

## Agency and discourse: revisiting the Adam Smith problem\*

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published in the *Elgar Companion to Adam Smith* (2009) (ed.) Jeffrey T. Young,  
pp. 52–72.

### *Abstract*

This paper builds on the author's earlier work (1991, 1994, 1997a), which examines issues of agency in the Moral Sentiments and Wealth of Nations, by arguing that the emphasis, in debates about the so-called 'Adam Smith problem', on construing questions about human nature in terms of 'motives to action' begs a more fundamental question about the metaphysics of agency and model of action in these two texts. The paper argues against what appears to be the current consensus that in the Moral Sentiments Smith conceived of motives to action in a causal sense (howsoever the notion of causality is construed), and this is contrasted with the analytic conception of economic agency in the Wealth of Nations which is given by the requirements of Smith's causal analysis of economic relations, including the causal determinants of the exchangeable value of the annual produce.

**Revised August 2008**

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\* I am grateful to Anthony Brewer, Samuel Fleischacker, Christel Fricke, Gloria Vivenza, Donald Winch and Jeffrey Young for comments on earlier versions of this paper. Thanks also to the audience at the History of Economic Thought conference, Queen's University Belfast, 2007.

## I

The current consensus is that there is no inconsistency between the suppositions concerning human motivation, or motives to action, in Adam Smith's two great works, The Theory of Moral Sentiments ([1759] 1976a) and An Inquiry into the Nature and Causes of the Wealth of Nations ([1776] 1976b). In this sense the old 'Adam Smith problem' has been put to rest. But, as the continuing interest in the issue illustrates, newer versions of the 'problem' are concerned with the question of just how the two works relate to each other. This modern version of the Adam Smith problem is construed in different ways, for example, in terms of: how the suppositions about human nature presented in the Moral Sentiments relate to those which are presented in the Wealth of Nations; how different motives to action are (or are not) emphasised relatively more in one work rather than in the other; how Smith's moral philosophy relates to his economic analysis; and how each of the two works contributes to the larger yet unfinished (or even unfinishable) intellectual project with which Smith was engaged.

In earlier work I argued that the relation between the Moral Sentiments and the Wealth of Nations can be understood in terms of an overarching moral hierarchy, owing much to the Stoics in spite of Smith's formal rejection of central tenets of Stoicism, within which each of the works is differently positioned; important theoretical differences between the two works are thereby respected whilst not construing difference as implying inconsistency (Brown 1991, 1994, 1997a). As part of this interpretation, I argued that the two works are characterised by different core conceptions of the 'agent', as 'moral agent' and as 'economic agent', and that these different conceptions are registered in the style and voice of the two texts. This is not to say that all the content of these two works can be subsumed under these particular approaches to conceptions of agency; there is too much diversity for that. But it is to suggest that these conceptions of the moral agent and economic agent are crucial for the central theoretical arguments and innovations of the two works.

In this paper I further explore issues of agency in the Moral Sentiments and Wealth of Nations by questioning some widely-shared presuppositions in scholarly debates about Smith's approach to 'motives to action'. I argue that the emphasis on construing

questions about human nature in terms of ‘motives to action’ begs a more fundamental question about the metaphysics of agency in these two texts. When this is understood, it turns out that there are some systemic differences in the treatment of agency that have been overlooked, and that these differences are important for understanding the originality and distinctiveness of Smith’s contribution to both moral philosophy and economics.<sup>1</sup>

## II

The question of the relation between the Moral Sentiments and Wealth of Nations has been posed by many scholars in terms of whether Smith held inconsistent presuppositions about human ‘motives to action’. Although the terms of the debate shift somewhat, the central issue has tended to be seen in terms of a series of binary pairs involving a basic dichotomy between other-regarding and self-regarding motives to action – pairs such as altruism/egoism, benevolence/self-interest, sympathy/selfishness – such that a fundamental question is whether other-regarding motives to action are assumed in the Moral Sentiments whereas self-regarding ones are assumed in the Wealth of Nations.

D.D. Raphael and A.L. Macfie in their Introduction to the Glasgow Edition of the Moral Sentiments (Raphael and Macfie 1976, pp. 20-25) and Raphael (Raphael 1985, esp. ch. 5; 2007 esp. ch. 13) have challenged this dichotomy of motives to action by arguing that it is wrong to counterpose self-interest to the virtues in the Moral Sentiments. According to this argument, Smith’s account of the motives to action includes a variety of motives for virtuous action, including self-interest (‘self-love’ in eighteenth-century terms, to be contrasted with ‘selfishness’ which harms others). Although self-interest is the motive that ‘comes to the fore’ in the Wealth of Nations, they say, it also has its place in the Moral Sentiments where Smith defends it as ‘a necessary element’ in virtue. Building on the work of scholars such as August Oncken (1897, [1898] 2000) and Walther Eckstein ([1926] 2000), Raphael and Macfie claim that there is therefore no inconsistency, or at least no ‘radical

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<sup>1</sup> For other recent contributions to debates about the Adam Smith problem see: Brewer (2007, esp. pp. 173-6); Darwall (1999), Dickey (1986), Dupuy, J.-P. (1993), Dwyer (2005), Griswold (1999, esp. pp. 29-39, 260-1, 310, 366-8), Evensky (2005, esp. pp. 20-3), Fleischacker (2004, esp. chs 4, 5), Montes (2004, ch. 2), Nieli (1986), Otteson (2002, ch. 4), Peters-Fransen (2001), Raphael (1985, esp. ch. 5; 1992; 2007, ch. 13), Shinohara (1993), Skinner (1996, ch. 3), Tribe (2002, esp. pp. 120-3, 137-48), Wilson and Dixon (2006), Young (1997, esp. pp. 2-26). For a brief summary of the debate in the mid-1990s see Brown (1997b, pp. 296-300).

inconsistency' (1976, pp. 24-5), between the two works. As Smith 'recognizes a variety of motives, not only for action in general but also for virtuous action' in the Moral Sentiments, they conclude that it is 'impossible to accept the view that there is any difference of substance between TMS and WN on self-interest as a motive' (p. 22).<sup>2</sup> According to this view the Moral Sentiments and Wealth of Nations comprise overlapping areas of investigation with shared presuppositions about the full range of human motives to action. Smith's argument against the egoism of Mandeville's system is thus seen as an attack on the exaggerated bifurcation of human motives that is represented by the basic dichotomy and which Mandeville exploited so powerfully in the Fable of the Bees. As Samuel Fleischacker, for example, elaborates the point: 'the very presentation of human motivations as running between self-interest and benevolence is simplistic and narrow ... the spectrum between self-interest and benevolence is not in fact Smith's only axis on which to locate human emotions' (Fleischacker 2004, p. 67).

Raphael and Macfie's argument against the view that there is any dichotomy between other-regarding and self-regarding motives to action in Smith's two major works included a criticism of Henry T. Buckle who, in his History of Civilisation in England (1857, 1861), accepted the basic dichotomy but argued that the two different motives relate to different domains of investigation which taken together comprise 'a magnificent unity' (1861, vol. 2, p. 442).<sup>3</sup> The Moral Sentiments and Wealth of Nations are 'the two divisions of a single subject' because the classification of motives to action in terms of sympathy (in the Moral Sentiments) and selfishness (in the Wealth of Nations) is 'a primary and exhaustive division of our motives to action' (Buckle 1861, vol. 2, p. 433). Buckle's argument that Smith adopted a deductive approach, characteristic of eighteenth-century Scottish thinking, is hard to square with the evidence, but his interpretation of sympathy as a motive to action has elicited a mixed response. Raphael and Macfie have argued that Buckle was mistaken in thinking that sympathy was a 'motive to action'; instead, they argue, 'sympathy is the core of Smith's explanation of moral judgment. The motive to action is an entirely different matter (Raphael and Macfie 1976, pp. 21-22, original emphasis). Raphael has since conceded that Smith isn't entirely consistent in his use of the term

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<sup>2</sup> Cf. Raphael (1985) pp. 86-90.

