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**Moral Problems In A Market Economy:
A Reappraisal of Adam Smith ***

Adam Smith is commonly regarded as the founder of a tradition in economic thought which takes self-interest as its basic concept. It is true that he also gives some place to the concept of sympathy, both in the *Theory of Moral Sentiments* and in the *Wealth of Nations*, but it is self-interest which has been taken to underlie the theory of the free market economy with which Smith's name is associated; and it is because of its close connection with self-interest and related concepts such as competitiveness that the theory of the free market economy has been subjected to considerable moral criticism. I shall examine some of Adam Smith's views on these matters and at the same time try more generally to defend a free market economy against some common moral criticisms. The relevance of these wider considerations to economic thought would have been fully appreciated by Adam Smith, who was, after all, a Professor of Moral Philosophy.

The Concept of Self-Interest

It seems clear that Adam Smith's view was that self-interest is the basis of the market. Many passages could be used to establish this, of which the best known tells us that it is not from the benevolence of the butcher but from his self-interest that we expect our dinner:¹

In almost every other race of animals, each individual, when it is grown up to maturity, is entirely independent, and in the natural state has occasion for the assistance of no other living creature. But man has almost constant occasion for the help of his brethren, and it is in vain for him to expect it from their benevolence only. He is more likely to prevail if he can interest their self-love in his favour, and show them that it is their own advantage to do for him what he requires of them, . . . 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 own self-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.

Before we can understand how this account of the self-interest basis of a market can be developed into a view to which many modern moralists have objected, we must expose some of the complexities which lie beneath the surface rhetoric.

The first point to note is that the concept of 'interest' is not a clear one. In particular, there are two ambiguities which are relevant to our purposes. Firstly, there is a distinction between a psychological or descriptive sense, and a normative sense. When we are using the term in the former sense, we are concerned with what people actually want to have, but in the latter sense we are concerned with what they ought to have, whether or not they actually want to have it. We might say that the former sense has to do with what people are *interested in* (and therefore will in fact want to have or to attend to), whereas the latter is concerned with what is *in their interests* (and therefore with what they might, sometimes, not want to have or to attend to). The latter normative sense can be used with significance (as I shall shortly show) only in contexts where we are assuming some idea of what a person's true nature is like, and correspondingly what his true good or interest consists in. It should be noted that in the hedonistic framework of Adam Smith the two senses of 'interest' tend to run together, for a person's true interest in such a framework just is the satisfaction of his wants. This, as we shall see, is the ground for one typical criticism of a free market economy.

In the second place, 'interest', particularly as the term occurs in the expression 'self-interest', can refer either to an *end* which someone is pursuing, or to a *motive* for pursuing an end. Thus, we can ask someone what his interests are, or what ends he is pursuing; but we can also say that in pursuing an end (which may be the good of himself or of another person) he acted out of (the motive of) self-interest. It is worth noting here that whereas 'interest' can be either an end pursued or a motive for pursuing an end, 'benevolence' can only be a motive for pursuing an end and cannot itself be an end.

The concept of 'self' in 'self-interest' is also ambiguous, since views of the nature of the self will obviously affect views as to what the interest of the self consists in. Corresponding to the psychological and normative senses of 'interest' we find psychological and normative senses of 'self', the latter often marked out in the expression 'true or real self'. Moreover, we find that differing views on the nature of the true self affect ways of drawing the distinction between self and others. Thus,

thinkers such as Plato or Hegel, who regard the true or real self as social in nature, tend to blur the distinction between self and others, whereas a thinker such as Adam Smith, who is presupposing a framework of individualism, tends to operate with a sharp distinction between the interests of one self and the interests of other selves; and it is in such a context that we find the contrast between the motive of self-interest and the motive of benevolence has most point. Let us now apply these distinctions in the concepts of 'interest' and of 'self' to the analysis and evaluation of the claim that 'self-interest is the basis of the market', and in general to the moral criticisms sometimes made of a free market economy.

