

# *The Theory of Moral Sentiments and The Wealth of Nations. Ethics, jurisprudence and political economy throughout the intellectual history of Adam Smith*

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**Abstract:** This paper aims to address two research questions that have not been sufficiently examined by specialized studies of the intellectual history of Adam Smith. The first question asks why Smith, after developing his theory of sympathy in the first editions of *The Theory of Moral Sentiments*, started working on a theory of jurisprudence and ended up writing *The Wealth of Nations*. The second question asks why Smith, after writing and republishing *The Wealth of Nations*, asserted that he could not complete his theory of jurisprudence and incorporated a new part dedicated to virtue ethics in the last edition of *The Theory of Moral Sentiments* in 1790.

The paper shows that: 1) after developing his theory of sympathy in the first edition of *The Theory of Moral Sentiments*, Smith stated that a theory of jurisprudence was necessary to form rules of justice that guarantee social order, and in the search for that theory he ended up writing *The Wealth of Nations*; 2) in *The Wealth of Nations*, Adam Smith was devoted to studying the development of commerce in modern society and the conduct of the mercantile individual who pursued his own interest, and was incapable of elaborating on those general principles of justice that would ensure social harmony. Smith then delved into virtue ethics in order to recommend virtuous conduct that encourages mercantile individuals to become good citizens.

The paper concludes by contending that economics would benefit from a better understanding of the relationship between political economy, jurisprudence and ethics in the work of Adam Smith. Specifically, economics would broaden in scope of study and contribute to larger debates about the past, present and future of modern civilization.

**Keywords:** ethics, jurisprudence, political economy, economic thought

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## Introduction

In the context of debates surrounding the relationship between *The Theory of Moral Sentiments* and *The Wealth of Nations* [1], several historians of economic thought have stated that Smithian political economy was only part of a knowledge system of greater generality and scope pursued by the author. It has been pointed out, for example, that the political economy of Adam Smith lay within a grand scheme of moral philosophy (Alvey 1999, p. 56), that it was only part of a comprehensive philosophical system centred on the nature of human action (Haakonssen 2006, p. 1), that it constituted a gear for broader research on man and society (understood as an unified subject matter) (Roncaglia 2006, p. 126) or that it was part of a systematic whole, along with *The Theory of Moral Sentiments*, (Schumpeter 2006).

As the first edition of *The Wealth of Nations* (1776) was written 18 years after the first edition of *The Theory of Moral Sentiments* (1759), the interest of these studies was generally focused on explaining the reasons why a moral philosopher became increasingly interested in political economy. But not many historians of economic thought have contemplated the singularity of this author, which was the permanent re-elaboration on his research project throughout his intellectual history. Smith prepared six editions of *The Theory of Moral Sentiments* (in 1759, 1761, 1767, 1774, 1781 and 1790) and five editions of *The Wealth of Nations* (in 1776, 1778, 1784, 1786, 1789). His last intellectual enterprise was the preparation and publication of the sixth edition of *The Theory of Moral Sentiments* in 1790. In that edition, he introduced modifications to most of the parts present in previous editions and added a completely new part (Part VI) referring to the character of virtue [2]. Likewise, in the advertisement added to that edition, Smith announced that his theory of jurisprudence had remained unfinished, although he had to a certain extent advanced on it in *The Wealth of Nations* (Smith 2002, p. 4).

Once these facts are taken into account, *The Theory of Moral Sentiments* cannot be considered simply a chronological and theoretical chapter prior to *The Wealth of Nations*, a previous interest of the author or a love of his youth that he forgot once he devoted himself to the study of the nature of commercial society. Thus, when studying the work of Adam Smith, it is also necessary to include the changes in the published editions of 'his work on moral philosophy' after the publication of 'his work on political economy', especially the edition of *The Theory of Moral Sentiments* that he wrote in the last year of his life, 1790.

**Piqué, Pilar (2019), 'The Theory of Moral Sentiments and The Wealth of Nations. Ethics, jurisprudence and political economy throughout the intellectual history of Adam Smith', *The Journal of Philosophical Economics: Reflections on Economic and Social Issues*, XII: 2, 75-96**

This paper aims to offer an interpretation of two questions that have not been sufficiently developed by major studies on the intellectual history of Adam Smith. First, why Smith, after developing his theory of sympathy in the first publication of *The Theory of Moral Sentiments* in 1759, decided to develop a theory of jurisprudence and ended up writing *The Wealth of Nations*. Secondly, why Smith, after writing and republishing *The Wealth of Nations* four times, asserted that he had not finished his theory of jurisprudence and decided to focus his efforts on modifying *The Theory of Moral Sentiments* and developing a completely new part on virtue ethics.

