ETO: 17:11:330.16 ORIGINAL SCIENTIFIC PAPER

Bertók Rózsa

PTE, BTK, Filozófia Tanszék
rozsa.bertok@gmail.com

MORAL PHILOSOPHER OR ECONOMIST? (I.)

The "Invisible Hand" and the "Impartial Spectator" in Great Works of Adam Smith

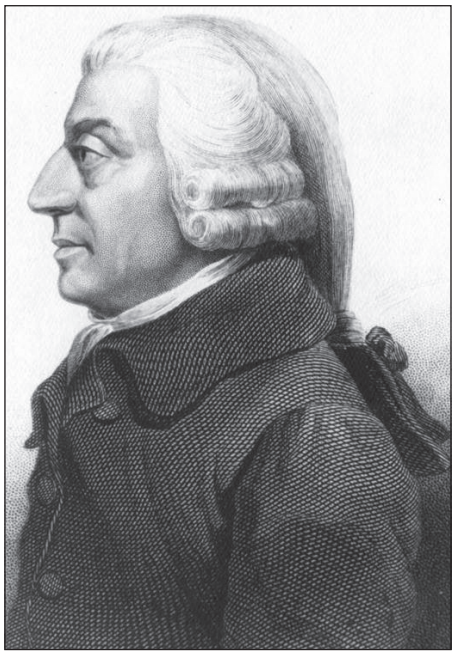
Morálfilozófus vagy közgazdász?

A „láthatatlan kéz" és az „elfogulatlan szemlélet" Adam Smith műveiben

Adam Smith is one of the greatest philosophers and economists of the Scottish enlightenment. In 1759 he published *The Theory of Moral Sentiments* and after 17 years, in 1776 *The Wealth of Nations.* Was he a moral philosopher or economist? That is a wrong question. There has been a long debate about the relationship between these two works. Researchers have presumed that these two things are incompatible because they have not been able to see the connection between the impartial spectator and the invisible hand behind them. This paper wants to present Adam Smith's two great works as a seamless whole. The invisible hand is his moral philosophy.

Keywords: moral-philosophy, economics, market, nation, deity, spontaneous order, spontaneous disorder, self-love, self-interest, cooperation, manufacture, competition, vices, division of labour, common good, harmony

Adam Smith is one of the greatest philosophers and economists of the Scottish Enlightenment in the 18th century. He was born in Kirkcaldy. After attending the local school at Kirkcaldy, Adam Smith went to Glasgow University, where Francis Hutcheson was professor of moral philosophy at that time. Hutcheson was not as impressive a philosopher as his students became, but he did have some interesting new ideas, for example the ethical calculus. Moral philosophy played a central role in the curriculum of Scottish universities in the 18th century. Hutcheson's lectures, in fact, gave a lot of attention to jurisprudence and economics. From Glasgow, Smith went to Oxford. In a letter to a cousin he wrote of "the extraordinary and most extravagant fees we are obliged to pay the College and University on our admittance; it will be his own fault if anyone should endanger his health at Oxford by excessive study, our only business here being to go to prayers twice a day, and to lecture twice a week" (SMITH 1991: XV). He left Oxford six years later and returned to Kirkcaldy. After a few years, a small group of prominent men in Edinburgh asked him to give a course of



Adam Smith

lectures on rhetoric and literature. The lectures were so successful that he was asked to repeat them, and to add another course on the general principles of law and politics. In this course Smith included a discussion of economics and followed the main lines of the economic principles for which he became famous. In 1759 he published *The Theory of Moral Sentiments* (hereafter *TMS*). This book is a collection of the first part of Smith's lecture course on moral philosophy, and it ends with the lecture on jurisprudence, in which he deals with ethical principles and all systems of law. Smith is best known among economists for his book *The Wealth of Nations* (hereafter *WN*), often viewed as the keystone of modern economic thought. For many, he has become associated with a quasi-libertarian laissez-faire philosophy. Others, on the other hand, often heterodox economists and social philosophers, focus on Smith's *TMS,* and explore his moral theory. There has been a long controversy about the relationship between these two great works between which there is an interval of seventeen years.

