

# Adam Smith's Social Philosophy

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## Abstract

In this paper I propose to reconstruct Adam Smith's social philosophy from his works on law and economy, and make clear the way of Smith as an agent of communication in this realm. The main points of his arguments are: emphasis on the principle of 'common or general interest' (this is the same idea as Locke's); ideas about justice, the main ones of which are that what is justice differs according to the situation in which relevant persons are situated while the immutable laws of justice exist behind it (this is based on the idea of 'the impartial and well-informed spectator' in *MS*), that the said situation is basically determined by the way of those arts which have been accumulated in the society, that a free society where justice is well administered, having been established only after a long history, produces great wealth and cultivates various arts of refinement; and his wish for justice.

Key words: Adam Smith, social philosophy, justice, liberty, self-interest, common or general interest, the impartial spectator, history, arts, wealth

## 抄 録

小論は、法・経済に係わるアダム・スミスの著作等に見ることができる彼の社会哲学を考察して、この領域でのスミスのコミュニケーションの主体としてのあり方を明らかにしようとする。スミスの主な論点は、「共通の即ち全員の利益」という力の重視（これは、ロックと同じ考えである）、正義についての考え——中心となっているのは、何が正義かは、人間が置かれている状況に応じてさまざまであるけれども、その背後には揺ぎない正義の法がある（この議論は、『道徳感情論』にある「公正で事情をよく知った観察者」という考えを基にしている）、ここで言われている状況は、基本的にはその社会でその時までに蓄積されてきた人間のわざのあり方によって決められている、正義がよく行なわれている自由な社会は、長い歴史を経て初めて打ち立てられた社会であって、多くの富を生産するとともに、磨きあげられたさまざまなわざを成熟させている、といった考え——および正義への志向である。

キーワード：アダム・スミス、社会哲学、正義、自由、利己心、共通の・全員の利益、公正な観察者、歴史、人間のわざ、富

## 1. 'Common interest'

In this chapter I propose to inquire into the way of Smith as an agent of communication, which can be seen in his lectures, draft and book concerned with law and economy. I cannot see any difference of the way of Smith as an agent of communication among the five editions of *WN* published during his lifetime (1st ed. 1776, 2nd ed. 1778, 3rd ed. 1784, 4th ed. 1786, 5th ed. 1789).

Smith thinks that it is self-interests of people in a human society which basically bring it into activity, but that these people live not outside, but within, a human society, so that these self-interests, generally speaking, are moderated to a degree accordant with justice and work so as to make each man live together with other men in a society as far as possible, that is to say, can be sympathized with by "the impartial spectator".

Smith thinks that the idea of Locke, Sidney, etc. that an original contract has made human beings enter into a civil society<sup>1)</sup>, is contrary to the facts<sup>2)</sup>.

The reasons of this are: 1. "In the first place, the doctrine of an original contract is peculiar to Great Britain, yet government takes place where it was never thought of, which is even the case with the greater part of people in this country."<sup>3)</sup> However, "the foundation of a duty cannot be a principle with which mankind is entirely unacquainted. They must have some idea however confused of the principle upon which they act."<sup>4)</sup> 2. even when the obedience of some people was founded on a contract, "their posterity have nothing to do with it, they are not conscious of it, and therefore cannot be bound by it. It may indeed be said that by remaining in the country you tacitly consent to the contract and are bound by it. But how can you avoid staying in it? You were not consulted whether you should be born in it or not.

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1) *LJ(A)*, v, 114. 116. 134.

2) *LJ(A)*, iv, 19. v, 114-119. 127-129. 134. *LJ(B)*, 15-18(1, 1, 1, pp. 11-13.).

3) *LJ(B)*, 15(1, 1, 1, p. 11.). Cf. *LJ(A)*, v, 115-116.

4) *LJ(B)*, 16(1, 1, 1, p. 12.). Cf. *LJ(A)*, v, 127-128.

...Most people know no other language nor country, are poor, and obliged to stay not far from the place where they were born to labour for a subsistence. They cannot therefore be said to give any consent to a contract, ...”<sup>5)</sup> 3. “again, upon the supposition of an original contract, by leaving the state you expressly declare that you will no longer continue a subject of it and are freed from the obligation which you owed it, yet every state claims it's own subjects and punishes them for such practices, ...”<sup>6)</sup> 4. “Again, if there be such a thing as an original contract, aliens who come into a country preferring it to others give the most express consent to it, yet a state always suspects aliens as retaining a prejudice in favour of their mother country, and they are never so much depended upon as freeborn subjects.”<sup>7)</sup> 5. “Besides if such a contract were supposed, why should the state require an oath of allegiance whenever a man enters on any office, ...”<sup>8)</sup>

Smith, thus rejecting the theory of social contract as contrary to the facts, thinks of “authority” and “common or generall interest” as the basic two principles within each man which induce him to enter into a civil society<sup>9)</sup>.

As for the principle of authority it is superior age, superior abilities of body and mind, ancient family and above all superior wealth that give one man authority over others<sup>10)</sup>. The principle of interest can be thought to be rooted in each man's self-interest. But Smith thinks that that interest which induces each man to submit to the government of a civil society, is the sense of “common or general interest”, that is, the sense that as to live in a society than outside it is for the greater general interest, so it is for my greater interest<sup>11)</sup>. This principle of interest, so far as it seeks for the interest of all members of a society, is the “principle to preserve justice and peace in the society”<sup>12)</sup>. For example, the ruler and the ruled in a civil society each have his or their own inviolable domains<sup>13)</sup>, even though no one can define precisely

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5) *LJ(B)*, 16(1, 1, 1, p. 12.). Cf. *LJ(A)*, v, 115-118.

6) *LJ(B)*, 17(1, 1, 1, p. 13.). Cf. *LJ(A)*, v, 118.128-129.

7) *LJ(B)*, 17(1, 1, 1, p. 13.). Cf. *LJ(A)*, v, 118-119.

8) *LJ(B)*, 17(1, 1, 1, p. 13.). Cf. *LJ(A)*, v, 128.

9) *LJ(A)*, v, 119.127.129.132. *LJ(B)*, 12-15(1, 1, 1, pp. 9-11.). 93(1, 1, 16, p. 68.).

10) *LJ(A)*, iv, 41-47. v, 119-120.129. *LJ(B)*, 12-13(1, 1, 1, pp. 9-10.). *WN*, 5, 1, 2, II, pp. 203-206.

11) *LJ(A)*, v, 119-122.131. *LJ(B)*, 13-14(1, 1, 1, pp. 10-11.). Cf. *LJ(B)*, 45-46(1, 1, 5, pp. 31-32.).

12) *LJ(B)*, 13-14(1, 1, 1, p. 10.). Cf. *LJ(A)*, v, 120.131.

13) *LJ(A)*, v, 54-86.102-149. *LJ(B)*, 79-87(1, 1, 14, pp. 55-62. 1, 1, 15, p. 62.). 91-99(1, 1, 16, pp. 66-72.). 339(5, Introduction, p. 265.). Cf. *MS*, 2, 2, 1, pp. 177-178(2, 2, 1, 8.).

the boundary because it is only man that defines it and again particular situations are diverse. “No government is quite perfect, but it is better to submit to some inconveniences than make attempts against it.”<sup>14)</sup> But no authority is altogether unlimited. Therefore, when conduct of the sovereign is absurd, imprudent, or foolish and cruel, the ruled have a right of resistance, that is, their resistance is lawful.<sup>15)</sup> Further, Smith thinks that it is necessary for the impartial administration of justice and the establishment of individual liberty in a society to render the judicial power as much as possible independent of the executive<sup>16)</sup>. To sum up, Smith rejects Locke’s idea of social contract as contrary to the facts, but his ideas of right and obligation in a civil society are fundamentally the same as Locke’s.

When we compare these ideas of Smith’s about the principles of human nature which support a civil society, with Weber’s ideas about “the three pure types of legitimate domination”<sup>17)</sup>, it is particularly striking that Smith does not think of “charismatic authority” as an independent type. This shows that Smith’s civil society is an ordinary, everyday society<sup>18)</sup>.

The principle of human nature which induces men to do the division of labour in a civil society and come by the necessities of life through the exchange of their products, is that of “common or general interest”, one of the principles which induce men to enter into a civil society.

In *LJ* and *D*, the division of labour “flows from a direct propensity in human nature for one man to barter with another”<sup>19)</sup>. The foundation of it is “that principle to persuade which so much prevails in human nature”<sup>20)</sup>, which is “so strongly implanted by nature that [it has] no occasion for that additional force which the weaker principles need”<sup>21)</sup>, that is, “self interest”<sup>22)</sup>. At the same time, this propensity for

14) *LJ(B)*, 95(1, 1, 16, p. 69.). Cf. *LJ(A)*, ii, 133-135. v, 120-121. 131-132. *LJ(B)*, 14(1, 1, 1, pp. 10-11.).