The paper will show that: 1) after developing his theory of sympathy in the first edition of *The Theory of Moral Sentiments*, Smith stated that a theory of jurisprudence was necessary to form rules of justice that guaranteed social order, and in the search for that theory he ended up writing *The Wealth of Nations*; 2) in *The Wealth of Nations*, Adam Smith was devoted to studying the development of commerce in modern society and the conduct of the mercantile individual who pursues his own interest [3], and he could not develop those general principles of justice that would ensure social harmony. Smith then delved into virtue ethics in order to instil virtuous conduct in mercantile individuals and encourage them to become good citizens

Finally, the paper examines the significance of Smith's intellectual history for the development of economics. In this context, it will raise some questions about the possibility of enriching economic subject matter and its perspectives.

## ***From The Theory of Moral Sentiments to The Wealth of Nations***

As stated in the Introduction, this paper aims to contribute to the understanding of the intellectual history of Adam Smith by posing and examining two research questions that have not often been addressed in the principal papers on the subject matter. The first question, which will be discussed in this section, is the following: Why did Smith, in *The Theory of Moral Sentiments* of 1759, assert that sympathy could not become the principle that ensured social harmony in commercial society, and expressed the need for a theory of jurisprudence, writing *The Wealth of Nations* later on? In order to answer this question, it is necessary to expound the Smithian theory of sympathy.

Numerous scholars have interpreted sympathy as the central concept in the moral philosophy of Adam Smith, especially those who wanted to emphasize his effort to forge a system of knowledge for the moral world inspired by the Newtonian system applicable to the physical world. Thus, sympathy was defined as 'an invisible force acting as the law of gravity in the moral world' (Perdices de Blas 2008, pp. 108-109), as 'the gravitational force of social cohesion and social balance' (Raphael 1979, p. 88), or as a simple connecting principle that, along with various articulations, allowed Smith to 'claim to have constructed a moral system more comprehensive than any previous moral system' (Megill 1975, pp. 87-88). For Smith, the Newtonian method was that which deduces the phenomena (of the physical world or the moral world) from a principle that is usually well known. The principle, in fact, connects those phenomena in an articulated and harmonious way (Smith 1987, pp.145-146). In the case of the moral world, Smith thought of sympathy as the central connecting principle of moral phenomena [4].

*The Theory of Moral Sentiments* does not contain any prologue or introductory paragraph in which the purpose of the work is initially presented or exposed. A definition of moral philosophy can be found later on, in Book V of *The Wealth of Nations*, when Smith wrote about educational institutions for the youth. Here, the author defined moral philosophy as a science that investigates those connected principles that organize the rules and maxims of human behaviour and linked this task to the systems of natural philosophy (Smith 1976, pp. 768-769).

The maxims of common life were arranged in some methodical order, and connected together by a few common principles, in the same manner as they had attempted to arrange and connect the phenomena of nature. The science, which pretends to investigate and explain those connecting principles, is properly called moral philosophy (Smith 1976, p. 769).

But in *The Theory of Moral Sentiments* that purpose is not explicit from the beginning. After the title of the book and table of contents, and without further clarification, 'the curtain rises and the function begins' (Griswold 1999, p. 44). The opening paragraph of this work (from the first chapter of the first Section of Part I) presents the reader with a first notion of sympathy. This presentation contains no mention of previous authors who had worked on this concept (although in book VII Smith sketched out the reasons that led him to produce the most complete system of moral philosophy of his time (Smith 2002, pp. 313-314)), but rather the description of an experience of everyday life that every individual experiences irrespective of his condition (whether he is a virtuous man or whether he is a ruffian and a

hardened violator of the laws of society): the inclination towards being interested and identified with the fate of others, to put himself in their place, and conceive or be affected by what they feel: in short, the desire to sympathize.

How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it except the pleasure of seeing it... The greatest ruffian, the most hardened violator of the laws of society, is not altogether without it (Smith 2002, p. 11)

Sympathy...may now... be made use of to denote our fellow-feeling with any passion whatever (Smith 2002, p. 14)

Can a principle of practical life, such as sympathy, articulate a general explanation of the process of conformation of the rules and maxims that regulate social behaviour in commercial society, that is, the purpose of Smithian moral philosophy? How can an individual feeling contribute to social harmony? What is the process that makes sentiments become moral?

The first instance of this process is the identification of an individual with the feelings of other individuals. How can individuals put themselves in another's place and sympathize with him? Through the capacity to imagine themselves (spectators) in the situation of another (the actor) and imagine what feelings will arise in that situation. This ability can explain how a person flinches, suffers and screams when observing another receiving a punch, or smile and cry out of emotion when the protagonist of the story he is reading unexpectedly saves his life.

By the imagination we place ourselves in his situation, we conceive ourselves enduring all the same torments, we enter as it were into his body, and become in some measure the same person with him, and thence form some idea of his sensations, and even feel something which, though weaker in degree, is not altogether unlike them (Smith 2002, p. 12).

Not all passions produce an instantaneous sympathetic effect like the one mentioned in this previous example. Although the act of smiling when an individual observes another individual doing it or of feeling sad when he hears a cry is almost immediate, he does not know how to react when, for example, he witnesses the unleashed fury of an individual against another whom he has declared an enemy without knowing the motives of such anger. In that case (as in other cases), he must find out what were the circumstances that motivated that passion to be able to imagine his situation and sympathize or not with him.