The first problem with Smith's work is that there is an interval of seventeen years between these two major works of his, and the only way the researchers could interpret the discrepancy was by his schizophrenia. When he wrote about moral sentiments in 1759, he was a moral philosopher, but at the time when he researched into the wealth of nations in 1776, he laid down the foundations

of economics; researchers presumed that these two things were incompatible because they were not able to see the connections between the impartial view and the invisible hand behind them. However, this is the shortcoming of the researchers and not of the author. Since Smith's complete output has been analyzed, regardless of whether one is a moral philosopher or economist, it has become possible to assess his value.

The second problem is the kind of deity itself. "We can imagine the order of the universe, and an order that is the work of a deity as designer. Imagine further that somewhere beyond our sight that deity has a drafting table and on that table are the blueprints for that design. Those imagined blueprints are invisible to us, and so too the hand that drew them" (EVENSKY 2007: 3–4).

Smith used the invisible hand image three times in his works. First, he used it in *The History of Astronomy* before he wrote the works for which he became famous; the second time, it was in the *Theory of Moral Sentiments* as divine providence; and on the third occasion, in *the Wealth of Nations* where it is the organizing principle of the work itself, a structuring principle and the spontaneous order of the market.

In *The History of Astronomy* the invisible hand is the hand of Jupiter; there is a clear connection between the image and the deity. Why Jupiter and why not Zeus?

Roman gods are less poetic whereas much more practical than Greek gods. Ovid recounts that when Jupiter became tired of idling, he visited the Earth; he was curious to find out how welcoming the Phrygians were. Both Jupiter himself and his companion, Mercury, were disguised as beggars and went from house to house asking for food and shelter for the night, but their efforts remained fruitless. And then, in the smallest of all the houses, they were welcomed with kind hospitality. An old couple offered them humble cabbage soup and some rather vinegary wine to drink. Only after quite a long time did they notice that the quantity of wine remained the same in the vessel. When they realised the miracle, they started praying frantically and immediately offered their only goose in order to prepare a worthy dinner for their strange guests. The disguised gods did not let them kill their only fowl but asked the old couple to go out and look around. The scene that awaited them was appalling: the haughty neighbours had disappeared, everything was engulfed in water, and the poorest cottage was transformed into a gorgeous temple where the old couple could work till the end of their lives.

The "hand" of Jupiter flooded the land and altered the countryside, administering justice in this way: it inflicted punishment since it got rid of the bad and rewarded the good. It conjured away haughtiness and selfishness replacing it with modesty and contentment.

Godly jurisdiction can sometimes produce shocking and inexplicable occurrences for men; nevertheless, it is beneficial, serving like moral stories, to show

the variety of justices and the variety of ways men relate to these jurisdictions. The case of the coconut growers, which has been retold in a variety of ways, is also an example of such a moral story: three coconut growers working in cooperation gather all the crops on the plantations, but since they do not know how to divide the harvest, they ask for God's jurisdiction. The mediator of God's jurisdiction instructs as follows: the first grower gets one coconut, the second one three, while the third one gets all the rest. One can clearly see from this division that another scale of values also exists, that God's values differ from man's values, and that his evaluation is built on motivations different than it is possible to show on a particular case of division. In godly spheres, good (the ownership of goods) is bad for men, while what is considered bad by men (the deprivation of goods) is good by the gods. It is the didactic intent that matters: ownership of goods diverts one from spiritual enrichment.

Social justness merely serves to restrain people from inflicting damage upon their fellow men; according to morality, this is considered negative justness, because it merely means the punishment of injustice, and its positive province is empty. Smith did not have a high opinion of this attitude, just as he did not believe in the negative definition of freedom, according to which freedom would have meant the lack of losing freedom.

