

# **Adam Smith in the Tradition of Natural Law Philosophy**

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Smith's notion of an invisible hand comes from the discussion of 17th century natural law philosophers and Scottish moral philosophers. Natural jurists argued that social norms are immanent in human nature, but it should be explicated by reasons and upheld by social enforcement. Scottish moral philosophers argued that self-interested individuals spontaneously adopted social norms, once they are explicated by reasons. Smith rejected the necessity of reasons to identify social norms, and argued that spontaneous activities of self-interested individuals bring forward social norms immanent in human nature. Smith also argued that politics of creating social institutions is beyond moral judgement and would provide solutions to the systematic breakdown of a free commercial society.

## **1. INTRODUCTION**

Smith devises the famous metaphor of an invisible hand to depict a spontaneous and endogenous social order of a free commercial society. In this paper, we are concerned with the philosophic lineage of this notion. We will argue that Smith provides it to solve the originating question of Scottish moral philosophy from the traditional natural law discussion. By the term 'originating question,' we refer to the following understanding: Scottish moral philosophers adopt the natural law discussion of social norms immanent in human nature, but they raise the new issue of how social individuals accommodate them spontaneously.

We will also provide a framework of Smith's thought in which his political and economic arguments are fitted together in line with the natural law tradition of Scottish moral philosophy.

The natural law philosophy has been a major subject of Political Science, and its relationship with Scottish moral philosophy has been fully examined in the recent literature, e.g. Buckle (1991) and Haakonssen (1996). In this literature, however, Smith's moral and jurisprudential arguments have not been explored along the line of the natural law philosophy.

In the Smithian literature, on the other hand, the natural law source of Smith's arguments has been mostly overlooked to the extent that some interpretative dissonance was proposed between Smith's economic and moral discourses.<sup>(1)</sup> In this paper we will take the familiar argument of the lineage from Grotius to Hume, and expand it to Smith. This reading of Smith presents a new insight into the ideal state of Smith where natural jurisdiction dominates a free commercial society.

In Smith's development of Scottish moral philosophy, natural law is subject to institutional confinements such that a liberal capitalist society would not be an ideal society free from the short-comings of its own socio-political institutions. He notes that natural jurisdiction may bring about institutional disorder in a simple market economy, and that the interaction of liberal individuals would not settle down such an disorder. He further argues that it would require the super-individual power of government to intervene in individual activities. This reading of Smith is distinctive from the conventional reading that Smith proposes a classical liberal society, e.g. Evensky (1987, 1992). But it matches with the recurrent observations on Smith in the recent literature, e.g. Heilbroner (1973), that the class interest of capitalists is not consistent with the interest of a whole society, or that the forces of division of labor develop moral corruption within a free commercial society. Our reading of Smith also suggests that these defects represent a potential breakdown, rather than a malfunctioning, of a society. Each and every individual of a commercial society are morally justified in pursuing his/her own interests, and there is no moral basis for government to intervene in such individual activities. A degenerating process of, e.g., moral corruption would be set in a commercial society as an unintended outcome of morally justified individual activities, and moral arguments do not provide any mechanism of reversing such a degenerating process. That is, Smith may justify his prescription of government intervention on the 'amoral' (pre-moral) characteristic of politics to create social norms themselves.

Smith does not present a systematic explanation of his philosophical background, and his remarks on natural jurisprudence are not enough to establish him in the natural law tradition. In order to consider his view of natural law, we need to examine how Scottish moral

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(1) Here we do not refer to the false issue of the so-called Das Adam Smith Problem. We rather refer to the difficulty of how Smith's moral and economic arguments are put together to compose a unified and systematic argument of a whole society. See Viner (1928) for details.

philosophy arose from natural law philosophy and what would be Smith's contribution to this problem. The next two sections are devoted to these issues. Our discussion of the first issue is founded on the existing studies, e.g. Buckle (1991), on the multifarious relationship between the natural law philosophy of Grotius, Pufendorf, and Locke, and the Scottish moral philosophy of Hutcheson and Hume. In this reconstruction of the existing studies, however, we will focus on the uneasiness of Scottish moral philosophy with regard to its own originating problem. Our discussion of the second issue goes beyond the existing literature. It will show Smith's synthetic solution to the relationship of Scottish moral philosophy and the natural law tradition, and so would establish his own natural law philosophic framework. A conclusion will follow.