15) *LJ(A)*, v, 68-72. 114. 125-127. 132-135. *LJ(B)*, 93-99(1, 1, 16, pp. 68-72.).

16) *WN*, 5, 1, 2, II, p. 214.

17) Max Weber, *Wirtschaft und Gesellschaft, Grundriss der verstehenden Soziologie*, fünfte, revidierte Auflage, besorgt von Johannes Winckelmann, J. C. B. Mohr, Tübingen, 1972 (1. Aufl. 1921), SS. 122-142.

18) Cf. III, 3, 4, p. 132 of my book above-mentioned. 3, pp. 251-252 of this chapter.

19) *LJ(B)*, 219(2, 2, 5, p. 169.). Cf. *LJ(A)*, vi, 44. 46. 55. *D*, 2, 20-21. 24. *WN*, 1, 2, I, p. 15. p. 17. p. 18.

20) *LJ(B)*, 221(2, 2, 5, p. 171.). Cf. *LJ(A)*, vi, 56. *MS*, 6th; 7, 4, 25.

21) *LJ(B)*, 301(2, 2, 16, p. 232.).

22) *LJ(B)*, 327(2, 2, 17, p. 253.). Cf. *LJ(B)*, 219-220(2, 2, 5, p. 169.). *D*, 2, 25. *WN*, 1, 2, I, p. 17. 2, 3, I, p. 321. 4, 7, 3, II, p. 129.

exchange exists in no other animals, but only in man, and in every man at that<sup>23)</sup>, and it puts various products of all sorts of men into, as it were, "the common stock"<sup>24)</sup> and proposes to satisfy one another's natural desires i.e. self-interest<sup>25)</sup>. This shows that it is that self-interest which is moderated to a degree accordant with justice and can be sympathized with by "the impartial spectator".

In *WN*, this propensity for exchange is a principle tied in with self-interest<sup>26)</sup>, but "the necessary consequence of the faculties of reason and speech" rather than "one of those original principles in human nature, of which no further account can be given"<sup>27)</sup>. "Superior reason and understanding" is, in Smith's view, a constituent of the virtue of "prudence"<sup>28)</sup>. Further, in *WN* the principle which prompts man to make wealth by industry and accumulate it by frugality is "the desire of bettering our condition"<sup>29)</sup>. This desire is in *WN* an original "desire which ... comes with us from the womb, and never leaves us till we go into the grave" indeed, but unlike "the passion for present enjoyment", is "generally calm and dispassionate"<sup>30)</sup>.

## 2. Justice in the realm of law and economy

Smith in *LJ* deals with jurisprudence, which is, according to him, "that science which inquires into the general principles which ought to be the foundation of the laws of all nations"<sup>31)</sup>. He finds out in the part of justice, *LJ*, that what is justice, that is, the concrete contents of justice differ according to the concrete situations in which relevant persons are situated (because, as these situations differ, so does information about them which judging men come to get, setting aside a fact that human understanding is incomplete, and can be distorted too)<sup>32)</sup>.

23) *LJ(A)*, vi, 44-45. 57. *LJ(B)*, 219(2, 2, 5, p. 169.). *D*, 2, 20-21. *WN*, 1, 2, I, p. 15.

24) *LJ(A)*, vi, 55. *LJ(B)*, 221(2, 2, 5, p. 170.). *D*, 2, 28-29. *WN*, 1, 2, I, p. 18.

25) *LJ(A)*, vi, 45-46. 48-49. 57. *LJ(B)*, 219-220(2, 2, 5, p. 169.). 221(2, 2, 5, p. 171.). *D*, 2, 23-24. *WN*, 1, 2, I, pp. 16-18.

26) *WN*, 1, 2, I, p. 17.

27) *WN*, 1, 2, I, p. 15.

28) Cf. n(94) to III, 3 of my book above-mentioned.

29) *WN*, 2, 3, I, p. 323. Cf. *WN*, 2, 3, I, p. 325. pp. 327-328. '3, 3, I, p. 377. 4, 5, II, p. 43. 4, 9, II, p. 172. n(81) to III, 3 of my book above-mentioned.

30) *WN*, 2, 3, I, p. 323.

31) *LJ(B)*, 1(Introduction, 1, p. 1.). Cf. *LJ(A)*, i, 1. *MS*, 6, 4, pp. 547-551(7, 4, 36-37.). 6th; 6, 2, Introduction, 2.

32) *LJ(A)*, i, 26-27. 32-35. 44-53. 63-76. 80-86. 92. 111-114. 116-135. 141. ii, 38-41. 50-55. 151-152. iii, 135-

That everyday situation in which men in a society have to be placed when they make or obtain the necessaries of life, basically determines those directions in which their self-interests work in the society. Therefore it basically determines the framework of everyday human relations in the society too, which will be built up on the basis of each man's self-interest (Smith divides these relations into three categories, that is, relations among men as members of a state, as members of a family and as men<sup>33)</sup>). That everyday situation in which men in a society have to be placed to make their living, is in turn basically determined by the way of arts, above all, the arts of making and obtaining the necessaries of life (they have, broadly speaking, passed through the four stages of hunting, pasturage, agriculture and commerce<sup>34)</sup>), which have been accumulated in the society. Therefore, as arts are developed in a society, that everyday situation in which men have to be placed to live there will change, then those particular directions in which their self-interests work will change, and so will the way of everyday human relations<sup>35)</sup>. According to this, Smith points out, what is proper in an age and in a country can be improper in another age or country<sup>36)</sup>.

Further, Smith thinks that the geographical situation of a society will determine how far it is able to introduce improvements on arts, and so is a factor which determines its way<sup>37)</sup>.

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144. v, 68. 71. *LJ(B)*, 79(1, 1, 14, pp. 55-56.). 82(1, 1, 14, p. 58.). 86(1, 1, 14, p. 61.). 149-151(1, 3, 1, pp. 107-109.). 155(1, 3, 3, p. 112.). 158(1, 3, 4, pp. 115-116.). 175(1, 3, 8, p. 130.). 196(1, 3, 11, p. 148.). 305-306(2, 2, 16, pp. 235-236.). Cf. *MS*, 6, 4, pp. 531-532(7, 4, 12.). pp. 544-545(7, 4, 33.). 6th; 6, 2, 1, 22. 6, 2, 2, 12. *LR*, 28, ii, 190. *WN*, 3, 2, I, pp. 360-362. 5, 1, 3, 2, II, p. 255. 5, 1, 3, 3, II, p. 287.
- 33) *LJ(A)*, i, 10-11. *LJ(B)*, 6(1, Introduction, p. 5.).
- 34) *LJ(A)*, i, 27-32. *LJ(B)*, 149-150(1, 3, 1, pp. 107-108.). Cf. *WN*, 5, 1, 1, II, pp. 186-192. 5, 1, 2, II, pp. 202-209.
- 35) *LJ(A)*, i, 41-52. 64-66. 81-82. 92. ii, 38-41. *LJ(B)*, 36(1, 1, 3, p. 25.). 37-41(1, 1, 4, pp. 26-28.). 47-61(1, 1, 6, pp. 32-34. 1, 1, 7, p. 35-1, 1, 10, p. 43.). 69(1, 1, 12, p. 50.). *WN*, 3, 2, I, pp. 364-366. 3, 3, I, pp. 374-375. 4, 7, 3, II, p. 140. 4, 9, II, pp. 166-167. 5, 1, 3, 2, II, pp. 264-265. 5, 1, 3, 3, II, p. 288. pp. 294-295. p. 299.
- 36) Smith points out in *MS* too that men in the different periods and countries or in the different professions and states of life, etc., as they live in different situations, are apt to form in them different characters, manners and moral sentiments according to their different situations (*MS*, 5, 2, pp. 389-412(5, 2, 4-15.)), but that these different characters, manners and moral sentiments, thus formed, often have a propriety in the situation in which each man lives (*MS*, 5, 2, pp. 391-393(5, 2, 5.). pp. 408-409(5, 2, 13.)).
- 37) *LJ(A)*, iv, 53. 56. 60-61. 149-150. 168. v, 1. *LJ(B)*, 30-31(1, 1, 3, p. 22.).

We can say that these are implications of Smith's idea that justice is based on the judgment of "the impartial and well-informed spectator", that is to say, that justice is produced through those sympathies with relevant persons in their respective positions, which are based on an adequate knowledge of the whole circumstances.