Self-Interest and the Motive of the Trader

We can readily admit that Adam Smith's butcher will not (habitually at least) serve a customer out of the motive of benevolence. But will he serve him out of the motive of self-interest? If we regard this question as an *empirical* one then the answer is uncertain. It is never easy to tell what someone's motives in fact are, or, indeed, whether he is acting from motives at all, as distinct from habit, but it seems implausible as an empirical hypothesis that the actual motives of everyone engaged in market transactions are invariably those of self-interest. Take first the matter of the profits from a market transaction. In cases of one sort a person may enter into a transaction for altruistic motives, as when he sells his goods in order to make a profit for Oxfam. In another range of cases, a common one, the profits do not go to the person engaging in the transaction but to his employer. The seller in these cases may be acting with the motive of being good at his job (and that is not the same as acting out of self-interest) or he may have no motive at all but merely be acting from habit. Take next the matter of the provision of the goods. No doubt some traders put goods on the market with the sole motive of making a profit for themselves, but it is plausible to say that some at least may see a *need* for goods of a certain sort and put them on the market with the motive of supplying the need. It is therefore not intuitively obvious (*pace* Adam Smith) that it is always or necessarily from the self-interest of the butcher that I can expect my dinner. To oppose 'self-interest' and 'benevolence', as Adam Smith does in the well-known passage, is to engage in tendentious rhetoric—it must always be remembered that Adam Smith occupied the Chair of Logic and Rhetoric at Glasgow University before he aspired to the Chair of Moral Philosophy!—for it is to attempt to focus our attention on a spurious

dilemma: either benevolence or self-interest. There are however other analytical possibilities, as we shall see. No doubt some economists will still wish to argue that in the cases I have just considered self-interest is nevertheless the underlying motive, but I shall leave the arguing of this possibility to the athletes of cynicism; for I believe that the analysis of a market transaction in terms of the motive of self-interest is mistaken in a more fundamental way. It is not that the analysis is misleading because the motive may not (always) be one of self-interest; it is misleading because an analysis in terms of motives of any description is on the wrong lines. Why?

The first reason, which should be apparent from the foregoing, is that it is not easy to tell what someone's motives are, if indeed he is acting at all from *motives* as distinct from habit, whereas it is reasonably clear when he is engaging in a market transaction; we surely do not need to debate about his motives before knowing whether he is selling something or giving it away. A second reason is that many market transactions involve groups or corporations. Now whereas we can attribute actions and *legal* responsibility to groups or corporations, it is not clear that it makes logical sense to attribute motives to them, except with some extended or metaphorical significance, since motives are properly attributable only where there is a unitary centre of consciousness. If, then, for these reasons, there are difficulties in the attribution of *motives* to those engaged in business let us try another category for the identification of a market transaction. Let us say that it is a kind of *relation*, one which people can enter for all sorts of motives. If we think of a market transaction as a relation, then it is helpful to describe this relation by the term introduced last century by the Rev. Philip Wicksteed—'non-tuism':

What makes an economic transaction is that I am not considering you except as a link in the chain, or considering your desires except as the means by which I may gratify those of someone else—not necessarily myself. The economic relation does not exclude from my mind everyone but me; it potentially includes everyone but you.²

Or again:

... the note of a business transaction between A and B is not that A's ego is consciously in his mind, but that, however many the *alteri* are, B is not one of them; and B, in like manner, whether he is thinking only of his own ego or of innumerable *alteri*, is not thinking of A.³

Thus he concludes that, "The specific characteristic of an economic relation is not its 'egoism' but its 'non-tuism'."⁴ A relation of this 'non-tuistic' sort is not simply regulative of conduct in the market—it is not just a guiding principle—but it is a necessary constitutive condition of a market in the sense that where it does not obtain we do not have a market, but some other relationship between people. Markets, then, do not presuppose the operation of self-interest as a motive, but they do necessarily presuppose a special sort of relation between people which, following Wicksteed, I have called 'non-tuism'.

Self-Interest Competitiveness and the Legal Order

There is a second necessary condition of an economic relation, and that is competitiveness. Now competitiveness is not the *same* as a desire to pursue self-interest, and indeed it may sometimes be incompatible with it. For example, self-interest might encourage traders to combine and create a monopoly instead of competing, or competitiveness might lead a trader to begin a 'price-war' which would be ruinous to his business. But the relation of 'non-tuism' can always be a competitive one, and insofar as it is an economic relation it will always be a competitive one.

