

# THE “ADAM SMITH PROBLEM” AND ADAM SMITH’S UTOPIA<sup>1</sup>

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*For Michael Freudenberg*

## I. INTRODUCTION

The Adam Smith Problem concerns the relationship between Smith’s two major works, *The Theory of Moral Sentiments* (*TMS*) and *An Inquiry into the Nature and Causes of the Wealth of Nations* (*WN*). Two passages in particular, one in *TMS* and the other in *WN*, triggered off the whole debate some 150 years ago. In *TMS*, Smith asserts:

How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it except the pleasure of seeing it. [*TMS*, I.i.1]

Yet in *WN* he observes:

It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages. [*WN*, I.ii.2]

In these two statements Smith makes two fundamentally different claims about human nature. In the quotation from *TMS*, Smith suggests that in human nature there are some original principles that make us interested in the happiness of our fellow creatures. If our fellow creatures are unhappy, we feel sorrow and want to help them to overcome their unhappiness. If they are happy, we enjoy their happiness without expecting anything except seeing their happiness. By contrast, in the passage from *WN*, Smith describes human beings merely as self-interested or egocentric beings. It is not the pleasure of seeing others’ happiness that primarily motivates them but pure self-interest. The conception Smith relies on here is a conception of pure utilitarian *self-interest* or *self-love*. Accordingly, we have to

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<sup>1</sup> This essay draws on my PhD dissertation (*Adam Smith’s Utopia: Society as an Open and Progressive System of Mutual Sympathy*), which I presented to the College of Humanities and Social Sciences at the University of Edinburgh in 2005. It was first published by RIT Press in *New Essays on Adam Smith’s Moral Philosophy*, Rochester, NY, 2012, pp. 45-70. It is subject to Copyright © 2012 and being republished here with permission of the publisher. This article may not be reproduced in any form without written permission of the publisher and the author. For further inquiries, please contact [www.ritpress.rit.edu](http://www.ritpress.rit.edu). On this occasion I would like to thank to the editors of the volume Prof. Wade L. Robison and Prof. David H. Suits very much.

expect our dinner from the butcher, brewer, or baker not from their benevolence or humanity, but solely from their regard to their own self-interest.

It is this seeming paradox in Smith's anthropological and in effect social theoretical accounts that gave rise to the whole debate about the "Adam Smith Problem".<sup>2</sup> The main question in this debate is whether Smith's work contains two fundamentally different conceptions of human nature. If it does, how should this contradiction be explained?

In this paper I make two fundamental claims. *First*, unlike many scholars, I claim that Smith has one conception of human nature. But I suggest that his conception has two complementary aspects—a general and a particular. The aspect of human nature he develops in *TMS* I take for his general conception, and the one in *WN* I regard as his particular conception of human nature in the age of commercial society. *Second*, I claim that all attempts to explain the contradiction between these two aspects of Smith's conceptions of human nature have failed because they approached it merely as a conceptual problem of Smith's.<sup>3</sup> Unlike these scholars, I suggest that this is a historical-practical problem arising from social relations in commercial society. Moreover, I suggest that Smith is very well aware of this problem and that he develops a solution to it. In this paper, I endeavor, therefore, to show Smith's own solution to the Adam Smith Problem. To do this, I will *first* reconstruct the problem by working out Smith's theory of social individuality in *TMS*. I move on then, *secondly*, to explore Smith's account of the situation of the individual in commercial society as is given in *WN*. And *finally*, I shall refer to Smith's utopia of a sympathetic society as his projected solution to the problem.

## II. SMITH'S THEORY OF SOCIAL INDIVIDUALITY IN *THE THEORY OF MORAL SENTIMENTS*

### 1. *Where to Begin?*

To show that Smith's anthropological view is not an individualistic one, many scholars begin their analyses with the first paragraph of *TMS*, which is a general conclusive statement. At first sight, its objective methodological and analytical background is not obvious. To bring this to the fore, I suggest, unlike many scholars, we begin our analysis with Smith's only explicit mirror passage in *TMS*, III.1.3. This approach is consistent with Smith's overall work and is in fact suggested by Smith himself. When he asserts, for example, in the first paragraph of *TMS*: "[t]hat we often derive sorrow from the sorrow of others" (*TMS*, I.i.1.1), he explores a mirror theory. His assertion that we derive sorrows from one another's sorrows implies a mirror theoretical approach as there is a mutual mirroring process. The

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<sup>2</sup> For an account of the history of the Adam Smith Problem, compare Neili, "Spheres of Intimacy and The Adam Smith Problem", 611–616, and Raphael and Macfie, "Introduction", 20–21.

<sup>3</sup> I have discussed different approaches at some length in my book *The Adam Smith Problem*.

sorrow we observe in others calls forth a similar feeling in us, and vice versa: the sorrow others observe in us gives rise to a similar feeling in others. This is an ontological necessity. What I am suggesting, therefore, is merely putting a principle at the beginning of our exploration, which works as an organizing principle implicitly throughout *TMS* until we come to his explicit mirror paragraph. In doing so we may be able to show why Smith thinks that human beings cannot be anything other than social individuals.

## 2. *Smith's Mirror Theoretical Approach to the Constitution of the Self*

I would like to work out theory of social individuality under the heading of the constitution of the self, because Smith himself discussed this issue explicitly under the heading of “the constitution of human nature” (*TMS*, III.3.29).

To find out what kind of a theory of the constitution of the self Smith explores in *TMS*, in European philosophy we may need to differentiate methodologically between two grand traditions. We may call them, in agreement with Lacan, theories that derive from Descartes's *Cogito*-principle and theories that originate in *Mirror*-principle.<sup>4</sup> The theorists relying on the *Cogito*-principle begin to develop their theories of the self with the self that is usually called the *I*. By contrast, the theorists starting from *Mirror*-principle start to develop their theories with the constitution of the other self.

This can best be seen in the subtitle of the sixth edition of *TMS*, which runs as follows: “THE THEORY OF MORAL SENTIMENTS; OR, An ESSAY towards an Analysis of the Principles by which Men *naturally* judge concerning the Conduct and Character. *First of their Neighbours, and afterwards of themselves*” (italics mine). This statement aims at an essential critique of Cartesian tradition, and Smith obviously thinks that in any situation of communicative action human beings necessarily first make judgments about others before they can come to make judgments about themselves.

Smith's mirror theoretical approach may become clearer when we turn to his mirror passage. In his mirror passage (criticizing the *Cogito*-principle) Smith asks rhetorically,

[w]ere it possible that a human creature could grow up to manhood in some solitary place, without any communication with his own *species*, he could no more think of his own character, of the propriety or demerit of his own sentiments and conduct, or of beauty or deformity of his own mind, than of the beauty or deformity of his face. All these are objects which he cannot easily *see, which naturally he does not look at*, and with regard to which he is provided with no *mirror* which can present them to his view. Bring him into society, and he is immediately provided with the *mirror* which he wanted before. It is placed in the countenance and behaviour of

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<sup>4</sup> Lacan, “The Mirror Stage”, 1–8.

those he lives with, which always mark when they enter into, and when they disapprove of his sentiments; and it is here that he first views the propriety and impropriety of his own passions themselves, the desires or aversions, the joys or sorrows, which those objects excited, though of all things the most immediately present to him, could scarce ever be the objects of his thoughts. [*TMS*, III.1.3; italics mine]

What does Smith say in this passage?

