense is ambiguous (“who does not meet with sympathy and benevolence [because he has many children]”) (J. S. Mill, 1848a, p. 447). But his later *Utilitarianism* discusses sympathy more extensively, where it plays a key role in his system of ethics. Justice, for Mill, requires both “a rule of conduct” and “a sentiment which sanctions the rule.” Mill describes both these elements of justice in a key passage:

...the sentiment of justice...[is] the animal desire to repel or retaliate a hurt or damage to oneself, or to those with whom one sympathizes, *widened so as to include all persons by the human capacity of enlarged sympathy*, and the human conception of intelligent self interest. From the latter elements, the feeling derives its morality; from the former, its peculiar impressiveness, and energy of self-assertion (J. S. Mill, 1863, pp. 77–78, emphasis added)

When the complex grammar is parsed, it appears that the “sentiment” of justice derives from the “animal desire” to protect self and those with whom one sympathizes, but that the “morality” or rule of conduct comes from intelligent self interest and “extended sympathy.” The first concept arguably corresponds to “welfare sympathy” and the second “concord sympathy.” This interpretation is strengthened later in the text, when the idea of “entireness of sympathy with all others” is connected with the “natural wan[t] of a person that “there should be harmony between his feelings and aims and those of his fellow creatures...his real aim and theirs do not conflict...” (J. S. Mill, 1863, pp. 48–49).

It must be acknowledged that Mill himself did not distinguish explicitly between these two meanings, and probably viewed them as operating on a spectrum with sympathy only for family at one end and sympathy for the whole human species at the other (1863, pp. 75–76). But the consistent usage of “enlarged sympathy” is consistent with concord sympathy; enlarged or “entire” sympathy appears in connection to threatened injuries, or “hurts”, not in connection with the beneficent transfers associated with welfare sympathy (1863, pp. 49, 75, 76, 78). Furthermore, there are indications in Mill’s other writings that his intended meaning for “sympathy” must be wider than “welfare sympathy” could accommodate. In the *Subjection of Women* he directly criticizes the contemporary family for failing to be a “school of sympathy” but instead being (for the male “chief”) a “school of...unbounded self-indulgence...and idealized selfishness...the care for the wife and children *being only care for them as parts of the man’s own interests and belongings*, and their individual happiness being immolated in every shape to his smallest preferences” (J. S. Mill, 1869, p. 67, emphasis added). The

object of criticism here appears to be an (admittedly extreme) form of welfare sympathy, implying that the sympathy he praises is something else. And in his great controversy with Carlyle over the status of the liberated slaves in the West Indies, Mill explicitly denies that “the great national revolt of the conscience of this country against slavery and the slave-trade” was an “affair of sentiment.” It was instead about justice, and the anti-slavery leaders “seldom spoke much of benevolence and philanthropy, but often of duty, crime, and sin” (J. S. Mill, 1850). And finally, Mill’s great linkage between utilitarian and Christian ethics dramatically echoes both Adam Smith’s language and key positions of the *Theory of Moral Sentiments*:

As between his own happiness and that of others, utilitarianism requires him to be as strictly impartial as a disinterested and benevolent spectator. In the golden rule of Jesus of Nazareth, we read the complete spirit of the ethics of utility. To do as one would be done by, and to love one's neighbour as oneself, constitute the ideal perfection of utilitarian morality. (J. S. Mill, 1863, p. 24)

Here, Mill’s inclusion of a “do as one would be done by” stricture constrains right action with a rule of reciprocal justice. That this formula did in fact imply a functional respect for rights is verified by Mill’s statement, in his *Principles*, that legislation promoting equality could not clash “with the just claim of the individual to the fruits, whether great or small, of his own industry” – clearly, a check on utilitarian operations from a sense of justice similar to Smith’s bar on redistribution (J. S. Mill, 1848b, p. 310). In terms of ultimate prescriptive outcome then, though with obvious differences in emphasis, concord sympathy plays a similar role in Mill’s thought as it does in Adam Smith’s. Since a similar statement seems true of David Hume, it is fair to say that the connection between concord sympathy and ethical rules wasn’t just an idiosyncrasy of Adam Smith’s

thought. It was a genuine tendency of the concept itself. The obvious question, then, is how the word sympathy came to lose its “concord” valence of meaning both within economics and within ordinary language.

Sympathy Transformed

The marginalization of concord sympathy is particularly surprising since in the eighteenth century sympathy, as a whole, was important not just for moral philosophy but also for taste and aesthetic judgment. The nineteenth century built on these traditions and increasingly integrated sympathy with ideas of evolution and change (Lanzoni, 2009, pp. 266–269). It was significant within literature (Crane, 1934; Jaffe, 2000) and motivated the flood of new civil society organizations designed to meliorate the suffering of various groups (Collini, 1991). Within philosophy and psychology, thinkers generally linked the idea of sympathy to optimism and the extension of human rights (Hunt, 2008; Moyn, 2006). But sympathy was less important within economics than it was in other domains. Even Smith and Mill employed concord sympathy in their philosophical writings but gave virtually no attention to it within political economy. The welfare concept of sympathy, once articulated, would fill this vacuum by default.

Adam Smith himself doesn't mention sympathy even once in the *Wealth of Nations*, even though the imperative for justice defended by the *Theory of Moral Sentiments* runs through the later work. Nor does sympathy appear in David Ricardo's *Principles* (1821) or James Mill's *Elements of Political Economy* (1824). In the first edition of Malthus' *Essay on Population* a “social sympathy” is mentioned, though in a vague sense of benevolence difficult to specify within the framework of this analysis

(1798, p. Ch. 19). In Malthus' sixth edition sympathy seems to retain the same meaning, though appearing only in a comparison of "savage" and civilized upbringing (Malthus, 1826, chap. I.V). Likewise sympathy appears only once in Nassau Senior's *Principles of Political Economy* (1850, p. 3), playing a minor role describing the economist's duty to be impartial (to show no "sympathy to indigence" or to wealth). Translations of Jean-Baptiste Say's *Treatise on Political Economy* contain no mentions of the word (Say, 1821a, 1821b). Sympathy does however appear in John Ramsay McCulloch's *Principles of Political Economy* in connection with the status of workers in an industrial economy. Although (McCulloch writes) a strong manufacturing sector has many advantages, a state cannot be healthy when there are a "small number of great capitalists" unconnected to their many workers by "any ties of gratitude, sympathy, or affection." Of necessity – given their great numbers of employees – the capitalists know nothing of their workers beyond their job performance. Both capitalists and workers deal with one another based on "the narrowest and most selfish views and considerations" and the employers treat both "man and machine...with about the same sympathy and regard." The result is that the workers will be discontented and apt to revolt (McCulloch, 1825, pp. 138–139). Later, McCulloch mentions that hand-loom weavers are deserving of "public sympathy" and assistance because of their displacement from employment by power looms – even though "society in general, including the weavers, will be materially benefited by the change" (McCulloch, 1825, p. 153). The senses of sympathy invoked here are imprecise, but seem to include both welfare and concord sympathy, in the sense of imaginative

appreciation of another party's position. In both cases, McCulloch uses sympathy to call for a softening of the edges of the market economy.

The clergyman Richard Whately, in his 1831 *Lectures on Political Economy*, mentions sympathy in passing exactly once, in remarking that there was an innate human desire to both gain knowledge and to communicate it – a desire whose excess is vanity, but which is “founded, I imagine, on Sympathy” (Whately, 1831, pt. VII). The prolific popularizer Harriet Martineau, in her *Illustrations of Political Economy*, makes extensive literary use of sympathy (“Katie looked with a generous *sympathy* on the enjoyment of a happiness of which she had been deprived” (Martineau, 1832, chap. IX) but provides a more telling example in her antislavery tract *Demerara*. Here she defended her non-idealized portrayals of enslaved characters, arguing that “our sympathy for slaves” ought not to be reduced by a realistic appreciation of their faults, if those faults could be shown to be the result of slavery's debasing effects (Martineau, 1832, Preface). In this passage the sympathy of her readers for the injuries of slaves was distinct from *compassion* for their lot, reflecting that sympathy for her meant concord sympathy.

The identification of sympathy with its welfare valence seems to have come first from Jeremy Bentham. In the *Principles of Morals and Legislation* (first published in 1838) sympathetic pleasure was merely another name for the “pleasures of benevolence,” one of the fourteen “simple pleasures of which human nature is susceptible” along with the pleasures of wealth, skill, the senses, and malevolence (Bentham 1838, V.II.X). Benevolence and malevolence were also included in Bentham's list of pains, so he appears to have had a fully modern concept of welfare sympathy. This impression is

reinforced by his discussion of the reasons for a man to consider the happiness of his neighbor; among them is “the purely social motive of sympathy or benevolence” (Bentham, 1879, p. 313). Elsewhere, Bentham describes this motive in explicit welfare sympathy terms:

Under the head of a man’s connexions in the way of sympathy, I would bring to view the...persons in whose welfare he takes such a concern, as that the idea of their happiness should be productive of pleasure, and that of their unhappiness of pain to him [for instance, family and friends]... (Bentham, 1879, pp. 53–54).

In the elided text, Bentham mentions another key element of welfare sympathy, its association with “pecuniary” transfers, both to and from an agent—although (echoing Hume) he points out that the friendship, and not the sympathetic pleasure, is the *reason* for the transfer.

Perhaps because of the publishing delays for his writings, or the continuing influence of Smith’s *Theory*, Bentham’s welfarist interpretation of sympathy did not appear to have much influence in the nineteenth century. He was followed by political economists who virtually ignored the concept or (in the case of John Stuart Mill, as we have seen) echoed Adam Smith. And yet another broadly Smithian interpretation of sympathy came from a surprising quarter: Charles Darwin’s *Descent of Man* (1871). Explicitly referencing Smith, Darwin located the origins of sympathy in a kind of hedonism by saying that “[w]e are... impelled to relieve the sufferings of another, in order that our own painful feelings may be at the same time relieved. In like manner we are led to participate in the pleasures of others.” He goes on to say that sympathy has probably become an instinct, which (for a social animal like man) will “extend its limits” from the

family to the "associated members" of the community. The strength of sympathy among men is strengthened because of the direct pleasure that it brings as well as the reciprocal favors to be expected in return for sympathetic activity. Group selection would strengthen sympathy, since "...those communities which included the greatest number of the most sympathetic members, would flourish best and rear the greatest number of offspring" (Darwin, 1871, pp. 78–79).

Darwin does not rest his discussion at this point, however, but mounts a sophisticated argument to show how an ethical code could come to dominate conduct. Although men's immediate desires are strong (hunger, anger, envy, lust) they also tend to be short-lived and exhaust themselves on gratification. Someone who has just eaten can barely conceive the ferocity with which hunger impelled him just a few minutes before. The desire for social approbation, though it isn't in the moments of desire stronger than such passions, is also more enduring because of man's nature as a social animal. Man's intelligence also impels him to remember and reflect on his own past actions, so he has to relive his deeds over and over again. A person therefore who incurs the resentment of others (from stealing food, say, or inflicting violence) therefore gains only a short-time gratification which he then pays for by a drawn out social opprobrium and exile. Having once had such an experience, humans (in Darwin's telling) formulate a resolution that they won't in the future so as to occur opprobrium. In this way conscience is formed, and the next time temptation comes, "[t]he still hungry, or still revengeful man will not think of stealing food, or of wreaking his vengeance" (Darwin, 1871, pp. 85–88).

It is in this second line of discussion that Darwin conclusively shows that he is speaking of concord sympathy rather than any other form. There are some men, Darwin says, who even after reflecting on these long term effects will still prefer to indulge their present anti-social desires. Such a person would still, however, “be conscious that if his conduct were known to his fellows, it would meet with their disapprobation; and few are so *destitute of sympathy* as not to feel discomfort when this is realized” (Darwin, 1871, p. 88, emphasis added). Sympathy here can only mean sensitivity to other’s opinions, the desire for approbation—the desire, in other words, for concord sympathy. Once a person begins to disregard this sympathy as a guide to conduct, he becomes ‘essentially a bad man,’ one who is only restrained by “the fear of punishment, and the conviction that in the long-run it would be best for his own selfish interests to regard the good of others rather than his own” (Darwin, 1871, pp. 88–89). The last clause bears rereading: Darwin is saying that only bad men are restrained (only) by long-term self-interest. Being “greedy, but long term greedy” is not good enough; the truly moral person is restrained by concord sympathy as well.

