

A Restrictive Philosophy

Assessing the Forfeiture of Modern American Virtue to Smith's Man of the System

Introducing Moral Philosophy to Economic and Political Considerations

Distinguishing between historic economists, philosophers, and political theorists is a complex task. Karl Marx is regarded as an unforgettable philosopher, economist, and sociologist, and his works often blend even more genres. Immanuel Kant is celebrated within the contemporary philosophical community as a renowned ethicist, however, his influence reaches far into political theory and economics with works such as Mark D. White's *Kantian Ethics and Economics: Autonomy, Dignity, and Character* removing any boundaries that might exist between the subjects. Likewise, Adam Smith wrote about economic ideology in *The Wealth of Nations*, and he detailed his views on ethics in *The Theory of Moral Sentiments*. As with other thinkers of his time, his economic and political thoughts cannot be divorced from his moral philosophy. Indeed, Smith's advocacy for moral sentimentalism over consequentialism determined his approach to politics and economics.

According to Smith's moral sentimentalism, an action is only morally permissible if, after reflecting on the feelings that led to the action or the feelings the action arises in others, one discerns that an impartial third party would sympathize with those feelings. In other words, according to Smith, to sympathize with a feeling is to approve of those feelings. If I resent the mistreatment of a slave in Africa just as that slave in Africa resents his or her mistreatment, I am condoning that resentment (Smith, 1759/2008, p. 6). Furthermore, Smith sees a distinction between mere propriety and virtue. For an action to proceed from propriety, the feeling that can be sympathized with must be a feeling that is not difficult to achieve: "To give a humdrum example: in ordinary circumstances if you are hungry it is perfectly right and proper for you to eat, and everyone would agree about that; but no-one would call your eating virtuous!"

Conversely, virtue only belongs to people who act in ways that deserve to be admired (Smith, 1759/2008, p. 12).

In practice, this means legislative action cannot and will never inspire virtue within the people of any nation. The man who intervenes when a robber is mugging an innocent person because he can be arrested for compliance otherwise is radically different from the man who defends the innocent person from the robber because he sympathizes with the innocent person's desire for aid. The first man exhibits propriety. He does exactly what is expected for someone in his situation, and he would be punished by law if he did not provide help to the innocent person. In stark contrast, the second man is not compelled by law to defend the innocent man. Rather, he steps in for the innocent man because his sympathies—his sentiments—align with the sentiments an impartial third party observer would have. For this reason, the second man possesses virtue. It follows that any attempt for politicians to enforce virtue through legislation will only serve to create citizens who conform to the type of the first man.

Furthermore, this context adds considerable clarity to Smith's metaphor of the man of the system. When considering how the characters of men and women affect the happiness of all and before beginning his exposition on the man of the system, Smith notes:

A man whose public spirit is prompted only by humaneness and benevolence will respect the established powers and privileges of individuals, and even more those of the great orders and societies into which the state is divided. If he regards some of them as somewhat abusive, he'll settle for moderating things that he often can't annihilate without great violence. . . . He will do his best to accommodate public arrangements to the confirmed habits and prejudices of the people, and to remedy any inconveniences that flow from the lack of regulations that the people are

unwilling to submit to. When he can't establish the right, he won't be too proud to ameliorate the wrong. Like Solon, when he can't establish the best system of laws he will try to establish the best that the people can bear. (Smith, 1759/2008, p. 124)

Although Smith implies that a certain level of legislation is inevitable and even acceptable, he should not be seen as a proponent for increased legislative activity. Rather, he claims the individual exhibiting virtues of humaneness and benevolence—a society abiding by virtue—will allow for citizens of a nation to have extensive freedom and liberty. He or she will only erect laws where they are absolutely necessary because, as aforementioned, any legislation with potential to influence morality infringes on people's ability to practice virtue. Moreover, Smith argues that the man of the system is mistaken precisely because he attempts to control humanity through imposing burdensome laws. In doing so, the man of the system stumps the development of virtue and brings about a host of unintended consequences (Smith, 1759/2008, p. 124). Therefore, according to Smith, although the state must provide legislative regulation in some areas of society and the economy, if a nation desires its people to be virtuous, it can only encourage virtue by refusing to administer virtue.