*First* of all, Smith defines human beings as mirrors of one another, which reveals also his inter-subjective approach. As opposed to *Cogito*-principle, Smith suggests that without the mirror of the other selves, the self would be lacking any instance by means of which he/she can make judgments about his/her character, sentiments, or aesthetic and moral values. It is only through the mirror of others that the self can look at these aspects of his/her character and define him/herself.

*Second*, the self does not produce from within values by means of which he/she defines him/herself in relation to others as the *Cogito*-principle implies but he/she gains them from without, that is, from others. By means of their criticism, others provide the self with a mirror. Thus the self becomes aware of whether his/her values, passions, projects, and actions are appropriate. Therefore, “[o]ur *first ideas* of personal beauty and deformity are drawn from the shape and appearance of others, not from our own” (*TMS*, III.1.4; italics mine).

*Third*, according to Smith’s mirror theoretical approach, it is only by means of others that the self becomes self-reflexive and self-critical, and consequently possesses a kind of self-corrective capacity. So, it is by means of others

that he first views the propriety and impropriety of his own passions themselves, the desires or aversions, the joys or sorrows, which those objects excited, though of all things the most immediately present to him, could scarce ever be the objects of his thoughts. The idea of them could never interest him so much as to call upon his attentive consideration. [*TMS*, III.1.3]

*Fourth*, others not only provide us with a mirror that makes us self-critical, that looks at our passions, thought, and actions critically and draws from this our values, but it is also by means of others only that there arise in us new passions, projects, and aims. It is only by means of the mirrors of others, that is, by means of their critical assessments, that we move forward in our lives and produce new pieces of art, create new ideas, and write new books or pursue whatever else is the object of our lives. Therefore, without others, no one can

become self-critical and create in him/herself new energy to move forward in his/her life and improve his/her bodily and intellectual capacities. Therefore, without others the “consideration of his joy could excite in him no new joy, nor that of his sorrow [...]. Bring him into society, and all his own passions will immediately become the causes of new passions” (*TMS*, III.1.3).

### 3. *Smith’s Theory of Mutual Constitution of the Selves*

Let us now illustrate how this mutual mirroring process takes place. In all situations of communicative action, we are always spectators and agents in an ongoing open process. In this process, we constantly change our roles as spectators and agents—at one minute we may be spectators and at the next agents. If we are spectators, we judge the agent, and if we are agents we are judged by others. Smith describes this process of mutual understanding and judgment as a process of mutual constitution. Smith makes use of three concepts to explain the process of mutual constitution.

*First*, according to Smith’s theory of the constitution of the self, the self is always embedded into a situation. Smith’s conception of situation comprises the whole process of the socialization of individuals. It has three components. In one’s social relations every person is always embedded in a general, concrete, and actual situation. The first and second comprise the totality of objective and subjective conditions of experience and action in space and time; they refer to natural, social, and material conditions; social rank and class; socialization in its most general sense, including education; and thereby durably form a person’s internal world, that is, their emotional and intellectual capacities. They actualize themselves in any new situation of action in the form of value judgment; differing from the first, the second gives to these durable emotional and intellectual dispositions a particular turn and brings them into play according to the immediate situation in which the agent (or “person principally concerned” as Smith would put it) is in this actual moment of consideration and action embedded. Based on their durable emotional and intellectual dispositions, everybody acts according to his/her actual situation and aims at the satisfaction of his/her bodily and/or intellectual passions or needs.

*Second*, Smith regards the situation of the self as the genesis of what he calls the “impartial spectator” within, or conscience, in other words, it is the product of all social relationships. It is the critical mirror of the situation of the self. Smith does not deal with conscience merely as an ethical capacity. Rather, he employs a broad conception of conscience, which also involves the theory of cognition, knowledge, judgment, and decision. It is an internal cognitive, judging, and deciding capacity that leads to actions. It collects, unifies, and critically synthesizes all general social values involved in the process of socialization of human beings. Conscience, therefore, critically mirrors in each individual from his/her particular perspective the common sense that prevails in a given society.

*Third*, sympathetic sentiments depend on how conscience is formed according to external circumstances. He seems to define sympathy, on the one hand, in a particular sense as a passion. In this sense, sympathy is a social need, namely we want to be able to sympathize with others and we want others to be able to sympathize with us. In this sense of mutual need, sympathy embraces all original passions of human nature. On the other hand, he seems to use it in a more general sense as a cognitive and epistemological capacity. Let us now apply these concepts to Smith's theory of the constitution of the self.

### *3.1. How do we constitute others?*

Smith's theory of the constitution of the self faces a huge challenge. It concerns the question of the authenticity of mutual mirroring between the agent and the spectator. In a situation of communicative action, the mutual mirroring process may involve discrepancy and consequently conflicts between the agent's self-image and his/her mirrored image in the spectator. There may sometimes be distortions involved in the situation of communicative action. Therefore, the process of mutual mirroring may not work or may work in a distorted way.

To meet this challenge, Smith suggests that we have to gain mutual objectively valid cognition and understanding of the passions. To do this we must trace passions back to their objective sources—to the external situation or circumstances of the agent, because the inner world is the mirror of the external situation. Smith formulates this more explicitly in the context of his theory of character. (*TMS*, V.2.7) "Sympathy, therefore", says Smith, "does not arise so much from the view of the passions, as from that of the situation which excites it" (*TMS*, I.i.1.10). Once the passions are traced back to their external sources the conflict between self-image and reflected image may be resolved in one way or another.

But how do we do that? If we understand and judge others on some kind of reliable objective foundation, we trace passions back to the situation of the agent. Therefore, to understand or to constitute others we must place ourselves by means of imagination in their situation and bring their cases "home to ourselves" (*TMS*, V.2.5) and view the world from their point of view. Only after having endeavored as much as we can to put ourselves in the situation of others, after having brought home to ourselves "every little circumstance" they are placed in, after having adopted their whole case "with all its minutest incidents" (*TMS*, I.i.4.6), can we begin to feel almost the same feelings, sentiments, emotions, passions, to think almost the same thoughts and to have almost the same projects as correspond to the situation of the agent. This is the only way, according to Smith, in which we can become undistorted mirrors of one another.

Smith subsumes this process of putting on the "looking-glass" of the agent, under his term of "sympathy" or "fellow-feeling". If we place ourselves in fancy into the situation of the agent, if we become in some measure the same person and endeavor "to regard it with

his present reason and judgment” (*TMS*, I.i.1.11), there arises the correspondence of others’ internal worlds with our own (*TMS*, I.i.2.2). That is to say that there arises between the spectator and the agent those “sympathetic sentiment[s]” (*TMS*, I.i.4.7), “sympathetic emotions” (*TMS*, I.i.3.1), and “sympathetic passions” (*TMS*, I.ii.5.3). After having gained this correspondence, we can begin to constitute, that is, to cognize, understand, and make judgments about others.