Shortly after Darwin, F.Y. Edgeworth joined Bentham in a departure from the Smithian understanding and articulated sympathy in its welfare form. Unlike Bentham, Edgeworth gave sympathy a mathematical form which was to prove immensely influential. His first treatment of sympathy came within the *New and old methods of ethics*, but contained no unambiguous definition as he focused instead on whether sympathy arose from “association with pleasure,” and specifically the “common pleasures of a remote ancestry” (Edgeworth, 1877, p. 12). In the later *Mathematical*

Psychics, however, Edgeworth does employ welfare sympathy; this interpretation arises quite naturally, since he is exploring the contrast between the pure egoism of *homo oeconomicus* and a pure utilitarianism in which another's well-being has the same weight as an agent's own. Between these two extremes, Edgeworth perceives, would be an "impure" utilitarianism in which the good of another would count, not for nothing, but neither for quite as much as an agent's own welfare:

...if we suppose our contractors to be in a sensible degree *not* 'economic' agents, but actuated in effective moments by a sympathy with each other's interests (as even now in domestic, and one day perhaps in political, contracts) we might suppose that the object which X (whose own utility is P) tends-in a calm, effective moment-to maximize, is not P, but $P + \lambda\pi$, where λ is a *coefficient of effective sympathy*. And similarly Y-not of course while rushing to self-gratification, but in those regnant moments which characterize an ethical 'method'-may propose to himself an end $\pi + \mu P$. (Edgeworth, 1881, p. 53)

There are several remarkable elements of this formulation. Despite Edgeworth's fame in relating altruism and sympathy, he does not here claim that agent utilities are interrelated. He is only conducting a thought experiment in which the quantity an agent would maximize includes the welfare of someone else. It is not only, then, that Edgeworth's formulation is non-paternalistic in the sense that the observed agent's interpretation of his or her own utility function "counts" (Collard, 1975, p. 357). His formulation doesn't even imply that his agents are made truly better off at all as a result of their sympathy – that is, in terms of their own utility. They only behave "as if" this were so. Finally, Edgeworth clearly points to ethical reflection playing a role in motivating agents to behave according to a coefficient of effective sympathy. His formulation could therefore, in principle, still be compatible with "commitment" in Amartya Sen's sense (1977).

There was an obvious temptation for later writers to drop Edgeworth's "as if" qualifier, and its connection with "ethical reflection," and therefore slide into a cruder form of welfare sympathy. This did not happen immediately, however. Surveying economic writing after Edgeworth, Marshall's *Principles of Economics* contained only a brief discussion of sympathy, but was recognizably in the tradition of Smith and Mill. Marshall viewed sympathy as originally an instinctive emotion that is gradually extended to include wider and wider groups. He emphasized that group evolutionary selection will reward "races" in which sympathy is most highly developed, giving them an advantage in "war...famine and disease" (A. Marshall, 1890, p. 303). Later, Philip Wicksteed did use sympathy in its sense of concord—as when he speaks of "securing sympathy that we value" or "manifest zeal for their ends and sympathy with their feelings" (Wicksteed, 1910, pp. 27, 355). But, more centrally for his arguments, Wicksteed also used sympathy in a welfare sense while discussing markets and shared purposes – distinguishing, for example, between the Apostle Paul's purely economic motive in tent-making and any "independent sympathy with his employers" (Wicksteed, 1910, p. 174). The word appears only in an unimportant sense in Pigou's *Economics of Welfare* (Pigou, 1920, chap. 12), has a passing and unexploited mention in Knight's *Ethics of Competition* (1935, p. 83) and is absent entirely from Samuelson's *Foundations of Economic Analysis* (1947). Economists' interest in sympathy, never strong, seems to have receded entirely by the middle twentieth century. When it did revive in the 1960s, the occasion was an NBER project funded by the Russell Sage Foundation to study philanthropy. The focus on charitable giving gave this research a natural direction towards a "welfare sympathy"

conception of altruism; indeed there was no reason to focus on Smith's older idea at all. Three early papers in 1961-62 (by Gary Becker, Kenneth Boulding, and William Vickrey) laid the foundations for three much better known works in the 1970s: Becker's "Theory of Social Interactions" (1974), Boulding's *Economy of Love and Fear* (1973), and Edmund Phelps's *Altruism, Morality, and Economic Theory* (Fontaine, 2007, p. 4; 1975). Of these, Becker's work was the most influential, and firmly entrenched a concept of altruism which (though not under the name of sympathy) was clearly in the Edgeworth-Bentham tradition, as seen above.

An important supplement to this narrative concerns the complicated relationship between "sympathy" and "empathy" as used in psychology, philosophy, and (increasingly) in everyday language. "Empathy" as a word didn't enter English until 1909, when it was apparently introduced by psychologist Edward Titchener as a translation of the German *Einfühlung* (Titchener, 1909, p. 21; Wispé, 1986). In German *Ein* means "inside"; by contrast *mitleid*, the term for compassion, is related to *mit* which has the sense of "along-with" (Moyn, 2006, p. 400). Accordingly Titchener described empathy as "feel[ing] oneself into a situation" whereas sympathy was "feeling together with another" (Titchener, 1915, p. 198). Though not entirely at odds with the Smithian understanding of sympathy, Titchener's usage does drop key elements of the earlier idea. He does not highlight the mutuality of sympathy, the pleasure it affords to those who feel it, nor the connection between sympathy and approval. The sole focus on *feeling* seems a temptation to flatten the concept down into compassion or even pity. This tendency in Titchener's work can be seen especially in contrast with a contemporary psychologist

who employed a more Smithian conception of sympathy. In William McDougall's *Introduction to Social Psychology* (1909), sympathy is viewed as taking two forms: a "primitive" sympathy that reflects a direct human response (contagion) to the emotions of others, and an "active" sympathy that is

a reciprocal relationship involving similar sentiments, in which either person not only can experience the other person's emotions but also wants the other person to share his or her emotions...when the reciprocity is actualized, one's joys are enhanced and one's pains diminished. (McDougall, 1909, pp. 168–169).

McDougall's definition therefore follows Smith's description of sympathy very closely. Although he doesn't identify sympathy and approval explicitly, this connection is strongly implied, at least from the point of view of the person desiring sympathy. The element of mutuality and shared pleasure is stressed. McDougall even mirrors Smith (and distances himself from modern usage) by specifying that "tender emotion and pity, though often in popular speech and by many psychologists confused with sympathy, do not constitute sympathy" (1909, p. 169). But it was Titchener's definition of sympathy, focused only on *feeling*, that would become dominant within psychology.

In the course of the twentieth century, empathy absorbed the older functions of sympathy that were related to the imaginative understanding of another's emotions. The new word did not, however, connote approval in the same way as concord sympathy had done. Within psychology and related fields its dominant meaning shifted to "compassion." The psychologist Lauren Wispé, for example, wrote in the 1980s that "the object of empathy is to 'understand' the other person. The object of sympathy is the other person's 'well-being'" (Wispé, 1986, p. 318). Other psychologists use a similar

definition-- “[s]ympathy is 'feeling for' someone, and refers to feelings of sorrow, or feeling sorry, for another” (Eisenberg & Strayer, 1990, p. 6). Here sympathy has been flattened entirely, losing not only its sense of mutuality and approval but even the possibility of sympathy for joy as well as sadness. A somewhat richer understanding seems to survive within philosophy; for Douglas Chismar, empathy is “sharing something of the other’s feelings without necessarily feeling affection...or the desire to help. Sympathy, on the other hand...[is] empathy coupled with a benevolent attitude towards the other person” (1988, p. 258). Chismar’s definition is still, however, quite different from Smith’s. The benevolence of the sympathetic agent is directed toward another person generally, but there is no suggestion of approval of the other’s actions or emotions.

This change in language doesn’t just mark a transfer of conceptual functions from empathy to sympathy, even though Gerdes (2011) suggests this possibility by observing that “early descriptions and definitions of sympathy [such as those in Hume and Smith] sound similar to early 20th-century conceptions of empathy.” Gerdes has an oversimplified view of what Hume and Smith actually meant: she focuses only on the emotional contagion aspect of Humean sympathy, and views Smithian sympathy as “a simple tendency to care about others [!]” (2011, p. 232). In fact, the evolution of discourse did involve a loss of meaning. Modern empathy does involve imaginatively projecting one’s own self into the other, but this does not connote approval (Wispé, 1986). One can to a limited degree empathize with a murderer, in the sense of understanding what led to his actions, even though one disapproves of and is perhaps

even horrified by them. And one could feel compassion for the murderer's victim, or even the murderer himself in some sense. But the possibility of "entering into" *and approving* of another's response to their situation is excluded by the modern use of terms within psychology and philosophy. Even the very sophisticated idea of empathy employed in neurobiological research lacks this possibility. The research agenda in brain science, for example, appears to be focused on establishing the neurological foundation for empathetic response to an emotion or painful experience observed in another (Rameson & Lieberman, 2009, pp. 95–96). A representative definition of empathy used in these researches views it as an affective (emotional) response to another person, the cognitive capacity to take their perspective, and a mechanism to preserve self-awareness and regulate the resulting emotions in the observer (Moriguchi et al., 2007). While in no sense "incorrect," such a definition again precludes essential elements of concord sympathy. Taken together then, the advent of the idea of empathy serves to complement and protects the modern economic understanding of sympathy as *only* welfare sympathy

Welfare Sympathy and Ethical Rules

The distinctions between the different types of sympathy, and their historical evolution, have intrinsic interest. An additional reason to discuss them, however, is to make possible a comparison of the rule-generating properties of concord and welfare sympathy. By definition, welfare sympathy can't give rise to the "commitment" in Amartya Sen's sense which requires action even against the utility function. It might be thought, however, that sufficiently strong welfare sympathy can simulate the ethical

regard for others needed in a complex society. The aim of this section is to show how implausible this claim is.

The argument in this section must be carefully qualified to avoid the straw man fallacy. The strongest modern application of welfare sympathy is the interpersonal utility approach adopted by Gary Becker and those influenced by him. This approach is very powerful, but does not claim to explain the full spectrum of ethical behavior. Its very power might, however, tempt a reader into overestimating what welfare sympathy can accomplish. For example, Becker's treatment of "Altruism, Egoism, and Genetic Fitness" (1976) showed that altruistic preferences could have evolved based on individual "rationality" alone, without the need to invoke biological models of group selection. He showed that true altruism—that is, genuine concern for others, not just a pseudo-altruism based on expected future benefits—could deter predatory behavior by the recipients of largesse and even make selfish family members treat each other with a degree of kindness (Becker, 1976, pp. 821, 823–826). The temptation is to extend this argument and claim that these altruistic preferences can explain *all* relevant moral behavior; one would then have arrived at a complete (positive) theory of the origins of morality. Someone taking this view might be emboldened by David Collard's observation that

It is always possible to convert the Kantian condition into an equivalent altruistic condition...the Kantian co-operator may be said to behave as though he attached at least a certain altruistic weight to the pay-offs of his fellow players (Collard, 1978, p. 15).

The proposal is, in other words, that welfare) sympathetic preferences are an alternative to universalizing ethical considerations such as the Kantian imperative or the desire for

the (concord) sympathy of the impartial spectator. The argument here is levied only at this (perhaps hypothetical) interpretation of sympathy.

A set of deliberately prosaic and humble acts of justice are selected to illustrate the class of moral actions to be explained—acts in which the pro-social choice does not seem to be motivated by fear or hope of reward. Such acts include: the return of valuable items to lost and found desks; the general abstention from stealing wet umbrellas left in restaurant lobbies; the practice of leaving notes with contact information on cars “tapped” during parking; the return of unloaded shopping carts to their proper enclosures in parking lots; tipping in restaurants one is unlikely to visit again. Though these practices are not universal, they are certainly more common than a straight *homo oeconomicus* view of the world—at least, a world without interdependent preferences—would tend to predict. They provide humble daily tests of the Smithian “stoical maxim” from the beginning of the essay:

[o]ne individual must never prefer himself so much even to any other individual, as to hurt or injure that other, in order to benefit himself, though the benefit to the one should be much greater than the hurt or injury to the other (TMS, 1982, III.3.6, 138).

It will be observed that the maxim has both a main and a supporting element, the first prohibiting injury and the second clarifying that injury cannot be justified by what a later age might call utilitarian or (Kaldor Hicks) efficiency considerations. The found wallet must be returned, regardless of the comparative marginal utility of the money it contains to the finder as opposed to the owner. This is not to claim, of course, that the people always (or even usually) actually behave this way. Nor is it claimed that performance of such acts is invariant with cost. Fewer shopping carts will be returned when doing so

means walking 500 feet rather than fifty. And a wallet with fifty dollars is less likely to be returned to the Lost and Found than one with five (at least, with the cash still present!). The point, though, is that such actions do sometimes take place, and a certain level of unreflective integrity is helpful for society. The question is whether such integrity can be produced by welfare sympathy.