## 2. FROM NATURAL LAW PHILOSOPHY TO SCOTTISH MORAL PHILOSOPHY

Roughly speaking, natural law refers to a systematic representation of social norms founded on human nature. It signifies the Aristotelian essence of individual behavior appropriate for organized social existence,<sup>(2)</sup> and individuals are assumed ready to recognize natural law by rationally reflecting on their own nature. Natural law is also conceived as in close relation both with the superior being of God and with positive laws of any historical society. The will of God is assumed to set human nature and so provide natural law, and the legitimacy of positive laws is assumed to depend on their consistency with natural law. As natural law comes from human nature, individuals have an inborn tendency to follow it. They are also obliged to comply with natural law, simply because their existence is owed to the providence.<sup>(3)</sup> Individuals have no rights against the will of God. But the fact that all individuals have the same divine obligations make right-like relationships arise among

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(2) Hence natural law may be either adventitious or not, but no natural law is arbitrary.

(3) By this voluntarist proposition, we simply note that rationality does not command obligation. It is not inconsistent with the theological rationalist view that an exercise of God's will against human nature would be perceived as unjustified from the viewpoint of a rational but limited human understanding. Similarly, we may interpret Grotius' *etiamsi daremus* clause as follows: God orders natural law by prescribing human nature and He cannot nullify it without contradicting with human nature.

individuals. That is, each individual has some inalienable rights to the necessary means of achieving divine obligations. A society, composed of those individuals endowed with divine obligation-cum-rights, may interfere with individual activities only to promote or preserve the will of God as reflected in natural law.

The theological tradition of natural law focused, on the one hand, upon a legitimate interpretation of God's will as revealed in the Scriptures and, on the other hand, upon the just relationship between God's will and natural law. The modern natural law tradition starts from Grotius. He secularizes the discussion by shifting the focus to the consistency of positive laws with natural law. In Grotius the revealed law of God is somehow detached from the natural law discussion. Because God's plan is assumed so perfect that any requirement of God's intervention on mundane human life implies the original plan imperfect. In this perspective individuals are led by human nature to achieve God's plan by themselves, and so natural law appears to be closed except of its existence. It is a short-step from this view of a self-sufficient social order that there arises the question of an endogenous and spontaneous social order. These two issues, not fully emphasized in the existing literature, had been the implicit forces for the development of Scottish moral philosophy from the natural law tradition of Grotius, until they were finally solved by Smith.

The whole edifice of Grotius' discussion of natural law is founded on the specification of human nature. He considers that human nature consists in self-preservation, and that a society is indispensable for the self-preservation of individuals. From the necessity of self-preservation, there arise the individual right of taking *suum* — what is one's own — for private convenience and the constraint of sociableness to direct *suum* for public convenience.<sup>(4)</sup> Social perception of *suum* reflects given material-economic conditions of a society, and is "prior to *positive laws*"[Buckle (1991, p. 29)]. Positive laws, if legitimate, should confirm the concerned social perception. Otherwise, they are perceived as illegitimate and be discarded. *Suum* involves adventitious objects such as property as well as inborn objects of personal life, liberty, and labor, and their spheres may expand with historical

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(4) Two issues are worth noting in this context. In the first place, it is the obligatory rule of natural law that individuals ought to exercise their rights of *suum* within social confinements. Secondly, this thesis does not provide a general criterion of how sound reasons would solve the conflict between private and public conveniences.

development of a society.<sup>(5)</sup> Hence the extent of property is evolutionary. Not only does it reflect the social perception of what constitutes property at a certain historical stage of a society. Revision of social perception is also explained as inevitable in view of the self-preservation of individuals on changed material-economic conditions of a society. However, any proposals of social perception not consistent with the necessity of self-preservation are regarded as ill-composed and not taken as the legitimate basis of social norms. Natural law is a set of social norms rationally derived from the necessity of self-preservation for given socio-economic conditions. Therefore the contents of natural law are different for societies of different historical situations. We may say that natural law is historically relative as well as deductively rational.

