

Adam Smith

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## CONSCIENCE OF CAPITALISM

Suddenly, with the collapse of communism, Karl Marx is out, Adam Smith is in. But the Adam Smith we know, the author of *The Wealth of Nations* (1776) and the apostle of supposedly bare-knuckled capitalism, is only half the real man. In this essay, Charles L. Griswold, Jr. describes the efforts of this erudite Scottish professor of moral philosophy to imagine how liberal societies could devote themselves to both the pursuit of wealth and the creation of virtuous citizens. As the world rushes to embrace the economic system he championed, and as Americans continue to debate that system's costs, his ideas merit reconsideration.

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by Charles L. Griswold, Jr.

Adam Smith is one of the best known, least read, and most often misunderstood thinkers of the 18th century. Most people know that he had something to do with classical economic theory and with capitalism, and those of conservative political bent will occasionally drop his name. In Ronald Reagan's White House, Adam Smith neckties were fashionable, and one of the nation's premier purveyors of financial advice has taken "Adam Smith" as his pen name. In socialist and formerly communist countries, Smith's name is probably linked to an unabashed defense of predatory laissez-faire capitalism, thanks largely to his role as one of Marx's opponents in the set-piece ideological battles of the communist classroom. Of course, his stock has risen a great deal recently in the Soviet Union and Eastern Europe.

Yet how many of those who cite Smith as an ally or attack him as an enemy have

actually read his *Inquiry into the Nature and Causes of the Wealth of Nations* (1776)? How many people know that Smith also wrote a major work in quite a different area, namely ethics? And among these, how many could claim to have read Smith's *The Theory of Moral Sentiments* (1759)?

Smith is hardly the first philosopher to suffer neglect and misrepresentation. Epicurus (341–270 B.C.) was an advocate of strict morals and a critic of the pursuit of bodily pleasure, of wealth, and of honor, yet his name came to be synonymous with just those sorts of pursuits. Similarly, Smith now tends to be reduced to a proponent of crude acquisitive individualism. He is thought to have collapsed statecraft into economics, leaving the state with a narrow "night watchman" role of keeping the peace and protecting the nation from external predators as it rushes madly after wealth.

Scholars have largely abandoned these painful misreadings and have turned their

attention to many other, more interesting puzzles in his work, and the time is ripe for a broader reconsideration of Smith. The United States has echoed for more than a decade with running debates about capitalism's justice and effectiveness in generating wealth, the role of the state, and the (perhaps declining) role of 'morality' in American life. The challenges posed by great inequality of wealth, by individualism, by social and moral "decay" and by supposedly rampant greed—in sum, the problems of a liberal society—are now prominent on the national agenda. Liberal societies everywhere are faced with seemingly intractable problems—the poverty of the underclass, political apathy, and the atomization of communal life—that have always threatened pluralistic societies. But Smith's penetrating insights into these and other matters are now largely obscured.

At the same time, liberal capitalism also seems to be the most sustainable, legitimate form of social organization we have. The events of 1989 in Eastern Europe, the attempted revolution in China, the dismal failure of socialist and communist regimes in the Third World, and the impending dissolution of the Soviet Union, have pretty much condemned known forms of communism and socialism to the dust-bin of history. This conclusion is shared, with various degrees of reservation, by such influential philosophers as Richard Rorty and Jürgen Habermas (both self-described partisans of the Left) and, on the other end of the spectrum, by Pope John Paul II (in his recent encyclical, *Centesimus Annus*). As half the world abandons Marx and dashes headlong toward Smith, we are well-advised to reacquaint ourselves with capitalism's founding philosopher.

Smith was a luminary in what is now known as the Scottish Enlightenment. The qualification Scottish is meant to distinguish this Enlightenment from its cousins, such as the French, German, and American. Its chronological boundaries are

disputed, but its leading figures are not: Francis Hutcheson, a philosopher who was one of Smith's teachers at Glasgow University and whose ideas were widely known in the American colonies; Lord Kames, a prolific writer and respected thinker; David Hume, one of the greatest philosophers of the modern period; and philosophers Adam Ferguson, John Millar, and Dugald Stewart, all friends or students of Smith's. Very roughly, then, this Enlightenment spanned most of the 18th century. It was a period of tremendous intellectual creativity not only in philosophy but in what we now call the social sciences (economics and sociology in particular) and the humanities (history, literature, and rhetoric), in addition to the "hard" sciences. Its major centers of learning were the great universities at Glasgow, Edinburgh, and Aberdeen.