To examine this issue, it is useful to put Smith’s “stoical maxim” forbidding harm into a crude “Edgeworthian” interpersonal utility framework—one in which the agent utilities are simply added, an approach also followed by Sally (2002). We imagine that an agent A has a riskless, undetectable opportunity to steal some small object—a piece of bread, a dollar, an umbrella—from B. The condition of “smallness” abstracts from considerations of diminishing marginal utility of consumption. We can stipulate that α represents the gain to A and β (A’s perception of the) the loss to B, or alternatively B’s utility from continuing to possess the object. Smith’s maxim forbids the theft even if $\alpha\text{-}\beta > 1$. At issue are the conditions needed for A to reach this same conclusion using interpersonal utility considerations alone. If A’s utility function is simply

$$\text{Equation 1}$$
$$U_A = u_A + \Lambda u_B$$

and Λ is the “coefficient of effective sympathy,” then the condition preventing the theft is

Equation 2
$$\Delta U_A = \alpha - \Lambda \beta \leq 0$$

In other words, the sympathetically-adjusted utility of Agent A must be less after the theft than beforehand, in order for him to refrain from stealing the jewel based only on interpersonal utility considerations. The coefficient of sympathy corresponding to this condition is, unsurprisingly,

Equation 3
$$\Lambda \geq \frac{\alpha}{\beta}$$

Equation 3 can also of course be reversed to represent the sympathetic threshold under which the agent will *engage* in the aggressive act, abstracting of course from fear, reputation, etc.:

Equation 4
$$\Lambda \leq \frac{\alpha}{\beta}$$

Equation 4 might be called the “sympathetic knave’s equation” after Hume’s idea of a person constrained only by self-interest. It indicates a willingness to steal from or harm

another as long as the ratio of one's own benefit to the other's (perceived) loss exceeds one's coefficient of sympathy for the other. Sufficiently low values of A would, of course, be compatible with harms where the benefits to the actor are less than the harm to the victim: one thinks of the joyriding and then wrecking of stolen cars. The specific form of Equation 3 is of course a speculation based on a very crude model of interpersonal utility. It does, however, suggest three logical possibilities about observances of nonaggression. First, it is possible that—despite appearances—all such behaviors really are motivated by considerations of indirect egoism such as reputation, fear, and reciprocity. In the second possibility, some genuinely altruistic actions do exist and are motivated (exclusively) by welfare sympathy. To act morally, the agent must possess a sufficiently strong sympathy that the advantage to himself of aggressive actions is outweighed by his sympathetic perception of a potential victims' loss. In the third case, some genuinely altruistic actions exist, but some or perhaps most of them are motivated by considerations other than welfare sympathy. The first possibility one is difficult to refute definitively, although an important research position in psychology does argue for the reality of truly altruistic action (Stueber, 2008). Discriminating between the second and third possibilities, though, might be possible by observing the implications of strong coefficients of sympathy for wealth transfers between agents.

These implications can be spotted by connecting the crude analysis above to Becker's (1976) framework for thinking about altruism. Now the utility of the other-regarding agent A is written more generally as

Equation 5
$$U^A = U^A(X_A, X_B)$$

where X_A is his own consumption (assumed to be just one commodity, for simplicity) and X_B that of someone for whom he feels sympathy. Agent A has a budget constraint such that

Equation 6
$$pX_A + h_B = I_A$$

where X_A is the price to A of his own consumption, and h_B the amount (if any) that he transfers to B (assuming no transaction costs). Agent B, too, has a budget constraint such that

Equation 7
$$pX_B = I_B + h_B$$

since B's personal income is potentially being supplemented by transfers from A. As a result, agent A faces a final, "social" budget constraint of

Equation 8
$$pX_A + pX_B = I_A + I_B$$

The altruistic agent A will transfer enough resources to B so that the usual marginal conditions hold: assuming that the price of X to both parties is equal, at the optimal level of transfers A receives the same benefit from a change in his own or B's consumption (Becker, 1976, p. 819).

Equation 9

$$\frac{\partial U^A / \partial X_A}{\partial U^A / \partial X_B} = 1$$

To make the predictions of Becker's claim explicit, we have to assume some specific utility function. The one that follows is simple, interpersonal, and exhibits diminishing marginal utility of consumption (that is, ω is less than one):

Equation 10

$$U^A = (X_A)^\omega + \lambda (X_B)^\omega$$

If the price of good X is unity for both agents, $R = I_A / I_B$, and I_B is also set to equal one, then given a particular coefficient of sympathy, agent A faces a simple constrained maximization of

Equation 11

$$F(X_A, X_B, \lambda) = (X_A) \omega + \Lambda(X_B)\omega + \lambda(R + I - X_A - X_B)$$

as he works out the optimal level of transfers to B. (Λ is being treated as exogenous for the moment.) In the solution, the quantity $(I_A - pX_A)$ represents the gross amount that A transfers to B, which when divided by R represents the percentage of A's income transferred. This amount can, of course, be negative, in which case it would represent the amount of income that A would accept from B – if it were offered! The expression for this desired transfer, H_b , is

Equation 12

$$H_b = R - X_A = R - \Lambda^{(\omega-1)^{-1}} \left(\frac{R+1}{(\Lambda^{(\omega-1)^{-1}} + 1)} \right)$$

Obviously, to be evaluated this expression requires values for R, ω , and Λ . Since the goal is directional correctness, not a precise prediction, a value of .5 for ω may perhaps be accepted along with three representative values of R. These values (2, 1, and .5) correspond to stylized scenarios in which the “sympathetic knave” is (respectively) richer than, of equal wealth to, and poorer than his prospective “victim.” The coefficient of effective sympathy, Λ , can be imagined to come from the cruder “Edgeworthian” model of Equation 3. Suppose, for example, that A is observed turning down an opportunity to harm B in exchange for a gain to himself of twice the amount of B's loss. If A were motivated solely by welfare sympathy, his Λ would have to be at least two. This value of

Λ could then be inserted into Equation 12 to infer H_b , the percentage amount of income that A should then want to logically transfer to B based on the logic of Beckerian interpersonal constrained maximization. The income transfers associated with various values of Λ can be seen in the graph below.

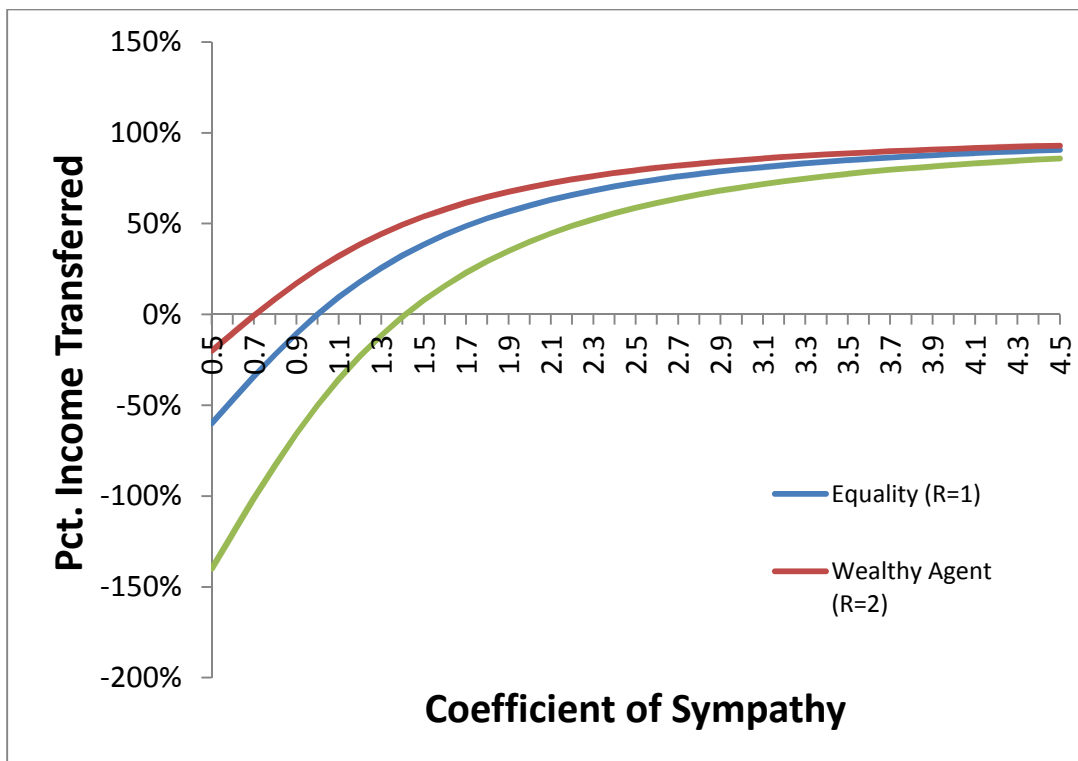


Figure 1: Income Transfers Implied by Differing Coefficients of (Additive) Sympathy

The basic observation here is that high coefficients of sympathy imply a transfer of income. The same effect can be observed can be illustrated with a more complicated interpersonal utility function of the type favored by Becker (1974, p. 1081, n):

Equation 13

$$U_h = x_h^{a_h} x_i^{b_h}$$

This might be called a multiplicative interpersonal sympathy function in contrast to the earlier “additive” version. The form of the function obviously ties the fates of its agents more tightly together than the alternative, but the income-transfer implications of obeying Smith’s maxim still hold – though in a weaker form. This can be seen by rewriting Becker’s equation to be consistent with the earlier notation:

Equation 14

$$U_h = x_h^\psi x_i^\omega$$

Here, the exponents on agent commodities reflect agent h ’s perceptions of i ’s utility, as well as his own. In this scenario, h considers some transfer of commodities from agent i to him that will cost i β units and will benefit him, agent h , by α units. (Allowing α and β to differ muddies the nature of what the x values actually represent, but allows the equation to capture Smith’s notion that the benefit of a harm (a crime) and the loss to the victim aren’t necessarily the same. Perhaps i ’s fine hat will fit h better.) Agent h will refuse to aggress so long as his subjective coefficients on own and partner consumption meet the condition

Equation 15

$$\frac{\psi}{\omega} \geq \frac{\text{Log} \left(\frac{x_i - \beta}{x_i} \right)}{\text{Log} \left(\frac{x_h}{x_h + \alpha} \right)}$$

This relationship is obviously more obscure than in the case of additive sympathy, but in the simple case of $\psi = .5$, $X_i = X_h = 100$, $\alpha = 2$ and $\beta = 1$ (that is, a transfer to the advantage of agent h) the necessary ω exponent to prevent theft (from h 's point of view) is .99, approximately twice h 's exponent on his own consumption. The corresponding equation for income transfer (t) under this function – after a similar constrained Lagrangian optimization as that performed for additive interpersonal sympathy, above – is

Equation 16

$$t = R - \frac{\psi(R+1)}{(\omega + \psi)}$$

where t is the amount transferred, R is the ratio between h and i 's income, and ψ and ω are the exponents on h and i 's commodity consumption from h 's subjective perspective. As the chart below shows, there is still an implication of income transfer when the ψ/ω ratio grows low enough – a lower number, in this case, representing more sympathy on the part of agent h , a higher regard for i 's well-being than his own. The ratio of approximately .5, needed under the conditions above to prevent a “two for one” transfer

of goods from i to h , implies that roughly a third of agent h 's income should flow to i . This may be realistic within a family setting but certainly isn't observed between strangers or acquaintances!