This framework of Grotius had not been much changed in the subsequent discussion of natural law. Though the accounts of natural law are not same among Grotius, Pufendorf, and Locke, it is not caused by their adoption of different philosophical frameworks. Pufendorf, for example, departs from Grotius by denying that “reason can of itself (without the superior being of God) create obligations”[Buckle (1991. p. 62)]. As Pufendorf accepts it in human nature that individuals tend to pursue their own private conveniences, his issue of obligation is reduced to the problem of how individuals are led to control self-interested motives to achieve public convenience.<sup>(6)</sup> Locke also deviates from Grotius by taking the realm of obligation extensively. He notes that *suum* involves life and liberty as well as goods necessities, and conceives them necessary to preserve oneself. Thus, in Locke, not only does property arise naturally, ‘without any consent among individuals’, from the obligation to God’s will of self-preserving human beings. Rights of property are also restricted such that individuals ought not to dispose of their properties in ways not consistent with self-

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(5) Buckle (1991, p. 78) notes that “(t)he necessity of extending one’s own to include things necessary for one’s preservation means that such extensions are also necessarily legitimate”. As necessities for self-preservation differ in different socio-economic conditions, the legitimate spheres of *suum* would be extended historically.

(6) In Grotius the necessity of self-preservation motivates individuals strong sociableness enough to restrain selfish tendencies. Thus individual drive of Grotius is rationally reasoned to reconcile public and private interests. Pufendorf’s point is that individuals are not so rational to follow up those reasonably calculated balances. He amounts to say that the motive of sociableness is not so strong, and that individuals obey a natural law of constraining self-interests from the reverence to God’s will.

preservation. Neither are Lockean individuals allowed to, nor will they, make a compact which subjugates themselves to an arbitrary will of another individual.<sup>(7)</sup> These arguments of Locke shift the focus of subsequent natural law discussion by suggesting that “a full and almost free rein to self-interested behavior” is natural and involves no “pernicious consequences for the social order”[Buckle (1991, p. 161)]. Nevertheless, Locke still maintains the philosophical framework of Grotius where natural law, as a social norm, is deductively rational and historically relative.

A distinctive feature of the natural law discussion from Grotius up to Locke is concerned with the motive of human activities. In their views, human motivation is ‘finally caused’ by the obligation to God’s will such that individual self-interest is merely an ‘efficient cause’ to support the operation of a final cause. God’s will is embodied in natural law which, in turn, is discovered by sound reason. Hence a ‘just’ social order exists independently of willful activities of human beings, and is upheld by rational individuals. If self-interested activities are not consistent with a ‘just’ social order, they are conceived as irrational and be compressed.<sup>(8)</sup> Reason is therefore the keystone of this ‘teleological’ discussion of natural law. It is by reason that individuals recognize the existence of God and their duty to oblige with His will as well as specific natural laws.

The main drive of Scottish moral philosophy is to dethrone reason of its central role in the natural law discussion and to replace it with sentiments or sense-experiences. At the final stage of this new approach, a social order is endogenized within the realm of self-interested activities of individuals and is maintained spontaneously. Smith achieves this final stage with the famous metaphor of an invisible hand. He removes the last trace of reason in the Scottish version of natural law discussion such that the maintenance of a social order no longer requires any teleological arguments. Now we will consider the central theses of Hutcheson and Hume — the major figures of Scottish moral philosophy — that would fill in the gap between the natural law discussion and Smith’s argument of moral sentiments.

Hutcheson’s theory of moral psychology comes from Locke’s accounts of “the natural

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(7) Alternatively, the compact of composing a civil society is of such a kind that government cannot legitimate an arbitrary forfeit of individual properties.

(8) Locke’s arguments suggest just that self-interested activities are consistent with a ‘just’ social order.