Historians have puzzled over the causes of this startling efflorescence in what is, after all, a stark and rather unlikely locale, variously suggesting such factors as the invigorating effects of Scotland's union with England in 1707 and the moral rigors of Scottish Calvinism. Hugh Trevor-Roper argues that it sprang from the Scots' preoccupation with the idea of progress, which burst upon them in the 18th century after 200 years of unnatural isolation from the rest of the world. "Travelled Scots might be artists, philosophers, architects; those at home might live in vertical towers, eating their way through one salt-beef after another, without a tree or a vegetable on the estate, treating their ailments with powdered toads, bottled woodlice and cataplasms of snails." Such spectacles of backwardness, Trevor-Roper believes, forced cosmopolitan Scots to contemplate "the social mechanism of progress. As [Walter] Bagehot would say of *The Wealth of Nations*, it showed 'how, from being a savage, man rose to be a Scotchman.'"

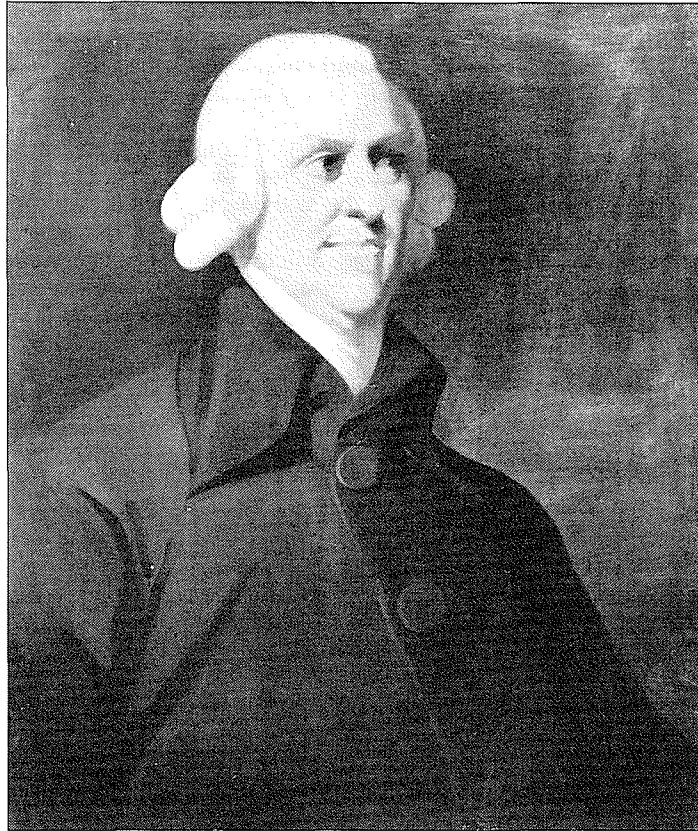
Trevor-Roper cites Hutcheson as the father of the Scottish Enlightenment and the English as the source of his inspiration. Yet the great thinkers of the Scottish Enlighten-

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ment were informed by many other factors, including not only contemporary developments on the Continent—Smith, for example, knew and admired Voltaire—but also ancient philosophy. Indeed, while many thinkers of the Continental Enlightenment took the modern side in the famous “quarrel between ancients and moderns,” the great battles among the ancient Hellenistic schools—the Stoics, Epicureans, and Skeptics—were alive and well in Smith’s Scotland, and were even reenacted within the Scottish Enlightenment. Smith knew Greek well, and, following in the footsteps of some of his great predecessors, such as Francis Hutcheson, he cast himself as a friend of the Stoics. Smith’s friend David Hume, to cite another example, was thought to have taken up the cause of the Skeptics (and was also regarded by some scandalized observers as an atheist).

