

ADAM SMITH

I

**An Inquiry into the Nature and Causes
of the Wealth of Nations**

THE GLASGOW EDITION OF THE WORKS AND
CORRESPONDENCE OF ADAM SMITH

*Commissioned by the University of Glasgow to celebrate the bicentenary of
the *Wealth of Nations**

I

THE THEORY OF MORAL SENTIMENTS

Edited by D. D. RAPHAEL *and* A. L. MACFIE

II

AN INQUIRY INTO THE NATURE AND CAUSES
OF THE WEALTH OF NATIONS

Edited by R. H. CAMPBELL *and* A. S. SKINNER; *textual editor* W. B. TODD

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ADAM SMITH

An Inquiry into the
Nature and Causes of
the Wealth of Nations

GENERAL EDITORS

R. H. CAMPBELL

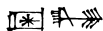
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A. S. SKINNER

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VOLUME I



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Indianapolis

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Preface

WHILE this volume as a whole was prepared by the General Editors, the actual text of the *Wealth of Nations* was established by W. B. Todd following principles which are explained in a separate note.

As far as the general or non-textual editorial work is concerned, we have sought to provide a system of cross references within the WN, together with a comprehensive list of references from the WN to Smith's other works, including the Lecture Notes and Correspondence. In addition, Smith's own references have been traced and parallels with other writers indicated where it seems reasonably certain that he had actually used their works. Comment has been made on matters of historical fact where this might be of benefit to the modern reader.

In the introduction, we have tried to give some idea of the links which exist between Smith's economics and other parts of a wider system of social science, together with an account of the structure and scope of the WN itself. We have also sought to indicate the extent to which the WN was the reflection of the times in which Smith lived.

In executing a work of this kind we have incurred debts which are too numerous to mention. We should, however, like to acknowledge the great benefit which we have received from the work of Edwin Cannan, whose original index has been retained.

R.H.C.
A.S.S.

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Key to Abbreviations and References

Corr.	<i>Correspondence</i>
ED	'Early Draft' of <i>The Wealth of Nations</i>
EPS	<i>Essays on Philosophical Subjects</i> (which include:)
Ancient Logics	'History of the Ancient Logics and Metaphysics'
Ancient Physics	'History of the Ancient Physics'
Astronomy	'History of Astronomy'
English and Italian Verses	'Of the Affinity between certain English and Italian Verses'
External Senses	'Of the External Senses'
Imitative Arts	'Of the Nature of that Imitation which takes place in what are called the Imitative Arts'
Music, Dancing, and Poetry	'Of the Affinity between Music, Dancing and Poetry'
Stewart	Dugald Stewart, 'Account of the Life and Writings of Adam Smith, LL.D.'
FA, FB	Two fragments on the division of labour, Buchan Papers, Glasgow University Library.
LJ(A)	<i>Lectures on Jurisprudence</i> : Report of 1762–63.
LJ(B)	<i>Lectures on Jurisprudence</i> : Report dated 1766.
LRBL	<i>Lectures on Rhetoric and Belles Lettres</i>
TMS	<i>The Theory of Moral Sentiments</i>
WN	<i>The Wealth of Nations</i>
<i>Anderson Notes</i>	From John Anderson's Commonplace Book, vol. i, Andersonian Library, University of Strathclyde.

References to Smith's published works are given according to the original divisions, together with the paragraph numbers added in the margin of the Glasgow edition. For example:

TMS I.iii.2.2 = *Theory of Moral Sentiments*, Part I, section iii, chapter 2, paragraph 2.

WN I.x.b.1 = *Wealth of Nations*, Book I, chapter x, section b, paragraph 1.

Astronomy, I.4 = 'History of Astronomy', Section I, paragraph 4.

The Table of Corresponding Passages appended to this volume identifies the sections into which the WN is divided and provides for each paragraph the page references in the Cannan editions of 1930 and 1937.

In the case of the lecture notes we have adopted the following practice: references to the LRBL are given in the form 'LRBL i.8' (= volume i, page 8 of the original manuscript), with references to the Lothian edition (London, 1963) in parenthesis. In the *Lectures on Jurisprudence* we have also cited the volume and page reference from the original manuscript (all of which will be included in the Glasgow edition) while retaining page references to the Cannan edition (Oxford, 1896) where appropriate. References to the *Correspondence* give date of letter and letter number from the Glasgow edition.