Piqué, Pilar (2019), 'The Theory of Moral Sentiments and The Wealth of Nations. Ethics, jurisprudence and political economy throughout the intellectual history of Adam Smith', *The Journal of Philosophical Economics: Reflections on Economic and Social Issues*, XII: 2, 75-96

Sympathy, therefore, does not arise so much from the view of the passion, as from that of the situation, which excites it (Smith 2002, pp. 14-15).

Sympathy is not a one-way feeling. That is, the individual has not only a desire to sympathize, but the desire to obtain sympathy from others. Whenever he acts (plays the role of actor), nothing pleases him more than the spectator's sympathy, and every time he observes an action (plays the role of spectator), nothing pleases him more than being able to sympathize with the one who acts. There is a desire to be accompanied in his feelings and actions and a desire to accompany and identify with the feelings and actions of others.

But sympathy not only is a pleasant sensation for actors and spectators (because they feel accompanied), but at the same time it becomes a guide to judge one's own and others' behaviour. Whenever the spectator experiences and imagines the same emotions as the actor, he will judge his action as right. The actor's emotions will be judged to be fair and appropriate. To sympathize with him means to approve of his passions. The desire to sympathize is then a desire to approve, and the desire to gain sympathy is a desire to be approved.

To approve of the passions of another, therefore, as suitable to their objects, is the same thing as to observe that we entirely sympathize with them; and not to approve of them as such, is the same thing as to observe that we do not entirely sympathize with them (Smith, 2002, pp. 23).

As a product of these desires, the actor will moderate and adapt his passions in order to obtain the approbation of the spectator and the latter will moderate and adapt the passions aroused by putting himself in the place of the actor. In this game of mutual moderation of passions lies the sense of propriety, which forms the object of Part I of *The Theory of Moral Sentiments*, and, ultimately, harmony of feelings and behaviours among people (Smith 2002, pp. 26-27).

## **Sympathy's social character. The limits of its scope in commercial society**

Although imagination is the activity by which an individual puts himself in the place of another, his ability to identify with his fate, that is, to sympathize and therefore approve of his feelings and behaviours, is not solely an individual decision. It is indeed the decision of an individual who has formed his moral judgment within a social culture (Griswold 1999, p. 105; Clark 1990, p. 834).

Piqué, Pilar (2019), 'The Theory of Moral Sentiments and The Wealth of Nations. Ethics, jurisprudence and political economy throughout the intellectual history of Adam Smith', *The Journal of Philosophical Economics: Reflections on Economic and Social Issues*, XII: 2, 75-96

From his earliest childhood, the individual's social environment provides him with a mirror where he forms his first notions about the (im) propriety or the (de) merit of different feelings and behaviours, about beauty or ugliness, fairness or unfairness, the meritorious or the reprehensible. 'Our continual observations upon the conduct of others, insensibly lead us to form certain general rules concerning what is fit and proper to be done or to be avoided.' (Smith 2002, p. 184)

By continually observing the judgments others make about him, the individual progressively learns to judge himself by imagining how others would judge him. By his imagination, he divides himself into two people: an agent and an impartial spectator. The latter judges his behaviour according to what he has learned to be socially correct, meritorious, and just.

We endeavour to examine our own conduct as we imagine any other fair and impartial spectator would examine it. If, upon placing ourselves in his situation, we thoroughly enter into all the passions and motives, which influenced it, we approve of it, by sympathy with the approbation of this supposed equitable judge. If otherwise, we enter into his disapprobation, and condemn it (Smith 2002, pp. 127-128).

As Smith pointed out in Chapter III of Part III, habit and experience have trained the individual to perform such a separation so simply and instantaneously that he hardly realizes it is a socially mediated result (Smith 2002, pp. 156-157). The individual's desire for approval will enable him to moderate his feelings and behaviour, following the dictates of this equitable and accurate judge, the impartial spectator.

## §

In *The Theory of Moral Sentiments*, sympathy is rather paradoxical: just as it is the source of reciprocal identification between individuals who are bred in a common culture, it is also a source of reciprocal discord between individuals who have formed their moral sentiments in different cultures.

Commercial society is not reducible to a local and simple common culture (Griswold 1999). It is indeed a mix of different local cultures that were brought together for the first time due to mercantile trade. Can sympathy be the gravitational principle of social harmony in a commercial society that has extended beyond the local sphere? What, if not this, can be the foundation for the cohesion of commercial society?

If only guided by the principle of natural sympathy, individuals who belong to modern society but cultivated their first moral sentiments and social relationships in different cultures may have no inclination to sympathize with each other. In some cases, Smith noted, they may even become mutually intolerable (Smith 2002, p. 26). However, for Smith himself, the potential dissolution or non-viability of modern society cannot be deduced from this latent risk of intolerance. In Part II of the first edition of *The Theory of Moral Sentiments*, Smith wrote that a society where there is no reciprocal love or affection among its members is able to sustain itself and not be dissolved 'by a mercenary exchange of good offices according to an agreed valuation' (Smith 2002, p. 100).