### 3.2. *How do we constitute ourselves in the mirror of others?*

Smith thinks that the same principle also applies to the question of how we constitute ourselves in the mirror of others. (*TMS*, III.1.2) We methodologically cognize and understand and judge ourselves in exactly the same way as we cognize and understand and judge others.

When we cognize, understand, and judge ourselves in relation to others, our look is directed towards ourselves. When we cognize and understand others in relation to ourselves we place ourselves by means of imagination in their situation and make judgment about their passions and actions from their objective perspective. When we cognize and understand ourselves in relation to others, however, we place ourselves into the situation of other selves and thereby gain a kind of distance from ourselves; we “put” ourselves before ourselves and judge our motives and passions from their point of view, that is, from a distance to ourselves.

We can never survey our own sentiments and motives, we can never form any judgment concerning them; unless we remove ourselves, from our own natural station, and endeavour to view them as at a certain distance from us. [*TMS*, III.1.2]

We begin, upon this account [of an actual inter-subjective situation of communicative action] to examine our own passions and conduct, and to consider how these must appear to them, by considering how they would appear to us if in their situation. [*TMS*, III.1.5]

But how do we do this if there is not an actual other person present?

We suppose ourselves the spectators of our own behaviour, and endeavour to imagine what effect it would, in this light, produce upon us. This is the only looking-glass by which we can, in some measure, with the eyes of other people, scrutinize the propriety of our own conduct. [*TMS*, III.1.5]

But how can we suppose ourselves the spectators of our own behavior? Smith gives the following answer to this question:

When I endeavour to examine my own conduct, when I endeavour to pass sentence upon it, either to approve or condemn it, it is evident that, in all such cases, I divide myself, as it were, into *two persons*; and *that I*, the examiner and judge, represent a different character from that *other I*, the person whose conduct is examined into and judged of. The first is the spectator, whose sentiments with regard to my own conduct I endeavour to enter into, by placing myself in his situation, and by considering how it would appear to me, when seen from that particular point of view. The second is the agent, the person whom I properly call myself, and of whose conduct, under the character of a spectator, I was endeavouring to form some opinion. The first is the judge; the second the person judged of. [TMS, III.1.6; italics mine]

This is the only device by means of which we can constitute, that is, “approve” and “disapprove” of ourselves in relation to others. It is because of these analytical considerations about the mutual mirroring process that Smith comes to his statement in the first paragraph of *TMS* and suggests that

How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it except the pleasure of seeing it. [TMS, I.i.1.1]

For if others are our mirrors who enable us to have a self-image, we must aim necessarily and consciously at their happiness, because their happiness is also our happiness.

But this whole system of mutual constitution can work only if the situational differences do not admit alienation between the agent and the spectator. They must have similar interests and they must be able, despite the situational differences, to produce corresponding or similar sympathetic sentiments in relation to one another and consequently there must be mutual respect. To meet all these criteria they must be able, without any regard to loss and gain, “to examine” their “own conduct as [...] any other fair and *impartial spectator* would examine it” (*TMS*, III.1.2; italics mine). In short, everybody must be able to listen to his/her second self or conscience; otherwise, Smith’s principle of *seeing oneself as others would or are likely to see one* would not work.

### III. SMITH'S ACCOUNT OF THE SITUATION OF THE SELF IN THE AGE OF COMMERCIAL SOCIETY AS MIRRORED IN *THE WEALTH OF NATIONS*

Smith draws his theory of social individuality in *TMS* on the basis of his observations about non-commercial social relations. To reconstruct the other side of the Adam Smith Problem let us turn to Smith's account of the situation of the self in commercial society as accounted for in *WN*.

#### 1. *How to Approach* The Wealth of Nations

The approach to *WN* that I am going to suggest differs from most other interpretations. Two important methodological principles may be of great help in approaching *WN*. The *first* one is Smith's explicit use of critical Common-Sense realism as a methodological principle, which means that the subject under examination must be analyzed and presented critically as it really *is*. The *second* one was formulated again by Smith more or less explicitly by utilizing the categories of "essence" and "appearance" throughout his work. These two categories are fundamental to Smith's scientific concerns not only in *WN*. I take Smith's category of appearance as referring to market relations, that is, to the relation between buyers and sellers, and his category of essence I take as referring to social relations in the sphere of production in commercial society. Taken together, these two methodological principles mean that we must explore his examination of the constitution of the self in commercial society in the sphere of production as well as in that of market relations.

#### 2. *Smith's Account of the Situation of Individuals in Commercial Society*

##### 2.1. *Smith's account of the situation of the self in market relations*

In his account of market relations, Smith identifies a causal relationship between the division of labor and the genesis of market society. The division of labor not only gives rise to "a proportional increase of the productive powers of labour" but at the same time it brings about the "separation of different trades and employments from one another" (*WN*, I.i.4). It is this separation of trades and employments that give rise to commercial exchange relations and "[e]very man thus lives by exchanging, or becomes in some measure a *merchant* and the society itself grows to be what is properly called a commercial society" (*WN*, I.iv.1). Though the division of labor gives rise to market relations, they, in turn, set limits to the division of labor. There is a causal relationship between the division of labor and the extension and the depth of market relations.

Smith deals with commercial exchange-relations as *power relations*. He uses this term sometimes in a neutral way in the sense of potentiality to buy and sell commodities. But he uses it also in the sense of domination. He asserts, for example, that "it is the *power of*

*exchanging* that gives occasion to the division of labour, so the extent of this division must always be limited by the extent of that *power*, or, in other words, by the extent of the market” (*WN*, I.iii.1; italics mine). Therefore, unlike many contemporary scholars’ fascination with market relations, he introduces his analysis of commercial exchange-relations with the assertion that “EVERY man is rich or poor according to the degree in which he can afford to enjoy the necessaries, conveniences, and amusements of human life” (*WN*, I.v.1).

Smith identifies commercial exchange-relations as power relations because he thinks that when the market comes to serve as the basis of all fundamental social relations, it expresses a kind of social inequality that turns all forms of equality and difference into relations of mutual domination. He seems to suggest that commercial society exhibits already at its very “surface”, that is, in commercial exchange-relations, those inequalities that arise from social class relations originating in the sphere of production.

The division of labor gives rise to the “separation of different trades and employments from one another”. This has at least three implications. *First*, with this separation there also arise private property-relations; *second*, due to this and to the rise of private property-relations, there also arises a kind of economic *isolation* of individuals from one another and as a result each individual works solely for him/herself; *third*, because of all these reasons there also emerge commercial exchange-relations, which are nothing but quantitative power-relations. In short, in commercial society everybody is economically separated and isolated from one another, and the number of commodities that each individual potentially and actually possesses determines his power position in relation to others. If one possesses a large amount, he commands a large number of commodities, and if one possesses a small amount, he/she commands a small number of commodities. At worst, if one possesses nothing, he/she commands nothing and, therefore, counts *absolutely* as nothing in the views of others. It is this mutual command-relation (or relations of mutual domination) in commercial exchange relations that Smith calls the “power of exchanging”.