Postscript. The *Anderson Notes* are now published in R. L. Meek, *Smith, Marx and After* (London, 1977).

General Introduction

Scope and Method

ALTHOUGH it would be extravagant to claim that Adam Smith was the last of the great polymaths, it is nonetheless true that he wrote on a remarkable range of subjects including as it does economics and history; law and government; language and the arts, not to mention essays on astronomy, ancient logics and metaphysics. Indeed, the latter group of essays, apparently written in the 1750s, although not published until 1795, moved J. A. Schumpeter to remark that 'Nobody, I venture to say, can have an adequate idea of Smith's intellectual stature who does not know these essays' and to describe that on astronomy as the 'pearl of the collection'¹.

The Astronomy is especially valuable as an exercise in 'philosophical history'; a form of enquiry in which Smith was particularly interested, and which, in this case, led him to examine the first formation and subsequent development of those astronomical theories which had culminated in the work of Newton. But at the same time, the essay was designed to illustrate the principles which *lead* and *direct* philosophical enquiries. The essay was thus concerned with the question of *motivation*, and as such may tell us a good deal about Smith's own drives as a thinker, contributing in this way to our understanding of the form which his other works in fact assumed.

Smith's main purpose in the Astronomy was to consider the stimulus given to the exercise of the understanding by the sentiments of *surprise*, *wonder*, and *admiration*; sentiments which he did not necessarily consider to be the sole sources of stimuli to philosophical work, but which represented forces whose influence was, he believed, 'of far wider extent than we should be apt upon a careless view to imagine' (Intro., 7). In elaborating on this statement Smith made a number of simple assumptions: that man is endowed with certain faculties and propensities such as reason, reflection, and imagination, and that he is motivated by a desire to acquire the means of pleasure and to avoid pain, where in this context pleasure relates to a state of the imagination involving tranquility and composure; a state attained from the contemplation of relation, similarity, or customary connection. He went on to argue that we feel *surprise* when some object or relation does not fall into an expected pattern; a sentiment which is quickly followed by *wonder*, which is in turn associated with the

¹ *History of Economic Analysis* (London, 1954), 182.

perception of something like a gap or interval (i.e. a lack of known connection or failure to conform to an established classification) between the object or objects of examination. For Smith, the essence of wonder was that it gave rise to a feeling of pain (i.e. disutility) to which the normal response is an act of attempted *explanation*, designed to restore the mind to a state of equilibrium; a goal which can only be attained where an explanation for the phenomena in question is found, and where that explanation is coherent, capable of accounting for observed appearances, and stated in terms of plausible (or familiar) principles.

Smith considered these feelings and responses to be typical of all men, while suggesting that the philosopher or scientist was particularly subject to them, partly as a result of superior powers of observation and partly because of that degree of curiosity which normally leads him to examine problems (such as the conversion of flesh into bone) which are to the ordinary man so 'familiar' as not to require any explanation at all (II.11).

Nature as a whole, Smith argued, 'seems to abound with events which appear solitary and incoherent' (II.12) so that the purpose of philosophy emerges as being to find 'the connecting principles of nature' (II.12) with, as its ultimate end, the 'repose and tranquility of the imagination' (IV.13). It is here especially that the sentiment of *admiration* becomes relevant in the sense that once an explanation has been offered for some particular problem, the very existence of that explanation may heighten our appreciation of the 'appearances' themselves. Thus, for example, we may learn to understand and thus to admire a complex economic structure once its hidden 'springs' have been exposed, just as the theory of astronomy leads us to admire the heavens by presenting 'the theatre of nature' as a coherent and *therefore* as a more 'magnificent spectacle' (II.12). Scientific explanation is thus designed to restore the mind to a state of balance and at the same time productive of a source of pleasure in this rather indirect way. Smith also added, however, that men pursue the study of philosophy for its own sake, 'as an original pleasure or good in itself, without regarding its tendency to procure them the means of many other pleasures' (III.3).