Adam Smith in many passages stresses the importance of competition in the economic relation, and he has been criticised for this on the grounds that competition is a corrupting force in society. But competitiveness, insofar as it is a necessary feature of a market relationship (as distinct from, say, an educational one), does not as such corrupt a man, or his society, for the reason that any person is more than a trader. He will have motives of many different sorts, generated by the many aims which he can have quite unconnected with the market, such as the enjoyment of family life, the appreciation of music, participation in sport, etc. Generalising, we can say that a unitary human consciousness is a focus for many interests, of which the market will be only one. There is said to be a tombstone in Scotland which bears the inscription: "Here lies Hamish MacTavish who was born a man and died a grocer." It is presumably because there is something logically odd about this that it is a joke. To use the language of sociology, a man has many roles of which that of trader is only one and, more important, the man as such logically cannot be reduced to the sum total of his roles, far less to one of them. Now, insofar as we are speaking of a person who is *inter alia* a trader or a businessman, there is no reason to think that the standard range of

moral qualities—honesty, conscientiousness, courtesy, for example—will not be shown in economic relationships as in any other sort of human relationship.

Moreover, there is a positive safeguard, much emphasised by Adam Smith, against the supposed corruption caused by the competitiveness and desire for profit to be found in the market: an economic relation is also by its very nature, thirdly, a *juridical* relation. As Adam Smith himself says, "Justice is the main pillar that upholds the whole edifice,"⁵ There are two reasons for saying this. The first is that an economic order assumes that there is an already existing system of rights, in that exchange is always at a 'price,' and price is an agreed exchange ratio. The second is that the establishment of an economic relation is *ipso facto* the establishment of a juridical relation insofar as it constitutes a contract defining the rights and duties of the parties. In other words, a *purely* economic relation is an abstraction; all economic relations are integrated with juridical relations and the self-seeking of the parties is thereby limited. Hobbes' man ruthlessly pursuing his self-interest is not in an economic order until the sovereign establishes a legal order. If we were attempting to seek a complete definition of an economic order we should of course need to refer to at least two other factors—the influence of scarcity, and of political conditions which allow a measure of freedom of choice—but for the purposes of this present discussion the important point is that the 'non-tuism' of the economic relation is regulated by being from the outset a juridical relation.

Granted that relationships in a free market economy are such that ordinary moral qualities can be shown in them, and that they are essentially part of a juridical order, we can stress another moral quality they possess, an important one in that it affects the whole moral atmosphere of a society. Let us begin by assuming, as Adam Smith did, that human beings while they may be sympathetic to each other are also, and perhaps mainly, self-seeking—they have, in Hume's phrase, a 'limited generosity'. This tendency to pursue self-interest to the possible detriment of others will show itself in employment in such forms as laziness or greed for excessive profit. No doubt self-discipline is the morally best cure, but if a man will not discipline himself, there are in the last resort only two other forms of discipline: the market or the police. But, granted that a free market economy is compatible with social safety-nets such as unemployment benefits, social security payments and so on (although, of course, whether or not it is compatible with these needs argument), it seems a reasonable moral preference to opt for its discipline rather than that of the police-state. To put it another way, the

discipline of the 'invisible hand' simply ensures that I as a trader cannot benefit myself without at the same time, and to a varying extent, benefiting others, whereas the discipline of the police-state, in itself harsh, it not necessarily directed in the end to my interest at all. Adam Smith was himself well aware of this, for in his public lectures at Edinburgh (1748-51) he argued that:

Little else is requisite to carry a State to the highest degree of opulence from the lowest barbarism, but peace, easy taxes, and a tolerable administration of justice; all the rest being brought about by the natural course of things. All governments which thwart this natural course, which force things into another channel . . . are unnatural, and to support themselves are obliged to be oppressive and tyrannical.⁶

The Market and the Consumer

So far I have been discussing the morality of a free market economy mainly from the point of view of the trader, but its most conspicuous moral vices and virtues emerge if we consider it from the point of view of the consumer. Take first an alleged vice.

Adam Smith argues, as we have seen, that self-interest, coupled with a natural tendency to 'truck and barter' causes human beings to set up markets; and bargaining power in the market is immensely increased by the division of labour. Presumably the point of a market so described is fundamentally to order and distribute the goods which basic human needs require, but which human beings cannot supply on a purely self-help basis. But critics of the market, from Plato on, have pointed out that there is an inevitable transition from the attempt to satisfy basic needs ('interests' in the normative sense) to the attempt to satisfy wants quite unconnected with needs ('interests' in the psychological sense). In other words, a market gradually but inevitably generates inordinate desires for its goods, and this is morally corrupting because eventually no one has a conception of himself other than in hedonistic terms, as a consumer. While it may be unfortunate, the criticism runs, that some people in a market economy cannot get what they want, it is more unfortunate that in the long run they want only what they get. This type of criticism can be levelled at Adam Smith because, as I said earlier, the normative and the psychological conceptions of the self run together in him, to the extent that he sees the good of the self as consisting simply in the satisfaction of its psychological desires ('interests').