<sup>3</sup> Thus Buckle did not subscribe to the view that Smith changed his mind over human motivation (Buckle 1861, pp. 442-3); cf. Montes (2004, esp. pp. 31-2) and Tribe (2002, esp. pp. 139-40).

‘sympathy’, but he still maintains that the primary sense of ‘sympathy’ in the Moral Sentiments relates to moral judgment not motive to action (Raphael 1985, pp. 29, 86-90; 2007, pp. 116 ff.). Buckle was thus not only mistaken in thinking that sympathy and selfishness are contrasting motives to action in the Moral Sentiments and Wealth of Nations (also misconstruing self-interest as selfishness), but was more seriously in error in making the category mistake that sympathy is a motive to action. Other commentators, however, have challenged Raphael and Macfie on this, and have argued that sympathy is a motive to action (Khalil 1990, pp. 256-7; Montes 2004, esp. pp. 45-55).

Buckle makes a further point, however, that is also significant for his interpretation of Smith’s method, that in a young science the exposure of the necessary regularities or ‘social laws’ sometimes requires focussing on ‘ideal’ rather than ‘real’ processes.<sup>4</sup> The ‘simplifications’ this entails are given theoretically, he argues, as science requires separating ‘in speculation qualities which are inseparable in reality’ (vol. 2, p. 437). The different motives to action assumed in the Moral Sentiments and Wealth of Nations may thus be explained by the requirements of science. As an example of the implications of this requirement, Buckle argues that it is a misunderstanding of the science of political economy to reproach it for ‘hardheartedness’ because ‘the science could not be constructed if it were necessary to take in the whole range of generous and benevolent affections’ (vol. 2, pp. 435-6). This is elaborated as follows:

The political economist aims at discovering the laws of wealth, which are far too complicated to be studied under every aspect. He, therefore, selects one of those aspects, and generalizes the laws as they are exhibited in the selfish parts of human nature. And he is right in doing so, simply because men, in the pursuit of wealth, consider their own gratification oftener than the gratification of others. ...<sup>5</sup> But we must always remember, that political economy, though a profound and beautiful science, is only a science of one department of life, and is founded upon a suppression of some of the facts in which all large societies abound. It suppresses, or, what comes to the same thing, it ignores, many high and magnanimous feelings which we could ill afford to lose. We are not,

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<sup>4</sup> Cf Buckle’s methodological discussion in vol. 1, chapter 1, and his discussion of Hume, following that of Smith, vol. 2, pp. 468-9.

<sup>5</sup> The omitted sentence refers to the example of the geometer who blots out one part of his premises that he may manipulate the remaining part with greater ease; the example previously given is that a line is assumed to be one-dimensional, not two, even though, in practice, it is not possible to draw a line with literally no breadth.

therefore, to allow its conclusions to override other conclusions. We may accept them in science, and yet reject them in practice.  
(Buckle History, 1861, vol. 2, p. 436)

The laws of political economy thus hold only given its particular assumptions, so that other considerations come into play which might justify rejecting those laws in practice. Buckle provides two examples of this, both politically-charged examples where the ‘laws’ of political economy had come in for criticism: the first concerns the question whether government should supply the working-classes with employment, and the second whether it is wrong to relieve the poor with charity. Buckle argues that in both cases the laws of political economy state that the proposed measures would be ineffective, yet he also argues that other considerations (of public policy or the charitable impulse deriving from sympathy) might over-rule those laws and justify taking the contrary action. In practice therefore Buckle did not hold that the two areas of human life are distinct. What are distinct are the theoretical requirements of different areas of inquiry. Furthermore, he emphasised that in practice the analysis of the young science of political economy is and should be overridden by broader issues of public policy and private morality, again illustrating that in practice the two aspects of human life – involving other-regarding and self-regarding motives to action – are not in fact separable.

Discussion about the motives to action in Smith’s works has thus been concerned with which motives to action are assumed in different works of Smith (or different editions of those works) and whether these motives to action have some appropriate moral standing. Whatever other differences there might be between commentators, there is agreement that a core issue relates to the moral qualities of the different motives to action that are assumed in Smith’s texts. Yet this is to beg a more fundamental question about the theory of human agency in Smith’s texts—whether it should be construed in terms of motives to action, and, if so, what is the relation between motives and action. These are fundamental issues in the metaphysics of agency, and they are huge and philosophically problematic. Characterising the Adam Smith problem in terms of human motives to action, however, is to use terms that are already freighted with such issues.

### III

A core question concerns the relation between motives to action and the subsequent action. In particular, is the relation a causal one such that the motive to action is the ‘cause’ of the subsequent action; and if so does this imply that the cause is sufficient for the action to take place, in which case an action is necessitated by the cause? Such questions in the metaphysics of agency involve longstanding philosophical problems and the eighteenth century proved no exception to their power to elicit lively debate. A root philosophical question is whether motives to action necessitate what an agent does or whether they merely influence the agent in deciding what to do. This is the old debate about whether a human agent is free to do otherwise or whether action is necessitated or determined by prior events so that it is not possible for an agent to act otherwise. This is also the debate about ‘freedom of the will’, whether an agent can choose between alternative actions and whether an agent’s volitions as well actions are necessitated.<sup>6</sup>

Against this background, David Hume’s ‘reconciling project’ was to try to reconcile necessitarians and libertarians by showing that the debate between them derived from a misconception of ‘necessary connexion’ or causation. Hume’s arguments have been much debated and are still the subject of philosophical disagreement;<sup>7</sup> but the standard interpretation has largely been that Hume redefined the notion of necessary connexion or causation in terms of the constant conjunction of similar observed events and the inference of the mind in passing from what are thus taken to be causes and effects (together with temporal priority of the cause, and contiguity of cause and effect) (Treatise [1939-40] 1978, 1.3.14; first Enquiry [1777] 1975, 7). Necessity is thus not ‘in nature’: our idea of ‘necessary connexion’ among events, Hume argued, derives from the way we respond to and try to make sense of what we observe as the constant conjunction of similar events. Hume insisted, however, that, given this understanding of necessary connexion, there is the same relation of cause and effect between motives and actions as there is between events in the physical world (Treatise 2.3.1; first Enquiry 8). According to Hume’s argument, therefore, human actions are necessitated by motives to act just as physical events are necessitated by prior events:

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<sup>6</sup> See Harris (2005) for an account of the free will debate in eighteenth-century Britain.

<sup>7</sup> See Read and Richman (2007) for a selection of papers relating to the ‘new’ Hume debate.

as the union betwixt motives and actions has the same constancy, as that in any natural operations, so its influence on the understanding is also the same, in determining us to infer the existence of one from that of another. If this shall appear, there is no known circumstance, that enters into the connexion and production of the actions of matter, that is not to be found in the operations of the mind; and consequently we cannot, without a manifest absurdity, attribute necessity to the one, and refuse it to the other. (Hume, Treatise 2.3.1, p. 404; cf first Inquiry 8)

Human liberty thus consists not of freedom of the will (an unintelligible notion, Hume argued) but the absence of impediments to action, a conclusion familiar to Hume's readers as one advocated by Thomas Hobbes (Leviathan, ch. 21), although Hume's account of causation ran against Hobbes's. Hume thus presented a new argument for the compatibilism of necessity and freedom, an argument that sparked off (or rather rekindled) an enduring philosophical debate not only about what can be understood by necessity and causation, but also about how actions are to be explained, whether the explanation of action takes the same form as explanation of physical events, and whether human freedom and moral responsibility are compatible with necessity and determinism.