There are perhaps three features of this argument which are worth emphasizing at this point. First, Smith's suggestion that the purpose of philosophy is to explain the coherence of nature, allied to his recognition of the interdependence of phenomena, leads directly to the idea of a *system* which is designed to explain a *complex* of phenomena or 'appearances'. It is interesting to recall in this connection that the history of astronomy unfolded in terms of four systems of this kind, and that Smith should have likened such productions of the intellect to machines whose function was to connect together 'in the fancy those different movements

and effects which are already in reality performed' (IV.19). Secondly, it is noteworthy that Smith should have associated intellectual effort, and the forms which the corresponding output may assume, with certain sources of pleasure. He himself often spoke of the *beauty* of 'systematical arrangement' (WN V.i.f.25) and his 'delight' in such arrangement was one of the qualities of his mind to which Dugald Stewart frequently drew attention. In the Imitative Arts (II.30) Smith likened the pleasure to be derived from the contemplation of a great system of thought to that felt when listening to 'a well composed concerto of instrumental Music' ascribing to both an almost sensual quality. Points such as these are relevant at least in the sense that a general preference for order or system may lead the thinker to work in certain ways and even to choose a particular method of organizing his arguments. Smith in fact considered the various ways of organizing scientific (or didactic) discourse in the LRBL where it is stated that the technique whereby we 'lay down certain principles, [primary?] or proved, in the beginning, from whence we account for the severall Phaenomena, connecting all together by the same chain' is 'vastly more ingenious' and *for that reason* 'more engaging' than any other. He added: 'It gives us a pleasure to see the phenomena which we reckoned the most unaccountable, all deduced from some principle (commonly, a wellknown one) and all united in one chain'. (LRBL ii.133-4, ed. Lothian, 140.) Elsewhere he referred to a *propensity*, common to all men, to account for 'all appearances from as few principles as possible' (TMS VII.ii.2.14).

However, while there is little doubt that Smith's major works (including of course the Astronomy itself) are dominated by such a choice, it would be as wrong to imply that such works are to be regarded as deductive exercises in practical aesthetics as it would be to ignore the latter element altogether. The fact is that the dangers as well as the delights of purely deductive reasoning were widely recognized at this time, and the choice of Newton rather than Descartes (who was also a proponent of the 'method' described above) as the model to be followed is indicative of the point. The distinctive feature of Newton's work was not, after all, to be found in the use of 'certain principles' in the explanation of complex phenomena, but rather in the fact that he (following the lead of others) sought to establish those principles *in a certain way*. Those interested in the scientific study of man at this time sought to apply the Newtonian vision of a law governed universe to a new sphere, and to employ the 'experimental method' as an aid to the discovery of those laws of nature which governed the behaviour of the machine and disclosed the intention of its Design.

Smith's contribution to what would now be defined as the 'social sciences' is contained in his work on ethics, jurisprudence, and economics,

which correspond in turn to the order in which he lectured on these subjects while Professor of Moral Philosophy at Glasgow. All are characterized by certain common features which are readily apparent on examination: in each case Smith sought to explain complex problems in terms of a small number of basic principles, and each conforms to the requirements of the Newtonian method in the broad sense of that term. All three make use of the typical hypothesis that the principles of human nature can be taken as constant, and all employ the doctrine of 'unintended social outcomes'—the thesis that man, in following the prompting of his nature, unconsciously gives substantial expression to some parts of the [Divine?] Plan. Again, each area of Smith's thought is marked by a keen sense of the fact that manners and institutions may change through time and that they may show striking variations in different communities at the same point in time—a feature which was rapidly becoming quite common in an age dominated by Montesquieu.

It is perhaps even more remarkable that not only were Smith's ethics, jurisprudence, and economics, marked by a degree of systematic thought of such a kind as to reveal a great capacity for model-building, but also by an attempt to delineate the boundaries of a single system of thought, of which these separate subjects were the component parts. For example, the TMS may be seen to offer an explanation as to the way in which so self-regarding a creature as man succeeds (by natural as distinct from artificial means) in erecting barriers against his own passions; an argument which culminates in the proposition that some system of magistracy is generally an essential condition of social stability. On the other hand, the historical treatment of jurisprudence complements this argument by showing the way in which government originates, together with the sources of social and political change, the whole running in terms of a four stage theory of economic development.² The economic analysis as such may be seen to be connected with the other areas of Smith's thought in the sense that it begins from a specific stage of historical development and at the same time makes use of the psychological assumptions established by the TMS.