It is because of this analysis that Smith comes to his assertion in the butcher-baker passage. By any offer like “[g]ive me that which I want, and you shall have this which you want” we mean that it is above all in your own interest if you accept our offer (*WN*, I.ii.2). By any such offer we appeal to each other’s self-love or self-interest rather than to each other’s conscience or benevolence, because, if one’s possession of the amount of the value of commodities is existential, if it determines our position in relation to one another, if it determines whether we count and how we count in the “eyes” of one another, everyone must be very keen to save and accumulate possessions.

## 2.2. *Smith’s account of the situation of the self in the sphere of production*

Smith describes the historical development towards commercial society as the growth of the wealth of society, which originates in the increasing division of labor. But at the same

time he points out two forms of alienation arising from the division of labor. The *first* relates to his conception of alienation caused by the technical division of labor and the *second* to his theory of class conflicts caused by the social division of labor.

*First*, in *WN* Smith is not only concerned about the growth of wealth as originating from the increase of the division of labor. He accounts also for its effects upon the intellectual and social qualities of individuals. “But”, he says, “in consequence of the division of labour, the whole of every man’s attention comes naturally to be directed towards some one very simple object” (*WN*, I.i.8). He outlines then, with soberness, the consequences of the concentration on “some one very simple object”:

The man [or “the great body of the people”] whose whole life is spent in performing a few simple operations, of which the effects too are, perhaps, always the same, or very nearly the same, has no occasion to exert his understanding, or exercise his invention in finding out expedients for removing difficulties which never occur. He naturally loses, therefore, the habit of such exertion, and generally becomes as *stupid* and *ignorant* as it is possible for a human creature to become. [*WN*, V.i.f.50; italics mine]

He concludes then further down that the “great body of people” acquires their dexterity at the cost of their “intellectual, social and martial virtues. But in every improved and civilized society this is the state into which the laboring poor, that is, the great body of people, must necessarily fall, unless government takes some pains to prevent it” (*WN*, V.i.f.50). Smith’s reference to intellectual and social virtues is the most important one for the issue in question, because without these intellectual and social virtues, that is, when they “become as *stupid* and *ignorant* as it is possible for a human creature to become”, they can hardly be in a position to judge impartially in any case—even in the simplest cases in everyday life.

*Second*, market society gives rise not only to the separation and differentiation of trades and employments and consequently to the economic isolation of individuals from one another, it also separates and squeezes them into the structure of social classes in accordance with their position vis-à-vis the means of production and their source of revenue. When we enter the sphere of production, we meet individuals no longer as individuals who are equals among equals. Rather, we meet them as representatives or personifications of different social classes.

Smith’s main aim in *WN*, particularly in the first book, is to provide an answer to the questions as to what the wealth of nations is, how it comes about, and how it is distributed among different social classes. In this connection, Smith defines three main social classes in commercial society that compete with and fight against one another in order to have a

greater share of this wealth. He asserts that “[t]he whole of what is annually either collected or produced by the labour of every society [...] is in the manner originally distributed among some of its different members. Wages, profit, and rent, are the three original sources of all revenue derived from one or other of these” (*WN*, I.vi.17). These three forms of revenue correspond to three different social classes in commercial society: that of laborers, that of manufacturers, and that of landlords.

Smith divides the historical development of society into four stages. The first stage is the stage of hunters and gatherers, which he sometimes refers to as the “original state of things”. “In that original state of things, which precedes both the appropriation of land and the accumulation of stock, the whole produce of labour belongs to the labourer. He has neither landlord nor master to share with him” (*WN*, I.viii.2). However, “[a]s soon as the land of any country has all become private property, the landlord, like all other men, love to reap where they never sowed, and demand a rent even for its natural produce” (*WN*, I.vi.8). Smith calls what the laborers must pay to the landlords *rent*, and this form of revenue constitutes landlords as a social class. The emergence of manufacturers as a social class has to do with the monopolization of the means of production, which Smith calls “stock”, and their revenue “profit” (*WN*, I.vi.5). This form of revenue constitutes manufacturers as a social class.

To work out what Smith means by wages, we must qualify further what he means by “stock”. He defines stock first as a means of subsistence that is just enough to survive (*WN*, II.i.1). However, when stock is accumulated in the hands of “particular persons”, and if it is employed in order to make “profit”, it becomes “capital”. The “whole stock, therefore, is distinguished into two parts. That part which, he [the manufacturer] expects is to afford him this revenue [profit], is called his capital. The other is that which supplies his immediate consumption” (*WN*, II.i.2).

From what has been said about the constitution of landlords and capitalists as social classes, we may be able to deduce which circumstances determine the constitution of laborers as a social class. The main circumstance that constitutes laborers as a social class is above all their separation from all the means of production, that is, from the land and all other means of production. Laborers as a social class are those people of a given country who possess nothing except for their labor power. Smith calls the revenue that laborers receive for their work *wages*.

In his analysis of the relationship between these three social classes, Smith seems to draw a line between the laborers and manufacturers on the one hand, and the landlords on the other. He appears to assert an antagonistic relationship between the former and the latter. The last mentioned two social classes own all the means of production and live at the expense of laborers by appropriating the value that the laborers add to the material by their work. He is, of course, very well aware of the fact that the interests of the landlords and the

manufacturers are by no means the same. Each of them tries to appropriate the bigger portion of that new value. However, in relation to the class of laborers, they have similar interests. In short, from whichever angle we approach the relationship between these social classes, a permanent fight exists against one another for the bigger portion of the value that has been originally produced by laborers.

### 3. *Some Comparative Conclusions*

Now, from whichever angle we approach Smith's analysis of social relations in commercial society, there is always a contradiction between his conception of social individuality and social relations as developed in *TMS*, on the one hand, and his account of the situation of individuals and social relations in commercial society as described in *WN*, on the other. If we approach, for example, his account of the situation of individuals in commercial society from the standpoint of his conception of sympathy: within the framework of his general conception of social individuality, he defines sympathy not only as a means of communication but also as a mutual need. But when we examine his account of social relations in commercial society as well as at the level of commercial exchange-relations and production, there are no sympathetic relations at all. It is the principle of pure self-interest and mutual domination that serves to pervade social relations.