The first occurrence of the *second metaphor* can be found in Smith's *Theory of Moral Sentiments*, part IV chapter I, where, too, the invisible hand has something to do with the godly spheres, but only in the meaning of providence. In this case Smith administers justice with the invisible hand only by providing for the poor through the rich. The poor get work through wealth, and obtain income through working. Prodigality of the rich and their desire for luxury (which is morally bad) unintentionally turns into good (economically good) through "aiding" the poor. Those living in affluence do not voluntarily share their wealth with the poor, but do so because it is inflicted upon them by the order of their social classification. Both the rich and the poor promote prosperity without being aware of doing so. The capacity of the wealthy people's stomach cannot be increased greatly, whereas their luxurious provisions, houses and their furnishings surpass all limits; and labour related to making these things available provides work for the poor. This metaphor is of a decidedly moral nature; it is meant to control the automatic redistribution of wealth in society.

In Smith's later writings this metaphor is supplemented with the meaning of a politician playing god with human society. The game is all about the idea that a politician is able to perceive things that certain other social figures are not able to see; the politician is superior to them all, and therefore vindicates for himself the rights of deciding and acting for others. This meaning of the invisible hand is best illustrated by the example of the chessboard simile. People play their roles in

society just as chessboard figures do, the figures comply with their missions and they are playing the roles which they have been assigned; although they do not have a grip on the interplay, the game goes on. The figures are familiar with and apply the rules of their places in the game (the game could not go on without this); before each immediate move, they survey where all the other figures are, and contemplate their possible future moves; if each of the figures do well in the place where they have been assigned, then all their moves are accumulated and the interplay becomes a reality. Those who do not know how to play chess can only see that there are figures placed in disorder on the board, but the players who have background knowledge of the rules of the game know how to make their moves. Being familiar with the moves also makes it possible for them to control each other: consequently, the game can proceed smoothly. From every single move of each figure in its place, the Whole assembles, disorder turns into Order, disarray into Harmony, and Unity results from the different players fulfilling their roles.

Smith uses the image of the invisible hand the third time in the *Wealth of Nations* where it is *expressis verbis* mentioned only once, and it is not defined in Smith's book on economy; nevertheless, the way he thinks of the functioning of economy seems to be following this mechanism.

Smith's metaphors of a nation's welfare slightly differ, not only from his various interpretations. In *The Wealth of Nations* the functioning principle is much more down-to-earth and, since it has a practical role, it is much less an abstraction. The "earthly counterpart" of the invisible hand is called a market, and with it Smith leaves off the consideration of godly spheres and comes down to earth, where he intends to find operating principles and order. He transforms the mode of making order into a god and names it a market. This is one of the component parts of the development process which moulded the religious Smith of the early years into the economist of the later years.

Basically, each variant of the *invisible hand* tells about the fact that there is a difference between the guide and the guided. The guide invisibly makes processes work, which gives *one* aspect of the hand's meaning, while the *other aspect* is the common man who – although his work is indispensable – is not able to follow the entire mechanism of the market and is occupied with his own activities. The guiding authority is capable of understanding the *operation of market mechanism*, whereas the role players are not. Individual citizens promote general welfare by their work; each person takes care of the functioning of society from his own place by pursuing his own interests. The invisible hand ensures that demand and supply meet at the market. Welfare constitutes both goodness and unity without individual intentions.

This is the point at which Smith surpasses Mandeville: he does not build welfare or social happiness out of vices; in his view, the Garden of Eden is cre-

ated from the deeds of good citizens who are successfully working in their own places. With this we have reached the point where we can say that each and every part of the public good is also good, and what has remained for us is to prove that these constituent parts are good, that they are good indeed.

Smith's "invisible hand" has caused a lot of upheavals, especially among those thinkers who were inclined not to accept the principle of harmony constituted without an original plan.