Before proceeding to the economics it may therefore be useful to review the main elements of the other branches of Smith's work, and to elucidate some of their interconnections. This may be an appropriate choice not only because Smith himself taught the elements of economics against a philosophical and historical background, but also because so much of that background was formally incorporated in the WN itself—a book, after

² For comment, see R. L. Meek 'Smith, Turgot and the Four Stages Theory' in *History of Political Economy*, iii (1971), and his introduction to *Turgot on Progress, Sociology, and Economics* (Cambridge, 1973).

all, which is concerned with much more than economics as that term is now commonly understood.

Social Theory

Smith's *Theory of Moral Sentiments* is, of course, an important contribution to moral philosophy in its own right, and one which attempted to answer the two main questions which Smith considered to be the proper province of this kind of philosopher:

First, wherein does virtue consist? Or what is the tone of temper, and tenour of conduct, which constitutes the excellent and praise-worthy character, the character which is the natural object of esteem, honour, and approbation? And, secondly, by what power or faculty in the mind is it, that this character, whatever it be, is recommended to us? Or in other words, how and by what means does it come to pass, that the mind prefers one tenour of conduct to another? (VII.i.2)

On Smith's argument, the process by which we distinguish between objects of approval or disapproval depends largely on our capacity for 'other-regarding' activities and involves a complex of abilities and propensities which include sympathy, imagination, reason and reflection. To begin with, he stated a basic principle in arguing that man is possessed of a certain fellow feeling which permits him to feel joy or sorrow according as the circumstances facing others contribute to their feelings of pleasure or pain. An expression of sympathy (broadly defined) for another person thus involves an act of reflection and imagination on the part of the observer in the sense that we can only form an opinion with regard to the mental state of another person by 'changing places in the fancy' with him. Smith was also careful to argue in this connection that our judgement with regard to others was always likely to be imperfect, at least in the sense that we can have 'no immediate experience of what other men feel' (I.i.1.2). Given these basic principles, Smith then proceeded to apply them in considering the two different 'aspects' or 'relations' under which we may judge an action taken by ourselves or others, 'first, in relation to the cause or object which excites it; and, secondly, in relation to the end which it proposes, or to the effect which it tends to produce' (II.i.2).

We may take these in turn:

In dealing with the first question we go beyond the consideration of the circumstances in which the subject of our judgement may find himself, and his *state* of mind (i.e. whether he is happy or sad) to consider the extent to which his actions or 'affections' (i.e. expressions of feeling) are *appropriate* to the conditions under which they take place or the objects which they seek to attain. In short, the purpose of judgement is to form an opinion as to the propriety or impropriety of an action, or

expression of feeling, where these qualities are found to consist in 'the suitability or unsuitability, in the proportion or disproportion which the affection seems to bear to the cause or object which excites it' (I.i.3.6).

Given the principles so far established it will be evident that when the spectator of another man's conduct tries to form an opinion as to its propriety, he can only do so by 'bringing home to himself' *both* the circumstances and feelings of the subject. Smith went on to argue that exactly the same principles apply when we seek to form a judgement as to our own actions, the only difference being that we must do so indirectly rather than directly; by visualizing the manner in which the real or supposed spectator might react to them. Or, as Smith put it:

We can never survey our own sentiments and motives, we can never form any judgement concerning them; unless we remove ourselves, as it were, from our own natural station, and endeavour to view them as at a certain distance from us. But we can do this in no other way than by endeavouring to view them with the eyes of other people, or as other people are likely to view them. (III.1.2)

Given these points, we can now examine the second 'relation', that is, the propriety of action 'in relation to the end which it proposes, or the effect which it tends to produce'. Here, as far as the *agent* is concerned, Smith argued that the *spectator* can form a judgement as to whether or not an *action* is proper or improper in terms, for example, of motive as well as by reference to the propriety of the choice of means to attain a given end. In the same way, the spectator can form a judgement with regard to the propriety of the *reaction* of the subject (or person affected) to the circumstances created by the action of the agent.

Now while it is evident that the spectator can form these judgements when examining the actions of the two parties taken separately, it is an essential part of Smith's argument that a view with regard to the *merit* or *demerit* of a given action can be formed only by taking account of the activities of the two parties *simultaneously*. He was careful to argue in this connection, for example, that we might sympathize with the motives of the agent while recognizing that the action taken had had unintended consequences which might have either harmed or benefited some third party. Similarly, the spectator might sympathize with the reaction of the subject to a particular situation, while finding that sympathy qualified by recognition of the fact that the person acting had not intended another person either to gain or lose. It is only given a knowledge of the motives of the agent *and* the consequences of an action that we can form a judgement as to its merit or demerit, where that judgement is based on some perception of the propriety or impropriety of the activities of the two parties. Given these conditions Smith concluded that as our perception of the propriety of conduct 'arises from what I shall call a direct sympathy

with the affections and motives of the person who acts, so our sense of its merit arises from what I shall call an indirect sympathy with the gratitude of the person who is, if I may say so, acted upon' (II.i.5.1).