Let us for example refer back to the passages from *TMS* and *WN* that triggered off the debate. In the first passage from *TMS*, Smith refers to human nature. It is a general statement about human nature as such. By contrast, in the passage from *WN* he describes human beings in a particular historical stage in their development, namely in commercial society. Despite the fact that some scholars claim that the concept of sympathy can be reconciled with commercial exchange-relations, most seem to agree that Smith's account of sympathy is at odds with principles that serve as the foundation of commercial exchange-relations, for social theoretical frameworks that are implied by his conceptions of sympathy and self-love are entirely different ones. It is the principle of *mutual sympathy* and *mutual happiness*, that would define the social theoretical framework for all sorts of social relations if we rely on the concept of sympathy. But if we rely on the principle of self-love, the framework for all kinds of social relations would be defined by the principle of *mutual advantage*. The former is a portrayal of a non-utilitarian society, whereas the latter is a description of a utilitarian society. From whichever aspect we approach the relationship between *TMS* and *WN* we seem to have to reassert the Adam Smith Problem.

All in all, if we examine Smith's account of social relations in any sphere of commercial society, we observe that there is no general morality, that there is no impartiality, that there is no mutual sympathy, that there is no mutual love and mutual respect. In whichever sphere we examine his account of social relations in commercial society involving commercial exchange, we find that there prevail the principles of nihilism, utility, pure self-interest, and,

as a consequence of all these, that there is alienation; we observe that there prevail only those principles that are opposed diametrically to Smith's most fundamental principles laid down in his general theory of the constitution of the self in *TMS*.

Smith is, of course, very well aware of this fact. To see that there is a contradiction between his concept of social individuality in *TMS* and his account of merely self-interested and egoistic individuals in commercial society, we did not have to wait until the so-called "Adam Smith Problem" was formulated. Moreover, in order to find out that there is a dualism between his conception of social individuality and his account of the situation of the self in commercial society, we did not have to wait until *WN* was published. Smith himself deals already in *TMS* with different forms of this dualism throughout history. Already in *TMS*, he asserts that

[e]very independent state is divided into many different orders and societies, each of which has its own particular powers, privileges, and immunities. Every individual is naturally more attached to his own particular order of society, than to any other. His own interest, his own vanity, the interest and vanity of many of his friends and companions, are commonly a good deal connected with it. He is ambitious to extend its privileges and immunities. He is zealous to defend them against the encroachments of every other order or society. [*TMS*, VI.ii.2.7]

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Because of the same analysis in *WN*, he asserts that "[i]n every civilized society, in every society where the distinction of ranks has once been completely established, there have been always two different schemes or systems of morality" (*WN*, V.i.g.10). Smith seems even to say that due to this distinction of ranks and orders within a society, there are also two different languages within a language, with severely distorting consequences for communication (*Lectures on Rhetoric and Belles Lettres*, 4–5).

Though Smith observes this fact that in commercial exchange-relations there prevails the only principle of "absurd self-love" (*TMS*, II.iii.1.5), he is not prepared to accept that the principle of self-love and utility is the sole principle of all social relations. In *TMS*, I.i.2.1, where he argues explicitly for the first time against those philosophers whose starting point in their ethics is the principle of self-love and utility, Smith asserts that "[t]hose who are fond of deducing all our sentiments from certain refinements of self-love, think themselves at no loss to account, according to their own principles, both for this pleasure and this pain. [...] But both the pleasure and the pain are always felt so instantaneously, and often upon such frivolous occasions, that it seems evident neither of them can be derived from any such self-interested considerations" (*TMS*, I.i.2.1).

If it is true, some of you may ask, that Smith sees this contradiction clearly, why does he, instead of formulating a fundamental critique, like Marx for example, justify commercial society?

To understand Smith's justification we must first of all bear in mind that he analyzes commercial society before the French Revolution. Nonetheless his justification of commercial society is not an unconditional one. Rather he justifies it because he regards its establishment as a historical advance in the history of humanity in almost all respects. In particular, his comparative historical studies in *Lectures on Jurisprudence (LJ)* give a very accurate account of this. He approaches it above all from a historical point of view. In this context, we may be able to deal with his justification in many respects. I am going to point to his closely connected economic and sociological aspects.

*Firstly*, Smith formulates his historical, economic justification already in his "Introduction and Plan of the Work" of *WN*. According to Smith's account, in relation to earlier social formations, commercial society is wealthier. Smith compares, for example, "savage nations of hunters and fishers" with "civilized and thriving nations". There he asserts that though in savage nations "every individual who is able to work, is more or less employed in useful labour", they are, however, "so miserably poor, that, from mere want, they are frequently reduced, or, at least think themselves reduced, to the necessity sometimes of directly destroying, and sometimes of abandoning their infants, their old people [...]". In commercial society, by contrast, "though a great number of people do not labour at all, many of whom consume the produce of ten times, frequently of a hundred times more labour than the greater part of those who work; yet the produce of labour of the society is so great, that all are often abundantly supplied, and a workman, even of the lowest and poorest order, if he is frugal and industrious, many enjoy a greater share of the necessaries and conveniences of life than it is possible for any savage to acquire" (*WN*, 10). A similar comparison occurs in the main text of *WN*. He makes a comparison between the accommodation of a "frugal peasant" and an "African king" who is "the absolute master of the lives and liberties of ten thousand naked savages" and asserts that the accommodation of the former exceeds many times that of the latter (*WN*, I.i.11).

*Secondly*, Smith thinks that commercial society is not only relatively wealthier but also more dynamic. According to Smith's historical account, commercial society destroys the communitarian structures of feudal society and thereby admits less social control of the lives of individuals. He thinks that commercial society, instead of limiting the "good office" of individuals within a tribe or a clan, frees them from communitarian structures and enlarges thereby their relative scope for freedom of action, despite all the forms of alienation deriving from the structure of the division of labor. Due to this historical-social development, commercial society enables individuals to meet one another, at least in their non-commercial social relations, as particular individuals, instead of as members of this or that tribe or clan.

As opposed to all earlier social formations, commercial society brings to individuals more anonymity, more tolerance and indulgence, and therefore also more variety in their social relations, which enriches also their capacity for sympathy (*TMS*, VI.ii.1.13). Therefore, he observes: “[a]mong civilized nations, the virtues which are founded upon humanity, are more cultivated than those which are founded upon self-denial and the command of the passions. Among rude and barbarous nations, it is quite otherwise, the virtues of self-denial are more cultivated than those of humanity” (*TMS*, V.2.8; cf. also *TMS*, V.2.9).

#### IV. SMITH’S CRITIQUE OF COMMERCIAL SOCIETY AND HIS UTOPIA OF A SYMPATHETIC SOCIETY

I have outlined above, *firstly*, Smith’s theory of social individuality. I have presented *secondly* his account of the situation of individuals in the age of commerce. I have then shown *thirdly*, in my preliminary conclusions, that there is an essential contradiction between his theory of social individuality and his account of the situation of the self in commercial society. Now, we have to turn to the question whether Smith formulates any solution to this contradiction. I am going to claim that Smith’s solution lies in his critique of commercial society. When I worked out Smith’s theory of social individuality I concentrated on *TMS*, and when I worked out his account of the situation of individuals in commercial society I relied on *WN*. Now I am going to consider them together. Let me therefore say something about how I approach their relationship to one another.