'Men, though naturally sympathetic', Smith noted, 'Feel so little for another, with whom they have no particular connexion, in comparison of what they feel for themselves'. (Smith 2002, p. 101) Smith explained that they have the power to hurt that someone, and the temptation to do so. So, if the principle of justice did not come between them, Smith warned, 'a man would enter an assembly of men as he enters a den of lions'. (Smith 2002, p. 102) Without the imposition of justice, 'the immense fabric of human society...must in a moment crumble into atoms' (Smith 2002, p. 101), or 'civil society would become a scene of bloodshed and disorder, every man revenging himself at his own hand whenever he fancied he was injured' (Smith 2002, p. 403). Smith asserted this because he believed individuals were endowed with a sense of merit, eager to respect the rules of justice and bound to approve the use of force in the event of any members of society not complying with them [5].

With this problem in mind, Smith would qualify the rules of justice as the only rules of morality that were 'precise and accurate'; he considered the rules of the other virtues 'loose, vague and indeterminate' (Smith 2002, pp. 386-387). The former, according to Smith, can be compared with the rules of grammar; the latter, with 'those which critics lay down for the attainment of what is sublime and elegant in composition, such as those that present a general idea of a perfection to be achieved, rather than affording clear and effective directions for acquiring it' (Smith 2002, pp. 386-387).

In that framework, with the limitations of the concept of sympathy exposed, Smith highlighted the importance of two other fields of inquiry: jurisprudence, and ethics. These would become the 'two useful parts of moral philosophy' in Smith's view (Smith 2002, p. 402). They would collaborate to conceive the practical rules of morality. Each of them would contribute in answering, respectively, these two questions: Which principles should found a theory of justice? And, secondly, which

Piqué, Pilar (2019), 'The Theory of Moral Sentiments and The Wealth of Nations. Ethics, jurisprudence and political economy throughout the intellectual history of Adam Smith', *The Journal of Philosophical Economics: Reflections on Economic and Social Issues*, XII: 2, 75-96

virtuous principles should be cultivated in this new society so that its members can coexist in a civilized way? In *The Theory of Moral Sentiments*, Smith defined jurisprudence as the science that deals with the principles upon which the rules that constitute the civil and criminal law of each particular State are based or should be based (Smith 2002, pp. 255-256). He also defined ethics as a science that presents agreeable and lively descriptions of manners, which inflame natural love of virtue and increase abhorrence of vice. Smith said that these pictures may help to ascertain and correct natural sentiments with regard to the propriety of conduct and also to form a more exact justness of behaviour (Smith, 2002, pp. 388-399) [6].

The formulation of a coherent theory of jurisprudence would constitute that great work that Smith claimed was incomplete at the end of his life (*The Wealth of Nations* was the only part of this work that the author considered worthy of publication). The completion of a coherent theory of ethics, for its part, is condensed in Part VI of *The Theory of Moral Sentiments* that Smith added in the last edition of 1790, eleven years after the first publication of *The Wealth of Nations*. In the next section, the scope of these two fields will be expounded.

## **From political economy to an incomplete theory of jurisprudence and the addition of part VI**

The previous section sought to show why the theory of sympathy, developed in the first edition of *The Theory of Moral Sentiments*, led Smith to emphasize the social need for rules of justice and thus the development of a theory of jurisprudence. In this section, how this development ended up in *The Wealth of Nations*, and why this work impacted Smith's theory of jurisprudence and his virtue ethics will be examined.

Why was Smith's Political Economy unable to contribute to the completion of his theory of Jurisprudence? Smith did not make any explicit statement about the possible conceptual limitations of political economy to contribute to the development of that theory in any of his published works, nor in those posthumous writings of his authorship. Adam Smith only declared, in the Advertisement added to the sixth edition of *The Theory of Moral Sentiments* that, in the last paragraph of the first edition of that work, he had promised a future work in which he would give an account of the general principles of law and government, and of the different revolutions undergone throughout history; not only in what concerns justice, but also in what concerns police [7], revenue, arms and other objects of law. In that

Piqué, Pilar (2019), 'The Theory of Moral Sentiments and The Wealth of Nations. Ethics, jurisprudence and political economy throughout the intellectual history of Adam Smith', *The Journal of Philosophical Economics: Reflections on Economic and Social Issues*, XII: 2, 75-96

same Advertisement, he added that in *The Wealth of Nations* he had partially fulfilled this promise, at least in respect to police, revenue, and arms. But, according to Smith, the theory of Jurisprudence remained incomplete (Smith 2002, pp. 3-4).

*The Wealth of Nations*, unlike *The Theory of Moral Sentiments*, is a work that does not have the name of a science (political economy) in its title. Nor does its title contain the word 'theory' (not even, the definitively consecratory phrase 'The Theory'), but a name that alludes to a less developed philosophical stage like 'Inquiry' (Megill 1975, p. 90). In contrast to *The Theory of Moral Sentiments*, where Smith eluded in all its editions the inclusion of an introductory note, *The Wealth of Nations* contains an introductory Part titled 'Introduction and Plan of the Work'.