Smith went on from this point to argue that where approval of motive is added to a perception of the beneficent tendency of the action taken, then such actions deserve *reward*; while those of the opposite kind 'seem then to deserve, and, if I may say so, to call aloud for, a proportionable punishment; and we entirely enter into, and thereby approve of, that resentment which prompts to inflict it' (II.i.4.4). As we shall see, this principle was to assume considerable importance in terms of Smith's discussion of *justice*.

Before going further there are perhaps three points which should be emphasized and which arise from Smith's discussion of the two different 'relations' in terms of which we can examine the actions of ourselves or other men.

First, Smith's argument is designed to suggest that judgement of our actions is always framed by the real or supposed spectator of our conduct. It is evident therefore that the accuracy of the judgement thus formed will be a function of the *information* available to the spectator with regard to action or motive, and the *impartiality* with which that information is interpreted.

Secondly, it follows from the above that wherever an action taken or a feeling expressed by one man is approved of by another, then an element of restraint (and therefore control of our 'affections') must be present. For example, it is evident that since we have no immediate experience of what other men feel, then we as spectators can 'enter into' their situation only to a limited degree. The person judged can therefore attain the agreement of the spectator only:

by lowering his passion to that pitch, in which the spectators are capable of going along with him. He must flatten, if I may be allowed to say so, the sharpness of its natural tone, in order to reduce it to harmony and concord with the emotions of those who are about him. (I.i.4.7)

Finally, it will be obvious that the individual *judged* will only make the effort to attain a certain 'mediocrity' of expression where he regards the opinion of the spectator as important. In fact Smith made this assumption explicit in remarking:

Nature when she formed man for society, endowed him with an original desire to please, and an original aversion to offend his brethren. She taught him to feel pleasure in their favourable, and pain in their unfavourable regard. She rendered their approbation most flattering . . . for its own sake; and their disapprobation most mortifying and most offensive. (III.2.6)

Given the desire to acquire the sources of pleasure and to avoid pain, this aspect of the psychology of man would appear to ensure that he *will* generally act in ways which will secure the approbation of his brethren, and that he is to this extent fitted for the society of other men. At the same time, however, Smith makes it clear that this general *disposition* may of itself be insufficient to ensure an adequate source of control over our actions and passions, and this for reasons which are at least in part connected with the spectator concept and the problem of self-interest.

We have already noted that the spectator can never be *entirely* informed with regard to the feelings of another person, and it will be evident therefore that it will always be particularly difficult to attain a knowledge of the motive which may prompt a given action. Smith noted this point in remarking that in fact the world judges by the event, and not by the design, classifying this tendency as one of a number of 'irregularities' in our moral sentiments. The difficulty is, of course, that such a situation must constitute something of a discouragement to virtue; a problem which was solved in Smith's model by employing an additional (and explicit) assumption with regard to the psychology of man. As Smith put it, a desire for approval and an aversion to the disapproval of his fellows would not alone have rendered man fit:

for that society for which he was made. Nature, accordingly, has endowed him not only with a desire of being approved of, but with a desire of being what ought to be approved of; or of being what he approves of in other men. The first desire could only have made him wish to appear to be fit for society. The second was necessary in order to render him anxious to be really fit. (III.2.7)

Hence the importance in Smith's argument of the ideal or supposed spectator, of the 'man within the breast', the abstract, ideal, spectator of our sentiments and conduct who is always well informed with respect to our *own* motives, and whose judgement would be that of the actual spectator where the latter was possessed of all the necessary information. It is this tribunal, the voice of principle and conscience, which, in Smith's argument, helps to ensure that we will in fact tread the path of virtue and which supports us in this path even when our due rewards are denied us or our sins unknown.