Almost all scholars suggest that *TMS* and *WN* should be read in one way or another as complementary works. Smith himself regards them as complementary parts of a more comprehensive project that may be seen from the last paragraph of *TMS* and the “Advertisement” for the sixth edition of *TMS* from 1790. Up to this point there is a more or less explicit agreement among scholars who are concerned with Smith’s overall work. But this is also the point where the controversy begins. Many scholars read *TMS* and *WN* as if they have no terminological and conceptual relation. There are others who see between *TMS* and *WN* a conceptual relation, but they suggest taking Smith’s conceptions from *TMS* (particularly his conception of sympathy) as devices to improve or perfect commercial exchange-relations. I suggest that there is a close terminological and conceptual relationship between Smith’s two major works. But I suggest regarding *TMS* as providing a critical perspective or “window” from which *WN* should be considered.

In what follows, I am going to suggest that Smith develops an essential critique that may be described as an early attempt at an immanent critique. To see this we must take into account not only *that* he describes the problems but also *how* he describes them. If we approach his analyses, most of his justifications quite often turn out to be an implicit critique of commercial society. If Smith had remained merely descriptive and justificatory in his analysis, we may have been entitled to claim that the Adam Smith Problem was a conceptual

problem of Smith's. But Smith clearly formulates, in almost all respects, a critique of commercial society, which serves at the same time as a kind of loose framework for his utopia.

*1. Smith's Essential Critique of the Division of Labor in and Social Class Structure of Commercial Society*

Smith's critique of the situation of the self as affected by the division of labor may be explored best if it is considered in the light of his account of the distribution of time (time-structure) in commercial society. As a solution to the alienation arising from the social division of labor as described above Smith proposes a universal education. This education should enable laborers to understand not only their professional world but also "the great society of mankind".

But Smith thinks that any educational measure to be taken against the alienation arising from the social division of labor would be undermined by the distribution of time among social classes. Unlike the "common people", for example, who start working at age seven or eight, the "people of some ranks and fortunes" start working when they are approximately eighteen or nineteen. The work the people of some ranks and fortune do is not simple and uniform. Unlike the common people whose intellectual and emotional capacities "grow torpid" from their work, they can develop their intellectual capacities while they work. They too have enough spare time to acquire what Smith calls "ornamental knowledge". But the common people, who carry on their "shoulders the whole of mankind, and [are] unable to sustain the load" are "buried by the weight of it and thrust down into the lowest parts of the earth, from whence [they support] all the rest" (*LJ*, 341), are harassed by their work from morning to night. They have therefore "little time to spare for education. Their parents can scarce afford to maintain them even in infancy. As soon as they are able to work, they must apply to some trade by which they can earn their subsistence". As a result of this they become "stupid and ignorant" (cf. *WN*, V.i.f.52 and 53). In civilized or commercial countries their "labour and time [...] is [...] sacrificed to the maintaining the rich in ease and luxury" (*LJ*, 340).

But it is exactly this "leisure" that common people need in order to enjoy a universal education. Therefore, Smith thinks that time-structure must essentially be changed by redistributing the whole work of society. This problem with regard to time-structure would cease to exist if "labour was equally proportioned to each". "That is, if we should suppose that of the 10,000 whose labour is necessary to the support of one individuall, each was maintained by the labour of the rest, there would here be the reciprocally proportion of one bestowed upon him." (*LJ*, 341) This proposal of Smith as a solution to time-dilemma in commercial society essentially challenges the social class structure of commercial society.

## 2. *Mutual Respect, Trust and Free Communication as the Sign of an Open Society*

We can approach Smith's critique of commercial society also from the standpoint of his theory of communicative action. When Smith deals with the problem in commercial society, he operates with two models of society that are contrary to each other. The one is a harmonious and open society, in which everybody is potentially entitled to access to all spheres of society. The other is a society fragmented by the division of society into social classes with their resulting contradiction of interests. It is, therefore, closed and restricts everybody throughout their lives to only certain spheres. The former is based on the principle of mutual respect, trust, and unreserved communication, whereas the latter is based on the principle of distrust and reserved communication or even, more probably, manipulation.

A harmonious and open society may form our emotional and intellectual dispositions in a different way than a closed one. In an open and harmonious society, the general intellectual and bodily capacities can be formed in such a way that the agent can act spontaneously, i.e. without any long and deep considerations, on the basis of the principle of impartiality, spontaneously taking both general and particular interests into account. In a fragmented and therefore closed society, the intellectual and emotional dispositions of the agent will be formed partially, so that the agent can act only from a partial point of view, being unable to approach issues in question from a general point of view.

Let us, for example, refer back to Smith's conception of situation. According to Smith, we are always, in all situations of communicative action, embedded in a three-dimensional situation, both in an open and in a closed society. However, in an open society, we can easily imagine that there is a social world that is much broader than our concrete or actual situation. We can imagine the whole, either because of our experiences in different spheres of social life, or due to the universal education that we have enjoyed. In our concrete situation we know that we are entitled to enter into all other spheres. We can receive information about their functioning, and we can rely on it. If we are involved in an interaction with individuals from other spheres, we do not need to hide our feelings, emotions, and internal considerations, we do not need to submit ourselves to self-censure as there is mutual sympathy; we can reveal our internal world, our intimacy, without any fear; we do not need to be afraid of being abused because we trusted blindly and revealed ourselves without any reason.

Smith points, therefore, to "trust" and "free communication" as the main features of an open society. If we can trust, he says, "[w]e see clearly [...] the road by which" our partner in conversation "means to conduct us, and we abandon ourselves with pleasure to his guidance and direction" (*TMS*, VII.iv.28). "We all", Smith continues, "desire, upon this account, to feel how each other is affected, to penetrate into each other's bosom, and to observe the sentiments and affections which really subsist there" (*TMS*, VII.iv.28). In an open

conversation, Smith adds: “[t]he man who indulges us in this natural passion, who invites us into his heart, who, as it were, sets open the gates of his breast to us, seems to exercise a species of hospitality more delightful than any other” (*TMS*, VII.iv.28).

In a closed society, by contrast, even though we know that there is a much broader world than our own, we cannot involve it in our considerations of our world, because we are excluded from it; we cannot care about it as we are not a part of it. We must check all information many times before we can trust it. “Reserve and concealment, on the contrary, call forth diffidence. We are afraid to follow the man who is we do not know where” (*TMS*, VII.iv.28). Therefore, if we necessarily get involved in interaction with individuals from different spheres, we cannot easily reveal ourselves. We must remain formal and reserved.