It is not surprising then that Smith did not call himself the founder of political economy. In fact, he wrote a definition of the term political economy only in Book IV of his work, entitled 'Of Systems of Political Economy', conceiving of it as a branch of jurisprudence (Smith 1976, p. 428).

Political economy, considered as a branch of the science of a statesman or legislator, proposes two distinct objects: first, to provide a plentiful revenue or subsistence for the people, or more properly to enable them to provide such a revenue or subsistence for themselves; and secondly, to supply the state or commonwealth with revenue sufficient for the public services. It proposes to enrich both the people and the sovereign (Smith 1976, p. 428).

Smith presented this definition as a prolegomenon to his exposition and presentation of mercantilist and physiocratic doctrines. At that time, the notion of political economy was commonly used to refer to a set of recommendations to the sovereign about managing resources generated within the nation. The term political economy was then used by Smith to indicate that particular practice existing in his time. This was the practice of much of the spectrum of mercantilist and physiocratic writers that Smith grouped under the terms of mercantile and agricultural political economy systems. (Smith 1976, pp. 11, 372, 678, 748) These were doctrines that, after Adam Smith's work, were labelled 'pre-Smithian' (e.g. Alvey 1999).

Smith described the spectacular advantages and advances that flowed from the expansion of trade, summarized in his notion of the division of labour set out in the celebrated Book I of *The Wealth of Nations*. With the extension of mercantile exchange beyond the immediate community, Smith pointed out that the individual becomes a merchant and society evolves to become a commercial society (Smith 1976, p.37). Universalization is an inexorable process, whereby trade brings different

Piqué, Pilar (2019), 'The Theory of Moral Sentiments and The Wealth of Nations. Ethics, jurisprudence and political economy throughout the intellectual history of Adam Smith', *The Journal of Philosophical Economics: Reflections on Economic and Social Issues*, XII: 2, 75-96

and distant individuals (strangers) into contact and, in fact, cannot develop until it reaches ever more unattainable dimensions and until each merchant makes the strenuous effort in pursuit of his own interest.

Once the division of labour has been thoroughly established, it is but a very small part of a man's wants which the produce of his own labour can supply. He supplies the far greater part of them by exchanging that surplus part of the produce of his own labour, which is over and above his own consumption, for such parts of the produce of other men's labour as he has occasion for (Smith 2002, p. 37).

It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages (Smith 2002, p. 26).

A universal society was gestated, no longer governed solely by bonds of affection cultivated by the fact of living and growing up in proximity. Hence Smith addressed the potential dangers that could arise in a society of these characteristics [8] in the successive editions of *The Wealth of Nations*, and he maintained, from the first edition, that the extension of mercantile exchange could only result in universal opulence if developed in a 'well-governed society' (Smith 2002, p. 22).

It is the great multiplication of the productions of all the different arts, in consequence of the division of labour, which occasions, *in a well-governed society*, that universal opulence which extends itself to the lowest ranks of the people (Smith 2002, p. 22, italics added).

This Smithian exhortation of a well-governed society as a necessary premise for universal opulence evokes (and at the same time contributes to comprehend) that phrase of *The Theory of Moral Sentiments* mentioned in Part 1, where Smith argued that a society of men without reciprocal affection could be maintained only by a mercenary exchange of good offices according to an agreed valuation. The research that Smith addressed in *The Wealth of Nations* offers novel lessons on the morality of commercial society in a scenario where the individual requires the permanent cooperation and assistance of large crowds and where friends are only a handful of people [9]. The requirement of a 'well-governed society' or an 'agreed evaluation' is reinforced when self-interest is a behaviour imposed as a condition for the individual to successfully carry out exchanges of good offices with large crowds.

Mercantile behaviour must be understood and legislated. Hence, Smith preserved the definition of political economy as a branch of jurisprudence in charge of

advising the sovereign about the nature and causes of the wealth of nations, which involves understanding not only 'the causes of improvements in the productive powers of labour and of the order according to which its produce is naturally distributed among the different ranks of people' (title of Book I (Smith 1976, p.13)) but also 'the nature, accumulation and employment of stock' (title of Book II (Smith 1976, p. 276)), 'the different progress of opulence in different nations' (title of Book III (Smith 1976, p. 376)), the weaknesses of the mercantile and agricultural systems, and 'the revenue of the Sovereign or Commonwealth' (title of Book V (Smith 1976, p.689)). But the question of the principles of justice that would ensure the social cohesion of a commercial society, which Smith considered necessary in his first edition of *The Theory of Moral Sentiments*, could not be satisfied by political economy as far as it was formulated by Smith. With this problem in mind, Smith would devote his last efforts to outlining a 'practical system of morality' (as Adam Smith baptized it in a letter to the editor of *The Theory of Moral Sentiments* (Campbell Mossner & Simpson Ross 1987, p. 424)) [10] in Part VI of the last edition of *The Theory of Moral Sentiments*.