However, having made this point, Smith drew attention to another difficulty, namely that even where we have access to the *information* necessary to judge our own conduct, and even where we are generally disposed to judge ourselves as others might see us, if they knew all, yet there are at least two occasions on which we may be unlikely to regard our own actions with the required degree of *impartiality*: 'first, when we are about to act; and, secondly, after we have acted. Our views are apt to be very partial in both cases; but they are apt to be most partial when

it is of most importance that they should be otherwise' (III.4.2). In this connection he went on to note that when 'we are about to act, the eagerness of passion will very seldom allow us to consider what we are doing with the candour of an indifferent person', while in addition a judgement formed in a cool hour may still be lacking in sufficient candour, because 'It is so disagreeable to think ill of ourselves, that we often purposely turn away our view from those circumstances which might render that judgement unfavourable' (III.4.4).

The solution to this particular logical problem is found in the idea of *general rules* of morality or accepted conduct; rules which we are disposed to obey by virtue of the claims of conscience, and of which we attain some knowledge by virtue of our ability to form judgements in particular cases. As Smith argued:

It is thus that the general rules of morality are formed. They are ultimately founded upon experience of what, in particular instances, our moral faculties, our natural sense of merit and propriety, approve, or disapprove of. We do not originally approve or condemn particular actions; because, upon examination, they appear to be agreeable or inconsistent with a certain general rule. The general rule, on the contrary, is formed, by finding from experience, that all actions of a certain kind, or circumstanced in a certain manner, are approved or disapproved of. (III.4.8)

It will be noted that such rules are based on our experience of what is fit and proper to be done or to be avoided, and that they become standards or yardsticks against which we can judge our conduct even in the heat of the moment, and which are therefore 'of great use in correcting the misrepresentations of self-love' (III.4.12).

Yet even here Smith does not claim that a knowledge of general rules will of itself be sufficient to ensure good conduct, and this for reasons which are not unconnected with (although not wholly explained by) yet a further facet of man's nature.

For Smith, man was an active being, disposed to pursue certain objectives which may be motivated by a desire to be thought well of by his fellows but which at the same time may lead him to take actions which have hurtful consequences as far as others are concerned. It is indeed one of Smith's more striking achievements to have recognized the social objective of many economic goals in remarking:

it is chiefly from this regard to the sentiments of mankind, that we pursue riches and avoid poverty. For to what purpose is all the toil and bustle of this world? what is the end of avarice and ambition, of the pursuit of wealth, of power and pre-eminence? . . . what are the advantages we propose by that great purpose of human life which we call bettering our condition? To be observed, to be attended to, to be taken notice of with sympathy, complacency,

and approbation, are all the advantages which we can propose to derive from it. (I.iii.2.1)

However, Smith was well aware that the pursuit of status, the desire to be well thought of in a public sense, could be associated with self-delusion, and with actions which could inflict damage on others either by accident or design. In this connection, he remarked that the individual:

In the race for wealth, and honours, and preferments . . . may run as hard as he can, and strain every nerve and every muscle, in order to outstrip all his competitors. But if he should justle, or throw down any of them, the indulgence of the spectators is entirely at an end. It is a violation of fair play, which they cannot admit of. (II.ii.2.1)

Knowledge of the resentment of the spectators thus emerges as something of a deterrent as far as the agent is concerned, although Smith placed more emphasis on the fact that a feeling of *resentment* generated by some act of *injustice* produces a natural approval of punishment, just as the perception of the good consequences of some action leads, as we have seen, to a desire to see it rewarded. In this world at least, it is our disposition to punish and approval of punishment which restrains acts of injustice, and which thus helps to restrain the actions of individuals within due bounds. Justice in this sense of the term is of critical importance, and Smith went on to notice that while nature ‘exhorts mankind to acts of beneficence, by the pleasing consciousness of deserved reward’, beneficence is still the ‘ornament which embellishes, not the foundation which supports the building’. He continued:

Justice, on the contrary, is the main pillar that upholds the whole edifice. If it is removed, the great, the immense fabric of human society . . . must in a moment crumble into atoms. (II.ii.3.4)

In Smith’s eyes, a fundamental pre-condition of social order was a system of positive law, embodying our conception of those rules of conduct which relate to justice. He added that these rules must be administered by some system of government or ‘magistracy’, on the ground that:

As the violation of justice is what men will never submit to from one another, the public magistrate is under a necessity of employing the power of the commonwealth to enforce the practice of this virtue. Without this precaution, civil society would become a scene of bloodshed and disorder, every man revenging himself at his own hand whenever he fancied he was injured. (VII.iv.36)

It now remains to be seen just how ‘government’ originates, to explain the sources of its authority, and the basis of obedience to that authority.