The organizing principle of society was formulated by Adam Ferguson who defined society as the sum total of all human activities but not of human planning. In this way, spontaneous order guarantees citizens justness and importance to their activities. They do not know what they are doing; they are just going about their work. They occupy their positions, their positions are good and accordingly they wish to be good. It is good to have social positions since they are the outcome of the division of labour: a porter is just as useful for the nation as is a philosopher. A synchronized game is the outcome of the individuals' diligent work and not of synchronization. This structure is built naturally and starts from the bottom. It is work, exchange, nation, wealth and an indirect quality which corresponds to the invisible hand that play the key roles in this structure. Smith in *WN*, book IV, chapter II (1991) says the following: "The annual revenue of every society is always precisely equal to the exchangeable value of the whole annual produce of its industry, or rather is precisely the same thing with that exchangeable value. As every individual, therefore, endeavours as much as he can both to employ his capital in the support of domestic 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 public interest, nor knows how much he is promoting it. By preferring the support of domestic 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. Nor is it always the worse for the society that it was no part of it. By pursuing his own interest, he frequently promotes that of the society more effectually than when he really intends to promote it. I have never known much good done by those who affected to trade for the public good. It is an affectation, indeed, not very common among merchants, and very few words need be employed in dissuading them from it" (SMITH 1991: 399).

Division of labour is not the effect of human foresight but the consequence of man's inclination to exchange things. Whereas all the other creatures are able to fulfil their needs on their own, men are unable to do so. The desires of men

are greater than their abilities, and as a consequence they have to cooperate with each other. And when they fall back on someone else's help, they do not refer to their own needs, but appeal to the other person's self-love.

"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 interest. We address ourselves, not to their humanity, but to their self-love, and never talk to them of our necessities but of their advantages" (SMITH 1991: 13).

Those, who see the guru of egoism in Smith, have not reached further than this quotation. The weakness of contemporary economics was that it narrowed down the Smithean wide perception of individuals, which was related to the fact that moral philosophy and economics were becoming detached. It is feasible that *homo oeconomicus*, led by his self- interest, offers the best possible approach to the economic context of human behaviour. As long as this selfishness is not boundless, there is nothing objectionable about it. In the case when a man as a communal being also allows for another man's selfishness then he sets limits to it. When based on reciprocity, selfishness has boundaries. When studying this human characteristic, we must pay attention to the problem that selfishness itself was used in connection with excessive pursuit of self-interest, and as such it had an economic overtone, while concerning its moral character it was a universal moral principle, yet it had gained a negative connotation. A chart was drawn up which attempted to sum up the connections between morals and economy. In this chart (ZSOLNAI 1987: 30) *selfishness* stands in the first place, and it is defined as increase of one's own profit, while its opposite – *self-denial* – has the meaning of decreasing one's profit. This also makes it clear that acting in one's own interest does not have the meaning of unselfishness nor of the opposite. Self-interest is not necessarily negative; after all, it is natural that one sees to one's own interests best, and that one is not one's own enemy when providing oneself with food, drink or building a roof over one's head. Selfishness in a narrower, economic sense, that is, in the meaning of promoting one's own prosperity, also fits the context. Selfishness at the level of self-interest is acceptable because it does not go over the limit. Its definition is possible only in a reciprocal relationship with the other or the others. Smith regards it as pathological only when it is a boundless, exclusive motivating force. In the following lines of the chart, which shows the relations between morals and the economic situation, the other person is also present: the *aggressive* one reduces while the *altruist* increases the benefits of the other person. In *cooperation,* one's own and that of the other person coincide, while in *competition* the difference between the profits of the other and one's own is turned to one's own benefit. It is obvious from the last two lines that the conflict is not between self-interest and concern for the welfare of others. Members of the group can have both corresponding and partly opposing

views compared both to each other and the group. Cases of loyalty to the group can mean the economic sacrifice of an individual or, on the contrary, the satisfactory realization of his own interest on account of the group.