At the same time, Smith thinks that the natural sense of justice works within each man and that the immutable laws of natural justice exist behind various, though not all, things which are thought proper in various societies<sup>38)</sup>. Furthermore, Smith points out that as arts are developed, human nature will become refined, which can modify the sense of justice and through this the way of everyday human relations, too<sup>39)</sup>. For example, the establishment of Christianity as the dominant religion in Western societies, sometimes brought forth the refinement of people in the societies, led by the interests of those in Christian churches<sup>40)</sup>. Thus Smith thinks that the natural sense of justice has its unchangeable root in human nature, and that at the same time it can be refined in history to make a fine distinction suitable for a mature human being<sup>41)</sup>.

Moreover, Smith thinks that justice has not been constantly well administered since the beginning of human society.

At the beginning of society, that is, in the age of hunters, there is no property "that exceeds the value of two or three days labour"<sup>42)</sup>, and no foundations of authority but superiority of age or personal qualifications. So, though society is democratic, it has nothing deserving the name of government, and the power of civil government to protect men from injustice within a society and invasions from the outside is feeble. "When people find themselves every moment in danger of being robbed of all they

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38) *LJ(A)*, i, 20. 24-25. 54-58. 63. 74. 77-82. 116. 147. 164-ii, 1. ii, 28-36. 80-81. 91-92. 153-155. 157-158. iii, 66-67. *LJ(B)*, 11(1, Introduction, p. 8.). 150(1, 3, 1, p. 108.). 152(1, 3, 1, p. 110.). 153(1, 3, 2, pp. 110-111.). 163-164(1, 3, 4, p. 120.). 168-169(1, 3, 4, p. 124.). 180(1, 3, 10, p. 135.). 189(1, 3, 11, p. 142.). 339(5, Introduction, p. 265.). 340-341(5, 1, pp. 266-267.). 351(5, 3, pp. 274-275.). 356-357 (5, 4, p. 279.). Cf. *MS*, 5, 2, pp. 391-393(5, 2, 5.). pp. 407-408(5, 2, 12-13.). p. 412(5, 2, 15-16.). 6, 4, pp. 547-550(7, 4, 36-37.). n(92) to this chapter.

39) *LJ(A)*, i, 151-153. iii, 20-22. 78-80. *LJ(B)*, 104(1, 2, 1, p. 75.). 114-116(1, 2, 1, pp. 83-84.). 165-166 (1, 3, 4, p. 121.). 345-349(5, 2, pp. 270-273.). Cf. *MS*, 5, 2, pp. 396-412(5, 2, 7-15.).

40) *LJ(A)*, i, 110-111. 161. ii, 49-51. 73-74. iii, 13-17. 80. 86. 118. 120-121. *LJ(B)*, 102(1, 2, 1, pp. 73-74.). 108-109(1, 2, 1, p. 78.). 111(1, 2, 1, p. 80.). 122-123(1, 2, 1, pp. 88-89.). 127(1, 2, 2, p. 92.). 141-142 (1, 2, 3, p. 101.). 347-348(5, 2, p. 272.). 353-354(5, 4, pp. 276-277.). Cf. *LJ(A)*, ii, 110-112.

41) Cf. *MS*, 2, 2, 3, p. 193(2, 2, 3, 5.). 6, 3, 3, pp. 512-513(7, 3, 3, 10.). 6, 4, pp. 547-551(7, 4, 36-37.).

42) *WN*, 5, 1, 2, II, p. 202.

possess, they have no motive to be industrious.”<sup>43)</sup> In this age, therefore, there is no sufficient accumulation of stock and no division of labour<sup>44)</sup>. This age is equivalent for Smith’s “savage and barbarous” period<sup>45)</sup>.

In the age of shepherds, considerable property and therefore the inequality of fortune are produced. Hence the authority of men of superior fortune and birth is great and civil government which administers some degree of justice necessary in such a society is introduced<sup>46)</sup>. However, impartial justice is not administered constantly, but the strong and the rich often corrupt justice for the benefit of themselves<sup>47)</sup>.

The western provinces of Europe, which had attained a considerable degree of civilization under the Roman empire, sank into the lowest state of poverty and barbarism when the barbarous German and Scythian nations overran them. The chiefs and principal leaders of those conqueror nations monopolized the greater part of the lands of those countries. This original monopoly came to be preserved by primogeniture and entails<sup>48)</sup>. The inhabitants of cities were as nearly of servile condition under the lords as those of the country<sup>49)</sup>. In process of time, however, kings granted the privilege of corporations to cities whose interest like that of kings was opposed to that of lords, and rendered cities independent. “Order and good government, and... the liberty and security of individuals, were, in this manner, established in cities”<sup>50)</sup>. On the basis of this, developed in cities foreign commerce and “the finer and more improved manufactures” which endeavoured to make from foreign materials the improved products which had been introduced by foreign commerce<sup>51)</sup>. This develop-

43) *LJ(B)*, 287(2, 2, 16, p. 223.).

44) *LJ(A)*, i, 41-44. ii, 45-48. 95-96. 152. iii, 7. 78-79. 88. 116-117. iv, 4-7. 19-22. 36-39. 42-43. 74. v, 21-22. 104-110. 140. *LJ(B)*, 11(1, Introduction, p. 8.). 19(1, 1, 2, p. 15.). 183(1, 3, 11, p. 137.). 210-212(2, 2, 2, p. 160. 2, 2, 3, pp. 161-162.). 287-288(2, 2, 16, pp. 223-224.). 309-310(3, 1, p. 239.). *WN*, 5, 1, 1, II, p. 186. 5, 1, 2, II, pp. 202-203. p. 205.

45) *PS*, Astronomy, III, 1-2. Ancient Physics, 9. *WN*, Introduction, I, p. 2. 1, 6, I, p. 49. 1, 8, I, p. 66. 1, 10, 1, I, p. 102. 2, Introduction, I, p. 258. 5, 1, 1, II, pp. 186-187. Cf. *PS*, Astronomy, IV, 21. *LJ(A)*, iii, 96-100. *LJ(B)*, 133(1, 2, 3, p. 95.). *WN*, 5, 3, II, p. 392.

46) *LJ(A)*, ii, 97-98. iv, 7-15. 21-40. 41, 43-60. 74-75. v, 44. 108-110. 140. *LJ(B)*, 20-21(1, 1, 2, pp. 15-16.). *WN*, 5, 1, 2, II, pp. 202-207.

47) *WN*, 5, 1, 2, II, pp. 208-210.

48) *WN*, 3, 2, I, p. 360. Cf. *LJ(A)*, iv, 114-121. *LJ(B)*, 49-52(1, 1, 7, pp. 34-36.).

49) *WN*, 3, 3, I, p. 371. Cf. *LJ(A)*, iv, 141-143. *LJ(B)*, 57(1, 1, 8, pp. 39-40.).

50) *WN*, 3, 3, I, p. 376.

51) *WN*, 3, 3, I, pp. 371-381. Cf. *LJ(A)*, iv, 143-145. 151-152. *LJ(B)*, 57-58(1, 1, 8-9, pp. 40-41.).



ment of foreign commerce and manufactures in cities in turn influenced the countries to which they belonged, and “gradually introduced order and good government, and with them, the liberty and security of individuals, among the inhabitants of the country, who had before lived almost in a continual state of war with their neighbours, and of servile dependency upon their superiors.”<sup>52)</sup> That is, foreign commerce and manufactures in cities furnished the great proprietors of land with something for which they could exchange the surplus produce of their lands. So they gradually dismissed their retainers whom they had been maintaining with this surplus produce, reduced their tenants to the smallest possible number necessary for cultivating their land, and raised as high as possible the rents of their remaining tenants in exchange for granting them long leases of land. By this process, however, the tenants came to be independent of the great proprietors, the latter's power gradually weakened, and justice established in the country as well as in the city<sup>53)</sup>. Again, “the finer and more improved manufactures” grew up in the country of their own accord by the gradual refinement of those household manufactures which exist in any societies<sup>54)</sup>.

The British society in the days of Adam Smith, a society of developed commerce and industry, has been brought forth through this process of history. It has indeed various defects (e.g. the distribution of opulence is not proportioned to the amount and hardness of work, and “he who, as it were, bears the burthen of society has the fewest advantages”<sup>55)</sup>: development of the division of labour confines the views of men, makes martial spirit decline, and neglects children's elementary education.)<sup>56)</sup> But in this society, Smith points out, slavery has been abolished<sup>57)</sup>, monogamy established<sup>58)</sup>, and so has been “a rational system of liberty”, “a happy mixture of all the different forms of government properly restrained and a perfect (probably, as perfect as possible in a human society) security to liberty and property.”<sup>59)</sup> The law

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52) *WN*, 3, 4, I, p. 383.

53) *WN*, 3, 4, I, pp. 382-394. Cf. *LJ(A)*, iv, 157-159. *LJ(B)*, 59-60(1, 1, 10, p. 42.). *WN*, 5, 1, 3, 3, II, p. 288.

54) *WN*, 3, 3, I, pp. 380-381.