The Stages of Society

It was in the lectures on justice rather than the TMS that Smith set out to consider the grounds on which we were disposed to obey our 'magistrates', finding the basis of obedience in the principles of *utility* and *authority*. In practice, Smith placed most emphasis on the latter and identified four main sources: personal qualifications, age, fortune, and birth. Taking these four sources in turn, he argued that personal qualities such as wisdom, strength, or beauty, while important as sources of *individual* distinction, were yet of rather limited *political* value, since they are all qualities which are open to dispute. As a result, he suggests that *age*, provided there is no 'suspicion of dotage', represents a more important source of authority and of respect, since it is 'a plain and palpable quality' about which there can be no doubt'. Smith also observed that as a matter of fact age regulates rank among those who are in every other respect equal in both primitive and civilized societies, although its relative importance in the two cases is likely to vary.

The third source of authority, wealth, of all the sources of power is perhaps the most emphasized by Smith, and here again he cites two elements. First, he noted that through an 'irregularity' of our moral sentiments, men tend to admire and respect the rich (rather than the poor, who *may* be morally more worthy), as the possessors of all the imagined conveniences of wealth. Secondly, he argued that the possession of riches may also be associated with a degree of power which arises from the dependence of the poor for their subsistence. Thus, for example, the great chief who has no other way of spending his surpluses other than in the maintenance of men, acquires retainers and dependents who:

depending entirely upon him for their subsistence, must both obey his orders in war, and submit to his jurisdiction in peace. He is necessarily both their general and their judge, and his chieftainship is the necessary effect of the superiority of his fortune. (WN V.i.b.7)

Finally, Smith argues that the observed fact of our tendency to venerate antiquity of family, rather than the upstart or newly rich, also constitutes an important source of authority which may reinforce that of riches. He concluded that:

Birth and fortune are evidently the two circumstances which principally set one man above another. They are the two great sources of personal distinction, and are therefore the principal causes which naturally establish authority and subordination among men. (V.i.b.11)

Having made these points, Smith then went on to argue that just as wealth (and the *subsequent* distinction of birth) represents an important source of *authority*, so in turn it opens up an important source of *dispute*.

In this connection we find him arguing that where people are prompted by malice or resentment to hurt one another, and where they can be harmed only in respect of person or reputation, then men may live together with *some* degree of harmony; the point being that 'the greater part of men are not very frequently under the influence of those passions; and the very worst men are so only occasionally.' He went on to note:

As their gratification too, how agreeable soever it may be to certain characters, is not attended with any real or permanent advantage, it is in the greater part of men commonly restrained by prudential considerations. Men may live together in society with some tolerable degree of security, though there is no civil magistrate to protect them from the injustice of those passions. (V.i.b.2)

But in a situation where property can be acquired, Smith argued there could be an advantage to be gained by committing acts of injustice, in that here we find a situation which tends to give full rein to avarice and ambition.

The acquisition of valuable and extensive property, therefore, necessarily requires the establishment of civil government. Where there is no property, or at least none that exceeds the value of two or three days labour, civil government is not so necessary. (ibid.)

Elsewhere he remarked that 'Civil government, so far as it is instituted for the security of property, is in reality instituted for the defence of the rich against the poor, or of those who have some property against those who have none at all' (V.i.b.12). It is a government, on Smith's argument, which in some situations at least is supported by a perception of its utility, at least on the side of the 'rich', but which must gradually have evolved naturally and independently of any consideration of that necessity. In Smith's own words:

Civil government supposes a certain subordination. But as the necessity of civil government gradually grows up with the acquisition of valuable property, so the principal causes which naturally introduce subordination gradually grow up with the growth of that valuable property. (V.i.b.3)

In this way Smith stated the basic principles behind the origin of government and illustrated the four main sources of authority. In the subsequent part of the argument he then tried to show the way in which the outlines of society and government would vary, by reference to four broad socio-economic types: the stages of hunting, pasture, agriculture, and commerce.³ One of the more striking features of Smith's argument is in fact the link which he succeeded in establishing between the form of economy prevailing (i.e. the mode of earning subsistence) and the source and

³ LJ (B) 149, ed. Cannan 107. The socio-economic analysis appears chiefly in Books III and V of the WN.