Thomas Reid, who succeeded Adam Smith as Professor of Moral Philosophy at the University of Glasgow in 1764, was one of the philosophers who challenged Hume's account. In his Essays on the Active Powers of Man ([1788] 1994) he argued in favour of the freedom of the will in terms of what has come to be known as 'agent-causation', that human actions are caused by the agent, not by the agent's motives to action. Reid differentiates between motives and acts of will; the former provide the goals of action and the latter is the means of choosing. Motives to action are thus more like 'advice' that the agent takes into account in exercising free will, and are not the cause of action. The cause of action is thus rooted in the 'power' that an agent has to choose and act in one way rather than in another.

It might be thought that metaphysical questions about motivation and causality are far removed from the Moral Sentiments, yet there is some evidence that Hume and Reid, Smith's contemporaries, were not uninterested in what they took to be the metaphysical implications of the Moral Sentiments. In Hume's 'Abstract' of the Moral Sentiments, sympathy is described in a passing reference as 'this spring, this movement, this power, is the chief foundation of his [Smith's] system. By means of it he [Smith] hopes to explain all the species of approbation or disapprobation, which



are excited by human action or behaviour' (Hume [1984] 1997, p. 35), thus providing an interpretation of sympathy that is more like Buckle's. Reid, however, criticised Smith for basing his account of moral approbation on a person's feelings rather than actions, on the grounds that it is the latter which are subject to the will. According to Reid in his 'Sketch' on the Moral Sentiments no one can be 'a just object either of moral Approbation or disapprobation for what is not in his power' (Reid [1984] 1997, p. 77); for Reid actions are 'in a person's power' so that a person may, properly, be held responsible only for them. Although Reid notes that in the Moral Sentiments the nature of virtue is sometimes placed in 'an Effort to regulate our own Emotions so as that others may sympathize with them', such that this 'effort' may indeed be subject to 'an act of the will' and hence liable to moral appraisal, yet he argues that Smith's system is still vulnerable to his basic charge of misconstruing the proper object of moral evaluation (1997, p. 77). For Reid, a man's moral character 'depends not upon what he feels but how he acts' (p. 76).

In his History Buckle takes up Hume's account of causation. He doesn't engage in criticism of Hume, noting that 'Among his speculative views, the most important are, his theory of causation as discarding the idea of power, and his theory of the laws of association' (vol. 2, p. 460). He is, however, scathing of Reid's attempts in Essays on the Active Powers of Man to criticize 'the profound views of Hume respecting causation' (vol. 2, p. 477). Given Buckle's characterization of sympathy and self-interest in terms of 'motives to action', it is not surprising to find that Buckle's historiographical stance is an adaptation of his Humean position on causality, according to which the possibility of a 'science of history' is based on the fact that the actions of men are necessitated by their motives:

When we perform an action, we perform it in consequence of some motive or motives; that those motives are the results of some antecedents; and that, therefore, if we were acquainted with the whole of the antecedents, and with all the laws of their movements, we could with unerring certainty predict the whole of their immediate results.

Buckle, History, 1857, vol. 1, p. 17.<sup>8</sup>

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<sup>8</sup> As part of his criticism of Reid's attempt to argue against Hume on causation, Buckle argues: 'we are moulded by the society which surrounds us; ... even our most vigorous actions are influenced by general causes of which we are often ignorant, and which few of us care to study;' (vol. 2, pp. 481-2).

According to Buckle, ‘social laws’, which he argues are subject to statistical analysis, arise because the ‘moral actions of men are the product not of their volition, but of their antecedents’ (vol. 1, p. 29). Buckle’s view of the possibility of history is thus rooted in his causal account of human action. This is not to say that Buckle attributes Smith with Hume’s theory of causation or with his version of necessitarianism; but it does illustrate the importance of debate about the significance of causal relations for the study of society and the science of political economy in which Buckle was interested.

Smith published the Moral Sentiments after Hume had published the Treatise on Human Nature and the Inquiry into the Human Understanding. If Smith accepted aspects of Hume’s causal account of action then we might expect to find some evidence of that in the Moral Sentiments, or at least some indication of a causal approach to action, whether or not Smith concurred with Hume’s reconceptualisation of causation as constant conjunction. Indeed some scholars have subscribed to a causal account of action in the Moral Sentiments. According to D.D. Raphael (2007), Hutcheson and Hume argued that moral judgment is affective, in resting on feeling, and that ‘the motive for acting upon that judgment must likewise be affective, since reason alone does not have the power to stir bodily movement’ (2007, p. 6). Raphael seems to subscribe to a causal account of action in the Moral Sentiments when he writes that a judgment of propriety or impropriety is ‘an assertion that an action is appropriate or inappropriate, suitable or unsuitable, to the cause that has prompted the agent to do it’ (2007, p. 14). The editors of the Glasgow Edition of the Wealth of Nations comment that ‘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, ...”’ (Campbell and Skinner 1976, p. 5; citing TMS II.i.Intro.2). Here they seem to construe the anaphoric ‘it’ as referring back to ‘action’, so that a judgment is made concerning the cause or object which excites the action.<sup>9</sup> In both these interpretations, then, judgment seems to relate to the ‘cause’ of action, thus presupposing that Smith did have a causal theory of action. Fleischacker, like Raphael (1977), notes that in the ‘History of Astronomy’ (Smith, [1795] in 1980, pp. 31-105) Smith uses language similar to Hume’s in describing the way that the imagination ‘creates connections between commonly associated impressions’ (Fleischacker 2004,

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<sup>9</sup> Cf. ‘his [Smith’s] interest in the judgment of an action not merely in relation to the “cause or object which excites it” but also in relation to the end proposed or the effects produces’ (Skinner 1996, p. 58).

p. 29). Fleischacker argues that although it is unclear whether Smith agreed with Hume in thinking that this ‘is all there is to causality’, nonetheless Smith ‘clearly did share Hume’s view that causality applies to human events in the same way that it applies to nonhuman ones’ such that the relationship between physical causes and physical events is ‘exactly on a level with the relationship between our motivations and our actions’ (p. 29). In support of this position Fleischacker cites Hume’s Enquiry concerning Human Understanding (8.1; pp. 92-3) and he even suggests that this chapter of Hume’s did influence Smith (2004, p. 287, n. 11). As noted above, Leonidas Montes argues, against Raphael and Macfie, that sympathy is a motive for action and so has motivational force, but he thereby accepts their assumption of a causal model of action. He argues that Smith works in terms of motives for action which have causal force, since both ‘motives’ and ‘antecedent causes’ are held to ‘trigger our conduct’; and elsewhere he argues that it is ‘the strong sense of propriety’ which is ‘the cause which excites an action’ (Montes 2004, pp. 53, 54, 107; cf. p. 108).<sup>10</sup>

Construing the Adam Smith problem in terms of motives to action is thus to adopt an interpretative framework that predisposes towards a causal interpretation of Smith’s account of action in the Moral Sentiments, howsoever the difficult notion of ‘causation’ might be understood. Although this is a question in the metaphysics of agency rather than a question in moral philosophy, its answer turns out to be significant for the relation between the Moral Sentiments and the Wealth of Nations.