jurists' commonplace that the natural law has its foundations in human nature"[Buckle (1991, p. 191)]. Hutcheson, however, secularizes Locke's arguments by rejecting any rule-based human behavior. He considers that individual activities are motivated by the passion of pursuing pleasure (and avoiding pains) from sentiments, and that moral activities are caused by the same passion of pursuing pleasure from moral sentiments. This argument of Hutcheson is based on the distinction between moral sentiments and moral norms, and he stipulates the latter to promote "the general good" of a society.<sup>(9)</sup> As self-interest of Hutchesonian individuals consists in pursuing pleasure (and avoiding pains) from moral sentiments,<sup>(10)</sup> not only there exists a spontaneous tendency of individuals to pursue "the general good." There also exists a hierarchy of social order that all the competing individual activities are arranged according to their contribution to "the general good." The moral argument of "the general good" is, of course, teleological, and it deprives self-interested motives of any significance. It also raises the difficulty of who determines what "the general good" is. Hume takes up this latter issue. He reintroduces the natural law concept of reason — the faculty of rational calculation — to determine social utility of human activities, and sets social utility the primary criterion of justice. Hence, in Hume's view, justice is an artificial virtue and is subject to rational evaluation of social expediency. It suggests that justice depends on the purposeful, but not arbitrary, activities of legislators to determine what is worth to enforce. This argument of Hume does not involve the notion of endogenous social order, though sentimental pleasure or pains lead individuals to follow spontaneously rationally given rules of justice.

Scottish moral philosophy arose from the natural law discussion by raising the issue of endogenous and spontaneous social order. Hutcheson solves the spontaneity issue by arguing that individuals pursue pleasure (and avoid pains) arising from moral sentiments. As for the endogeneity issue, Hume comes to reject the theological teleology of natural law discussion. But he still maintains a kind of rational teleology that an order of justice is set by rational

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(9) More accurately, Hutcheson defines as a moral sense benevolence or "the affection of the will which desires the happiness of others". Then he notes that "all moral effects can be reduced to the tendency to enhance the general good"[cited from Buckle (1991, p. 210, 214)].

(10) Hutchesonian individuals are motivated, in natural law philosophic terms, neither by the final cause of teleological rationality, nor by the obligation to God's will, but by the efficient cause of self-interest.

legislators to enhance social conveniences. It was left to Smith to discharge this last trace of teleological arguments from Scottish moral philosophy. We will see in the next section how Smith achieves this task by defining propriety a moral norm.

### 3. SMITH'S ARGUMENTS OF ENDOGENOUS SOCIAL ORDER

The main topic of Smith's theory of moral sentiments is Hume's principle of sympathy to stimulate moral behavior. It takes a central place in Smith's arguments not merely because of its character, well-known in Scottish moral philosophy, to integrate individuals into existing social norms. Smith also takes it as a main explanatory tool of how individuals produce or approve a certain behavioral pattern at the situation of no existing social norms. By suggestion, it further explains how existing social norms are substituted by new ones when the historical circumstances of producing existing social norms have been changed. We will note that Smith adopts the sympathy principle to propose social norms as unintended outcomes of individuals pursuing pleasure (and avoiding pains) from sentiments.

Smith's sympathy mechanism works as follows: spectators have uninterested pleasure in observing 'proper' activities of an observed agent and approve them, while an observed agent gets pleasure from the approval of spectators and is motivated to earn that pleasure. The keystone of this argument is what is proper at a concerned circumstance. It raises no difficulty when there already exist established moral norms, simply because moral norms are founded on social approval. When there is no established moral norms, uninterested spectators tend to approve of those activities of an observed agent which improve his/her own interests. Because, Smith argues, human nature is so constituted that a primary concern of each individual is his own welfare. By this proposition, Smith suggests only that no others are better qualified than a concerned person to take care of himself. He does not take the modern view that individual pursuit of selfish pleasure constitutes a main factor of explaining social behavioral patterns. Smithian individuals tend to pursue their own interests not so much from selfishness as from other's approval of self-interested behavior.<sup>(11)</sup> Nevertheless, this

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(11) Smith does not ignore that individuals get bodily pleasure by consuming goods and services. But he notes that bodily pleasure is easily satisfied with small amounts of goods and services, and that those goods and services are fully supplied even at an early and rude stage of a society.



argument of Smith does not imply a strictly neutral norm of propriety. Not only do spectators themselves earn the sentimental pleasure of fellow-feelings from the sympathy of sorrow, resentment, and joyance. They also have natural preference for cheerful sentiments, and the pleasure of fellow-feelings with sympathized sorrow or resentment is less than that with sympathized joyance. This phenomenon — a Smithian constitution of imperfect human nature — introduces a kind of natural distortion into the working of a sympathy mechanism that pains are more difficult to be sympathized.<sup>(12)</sup> Thus Smith's norm of propriety is skewed toward pleasure, and an observed agent tends to depress sorrow or resentment to acquire more perfect fellow-feelings. It follows that a new moral norm is created in unprecedented circumstances and it encourages self-interested activities to the extent not to raise erroneous as well as correct sorrow or resentment of others.