55) *LJ(B)*, 213(2, 2, 3, p. 163.). Cf. *LJ(A)*, vi, 27-28. *D*, 2, 4-6.

56) *LJ(B)*, 328-333(2, 2, 17, pp. 255-259.). *WN*, 5, 1, 1, II, p. 192. 5, 1, 3, 2, II, pp. 267-268.

57) *LJ(A)*, iii, 101. 117-122. *LJ(B)*, 134(1, 2, 3, p. 96.). 140-142(1, 2, 3, pp. 100-102.). *D*, 5, 45. *WN*, 3, 2, I, pp. 364-366.

58) *LJ(A)*, iii, 23. 49-51. *LJ(B)*, 111-113(1, 2, 1, pp. 80-81.).

59) *LJ(B)*, 63(1, 1, 11, p. 45.). Cf. *LJ(A)*, iv, 177-179. v, 1-43. vi, 116. *LJ(B)*, 63-64(1, 1, 11, pp. 45-46.). *LR*, 28, ii, 201. 30, ii, 246-249. *WN*, 4, 7, 3, II, p. 111. 5, 1, 2, II, p. 212.

in England is of longer standing, more accurate and a greater security for life, liberty and property than in any other country in Europe<sup>60</sup>.

Thus, a society where justice is well administered, has been established only after a long period of time and several stages of human life at that<sup>61</sup>. The most decisive thing for the establishment of such a society is the refinement of arts of obtaining the necessaries of human life<sup>62</sup>. At the same time, Smith thinks that civil government of sufficient power is necessary for a good administration of justice. He writes that in a society in which “the system of natural liberty establishes itself”, and therefore “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”<sup>63</sup>, the sovereign has three duties: first, to protect the society from the violence and invasion of other societies; secondly, to protect every member of the society from the injustice or oppression of every other member of it, that is, to establish an exact administration of justice; and thirdly, to erect and maintain certain public institutions which a small number of individuals cannot erect and maintain<sup>64</sup>.

Smith thinks that taking care of the wealth and abundance of the society is another important office of civil government than administration of justice<sup>65</sup>. In the part of police, *LJ*, he principally deals with “the most proper way of procuring wealth and abundance”<sup>66</sup>, and thinks of the main course of the increase of wealth in a society (consumable goods, produced by industry of men in the society<sup>67</sup>) as follows.

60) *LJ(A)*, ii, 134-135. 144. v, 42-43. *LJ(B)*, 72-74(1, 1, 12, pp. 51-53.). *D*, 5, 46-47. *WN*, 3, 2, I, pp. 367-369. 4, 5, II, pp. 42-43. “[English] taxes are levied with more propriety than those of any country whatever.” (*LJ(B)*, 318(3, 2, p. 245.)). Cf. *WN*, 5, 2, 2, 4, II, pp. 383-384.)

61) Cf. *LJ(A)*, ii, 152-155. iii, 78-80. v, 104-111. *LJ(B)*, 74-75(1, 1, 12, p. 53.). *WN*, 4, 7, 2, II, p. 67.

62) According to Millar, Smith in the part of justice, *LJ*, was “endeavouring to trace the gradual progress of jurisprudence, both public and private, from the rudest to the most refined ages, and to point out the effects of those arts which contribute to subsistence, and to the accumulation of property, in producing correspondent improvements or alterations in law and government.” (Dugald Stewart, ‘Account of the Life and Writings of Adam Smith, LL.D.’, Glasgow Edition Vol. III, I, 19.) Cf. *LJ(A)*, i, 32-35.

63) *WN*, 4, 9, II, p. 184.

64) *WN*, 4, 9, II, pp. 184-185. 5, 1, 1, II, p. 186. 5, 1, 2, II, p. 202. 5, 1, 3, II, p. 214. Cf. *MS*, 6, 4, pp. 547-548(7, 4, 36.). *LJ(A)*, v, 120. vi, 18-19. *LJ(B)*, 210(2, 2, 2, p. 160.). *WN*, 4, 8, II, p. 152. 5, 1, 3, 3, II, p. 287.

65) *LJ(A)*, i, 2-4. *LJ(B)*, 5(Introduction, 2, p. 3.). *WN*, 2, 5, I, pp. 351-352. 4, 7, 3, II, p. 106.

66) *LJ(B)*, 205(2, 2, 1, p. 157.). Cf. *LJ(A)*, vi, 7.

67) *LJ(A)*, vi, 33-34. 129. 136. *LJ(B)*, 209(2, 2, 2, p. 160.). 244(2, 2, 9, p. 190.). 247(2, 2, 9, p. 192.). 253(2, 2, 9, p. 197.). 255(2, 2, 9, p. 199.). 262(2, 2, 11, p. 205.). 266(2, 2, 11, p. 207.). 266-268(2, 2, 12, pp. 207-209.).

The division of labour, causing the increase of dexterity in arts, the saving of time and the invention of better machines, promotes the efficiency of industry<sup>68</sup>). Therefore, as the division of labour widens or deepens in a society, its wealth increases correspondingly<sup>69</sup>). The progress of the division of labour is proportioned to the extent of the market<sup>70</sup>). On the other hand, the amount of stock, the material basis of the division of labour, increases when what industry has produced in a society, exceeds consumption in it<sup>71</sup>). In this process that the excess of production over consumption in a society makes stock in it increase, the division of labour develops in proportion to the extent of the market, and the wealth of the society increases, the market price of any commodity, when justice is well administered and things are left to their natural course, centres around its natural price<sup>72</sup>) (“the price which is requisite to induce the labourer to apply himself to any particular species of industry, which must be sufficient 1st. to maintain him ; 2dly. to indemnify him for the expence of his education to that particular business ; 3dly. to compensate him for the risk he may run, either of not living long enough to receive this indemnification, or of not succeeding in the trade, let him live ever so long.”<sup>73</sup>), and “the natural balance of industry” is produced among the stocks of particular trades as proportioned to the demand of the society for their particular products. Then the wealth of the society increases most<sup>74</sup>).

In *WN* too, Smith thinks that this is the main course of the increase of wealth<sup>75</sup>). Furthermore, he adds a lot of arguments on this point in *WN*. The basic ones of them are as follows (some of them are mentioned in *LJ* and/or *D*, but not clearly enough).

1. The source of any increase of capital in a society is not all kinds of labour

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68) *LJ(A)*, vi, 38-43. 52-54. *LJ(B)*, 215-217(2, 2, 4, pp. 165-167.). Cf. *D*, 2, 13-20.

69) *LJ(A)*, vi, 38. 50. 63. 161. *LJ(B)*, 211-212(2, 2, 3, pp. 161-162.). 223(2, 2, 6, p. 172.).

70) *LJ(A)*, vi, 63-66. *LJ(B)*, 222-223(2, 2, 6, p. 172.).

71) *LJ(B)*, 266-268(2, 2, 11, p. 207. 2, 2, 12, pp. 207-209.).

72) *LJ(A)*, vi, 76-77. 83. 87-88. *LJ(B)*, 229-230(2, 2, 7, p. 178.). *D*, 3, 32.

73) *D*, 3, 31. Cf. *LJ(A)*, vi, 58-63. 67-69. *LJ(B)*, 224-227(2, 2, 7, pp. 173-176.).

74) *LJ(A)*, vi, 92-97. *LJ(B)*, 233-235(2, 2, 7, pp. 180-182.). 257-260(2, 2, 10, pp. 201-203.). 261-265(2, 2, 11, pp. 204-206.). 269(2, 2, 12, p. 209.). 306-307(2, 2, 16, p. 236.). 319(3, 2, p. 246.). Cf. *D*, 3, 32-33. 4, 40.

75) *WN*, 1, 1, I, pp. 5-14. 1, 3, I, pp. 19-23. 1, 7, I, pp. 57-64. 1, 8, I, pp. 69-70. 1, 10, I, p. 101. pp. 103-104. pp. 107-108. 2, Introduction, I, pp. 258-259. 2, 3, I, p. 320. 4, 1, I, p. 402. 4, 3, 2, I, p. 461. 4, 7, 3, II, pp. 127-129. 4, 9, II, p. 176. p. 184.

performed in it, but the labour which does “fix or realize itself in any permanent subject, or vendible commodity, which endures after that labour is past, and for which an equal quantity of labour could afterwards be procured.”<sup>76)</sup> (to put it in another way, the labour that newly produces a value, and that of the labourer’s own wages and his master’s profit at that)<sup>77)</sup>.