#### IV

A problem with this interpretative framework of the Adam Smith problem, however, is that Smith does not argue in terms of motives as ‘causes’ of action. Indeed in the Moral Sentiments there is no mention of the causes of actions at all. In spite of Smith’s familiarity with Hume’s argument on causality and action, the argument presented in the Moral Sentiments provides no echoes of Hume.

In the Moral Sentiments it is argued that we can form a conception of others’ sentiments and affections by changing places in the imagination with that other person and imagining what we would feel if they were that other (for example, TMS I.i.1;

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<sup>10</sup> Khalil too seems to subscribe to a causal model of action: ‘Smith distinguishes between the judgments of the propriety of an action in relation to its cause and of the merit of an action in respect to its effect’ (Khalil 1990, p. 257).

VII.iii.1.4). Thus it is the exercise of the imagination, problematic though that might sometimes be,<sup>11</sup> that is held out as solving the problem, posed by Hume, that a person's sentiments or motives are unavailable to others. Thus in the Moral Sentiments the object of moral approbation and disapprobation is primarily the sentiment or affection from which the action proceeds. This is explained as follows in the first passage that introduces it:

The sentiment or affection of the heart from which any action proceeds, and upon which its whole virtue or vice must ultimately depend, may be considered under two different aspects, or in two different relations; first, in relation to the cause which excites it, or the motive which gives occasion to it; and secondly, in relation to the end which it proposes, or the effect which it tends to produce. [para. 5]

In the suitableness or unsuitableness, in the proportion or disproportion which the affection seems to bear to the cause or object which excites it, consists the propriety or impropriety, the decency or ungratefulness of the consequent action. [para. 6]

In the beneficial or hurtful nature of the effects which the affection aims at, or tends to produce, consists the merit or demerit of the action, the qualities by which it is entitled to reward, or is deserving of punishment. [para. 7]

Philosophers have, of late years, considered chiefly the tendency [ie effects] of affections, and have given little attention to the relation which they stand in to the cause which excites them. In common life, however, when we judge of any person's conduct, and of the sentiments which directed it, we constantly consider them under both these aspects. When we blame in another man the excesses of love, of grief, of resentment, we not only consider the ruinous effects which they tend to produce, but the little occasion which was given for them. ... [para. 8]

When we judge in this manner of any affection, as proportioned or disproportioned to the cause which excites it, ... [para. 9]

(TMS I.i.3.5-9. Cf. TMS II.i.Intro.2)

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<sup>11</sup> There are passages in the Moral Sentiments that cast doubt on the reliability of the imagination (for example, TMS I.iii.2.2, 8; IV.1.9).

The point of the passage is to differentiate between a judgment of propriety and a judgment of merit. Both judgments concern the feeling or sentiment from which the action proceeds, but the judgment of propriety is concerned with the feeling or sentiment in relation to ‘the cause which excites it’ (or, more or less equivalently, ‘the motive which gives occasion to it’<sup>12</sup>), whereas the judgment of merit is concerned with the effects intended by that feeling or sentiment. This distinction thus answers to Hume’s argument which focuses on the latter, the merit or effects, of the sentiment and action. This passage is the first one to explain that the virtue or vice of an action is given by an assessment of the sentiment or affection of the heart from which the action proceeds. It is the first mention of ‘action’ and ‘motive’ in TMS; it is also the first discussion in terms of ‘cause and effect’. This raises a question of the relation between sentiment/affection, action and motive, and the role of the relation of ‘cause and effect’ here.

Crucially, the distinction between ‘cause’ and ‘effect’ does not refer to the relation between the sentiment/affection and the subsequent action. The word ‘cause’ refers to what causes the sentiment; it doesn’t refer to the sentiment as the cause of the action. Raphael (2007, pp. 23-4) finds paragraph 5 ‘rather obscure’ in trying to construe the anaphoric ‘it’ in the expression ‘first, in relation to the cause which excites it’. Grammatically the backwards reference of the anaphoric ‘it’ here seems to be ‘the sentiment or affection of the heart from which any action proceeds’, not to ‘any action’. This is made entirely clear in the following paragraphs 6, 8 and 9, since there the word ‘action’ does not make any appearance in advance of the anaphoric ‘it’ or ‘them’ which can therefore only refer back to sentiment/affection. This is also clearly seen in a later summary passage: ‘upon the suitableness or unsuitableness, upon the proportion or disproportion, which the affection seems to bear to the cause or object which excites it, depends the propriety or impropriety, the decency or ungracefulness of the consequent action’ (II.i.Intro.2; also VII.ii.1.48). It follows from this that the ‘motive’ in paragraph 5 is not a motive in relation to the action but in relation to the sentiment or affection. In the other summary passages of the judgment of propriety (eg TMS I.i.3.6, 8, 9; II.i.Intro.2; VII.ii.1.48) there is no further mention of ‘motive’ in relation to the sentiment/affection, perhaps because it adds little to the argument, but its inclusion in paragraph 5 led Raphael to misconstrue the anaphoric

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<sup>12</sup> In the later summary at II.i.Intro.2 this alternative wording is omitted.

‘it’ so that he concluded that the judgment of propriety is ‘a judgment of the motive of action’. Similarly, Campbell and Skinner (pp. 5-6) also seem to have misconstrued the anaphoric ‘it’ at II.i.Intro 2 as referring to ‘action’ rather than ‘affection’ in saying, as noted above, that ‘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, ...”’ (Campbell and Skinner 1976, p. 5; citing TMS II.i.Intro.2).<sup>13</sup>

These interpretations of motives as causes to action are misleading for three reasons: first, they misplace the role of causality in presupposing that what is relevant is the cause of action, rather than the sentiment in relation to its causes; second, they misconstrue ‘motive’ as being in relation to action whereas here it is in relation to sentiment/affection; and third, they overstate the significance of ‘motive’ altogether. Smith’s account here is not framed in terms of affections (or motives) as the causes of action. It therefore does not reproduce Hume’s argument that the relation of ‘cause and effect’ is applicable to human actions.<sup>14</sup> Instead, the propriety and the merit of an action depend on the relation between the sentiment, its causes, and the effects it aims at.

Indeed, as far as I can tell, the word ‘cause’ is never used in connection with action in the Moral Sentiments. In the passage just cited an action ‘proceeds from’ the sentiment or affection of the heart (also I.i.3.5; II.i.4.2-4; II.i.Intro.2; II.iii.Intro.1). Elsewhere other expressions include: the affections ‘influence’ the person’s conduct (II.i.3.1; II.1.iv.1); an action is ‘consequent’ upon the affection (I.i.3.6; II.i.Intro.2); the sentiment ‘gives occasion to’ the action (also I.i.3.9; II.i.Intro.2; II.iii.Intro.1); the sentiments ‘direct’ a person’s conduct (I.i.3.8). Terms such as these are consistently used instead of ‘cause’. Similarly ‘motive’ is never said to be the cause of action. Mostly motive is used alongside sentiment/affection or as interchangeable with it as what is sympathised with, entered into and gone along with, and which influences action or from which action proceeds: ‘wherever the conduct of the agent appears to have been entirely directed by motives and affections which we thoroughly enter into and approve of’ (II.i.3.3); ‘as our sense, therefore, of the propriety of conduct arises from what I shall call a direct sympathy with the affections and motives of the person

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<sup>13</sup> The same misconstrual is repeated by Montes (2004, p. 101).