Defining the Scottish Enlightenment as something distinct from the other European Enlightenments is somewhat like trying to define precisely what makes one Oriental tapestry different from another very similar one. Many of the detailed patterns may resemble each other, as might the general hues; and yet the overall designs may be distinct. By Smith’s time, the Scottish Enlightenment had a distinctive concern with history and a corresponding lack of interest in metaphysics; a concern for psychology, rhetoric, and what became known as sociology, and a disinclination to work on epistemology and logic; and a concern for political economy and little enthusiasm for abstract moral debates. This is not to say that the Scots were not interested in morality. In fact, they tended to see themselves not just as advocates of a specific morality, but as the philosophical rescuers of



*Adam Smith (1723–90) on the real magic of the marketplace: “In civilized society [a man] stands at all times in need of the cooperation and assistance of great multitudes, while his whole life is scarce sufficient to gain the friendship of a few friends.”*

what one might call the morality of the ordinary citizen from both the theological natural law tradition and metaphysically based moral systems.

Adam Smith was an only child, born in 1723 in Kirkcaldy, Scotland. His parents both came from minor landed families and his father, who died in the year of Smith’s birth, held a middling but comfortable official post. One of the very few glimpses into Smith’s private thoughts—he was a very poor correspondent and spurned diaries—concerns his mother, with whom he lived for long intervals later in life. On her death at the age of 90, this lifelong bachelor wrote to a friend that “the final separation from a person who certainly loved me more than any other person ever did or ever will love me; and

whom I certainly loved and respected more than I ever shall either love or respect any other person, I cannot help feeling, even at this hour, as a very heavy stroke upon me."

He was 14 when he set off for the University of Glasgow (the usual age at the time), where he was taught by the great Hutcheson and read (in the Greek and Latin originals) such works as Epictetus's *Encheiridion* and Grotius's *De Jure Belli ac Pacis*. Glasgow University was at that time relatively secular and enlightened, open to developments on the Continent, and that fact undoubtedly had much to do with the development of Smith's cosmopolitan outlook. In 1740, he went to train for the ministry at Oxford University but found the place a haven for stale ideas. "In the university of Oxford," he tartly observed, "the greater part of the public professors have, for these many years, given up altogether even the pretense of teaching." His leisure at Oxford nevertheless gave him a chance to read widely, and in particular to read David Hume's pathbreaking and threatening (to many) *Treatise of Human Nature* (1739–40). There, Hume argued (among other things) that what appear to be causal connections in the world are really just customary associations of events; reason, Hume said, "is and ought only to be the slave of the passions." One story has it that when Smith was discovered reading the *Treatise*, Oxford authorities immediately reprimanded him and snatched the pernicious work away.

Dour is a term that seems to apply itself automatically to Scots, but it does not quite seem to fit Smith. He was pretty clearly a man of stern character, strict discipline, skeptical disposition, and complete trustworthiness. Independent, needing little, self-directing, with his emotions under watchful supervision, he was in many ways the perfect Stoic. But he had a wide circle of friends from many walks of life, and entertained regularly. His friends and acquaintances included many of the most brilliant men of the age, from James Watt, inventor of the steam engine, to Edmund Burke. In Glasgow, where he returned to teach at the university in 1751, he joined several clubs that brought him into regular contact with the city's leading merchants

and other men of affairs. Glasgow was a thriving city which dominated the tobacco trade with the American colonies and was developing a strong textile industry. Smith saw capitalism up close. He also gained a reputation as an efficient and fair administrator, but this supposed apostle of ruthlessly efficient capitalism was a notoriously absent-minded professor—"the most Absent Man that ever was," in the words of one observer.

*The Theory of Moral Sentiments*, published eight years after Smith returned to Glasgow, was the sort of first book that authors dream of.\* It earned praise from the likes of Burke, Hume, and Immanuel Kant. Like the great Hume, Smith was attentive to style as well as substance, and no small part of his appeal is the great charm of his prose, which is among the finest in the history of philosophy. From London, Hume wrote a seemingly grim report, warning Smith that only false ideas are well received by the public. "I proceed to tell you the melancholy News," he continued, "that your Book has been very unfortunate: For the Public seem disposed to applaud it extremely. It was lookd for by the foolish People with some Impatience; and the Mob of Literati are beginning already to be very loud in its Praises."

In *The Theory of Moral Sentiments*, Smith took as one of his main topics the time-honored question of virtue. "[W]hat is the tone of temper and tenour of conduct, which constitutes the excellent and praiseworthy character, the character which is the natural object of esteem, honour, and approbation?"