2. The quantity of that productive labour, which a certain amount of capital is capable of putting into motion in a society, that is to say, the quantity of value which the employment of a certain amount of capital is capable of adding to the annual produce of a society, is largest in 1. agriculture<sup>78)</sup> (where nature labours along with man); then large in descending order in 2. manufactures; 3. wholesale trade; and 4. retail trade (within 3. wholesale trade the following order is given according to the quantity of domestic capital which a certain amount of capital can rotate: i. home trade; ii. foreign trade for home consumption (a. direct foreign trade, b. roundabout foreign trade); iii. carrying trade. Note that the measure of this comparison, that is, the degree to which a certain amount of capital employed in each trade contributes indirectly to the increase of value of the produce of the country differs from that of comparison between 3. wholesale trade and 4. retail trade or any other, that is, the quantity of value which a certain amount of capital adds directly to the produce of the country—this addition, moreover, belongs to this capital’s owner himself). Agriculture produces the necessaries of life; a capital in land is under its possessor’s view and command, and secured; country life has charms that more or less attract everybody. A capital in manufactures is more secure than one in foreign trade. Within wholesale trade, a capital in home trade is more secure than a capital in foreign trade for home consumption; the latter than one in carrying trade. When justice is well administered and things are left to their natural course, therefore, the capital of a country is invested in this order (however, retail trade and simple manufactures are thought to exist everywhere<sup>79)</sup>): “the natural balance of industry”<sup>80)</sup> is produced (note that this natural balance differs from Smith’s another natural balance, that is,

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76) *WN*, 2, 3, I, p. 314.

77) *WN*, 2, 3, I, pp. 313-331. 4, 9, II, p. 173.

78) Cf. *LJ(B)*, 289(2, 2, 16, p. 224.). *D*, 5, 43.

79) Cf. *WN*, 3, 3, I, pp. 378-380.

80) *WN*, 4, 4, II, pp. 1-2. p. 6. 4, 5, II, p. 8. p. 24. 4, 7, 3, II, pp. 105-107. pp. 127-131. 5, 1, 3, 1, II, p. 248.

one which is produced when people in the whole trading world “employ their whole industry in a way in which they have some advantage over their neighbours”<sup>81)</sup>: then the wealth of the country increases most<sup>82)</sup>.

3. In a civil society in which land and stock have become possessions of particular persons, the net revenue of the society, that is, what remains of its whole annual produce after deducting the expense of maintaining its capital (fixed and circulating capital), divides itself into a revenue to the landlord i.e. the rent of his land and one to the owner of capital i.e. the profits of his stock<sup>83)</sup>. That part of this revenue which is not directly consumed, but saved, can increase capital, therefore the number of productive labourers, and the wealth of the society next year<sup>84)</sup>.

4. Rent, profit, and wages which are paid out of capital, are revenues to the three great orders of every civilized society: landlords, employers and labourers<sup>85)</sup>. Rent increases as a society improves in various circumstances<sup>86)</sup>; wages are highest in a society in which the wealth is increasing most rapidly<sup>87)</sup>; the rate of profit is lower as the wealth accumulates in a society<sup>88)</sup>. Therefore, the interest of landlords and labourers is closely connected with that of the society, but the interest of employers is not so closely connected with it.

This course which is taken when each person's “desire of bettering his condition” follows natural justice (that is, the course underlying this world, even though Smith is wrong in some points) is the natural course of things<sup>89)</sup> made by “an invisible hand”<sup>90)</sup> or “the wisdom of nature”<sup>91)</sup>. This desire is deeply rooted in human beings; this course lies at the basis of this world: therefore it is often that even in a society in which justice is not well administered, this desire works and this course realizes itself in spite of various impediments to the accumulation of wealth to make the

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81) *WN*, 4, 2, I, p. 422.

82) *WN*, 2, 5, I, pp. 340-354. 3, 1, I, pp. 356-359. 3, 4, I, p. 390. 4, 2, I, pp. 419-420. 4, 7, 3, II, p. 101. pp. 127-128. 4, 9, II, p. 173. p. 184.

83) *WN*, 2, 2, I, p. 270. 2, 3, I, p. 315. Cf. *LJ(B)*, 266-268(2, 2, 12, pp. 207-209.).

84) *WN*, 2, 3, I, pp. 320-322.

85) *WN*, 1, 6, I, pp. 49-56. 1, 11, Conclusion, I, p. 248. 2, 2, I, p. 269.

86) *WN*, 1, 11, Conclusion, I, pp. 247-248.

87) *WN*, 1, 8, I, p. 71. p. 75. p. 83. 1, 11, Conclusion, I, pp. 248-249. Cf. *LJ(B)*, 214(2, 2, 4, pp. 164-165.). *D*, 2, 11-12.

88) *WN*, 1, 9, I, pp. 89-99. 1, 11, Conclusion, I, pp. 249-250. 2, 3, I, p. 317.

89) *WN*, 3, 1, I, pp. 357-359. 3, 4, I, p. 390. 4, 2, I, p. 422. 5, 1, 3, 3, II, pp. 287-288.

90) *WN*, 4, 2, I, p. 421. Cf. n(127) to III, 3 of my book above-mentioned.

91) *WN*, 4, 9, II, p. 172.

wealth of the society increase<sup>92)</sup>.

However, in a society in which “the natural system of perfect liberty and justice”<sup>93)</sup> is established and every man, as long as he does not violate the laws of justice, is left free to pursue his own interest, the wealth through this course increases most. When men “are secure of enjoying the fruits of their industry, they naturally exert it to better their condition and to acquire not only the necessaries, but the conveniences and elegancies of life.”<sup>94)</sup> In such a society each man’s pursuit of his own interest comes to promote best the general interest of the society<sup>95)</sup>. On the other hand, in a society in which monopoly and other constraints violate natural liberty, each man’s pursuit of his own interest turns out to be hurtful to the general interest<sup>96)</sup>. Thus, Smith thinks, an independent “small proprietor ... is generally of all improvers the most industrious, the most intelligent, and the most successful”<sup>97)</sup>, hence those laws and customs in England which are favourable to the yeomanry, have perhaps contributed more to the present grandeur of England, than all their regulations of commerce taken together<sup>98)</sup>. “That natural proportion” of different branches of industry which “perfect liberty” establishes is at the same time “healthful, and proper”<sup>99)</sup>. Fair and free trade is helpful in increasing the productive power and the wealth of

92) *WN*, 2, 3, I, pp. 325-328. 3, 1, I, p. 359. 4, 5, II, pp. 42-43. 4, 7, 2, II, pp. 72-73. 4, 9, II, p. 172.

93) *WN*, 4, 7, 3, II, p. 107. Cf. *WN*, 1, 10, 2, I, p. 142. 2, 2, I, p. 307. 4, 2, I, p. 435. 4, 5, II, p. 32. p. 42. 4, 7, 3, II, p. 106. p. 108. 4, 9, II, p. 162. p. 184. 5, 2, 2, 4, II, p. 381.

94) *WN*, 3, 3, I, p. 377. Cf. *WN*, 1, 11, 3, I, p. 181. pp. 237-238. 2, 1, I, p. 267. 4, 7, 3, II, pp. 110-111. 5, 3, II, pp. 395-396. “It is the great multiplication of the productions of all the different arts, in consequence of the division of labour, which occasions, in a well-governed society, that universal opulence which extends itself to the lowest ranks of the people.” (*WN*, 1, 1, I, p. 12.)

95) *WN*, 1, 11, 1, I, p. 148. 2, 2, I, p. 312. 2, 5, I, p. 354. 4, 2, I, pp. 419-423. 4, 5, II, p. 32. 4, 7, 2, II, pp. 67-69. pp. 73-87. 4, 7, 3, II, pp. 108-111. p. 129. pp. 136-137. 4, 9, II, p. 184. 5, 2, 2, 4, II, p. 384. 5, 3, II, pp. 420-421.

96) *WN*, 1, 11, 3, I, pp. 233-234. 3, 2, I, p. 368. 3, 4, I, p. 390. 4, 5, II, p. 32. 4, 7, 3, II, pp. 110-114. pp. 129-140. 4, 9, II, p. 184. 5, 3, II, pp. 395-396. Cf. *LJ(A)*, ii, 33-37. iii, 111-114. 123-126. vi, 84-97. *LJ(B)*, 138(1, 2, 3, p. 99.). 230-235(2, 2, 7, pp. 178-182.).

97) *WN*, 3, 4, I, p. 390. Cf. *LJ(A)*, i, 167-ii, 1. *LJ(B)*, 291(2, 2, 16, p. 226.). *WN*, 1, 8, I, p. 83. p. 85.

98) *WN*, 3, 2, I, pp. 367-368. Cf. *WN*, 3, 4, I, p. 392.

99) *WN*, 4, 7, 3, II, p. 106.

both countries<sup>100</sup>).

A society in which justice is well administered, not only produces and accumulates great wealth, but also cultivates fully “all the arts of refinement, philosophy, poetry, and eloquence”<sup>101</sup>), and is indispensable to the establishment of “liberty, reason, and happiness of mankind”<sup>102</sup>).