What about mutual respect in commercial society? What is the “great purpose of human life which we call bettering our conditions?”, Smith asks. In all of our life, he seems to respond, everything that we do aims at mutual respect: “[t]o be observed, to be attended to, to be taken notice of with sympathy, complacency, and approbation” (*TMS*, I.iii.2.1), this is the real end of all our life. “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, or power, and preheminance? [*sic*] Is it to supply the necessities of nature? The wages of the meanest labourer can supply them” (*TMS*, I.iii.2.1). However, in commercial society for the “great body of the people” the principle of respect is undermined by the very fact of the division of society into the “poor” and the “rich”, because “[t]he man of rank and distinction [...] is observed by all the world” (*TMS*, I.iii.2.1), but the “poor man, on the contrary, is ashamed of his poverty. He feels that it either places him out of the sight of mankind, or, that if they take notice of him, they have, however, scarce any fellow-feeling with the misery and distress which he suffers. [...] The poor man goes out and comes in unheeded, and when in the midst of a crowd is in the same obscurity as if shut up in his own hovel. [...] They turn away their eyes from him, or if the extremity of his distress forces them to look at him, it is only to spurn so disagreeable an object from among them” (*TMS*, I.iii.2.1).

## **V. SMITH’S UTOPIA AS A SOLUTION TO THE ADAM SMITH PROBLEM: SOCIETY AS AN OPEN AND PROGRESSIVE SYSTEM OF MUTUAL SYMPATHY**

Because of these considerations, Smith regards the division of society into the “rich” and the “poor” as “the great and most universal cause of the corruption of our moral sentiment” (*TMS*, I.iii.3.1). This is in fact the greatest challenge to the sort of ethics that Smith teaches. I claim however that Smith employs a concept of future-history as a solution to overcome this challenge. That is to say that he employs a certain concept of utopia to overcome the contradiction between his concept of non-utilitarian ethics and the principle of utility that prevails in commercial society.

Now, the claim that Smith delineates in his work a certain concept of utopia may astonish many scholars more than the claim that there is a critique of commercial society, because Smith seemingly rejects explicitly the possibility of utopia in his only invisible-hand paragraph in *WN*. The term “utopia” is usually explained in terms of a visionary social and political system. Obviously, Smith did not rely on this kind of a concept of utopia. This does not mean, however, that Smith discarded the concept of utopia as such, for originally utopia was meant to be an essential critique of existing conditions. Had Smith discarded the concept of utopia, he would have probably ended in positivism. However, without sticking to the traditional concept of utopia, Smith endeavors to rescue its critical intention and give to it a new turn. Unlike the traditional concepts of utopia (which I call here “ideal utopia”), Smith employs a certain concept of utopia, which I would like to describe as a “realist utopia”. In other words, instead of detaching critique from reality or *ought* from *is*, as is common in traditional concepts, Smith endeavors to integrate the conception of critique into his account of commercial society. As opposed to traditional concepts of utopia, Smith does not give a detailed description of an ideal society to come. Rather, he prefers to develop an immanent critique of existing social relations and deduces thereby a kind of vague framework for a society to come.

If we take the term “utopia” in this Smithian sense as described above, then we can assert that we have been in fact already dealing with Smith’s utopia, since by working out his critique of commercial society, I referred to the most essential principles of his ethics and social and political theory, such as mutual sympathy and trust, and to his critique of alienation behind which there lies implicitly his conception of authenticity.

In what follows, I am going to claim that Smith employs a certain type of utopia to criticize commercial society. That my suggestion is consistent with Smith’s overall work can be shown in many ways. Here I will refer to the debate between Smith on the one hand, and Hume and Mandeville on the other, regarding whether it is possible to establish an ethical society based on the principles of mutual sympathy and virtue.

### *1. Smith against Hume’s and Mandeville’s Moral Skepticism*

One of the most important aims of Smith’s moral philosophy is to show that morality is possible. Smith defines the aim of any theory of ethics as endeavoring to “direct the judgements” of the impartial spectator. This is, according to Smith, “the great purpose of all systems of morality” (*TMS*, VII.ii.1.47). He thereby challenges both Hume’s skeptical claim about the impossibility that human beings should regard one another as their second selves and Mandeville’s claim that a virtuous life is impossible. Both of them claim it is *utopian* to aim to establish a non-utilitarian ethical society. Both of these claims culminate, from Smith’s point of view, in the claim that morality based on sympathetic social relations (and utopia in

this sense) is impossible. Therefore, in his account of ethics, Smith responds to both Hume's and Mandeville's skeptical challenges.

Mandeville's main argument, in *The Fable of the Bees: or Private Vices, Publick Benefits*, is that there is no distinction between virtue and vice. He seems even to claim that the distinction between virtue and vice would hinder the progress of civilization. Therefore, in the second part of his poem "The Grumbling Hive: or, Knaves *turn'd Honest*", which is entitled "The Moral", he makes a programmatic assertion that a virtuous life without vices is "EUTOPIA", that is to say that it is impossible.

In his discussion of the question whether benevolence is possible, Hume formulates a similar skeptical challenge to Smith's account of ethics. If benevolence were possible, Hume asserts, then, that everybody would regard one another as his/her second self. However, as the conception of benevolence is impossible, then it is also not possible that human beings should regard one another as their second selves (Hume, *Enquiries*, 185). From this consideration Hume concludes that the principle of justice in the sense of the distinction between *mine* and *thine* is absolutely necessary.

Mandeville's and Hume's skeptical accounts of ethics present, of course, huge challenges to Smith's moral philosophy. For if it should be impossible for human beings to see themselves as others would or are likely to see them, then the most essential foundation of Smith's moral philosophy would be undermined, since it is exactly this principle upon which his whole system is built. Therefore, his response to Hume's challenge may be seen also as a response to Mandeville's, since it is in exactly this context that he formulates also his account of propriety and virtue (which are in Smith's account, in most cases synonymous).

Smith does not differ much from Hume in his assessment of the oppositional relation between the concepts of benevolence and justice. According to Hume, as well as to Smith, the concepts of benevolence and justice are built upon entirely different principles. Whereas the concept of benevolence is built upon the principle of commonness, that of justice is built upon the separation between *mine* and *thine*. They differ, however, in their assessment of whether benevolence is possible. Unlike Hume, Smith's aim in his discussion of the relation between justice and benevolence is to show that benevolence is possible. According to Smith's approach it is an epistemological necessity. Otherwise, there can hardly be any communication in any given society.

In his account of commercial exchange relations, Smith does not differ much from Mandeville; his description of commercial exchange relations is very similar to Mandeville's. However, they differ in their normative assessment of these relations. Like Smith, Mandeville asserts that "[t]o expect, that others should serve us for nothing, is *unreasonable*; therefore all Commerce, that Men can have together, must be a continual bartering of one thing for another. The Seller, who transfers the Property of Thing, has his own Interest as

much at Heart as the Buyer, who purchases that Property” (Mandeville, *Fable*, Vol. 1, 349; italics mine). This normative assessment of commercial exchange relations of Mandeville’s refers to his utilitarian conception of reciprocity, as explored elsewhere (Mandeville, *Fable*, Vol. 1, 341), and it recalls immediately Smith’s initial paragraph of *TMS*, in which he formulates a *non*-utilitarian conception of reciprocity.