The natural distortion in the operation of Smith's sympathy mechanism is coupled with other kinds of imperfection. One is the limited capacity of human nature to understand concerned circumstances. As the sympathy mechanism works through an imaginary switch of places, this issue may be called as the shortage of relevant information. It raises a serious problem because fellow-feelings — the primary source of pleasure for any individual in society — depend on propriety judgment of imperfect spectators. Smith solves this problem by devising an ideal spectator of self-detached conscience, and he designates it a representative voice of God. Conscience is free from information shortage and it overrides in conviction the pains of temporal spectators' erroneous disapproval with the pleasure of God's approval. Conscience is, however, not inborn but Humean-artificial in the sense of a social product. It is based upon what individuals believe as proper at each historical society. Therefore, conscience is not free from social prejudices. It leads to another kind of imperfection in the operation of Smith's sympathy mechanism, i.e. the effects of custom and fashion on moral norms.

Custom refers to those institutions which, once regarded as proper at specific historical situations, were maintained long after the concerned situations were vanished. Individuals

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This hypothesis of natural bounty is common both in the traditional natural law discussion and in Scottish moral philosophy.

(12) In making this proposition, Smith also notes that spectators tend to sympathize with pains of an observed more willingly.

learn the righteousness of custom, just like they learn that of general moral norms. The source of moral righteousness is propriety judgment of spectators on the basis of fellow-feelings. Custom, however, does not command sympathized sentiments. It is founded upon the social belief of its own righteousness, and is easily broken when individuals doubt its validity. Custom would also refer to some lasting institutions for which propriety judgment is not applicable. It corresponds to the cases where there exist no spectators or no legitimate spectators. The former case holds, if all members of society have some interests in a concerned issue such as the relationship between the sovereign and the governed. In the latter, as is the case of divided sovereigns, no other members of society except the interested parties have the authority to be observed. The moral argument of propriety and righteousness cannot be applied in both of these essentially political issues.<sup>(13)</sup> Politics is Smithian ‘amoral’ from this perspective. Political issues are solved by power struggles rather than by propriety judgment. Once established, however, a political institution becomes social norms. Individuals learn its righteousness through spectators’ disapproval of its violation. Hence politics is also ‘pre-moral’ in the sense that a political institution recommends socially approvable behaviors. It, however, is worth noting that spectators’ disapproval of custom violation has no other basis than customs being established. As it does not command sympathetic sentiments, spectators may still be sympathized with sorrow and resentment of custom violators. They may socially disapprove but morally approve of custom violators. Custom will be maintained, until individual sympathy with custom violators are so extensive as to question the social validity of custom itself.

This reading of Smith involves a significant implication on the moral status of justice. Smith defines justice narrowly to indicate commutative justice and he takes its enforcement as the main pillar for maintaining a social constitution. An essential element for Smith’s discussion of commutative justice is the view that an individual is injured when he is deprived of his own *suum*. Therefore, until socially approved *suum* is settled down, the minimum but enforceable moral norms of justice is not determined. In Scottish moral philosophy as well as in the natural law discussion, *suum* is defined as historically relative and deductively rational.

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(13) Thus Smith takes as a governing principle of a state, not propriety, but authority and utility[Smith (1978, pp. 401-402)].

But Smith minimizes the deductively rational aspect of *suum*. He confines *suum* of private individuals to depend on sympathetic sentiments of other individuals, and *suum* of the sovereign and the governed or of divided sovereigns to be determined by political struggles. An important point is that these Smithian confinements of *suum*, though not teleologically rational, bring about an unintended order of justice in society. Because, in the former case, the natural working of Smith's sympathy mechanism is unidirectionally distorted and, in the latter case, an established political institution nurtures its own righteousness and is self-sustainable.