In forming his answer, the founding father of "capitalist" doctrine did not draw upon traditional Christian thought so much as pagan thought. He did not think that morality is given to us from on high, and while he thought moral rules important, his system was not fundamentally based on the notion that morality consists in rule-like

\*Further editions appeared in 1761, 1767, 1774, 1781, and finally 1790, the year of his death. The definitive edition of this book and of *The Wealth of Nations* is known as the Glasgow Edition, and is currently available through Liberty Press. Smith's constant revising of his two books suggests that he never abandoned his interest in the topics of the one book for the topics of the other, and also that he was something of a perfectionist, more interested in getting what he had to say right than in adding to the number of his publications.

commandments or imperatives.

Smith claimed that his teaching coincided in its essential respects with those of Plato and Aristotle. Virtue consists in "propriety," that is, in the expression of each passion in the degree appropriate to each situation. Virtue, Smith said, is the "mean" between the vices of defect and excess of the given passion. Thus, courage is the virtue that lies between the vices of cowardice and rashness; its appropriate expression is gauged in part by the context. Smith rejected ethical systems that make virtue consist solely in either prudence (linked by Smith to a doctrine of egoism or selfishness) or benevolence (which he linked to his teacher Hutcheson). These traits can be virtues, he conceded, but there are a number of other virtues as well, among which the Stoic virtue of self-command is especially important.

In the economic sphere, self-command translates, for Smith, into discipline and parsimony. On both economic and moral grounds he was a critic of what we would call conspicuous consumption or consumerism—although he also thought those vanities to be unavoidable, even necessary, in a commercial society.

The second large question Smith asked in *The Theory of Moral Sentiments* was, as he put it, "by what power or faculty in the mind is it, that this [excellent and praiseworthy] character, whatever it be, is recommended to us?" This is a question in the "psychology of ethics" or what philosophers now call "moral psychology."

Why, the question goes, do we consider certain characters to be morally praiseworthy? Smith, the purported radical individualist, argued that humans are deeply social beings, with a certain capacity for mutual understanding that he called "sympathy"—a term he defined as "our fellow-feeling with any passion whatever"—as well as a natural motivation to care for others. How are we able to enter into another's world "sympathetically"? By the imagination, Smith answered, the most crucial human faculty. For him, the human being is the animal having imagination—rather than, as Aristotle had it, the animal having reason.

Thanks to our human "sympathy," we are able both to see things from another's perspective, *and* to evaluate his response to

an ethical situation. We do not just feel another's feelings; we place ourselves in his situation and then judge whether his response to it was adequate. When a person responds angrily to an insult, as spectators we exercise our moral imagination, enter into the situation, consider both the harm done and the motivation of the offender, and then reach a judgment about the propriety of the person's anger.

But, Smith continued, "as nature teaches the spectators to assume the circumstances of the person principally concerned, so she teaches this last in some measure to assume those of the spectators." The process is analogous to the mutual adjustment of supply and demand in a free market.

Smith put great stress on *impartiality*, and impartiality entails accurate information, adequate moral imagination, and, of course, absence of bias. As a result, Smith is often said to have an "impartial spectator" moral theory. This could be contrasted with important contemporary moral theories, such as utilitarianism, as well as to theologically based theories.

Smith's is an inter-subjective approach to ethics. As I said, Smith did not think that morals descend from the heavens; nor did he think that there is some other entirely independent, objective referent for moral terms. He wrote that "if we consider all the different passions of human nature, we shall find that they are regarded as decent, or indecent, just in proportion as mankind are more or less disposed to sympathize with them." Of course, Smith allowed, moral judgments may sometimes be guided by generalizations culled from repeated experiences, but these rules can always be called into question or altered.

For Smith, the moral imagination is the glue that holds society together. As we judge others so they judge us; we learn early on to view ourselves through the eyes of others, to imagine what they are imagining about us. Society is almost a theatrical affair. As we seek the approval of others and they of us—keeping the glue sticky, so to speak—we are bound to each other's praise and blame. We also learn early on that people make mistakes about us, and therefore learn that they can be misinformed and partial. There is a difference between being

(dis)approved of, and being worthy of that (dis)approval. "Nature, accordingly, has endowed [man], not only with a desire of being approved of, but with a desire of being what ought to be approved of," Smith said. We learn to imagine a *really* impartial spectator as our judge, and hold ourselves accountable to that higher authority.