<sup>14</sup> This is also clear from Hume’s summary of TMS at this point: ‘The sentiments and affections of others may be considered in two lights; either with a reference to their cause or their effect. When we consider them with reference to their cause, we approve or disapprove of them according as we find ourselves capable or incapable of sympathizing with them ...’ (Hume, ‘Abstract’, p. 42).

who acts' (II.i.5.1; also II.i.5.4); 'when we entirely sympathize and go along with the motives of the agent' (II.i.4.1); 'If, upon placing ourselves in his situation, we thoroughly enter into all the passions and motives which influenced it, we approve of it' (III.1.2); 'when he views it in the light in which the impartial spectator would view it, he thoroughly enters into all the motives which influenced it' (III.2.5); 'wherever there seems to be no propriety in the motives which influenced his conduct' (II.i.3.2); 'When his passion is gratified, and he begins coolly to reflect on his past conduct, he can enter into none of the motives which influenced it' (II.ii.2.3); 'we either can or cannot entirely sympathize with the sentiments and motives which directed it [the conduct of another man]' (III.1.2); 'actions of a beneficent tendency, which proceed from proper motives' (II.ii.1.1; also II.ii.1.2) 'crimes should be punished, from whatever motives they proceed' (III.6.12); 'the motive from which he hurt him' (II.ii.2.1); and 'the man who, not from frivolous fancy, but from proper motives, has performed a generous action ... when he looks backward to the motive from which he acted' (II.ii.2.4). Sometimes the motives which influence action are presented as a sense of duty, or as reverence for the rule of duty (III.5.1), or in terms of principles of action that provide guidance as to what to do, such as religious principles (III.6.1) or 'a regard to what is right and fit to be done' (VII.ii.4.10). Motives are never presented as the 'cause' of actions. Mostly they are treated as indistinct from sentiments and affections, and together with these they influence but do not cause actions.

The consistency of the distinction between 'cause' on the one hand and 'influence', 'proceed from', 'direct' and so on, is striking. Perhaps it might be thought that the latter terms are also causal but simply used in a weaker or looser sense of cause. Certainly these latter terms are weaker and looser than that of 'cause'. If a sentiment (or motive) 'influences' action then the action is not necessitated (howsoever 'necessity' might be construed) by the sentiment or motive. This implies that the action could have been otherwise than it is; or, in terms of causation as regularity, that the conjunction of events isn't constant, so that the sentiment (or motive) isn't regularly followed by the action that would otherwise be taken to be its effect. The consistency of the linguistic distinction that is being adhered to, however, suggests more than a weakening of a causal relation in respect of action.<sup>15</sup> Rather it suggests a challenge to the view that actions are to be understood causally (howsoever

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<sup>15</sup> On some construals of 'cause' it makes no sense even to talk of weakening it, since 'cause' just is 'sufficient cause'.

‘causality’ is to be understood). It follows that it is also a challenge to the view that actions are to be understood by analogy with physical events. Crucially what Smith’s non-causal account of action allows for here is an independent role of some sort for the ‘agent’. As an example, this non-causal account of action allows that, whatever the agent’s sentiments, it is possible that the agent might not act in accordance with those sentiments.<sup>16</sup> Indeed in many situations the agent may be experiencing a range of sentiments and so it will be an issue of deliberation and judgment for the agent as to how to act.<sup>17</sup>

Smith’s non-causal approach to action thus allows conceptual space for accommodating two different dimensions of human agency that might otherwise appear difficult to reconcile. On the one hand, throughout the Moral Sentiments it is emphasised that human beings are social creatures and that the making of moral judgments is a socialised process. The spectatorial model of moral judgment presupposes that people’s awareness of themselves and their functioning as moral agents are the result of a life-time process of habituation to and inculcation of social norms; and this seems to suggest a model of agency in which the process of socialisation plays a large role in forming people for society. On the other hand, moral judgment presupposes that agents exercise some independent deliberation, and moral responsibility presupposes that behaviour is not simply given by social circumstances. In some cases agents have so great a degree of independence that they even engage in judgment and action that goes against the mores and practices of the society in which they live. This is particularly the case when agents engage with the impartial spectator as this requires the highest level of independent judgment and critical self-reflexivity. The moral exemplar here is the perfectly wise and just man who comes closest to identifying with the impartial spectator and who engages in the severest kind of self-reflexive moral judgment and dialogism of conscience; it is he who desires to be praise-worthy, not merely to be praised, and whose inner resources provide consolation and support at times when moral judgment is in conflict with the mores or practices of society. Even for the less morally elevated, however, who act decently according to the sense of duty or a reverence for the established rules of behaviour

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<sup>16</sup> Importantly it also allows for the possibility that the agent has a degree of control over those sentiments, as in the virtue of self-command, so that the agent intervenes in the causal relation between events of the world and his/her sentiments. Some implications of this further extension of Smith’s account of human agency are developed in Brown, ‘Adam Smith, objectivity and the metaphysics of agency’, paper presented at the Centre for the Study of Mind in Nature, Oslo, 2007.

<sup>17</sup> Cf. Brown (1995, 2005).



(III.4, 5), there would usually be some minimal degree of independence in selecting the relevant rules and adjusting behaviour so as to act in accordance with them. Indeed it is a characteristic of the rules of almost all the virtues that they are ‘loose and inaccurate’ and ‘loose, vague and indeterminate’ (III.6.9, 11; VII.iv.1), so they require some interpretation to ascertain what is prescribed in particular circumstances. It is only the virtue of justice whose rules specify ‘with the greatest exactness every external action which it requires’ (III.6.10). These rules are ‘accurate in the highest degree, and admit of no exceptions or modifications, but such as may be ascertained as accurately as the rules themselves’. It follows from this that people are liable to punishment for their actions only, not their sentiments (II.iii.3.2). This does not mean that the observance of justice cannot be attended by the appropriate sentiments; when it is, it qualifies for moral approbation by the impartial spectator according to the judgment of propriety (II.ii.1). The perfectly wise and just man, for example, understands the reasons for and implications of the impartial spectator’s approval of such rules and would no doubt act justly with appropriate feelings even in the absence of formal laws; but the safety and functioning of society is too important for it to have to rely on this more elevated moral engagement. Smith thus makes a distinction between acting justly (according to the exact rules of justice) and judgments of justice, such that it is the latter only that requires independent spectatorial deliberation.

Thus both socialisation and deliberative independence are important for the model of human agency in the Moral Sentiments. The significance of Smith’s non-causal account of action is that it is able to accommodate them both. The role of sentiments, together with motives such as a sense of duty, registers the social situatedness of the human agent, as well as the natural feelings that are common to all humanity, yet there are other factors that come into play in making judgments about action and what is the right course of action. The moral agent is one who is able to take the more independent stance required by moral judgment. This agent is always socially situated and the spectatorial mechanisms on which moral judgment is based derive from that essential sociality, yet the developed moral agent is also able to go beyond this social rootedness in exercising the independence that is required for moral judgment. The most independent moral agent of all is one who steadfastly engages with the impartial spectator. As I have argued elsewhere (Brown 1991, 1994), the overarching moral hierarchy of Smith’s moral system thus allows for different

degrees of proficiency in this exercise of independent moral agency, but it is Smith's non-causal account of action that provides the metaphysical resources for it.

## V

The Wealth of Nations, by contrast, is replete with arguments aimed at identifying and explaining causal relations. Indeed the title itself signals a shift towards a causal focus in including reference to the 'causes' of the wealth of nations. As early as the 'Introduction and Plan of the Work' it is stated that one of the main subjects of the first Book of the Inquiry is that of the 'causes' of the improvement in the productive powers of labour (Intro. 5), and this is then reflected in the title of Book I. Thereafter, much of the economic analysis is conducted in terms of identifying the relevant 'causes' and 'effects'; and the frequent use of terms involving 'necessitation', terms such as 'must', 'necessary' and 'necessarily', leaves no doubt that these causes are held to necessitate their effects.