In a civilized society — a society in which great wealth is accumulated, commerce and manufactures are established and the division of labour is developed, most men each live as socially and economically independent persons by producing their commodities and exchanging them for those of other men's commodities which are necessary for themselves<sup>103</sup>). According to *LJ*, this is a society in which man usually has an income more according to his work than in any previous society<sup>104</sup>): therefore, men in it are apt to be industrious, honest and scrupulous and fulfil the rules of justice for their own interest and so commit fewer crimes<sup>105</sup>). According to *WN*, it is “a commercial society” in which “every man ... lives by exchanging, or becomes in some measure a merchant,”<sup>106</sup>) and men each as economically independent persons, obtain the greater part of their necessaries by exchanging with one another their products of equal value, that is, those goods which it has costed them an equal amount of “toil and trouble” (that is, they have laid down “the same portion of ease, liberty and happiness”) to acquire (“according to that sort of rough equality which ... is sufficient for carrying on the business of common life”, though it is difficult to determine the accurate proportion among different kinds of labour)<sup>107</sup>). This is a society in which justice is daily administered in that goods of equal value are exchanged.

Thus in Smith's view the basic outline of the history of human society lies in this: that barbarous, therefore poor societies of frequent violence and injustice have been

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100) *WN*, 4, 1, I, pp. 413-414. 4, 3, 1, I, p. 438. 4, 3, 2, I, pp. 453-461. 4, 5, II, p. 41. 5, 2, 2, 4, II, pp. 369-370. Cf. *LJ(B)*, 261-264(2, 2, 11, pp. 204-205.). 269(2, 2, 12, p. 209.).

101) *WN*, 4, 7, 2, II, pp. 66-68.

102) *WN*, 5, 1, 3, 3, II, p. 287.

103) *LJ(A)*, i, 31-32. vi, 6-7. *LJ(B)*, 204-205(2, 1, pp. 155-156.). *WN*, 1, 2, I, pp. 17-18. 1, 4, I, p. 24. 1, 5, I, p. 32.

104) *LJ(B)*, 289-300(2, 2, 16, pp. 224-231.).

105) *LJ(A)*, vi, 5-7. *LJ(B)*, 204-205(2, 1, pp. 155-156.). 303(2, 2, 16, p. 234.). 326-328(2, 2, 17, pp. 253-255.). Cf. *WN*, 2, 3, I, p. 318. 4, 2, I, p. 434.

106) *WN*, 1, 4, I, p. 24.

107) *WN*, 1, 5, I, pp. 32-33. p. 35. 1, 11, 3, I, pp. 186-187.

gradually developed into civilized societies of constant justice and great wealth<sup>108)</sup>.

In spite of all this, however, Smith thinks that there are no countries of “perfect liberty and perfect justice” in this world<sup>109)</sup>. I quote some sentences of Smith’s. “The violence and injustice of the rulers of mankind is an ancient evil, for which, I am afraid, the nature of human affairs can scarce admit of a remedy.”<sup>110)</sup> “The love of domination and authority over others, which I am afraid is natural to mankind, ...”<sup>111)</sup>. “To expect, indeed, that the freedom of trade should ever be entirely restored in Great Britain, is as absurd as to expect that an Oceana or Utopia should ever be established in it. Not only the prejudices of the public, but what is much more unconquerable, the private interests of many individuals, irresistibly oppose it.”<sup>112)</sup> This world is, Smith writes, full of “the folly and injustice of man”<sup>113)</sup>.

In Europe since the fall of the Roman empire, the policy of restraint of the development of agriculture and promotion of the interests of commerce and manufactures of cities has been adopted and, joined to this policy, a lot of laws which will obstruct the natural liberty of man have been made<sup>114)</sup>. Especially in Smith’s days those merchants and master manufacturers who employed the largest capitals of all employers tried to secure to themselves the monopoly of the home market for their own private interests; to hinder, affected with jealousy, the prosperity of the nations with which they traded; stirred their government in that direction to adopt various kinds of “export-encouraging and import-restraining” policy; built up, to justify such conduct of theirs, the doctrine of the balance of trade (the doctrine that in a country which has no mines of gold and silver, its wealth, that is, gold and silver, increase only

108) *LJ(A)*, i, 8, ii, 152-155. *LJ(B)*, 29-30(1, 1, 2, p. 21.). 92-93(1, 1, 16, pp. 67-68.). 176(1, 3, 9, p. 131.). 183-184(1, 3, 11, p. 137.). 196-197(1, 3, 11, pp. 148-149.). 241-242(2, 2, 8, pp. 187-188.). 286-288(2, 2, 16, pp. 222-224.). 309-310(3, 1, p. 239.). 326-328(2, 2, 17, pp. 253-255.). *D*, 5, 42-43. *WN*, 1, 1, I, pp. 12-14. 1, 9, I, p. 97. 1, 11, 3, I, p. 186. 4, 7, 2, II, p. 67. 5, 1, 1-2, II, pp. 186-214. Cf. *MS*, 5, 2, pp. 396-412(5, 2, 7-15.). 6th; 6, 2, 1, 12-13.

109) *WN*, 4, 9, II, p. 172.

110) *WN*, 4, 3, 2, I, p. 457. Cf. *MS*, 6th; 6, 2, 2, 18. *D*, 5, 42-43. *WN*, 1, 4, I, p. 29. 3, 4, I, pp. 386-387.

111) *LJ(A)*, iii, 130. Cf. *LJ(A)*, iii, 114. 117. *WN*, 3, 2, I, p. 364.

112) *WN*, 4, 2, I, p. 435. Cf. *WN*, 4, 5, II, p. 42. 5, 3, II, p. 419.

113) *WN*, 4, 9, II, p. 172. Cf. *LJ(A)*, i, 117. *WN*, 1, 8, I, p. 69. 4, 7, 2, II, p. 90. n(219) to III, 3 of my book above-mentioned.

114) *WN*, 1, 10, 2, I, pp. 120-144. 3, 2, I, pp. 360-370. 3, 3, I, pp. 371-381. 3, 4, I, pp. 390-394. 4, 2, I, p. 435. 4, 5, II, pp. 26-33.



when the balance of trade is favourable: therefore the export-encouraging and import-restraining policy ought to be adopted; especially the one of special restraints upon the importation from those countries with which the balance of trade is supposed to be disadvantageous — Smith thinks that the wealth of a country increases only when the produce of its land and labour exceeds its consumption, and that gold and silver, like any other commodity, come in to a place where there is a “demand of those who are willing to pay the whole rent, labour and profits which must be paid in order to prepare and bring [gold and silver] to market”<sup>115)</sup> according to the greatness of this demand<sup>116)</sup>; and “confounded the common sense of mankind”<sup>117)</sup>. For these men’s interest governments adopted “the mercantile system, in its nature and essence a system of restraint and regulation”<sup>118)</sup> the main principles of which were restraints upon importation and encouragements to exportation, and by adopting this policy not only hurt the interests of people of other countries, but in their own countries also distorted the laws of natural justice, destroyed the natural balance of industry, and hurt the interests of people, above all the interest of agriculture, except a few men who, thanks to this policy, were able to advance their interests<sup>119)</sup>. Thus “commerce, which ought naturally to be, among nations, as among individuals, a bond of union and friendship, has become the most fertile source of discord and animosity.”<sup>120)</sup> Smith thinks that the monopolizing spirit is now one of the political maxims of European countries and has been the decisive factor in breaking the peace of Europe<sup>121)</sup>.

### 3. Wish for justice

Smith strongly opposed the idea that “heaven was to be earned only by penance and mortification, by the austerities and abasement of a monk; not by the liberal,

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115) *WN*, 4, 1, I, p. 402.

116) *LJ(A)*, vi, 129. 136. 149-150. 161-162. *LJ(B)*, 247(2, 2, 9, p. 192.). 257(2, 2, 10, p. 201.). *D*, 4, 40. *WN*, 1, 11, 3, I, p. 189. p. 216. p. 235. 2, 3, I, pp. 320-323. 4, 1, I, pp. 401-403. pp. 405-407. pp. 413-414. 4, 3, 2, I, p. 456. p. 461. 4, 6, II, p. 50. 5, 3, II, p. 425.

117) *WN*, 1, 11, Conclusion, I, pp. 249-250. 4, 1, I, pp. 396-399. p. 416. 4, 2, I, p. 427. pp. 435-436. 4, 3, 1, I, pp. 438-439. 4, 3, 2, I, p. 453. pp. 457-458. 4, 8, II, p. 143. Cf. *MS*, 6th; 6, 2, 2, 3. *LJ(A)*, vi, 146-171. *LJ(B)*, 256-281(2, 2, 9, p. 200—2, 2, 13, p. 219.). *D*, 4, 36-42.

118) *WN*, 4, 9, II, p. 161. Cf. *WN*, 4, 1, I, pp. 396-417.