### *Adam Smith's late interest in the character of virtue*

Why did the study of the mercantile individual and commercial society in *The Wealth of Nations* cause Smith to become increasingly interested in virtue ethics? Smith had already announced that the question of the character of virtue was one of two questions to be considered in the treatment of the principles of morality in the first edition of *The Theory of Moral Sentiments* (Smith 2002, p. 313). The other question to be considered was which mechanisms lead an individual to praise or blame others' behaviour, that is, his theory of sympathy (Griswold 1999, p. 55). In that same first edition, he had also commented that the question of the character of virtue was of a 'practical' nature, because the study on virtue 'necessarily has some influence upon our notions of right and wrong in many particular cases' (Smith 2002, p. 372).

But after writing *The Wealth of Nations*, some important research questions arose. If the individual, in his role as a merchant, is universally related to all others on the basis of self-interest, does this mean that self-interest is the only sentiment that guides his behaviour? How far does his interest extend in individuals, with whom he has no affective relationship, and whom in most cases he does not even know?

**Piqué, Pilar (2019), 'The Theory of Moral Sentiments and The Wealth of Nations. Ethics, jurisprudence and political economy throughout the intellectual history of Adam Smith', *The Journal of Philosophical Economics: Reflections on Economic and Social Issues*, XII: 2, 75-96**

In Part VI of the last edition of *The Theory of Moral Sentiments*, Smith would then outline some concepts aimed at forging a practical system of morality dedicated to moral education (Hanley 2006), i.e. transmitting to individuals their inclination towards virtuous conduct [11]. This effort to educate individuals in virtue derived from the way that Smith conceived rules of ethics. For rules of ethics, Smith argued, it is necessary to consider 'the end and foundation of the rule more than the rule itself' (Smith 2002, p. 204). That is, the individual complies with the ethical rules because he identifies with the foundation of these rules and not, as in the case of some rules of justice, because it is obligatory to comply with them (and not to do so deserves punishment) (Smith 2002, pp. 203-204).

In the practice of the other virtues, our conduct should rather be directed by a certain idea of propriety, by a certain taste for a particular tenor of conduct, than by any regard to a precise maxim or rule; and we should consider the end and foundation of the rule, more than the rule itself. But it is otherwise with regard to justice: the man who in that refines the least, and adheres with the most obstinate steadfastness to the general rules themselves, is the most commendable, and the most to be depended upon (Smith, 2002, p. 204).

The precepts of virtue ethics, said Smith, 'are able to inspire, for a time at least, the most heroic resolutions, and thus tend both to establish and confirm the best and most useful habits of which the mind of man is susceptible' (Smith 2002, p.389). Smith judged that virtue ethics can contribute to forming precepts and exhortations able to encourage virtue. He thought that through discipline, education and example, the individual could identify with the rules of ethics [12].

What exhortations and precepts did Smith present in Part VI? Smith encourages his readers to act according to the virtue of prudence, understood as the care for their own health, fortune, position, and reputation (Smith 2002, p. 248). He emphasizes that prudence should be combined with other virtues such as valour, benevolence, and respect for the rules of justice. Smith also urged individuals to be tolerant to all persons with whom they associate, whether or not they have a close relationship with them (Smith 2002, p. 264).

However, Smith himself limited this last premise when he portrayed the nation state as the 'greatest society' upon individual happiness or misery, good or bad conduct can have influence (Smith 2002, p. 268), because it is 'within the sphere of both of his abilities and understanding' (Smith 2002, p. 270), and it is 'more suitable to the weakness of his powers, and to the narrowness of his comprehension' (Smith 2002, p. 279). Although he condemned the 'mean national prejudice' (Smith

Piqué, Pilar (2019), 'The Theory of Moral Sentiments and The Wealth of Nations. Ethics, jurisprudence and political economy throughout the intellectual history of Adam Smith', *The Journal of Philosophical Economics: Reflections on Economic and Social Issues*, XII: 2, 75-96

2002, p. 269), he considered that the human being was not in charge of making all human beings happy, because such a thing is the work of God. Thus, although in *The Wealth of Nations* Smith stated that the individual, such as a merchant, had to relate to all humankind, in his virtue ethics he stated that the individual, in order to be virtuous, had to take care only of his fellow compatriots.

The state or sovereignty in which we have been born and educated, and under the protection of which we continue to live, is, in ordinary cases, the greatest society upon whose happiness or misery, our good or bad conduct can have much influence. (Smith 2002, p. 268).

The administration of the great system of the universe, however, the care of the universal happiness of all rational and sensible beings, is the business of God and not of man. To man is allotted a much humbler department, but one much more suitable to the weakness of his powers, and to the narrowness of his comprehension; the care of his own happiness, of that of his family, his friends, his country (Smith 2002, p. 279).