In his lecture (Vatican City, 1992), Amartya Sen considers the fact that economics is becoming detached from ethics due to the loss of the influence and timeliness of welfare economics. In fact, the traditional criterion of welfare economics was plain utilitarianism which assessed the degree of success on the basis of total utility while it attached no inner value to anything else. This is a rather direct and limited interpretation from the standpoint of ethics, and it was even more simplified when in the 1930s Lionel Robbins (1935, 1938), in the first place, started to criticize the interpersonal comparisons of utility. Interpersonal comparison of utility was characterized as a "normative" or "ethical" problem. As a matter of fact, rendering the interpersonal comparisons of utility as nonsensical is understandable – says Sen, but this standpoint is difficult to defend. According to this standpoint we must also immediately accept the fact that the statement *"A" person's happiness is greater than "B" person's happiness* has no sense either from ethical or from descriptive-theoretical viewpoints. Economists were inclined to immediately classify all statements of the type "nonsense" or "has no sense" under the headword "ethic". The narrow interpretation of "sense" by the logical positivists – which could cause rather great confusion in philosophy, too – resulted in total chaos in welfare economics, especially in those cases when economists liberally supplemented it by homemade, confusing interpretations. According to Sen's notions, it is conceivable that the positivist philosophers made a mistake when they proclaimed every ethical proposal as nonsense, but even they did not dare go so far as to automatically qualify every nonsensical proposal as ethical.

In Smith's reading of the Scottish Enlightenment, the most characteristic antinomies of the era were resolved by the institution of the free market. The market secures the means of living both for owners and those excluded from ownership; the market is the bearer of all potentials for a humane life both for the rich and the poor. The households of European princes of the time hardly surpassed those of the peasants or workers in the way that those of the latter surpassed the households of African kings. Societies before civilization were righteous in the uniformity of poverty, whereas in the bourgeoisified, trading societies the hardest working servants are those who gain the least while the dissolute, idle rich can indulge themselves. If we consider the problem from a strictly moral standpoint and remove it from the context of the age, then we find this division of roles unjust, yet the economic analysis shows that the display of hard work by the poor necessitates economic investment and the entrepreneurial spirit of the rich and the widening of the circle of the employed. And

since this is not a zero sum game (one player's loss is equal to the other player's gain, and vice versa), the rich few do not consume to the detriment of the poor, since the poor also receive a share of the produced commodities. It all seems as if the land were divided in advance into many parts and provided for everyone. The invisible hand administers justice at the markets. The rich, in turn, do good by making their estates prosperous without intending to or planning it ahead. By so doing, they are not even aware of what they are doing. By oppressing their cravings for material goods, men would have remained morally equal but economically on a barbarian level. This is the point where Smith argues with the Stoic philosophers; after all, ataraxia calls for renunciation, inner peace and tranquillity, whereas capitalism requires quite the opposite. But Smith most of all disputes Rousseau and Mandeville's reasoning when he discusses about man's ability for self-control and the fact that the principle of economy defeats waste, and also, that it is not exclusively material goods which are the motivating powers of men's actions. The other great thinker of the time, Smith's friend, David Hume, also agrees with Smith that basically there were two characteristic features which had produced property: human nature's restricted benevolence towards other fellow men and the scarcity of available goods in nature. The right to benevolence and the maintenance and defence of property are completely different types of rights. Smith, in fact, outlines the type which we nowadays call "moral right" and whose essence is explained by the example of the benevolence of the benefactor: contribution can be ethically assessed but it cannot be enforced, and the beggar who had received some contribution cannot lay claim to further ones. If they are virtues, contribution and the giving spirit must be voluntary. And if contribution is a virtue, it cannot be a right, especially not a right that is as perfect as proprietary rights are which can be enforced by law. Under the influence of Grotius, the father of international law, these thoughts had become the basis of Smith's modern law of nature and entered the media of market justice. Although moral virtues did not prevail with crystal clarity and exclusively, nevertheless, equalization law prevented injustice.