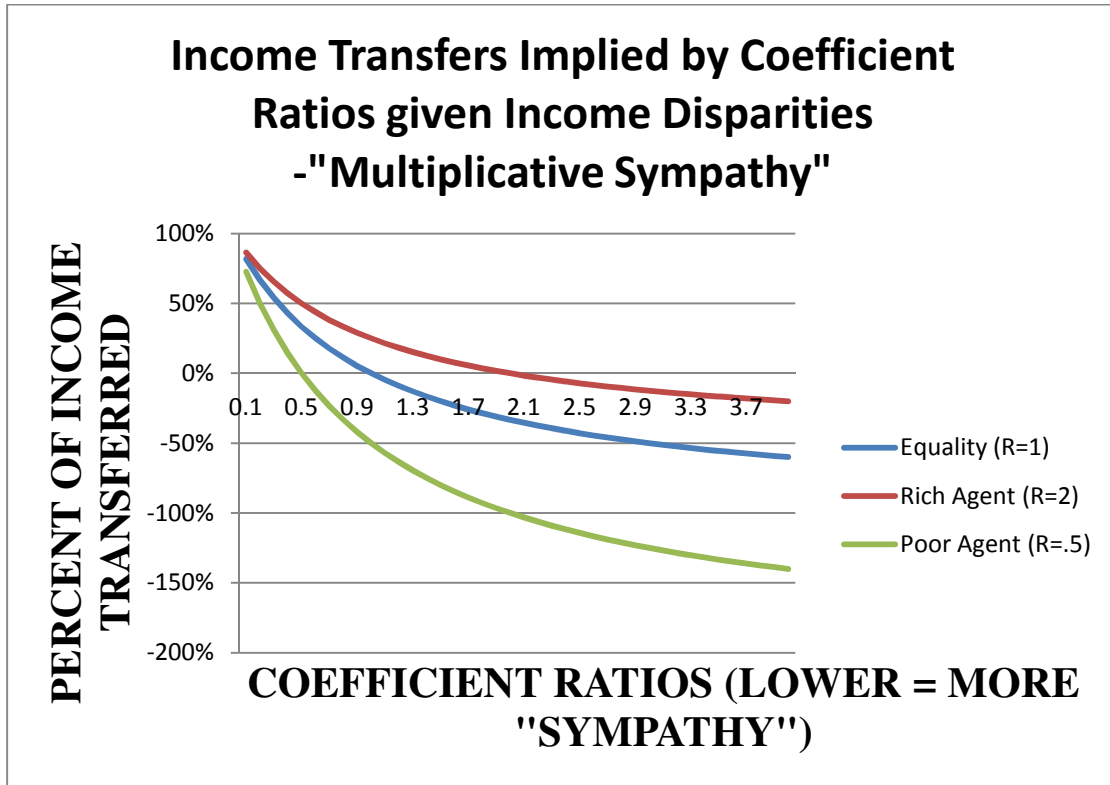


Figure 2: Income Transfers Implied by Differing Coefficients of (Multiplicative) Sympathy

It should be stressed that the goal of these graphs (for both multiplicative and additive sympathy), and the simple models underlying them, isn't to make real-world predictions. The specific functional forms used, and their parameters, are only roughly plausible (and, after all, these are only a two-agent model). The objective is only to clothe the intuition that welfare sympathy, if strong enough to prevent certain threshold levels of injustice,

also implies income transfers. Given the assumption of diminishing returns to consumption, this effect is stronger when the agent (A) is richer than the patient. However, it is striking to consider Smith's dictum that a "poor man" ought "neither defraud nor steal from the rich, though the acquisition might be *much* more beneficial to the one than the loss could be to the other" (TMS, 1982, III.3.6, 138, emphasis added). Under Equation 3, the "much" implies a high value for Λ , which under additive welfare sympathy implies that the poor man ought to cut a check to the rich!

Can everyday experience sustain the suggestion that income transfers ought to follow acts of abstaining from injustice (if these abstentions were motivated by welfare sympathy), or is the idea false on its face? No econometric study is needed to conclude that people who return lost wallets do not, as a rule, subsequently transfer income to their owners. In the course of a week, in fact, it's not impossible that an ordinary person would reveal (welfare) sympathetic preferences through ethical behavior that logically should rapidly result in her near-bankruptcy through transfers! This seems to create a *prima facie* case that either (1) welfare sympathy does not explain acts of justice or (2) the "coefficients of sympathy" for others wink on at the moment an agent is tempted to aggress (or do a kindness), and wink off again as soon as the agent begins to consider his allocation of income. This second possibility at first seems plausible: perhaps proximity and interaction with another awakens enough feelings of sympathy to restrain injustice, but are forgotten as soon as the interaction is over. However, this effect could not explain acts of kindness or justice to distant or unknown strangers (owners of lost wallets, for example). Nor would it prevent agents who have just refrained from injustice from

sharing the immediate contents of their own wallets with their potential victims according to Equation 12 or another specific form, or taking down their home address to send them a check later (even if they later change their mind). These suggestions of course sound absurd, and the tempting response is that sympathy doesn't work that way; normally ethical agents recoil from harming another, but that doesn't mean they want to send them a \$3,000 check. But this is of course the argument; the rather mechanical and reductive idea of welfare sympathy can't capture the subtle norms that actually govern conduct. Even if we do feel welfare sympathy for other people in the moment of ethical action (or refraining from unethical action) the rules calling this sympathy into being and cutting it off again are the ones doing the real explanatory work.

Another objection might be advanced that the income transfers predicted by additive sympathy actually do take place, in the form of charitable giving and the share of taxation devoted to welfare payments. Even leaving aside questions of magnitude—whether the share of national income devoted to these purposes is compatible with observed levels of just behavior—there are serious counterarguments to this objection. People of all income levels are seen to observe the rules of justice with respect to members of the middle class, the wealthy, and citizens of foreign developed countries. But since these populations do not receive charitable giving or government welfare payments, the contradiction between the just behavior and the lack of transfer payment still remains. Furthermore, if taxes and charitable contributions represent “ H_b ” or “ H_0 ”, the optimal level of transfers motivated by interpersonal sympathy (Becker, 1974, pp. 1068–1069)—and why would they not, since the latter at least are voluntary—then

everyone has at all times “spent up to their budget” of desired generosity for others. There would be no resources left to respond to unexpected ethical situations, such as spotting a stranded motorist by the roadside, unless the unexpected situation conveyed new information about the probability of misfortunes to others. Alternatively, sympathetic preferences might change in the moment to give a higher weight to the motorist’s welfare, but this again only displaces the explanatory problem onto whatever force changes the weights. The alternative begins to look more and more attractive: that Kantian-like behavior is determined by something other than welfare sympathy.

Sympathy in Economics

The puzzle that launched this essay was how Adam Smith’s idea of sympathy could lead to ethical commitment while modern sympathy did not. The distinction between concord and welfare sympathy explains the puzzle. However, it remains to suggest how concord sympathy might be integrated into the modern understanding of altruism: that is, as a motivation for ethical action (occasionally “heroic,” non-utility maximizing action) from sources beyond reputation, reciprocity, or the fear of punishment. The limits of this suggestion should be stressed. The claim is not that concord sympathy is the only source of universalizing ethical behavior or even that it has any particular level of motivational force. Adam Smith himself would probably have predicted that the desire for concord sympathy would vary by culture, education, personality, and station in life. Ideally, experimental economics could shed light on this question, as it has on many other plausible but imprecise predictions of classical economics. The goal here is at least to surface the *hypothesis* that concord sympathy

motivates, a hypothesis that is invisible to economics as long as it thinks of “sympathy” only as *welfare* sympathy.

A promising framework for thinking about concord sympathy’s motivating power might seem to be Becker’s (1974) theory of social interactions. Inspired by Bentham and twentieth-century writers, Becker modeled individuals as pursuing a small number of basic wants—perhaps as few as fifteen or less. Each basic want is denoted by a Z_n notation, and the individual’s overall utility depends on his successful pursuit of each. In Becker’s framework agent i ’s utility can be written

$$\text{Equation 17}$$
$$U_i = U_i(Z_1, \dots, Z_m)$$

and i ’s ability to achieve each basic need in turn depends on several factors. If (for example) Z_j were “distinction” (prestige) then i ’s attainment of Z_j would be affected by the relevant goods and services he consumed (x_j - nice clothing, watches, expensive cars), the time spent pursuing distinction (noted as t_j), i ’s own human capital (noted as E^i , factors common to all his activities such as his skill, education, physical appearance), and finally the characteristics of others relevant to the basic want in question. In the case of “distinction,” the relevant characteristics would be the opinions that other people held about i , and these would be represented as R_j^1, \dots, R_j^r to represent all the relevant people, from person 1 to person r . The final expression for i ’s achievement of Z_j could be written

Equation 18

$$Z_j = f_j^i(x_j, t_j, E^i, R_j^1, \dots, R_j^r)$$

and Becker assumes that the R variables, other people's attitudes, can be affected by *i*'s efforts (Becker, 1974, p. 1066).

It is tempting to conceptualize the desire for concord sympathy within Becker's framework as just another basic want, perhaps designated (uncreatively) Z_s , and written

Equation 19

$$Z_s = f_s^i(x_s, t_s, E^i, R_s^1, \dots, R_s^r)$$

The agent *i* would then simply devote resources to Z_s as to any of his other basic wants, spending up to a certain optimal amount h_0 to affect the relevant characteristics of others (Becker, 1974, pp. 1068–1069). In this case, the relevant “characteristics of others” would be their sympathy with agent *i*; so *i* could spend resources persuading them to sympathize with them, or else invest time and money doing things they would sympathize with (or forego resources he could gain by doing things they would *not* sympathize with).

This approach has the advantage of making the demand for concord sympathy downward sloping, that is, it recognizes the fact that the demand for moral approval is sensitive to its cost. Even Smith, in the *Wealth of Nations*, appeared to endorse this view when he speculated that the Quakers would never have abolished slavery had they had a

stronger material interest in its continuation (WN, 1981 III.ii.10, 388). Another advantage is that the demand for concord sympathy could easily be adjusted for cultural context and social norms, by the expedient of altering the baseline values of $R^1 \dots R^r$, other people's opinions. The model would be incomplete, however, to the extent that concord sympathy doesn't motivate only based on the attitudes of actual people. A follower of Smith's theory (or many other ethical systems) is willing to defy popular opinion in the name of deeper moral truths. Smith would model this as desire for the approval of the impartial spectator, or equivalently the desire not only to be praised, but to be praise-worthy (TMS, 1982, III.2.1-7, 113-117). At the minimum, then, an additional Z good would be needed to capture this motivational possibility; a Z good (Z_i ?) dependent not on the opinions of actual people but the ethical beliefs held by the *agent* about what is praiseworthy.

But there is a deeper problem. Becker's world is an abstract and timeless one in which maximizing actions flow logically from a given (and presumably stable) set of preferences. The world in which concord sympathy operates, however, is extremely sensitive to context. And context affects agent ethical beliefs, the opinions of others, and even the desire (preference) for concord sympathy itself. What action others (or the agent's internal idea of the impartial spectator) will approve of can be only approximately modeled, since in Smith's system at least approval depends on sympathetic projection into the unique circumstances of an acting agent (Haakonssen, 1981, p. 51). Furthermore, the resource expenditure needed to gain the concord sympathy of either real observers or the imagined, impartial observer depends on the actual situations agents confront.

Someone who, yesterday, gained the concord sympathy of all by driving quietly to work must, today, pay a dramatically higher bill for the same prize when he observes a smoking and wrecked school bus toppled off the side of the road. At the same time, the agent's willingness to incur these costs will (probably) also increase in such a situation. Combinations of price and preferences for concord sympathy, in other words, will be as numerous as there are combinations of individuals, norms, and real-world ethical situations. The prediction from applying Becker's framework—that an agent will expend a fixed, optimal amount of resources on achieving concord sympathy—is therefore likely to be false in any individual case and true for groups only to the extent that the law of large numbers evens out variations in character, norms, and situation types.

This conclusion is meant to be realistic, not pessimistic, with respect to concord sympathy's place in economic theory. Even if its predictive power is limited, it might be possible to get a rough idea of its effects in stylized situations. The effects of approbation and disapprobation in a dictator game, for example, would seem feasible to isolate—both when they push for an outcome seen as fair, and when they push against it (the latter isolating the desire for praise “worthiness”). More complex laboratory situations can be imagined testing whether the “stoical maxim” forbidding positive-sum transfers could be sustained either by (dis)approbation or by universal agent beliefs about fairness. Such situations would have to be carefully designed to minimize considerations of reciprocity, reputation, and punishment.

Conclusion

In the course of this discussion, the seemingly commonplace word “sympathy” has been revolved and examined from many angles. Four meanings of sympathy (relevant to economics) were discerned. Of these four—responsive, social, welfare, and concord sympathy—it is only the last that (for Adam Smith and others) fits into a psychologically plausible narrative justifying ethically “committed” behavior. Although modern or “welfare” sympathy is a powerful concept, it is not a plausible explanation for ethical behavior in modern, anonymous societies because it incorrectly predicts large income transfers to those who benefit from just behavior. This is not to assume that concord sympathy is actually the source of non-instrumental ethical behavior, still less to endorse the ethical system of the *Theory of Moral Sentiments* as necessarily correct. The actual motivational strength of concord sympathy is unknown and would doubtlessly vary between individuals and situations. Experiments to investigate this strength would seem to be feasible, although predictive traction would probably be limited. The contribution of the paper, then, is less to reach a firm conclusion than to surface a hypothesis. When economists unconsciously read “sympathy” solely in its welfare sense, the possibility of concord sympathy was invisible. Recovering it may contribute to a better understanding of human action, including adherence of rules of conduct without which prosperous market societies cannot exist.