The implications of Smith's interwoven moral and political philosophy has monumental implications for the United States. The American people's inhibited freedom to pursue their own economic and political goals stifles the development of virtues within all men and women of the United States whilst burdening the government with a swarm of irreconcilable, negative consequences. One might infer that Smith would point to the government of the United States as the man of the system.

Adam Smith's Consequentialist Man of the System

As outlined, one interpretation of Smith's criticism of the man of the system is that the man of the system slows the progress of virtue development within societies. However, another equally valid interpretation is that the man of the system represents any political entity that subscribes to a consequentialist moral ethic. That is, the morality of any legislation depends on what consequences it brings about. If it brings about good consequences—the goal of the man of the system—the legislation is morally permissible. If negative consequences ensue, the legislation is a moral evil. Under this view of the man of the system, Smith would be raising an epistemologically-based objection to using legislation to attain political and economic goals. According to Smith, it is impossible for any politician to anticipate the consequences of any legislation they bring into existence. Though he or she may attempt to “arrange the members of a great society as easily as a hand arranges the pieces on a chess-board,” it is a futile effort as “every single piece has its own private source of motion, quite different from anything that the legislature might choose to impress on it” (Smith, 1759/2008, p. 124). No one has the knowledge needed to enact perfect legislation, therefore, it is best to not interfere with citizens' pursuit of their own interests.

Smith wrote about the man of the system at least partially because he rejected the consequentialist and utilitarian ethical systems of his time. Indeed, this clash between Smith's political philosophy influenced by his moral sentimentalism and the consequentialist man of the system is crucial for understanding much of Smith's thought. Additionally, this ethical debate is integral for uncovering how much Smith's ideals have been both adopted and neglected within modern American politics and economics.

Moral Sentimentalism Against Consequentialism

In 1737, Adam Smith enrolled in the University of Glasgow, and he studied as a philosopher under Francis Hutcheson (Bassing-Burks, 2003, p. 39). Accordingly, Smith's moral sentimentalism closely resembles Hutcheson's moral philosophy. Morality, in Hutcheson's view, arises from the unprompted, unconscious feelings people have when observing or deliberating actions (Hutcheson, 1725/2004, p. 90). He calls this the moral sense, "a determination of our minds to receive amiable or disagreeable ideas of Actions, when they occur to observation, antecedent to any opinions of advantage or loss to redound to ourselves from them" (Hutcheson, 1725/2004, p. 100). Further, the moral sense approves of actions that lead to "the general calm desire of the happiness of others," which Hutcheson defines as benevolence; this benevolence is, on Hutcheson's philosophy, a moral good (Hutcheson, 1728/2002, p. 25). Smith's moral sentimentalism does not depart far from Hutcheson's conception of moral sentimentalism. The primary distinction between the two philosophies lies in Smith's device of sympathy. Hutcheson believes morally good actions are those actions that embody benevolence—which is revealed through the moral sense. However, Smith asserts that moral goods and evils must be determined by a person imagining themselves in the shoes of another individual; morality is decided by how, in the person's imagination, an impartial spectator would sympathize with the other individual. While it is obvious that Hutcheson swayed Smith's views, their notions are not identical.

Both Smith and Hutcheson's forms of moral sentimentalism contradict the consequentialist ethics of their contemporaries such as Jeremy Bentham. For Bentham, pleasure was the only moral good and pain was the only moral evil. The degree to which an action maximizes pleasure and minimizes pain determines its morality (Bentham, 1823/1907, p. 65). Early in *An Introduction to the Principles of Morals and Legislation*, he says:

Nature has placed mankind under the governance of two sovereign masters, pain and pleasure. It is for them alone to point out what we ought to do, as well as to determine what we shall do. On the one hand the standard of right and wrong, on the other the chain of causes and effects, are fastened to their throne. They govern us in all we do, in all we say, in all we think: every effort we can make to throw off our subjection, will serve but to demonstrate and confirm it. In words a man may pretend to abjure their empire: but in reality he will remain subject to it all the while. The principle of utility recognises this subjection, and assumes it for the foundation of that system, the object of which is to rear the fabric of felicity by the hands of reason and of law (Bentham, 1823/1907, p. 12).