Smith sets forth in one of his letters written to the Edinburgh Review that pity cannot be the only virtue that is capable of producing all other virtues in the way that Mandeville had reckoned it. It is also in this letter that he confronts the diverging views on pre-civilization society: Rousseau's happy savage with Mandeville's miserable existence. Smith looks at every issue with the eyes of a historian, and thus he sets forth his view that, in the progress of society, man's refinement is also a consequence and result of development.

He explains that the open manifestation of one's feelings has not always been befitting, for example, in the age of Stoicism. Orators before Cicero had not burst into tears, while Cicero often ended his speech emotionally charged.

Savages are hard and tough, while civilized men are sensitive and emotional. Moral emotions have not become distorted: men have always been concerned about their own happiness (prudence), other people's happiness (justice) and about contributing to the good of others (beneficence).

The sense of propriety is the manifestation of moral sense, which is inborn and springs from a natural fellow feeling in men. The savage does not count on sympathy and does not allow himself affectionate emotions. The indifference of men living on more primitive levels is something that cannot be understood by those for whom expressions of anger, pain or love are natural. The savage is taken by surprise at the feeling of being in love, since for him to give way to a feeling is a sign of greatest weakness.

Mandeville does not only deduce virtues from pity with the Fable of the Bees, but also creates a structural ethics, in which the fundaments of common good are vices, and the functioning of society is built on the division of labour.

Mandeville's first fable *The Grumbling Hive or KNAVES Turn'd HONEST* (1705) had no success whatsoever because the conditions in England outlined by him were not yet evident for many; the general public did not yet understand the fable referring to the early stage of capitalism at the beginning of the 18th century. His later attempt, *The Fable of the Bees; or, Private Vices, Publick Benefits* (1714), stirred up a huge storm and a great deal of debate. Social growth and enrichment are necessary for the "swarming" in the beehive. Both the drones and the worker bees are satisfied because they are serving the common good with their immorality and vices. The corruptions, extortions, treacheries, lies and thefts of individuals all happen for the sake of the hallowed goal. Indolence, proneness to opulence, prodigality and haughtiness in their own values are despicable characteristics of human nature, but put into the service of economy they distinctly promote social processes and are the bases of the common good. Industry is the produce of human vanity; trade is of the lack of perseverance.

Thus every Part was full of Vice, [155]
Yet the whole Mass a Paradice;
.....
Such were the Blessings of that State;
Their Crimes conspired to make 'em Great;
And Vertue, who from Politicks
Had learn'd a Thousand cunning Tricks,
Was, by their happy Influence, [165]
Made Friends with Vice: And ever since
The worst of all the Multitude
Did something for the common Good.

Every kind of moral deviance is a means by which some economic good is produced: each negative role player contributes to the common happiness of the hive. In a paradoxical way, the common good is almost entirely the product of badness.

The paradoxes of Mandeville's fable needed explanations; the study which explained the social reality behind the lines was written for this purpose. Tax-paying citizens bring in profit for society, yet their professions and products of their trades become instruments of sinning**.** The armourer makes weaponry for bloody combats, the pharmacist combines substances to poison others; the merchant sells and exports corn and imports drinks by which he promotes the development of industry or shipping and increases customs revenues – yet at the same time, idleness and alcoholism are also based on their activities.

"The Money that arises from the Duties upon Malt is a considerable Part of the National Revenue, and should no Spirits be distill'd from it, the Treasure would prodigiously suffer on that Head" (MANDEVILLE 1996: 52).

Those who produce dice and playing cards live well on manufacturing products for criminal acts. Manufacturers of luxury products aid human haughtiness and hedonic ways of life, while those who produce them make a very good living from their products.

All strata of men have their roles in the social division of labour: the thieves and robbers established blacksmithing and they continuously provide blacksmiths with work. Thieves steal either because they cannot support themselves with honest work or because they loath work.