## The significance of the intellectual history of Adam Smith for the development of economics

The study of the changes in the editions of the two major works of Smith provides new grounds for demonstrating the bias of the studies on this author, which have been carried out in the field of economics over more than two centuries. The partial character of these studies resides in two main characteristics. First, these investigations only focused on the exposition of the contents of *The Wealth of Nations* and not on that developed in *The Theory of Moral Sentiments* (e.g. Blaug 1997; Mazerolle 2006; Negishi 1989; Sowell 2006). Secondly, they considered *The Theory of Moral Sentiments* as a work exclusively 'prior' to *The Wealth of Nations* and, therefore, omitted to study the meaning of the changes the author made to his works, as well as the reasons for the unfinished nature of his theory of jurisprudence (Barber 1985; Landreth & Colander 2002; Medema & Samuels 2000; Galbraith 2017). As Montes (2004) and Sen (2009) indicated, the fact that Smith dedicated the last years of his life to modifying *The Theory of Moral Sentiments* questions the inherited notion of self-interest devoid of an ethical framework and contradicts the vision of *The Wealth of Nations* as a work that can be understood in isolation, turning the relationship between Smithian political economy, jurisprudence and ethics into an important field of theoretical research.

**Piqué, Pilar (2019), 'The Theory of Moral Sentiments and The Wealth of Nations. Ethics, jurisprudence and political economy throughout the intellectual history of Adam Smith', *The Journal of Philosophical Economics: Reflections on Economic and Social Issues*, XII: 2, 75-96**

The study of the intellectual history of Adam Smith can also contribute to overthrowing the myth of liberalism unilaterally initiated in the mid-19th century (Winch 2008) and exacerbated in the course of the 20th century. For, in the course of the twentieth century, Adam Smith was sentenced as a mere economist defending a unique economic point of view. Medema & Samuels (2000, p. 34) and Hollander (2013, p. 3) coined respectively the terms 'popular mythology of Adam Smith' and 'general knowledge of Adam Smith' to question the image of Smith as a staunch defender of the free trade doctrine, the one that considered the 'free play of supply and demand' as a guarantee of economic progress and that had Friedrich Hayek and Milton Friedman as great exponents. For Sen (2011), this image, which 'distorted' the Scottish author, conquered the imaginary of the 20th century. Levin (1999, p.30) baptized this portrait of Smith as a free trade fundamentalist with the name 'Adam Myth'. For his part, Peil (2000, p. 75) called the portrait that a group of economists made of Smith as an embryonic neoclassical economist the 'canonical view of Adam Smith'.

The study of ethics, jurisprudence and political economy throughout the intellectual history of Adam Smith also contributes to resignifying the objectives and perspectives of economics as a discipline. As explained by Alvey (1999) and Roncaglia (2006), throughout the 20th century, the 'scientification' of economics led it to separate itself from the rest of the 'social sciences'. The mainstream economic theory was understood as a positive science in charge of analysing and explaining unilaterally economic mechanisms. The research on Adam Smith's work teaches economists that economic phenomena are not separate from political or ethical phenomena, but that all of them are interdependent and must be understood as a systematic whole.

Another aspect that economics can recover by studying Smith is historical perspective. As Clower (1993) pointed out, mainstream economics has focused on the short term and lost the long-term perspective it used to have throughout the 18th and 19th centuries. By losing historical perspective, economics has not only omitted the historical roots of economic phenomena, but has also focused on recommending short-term policies and not on developing proposals for major structural reforms for society as a whole.

From Adam Smith's work, in fact, relevant questions can be raised that economics must reintroduce into its subject matter: is modern society historically viable? What are the legal principles that can bring it peace and prosperity? Is it possible to reconcile self-interest with social justice? How can citizens be educated to achieve

this? It is hoped that the current and future generations will be able to address all these questions.

## Conclusion

This paper set out to explore the relationship between *The Theory of Moral Sentiments* and *The Wealth of Nations* throughout the intellectual history of Adam Smith, studying the genesis of *The Wealth of Nations* and the impact that Smith's study of political economy had on the last edition of *The Theory of Moral Sentiments*, especially regarding the incorporation of a new part on the character of virtue and in the confession that the author made about the incompleteness of his theory of jurisprudence.

To understand the genesis of political economy, the limitations of Smithian theory of sympathy were exposed, with respect to universal society where relationships of reciprocal affection do not prevail. Smith indicated that in commercial society, the individual is mainly sympathetic to his closest social circle, but not necessarily to other social circles to which he also has to relate due to commerce. The imposition of practical rules of justice thus becomes a necessary condition for social harmony in commercial society. For this reason, Smith announced the necessity of a theory of jurisprudence, the one he partly developed in his 'work of political economy'.