This may be seen from the frequent depiction of causal relations such as: 'The discovery of the abundant mines of America, seems to have been the sole cause of this diminution of the value of silver in proportion to that of corn [roughly between 1570 and 1640]' (I.xi.f.3); the rise of the price of cattle in Scotland 'has not only raised the value of all highland estates, but it has, perhaps, been the principal cause of the improvements of the low country' (I.x.1.3); 'The increase of the quantity of gold and silver in Europe, and the increase of its manufactures and agriculture, are two events which, though they have happened nearly about the same time, yet have arisen from very different causes ...' (I.xi.n.1); 'But the easy terms upon which the Scotch banking companies accept of re-payment are, so far as I know, peculiar to them, and have, perhaps, been the principal cause, both of the great trade of those companies, and of the benefit which the country has received from them' (II.ii.44); 'The overtrading of some bold projectors in both parts of the united kingdom, was the original cause of this excessive circulation of paper money' (II.ii.57); 'Parsimony, and not industry, is the immediate cause of the increase of capital' (II.iii.16); 'It has been the principal cause of the rapid progress of our American colonies towards wealth and greatness, that almost their whole capitals have hitherto been employed in agriculture' (II.v.21); 'Overtrading is the common cause of it [scarcity of money]' (IV.i.16); 'a dearth never has arisen from any combination among the inland dealers of corn, nor from any other cause but a real scarcity ...' (IV.v.b.5); and 'The improvement and

prosperity of Great Britain ... may very easily be accounted for by other causes' (IV.v.b.43).

Sometimes the analysis is multicausal: 'in the ordinary variations of the price of provisions, those two opposite causes [diminishing/increasing the demand for labour and high/low price of provisions] seem to counterbalance one another; which is probably in part the reason why the wages of labour are every-where so much more steady and permanent than the price of provisions' (I.viii.56); 'The quantity of the precious metals may increase in any country from two different causes: either, first, from the increased abundance of the mines which supply it; or, secondly, from the increased wealth of the people, from the increased produce of their annual labour. The first of these causes is no doubt necessarily connected with the diminution of the value of the precious metals; but the second is not' (I.xi.e.31); and 'As the quantity of stock to be lent at interest increases, the interest, or the price which must be paid for the use of that stock, necessarily diminishes, not only from those general causes which make the market price of things commonly diminish as their quantity increases, but from other causes which are peculiar to this particular case' (II.iv.8). Sometimes there are multiple effects: 'The increase in the wages of labour necessarily increases the price of many commodities, by increasing that part of it which resolves itself into wages, and so far tends to diminish their consumption both at home and abroad. The same cause, however, which raises the wages of labour, the increase of stock, tends to increase its productive powers, and to make a smaller quantity of labour produce a greater quantity of work' (I.viii.57); and 'In such articles as bread and butcher's meat, the same cause, which diminishes apparent profit, increases prime cost' (I.x.b.37). Sometimes too these causal relations are expressed metaphorically: 'Gold and silver, like all other commodities, naturally seek the market where the best price is given for them ... though the metals naturally fly from the worse to the better market, yet ...' (I.xi.e.34); and 'Gold and silver naturally resort to a rich country ... It is the superiority of price which attracts them ...' (I.xi.i.2).

There is also a clear interest in the relation between the cause and its effect. For example, sometimes there is some characteristic of the effect that suggests a similar characteristic of the cause: 'The constancy and steadiness of the effect, supposes a proportionable constancy and steadiness in the cause' (I.v.40); and 'The suddenness of the effect can be accounted for only by a cause which can operate suddenly, ...' (I.xi.g.19). In other places a different effect or a different cause from

that which is commonly held is pointedly advanced: ‘and what may seem extraordinary, the dearness of house-rent is the cause of the cheapness of lodging’ (I.x.b.52); ‘But this cheapness [of unmanufactured agricultural commodities] was not the effect of the high value of silver, but of the low value of those commodities’ (I.xi.e.25); and ‘[that corn is always dearer in great towns than in remote parts of the country], however, is the effect, not of the real cheapness of silver, but of the real dearness of corn’ (I.xi.e.37). And in many places there seems to be a delight in challenging established views about the direction of the causal relation: ‘This difference, however, in the mode of their subsistence is not the cause, but the effect of the difference in their wages; though, by a strange misapprehension, I have frequently heard it represented as the cause’ (I.viii.33); ‘The liberal reward of labour, therefore, as it is the effect of increasing wealth, so it is the cause of increasing population. To complain of it is to lament over the necessary effect and cause of the greatest publick prosperity’ (WN I.viii.42); ‘Rent, it is to be observed, therefore, enters into the composition of the price of commodities in a different way from wages and profit. High or low wages and profit, are the causes of high or low price; high or low rent is the effect of it’ (WN I.xi.a.8); ‘the high price of the wine seems to be, not so much the effect, as the cause of this careful cultivation’ (I.xi.b.31); ‘But this inferiority of quality [of dairy in Scotland] is, perhaps, rather the effect of this lowness of price than the cause of it’ (I.xi.l.11); ‘The exportation of gold and silver is, in this case, not the cause, but the effect of its declension, ... The increase of those metals will in this case be the effect, not the cause, of the publick prosperity’ (WN II.iii.23-4); ‘The carrying trade is the natural effect and symptom of great national wealth: but it does not seem to be the natural cause of it’ (WN II.v.35); and ‘It is thus that through the greater part of Europe the commerce and manufactures of cities, instead of being the effect, have been the cause and occasion of the improvement and cultivation of the country’ (WN III.iv.18).

The comparative use of ‘determine’ in the Moral Sentiments and Wealth of Nations also illustrates this shift to a causal focus in the Wealth of Nations. In the Moral Sentiments the main uses of ‘determine’ are in the sense of ‘come to a judgment’, ‘decide upon’ or ‘ascertain’: for example ‘when we are determining the degree of blame or applause which seems due to any action’ (TMS I.i.5.9); ‘nice and delicate situations in which it is hard to determine whereabouts the propriety of conduct may lie’ (TMS VII.iv.17); and what a rule or principle implies (‘There is,

however, one virtue of which the general rules determine with the greatest exactness every external action which it requires' (TMS III.6.10). As an adjective 'determined' means 'resolute': for example 'the most determined and cruel resolution' and 'the coolest and most determined courage' (TMS VI.iii.12). There's also a use of 'determined by nature': 'we, therefore, despise him; unjustly, perhaps, if any sentiment could be regarded as unjust, to which we are by nature irresistibly determined' (TMS I.iii.1.15). In the Wealth of Nations there is a corresponding use of 'determine' in the sense of 'ascertain' or 'work out': 'but in what proportion ... I shall not take upon me to determine' (WN I.viii.15) and 'We can, even in this case, seldom determine more than what are the most usual wages' (WN I.ix.3). There is also the sense of 'enact', 'decide upon' and 'settle upon': 'This question ... was at last determined by the 13<sup>th</sup> and 14<sup>th</sup> of Charles II' (WN I.x.c.47) and 'The seat of such manufactures, as they are generally introduced by the scheme and project of a few individuals, is sometimes established in a maritime city, and sometimes in an inland town, according as their interest, judgment or caprice happen to determine' (WN III.iii.19).