The innkeepers and tavern keepers also have their share in the total social crime when they accept money from thieves and whores in the same way as they do from others, even though they know where the money comes from.

National prosperity is the outcome of good trade, defence of property, wise dispensing of justice, skilful conduct of foreign affairs, citizens' freedom of conscience and the meagre influence of the clergy on state affairs.

In Mandeville's opinion, the thrift of individual citizens and their families might lead to wealth, but it does not promote the wealth of the nation. One interpretation of thrift is abstention from superfluous things, the kind of attitude which is satisfied with a simple, modest way of life. Another interpretation of thrift is finding the right balance between thrift and parsimony. From the standpoint of nations neither of these two, but rather good soil, fortunate climate, lenient government and more land than population brings about wealth. The Dutch who managed to become a prestigious nation with dominant power on Europe's most inferior quality land, aided shipping and wide-ranging trade, and ensured

freedom to their enthusiastic citizens in establishing industry. The Dutch themselves assess their freedom in quite a different way; they assume that their ancestors' virtues and thrift were the true sources of their wealth.

In the author's opinion the secret to a nation's happiness is in full employment. In the beginning, handicraftsmen and tradesmen ought to be supported to pursue their profession because this also attracts foreigners, and then the growth of agriculture should be encouraged so that each piece of land becomes cultivated in order to provide for both the domestic population and foreigners.

Enrichment is equal concern of both sides, producers and consumers, involved in the social division of labour; for example, women's desire for luxury and their unbounded ambition to always have more, give work to the diligent; soldiers take pride in wearing sumptuous clothing or weapons that distinguish them from civilians, which all makes certain trades indispensable.

Marx agrees with Mandeville in the following way:

A philosopher produces ideas, a poet poems [...] A criminal produces crimes. ... The criminal produces not only crimes but also criminal law, and with this also the professor who gives lectures on criminal law ... The criminal moreover produces the whole of the police and of criminal justice, constables, judges, hangmen, juries, etc. ; and all these different lines of business, which form just as many categories of the social division of labour, develop different capacities of the human mind, create new needs and new ways of satisfying them. [...] And if one leaves the sphere of private crime: would the world market ever have come into being but for national crime? Indeed, would even the nations have arisen? And has not the Tree of Sin been at the same time the Tree of Knowledge ever since the time of Adam? (MARX: 306–318).

The fire of London also secured the daily bread for many people in the rebuilding of the town, while the thrift of the rich went hand in hand with unemployment for the lower strata of society. Mandeville outlines the processes of social life in their inner relationships: the interplay between individual and community, crime and punisher, poor and rich, and producer and consumer.

In Mandeville's system, ethics has completely fallen victim to the flourishing of economy, the ultimate goal in the enrichment of England. This enrichment is materialized not through the means within economy itself but through the victims of the domain of ethics. Ethics are, in forms of immoralities, with all their implements the ancillary of economy. These types of mechanisms/structures of the goals and means are usually substituted so as to make them seem better, which in this particular case is done by replacing the functioning of economy with the *common good*. Naturally, the common good constituted by the offence

of individuals is hardly justifiable (and only in immanence). Put into the place of common good, the goals of 'the rise of the nation' or 'supremacy of the nation' set into the future and therefore transcendent, even in this structure cannot be without the employment of individuals as tools. Whether Mandeville's "is" or the "ought" of the supremacy of the nation is in question, the problems arise from the structures. The goals in the social processes of existing societies (in immanence) originally do not have ethical standpoints. The tools become deformed in keeping with the standpoint of the goals (they relativise, appear in their opposites). In a society not yet realized (transcendent) the goals include just about all the moral goods: the Garden of Eden or dream of Harmony are promised. The reality of these things cannot be verified (such a society has not existed before), and along the road which leads to it, the individual sacrifices his moral-self as a tool on the altar of the goal where, when he reaches it, covering up his sins, tortured by remorse and burdened by murders, he will realize that there is no such evil which is good.