This reading of Smith to renounce rationality arguments of justice would explain his denial of reason or willful activities of rational individuals to set a social order. It is also in accord with his arguments in *Lectures on Jurisprudence* to take up a descriptive, rather than analytical, method and illustrate positive laws historically. Smith's view of justice as historically relative social norms suggests that positive laws of any society be necessarily subjugated to political institutions of a concerned society. Hence natural law in the sense of ideal positive laws would not be free from socio-historical conditions. Smith's dictum of the ahistoric principle of natural law may be read as referring to the rule-making principles: positive laws should be consistent with the existing social norms of *suum* and of political and non-political institutions.

Spontaneity of individuals to follow a given social order is a commonplace in Scottish moral philosophy, especially in Hume's arguments. The primary contribution of Smith in this context may be epitomized as to explain the endogeneity of social norms in the sense of an unintended outcome of individual interactions in society. From this perspective, there is no need to identify a social order in advance and impose it onto a society. Much of Smith's arguments are directed to reveal the absurdity of such an essentially political project. He observes lack of human knowledge and unqualified legislators the major practical difficulties. Thus reason has no place in the causal mechanism of Smith's arguments. He adopts the term only to designate the perfection of God's plan that human nature is so composed to bring about unintendedly somehow a fair order of society. It would be also worth noting that Smith's argument does not allow individuals to judge the righteousness of social norms. Social norms are by themselves the criteria of moral evaluation, and an individual is not discernible with the social prejudices of his own period or society. In a similar manner, Smith

appraises different political institutions from the viewpoint of expediency rather than of propriety or morality. He notes that an authoritative monarchy is not inferior to a utility-oriented “democracy” in preserving peace and security of society, and that the absolute state of France is as competent as the mixed governments of England in promoting a commercial society. Together with his rejection of a social contract theory, it suggests that the framework of Smith’s arguments is not designed to deal with an ideal form of political institutions, e.g., the classical liberal society. Any political system is equally favorable, so long as it preserves peace and security of society and does not interfere with individual activities to take care of themselves. Politics is Smithian amoral.

The central message of Smith’s ethical and jurisprudential discourses is the existence of endogenous and spontaneous orders in societies of any historical stages. Individuals of pursuing the pleasure of fellow-feelings suppress the improper pursuit of self-interests, improper in the sense of not approvable by others. But ordinary activities of self-interested behavior are morally approved, since no others are better qualified than a concerned individual to take care of himself. We may say that self-interested behavior is normal at any society but the criterion of normality is different for different societies.

The difficulty, fully acknowledged by Smith, comes from the fact that the normal pursuit of self-interests by ordinary individuals may change material-economic conditions of a society. Once changed, they would not be consistent with existing socio-political institutions. Existing institutions are an inherent part of established moral norms. Thus changes of material-economic conditions would bring about a social disorder and, possibly, a progressive transition of society. In case of a commercial society, however, Smith argues that the forces of social transition result in moral corruption to deteriorate existing material-economic conditions. As moral corruption of a commercial society comes from ‘ordinary’ activities of individuals to follow up existing social norms, so it appears as a system-breakdown. That is, Smith would consider that moral corruption is caused by a normal functioning, rather than a malfunction, of a liberal capitalist society. Consistently, he prescribes an institution of education through which individuals cultivate some norms to suppress moral corruption. Not only are cultivated norms institutionally pre-moral and determine individual self-interests themselves. Smith’s requirement of education is also not so heavy to impose some novel

norms. He suggests merely elementary education which evokes familiar self-interests of individuals already forged by existing norms. In this context, however, Smith might have overlooked that the normal process of moral corruption is also institutional. The effectiveness of his prescription depends upon the relative strength of the two conflicting and institutionally pre-moral tendencies.

Now we will consider the philosophical status of Smith's economic arguments in his framework[Lee (1997)]. Smith argues that a primary motive of individuals is the pleasure of fellow-feelings.<sup>(14)</sup> As Smithian human nature is so constituted that spectators sympathize with men of wealth (and rank) more easily than with men of virtues, the pursuit of wealth becomes a social norm. Nevertheless, Smith argues, wealth does not compose the genuine happiness of individuals — ease of body and peace of mind. Though spectators praise wealthy men, it is wealth as such and not wealthy men that are praised. Spectators are allured by the aesthetic beauty of wealth. They imagine illusively that greater wealth produces its holders more happiness, and approve the pursuit of wealth as a proper behavior of taking care of oneself. Thus an individual pursues wealth, not because wealth makes him happy, but because he is not happy without the approval of spectators. However, Smith notes, this twisting is also a part of God's plan to create an endogenous and spontaneous social order. The pursuit of wealth cultivates the virtue of prudence, and prudence is a virtue commonly obtainable by ordinary individuals. Spectators' illusion, if it dominates a society, makes ordinary individuals cultivate prudence in pursuing wealth accumulation.