Now there is some justification for this kind of criticism—one need not be ascetic to feel some repugnance at the excesses of the free market

in a prosperous society. Indeed, Adam Smith was himself aware of the dangers of consumer excess. Personally a man of frugal tastes and an admirer of the Stoics, he dismissed excessive commodity consumption as "the gratification of the most childish, the meanest and the most sordid of all vanities",⁷ and he constantly refers to consumer goods as "trinkets and baubles" or "trinkets of frivolous utility". As far as he was concerned, the great merit of the free market was that it enabled the true self-interest of the consumer to be satisfied in the provision of the material necessities of life—the "riches of a country consist in the plenty and cheapness of provisions".⁸ Nevertheless, he did not anticipate the extent to which the consumer can be corrupted and exploited by the sophisticated techniques of modern advertising. No doubt he relied on the 'invisible hand' to rectify these failings, and we shall examine this doctrine shortly. Let us first look at a great merit of the free market, as it affects the consumer.

I remarked earlier that critics of Adam Smith point to his hedonistic and individualistic conception of the self. There is, however, an implication of Adam Smith's view of the self which was not fully understood until it was developed in the liberal-democratic tradition from Kant to J.S. Mill: that essential to the self is free choice. Insofar as a person is prevented, either by the might of the State or by its paternalism, from exercising his 'rational will' his humanity will atrophy. Indeed, the criticism made of Adam Smith and the supporters of a free market economy—that they trivialise human life by encouraging a consumer conception of the self and its interests—can in fact be levelled with more justice at the supporters of an authoritarian collectivist market, or even of an extreme form of welfare state: in removing from the individual his responsibility for his own and his family's health, future security, old age, education, they remove from the scope of his own will those matters which ought to be of deepest concern to him, and his area for choice will as a result be restricted to that of the trivialities or luxuries of life.

Clearly, this argument in defence of Adam Smith is greatly overstated and would need to be developed with many details. For example, consideration would need to be given to the extent of permissible government interference to ensure that competition was fair to all parties or social classes in the market. Adam Smith showed himself well aware of this side of the problem, however, as can be seen in his insistence that governments should repeal old laws which impede transactions, in his criticism of the privileges of corporations with respect to apprenticeship, and above all in his attacks on monopolies.⁹

A more serious objection to the consumer society of which Smith is the prophet is that the division of labour involved brutalises the *producers* of commodities, the workers. This is the well-known problem, made familiar to us by Marxists, of the 'alienation' of the worker. Now there is no reason why the division of labour, properly so-called, should brutalise anyone. For example, Plato sees the State as founded on the division of labour, but for Plato division of labour springs from a prior diversity of individual endowment, so that the individual can find the fulfilment of his nature in the craftsmanship of his labour. The *Wealth of Nations* differs from the *Republic*, however, in two vital respects. In the first place, for Adam Smith division of labour is not *founded on* diversity of endowment, but rather causally determines diversity of occupation. In other words, no self-fulfilment can (logically) be found in the division of labour because, according to Smith, the self has no nature to be fulfilled until one is created by the division of labour. In the second place, although Adam Smith speaks of the division of labour, he is in fact mainly concerned with the *subdivision* of labour, and it is this which is objectionable, if anything is, in man's economic life. In other words, while someone may find some self-fulfilment if he earns his living as an electrician or a truck driver, he will not find self-fulfilment from his work at the side of a conveyor belt.