So powerful are our imaginations that we frequently ascribe emotions to other people that they are incapable of feeling. "We sympathize even with the dead," Smith believed. "The idea of that dreary and endless melancholy, which the fancy naturally ascribes to their condition, arises . . . from our putting ourselves in their situation, and from our lodging, if I may be allowed to say so, our own living souls in their inanimated bodies, and thence conceiving what would be our emotions in this case. It is from this very illusion of the imagination, that the foresight of our own dissolution is so terrible to us, and that the idea of those circumstances, which undoubtedly can give us no pain when we are dead, makes us miserable while we are alive. And from thence arises one of the most important principles in human nature, the dread of death, the great poison to the happiness, but the great restraint upon the injustice of mankind, which, while it afflicts and mortifies the individuals, guards and protects the society."

This wonderful passage is vintage Smith: Seemingly negative phenomena (such as the dread of death) have unexpected positive consequences (the restraint of injustice).

But Smith warned that the imagination can also lead to corruption; so he thought it important to foster the right sorts of institutions to channel the imagination productively. Religion is one such institution. Unlike Marx, Smith did not take religion to be the opium of the people, nor did he think that the religious impulse can, or should, be extirpated. Religion develops naturally from the moral imagination (although Smith allowed that it has other sources as well). It "gave a sanction to the rules of morality, long before the age of artificial reasoning and philosophy," and continued to do so when human devices failed. It gave comfort in the face of death and, in less "enlightened" times, offered explanations of natural phenomena.

Smith, like many thinkers of his day, recognized the social value of religion, but not the personal value. There is little evidence that he was involved in organized religion, and almost everything in his written works suggests that he believed that the divine—certainly the divine understood as a personal God—lives only in the human imagination. When Smith wrote an account of Hume's death in 1776 showing that the great Skeptic met his end calmly, Edmund Burke sardonically claimed in a letter that both performances were "done for the credit of their Church"—atheism. Also like many of his contemporaries, including Thomas Jefferson and James Madison, Smith was deeply concerned about the danger of religious fanaticism. "Of all the corrupters of moral sentiment . . .," he declared, "faction and fanaticism have always been by far the greatest."



It was in *The Wealth of Nations* that Smith proposed his most ingenious antidote to religious fanaticism, but first there was to be a detour in his life. In 1763, he resigned from his post at Glasgow in order to leave for France as traveling tutor to Henry Scott, third Duke of Buccleuch. In fact, it was in France that he began work on his famous second book. On the Continent he met Voltaire (whom he praised) and other *philosophes*, as well as leading French economists such as the physiocrats Quesnay and Turgot. "You will find him a man of true merit," his friend Hume said of Smith in a letter of introduction to a Paris socialite, "though perhaps his sedentary recluse life may have hurt his air and appearance as a man of the world." Hume need not have worried; there is some evidence that Smith was even a minor hit with the ladies of the Paris salons. In any event, his reputation as the author of the *Theory of Moral Sentiments* preceded him and he enjoyed an active social life.

In the providential year of 1776, a decade after his return from France, Smith published *The Wealth of Nations*.<sup>\*</sup> It, too, made a tremendous splash, and trans-

<sup>\*</sup>Smith brought out a second edition of *The Wealth of Nations* in 1778, followed by further revised editions in 1784, 1786, and 1789.

formed him into a truly major figure whose ideas were known and discussed on both sides of the Atlantic.

At various times, Smith also counselled members of the British government, and some of his economic ideas were reflected in government policies. (Asked for his advice on dealing with the American colonies, he favored, short of a kind of federal union with Britain akin to that advocated by his acquaintance Benjamin Franklin, granting them freedom.) In 1778 he was appointed Commissioner of Customs for Scotland, a post he discharged faithfully until his death in 1790. The irony of the appointment of free trade's great advocate to this post was not lost on his contemporaries. Edward Gibbon, the historian, gently pointed it out to his friend. (Smith, however, might not have seen a conflict, for he always argued that pure economic efficiency must sometimes be sacrificed for reasons of state, such as providing for national defense.)



