Chapter 5
Adam Smith’s Moral Philosophy

Every individual [...] intends only his own gain, and he is [...] led by an invisible hand to promote an end which was no part of his intention. [...] By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it.¹

5.1 Introduction

Adam Smith’s most famous work is undoubtedly his *Inquiry into the Nature and Causes of the Wealth of Nations*² (1776). Here Smith casts the economy as part of a harmonious order which he refers to as a ‘system of natural liberty’.³ To explain this natural order, Smith argues for the application of the ‘Newtonian method’, i.e. systematic explanation of the world in terms of the fewest possible cardinal principles. For this reason, Smith has also been called the ‘Newton of the social sciences’.⁴ He describes the universe as a vast machine, which works in such a way that nothing is left to chance. Nature, in his view, has an internal, mechanistic order in which all elements are finely attuned to one another. It is a harmonious and manifestly beautiful work of art in every last detail. Everything in nature is believed to have a meaning and purpose; Smith’s world view is *teleological*. The principal purposes are held to be the preservation and propagation of life.⁵

Smith devotes particular attention to exploring the *anthropological constants* which are revealed in everyday life.⁶ People’s main motivating force is deemed to be self-interest. Individuals acting for their own profit motive simultaneously contribute – as if led by an *invisible hand* – to producing the greatest possible social wealth.⁷ Yet the more complex aspects of Smith’s view of the world and humanity should not be glossed over. In the *Theory of Moral Sentiments*⁸ (1759) he sets out

¹ Smith, WN IV ii 9.
² Subsequently referred to as Wealth of Nations.
³ Düppen, p. 80.
⁴ Medick, p. 145.
⁵ Hottinger, pp. 61 f.
⁶ Hottinger, p. 67.
⁷ Schefold and Carstensen, p. 66.
⁸ Subsequently referred to as Moral Sentiments.
a theory of ethics in which the difficulties of human coexistence are alleviated by people’s ability to sympathize with the feelings of others, and by the fact that their consciences are governed by the approval of an impartial spectator. What interests Smith most about human psychology are those sensations which arise in interpersonal relationships. These human affections, feelings and passions are what he calls ‘moral sentiments’, and he credits them with playing a greater part than reason in socialization.

5.2 Smith’s Theory of Ethics

The crux of Smith’s theory of ethics is a fundamental anthropological fact, a psychological mechanism which is instrumental in constituting moral judgement: sympathy. It is man who must come to terms with reality, and it is sentiment above all which enables him to make judgements and to behave correctly. The sentiment that man feels as he lives, makes judgements and takes action in his surroundings is the root of all ethical rules. These in turn are recognized with the aid of man’s reason.

Smith acknowledges the moral autonomy of the individual and liberates ethics from its traditional religious bonds. He shares this outlook with the Scottish natural law tradition of the 18th century and, in particular, with his friend David Hume. Moreover, Smith’s ethics are descriptive and empirical: his analysis is not concerned with the question of what should be, but with matters of fact:

Let it be considered too, that the present inquiry is not concerning a matter of right, if I may say so, but concerning a matter of fact. We are not at present examining upon what principles a perfect being would approve of the punishment of bad actions; but upon what principles so weak and imperfect a creature as man actually and in fact approves of it.

5.2.1 Self-Interest

Self-interest, founded on self-love, and personal responsibility form the underlying foundation of Smith’s system:

Every man, as the Stoics used to say, is first and principally recommended to his own care; and every man is certainly, in every respect, fitter and abler to take care of himself than of any other person.

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9 Schefold and Carstensen, pp. 66 f.
10 Also called ‘ethical feelings’.
11 Patzen, p. 32.
12 Recktenwald, pp. 37 f.
13 Patzen, p. 29.
14 Smith, TMS II i V 10.
15 Smith, TMS VI ii I 11.