Because Bentham's end is hedonistic, he has no qualms with government and legislative interference as long as it abides by the utility principle, "that principle which approves or disapproves of every action whatsoever, according to the tendency which it appears to have to augment or diminish the happiness of the party whose interest is in question" (Bentham, 1823/1907, p. 12). Summarized, as long as a law results in the greatest pleasure for the greatest amount of people, it is permissible.

Although Smith and Bentham's moral philosophies clash, they share the conclusion that nations should allow their markets to operate with little to no intervention. Bentham's reasoning is that markets should run *laissez-faire* because the consequences of most economic intervention will not yield higher net pleasure for all; in the case that a government knows what ought to be done, or thinks that it knows what ought to be done as Smith might interject, it should take action in the economic realm (Bentham, 1952). Of course, Smith's declaration is that it is impossible to know the avalanche of consequences incurred by intervention. Though Bentham appears to agree

with Smith on the surface, one of Smith's greatest critiques falls on Bentham's utilitarian approach to economics and politics.

The Consequence of Modern Utilitarian Economics

Adam Smith is commonly referred to as the father of economics, and accordingly, many excerpts from his writings have become principles for American economists. One such principle is:

As every individual, therefore, endeavours as much as he can both to employ his capital in the support of domestick industry, and so to direct that industry that its produce may be of the greatest value; every individual necessarily labours to render the annual revenue of the society as great as he can. He generally, indeed, neither intends to promote the publick interest, nor knows how much he is promoting it. By preferring the support of domestick to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention (Smith, 1776, p. 456).

The invisible hand of the market tied into the idea of the pursuit of individual interest is often used as an argument for the market operating most efficiently when individuals maximize their own pleasure as they would under a hedonist ethic. Modern scholarship views this contrast between Smith's advocacy for virtue in *The Theory of Moral Sentiments* and his later obsession with self-interest in *The Wealth of Nations* with such difficulty that it has become a famous problem: *Das Adam Smith Problem*. "The Problem as such, states that there is an irreconcilable difference or inconsistency between The Theory of Moral

Sentiments, with its sympathy-based concept of human nature, and *The Wealth of Nations*, founded on an egoistic theory of self-interest” (Montes, 2003, p. 66). Numerous possible solutions to this discrepancy exist, but one highly consistent explanation is that Smith could only say what he said precisely because he was a moral sentimentalist. At the heart of his words was a belief that people would be able to refine their virtue through acting in their own interest. As in the metaphor of the man of the system, in allowing people to do what they wish, virtue and societal success are emphasized. “His more specific task in the *Wealth of Nations* was to establish that self-interest can be important for getting some things done and that one does not need to rely on other regarding obligations for everything. That is, one can economise on virtue” (Vines & Morris, 2015, para. 13).

Despite this fact, modern American economics follows traditional economy theory built on the assumption that people will and ought to maximize their individual utility with no concern for any other values. Although Smith might not explicitly disagree with this, as aforementioned, he faulted the hedonistic reasoning that birthed the strain of traditional economic theory popular in universities throughout the United States.

Moreover, because modern American economics finds its foundation in a moral philosophy much closer to that of Bentham than that of Smith, the aim of building virtue through economic freedom has been all but lost in mainstream economic discourse. The necessity of Smith’s rejection of the consequentialist man of the system is evident in the fact that modern American government and economics have suffered due to their acceptance of the man of the system. The United States is under the illusion that it can, in fact, control the consequences of its every action—politicians believe they can guarantee beneficial outcomes when the market fails

to do so. Virtues that could be cultivated are neglected due to the man of the system making decisions for the American people.

One case of the United States government imposing itself is apparent on a macro-political and macroeconomics level: the federal government is a prime target for Smith's criticism. The development of institutions like the Supreme Court, though integral to the operations of the United States as it is today, make the incredible authority of the federal government evident. In 1803, the Supreme Court began extending its reach as, following *Marbury v. Madison*, Chief Justice John Marshall wrote, "It is emphatically the province and duty of the judicial department to say what the law is" (The Week, 2018, para. 1-2). In the following centuries, landmark cases like *Dred Scott v. Sandford*, *Brown v. Board of Education*, and *Roe v. Wade* decided what was legal for the entire nation regardless of what each local government desired. While the benefits and pitfalls of the verdicts of each case can be sharply debated, it is clear that they all had the effect of subjecting the people of the United States to become like the man who does what is moral because it is what is legal. The court toppled Smith's vision for citizens doing what is right because they desire humaneness, benevolence, and sympathy.