119) *WN*, 4, 7, 3, II, pp. 95-116. pp. 129-133. 4, 8, II, pp. 158-160. 4, 9, II, pp. 161-162. 5, 1, 3, 1, II, p. 248. 5, 2, 2, 4, II, pp. 365-366.

120) *WN*, 4, 3, 2, I, p. 457. Cf. *LJ(A)*, vi, 159. 164-165. *WN*, 4, 1, I, p. 414. 4, 3, 2, I, p. 460.

121) *WN*, 4, 3, 2, I, p. 457.

generous, and spirited conduct of a man”, and that the perfection of virtue indeed brings about the happiness of a life to come, but is absolutely inconsistent with the happiness in this world<sup>122)</sup>. This shows among others that Smith has chosen to live in a civil society, considering it man’s fate. To such Smith, though this world is full of the conflict of interests among men and “the folly and injustice of man”, the course of liberty following justice is the one made by God, therefore, an underlying fact in this world and at the same time the course which man ought to follow in this life.

Smith writes that “the property which every man has in his own labour, as it is the original foundation of all other property, so it is the most sacred and inviolable” and that “to hinder him from employing this strength and dexterity in what manner he thinks proper without injury to his neighbour, is a plain violation of this most sacred property. It is a manifest encroachment upon [his] just liberty...”<sup>123)</sup>. “To prohibit a great people ... from making all that they can of every part of their own produce, or from employing their stock and industry in the way that they judge most advantageous to themselves, is a manifest violation of the most sacred rights of mankind.”<sup>124)</sup>

In the then Europe where twenty workmen serve under a master for one that is independent<sup>125)</sup>, and the masters are actually more powerful than their workmen, Smith asserts that the wages of workmen ought to be determined according to justice<sup>126)</sup>. He writes that “It is but equity ... that they who feed, cloath and lodge the whole body of the people, should have such a share of the produce of their own labour as to be themselves tolerably well fed, cloathed and lodged.”<sup>127)</sup> Again he writes that when a bank makes an advance to a merchant or undertaker, its amount and conditions ought to be proper so that the advanced amount of money does not exceed what the merchant or undertaker would be obliged to keep by him in ready money if he did not borrow at all, and that a bank ought not to harm the interest of the society by an excess of advances over this limit<sup>128)</sup>.

Smith writes that the impartial administration of justice ought not to be sacrificed

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122) *WN*, 5, 1, 3, 2, II, p. 259.

123) *WN*, 1, 10, 2, I, p. 123. Cf. *WN*, 4, 5, II, p. 43.

124) *WN*, 4, 7, 2, II, p. 83.

125) *WN*, 1, 8, I, p. 68.

126) *WN*, 1, 10, 2, I, pp. 143-144. Cf. *WN*, 1, 11, 3, I, p. 241.

127) *WN*, 1, 8, I, p. 80.

128) *WN*, 2, 2, I, p. 287. pp. 290-291. pp. 298-300.

to the national or public interest except in time of the most urgent necessity<sup>129)</sup>. In the history of mankind men have grown into independent men and societies into civilized societies of regular execution of justice — this is in Smith's view “a revolution of the greatest importance to the public happiness”<sup>130)</sup>. We can say that in a modern society of increasing capital accumulation Smith wishes each man to live independent and justice to be constantly administered among these independent men.

Smith thinks, therefore, that those exertions of the liberty of a few men which might endanger the security of many others in a society, ought to be restrained by the laws<sup>131)</sup>. “The wretched spirit of monopoly”<sup>132)</sup> is contrary to the laws of natural justice<sup>133)</sup>, and if people in a society pursue their self-interest in this spirit, the interests of many people in the society and of people in other societies are hurt<sup>134)</sup>. So Smith is opposed to this spirit. He thinks that in this world we cannot extinguish “the mean rapacity, the monopolizing spirit of merchants and manufacturers”, but may be able to prevent it from disturbing the tranquillity of any other person<sup>135)</sup>. He wishes existing monopolies to be taken away, no new monopolies to be built up, and natural liberty to prevail in any society<sup>136)</sup>.

Smith argues on the issue of colonies that all the privileges, regulations and unfair relationships of dependence ought to be given up, and natural justice to take place between independent individuals or nations. Britain now, Smith argues, either ought to unite with her colonies, give all the members of each colony the same rights and duties as are given to her present members, and allow it such a number of representatives in Parliament as suited to the amount of taxes yielded in it, or to abandon her domination over her colonies, acknowledge them to be independent nations and carry on free trade with them<sup>137)</sup>.

He, realizing that in a civilized society even a philosopher forms a part of a system

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129) *WN*, 1, 11, 2, I, p. 171. 4, 5, II, pp. 41-42. 4, 8, II, p. 152. 5, 1, 2, II, p. 214. 5, 2, 2, 4, II, p. 381. Cf. *WN*, 4, 2, I, pp. 427-429. 4, 5, II, p. 23.

130) *WN*, 3, 4, I, p. 389.

131) *WN*, 2, 2, I, p. 307.

132) *WN*, 4, 2, I, p. 426. Cf. *WN*, 4, 3, 2, I, pp. 457-458. 4, 7, 3, II, p. 135.

133) *WN*, 4, 8, II, p. 152. 2, p. 248 of this chapter.

134) Cf. n(96) and n(119) to this chapter.

135) *WN*, 4, 3, 2, I, pp. 457-458.

136) *WN*, 4, 2, I, pp. 435-436. 4, 7, 3, II, p. 106. 4, 9, II, p. 184. 5, 2, 2, 4, II, pp. 367-370.

137) *WN*, 4, 7, 3, II, pp. 116-124. 5, 2, 2, 4, II, p. 384. 5, 3, II, pp. 419-433.

of the division of labour and makes his living by selling his own ideas as so many commodities<sup>138)</sup>, thinks it desirable that the system of natural liberty should prevail in the sphere of education, too.

In a civilized society where the division of labour has progressed, the greater part of the people are confined to particular simple operations. So their intellectual, social, and martial virtues remain sacrificed unless the public society takes some pains to set it right through education<sup>139)</sup>. Therefore it is desirable in a civilized society that government should establish and maintain schools for primary education of children at the expense of the public. However, it is better that teachers should be paid only partly by the society lest they should neglect their work<sup>140)</sup>. For “where the competition is free, the rivalry of competitors, who are all endeavouring to jostle one another out of employment, obliges every man to endeavour to execute his work with a certain degree of exactness.”<sup>141)</sup>

The expense of universities may likewise, without injustice, be paid by the society<sup>142)</sup>. “If the teacher happens to be a man of sense, it must be an unpleasant thing to him to be conscious, while he is lecturing his students, that he is either speaking or reading nonsense, or what is very little better than nonsense. It must too be unpleasant to him to observe that the greater part of his students desert his lectures; or perhaps attend upon them with plain enough marks of neglect, contempt, and derision.” So he will try to give good lectures only from the motive of wanting not to have these experiences<sup>143)</sup>. But all teachers will not do so, and the greater part of those young men who come to universities (usually eleven or twelve years old in those days<sup>144)</sup>) have been so grown up as to be able to select and attend lectures worth attending by themselves<sup>145)</sup>. In universities, therefore, it is desirable that each student should be allowed a free choice in his college and tutor, that the teacher should derive an

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138) *LJ(A)*, vi, 42-43. *LJ(B)*, 218(2, 2, 4, pp. 167-168.). *D*, 2, 20. 29-31. *WN*, 1, 1, I, p. 12. 1, 2, I, pp. 17-18. 1, 10, 1, I, p. 108.

139) Cf. n(56) to this chapter.

140) *WN*, 5, 1, 3, 2, II, p. 267. pp. 269-273. Cf. *WN*, 5, 1, Conclusion, II, pp. 300-301.

141) *WN*, 5, 1, 3, 2, II, p. 249.

142) *WN*, 5, 1, Conclusion, II, pp. 300-301. Cf. *WN*, 5, 1, 3, 2, II, p. 254.

143) *WN*, 5, 1, 3, 2, II, p. 252.

144) W. R. Scott, *Adam Smith as Student and Professor*, Glasgow: Jackson, Son & Company, 1937, 1, 4, p. 28.

145) *WN*, 5, 1, 3, 2, II, p. 253.

income from the honorariums or fees of his students, and that students should not obtain privileges only by residing a certain number of years in certain universities<sup>146</sup>).