Now, if we take into account that Adam Smith was writing just before the Industrial Revolution, he can be said to show for his period remarkably realistic, indeed pessimistic, awareness of the effects of industrialisation. Thus, speaking of a workman he says,

His dexterity at his own particular trade seems to be acquired at the expense of his intellectual social and martial virtues. But in every improved and civilised society this is the state into which the labouring poor, that is, the great body of the people, must necessarily fall, unless government takes some pains to prevent it.¹⁰

And further on he speaks of a workman as suffering a "sort of mental mutilation, deformity and wretchedness". Hence, Adam Smith does show some awareness of the human costs of economic growth. But it should be noted that these costs are paid by any industrialised society, and in a free market economy the labouring poor have some prospect of enjoying some of the consumer goods they produce. Moreover, Adam Smith points towards at least a partial remedy: a government must take 'some pains' to prevent this intellectual deformity, and what it must do is to provide a system of education and

impose upon almost the whole body of the people the necessity of acquiring those most essential parts of education by obliging every man to undergo an examination or probation in them before he can obtain the freedom in a corporation or be allowed to set up any trade.¹¹

My compulsory education, then, Adam Smith hoped to protect the individual against the intellectual and social ravages of the division of labour and to foster his freedom.

Community Interest and the 'Invisible Hand'

The criticism which can be levelled with most effect at Adam Smith is not that he had an inadequate conception of the individual self and its interests, but rather that he lacked an adequate conception of the *community* and its interest. Now it would be untrue to say that he had no conception at all of a community interest because he does allow that the State ought to provide out of public funds certain public works which individuals could not be expected to finance. But his conception of community interest does not go far enough. To bring this out let us consider the example of environmental pollution from industrial waste.

It is the case that some firms might be prepared to meet the extra costs involved in preventing pollution, but are afraid that competitors might not also do so and that they would on that account be at a disadvantage in the market. In such cases, where far-reaching social consequences are involved, the government might be expected to intervene. But firms do not in fact, and do not feel they ought to, take into account too many broad considerations for fear that they might lose sight of simple and coherent objectives. The point here is that, while we can perhaps agree that the economic relation is necessarily also a juridical relation without departing from the tradition of Adam Smith, issues such as pollution and its prevention require to be discussed under other headings since they raise moral considerations which go beyond justice. If we do think that the economic-juridical relation should be qualified by regard to matters such as pollution, we are operating with hazy conceptions of a public interest in the normative sense of 'interest', and of a continuing community. Neither of these conceptions fits very easily into Adam Smith's tradition of individualism and of hedonism.

It is worth noting that to stress the need for a conception of community interest is not the same as asking for more *government* interference. Problems of community interest, such as pollution, can be found also in non-market states, like the Soviet Union, and organs of government can compete with each other to the detriment of community interest. In-

deed, the organs of government, as Adam Smith was aware, can themselves be subject to pressures from interest groups not concerned with community good. He speaks of the "clamorous importunity of partial interests", "tribes of them" which "intimidate the legislature".¹² It may be, then, that the community interest is less well served by large-scale government intervention than by more active participation by small political units.

At this point it might be said that a conception of a public or community interest is presupposed by Adam Smith's doctrine of the 'invisible hand'. This doctrine is first stated in the *Theory of Moral Sentiments* in a deistic context:

The rich consume little more than the poor, and in spite of their natural selfishness and rapacity . . . they divide with the poor the produce of all their improvements; so they are led by an invisible hand . . . without intending it, without knowing it, to advance the interest of society.¹³

In the *Wealth of Nations* the invisible hand is mentioned only once, and in a specific context—a discussion of the best way to distribute capital:

(The individual) generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it but 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.¹⁴

He then makes the dry comment,

Nor is it always the worse for the society that it was no part of it . . . I have never known much good done by those who affected to trade for the public good.

Now it would be improper to use deistic presuppositions in a work of social science, and it must be said that in the *Wealth of Nations* Adam Smith seems rather to be putting the doctrine forward as an empirical hypothesis. But as an empirical hypothesis it does not seem always to be true that long-term public or community interest will result from the pursuit of individual interest. And the example of industrial pollution is only one of hundreds which falsify the hypothesis of the 'invisible hand'.

It might be replied that even if the 'invisible hand' doctrine cannot generate an adequate account of community interest the concept of sympathy, essential to Adam Smith's conception of man, can give us the theoretical basis for the idea of the (non-hedonistic) interests of a con-

tinuing community. In the language of the economist, 'sympathy' might be said to be Adam Smith's term for the inter-dependence of utility functions.