Furthermore, programs in other sectors of the federal government have had similar far-reaching implications for Americans. In 1933, Franklin D. Roosevelt began his project to establish what he called "a new deal." Among the components of the New Deal was the Social Security Act of 1935, an attempt to provide economic security for many citizens of the United States (Library of Congress, para. 1-2). Once more, although the pros and cons of the Social Security Act can be contested, it was legislation that had economic ramifications for every state, city, and neighborhood in the United States. The consequentialist man of the system commanded economic mastery over the people, and they were blocked from inventing their own solutions.

The influence of the consequentialist man of the system in America does not end with historic examples. In 2017, Hurricane Harvey devastated Texas and Louisiana with disastrous flooding. In the wake of the destruction, some producers took advantage of the increased demand for necessary physical goods like water and gas resources. Engaging in a practice known by the pejorative “price gouging,” convenience stores and gas stations raised their prices as high as \$99 for a case of water and \$20 for a gallon of gas (Garfield, 2017, para. 1). Following this, Attorney General of Texas Ken Paxton issued a warning through his communications director Marc Rylander saying, “Texas law protects consumers from fraud in Dallas and other parts of Texas outside of the governor’s declared disaster areas. If Dallas consumers are victims of fraud by gas stations, we urge them to contact our agency’s consumer protection hotline so that we can investigate and take appropriate action” (Paxton, 2017, para. 2). Although some see government prevention of price gouging as a noble attempt to protect the people of the United States, this prevention merely functions as a price ceiling that harms producer profit, and these producers are also people of the United States. Through attempting to function as a consequentialist man of the system, the Attorney General of Texas set off a domino chain of unintended consequences. After the majority of Hurricane Harvey passed, consumers rushed to gas stations to fill containers with gasoline, creating a massive shortage (Winkle, 2018, para. 1-2). According to economic principles, had gas stations been permitted to raise their prices in response to rising demand, producers would have been incentivized to produce more gas and the existing gas resources would have been distributed more evenly.

Indeed, in traditional economic theory, price ceilings cause deadweight loss; consumer welfare is decreased as shortages occur and producer welfare is lost as profits decrease. The result is a net loss in welfare. Even though this is common knowledge within economics,

American politicians press ahead in erecting price ceilings all throughout the economy. Why does this contradiction exist? Because, in a fashion much like Bentham, they nevertheless believe the consequences of their intervention are better than the consequences of non-intervention. This is evident in Attorney General Ken Paxton's language of protecting consumers from fraud. He implies that stopping consumers from being charged high prices for gas is better than giving producers free rein to raise their prices to the equilibrium price. In a model of economics rooted in Bentham, this is valid logic. Yet, according to Smith, one should hesitate from controlling the economy with a domineering hand in this way precisely because even if it seems that the consequences of an action are evident, it is impossible to know what train of cascading effects might ensue. Additionally, under Smith's principles of moral sentimentalism, had consumers in Texas been allowed to purchase gas in a free market unrestrained by price ceilings, those same consumers would have had greater opportunity to practice virtue. For example, they might sympathize with their neighbors who have no gas and act on those sympathies by sharing gas; humaneness, benevolence, freedom, and liberty—virtues extolled by Smith—would flourish.

Conclusion

Ethics, economics, and politics were inseparable for Adam Smith and his contemporaries, and the influence of that combined approach is plain in their handling of economic and political systems. Particularly, Smith's moral sentimentalism inherited from his mentor Francis Hutcheson proposes a hands-off attitude toward politics and economics that frowns on governmental and legislative interference. However, modern American perspectives of economics and politics follow Bentham's utilitarian, hedonistic thought more than Smith's philosophy. The power of the Supreme Court, historic legislation, and present responses to crises

like Hurricane Harvey exemplify Smith's consequentialist man of the system. Still, the United States has an opportunity to elevate virtue by embracing liberty and loosening its reins over politics and economics; the United States can follow the way of Adam Smith, that is, the way of a virtuous man.

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