In *The Wealth of Nations* Smith argued that a competitive free market of religions must be encouraged if religion is to perform its constructive social role without corrupting the nation's politics and the individual's conscience. He proposed, in a sense, to balance religious factions against one another, and to assign the state the role of preventing any one church from obtaining a monopoly or advancing its aims through the use of force. This solution strikingly foreshadows James Madison's famous proposals in the *Federalist* for controlling civil strife. Smith wrote: The "teachers of each sect, seeing themselves surrounded on all sides with more adversaries than friends, would be obliged to learn that candour and moderation which is so seldom to be found among the teachers of those great sects, whose tenets being supported by the civil magistrate, are held in veneration by almost all the inhabitants of extensive kingdoms and empires, and who therefore see nothing round them but followers, disciples, and humble admirers."

A free market of religions would, Smith hoped, "probably reduce the doctrine of the greater part of them [the sects] to that

pure and rational religion, free from every mixture of absurdity, imposture, or fanaticism, such as wise men have in all ages of the world wished to see established."

Controlling religious fanaticism and faction is necessary not only to civil peace, Smith wanted to stress, but to liberty. If people are to govern themselves in a free republic, they must somehow free themselves from superstition and fanaticism. The relationship between liberal institutional arrangements (such as the separation of church and state) and virtue was circular for Smith. The wrong arrangements foster fanaticism and corruption, which in turn sustain illiberal institutions. Smith believed that liberal political structures support morality and in turn are supported by it.

Smith also thought that religion would be needed to help generate a sense of community in a large commercial republic. Workers, he worried, would easily succumb to the anonymity of growing cities. In contrast to a "man of rank and fortune," a "man of low condition . . . is far from being a distinguished member of any great society. While he remains in a country village his conduct may be attended to, and he may be obliged to attend to it himself. In this situation, and in this situation only, he may have what is called a character to lose. But as soon as he comes into a great city, he is sunk in obscurity and darkness. His conduct is observed and attended to by nobody, and he is therefore very likely to neglect it himself, and to abandon himself to every sort of low profligacy and vice. He never emerges so effectually from this obscurity, his conduct never excites so much the attention of any respectable society, as by his becoming the member of a small religious sect."

Yet vigorous small sects, even when balanced by competing sects, may enforce morals that are too strict. So Smith thought that the state should encourage the arts. "Publick diversions have always been the objects of dread and hatred, to all the fanatical promoters of those popular frenzies," he observed. "The gaiety and good humour which those diversions inspire were altogether inconsistent with that temper of mind, which was fittest for their purpose, or which they could best work upon. Dramatick representations besides, fre-

quently exposing their artifices to publick ridicule, and sometimes even to publick execration, were upon that account, more than all the other diversions, the objects of their peculiar abhorrence."

These remarks were written against the backdrop of a 2,000-year history of philosophical debate (going back at least to Plato) about the benefits and dangers of the theater. In Smith's own time, Rousseau took a much more negative view, arguing that the modern theater corrupts morals and detracts from genuine community.



Where does the pursuit of wealth fit into this picture? It may come as a shock to realize that Adam Smith was no admirer of the tycoon and magnate. In keeping with an ancient tradition that goes back to Aristotle and Plato, he viewed the pursuit of wealth as potentially corrupting. It is based, in Smith's view, on a fantasy: People believe that acquiring wealth and power will make them happy because others will admire them. Of course, this is a vain pursuit. For Smith as for the Stoics, true happiness consists in tranquility. But the illusion that wealth will bring happiness is not altogether bad. Like religion, if properly constrained and institutionalized, the wealth-getting impulse has its uses. The self-interested are led to labor, to produce, to create through the "invisible hand"—a phrase used only once in each of Smith's two published books—what Smith is pleased to call "civilization."

