

Paweł Rybacki
Smith's Balanced Judgement on the Desire for Wealth and Greatness
October 7, 2018

Smith's Balanced Judgement on the Desire for Wealth and Greatness
Topic Number 4

[1] The fact that pursuing one's self-interest is common among human beings has been obvious since the dawn of time. However, the idea that an individual, by acting to improve only his or her own condition, unintentionally contributes to the common good of the whole society, is a relatively modern concept. Adam Smith was a Scottish moral philosopher and economist who described the main principles of human behavior in society in his book *The Theory of Moral Sentiments*, and he used his observations as the underlying assumptions to his later work *An Inquiry into the Nature and Causes of the Wealth of Nations*, where he presented the mechanisms by which acting in one's self-interest translates into the economic and political development of a nation.¹

[2] The problem of human desire for wealth and greatness connects these two books, even though it is addressed for the two distinct purposes. I have found that Smith's balanced judgement on the desire for wealth and greatness in his *Theory of Moral Sentiments*, where he explains that this desire is not necessarily a vice, led him to make the central assumption of *The Wealth of Nations*, which says that the motivation to better one's own condition is positive and natural for humans, and this assumption allowed him to present the positive consequences of self-interested behavior for society. My essay is an attempt to present how

¹ Adam Smith, *The Theory of Moral Sentiments*, 1759 (Oxford, England: Clarendon Press; New York, NY: Oxford University Press, 1979);
Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, 1776 (Oxford, England: Clarendon Press; New York, NY: Oxford University Press, 1976)

certain insights from *The Theory of Moral Sentiments* can be used to trace the origin and better understand the context of some concepts in *The Wealth of Nations*.

[3] The concept that the pursuit of wealth and greatness is a part of human character and, at the same time, is beneficial for society, is the key link between *The Theory of Moral Sentiments* and *The Wealth of Nations*. In *The Theory of Moral Sentiments*, Smith remarks that “love of distinction is so natural to man.”² The “love of distinction” can be identified with the pursuit of wealth and greatness, which he also calls the “means of happiness.”³ This observation is a starting point for his temperate judgement of this human desire. He even goes on to say that “it is well that nature imposes upon us in this manner. It is this deception which rouses and keeps in continual motion the industry of mankind.”⁴ This notion not only emphasizes that the desire is almost independent of human choice (as the word “imposes” indicates), but also somewhat foreshadows the main message of *The Wealth of Nations* by mentioning the positive effect of the “deception” (or the belief that by pursuing wealth one will increase his or her level of happiness) on the development of society (here called the “industry of mankind”).⁵

[4] In *The Wealth of Nations*, the author repeats the remark: the “desire [of bettering our condition] ... comes with us from the womb, and never leaves us till we go into the grave.”⁶ Even though the contexts of these two works differ, Smith emphasizes in both that the innate human aspiration to improve the conditions of one’s life is not in conflict with morality, but actually benefits the common good. One example he cites is that of landlords who, thanks only to their “own conveniency” shared means of subsistence with the poor by

² Adam Smith, *The Theory of Moral Sentiments*, 182

³ Adam Smith, *The Theory of Moral Sentiments*, 182

⁴ Adam Smith, *The Theory of Moral Sentiments*, 183

⁵ Adam Smith, *The Theory of Moral Sentiments*, 182

⁶ Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, 341

providing them with employment.⁷ The author also describes another mechanism: through the exchange of goods (which certainly does not require benevolence), division of labor is possible, and so is economic growth, which leads to higher wages and the advancement of the conditions of the poor.⁸ Eventually, “the accommodation of an European prince does not always so much exceed that of an industrious and frugal peasant, as the accommodation of the latter exceeds that of many an African king.”⁹ This implies that even though people are generally interested in their own good, and not in promoting economic equality, those with the lowest financial status are still well-off in the end. Notably, these ideas which Smith proposed in the *The Theory of Moral Sentiments* helped to pave the way for this bold message of *The Wealth of Nations*.

[5] Furthermore, in both books, Smith underscores that, even if an action was motivated by self-interest, what ultimately matters is the good outcome. In *The Theory of Moral Sentiments*, Smith not only justifies those self-interested habits that drive the economy, but also calls them “praise-worthy” and “laudable.”¹⁰ Smith claims that even the actions influenced by self-interest may deserve approbation if they serve the welfare of the society.¹¹ Rejecting the idea of Bernard Mandeville (an Anglo-Dutch thinker who in many cases inspired Smith’s beliefs), Smith argues that mixed motives behind an action do not automatically make it vicious.¹² This sheds a new light on the following observation from *The Wealth of Nations*: “[i]t is not from the benevolence of the butcher, the brewer, or the baker, than we expect our dinner, but from their regard to own interest.”¹³ The central message of this claim is that a good offered in a market is generally not a fruit of selflessness. However,

⁷ Adam Smith, *The Theory of Moral Sentiments*, 184

⁸ Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, 31, 94, 96

⁹ Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, 24

¹⁰ Adam Smith, *The Theory of Moral Sentiments*, 304

¹¹ Adam Smith, *The Theory of Moral Sentiments*, 304-305

¹² Adam Smith, *The Theory of Moral Sentiments*, 308-314

¹³ Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, 26-27

that does not imply that it is not a good anymore. In fact, by applying the framework from *The Theory of Moral Sentiments*, it becomes evident that this good deserves appreciation, even if it is just a part of market exchange. Therefore, Smith's positive moral judgement of some self-interested actions in *The Theory of Moral Sentiments* lays a groundwork for interpreting the principles of free-market economy described in *The Wealth of Nations*: economic activity is, regardless of its underlying motivation, good.