Self-interested activities are exercised by prudent individuals in the characteristically Smithian picture of a commercial society. They are 'morally pre-approved', as long as they do not violate rules of justice. The economic discourse is 'post-moral' in this perspective. We may say that Smith's study of an endogenous and spontaneous economic order is separated from his moral arguments, because Smithian economic individuals are morally pre-approved. Though the interaction of individuals may bring about some bizarre consequences, each individual cannot be to blame. In this context, Smith observes, division of labor brings forth

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(14) Smith does not take the bodily pleasure of consuming goods and services an important motive of explaining a dominant behavioral pattern in society. Because, he thinks, even the early and rule society of lowest productive capacity can provide individuals the necessary amounts of goods and services to satisfy ease of body and peace of mind.

specialization which, in turn, restricts the capacity of human understanding. Human understanding is the basis of how a sympathy mechanism works, and morality is founded on fellow-feelings. If human understanding is limited, self-interested behavior may not cultivate prudence. Then self-interested behavior would not be approvable a priori, and moral corruption is normally developed in a commercial society. It can only be suppressed by introducing a new 'pre-moral' institution. We already noted that Smith's suggestion of elementary education, while serving this purpose, still maintains moral approval of self-interested behavior.

#### 4. CONCLUSION

Smith proposes the metaphor of an invisible hand to denote an endogenous and spontaneous social order. We explored the philosophical lineage of this concept. In the traditional natural law philosophy, an exogenous and compulsory social order is discussed in the context of natural law. Natural law is exogenous in the sense that it is discovered by rational reflection on the necessity of human nature to sustain a society. Natural law is compulsory in the sense that human beings follow up natural law either from the obligation to God's will or, in case of Grotius, because of its rationality. Scottish moral philosophy is originated from the natural law discussion by raising the issue of spontaneity. Hutcheson asserts that individuals adopt moral norms of a society in pursuing the pleasure of moral sentiments. Hume secularizes the discussion by arguing that social rules of justice are set deductively by rational legislators to enhance social expediency. Smith's notion of an invisible hand is just directed to replace the exogenous social order of Hume's rational teleology with an endogenous one. Smith observes that a sympathy mechanism works to integrate individuals spontaneously into existing social norms. He also notes that it produces a social order as an unintended outcome of individual activities pursuing the pleasure of fellow-feelings. This argument of Smith necessarily suggests a historically relative social order. It is partially in accord with the traditional discussion that natural law is historical relative and deductively rational.

In explaining an endogenous and spontaneous social order, Smith adopts the view that

political and non-political institutions are a part of social norms and so not subject to moral evaluation. Politics is ‘pre-moral’ in this view. The political determination of the relationship between the sovereign and the governed or between divided sovereigns becomes by itself a social norm, and it regulates rules of justice. Smith’s arguments of moral sentiments suggest, on the other hand, that self-interested behavior of individuals is morally pre-approved. The study of an endogenous and spontaneous economic order in a commercial society is ‘post-moral’ in this sense. Hence we may say that the discursive framework of Smith consists of a ‘pre-moral’ discussion of politics and jurisprudence, a moral discussion of social norms, and a ‘post-moral’ discussion of economics. Politics determines institutions of reflecting material-economic conditions of a society. Social norms are so constituted as to involve institutional relations. But economic activities of individuals pursuing self-interests, though morally pre-approved, bring about the forces of transforming given material-economic conditions of a concerned society. The notion of an ideal socio-political institution does not have any meaning from this perspective. In case of a commercial society governed by natural jurisprudence — Smith’s term of a liberal capitalist society, a dynamic force emerges in the form of moral corruption and it dissolves the moral basis of self-interested activities. It represents a system breakdown, and can only be rectified by reforming pre-moral and political institutions. It is from this perspective that Smith prescribes elementary education to prevent moral corruption.

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