"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 preeminence? Is it to supply the necessities of nature?" No, he answered in *The Theory of Moral Sentiments*. Wealth-getting has less to do with gaining ease or pleasure than with vanity. But "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." While distinctions arise among classes and ranks, even the rich "in spite of their natural selfishness and rapacity, though they mean only their own convenience, though the sole end which they propose from the labours of all the thousands

whom they employ, be the gratification of their own vain and insatiable desires, they divide with the poor the produce of all their improvements. They are led by an invisible hand to make nearly the same distribution of the necessaries of life, which would have been made, had the earth been divided into equal portions among all its inhabitants, and thus without intending it, without knowing it, advance the interest of the society, and afford means to the multiplication of the species." (This was part of Smith's controversial reply to Rousseau's *Discourse on the Origin of Inequality* [1761].)

But Adam Smith was nothing if not a balanced thinker. The invisible hand, he recognized, could also produce bad results—such as business monopolies. "People of the same trade seldom meet together, even for merriment and diversion," wrote this acerbic observer of the business class in *The Wealth of Nations*, "but the conversation ends in a conspiracy against the publick, or in some contrivance to raise prices. It is impossible indeed to prevent such meetings . . . But though the law cannot hinder people of the same trade from sometimes assembling together, it ought to do nothing to facilitate such assemblies; much less to render them necessary."

Self-interest thus yields its fruits only when the state provides the proper legal and economic framework. But the state's responsibilities do not end there. In *The Wealth of Nations*, Smith argued that the division of labor was the key to prosperity, but he acknowledged with surprising frankness the human costs of economic progress. Factory workers, Smith noted in *The Wealth of Nations*, in language worthy of a Marxist critic of capitalism, might be reduced to "that drowsy stupidity, which, in a civilized society, seems to benumb the understanding of almost all the inferior ranks of people." The worker's "dexterity at his own particular trade seems, in this manner, to be acquired at the expence of his intellectual, social, and martial virtues. But in every improved and civilized society this is the state into which the labouring poor, that is, the great body of the people, must necessarily fall, unless government takes some pains to prevent it."

What pains? Compulsory schooling in the basics of reading, writing, and



arithmetic for the mass of men, and, for tradespeople, in science and philosophy as well. As Smith remarked, "science is the great antidote to the poison of enthusiasm and superstition; and where all the ranks of people were secured from it, the inferior ranks could not be much exposed to it." Liberal education is to rescue liberal society from the harm done by its own debilitating labor. The acquisition of wealth and the preservation of virtue were not, for Smith, in natural harmony.

In Smith's scheme of things, the government is left to perform various public works (such as education), and to protect society from invasion and its citizens from one another. These functions supply a wide entrance for government intervention in society. The thrust of Smith's whole argument, however, is in the direction of less rather than more intervention. The "obvious and simple system of natural liberty established itself of its own accord," he maintained. "Every man, as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest his own way, and to bring both his industry and capital into competition with those of any other man, or order of men. The sovereign is completely discharged from a duty, in the attempting to perform which he must always be exposed to innumerable delusions, and for the proper performance of which no human wisdom or knowledge could ever be sufficient; the duty of superintending the industry of private people, and of directing it towards the employments most suitable to the interest of the society."

This seems to leave us with another Smithean paradox. If the desire to better

one's own condition beyond the mere necessities of life is based on an illusion, is not the free-market system that encourages this illusion premised on a fundamental lack of self-knowledge? How could a Stoic like Smith, who claims that true happiness lies in tranquillity, affirm capitalism?



I think that the solution to this puzzle depends in part on a distinction between ideal and non-ideal worlds. In the best world, we would all be Stoics and live far more fulfilled lives. In the world we actually inhabit, chasing a fantasy is the order of the day. But the "real" world, if properly structured, can still produce a measure of fulfillment, liberty, and creativity.

Balance is again Smith's watchword: Just as the real world is neither simply good nor simply bad, the pursuit of the ideal world can also be destructive. Smith was an anti-utopian political thinker, deeply suspicious of what he called the "man of system" who thinks he can reform human nature or move people around like pieces on a chess board in the name of some grand design. Even pursuit of the Stoic ideal has its perils, for a pure Stoic would be almost superhuman in his self control. The ideal must always be balanced by the non-ideal. The satisfaction offered the contemplative philosopher seems to consist in apprehension of this balanced whole. It is not a formula for political quietism or moral passivity, I think, so much as for a measure of mental tranquillity—a satisfaction that Smith had, by all accounts, found for himself.