APPENDIX: A TABLE OF REFERENCES TO THE POOR IN ADAM SMITH

#	Work	Reference	Pgs	Terms Found	Summary	Interpretation	Conflict	Favor Poor	Natural Liberty
1	LJ	1762-63, iii.145	197-198	Poor	In this complicated historical passage, Smith tries to explain why the poor Roman and Athenian masses were always agitating for a cancellation of debts, which was expropriation - "a demand of the taking away so much of one's property." The modern British, however, don't agitate for this - why? Smith thinks it's because Romans (in particular) had no means of subsistence, employment being monopolized by slaves, so they were entrapped into debt by the rich. In their desperation, they pressed for the cancellation of debts even though this is against the ordinary rule of justice.	The burden of this passage isn't to disparage either the ordinary rule of justice (stability of possession) or the motives of the poor, who were driven to this expedient by the manipulations of the rich and the bad cultural/economic effects of the institution of slavery. Smith clearly prefers modern British commercial society with its market employment opportunities.	YES	YES	ENDORSE
2	LJ	1762-63, iv.7	202	Poor	Inequality first arises in the age of shepherds. The poor have nowhere to turn for employment except the rich, and in exchange for their subsistence they offer the wealthy not just their work but their loyalty. In a market society, however, even a poor tradesman has many customers and so doesn't feel himself to be the vassal of the rich.	Smith's goal here seems to be explanation rather than judgment, but his narrative paints modern market society in a good light.	NO	YES	ENDORSE

#	Work	Reference	Pgs	Terms Found	Summary	Interpretation	Conflict	Favor Poor	Natural Liberty
3	LJ	1762-63, iv.21	208	Poor	[Property becomes important once men cease to be hunters and become shepherds, since a man can't keep his entire herd physically with him all the time.] When "some have great wealth and others nothing, it is necessary that the arm of authority should be continually stretched forth [to protect] the property of the rich from the inroads of the poor...Laws and government may be considered in this and indeed in every case as a combination of the rich to oppress the poor, and preserve to themselves the inequality of the goods which would otherwise be soon destroyed by the attacks of the poor..."	The direct, almost harsh language in this passage makes it difficult to parse Smith's attitude towards the developments he describes. Does he condemn the poor for making "inroads" and "attacks" or sympathize with them since the rich "oppress" them? The most likely explanation seems to be that Smith is describing here, not evaluating. Though "oppress" to modern ears connotes ongoing injustice, the word also has an archaic sense of "suppress" as in to hold down. There is less normative flavor to the old usage. The location of the conflict is identified as "markets" since the maintenance of property rights is essential to market society. See also LJ, 1766, 20, p. 404 above.	YES	UNCLEAR	UNCLEAR

#	Work	Reference	Pgs	Terms Found	Summary	Interpretation	Conflict	Favor Poor	Natural Liberty
4	LJ	1762-63, vi.4-7	332	Common People	There is more, rather than less, crime in cities where there are more regulations of "police." This is because more servants and retainers are present in these towns, who are employed by great men. "Nothing tends so much to corrupt and enervate and debase the mind as dependency, and nothing gives such noble and generous notions of probity as freedom and independency. Commerce is one great preventive of this custom. The manufactures give the poorer sort better wages than any master can afford; besides, it gives the rich an opportunity of spending their fortunes with fewer servants, which they never fail of embracing. Hence it is that the common people of England who are altogether free and independent are the honestest of their rank any where to be met with."	Commerce both empowers and raises the morals of the common people. Compare this to WN II.iii.12-13.	NO	YES	ENDORSE
5	LJ	1762-63, vi.19	338	Poor	"Even law and government have these [arts & industry] as their final end and ultimate object. They give the inhabitants of the country liberty and security in the cultivate the land which they possess in safety, and their benign influence gives room and opportunity for the improvement of all the various arts and sciences. They maintain the rich in the possession of their wealth against the violence and rapacity of the poor, and by that means preserve that useful inequality in the fortunes of mankind which naturally and necessarily arises from the various degrees of capacity, industry, and diligence in the different individuals."	Smith returns to his theme that laws protect the rich against the poor, but here the rich are to some degree praised: "useful inequality...naturally arises from the various degrees of capacity, industry, and diligence...." The poor, by contrast, are described as violent and rapacious. Still, there's no indication that Smith wants them to actively be harmed, only prevented from harming the rich.	YES	UNCLEAR	ENDORSE

#	Work	Reference	Pgs	Terms Found	Summary	Interpretation	Conflict	Favor Poor	Natural Liberty
6	LJ	1762-63, vi.19	338-339	Poor, Labourer	"We see accordingly that an ordinary day-labourer, whom [we falsely] account to live in a most simple manner, has more of the conveniencies and luxuries of life than an Indian prince at the head of 1000 naked savages...It may not indeed seem wonderful that the great man...should be so very affluent, when the merchant, the poor, and the needy all give their assistance to his support...[b]ut that the poor day labourer or indigent farmer should be more at his ease, notwithstanding all oppression and tyranny...than the savage, does not appear so probable. Amongst the savages there are no landlords nor usurers, no tax gatherers, so that every one has the full fruits of his own labours, and should therefore enjoy the greatest abundance; but the case is far otherwise."	The division of labor is so powerful that it allows the poor laborer to live better supplied than an Indian prince, even though he has to share his earnings with his landlord, the tax-gatherer, the usurer, etc. It's unclear what Smith means by the "oppression and tyranny" encountered by the poor day labourer: are these market relationships (with his landlord, say) or oppression from a prince, discriminatory social system, etc. The overall message seems to be a defense of civilization and the division of labor it makes possible.	YES	YES	ENDORSE

#	Work	Reference	Pgs	Terms Found	Summary	Interpretation	Conflict	Favor Poor	Natural Liberty
7	LJ	1762-63, vi.29	341	Poor, Labourer	"But every savage has the full enjoyment of the fruits of his own labours; there are there no landlords, no usurers, no tax gatherers. We should expect therefore that the savage should be much better provided than the dependent poor man [who] ...as it were supports the whole frame of society and furnishes the means of the convenience and ease of all the rest[. He] is himself possessed of a very small share and is buried in obscurity. He bears on his shoulders the whole of mankind, and unable to sustain the load is buried by the weight of it and thrust down into the lowest parts of the earth, from whence he supports all the rest. In what manner then shall we account for the great share he and the lowest of the people have of the conveniences of life. The division of labour amongst different hands can alone account for this."	Smith reiterates that the lot of the ordinary laborer is better in commercial society than in the savage state, because of the advantages of the division of labor. However, he is definitely more sympathetic to the poor worker than the "moneyed man" who lives at ease.	YES	YES	UNCLEAR
8	LJ	1766, 20	404	Poor	"Till there be property there can be no government, the very end of which is to secure wealth, and to defend the rich from the poor...This inequality of fortune, making a distinction between the rich and the poor, gave the former much influence over the latter, for they who had no flocks or herds must have depended on those who had them, because they could not now gain a subsistence from hunting as the rich had made the game, now become tame, their own property. "	This passage takes a more negative view of the institution of property than previous ones in LJ; here, it seems to prevent the poor from making a living by hunting. The reference is still clearly not to modern conditions, however.	YES	YES	UNCLEAR

#	Work	Reference	Pgs	Terms Found	Summary	Interpretation	Conflict	Favor Poor	Natural Liberty
9	LJ	1766, 204	486	Common People	Nothing tends so much to corrupt mankind as dependency, while independency still increases the honesty of the people. The establishment of commerce and manufactures, which brings about this independency, is the best police for preventing crimes. The common people have better wages in this way than in any other, and in consequence of this a general probity of manners takes place thro' the whole country. No body will be so mad as to expose himself upon the highway, when he can make better bread in an honest and industrious manner.	Crime is reduced when the common people are independent workers in commercial society, not semi-feudal retainers. The resulting good wages will prevent robbery.	NO	YES	ENDORSE
10	LJ	1766, 211-213	489-490	Poor, Labourer	A common day labourer in Britain has more luxury in his way of living than an Indian sovereign, even though (unlike a savage) he doesn't enjoy the entire fruit of his own labor. The division of labor accounts for this. However, "in a civilized society...[t]he division of opulence is not according to the work. The opulence of the merchant is greater than that of all his clerks, tho' he works less..The artizan who works at his ease within doors has far more than the poor labourer who trudges up and down without intermission. Thus he who, as it were, bears the burthen of society has the fewest advantages."	Smith again observes how the poor laborers reap a small reward given the work they perform. However, he does continue to emphasize (in the previous paragraph on page 489) that even the poor benefit, on net, from the division of labor.	YES	YES	UNCLEAR
11	LJ	1766, 264	512	Poor	"When a rich man and a poor man deal with one another, both of them will encrease their riches, if they deal prudently, but the rich man's stock will encrease in a greater proportion than the poor man's. In like manner, when a rich and a poor nation engage in trade the rich nation will have the greatest advantage, and therefore the prohibition of this commerce is most hurtfull to it of the two."	The implication is for free trade both internationally and within a country.	NO	UNCLEAR	ENDORSE

#	Work	Reference	Pgs	Terms Found	Summary	Interpretation	Conflict	Favor Poor	Natural Liberty
12	LJ	1766, 285-288	521	Poor, Labourer	Given the productivity of the division of labor, it's surprising that nations continue poor for so long. There are two reasons for this, one natural and one due to the oppressions of civil government. The natural obstacle to opulence is the shortage of capital, which is very hard to accumulate in a primitive society. A savage has no tools and therefore barely procures subsistence. By contrast, "The meanest labourer in a polished society has in many respects an advantage over a savage. He has more assistance in his labour; he has only one particular thing to do, which by assiduity he attains a facility in performing; he has also machines and instruments which greatly assist him." Secondly, "[i]n the infancy of society...government must be weak and feeble [and unable to] protect the industry of individuals from the rapacity of their neighbours. When people find themselves every moment in danger of being robbed of all they possess, they have no motive to be industrious. There could be little accumulation of stock, because the indolent...would live upon the industrious, and spend whatever they produced."	Smith here takes a definitely positive view of the origins of property, in contrast to the somewhat ambiguous statements elsewhere in LJ.	NO	YES	ENDORSE
13	LJ	1766, 312-313	532	Poor	"Excise raises the price of commodities and makes fewer people able to carry on business...[because of it, people require] greater stock to carry on trade, the dealers must be fewer and the rich have, as it were, a monopoly against the poor. [in England] no tax is laid upon stock or money, but all upon consumptions. Whatever advantages this method may have, there is evidently in it an inequality. "	Taxes should not tilt the playing field against the poor.	YES	YES	ENDORSE

#	Work	Reference	Pgs	Terms Found	Summary	Interpretation	Conflict	Favor Poor	Natural Liberty
14	LJ	1766, 329-330	539-540	Low People	There are three inconveniences arising from commercial society. First, men's horizons are restricted as a result of the division of labor. This makes "the low people...exceedingly stupid." Townsmen are less intelligent than country folk and citizens of a rich country less intelligent than those in a poor one. Second, education is neglected because of its opportunity cost. Parents find that it pays to send their children to work as early as 6 or 7, and so they don't school them. Having no ideas to furnish their minds, when they are grown the children have no recreation except riot and debauchery; and so they work half the week and debauch the second half. "So it may very justly be said that the people who cloath the whole world are in rags themselves." Third, martial virtues are neglected by everyone except professional soldiers. "To remedy these defects would be an object worthy of serious attention."	In a clear foreshadowing of the passages on the same subject in the WN, Smith highlights the debilitating effects of the division of labor. He praises "country schools" as a possible counterweight to this problem.	NO	YES	UNCLEAR
15	TMS	I.iii.2.1	51	Poor, Labourer	"The poor man, on the contrary, is ashamed of his poverty. He feels that it either places him out of the sight of mankind, or, that if they take any notice of him, they have, however, scarce any fellow-feeling with the misery and distress which he suffers...The poor man goes out and comes in unheeded,..."	The passage emphasizes how poverty means not only deprivation but obscurity and scorn. Smith's tone here seems meant to evoke sympathy for the poor and disapprobation of the arrogant rich who "turn away their eyes from him."	NO	YES	N/A

#	Work	Reference	Pgs	Terms Found	Summary	Interpretation	Conflict	Favor Poor	Natural Liberty
16	TMS	I.iii.2.5	54-56	Inferior Ranks	Men of inferior ranks can't distinguish themselves by their courtly manners, as the rich and powerful can. Accordingly they cultivate "more important" virtues such as probity, prudence, generosity, and frankness. Accordingly governments always tend to employ people of middle and inferior ranks to actually administer the state. The aristocrats hate and revile them, but are eventually obliged to truckle to them for favors.	Smith clearly holds the inferior ranks up to some degree of admiration here, and exposes the wealthy to scorn.	YES	YES	N/A
17	TMS	I.iii.3.1	61	Poor	This disposition to admire, and almost to worship, the rich and the powerful, and to despise, or, at least, to neglect persons of poor and mean condition...is, at the same time, the great and most universal cause of the corruption of our moral sentiments. That...the contempt, of which vice and folly are the only proper objects, is often most unjustly bestowed upon poverty and weakness, has been the complaint of moralists in all ages.	We should neither admire the rich for their wealth, nor look down on the poor for their poverty.	YES	YES	N/A
18	TMS	I.iii.3.4	62	Poor, Humble	"In equal degrees of merit there is scarce any man who does not respect more the rich and the great, than the poor and the humble. With most men the presumption and vanity of the former are much more admired, than the real and solid merit of the latter."	Though most men admire wealth, the more discerning judge based on virtue. Smith here actually exalts the character of the poor and the humble above the rich.	YES	YES	N/A
19	TMS	II.iii.4	107	Poor	"A man of humanity, who accidentally...has been the cause of the death of another man, feels himself piacular, though not guilty...If the family of the slain is poor, and he himself in tolerable circumstances, he immediately takes them under his protection, and, without any other merit, thinks them entitled to every degree of favour and kindness."	A "man of humanity" ought to feel compassion for the poor, even if he was only inadvertently the cause of their misfortune.	NO	YES	N/A