The detailed analysis of the concept of sympathy is a large topic on its own which I cannot take up here, so I must be dogmatic and say that its fundamental weakness is that it remains ineradicably a matter of *psychological* reaction. As a matter of psychological reaction sympathy as depicted by Adam Smith may have certain uses in socialising human beings, and *The Theory of Moral Sentiments* has much of interest to say on this—indeed, the individualism of Smith is tempered by his use of the concept of sympathy—but sympathy pre-supposes a rational moral judgement as to how people *ought* to regulate their individual conduct or how society *ought* to be ordered. If a sympathetic reaction, however analysed, is to be morally significant, it pre-supposes a prior *judgement*. Adam Smith does not seem to me to distinguish what ought to be distinguished—emotional reaction and moral judgement. This crudely stated criticism of Adam Smith remains valid in the end, I believe, even after we have taken into account the complex and interesting views which he has on sympathy. And the importance of the criticism emerges if we now look at a concept which Adam Smith does not recognise as relevant to his economics, but which is important at the moment—internationalism.

It is arguable that if we assume with Adam Smith that men are psychologically similar, his view of sympathy becomes more plausible. But Adam Smith's sympathy is not so clearly applicable to men of other nations and races whose feelings and purposes are hard for us to understand. If we decide that their needs, wants, etc., are factors which can qualify our economic relations with them and with each other, then we are not deciding this on the basis of sympathy as understood by Adam Smith. Such decisions are based rather on rational moral judgements than on the caprices of psychological feeling. Indeed, the nearest he got to an internationalist outlook was in his criticisms of mercantilism, especially as it affected North America. But his criticisms were based on rational judgement—mercantilism restricted economic growth—rather than sympathy with North Americans!

Curiously, David Hume sees the uncertain operation of sympathy. He points out that the vagaries of sympathy can be corrected by our ability to fix on some steady and general points of view.¹⁵ Whether Hume can maintain this consistently within his own system of ideas in which reason has no place in making moral distinctions is highly questionable, but it seems to me that something of the kind is necessary if sympathy is to ex-

tend beyond our subjective psychologies and perform the broadening function required of it by Adam Smith. But in Smith's thinking it is only in the case of self-evaluation—when the Impartial Spectator of the *Theory of Moral Sentiments* comes on the scene—that we escape from our subjective feelings. But the important conception of the Impartial Spectator is not used in the *Wealth of Nations*, and the individualism of that work remains unmodified. This can be seen as a moral defect in Adam Smith's thinking in the *Wealth of Nations*. But it must also be remembered that he was living in an age of mercantilism of which he was highly critical, and his stress on the freedom of the individual should therefore be seen in the context of undue State interference with trade. Since we too live in an age of mercantilism, it may be that there is still something to be learned from Adam Smith; it is certainly true that a consciousness of our own individual freedom is a necessary condition of the growth of our sympathy for others.

NOTES

1. Adam Smith, the *Wealth of Nations*. Book I, Chapter II
2. Philip H. Wicksteed, *The Commonsense of Political Economy* (1933 ed.) p. 174. I am indebted to Professor T. Wilson of Glasgow University for introducing me to the works of Wicksteed.
3. Wicksteed, *op. cit.* p. 179
4. Wicksteed, *op. cit.* p. 180
5. Adam Smith, *Theory of Moral Sentiments* II, II, 3
6. Quoted in Dugald Stewart, *Works*, vol. 10 (1858), p. 68
7. *Wealth of Nations*, p. 437 (Cannan ed.)
8. *Lectures on Justice* ed. Cannan (1896), p. 130
9. For a helpful account of Smith's views on the role of the State, see Andrew S. Skinner 'Adam Smith and the Role of the State', University of Glasgow Press, 1974.
10. *Wealth of Nations*, p. 735
11. *Wealth of Nations*, p. 738
12. *Wealth of Nations*, p. 438
13. *Theory of Moral Sentiments*, IV, 1, 162-3
14. *Wealth of Nations*, p. 477
15. David Hume, *Treatise on Human Nature*, III, III, I

* To celebrate the 200th anniversary of the publication of Adam Smith's *The Wealth of Nations*, and to commemorate the death of David Hume in the same year, a Conference on the Scottish Contribution to Social and Political Philosophy was organised at Dalhousie University by Professor David Braybrooke, and supported by the Canada Council and the North British Society. This paper is a revised version of a lecture given at the Conference. It has benefited from comments made in discussion, and especially from the comments of Professor Scott Gordon of Queen's University.