[6] However, the condition whereby human self-interest is channeled into the service of common welfare is the rule of justice; at the same time, justice is a result of compromise among self-interested people. As Smith put it in *The Theory of Moral Sentiments*, “[s]ociety may subsist among different men ... from the sense of its utility, without mutual love or affection,” because “[a]ll the members of human society stand in need of each other's assistance.”¹⁴ This claim is followed by the example that, if forced by circumstances, even robbers would follow this rule and stop mutual violence. This idea has its parallel in *The Wealth of Nations*, where he notes that people are a “species of contract,” which allows them to deliberately exchange goods.¹⁵ Therefore, once Smith noted that justice is, in fact, a result of people's care for their own well-being, then he could easily advance to the statement that “commerce and manufactures gradually introduced order and good government, and with them, the liberty and security of individuals” in his later work.¹⁶ It follows that a restrained self-interest cannot be a vice, for it itself leads to protection against vice, as well as the improvement of the whole society.

[7] In order to deepen the understanding of Smith's reasoning, it is important to note that, according to him, pursuing self-oriented desires does not preclude being benevolent. As

¹⁴ Adam Smith, *The Theory of Moral Sentiments*, 86, 85

¹⁵ Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, 25-26

¹⁶ Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, 411

Smith points out in *The Theory of Moral Sentiments*, “Nature, when she formed man for society, endowed him with an original desire to please, and an original aversion to offend his brethren.”¹⁷ This optimistic remark is notable in Smith’s narration about the principles that determine social interactions. Because people are able to feel compassion, their endeavor to better their conditions does not prevent them from supporting others; conversely, these two motivations may converge. This may be treated as the foundation for *The Wealth of Nations*’ description of how “the hospitality of rich and great, from the sovereign down to the smallest baron” toward their dependents comes from “bounty” and “good pleasure.”¹⁸ Even though the dependents must obey their benefactor as a consequence, Smith’s point is that the mighty, despite being generally self-interested, turn out to also be generous to those who need their help.¹⁹ This notion, inspired by *The Theory of Moral Sentiments*, softens the perception of seeking wealth: this natural desire often coincides, rather than conflicts, with the compassion for others, so the main message of *The Wealth of Nations* is even more convincing.

[8] However, there is an important distinction to be made before reaching the conclusion. There is a slight contrast between the desire for wealth and greatness from *The Theory of Moral Sentiments* and the desire to better one’s condition in *The Wealth of Nations*. Even though, in the former work, self-interest is exonerated of its purported intrinsic evil—“self-love may frequently be a virtuous motive of action”—there is still a substantial critique of the desire for wealth and greatness—“the disposition to admire ... the rich and the powerful, and despise ... persons of poor and mean condition ... [is] the great and most universal cause of the corruption of our moral sentiments.”²⁰ This is because, Smith argues,

¹⁷ Adam Smith, *The Theory of Moral Sentiments*, 116

¹⁸ Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, 413-415

¹⁹ Adam Smith, *The Theory of Moral Sentiments*, 413

²⁰ Adam Smith, *The Theory of Moral Sentiments*, 309, 61-62

wealth and power are often more appreciated than wisdom and virtue; this desire may in some cases come from vanity, and not from a legitimate “love of true glory.”²¹

[9] In *The Wealth of Nations*, however, this kind of critique seems to be absent, as Smith solely focuses on the positive consequences of the “universal, continual, and uninterrupted effort to better their own condition,” which is associated with “private frugality and good conduct of individuals.”²² This difference may be rooted in a stronger focus on the individual aspect in *The Theory of Moral Sentiments* and on the collective aspect in *The Wealth of Nations*. In *The Theory of Moral Sentiments*, Smith, inspired by stoic philosophy, noticed that the desire of wealth and greatness does not lead to a persistent increase in one’s level of happiness, and, in fact, one can even decrease his or her tranquility by an excessive ambition.²³ However, *The Wealth of Nations* discusses the external consequences on society as a whole, which are always positive, provided that they are restrained by justice.

[10] In summary, the new perspective on human desire to improve his or her social and economic status that Adam Smith presents in *The Theory of Moral Sentiments* provides a context for understanding the consequences of this desire which he unfolds in his work *The Wealth of Nations*. Building on the assumption that pursuing wealth and power is not only natural for humans, but also ethical if done under justice, Smith posits that actions coming from the self-interest of an individual prove beneficial for the whole society: both for the rich and the poor, and both for the economic and for the political conditions of the country. And even though Adam Smith was not uncritical of human selfishness and vanity, it was his balanced judgement on human self-interest that allowed him to recognize and uncover its multifold positive impact on society.

²¹ Adam Smith, *The Theory of Moral Sentiments*, 309

²² Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, 345

²³ Adam Smith, *The Theory of Moral Sentiments*, 149-150

Works Cited

Smith, Adam. *An Inquiry into the Nature and Causes of the Wealth of Nations*. 1776. In Volume 1, edited by R. H. Campbell and A.S. Skinner. Oxford, England: Clarendon Press; New York, NY: Oxford University Press, 1976. Reprint: Indianapolis, IN: Liberty Fund, 1984.

Smith, Adam. *The Theory of Moral Sentiments*. 1759. Edited by D. D. Raphael and A. L. Macfie. Oxford, England: Clarendon Press; New York, NY: Oxford University Press, 1979. Reprint: Indianapolis, IN: Liberty Classics, 1981.

Credits

I am grateful to my friend John Tatarka for his help with the language and style of my essay.