In *The Wealth of Nations*, Smith interpreted political economy as a branch of jurisprudence devoted to resolving the integration of mercantile exchange with modern political institutions. Smith understood mercantile exchange and the merchant as protagonists of political economy. He asserted that a 'well-governed society' was a necessary condition for universal opulence. But his political economy, dedicated to the study of commerce in modern society, did not contain suggestions for the development of the general principles of justice that would ensure social prosperity. Thus, it was shown why Smith added Part VI in the last edition of *The Theory of Moral Sentiments*. Part VI of that edition aimed to elaborate on the formation of virtuous individuals who act according to the rules of perfect prudence, strict justice and proper benevolence. These individuals must take care of themselves, their closest social circle and fellow citizens of their own country. In that part, Smith attributes the quality of universal benevolence only to God. While Smith expounded in *The Wealth of Nations* that the mercantile individual had to relate to all humankind, in his virtue ethics he asserted that the individual, in order

to achieve virtue, had to relate to and be interested in only the people of his own country.

It was shown how these developments can complement and enrich the studies on Smith carried out in the field of economics, which until today have been eminently focused on considering *The Theory of Moral Sentiments* as a work strictly 'prior' to *The Wealth of Nations* and, therefore, in most cases, have not been concerned with the study of the impact that his 'economic work' had on the successive re-editions of his 'work of Moral Philosophy'. Finally, it was explained how Adam Smith's work can contribute to re-establishing the relationship of economics with the rest of the social sciences and promote studies with a historical perspective.

## Endnotes

- [1] The full name of this work is *An Inquiry into the Nature and Causes of the Wealth of Nations*. In the course of this paper the abridged version *The Wealth of Nations* will be used.
- [2] The problems addressed by Smith in that part correspond to a field known in specialized literature as 'virtue ethics' (Hanley 2009). This work will adopt that name.
- [3] In this paper, following Smith, the author will use the masculine pronoun as a general rule henceforth.
- [4] An exhaustive treatment of Newton's influence on Adam Smith exceeds the scope of this work. For this purpose, it is recommended to read Montes (2008), Diemer & Guillemin (2011), Redman (1993), among others.
- [5] For Smith, the right to life, the right to property and the real right were the most sacred rights (Smith 2002, p. 98). A presentation of these rights and their development in the different historical stages of society was sketched out in his *Lectures on Jurisprudence*.
- [6] In this article, jurisprudence and ethics will be classified according to the criteria of Smith. This classification is not so common nowadays (e.g. Gauthier 1986, Nozick 1974, Rawls 1971). A discussion about the differences between the approach of Smith and contemporary ones exceeds the scope of this work.

[7] The history of the transformations of the 'police' concept has been the subject of interesting debates. Brown (1994) and, especially, Neocleous (1998), developed interesting interpretations of the transformation in the meaning of the policing concept in the intellectual history of Adam Smith, especially in the transition from his Lectures on Jurisprudence to The Wealth of Nations. According to the authors, in the Lectures on Jurisprudence, Smith conceived of the police as the regulation of a government in general and considered the main task of government to be promoting the opulence of the state. In The Wealth of Nations, Smith would begin to use the term police at times to refer to an institution specialized in the control of security and public order, specifically in crime prevention. This debate will be the subject of future research and works to be published.

[8] Many specialized studies have pointed out that the changes incorporated in the different editions of The Wealth of Nations, especially in the third edition of 1784, validated Adam Smith's misgivings about some prevailing commercial practices (Dwyer 1987). Evensky (1989) described Smith's inclusion in the 1784 of chapter XVIII of book IV, entitled 'Conclusion of the Mercantile System', as an extension of his critique of that system. Smith then took on the distorting forces of mercantilist interests as one of his main concerns. Phillipson (2010), for his part, interpreted that edition as an opportunity Smith found to proclaim the imminent end of commercial capitalism and to advise sovereigns to proceed cautiously in implementing policies of 'liberalization' of those particular monopolistic companies and of trade in general.

[9] '...we shall be sensible that without the assistance and cooperation of many thousands, the very meanest person in a civilized country could not be provided, even according to, what we very falsely imagine, the easy and simple manner in which he is commonly accommodated' (Smith 1976, p. 23)

[10] 'I have inserted a complete new sixth part immediately after the fifth part, containing a practical system of morality, under the title of the Character of Virtue' (Campbell Mossner & Ross 1987, p. 424).

[11] According to Shinohara (1992), the mission of this system was to articulate a set of practical ethical and juridical rules that would make full development of the system of natural freedom possible.

[12] Smith devoted part of his preparation time for the 1790 edition to reworking the chapters of Part III, which refer to the sense of duty, necessary to instill in

Piqué, Pilar (2019), 'The Theory of Moral Sentiments and The Wealth of Nations. Ethics, jurisprudence and political economy throughout the intellectual history of Adam Smith', *The Journal of Philosophical Economics: Reflections on Economic and Social Issues*, XII: 2, 75-96

individual the identification with rules of ethics. In another letter Smith wrote to the editor of *The Theory of Moral Sentiments* on March 15, 1788, referring to the last edition he was preparing, he points out the following: 'The chief and the most important additions will be to the third part, that concerning the sense of Duty and to the last part concerning the History of moral Philosophy' (Campbell Mossner and Simpson Ross 1987, p. 412).

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