#	Work	Reference	Pgs	Terms Found	Summary	Interpretation	Conflict	Favor Poor	Natural Liberty
20	TMS	III.3.6	138	Poor	"One individual must never prefer himself so much even to any other individual, as to hurt or injure that other, in order to benefit himself...The poor man must neither defraud nor steal from the rich, though the acquisition might be much more beneficial to the one than the loss could be hurtful to the other."	For society to continue to exist, justice must be observed. The poor are not entitled to expropriate the rich even if (to use anachronistic language) "total welfare" would be increased that way.	YES	UNCLEAR	ENDORSE
21	TMS	III.3.31	150	Humble	In the most glittering and exalted situation that our idle fancy can hold out to us, the pleasures from which we propose to derive our real happiness, are almost always the same with those which, in our actual, though humble station, we have at all times at hand, and in our power. Except the frivolous pleasures of vanity and superiority, we may find, in the most humble station, where there is only personal liberty, every other which the most exalted can afford...	As long as one possesses personal liberty, a humble position in life is really as good as a powerful one, or even superior since more tranquil.	NO	YES	N/A
22	TMS	IV.1.8	181	Poor, Humble	The "poor man's son" passage, which criticizes ambition. The imagined protagonist, after he has arrived at wealth at last, looks back with regret on his life and realizes that he could have been just as happy in his original station.	Subvert the automatic assumption that the rich are happier, or that the life of a poor person is necessarily terrible.	NO	YES	N/A

#	Work	Reference	Pgs	Terms Found	Summary	Interpretation	Conflict	Favor Poor	Natural Liberty
23	TMS	IV.i.10	184	Poor, Peasant	"The rich ...consume little more than the poor, and in spite of their natural selfishness and rapacity, though they mean only their own conveniency...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..."	This is of course the TMS version of the famous Invisible Hand passage. Nature is so constituted that the rich end up sustaining the poor by employing them to produce luxuries, work as servants, etc. The poor end up being not much worse off in the "real happiness of human life" than the rich. Smith implies there is a rough harmony of interests.	NO	YES	ENDORSE
24	TMS	V.2.3	201	Inferior Ranks	To "superficial minds the vices of the great seem at all times agreeable." They seem to be connected with liberality and politeness. The painful industry, patience, and parsimony of the poor by contrast seems dull, severe, and mean.	Smith implicitly upholds the virtues of the inferior ranks of the people. Their virtue seems inferior only to "superficial" minds.	YES	YES	N/A
25	TMS	VI.ii.L20	225	Poor	"After the persons who are recommended to our beneficence [by connect, merit, or gratitude] come those who are pointed out...to our benevolent attention and good offices...the greatly fortunate and the greatly unfortunate, the rich and the powerful, the poor and the wretched. The distinction of ranks, the peace and order of society, are, in a great measure, founded upon the respect which we naturally conceive for the former. The relief and consolation of human misery depend altogether upon our compassion for the latter. The peace and order of society, is of more importance than even the relief of the miserable."	Smith argues that our "good offices" should be directed both to the poor (because of compassion) but also to the "rich and the powerful" because this sustains the "peace and order" of society.	NO	YES	N/A

#	Work	Reference	Pgs	Terms Found	Summary	Interpretation	Conflict	Favor Poor	Natural Liberty
26	WN	Intro.4	10	Workman	In civilized and thriving nations, even a workman of the lowest order (if he is frugal and industrious) may possess more necessities and conveniences of life than any savage could acquire.	In twentieth-century terminology, the move from the "savage" to the civilized state appears to be a Pareto improvement. Even the worst off person in the civilized order is better off than *any* savage.	NO	YES	ENDORSE
27	WN	I.i.10-11	22-23	Artificer, Peasant, Workman	In a well-governed society, the division of labor results in "universal opulence" extending itself even to the lower ranks of the people. The accommodation of even a common artificer or day-labourer requires the cooperation of thousands of hands through the medium of the division of labour. We falsely imagine this accommodation to be "easy and simple," but in fact even if the rich and powerful are better off than the artificer, he is better off than an African king.	The passage implies that the division of labor is beneficial to the common artificer.	NO	YES	ENDORSE
28	WN	I.v.15	53	Labourer	The recompense of labor is greater in a society that is advancing to riches than one that is standing still.	This is an apparent endorsement of economic growth.	NO	YES	ENDORSE
29	WN	I.vi.4-8	65-67	Labourer	Before land is private property or capital is accumulated, the whole product of labour belongs to the labourer. Afterwards, however, he must share part of his produce with the landlord and the capitalist.	This largely seems to be a scientific, not a "normative," observation. The only whiff of judgment comes with Smith's statement on I.vi.8, 67, where Smith notes that landlords "like all other men, love to reap where they never sowed."	YES	UNCLEAR	N/A

#	Work	Reference	Pgs	Terms Found	Summary	Interpretation	Conflict	Favor Poor	Natural Liberty
30	WN	I.viii.2-10	82	Labourer	Similar point as I.vi.4-8. Once land is privatized and capital accumulated, part of the produce of labor is 'deducted" to pay the landlord and the capitalist.	Similar evaluation to I.vi.4-8.	YES	UNCLEAR	UNCLEAR
31	WN	I.viii.11-14	83	Workmen, Labourers	The wages of labor depend on the contract made between the two parties - the worker and the manufacturer - whose interests are "by no means the same." Both sides would want to combine to strengthen their negotiating position. However, the advantage will typically lie with the masters, who are both fewer in number (making collusion easier) and who also benefit from the law that prohibits worker combinations, though it doesn't penalize employer combinations. The masters also have more staying power than workers, so in the short (though not the long) run, the workers need them more than they need the workers. Either to resist employer attempts to force wages down, or to raise wages "without provocation," the workers sometimes combine and sometimes resort to "shocking violence and outrage." They do these foolish acts because they are desperate, and are usually crushed by the civil magistrate.	Smith paints relations between masters and workman as fraught and unequal. The masters have both the incentive and the means to lower wages, both through the inherent dynamics of the situation and the legal advantages that lie on their side. Smith's sympathies seem to lie on the side of the workers, although he doesn't condone their outrages. There is no suggestion, however, that government ought to intervene in the situation (except, perhaps, to level the legal playing field with respect to combinations.)	YES	YES	ENDORSE
32	WN	I.viii.1617	86	Labourers, Workmen	Despite the advantages that masters have, wages can rise above the lowest rate consistent with common humanity. When the demand for labor is rising, masters voluntarily break through their combination and bid against each other. But the demand for labor can't increase unless revenue [i.e., profit or rent in Smith's usage] or stock is also increasing.	In contrast to Smith's critical attitude about masters' combinations, this passage links the welfare of the workers to the increase of stock and revenue, with the implication that such is to be welcomed.	NO	YES	ENDORSE

#	Work	Reference	Pgs	Terms Found	Summary	Interpretation	Conflict	Favor Poor	Natural Liberty
33	WN	I.viii.22-23	87-88	Inferior Ranks, Labourer	The condition of labourers is best in countries that are growing most rapidly [because of Smith's proto-Malthusian theory of population growth.] Therefore labourers in the North American colonies are much better paid in both nominal and real terms than their equivalents in England, even though England is a richer country. Because of the high reward of labor, a widow with children is in the United States courted as an heiress to a fortune, while in England she would be avoided.	Smith doesn't make any directly evaluative comments on this situation, but it is clear that he thinks the situation in North America is genuinely good for the labourers. No conflicts of interest or political conflicts are interfering with this economic growth.	NO	YES	ENDORSE
34	WN	IV.viii.44-47	89	Artificer, Labourer	China is in the "stationary state." Although it is a rich country in the aggregate, labourers have multiplied up to the limit of subsistence. Smith says that even if wages had once been above subsistence, the "competition of the labourers and the interest of the masters would soon reduce them to this lowest rate which is consistent with common humanity."	The "interest of the masters" here seems simply to be their desire to hire labor at the cheapest actual cost. Given how negatively Smith describes the state of the poor in China, this seems to imply a conflict of interest between rich and poor.	YES	YES	N/A
35	WN	I.viii.26	90-91	Poor, Labourer, Workmen	When funds destined for the maintenance of the poor (the demand for servants and laborers) are decaying, the lot of the poor is grim, such as in the British East Indies. The contrast between the East Indies and British North America is stark, and is the result of the British Constitution protecting the latter and a mercantile company oppressing the former.	The East Indies should be governed by good laws, such as in British North America. This will presumably mean curbing the power of the East India Company and its wealthy shareholders.	YES	YES	ENDORSE

#	Work	Reference	Pgs	Terms Found	Summary	Interpretation	Conflict	Favor Poor	Natural Liberty
36	WN	I.viii.35-36	95-96	Labourer , Poor, Workmen	Real wages for labourers have increased in the eighteenth century. Should this be regarded as a good or bad thing? Smith answers that it should certainly be regarded as good. "No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable. It is but equity, besides, that they who feed, cloath, and lodge the whole body of the people, should....be themselves tolerably well fed, cloathed, and lodged."	The recent rise in real wages should be welcomed, not viewed as a problem. The well-being of workers and the poor "counts" when considering the welfare of society.	NO	YES	ENDORSE
37	WN	I.viii.41	98-99	Poor	Careless overseers neglect slaves, whereas the labouring poor take good care of themselves. Therefore free labor is in the end cheaper than slave, even in high-wage areas of North America.	We should prefer free labor.	NO	YES	ENDORSE
38	WN	I.viii.43	99	Poor, Great Body of the People	The condition of the laboring poor (the great body of the people) is happiest and most comfortable in an advancing society.	We should prefer an advancing state of society.	NO	YES	ENDORSE
39	WN	I.viii.44	99-100	Poor, Common People, Artificers, Labourer , Workmen	High wages strengthen and encourage more productivity from workers. However, independent work or piece-work tempts to workers to overwork. Masters should listen to "reason and humanity" and try to moderate the application of workmen.	A difficult passage to categorize. Approves of high wages, but may imply a market failure (a failure of worker self-command?) in the temptation to overwork. However the reference to "reason" (self-interest?) as well as humanity, and the lack of a prescription for government intervention, saves this passage from being categorized as hostile to the market system.	NO	YES	UNCLEAR

#	Work	Reference	Pgs	Terms Found	Summary	Interpretation	Conflict	Favor Poor	Natural Liberty
40	WN	I.viii.47-49	101-102	Poor, Common People, Workmen	Employers prefer years of expensive provisions because their employees are more "humble and dependent" and they can strike better bargains with them. Therefore they think dear years are better for industry. But cheap provisions help more poor workmen strike out on their own, where they are more productive and moral. A study in France indicates the poor produce more in cheap years.	This is another passage directly answering the case for low wages. The "employers" in this passage prefer years of dear provisions, so it's arguable that Smith sees a rich-poor conflict of interest here. However, he comes unequivocally down on the side of the poor, and of entrepreneurial freedom.	YES	YES	ENDORSE
41	WN	I.ix.15	111-112	Poor	China could be richer with better laws and institutions. Trade is controlled and the poor are subject to expropriation by petty officials. "The oppression of the poor must establish the monopoly of the rich."	Expropriating the poor is unjust	YES	YES	ENDORSE
42	WN	I.x.c.12	138	Poor, Workmen	The patrimony of the poor is his labor, and it is unjust from preventing him from contracting freely with other willing parties. Legal interference is impertinent and oppressive.	Eliminate long apprenticeships	YES	YES	ENDORSE
43	WN	I.x.c	138	Artificers	In Scotland the corporation laws are "little oppressive." Apprenticeships are short and can be bypassed by small fines. Artificers can ply their trade in any town.	Smith approves of these liberal laws.	NO	YES	ENDORSE
44	WN	I.x.c.17-18	140-141	Artificers, Labourers	Exclusive corporations originated in the cupidity of the king, who was eager to sell charters to townsmen in exchange for a fine. The purpose of such corporations was to restrict the supply of goods and elevate their price. By this means the townsmen were able to exploit the less easily organized folk of the country.	Here, there is not one monolithic group of "poor" but rather one group - the country people and labourers - who are victimized by the corporation laws organized at least in part by urban artificers. Smith clearly disapproves of this system.	YES	YES	ENDORSE