In the Wealth of Nations, however, there is a systematic use of 'determine' which seems to signify a causal relation. Sometimes this is in connection with establishing a causal rule or principle: for example, 'These rules determine what may be called the relative or exchangeable value of goods' (WN I.iv.12; cf I.xi.c.29-30). This is in contrast to the sense in the Moral Sentiments in which rules determine what it is right to do. More often in the Wealth of Nations 'determine' is used straightforwardly in a causal sense to specify or explain a causal relation, for example: 'First, I shall endeavour to explain what are the circumstances which naturally determine the rate of wages ... Secondly, I shall endeavour to show what are the circumstances which naturally determine the rate of profit' (WN I.vii.34-5); 'The demand for labour, according as it happens to be increasing, stationary, or declining, or to require an increasing, stationary, or declining population, determines the quantity of the necessaries and conveniencies of life which must be given to the labourer; and the money price of labour is determined by what is requisite for purchasing this quantity' (WN I.viii.52, cf. V.ii.i.1); and 'The quantity of money, therefore, which can be annually employed in any country must be determined by the value of the consumable goods annually circulated within it' (WN II.iii.23). The word 'regulate' also suggests a similar causal meaning: 'It is in this manner that the rent of

the cultivated land, of which the produce is human food, regulates the rent of the greater part of other cultivated land' (I.xi.b.34); 'In Europe corn is the principal produce of land which serves immediately for human food. Except in particular situations, therefore, the rent of corn land regulates in Europe that of all other cultivated land' (I.xi.b.35); and 'The proportion between the real recompense of labour in different countries, it must be remembered, is naturally regulated, not by their actual wealth or poverty, but by their advancing, stationary, or declining condition' (I.xi.e.35).

One of the primary concerns of the Wealth of Nations is thus to present and explain a particular conception of an economic 'system' by identifying and analysing the causal relations that constitute it.<sup>18</sup> In this it shares the same impulse as all scientific analysis or philosophical 'systems' of thought, according to Smith, in attempting to articulate the relevant 'connecting principles' of that system. This again raises the question, familiar from Hume, of whether those connecting principles refer to Nature's 'real chains' or are instead only the imaginative constructs or inferences of the human mind as it endeavours to interpret and make sense of empirical objects and events in terms of philosophical systems of thought.<sup>19</sup>

A fundamental question here is how these causal relations of the economic system are to be interpreted at the individual level. How are we to interpret the analytic requirements of systemic economic causality in terms of individual actions? Precious metals don't 'fly' of their own accord to better-priced markets; prices don't 'gravitate' in the absence of human buyers and sellers who agree and/or set those prices; wages, rents and profits don't adjust without human adjustment of them; the carrying trade doesn't carry itself across the oceans; and so forth. This raises a question about the possible implications for the model of human action that is presupposed in the Wealth of Nations, and whether a difference between it and the Moral Sentiments is to be found in assumptions relating to human action.

In some instances in the Wealth of Nations what are being described are historical processes. For example in the second chapter, Smith writes that the division of labour is 'the necessary, though very slow and gradual consequence' of the 'propensity to truck, barter, and exchange one thing for another' (WN I.ii.1). A little

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<sup>18</sup> Fleischacker remarks that in the Wealth of Nations Smith 'often seems to want a rather stronger notion of causality than one could get from Hume'; he suggests a reconciliation in terms of Hume's distinction between commonly and uncommonly conjoined events (2004, p. 29).

<sup>19</sup> Cf. 'History of Astronomy' (in Smith 1980).

later, on the use of metals as money, Smith writes: ‘In all countries, however, men seem at last to have been determined by irresistible reasons to give the preference, for this employment, to metals above every other commodity’ (WN I.iv.4).<sup>20</sup> Here the terminology of what is ‘necessary’ and what is ‘determined by irresistible reasons’ is in contrast with that of the Moral Sentiments. This may perhaps be construed in terms of Smith’s ‘conjectural history’ according to which, in Dugald Stewart’s words: ‘when we cannot trace the process by which an event *has been* produced, it is often of importance to be able to show how it *may have been* produced by natural causes’ ([1794] 1980, p. 293; original emphasis). Stipulating what was necessary to mankind’s development is thus a form of hypothetical or theoretical explanation; that is, it is a form of conjectural history that attempts to show how an event or process *must have been* produced, given what is assumed or thought to be known about human nature. As a retrospective analysis of human development it thus provides a systemic account of how humans as intelligent beings respond to their varied contexts and develop the practices that are conducive to supplying their needs (such as the division of labour and the use of metals as money).<sup>21</sup>

This is different from the question of how the causal properties of an economic system might be construed analytically with respect to individual behavioural responses to patterns of incentives. One answer to this might be that the properties of the economic system are constituted in terms of the aggregate of actual individual actions. It might thus be thought that the Wealth of Nations is based on assumptions about what people tend to do, that is, on assumptions about what most people do most of the time.<sup>22</sup> But to interpret the Wealth of Nations in this way is to overlook the theoretical significance of the analytic structure of the new economic system that is being presented.

A core theoretical component of the economic analysis of the Wealth of Nations is a reconceptualisation of the wealth of a nation in terms of the ‘annual produce’ (or the exchangeable value of the annual produce of the land and labour of a country), and an analytic account of how this annual produce is determined.<sup>23</sup> The

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<sup>20</sup> Other references to what is ‘necessary’ in historical development occur at WN

<sup>21</sup> This conjectural historical approach should be differentiated from Smith’s remarks about ‘moral causes’ (WN V.i.e.26; V.iii.5; see also IV.vii.c.107) in the case of specific actions (such as those of servants of the East India company and government officers) where the individuals are acting on behalf of or as servants of a specific institution.

<sup>22</sup> I thank Donald Winch for this suggested formulation.

<sup>23</sup> See Brown (1994, ch. 7).

notion of ‘determination’ here is analytic; it refers to causal relations between economic variables as specified within an analytic system or model. By specifying causal relations between economic variables of the system, the Wealth of Nations thus constructs the concept of ‘economic agency’ that is required for such an economic system. Economic agency is thus conceptualised in terms of the necessary effects of a proposed causal economic structure. Economic agency in the Wealth of Nations is thus not so much construed in terms of empirical persons who are, in general, motivated by self-interest in their economic dealings, but is rather a conceptual construction whose characteristics are given analytically by the properties of the economic system. Empirical agents in the Wealth of Nations may indeed be influenced in their actions and responses by a range of motivations, including self-interest, as well as by ignorance, vanity and opportunism. But what is significant for understanding the system of causal relations that is its analytic core, is that the Wealth of Nations also constructs the concept of economic agency that is required by these causal relations.