But Smith approaches the utilitarian concept of reciprocity historically. Let us look at a paragraph from *LJ*, for example, in which he compares two historical hypothetical examples: a poor and a rich country with social class distinctions:

In a poor country there can be no great difference betwixt the master and the slave in any respect. They will eat at the same table, work together, and be cloathed in the same manner, and will be alike in every other particular. In a rich country the disproportion betwixt them will [...] make the rich men much more sevr [*sic*] to their slaves than the poorer ones. A man of great fortune, a nobleman, is much farther removed from the condition of his servant than a farmer. The farmer generally works along with his servant; they eat together, and are little different. The disproportion betwixt them, the condition of the nobleman and his servant, is so great that he will hardly look on him as being of the same kind; he thinks he has little title even to the ordinary enjoyments of life, and feels but little for his misfortunes. The farmer on the other hand considers his servant as almost on an equall with himself, and is therefore the more capable of feeling with him. [*LJ*, 184]

Smith concludes from these considerations: “[t]hose persons most excite our compassion and are most apt to affect our *sympathy* who most *resemble* ourselves, and the greater the difference the less we are affected by them” (*LJ*, 184; italics mine). Thus, as we may see, Smith refers implicitly to a form of society without social classes as the most important precondition for the principle of sympathy’s becoming actuality. For in both of the countries, whether rich or poor, there are no sympathetic relations because of the division of society into different social classes. In a poor country, there may still be some remnants of sympathetic relations because it does not admit of a great difference in fortune. But even in a poor society with social classes the principle of sympathy no longer serves as the foundation of all social relations. But in his moral philosophy Smith teaches us that without sympathetic social relations there can hardly be communication and morality, and to establish this, I think, is Smith’s utopia.

## 2. *Smith's Conditional Justification of the Possibility of Utopia*

Now, suggesting that there is a utopia in Smith's work sets a challenge for us. It reminds us of Smith's "scepticism" about the possibility of utopia, which he formulates in *WN*, IV.ii.43. He says explicitly: "[t]o 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" (*WN*, IV.ii.43; italics mine). In this assertion Smith refers to three types of utopia at the same time: *freedom of trade*; *Oceana* pointing to James Harrington's *The Commonwealth of Oceana*; and *Utopia* referring to Thomas More's *Utopia*.

Here it seems as if Smith would assert that whichever utopia we take, its realization is impossible. In order to respond to the challenge, we must consider how Smith justifies his skepticism. Smith does not commit himself to skepticism in principle. When we glance at this sentence and consider Smith's choice of words, especially the strong connotations of "absurd", for example, we might well think that Smith commits himself to the principle of skepticism without any reservation.

However, unlike Hume and Mandeville, Smith is not questioning the possibility of utopia as such. He says it is impossible because the "prejudices of the publick" and "the private interests of many individuals", that is, "master manufacturers", stand against it (*WN*, IV.ii.43). At first sight, Smith appears to reject the possibility of utopia as such. On closer examination, however, he does in fact formulate at least two preconditions that should be fulfilled so that utopia may become possible. He refers to "public prejudices" and "master manufacturers" as presenting fundamental obstacles to the realization of utopia. For if public prejudices can be overcome by enlightening them, if "master manufacturers" as a social force can be overcome, there is no reason why utopia should be impossible. Therefore, on closer examination, the reasons that Smith gives in order to justify why he thinks that utopia would not be possible turn themselves into historical, social and political challenges that must be overcome if the existing social conditions become a burden and if the realization of utopia appears to be the only way out of these.

If my reading of this paragraph is correct, Smith's seeming skepticism with regard to the possibility of utopia turns out to be in fact a conditional justification. This would, in turn, mean that Smith seems to put before us at least three types of utopia: that of free trade, that of Harrington, and that of More. This may indeed be seen as a problem in Smith's formulation of his utopia.

There may be many ways of interpreting the paragraph quoted above, and any suggestion about how the problem in Smith's formulation should be solved can only be a speculative one. But I suggest that these three forms of utopia must be taken together and set in relation to one another.

The scholars of Smith's work who dealt with his utopia were, implicitly or explicitly, mostly concentrated on his idea of freedom of trade. However, reading Smith's work in the

light of what I suggest would mean that his utopia consists of three complementary elements: freedom of trade, *Oceana*, and *Utopia*. Smith's conception of freedom of trade seems to refer to the equal distribution of commodities in the market. His reference to James Harrington's *Oceana* points to the equal distribution of land. That is to say, both the principle of freedom of trade and *Oceana* are developed on the basis of the principle of distributive justice and may be taken together. His reference to Thomas More's *Utopia* refers to the common use and administration of all means of production and subsistence.

The Harringtonian version of utopia and the idea of freedom of trade are above all concerned with the division of land and the distribution of wealth among the citizens. The Morean version of utopia, by contrast, is concerned primarily with the socialization of land and wealth. Philosophically speaking, Harrington wants to establish a society on the principle of distributive justice, i.e., merit and demerit. More, by contrast, aims at establishing a society on the principle of mutual respect.

How do these two types of utopia relate to Smith's utopia? How can this apparent interpretive dilemma be solved? I suggest differentiating within Smith's utopia between short-term and long-term aims. I especially suggest that what Smith discusses under the terms of freedom of trade and *Oceana* refers to his short-term solution and *Utopia* to his long-term solution to the problems arising from the division of labor in commercial society. This would mean that, with his short-term aim, Smith wants to reform radically commercial society without questioning its essential logic, whereas with his long-term solution he essentially wants to overcome commercial society.

I am not claiming that Smith formulates this explicitly. But I am maintaining that this may be a more reasonable explanation of the above-formulated interpretative problem, when we take seriously the most fundamental conceptions of his social and political theory such as mutual sympathy and mutual love. This reading would also conform to his non-utilitarian conception of ethics.

However, apart from all these arguments, in my reading I am inspired particularly by two passages in *TMS*. *Firstly*, when Smith comes to deal with the sense of merit and demerit in part two of *TMS*, he defines merit and demerit as "species" of criteria of approbation and disapprobation distinct from propriety and impropriety (*TMS*, II.intro.1). The main difference between these two sets of criteria is this: whereas the former are to be seen within the paradigm of justice, which is according to Smith a negative virtue, the latter can hardly be confined to the conception of justice and therefore it must be placed within the paradigm of mutual sympathy and respect. *Secondly* and more importantly, Smith says:

Society may subsist among different men, as among different merchants, from a sense of its utility, without any mutual love or affection; and though no man in it should owe any obligation, or be bound in gratitude to any

other, it may still be upheld by a mercenary exchange of good offices according to an agreed valuation. [*TMS*, II.ii.3.2]

But

[w]here the necessary assistance is reciprocally afforded [not based on the principle of utility but,] from love, from gratitude, from friendship, and esteem, the society flourishes and is happy. All the different members of it are bound together by the agreeable bands of love and affection, and are as it were, drawn to one common centre of mutual good offices. [*TMS*, II.ii.3.1]

The former principles refer to the system of justice and utility, that is, to the idea of freedom of trade and the Harringtonian version of utopia, whereas the latter points to the system of mutual sympathy and respect and the Morean version of utopia. The establishment of the last-mentioned utopia may also be seen as Smith's own projected solution to the Adam Smith Problem.

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