#	Work	Reference	Pgs	Terms Found	Summary	Interpretation	Conflict	Favor Poor	Natural Liberty
45	WN	I.x.c.25	144	Labourers	Corporation laws, and tariffs on foreign imports, allow the inhabitants of towns to charge higher prices than otherwise to the landlords, farmers, and labourers of the country. These latter seldom oppose the establishment of these partial regulations, both because they lack the ability to organize and because they have been misled by the sophistry of the merchants and master manufacturers.	Repeal the apprenticeship and corporation laws.	YES	YES	ENDORSE
46	WN	I.x.c.43	151	Workmen	Workers in declining industries suffer low wages. If it weren't for the apprenticeship and corporation laws, such workers could often easily switch trades and work in industries that were expanding. As it is, this is quite difficult, and so workers are often forced "onto the parish" (on to welfare).	Repeal the apprenticeship and corporation laws.	YES	YES	ENDORSE
47	WN	I.x.c.44	152	Poor, Artificer, Labourer	Due to corporation laws, it is easier for a merchant to obtain leave to trade in a town, than for a poor artificer to get permission to work in it. Likewise, the poor laws prevent common labourers from "being allowed to exercise his industry in any parish but that to which he belongs."	Critical of these laws that restrict the free circulation of labor.	YES	YES	ENDORSE
48	WN	I.x.c.51-60	154-157	Poor, workman, labourer, artificer, common people	The Poor Laws virtually imprison a man in the parish where he has "gained a settlement." It is difficult, expensive, and even impossible to obtain a certificate to move legally out of a home parish. The law of settlements therefore makes it harder for a poor man to pass a parish boundary than an arm of the sea, and is an oppressive violation of natural liberty and justice.	The Poor Laws are unjust and impolitic	NO	YES	ENDORSE

#	Work	Reference	Pgs	Terms Found	Summary	Interpretation	Conflict	Favor Poor	Natural Liberty
49	WN	I.x.c.61	157-158	Workmen	Particular acts of Parliament sometimes try to regulate wages, such as the law of 8 George III to limit the wages of London tailors. The legislature is always influenced by the employers when it regulates labor law, and in this case it achieves the same goal - a maximum wage limitation - that the employers would otherwise strive for by a combination. If the workers tried to combine for an analogous end, they would be punished.	Abandon the attempt to limit wages.	YES	YES	ENDORSE
50	WN	I.xi.n.11	259-260	Poor	During poor harvests the poor are distressed by the high price of corn, but during moderate times they are more distressed by the artificial rise in price of ale, tallow etc. caused by taxes.	Possibly an implication not to tax essential goods.	NO	YES	N/A
51	WN	I.xi.n.10	259	Inferior Ranks	The extension of agricultural improvement and cultivation causes the price of meat to rise because the opportunity cost of raising animals has risen. However, the price of vegetable food such as turnips, corn, and potatoes falls as they become more abundant. The poor are generally benefited by this process since they eat primarily vegetable food.	Smith connects economic development (at least in its agricultural sense) with the welfare of the common people.	NO	YES	ENDORSE

#	Work	Reference	Pgs	Terms Found	Summary	Interpretation	Conflict	Favor Poor	Natural Liberty
52	WN	I.xi.p.9-10	266	Poor	The interests of both landlords and workers is aligned with that of society as a whole; they prefer a society advancing to further riches. Workers, however, are incapable of assessing their own or society's interests because their station gives them no time to become informed or improve their judgment. The interests of the merchants and master manufacturers however can diverge from that of society. When society is declining, profits are high but wages are low. Merchants in a particular trade also try to widen the market (which is in the interest of society) but also to narrow competition (which is against it).	Smith contends that all proposals by merchants and manufacturers ought to be treated with skepticism, since they are often schemes to narrow competition.	YES	YES	ENDORSE
53	WN	II.ii.90	323	Poor	The issue of small-denomination notes by "beggarly bankers" could cause calamity to poor holders of the note if the bank failed.	Government should restrict issuance of small notes	NO	YES	CONTRAVENE
54	WN	II.iii.12-13	335-337	Inferior Ranks	Towns where much "revenue" is spent (that is, where royal courts, nobles, or law courts dispense largesse) are generally less industrious than towns where industrial capital dominates. Working people in the first sort of town tend to be "idle, dissolute, and poor," in the second sort of town they tend to be "industrious, sober, and thriving."	Smith seems to praise the second sort of town, where commerce and manufactures dominate. The condition of the laboring people is worse when government revenue dominates the economy.	NO	YES	ENDORSE

#	Work	Reference	Pgs	Terms Found	Summary	Interpretation	Conflict	Favor Poor	Natural Liberty
55	WN	II.iii.38-42	346-348	Inferior Ranks	There are two modes in which rich men may be profligate: first by transient hospitality (throwing feasts, etc.) and second by purchasing durable luxury goods such as buildings and furniture. The inferior and middle ranks of people often benefit from this second type of expense, because they can use the durable goods once they go out of fashion (castoff furniture, houses that are no longer wanted, etc. Furthermore, the expenditures of the rich on durable goods are paid to "productive craftsmen," such as masons, who will be able to buy and use provisions prudently with what they earn. If the money had been spent on feasting, much of the food purchased might have been thrown away.	Smith says that the purchase of durable goods is "more favourable...to [the] nation" than the provision of hospitality. His test of national interest is that the lower and middle classes can use the cast-off goods of the rich. They can have better goods than they can otherwise afford. There are also close parallels between this passage and the invisible hand of the Theory of Moral Sentiments; the rich are seen as in effect distributing provisions to the poor by hiring them to craft durable goods. Smith is careful to say, however, that the rich don't necessarily have a "generous spirit" in doing this; he even says that someone accumulating gewgaws has a "base and selfish" disposition.	NO	YES	ENDORSE
56	WN	II.iv.8	353	Labourers	When capital is accumulated, workers easily find employment, and their wages rise.	Welcome the accumulation of capital.	NO	YES	ENDORSE
57	WN	II.V.7	361-362	Poor, Workmen, Common People	The prejudice against tradesmen and shopkeepers is unfounded, because they free poor workmen from having to buy large quantities of food in advance. Although a shopkeeper may sometimes "decoy" a customer into buying an unnecessary item, this is a small evil. And widespread drunkenness isn't the effect of many alehouses, but the cause.	Smith defends the retail market.	NO	YES	ENDORSE

#	Work	Reference	Pgs	Terms Found	Summary	Interpretation	Conflict	Favor Poor	Natural Liberty
58	WN	III.i.5	379	Artificer	In the North American colonies, as soon as an artificer accumulates some capital he immediately employs it in buying land. From "artificer he becomes planter, and neither the large wages nor the easy subsistence that country affords to artificers, can bribe him rather to work for other people than for himself." In Europe, on the other hand, an artificer with capital starts to expand his business for distant sale.	Smith seems implicitly to favor, or at least not oppose, the process of artificers becoming landowners and/or rich manufacturers. His attitude is in stark contrast to Mandeville's much more grudging acceptance of worker prosperity.	NO	YES	ENDORSE
59	WN	III.iv.12	420	Artificer	When landlords start to spend their money on manufactures rather than on maintaining retainers, they in the end employ as many people as they did before. However, they do so indirectly; their purchases form just a part of the revenue of an individual artificer. As a result, the artificers aren't dependent on the landlords (as feudal tenants were).	The progress of commerce brings about liberty and independence for the artisan.	NO	YES	ENDORSE
60	WN	IV.ii.39	468	Workmen	Although a retaliatory tariff may sometimes be justifiable if it leads to the recovery of an export market, it shouldn't be imposed if there is no such possibility. To do so would only be to benefit a particular class of workmen (in the protected industry) and hurt all other classes.	Use retaliatory tariffs sparingly.	YES	YES	ENDORSE
61	WN	IV.ii.42	469-470	Poor, workmen	Britain successfully absorbed 100,000 soldiers and sailors after the Seven Years War because they enjoy a special exemption allowing them to settle anywhere and follow any trade. Deal likewise with the disruption accompanying restoration of freedom of trade by breaking up corporations and repealing the statute of apprenticeships, and repealing the poor laws.	Give workers freedom of movement and of contract.	NO	YES	ENDORSE

#	Work	Reference	Pgs	Terms Found	Summary	Interpretation	Conflict	Favor Poor	Natural Liberty
62	WN	IV.iii.c.8	491-493	Inferior Ranks, Workmen	<p>There is an argument against free trade by analogy with the saying that "everyone carries on a losing trade with the alehouse." But this is false in two dimensions. First, alehouses are just another instance of the division of labor; just as a workman wouldn't generally brew his own beer, so the alehouse owner allows him to buy small quantities of beer as needed and not large lots direct from the brewer. Second, it is to the advantage "to the great body of the workmen" that all trades should be free, even though some products (such as ale) can be abused. Most people don't abuse ale. In fact, drunkenness often stems from making alcohol expensive by means of taxes; it's then seen as a prestigious and special item to consume. For this reason drunkenness is worse in northern countries where wine is costly than in southern countries such as Spain and Italy where it is ubiquitous. It would be better (Smith implies) to repeal the duties (tariffs) on wine and lift the heavy taxes on malt and ale. There would be a temporary rise in drunkenness but then the common people would settle down to sobriety. The restraint on free trade in wine with France, in favor of Portugal, elevates the "sneaking arts of underling tradesmen" into a maxim of national policy.</p>	<p>This extraordinary passage contains many separate arguments despite its theme of free trade. Smith defends the usefulness of middlemen; he makes the advantage of the "great body of workmen" the test of policy; he says that advantage is best served when all trades are free; he disagrees with the idea that taxing alcohol reduces its abuse in the long run. This last point seems to proceed from a kind of modified "Chivas Regal" argument, that no one get a reputation for hospitality by offering cheap liquor. Beyond defending free trade, then, this passage is a comprehensive defense of consumer choices and economic freedom domestically, as well as a call to eliminate "sin taxes."</p>	NO	YES	ENDORSE

#	Work	Reference	Pgs	Terms Found	Summary	Interpretation	Conflict	Favor Poor	Natural Liberty
63	WN	IV.iii.c.10	493-495	Great body of the people	The spirit of monopoly invented the doctrine that trade was invidious. It is always in the interest of the great body of the people to buy "whatever they want of those who sell it cheapest." The "interested sophistry of merchants and manufacturers confounded the common sense of mankind. Their interest is, in this respect, directly opposite to that of the great body of the people." The proximity of a wealthy nation, whose manufacturers may compete with domestic producers, may indeed be bad for their interests but is good for the great body of the people.	Smith defends free trade. He notes that the interests of the merchants opposes that of the people, though only "in this respect."	YES	YES	ENDORSE
64	WN	IV.v.a.8	508	Poor	The bounty on the exportation of corn is a serious charge on the poor and hampers them from raising and educating their children.	Repeal the corn export bounty.	YES	YES	ENDORSE
65	WN	IV.v.a.37	523	Great body of the people	"...it can very seldom be reasonable to tax the industry of the great body of the people, in order to support that of some particular class of manufactures..." The only time this might possibly be justified (per the previous paragraph) is when the commodity in question is necessary for defense.	Oppose measures that favor one class over another.	YES	YES	ENDORSE

#	Work	Reference	Pgs	Terms Found	Summary	Interpretation	Conflict	Favor Poor	Natural Liberty
66	WN	IV.v.a.3-5	524-526	Inferior Ranks	"The interest of the inland dealer [in corn], and that of the great body of the people, how opposite soever they may at first sight appear, are, even in years of the greatest scarcity, exactly the same. It is his interest to raise the price of his corn as high as the real scarcity of the season requires, and it can never be his interest to raise it higher. By raising the price he discourages the consumption, and puts every body more or less, but particularly the inferior ranks of people, upon thrift and good management." Although in theory someone who held a monopoly of all the grain in a country might be led to destroy some of it (to raise the price), in reality this is almost impossible to achieve, even by the "violence of law."	Again the interest of the "great body of the people" is made the standard of evaluation of policy. Smith argues that in the case of the corn trade, the individual self-interest of the dealers makes them act just as the people would wish them to act in rationing out supplies according to the plenty or scarcity of the season. The dangers of a monopoly in corn is best avoided by free trade. Famines never arise except by the "violence of government" trying to remediate the situation "by improper means."	NO	YES	ENDORSE
67	WN	IV.v.b.25	533-534	Great body of the people	Laws and popular prejudice against forestalling is unjustified. The corn speculator is only doing what the people would wish to do, which is spread the inconvenience of a dearth over a longer period. No one has better interest (incentive), knowledge, or abilities to forecast scarcity than the corn dealer.	The corn dealer renders the great body of the people a very important service in rationing food. The corn trade in the home market ought to be completely free.	NO	YES	ENDORSE