One of the most famous passages in the Wealth of Nations occurs in Book II where it is stated that ‘the desire of bettering our condition, a desire which, though generally calm and dispassionate, comes with us from the womb, and never leaves us till we go into the grave’ (WN II.iii.28; also 31). This passage is frequently compared with passages in the Moral Sentiments where the desire to better one’s condition is subject to some critical commentary (TMS I.iii.2, 3), yet in the Wealth of Nations the ‘desire of bettering our condition’ is reported as an apparently natural fact about human aspiration – ‘our’ desire which ‘comes with us from the womb’ – an apparently ‘naturalized’ category that applies to ‘any man’. But this passage follows upon an argument about the economic significance of the proportion between what are termed ‘capital’ and ‘revenue’, such that increases in capital tend to increase the exchangeable value of the annual produce of the land and labour of the country, which is the real wealth and revenue of all its inhabitants (para. 13). Capitals, it is then explained, are increased by parsimony and diminished by prodigality (paras. 14-18). This then leads into a diatribe against the prodigal who ‘perverts’ the fund for the maintenance of productive workers from its proper destination (paras. 19-20), ‘impoverishes his country’ by ‘feeding the idle with the bread of the industrious’ (para. 20), and is ‘a publick enemy’ (para. 25). It is into this highly-charged argument that individual ‘interest’ (para. 19) and ‘the desire of bettering our condition’ as ‘the



principle which prompts to save' (para. 28) are inserted. The point of passage taken as a whole is to redefine 'saving' not as denial of consumption but as accumulation of 'capital', and to propound a causal relation between the accumulation of capital so defined and the growth of the annual produce. 'Frugality' and 'prodigality' are thus reconceptualised in terms of this causal relation so that frugality is now the cause of an effect that is economically beneficial whereas prodigality is the cause of an effect that is economically harmful. In this context the point of introducing the 'desire to better our condition' is not so much to make some empirical statement about the generality of the behaviour of 'any man', but to provide a conceptualisation of a particular kind of 'economic agent' – a wealth owner as a proper owner of capital – whose function is to save from this capital and so enhance the fund for the employment of productive labour and increase the exchangeable value of the annual produce. Otherwise, he engages in 'perversion' and is a publick enemy. Although in the passage on 'bettering our condition' it is stated that 'in the greater part of men, taking the whole course of their life at an average, the principle of frugality seems not only to predominate, but to predominate very greatly' (para. 28), what is important is not so much an empirical statement of a general desire that human beings have, but a conceptualisation of a particular form of economic agency. The passage thus needs to be taken in theoretical context, which is to provide an account of the causal determinants of increases in the exchangeable value of the annual produce, thus providing an analytic means of upturning Mandeville's hierarchy of the relative economic advantageousness of prodigality and frugality.

Smith's analysis of the nature and causes of the wealth of nations comprises a reconceptualisation of the 'wealth of nations' in terms of the exchangeable value of their annual produce, and this involves identifying a causal structure of economic relations according to which the size of that annual produce is analytically determined. But in order to render the system of economic relations determinate, there must be some principles for specifying how economic agents act; and the pursuit of economic self-interest answers to such a principle. What are conceptualised as forms of 'economic agency' are thus the economic behaviours, consistent with self-interest, that are implied by the system of causal relations. Those forms of economic behaviour that do not correspond with this are castigated; the perpetrators of such behaviour are 'publick enemies' who 'pervert' the course of the annual produce.

Another example of this may be seen in a discussion of the employment of money, where Smith writes: ‘The interest of whoever possesses it [money], requires that it should be employed’ (WN II.iii.23). Individual behaviour is here construed in terms of what economic interest *requires* a money possessor to do with the money thus possessed; that is, economic agency with respect to the ownership of money is conceptualised in terms of the necessity of putting it to appropriate use. The context here is the analytical relation that: ‘the same quantity of money ... cannot long remain in any country, in which the value of the annual produce diminishes’, so that ‘the quantity of money, therefore, which can be annually employed in any country must be determined by the value of the consumable goods annually circulated within it’ (II.iii.23). The validity of this relation presupposes that money does not lie idle and that is why economic agency here requires that owners of money do put it to employment; that is, ‘possessors of money’ are conceptualised as economic agents in terms of the necessity of putting that money to employment. The argument is not conducted in terms of what individuals who own money in fact do; rather the economic analysis conceptualises economic agency in terms of what is required by that analysis.

Smith also writes that ‘The consideration of his own private profit is the sole motive which determines the owner of any capital to employ it either in agriculture, in manufactures, or in some particular branch of the wholesale or retail trade’ (WN II.v.37). In the Moral Sentiments ‘motives’ are never said to ‘determine’ action. Here, however, private profit is said to be the ‘sole motive’ which determines the investment behaviour of the owner of capital. Yet again, what the passage here is saying is not that people’s behaviour is determined solely by the motive of making private profit, nor even that the investment behaviour of people who are owners of capital is determined solely by the motive of making private profit, but that the ‘owner of capital’ is conceptualised according to the economic theory as an agent whose investment behaviour is determined solely by considerations of private profit. As a matter of fact people who own capital may have many motivations (to adopt the language of motivations for a moment), even in their investment behaviour, not all of which are compatible with their acting according to the sole motive of making profit; but the analysis being put forward in the passage needs to construct as economic agent an owner of capital whose investment behaviour is (analytically) determined by

private profit, because such an assumption is required for the analysis of the different employment of capitals to be determinate.

Thus it is the requirements of the economic analysis that stipulate particular conceptions of ‘economic agency’ in terms of behaviour that leads to determinate economic outcomes. If, faced with alternative possibilities of capital investment, owners of capital weren’t assumed to follow economic interests then there could be no determinate analysis of capital investment. If shopkeepers were assumed to sell their goods at prices other than the maximum which the market could bear (for example, according to some benevolent or humanitarian view of what they thought their customers’ needs were), then there could be no determinate theory of market price. The construction of economic agency in terms of self-interest, such as the pursuit of profit, thus makes economic outcomes analytically determinate and so makes systematic economic analysis possible; and the theoretical significance of this is not diminished by the recognition that in practice actual outcomes might only ever approximate, as tendencies, to these analytically determinate outcomes.<sup>24</sup> Buckle picks up on something of this when he makes the point that one of Smith’s achievements was to introduce ‘the conception of uniform and necessary sequence into the apparently capricious phenomena of wealth’ (Buckle, vol 2, 1861, p. 454), although he interprets this in empirical terms as actual outcomes rather than as a theoretical requirement. The determinacy of these analytical solutions is, however, in contrast with the indeterminacy of the normative rules relating to most of the virtues in the *Moral Sentiments*; this indeterminacy is compatible with, indeed requires, some minimally independent exercise of judgment in interpreting or applying those rules, and even going beyond them in some cases. In the case of engagement with the impartial spectator, this indeterminacy is structural to it.

## VI

Smith’s theorisation of ‘agency’ is central to his work as moral philosopher and economic theorist; and part of the power of his work derives from the way that it challenged contemporary understandings of the relation between subjectivity and intersubjectivity, and between individual action and social outcomes. Yet the accounts

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<sup>24</sup> Smith often recognizes the distance between analytically determinate solutions and what actually happens. For example, he cautions that the natural price is that to which actual prices are ‘gravitating’, thus making it clear that the natural price is an analytical abstraction, not necessarily an empirical reality (WN I.vii.15, 20).

of ‘agency’ in his two most famous works are distinctively different, a difference that is also illustrated in the style and voice of the two texts. In previous work I offered an explanation of this difference in terms of the Stoic moral hierarchy within which both works are positioned. In this paper I have argued that a further yet related explanation of this difference is to be found in the models of action applied in the two texts. In the Moral Sentiments the model of action presupposes the causal independence of action as integral to moral agency, and this is registered particularly in the dialogic qualities of moral deliberation although it is not absent from the rule-following that sustains much of social life. In the Wealth of Nations, however, conceptions of economic agency are constructed according to the requirements of a determinate analysis of causal relations postulated between economic variables.

This suggests that the search for something that might be termed ‘human agency’, or a unitary conception of ‘human agency’, across both texts is perhaps something of a false trail since the notion of ‘agent’ is constructed differently in the two discourses. The resulting differences relating to conceptions of agency are thus the product of different modes of theorising which impose something of their own requirements on the conceptions of agency that are put to work. Again, the approach presented in this paper suggests a means of understanding some of the distinctive differences between the *Moral Sentiments* and the *Wealth of Nations*, but without construing difference in terms of inconsistency.

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