If this system of natural liberty is distorted and regulations enforced: when the teacher is subject to the authority of some extraneous persons, he is rendered obsequious to their will; and when not, negligent of his duty — in both cases his diligence with which he discharges his duty is made dull<sup>147</sup>). Smith writes indeed that several universities “have chosen to remain ... the sanctuaries in which exploded systems and obsolete prejudices found shelter and protection, after they had been hunted out of every other corner of the world.”<sup>148</sup>) But the pith of this criticism lies not in that the said systems of philosophy are too old (Smith thinks the ancient Greek philosophy is better than the medieval European one<sup>149</sup>), but in that they survive without having met and answered those freely-passed, penetrating criticisms, and prevail only because they are supported by the authority of universities<sup>150</sup>).

Smith thinks alike of the religious institutions. He thinks it is desirable that all religious sects should be treated equally and impartially by political power of the society and act freely with each observing justice towards others, that every man should choose his own religion as he thinks proper, and that the teachers of each sect should depend for their subsistence upon the voluntary contributions of their hearers<sup>151</sup>). Then, the teachers of each sect will act with zeal, but “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.” This is the plan which the sect called Independents proposed to establish towards the end of the civil war<sup>152</sup>). Furthermore, Smith thinks that the equality among the clergy makes them “learned, decent, independent, and respectable”, and that the mediocrity of benefice because of this equality is apt to make them respected the most

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146) *WN*, 5, 1, 3, 2, II, pp. 250-253. pp. 265-266.

147) *WN*, 5, 1, 3, 2, II, pp. 250-253.

148) *WN*, 5, 1, 3, 2, II, p. 260.

149) *WN*, 5, 1, 3, 2, II, pp. 256-260.

150) *WN*, 5, 1, 3, 2, II, pp. 259-260.

151) *WN*, 5, 1, 3, 3, II, pp. 273-279. pp. 281-282. Cf. *LJ(A)*, iii, 127. *WN*, 4, 7, 2, II, p. 76.

152) *WN*, 5, 1, 3, 3, II, p. 278.

by, and having the greatest influence over, the common people, so that in this point the presbyterian church system is excellent<sup>153)</sup>.

Almost all religious sects found at the beginning most of their believers among the common people. In those days the teachers of new religions generally were popular and bold, though ignorant and coarse enthusiasts. They drew a lot of common people to their own sects by refining upon the austere system of morality which could best appeal to them, and devoted themselves exclusively to kindling and keeping up the fervour of faith and devotion in them. However, when a certain sect happened to succeed as the result of these efforts in becoming such an established religion as could derive its income not only from the voluntary contributions of its believers, but also from some other fund to which the law of the country entitled it, its doctrines frequently became “sober and moderate”<sup>154)</sup>, its teachers “men of learning and elegance, who possess(ed) all the virtues of gentlemen”<sup>155)</sup>, but they as frequently lost the qualities which had given them authority and influence with the common people, and became unsuitable for their proper work to kindle and keep up faith among people. Such a clergy, when attacked by enthusiastic believers in a newly arising sect, “have commonly no other resource than to call upon the civil magistrate to persecute ... their adversaries, as disturbers of the public peace.”<sup>156)</sup>

Smith could not find his own religion in either of these ways. First, he is opposed to a religion which is connected with political power of a society. “With regard to religion, positive law always has been, and probably always will be, more or less influenced by popular superstition and enthusiasm.”<sup>157)</sup> Therefore, Smith thinks, it will not be productive of a sufficient degree of “philosophical good temper and moderation”<sup>158)</sup>. Secondly, he does not thoroughly approve of the way of Independents, either. He writes that this is “a sect of very wild enthusiasts”<sup>159)</sup>, that its “regular and orderly” morals have been “rather disagreeably rigorous and unsocial”<sup>160)</sup>, and that it is desirable, therefore, to correct these morals by diffusing science and philos-

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153) *WN*, 5, 1, 3, 3, II, p. 295.

154) *WN*, 5, 1, 3, 3, II, p. 293.

155) *WN*, 5, 1, 3, 3, II, p. 273.

156) *WN*, 5, 1, 3, 3, II, pp. 273-274. pp. 279-280. pp. 290-293. p. 299.

157) *WN*, 5, 1, 3, 3, II, p. 278.

158) *WN*, 5, 1, 3, 3, II, pp. 277-278. Cf. *WN*, 4, 5, II, p. 42. 5, 3, II, p. 430.

159) *WN*, 5, 1, 3, 3, II, p. 278.

160) *WN*, 5, 1, 3, 3, II, p. 280.

ophy and encouraging public diversions<sup>161</sup>).

Smith's basic attitude towards religion, however, is the same as that of Independents. Where no religious sects are connected with political power of a society, he writes, "the concessions which they [the teachers of each little sect] would mutually find it both convenient and agreeable to make to one another, might in time probably reduce the doctrine of the greater part of them 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"<sup>162</sup>). "This philosophical good temper and moderation"<sup>163</sup>) will not be produced in all religions under the same conditions<sup>164</sup>). Therefore it can be said to have its roots in a certain way of religion. Smith agrees with Independents in that they will not get connected with political power. At the same time he is ready to meet and make a civil society with believers in various religions other than his own.

But Smith disapproves of a sudden alteration of the existing economic system into that of natural liberty, because it would deprive a lot of people of their employment and means of subsistence, and cause a great loss to capital. Even when a member of the society makes a profit by distorting natural liberty, we should have due consideration for that of his interest which does not violate justice, as he is a member of the society<sup>165</sup>). Again Smith thinks that the proper measure of the exchangeable value of a thing is the quantity of labour necessary for acquiring it<sup>166</sup>). However, he goes on to think that in a civilized society where stock and land have come to be possessed by particular persons, we cannot apply this measure as it is, because stock and land are necessary for the acquisition and/or production of goods, and that because an owner of stock and/or land can purchase or command a certain quantity of labour in exchange for letting others use them, a profit and/or a rent, as different from the wages, which are reward for toil and trouble, are due to him<sup>167</sup>). In this argument too, we can see Smith's consideration for each of living men.

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161) *WN*, 5, 1, 3, 3, II, pp. 280-281.

162) *WN*, 5, 1, 3, 3, II, p. 278.

163) *WN*, 5, 1, 3, 3, II, p. 278. Cf. *MS*, 3, 4, pp. 311-316(3, 6, 12-13.). *WN*, 4, 7, 1, II, p. 65.

164) *WN*, 5, 1, 3, 3, II, p. 278.

165) *WN*, 4, 2, I, p. 433. p. 436. 4, 7, 3, II, pp. 106-107. 5, 3, II, p. 424.

166) *WN*, 1, 5, I, p. 32. 1, 8, I, pp. 66-67. 1, 11, 3, I, p. 187. p. 189.

167) *WN*, 1, 6, I, pp. 50-52. 1, 8, I, p. 67.

This view of Smith's is based on his another one that the folly and injustice of man will not die out in this world of incessant conflict of interests. We can say that Smith has realized that when men of conflicting interests meet, self-interest of each comes into play so strongly that "the impartial spectator", the keystone of an independent man as an agent of communication, collapses within each of them repeatedly, and that it is difficult to create a condition in which both live together. Smith thinks that man should have due consideration for his own interest too, so that for a country, especially for a small country to adopt the system of natural freedom when another country in its neighbourhood does not adopt this system, is in some measure dangerous and imprudent<sup>168)</sup>.

Nevertheless Smith believes that how foolish and unjust soever man really may be, God, the creator of this world, has given man power to turn round again for natural freedom and justice after whatever folly and injustice, and that how far away soever from natural freedom and justice human society may look, God constantly directs it again towards freedom and justice.

That Smith believes it, means that it is to him an underlying fact in this world. One of the main things which he tries to do in his studies of law and political economy is to make clear that the way of man and society in accord with freedom and justice lies at the basis of this world. The natural course through which each man's pursuit of his own interest, "led by an invisible hand", promotes the public interest, is a course underlying this world; therefore "the natural balance of industry" is not only established of its own accord in a society of perfect liberty, but also works, though distortedly, at the basis even of a society where perfect liberty does not exist. Smith writes that an independent workman is more industrious than one who is hired by a master<sup>169)</sup>, and that in most trades independent men will win over joint stock companies in a competition if the latter have no exclusive privileges<sup>170)</sup>.

That Smith believes it, however, means in the last analysis that he wishes for it. No man in this world of incessant conflict of interests always lives up to freedom and justice. No, the folly and injustice of man will not die out in human society. But Smith has realized that at the basis of this human reality God constantly directs man to freedom and justice and that at the basis of human society freedom and

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168) *WN*, 4, 5, II, p. 41.

169) *WN*, 1, 8, I, p. 85. Cf. *WN*, 1, 8, I, p. 83.

170) *WN*, 5, 1, 3, 1, II, p. 233. p. 237. pp. 245-248.



Adam Smith's Social Philosophy (SENO)

justice constantly works. So he has come to live up to it constantly. By this, Smith's belief has become a fact in this world. By this "the impartial spectator" is firmly established within him, and so is on this basis Smith as an agent of communication.

(1990. 11. 1.)