#	Work	Reference	Pgs	Terms Found	Summary	Interpretation	Conflict	Favor Poor	Natural Liberty
68	WN	IV.v.b.32-39	535	Great body of the people	Merchant importers of corn also render a service to the great body of the people by supplying it more plentifully. Tariffs on grain importation are injurious. Grain exporters, though, can sometimes decrease the amount of food available in the home market. Although the best policy for Europe would be universal free importation and exportation of grain (as the best means to prevent famine), if some nations are protectionist then if might sometimes be justifiable for a government to forbid the export of grain. Otherwise (for example), a Swiss canton or small Italian city-state that allowed grain export in time of general famine would succeed only in creating famine conditions in its own market. Forbidding farmers to export grain is, however, to violate the ordinary laws of justice. It ought be done rarely and only when the price of grain is high.	Smith would prefer a system of universal free trade. That lacking, however, he is willing to countenance some export restrictions in extreme cases; but recognizes that this is a violation of the "ordinary laws of justice." He had earlier, however, criticized the complicated set of laws in England that taxed imports and subsidized exports; in effect the reverse of the justification for intervention.	YES	YES	CONTRAVENE
69	WN	IV.vii.a.3	556-557	Poor, Labourer , Artificer	In modern times, a poor man with stock might go into retailing or farming; if without stock, be an artificer or country laborer. In ancient Rome, though, aristocrats with their slaves dominated trade and agriculture.	The market economy provides better opportunities for the poor than an aristocratic, slave-holding society.	NO	YES	ENDORSE
70	WN	IV.vii.b.3	565	Slavery	In new colonies, the availability of land--and the need to have labour to work and clear it--obliges the superior orders to treat the inferior ones with "generosity and humanity" or at least not enslave it. Wages are high.		NO	YES	ENDORSE
71	WN	IV.vii.b.20	574	Poor	The ecclesiastical government of Spanish and Portuguese colonies - the tithes and "beggary" of religious orders - are in effect a "most grievous tax on the poor people."	Oppose tithes	YES	YES	ENDORSE

#	Work	Reference	Pgs	Terms Found	Summary	Interpretation	Conflict	Favor Poor	Natural Liberty
72	WN	IV.vii.c.66-67	617	Great body of the people	Although this proposal will never (Smith thinks) be adopted, it would be advantageous to give up the North American colonies. Free trade with them would be more advantageous to the great body of the people than the present monopoly, though less advantageous to the narrow interest of merchants.	Imperialism is not in the interest of the people.	YES	YES	ENDORSE
73	WN	IV.viii.4	644	Poor, Workmen	"It is the industry which is carried on for the benefit of the rich and the powerful that is principally encouraged by our mercantile system. That which is carried on for the benefit of the poor and the indigent [for example, spinning woolen yarn] is too often either neglected or oppressed."	Repeal the discriminatory regulations.	YES	YES	ENDORSE
74	WN	IV.viii.44-47	659-660	Artificer	Anyone who entices an artificer to leave Great Britain is subject to heavy fines, and the artificer himself subject to imprisonment, confiscation of goods, and outlawry. "It is unnecessary, I imagine, to observe, how contrary such regulations are to the boasted liberty of the subject, of which we affect to be so very jealous; but which, in this case, is so plainly sacrificed to the futile interests of our merchants and manufacturers."	Smith denounces both the violation of liberty these regulations represent, and their effect of sacrificing the interests of consumers to producers.	YES	YES	ENDORSE
75	WN	IV.ix.16-17	669	Artificers	It's in the interests of country proprietors and cultivators to allow the most perfect liberty to artisans and merchants, and likewise in the interest of artisans and merchants not to oppress the country people. "The establishment of perfect justice, of perfect liberty, and of perfect equality, is the very simple secret which most effectually secures the highest degree of prosperity to all the three classes."	Here again there is not a clear rich vs. poor divide, but an analysis of society in terms of landlords, rural cultivators, and townsmen (including both merchants and artisans). Smith calls for "perfect liberty" as the best policy equilibrium for everyone.	NO	YES	ENDORSE

#	Work	Reference	Pgs	Terms Found	Summary	Interpretation	Conflict	Favor Poor	Natural Liberty
76	WN	V.i.b.2	709	Poor	"But avarice and ambition in the rich, in the poor the hatred of labour and the love of present ease and enjoyment, are the passions which prompt to invade property ... Wherever there is great property, there is great inequality. For one very rich man, there must be at least five hundred poor, and the affluence of the few supposes the indigence of the many. The affluence of the rich excites the indignation of the poor, who are often both driven by want, and prompted by envy, to invade his possessions ... [the rich man is surrounded] by unknown enemies, whom, though he never provoked, he can never appease, and from whose injustice he can only be protected by the powerful arm of the civil magistrate....	In this passage, both rich and poor are represented as motivated to invade property. The phrase "the affluence of the few supposes the indigence of the many" is troubling, but on the other hand the rich man is represented as working for many years to acquire his property. He has "never provoked" the poor and their desire to expropriate him is clearly viewed as unjust. Natural liberty is clearly defended in this passage despite the superficially zero-sum thinking about the affluent few and indigent many. The view of the poor is more contestable (see discussion in text).	YES	UNCLEAR	ENDORSE
77	WN	V.i.b.12	715	Poor	In the "Age of Shepherds", men with less wealth protected those with more in order to be protected in their turn. Civil government, which defends property, is really instituted for the defense of the rich against the poor.	Similar implication and tone to V.i.b.2.	YES	UNCLEAR	ENDORSE
78	WN	V.1.d.5, 13	725, 728	Poor	To the extent tolls provide revenue for the state, and don't just maintain the roads, charge heavier tolls on luxury carriages than on carts and wagons, to avoid disproportionately burdening the poor (who buy the heavier commodities)	Distribute taxes equitably	NO	YES	UNCLEAR

#	Work	Reference	Pgs	Terms Found	Summary	Interpretation	Conflict	Favor Poor	Natural Liberty
79	WN	V.i.f.52-57	784-785	Common People, Labourer	The education of the common people requires the "attention of the publick" more than the education of children of some rank and fortune. The latter can safely be left to the care of their parents, and the natural opportunities for education afforded by their careers. The common people, though, have little time, money, or inclination for education. Therefore the state should partly subsidize a chain of little parish schools to provide the rudiments of reading, writing, and accounting.	The policy prescription is to subsidize education and even to compel it. The element of compulsion earns this policy prescription a rating of Contravening pure natural liberty, which would arguably allow each family to raise its children according to its own judgment even if the state were to subsidize schooling.	NO	YES	CONTRAVENE
80	WN	V.i.f.60-61	788	Inferior Ranks, Great Body of the People	An unmartial spirit, as well as gross ignorance and stupidity, would tend to spread itself throughout society unless government took some pains to prevent it. The government would be justified in taking these pains even if there were no further advantage to doing so beyond remedying the distasteful cowardice and ignorance of the people. However, governments do in fact derive advantage from educating the people. They are better able to judge the measures of government, to be respected by and respect their superiors, and to see through the claims of faction.	Similar to the previous quote, although Smith here clarifies that the justification for intervention isn't just the advantages to social order: the government would be justified in taking action on almost aesthetic grounds (just as it would if a non-fatal but loathsome disease were spreading through the population). This may be read as saying that the welfare of the people is its own goal.	NO	YES	UNCLEAR

#	Work	Reference	Pgs	Terms Found	Summary	Interpretation	Conflict	Favor Poor	Natural Liberty
81	WN	V.i.g.10	794	Common People	In every society with a distinction of ranks there grows up two systems of morality: an austere system favored by the common people, and a loose system favored by the aristocrats. The austere system abhors unchastity, luxury, and excessive levity; the loose system scarcely censors these at all. The common people favor austerity because they have learned how even a week of dissipation can ruin them for life. Aristocrats are cushioned by their fortune, however.	There is no direct conflict here, but Smith seems to praise the wisdom of the common people in adopting austerity.	NO	YES	N/A
82	WN	V.ii.c.14	831	Poor	Landlords in some countries require rents in kind or in the form of services, which is an inefficient form of rent and is correlated with "poor and beggarly" tenants. There should be higher taxes on these rents to discourage the practice.	Use tax system to encourage better lease arrangements	YES	YES	UNCLEAR
83	WN	V.ii.e.6	842	Poor	Advisability of taxes on house-rents, which correlate with the vanity of the rich, whereas the poor spend most of their money on food. "It is not very unreasonable that the rich should contribute to the public expence, not only in proportion to their revenue, but something more than in that proportion."	Favor (mildly?) progressive taxation	NO	YES	UNCLEAR
84	WN	V.ii.e.19	846	Poor	The window-tax is has an "inequality of the worst kind, in that it falls more heavily on the poor than on the rich."	Smith is objecting to regressive taxation.	NO	YES	N/A
85	WN	V.ii.i.3	865	Poor	A tax on the wages of labor decreases employment for the poor.	Avoid such a tax.	NO	YES	N/A

#	Work	Reference	Pgs	Terms Found	Summary	Interpretation	Conflict	Favor Poor	Natural Liberty
86	WN	V.ii.j.9	869	Inferior Ranks	Capitation taxes are easy to levy and provide a sure revenue, so they are very common in countries where "the ease, comfort, and security of the inferior ranks of people are little attended to." But the money they raise could have been found better from some source "much more convenient to the people."	Again, the people (the inferior ranks) are made the standard of the judgment of policy. Capitation taxes are clearly to be avoided.	NO	YES	N/A
87	WN	V.ii.k.7	872	Poor	Taxes on luxuries act as sumptuary laws to discourage wasteful habits. The sober and industrious poor will not be much affected, though the "dissolute" will be distressed by it - but that will not reduce the "useful population" of the country.	This is an unclear passage. Smith uses a disparaging tone against the dissolute poor, and the plan to tax their luxuries does clash with natural liberty. The policy isn't actively hostile to their welfare however. Though paternalistic, it seems intended to help them.	NO	UNCLEAR	UNCLEAR
88	WN	V.ii.k.45-55	888-893	Poor, Artificer, Labourer	The exemption private brewing enjoys from the excise tax benefits the rich (particularly country gentlemen) while the tax is paid by the poor labourers and artificers. It is "unjust and unequal" and ought to be repealed.	Repeal the tax exemption for private brewing.	NO	YES	ENDORSE

#	Work	Reference	Pgs	Terms Found	Summary	Interpretation	Conflict	Favor Poor	Natural Liberty
89	WN	V.ii.k.44	888	Inferior Ranks	Only the luxurious portion of the expenditure of the "inferior ranks" should be taxed. If their necessities were to be taxed, that would only raise the price of labour, and so the effect would be felt not by the poor but by the superior ranks who employ them.	"Positive" and "normative" elements are mixed in this passage. Rarely, Smith seems to be considering the interest of the superior ranks over that of the working people. The conclusion is slightly weakened by Smith's observation in the preceding paragraph that the great majority of society's income goes to the inferior ranks - perhaps with the implication that any tax system, to raise enough revenue, must bear on this section of society.	NO	UNCLEAR	N/A
90	WN	V.ii.k.77	904	Inferior Ranks	The French system of taxation could be reformed to eliminate the vexation of the taille and capitation on the inferior ranks of people, without really increasing the burden on the superior ranks.	The tax system should minimize the burden on the lower classes.	NO	YES	N/A
91	WN	V.iii.76	937-938	Poor	The tax revenue that could be expected from a union with the colonies could be used to pay down the national debt and eventually lower burdensome taxes on the poor, allowing them to "live better, to work cheaper, and to send their goods cheaper to market"	Pursue a union with the colonies. Though imperial policy is involved, Smith's desire to lower taxes on the poor appears to support natural liberty.	NO	YES	ENDORSE

#	Work	Reference	Pgs	Terms Found	Summary	Interpretation	Conflict	Favor Poor	Natural Liberty
92	WN	V.iii.89	944	Inferior Ranks	A union between Great Britain and Ireland would free all ranks of Irish society from the oppressive superiority of an aristocracy alien to them in religion, just as the Union with Scotland freed the common people there from the domination of the Scottish nobles.	Although Smith's prediction of post-Union harmony was not borne out by experience, here he is again making the welfare of the inferior ranks (or all ranks, as in the case of Ireland) the standard of judgment - though this time of a political rather than economic question.	YES	YES	ENDORSE
93	WN	V.iii	946-947	Great body of the people	The British Empire, with its monopoly of the colonial trade, is more a loss than a profit to the great body of the people.	Relinquish the empire if no means can be found to raise money from it.	YES	YES	ENDORSE

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