With Smith the division of labour is not only a natural accompaniment of civil societies but it also structuralizes production, notably the foundation of manufactory. What is more, later intellectual history research (GERVAI-TRAUTMANN 2002: 3) has connected the functioning of manufactures with the great ideas of the Enlightenment that became celebrated in the French Revolution and exerted influence on the English economy. The manufactory represents the principles written on the flag of the French revolution: liberty, fraternity, equality. The organization of the manufactory does not go together only with the economic profits, such as the elaboration of products by trained, faster movements or the saving on the-change-over time between work sessions, but it also helps improve a community feeling among the workers. The end product cannot lack the succession of any of the workers, because a pin is what it is because it is *a short, straight, stiff piece of wire with a blunt head and a sharp point*. And to make it, the wire has to be drawn, straightened, cut, sharpened at one end, and a head put on at the other one. None of these particular operations can be left out and, consequently, the person who does the particular work cannot be left out either; each worker is equally necessary. In this way not only equality but fraternity also becomes important, after all, each person's work is important for everyone else, because it represents a part of the whole: the end product. Everyone becomes useful not only due to his own work but also through the work of the others. But by leaving out the operation of one other person the whole thing will come to nothing. A worker in a manufactory can develop to perfection the quality of his skill for one part of the whole work through which he is also able to express his freedom at the same time. "*To take an example, therefore, from a very trifling manufacture; but one in*

which the division of labour has been very often taken notice of, the trade of the pin-maker; a workman not educated to this business,... could scarce, perhaps, with his utmost industry, make one pin in a day, and certainly could not make twenty. But in the way in which this business is now carried on, not only the whole work is a peculiar trade, but it is divided into a number of branches, of which the greater part are likewise peculiar trades... ...the important business of making a pin is, ... divided into about eighteen distinct operations, which, in some manufactories, are all performed by distinct hands, though in others the same man will sometimes perform two or three of them. I have seen a small manufactory of this kind where ten men only were employed, and where some of them consequently performed two or three distinct operations. But though they were very poor, and therefore but indifferently accommodated with the necessary machinery, they could, when they exerted themselves, make among them about twelve pounds of pins in a day..... But if they had all wrought separately and independently, and without any of them having been educated to this peculiar business, they certainly could not each of them have made twenty, perhaps not one pin in a day;" (SMITH 1991: Book 1, Ch 1, On the Division of Labour).

The organizing principle of *The Theory of Moral Sentiments* is an impartial approach in the very same way as the invisible hand is of *The Wealth of Nations*. The impartial spectator so to say places a 'superior I/self' above one with the task to judge one's actions. The impartial spectator can also be perceived as the common conscience which judges an individual's actions from the viewpoint of an outside spectator. It is the bearer of generalization, manifestation of humankind and the base for the judgement of comparison. It is very hard to assess the degree of impartiality when judging the deeds of others, especially one's own. And yet, at the same time the very thought of impartial judgement is an enormous step forward, even if through this Smith in fact creates an inner controller in one, which is a strange heteronomy, adequate to an inner significance.

T. D. Campbell collected twelve expressions for the "impartial spectator" which are problematic by themselves because of the alternating uses of singular and plural. "...he speaks, interchangeably, of the 'spectator', 'spectators', 'bystander', 'a third person', 'every attentive spectator', 'every impartial bystander', 'every impartial spectator', 'every indifferent person', 'another man', 'other man', 'society' and most frequently of 'mankind'" (CAMPBELL 1963: 134–135).

The number of the outside spectators is not irrelevant since in the case when there is supposedly only one spectator, this entails merely impartiality, viewing from a distance and a witness-like quality; when there are several spectators, this can imply a general, mutual expectancy which, when taken as an idea, can linguistically be in the singular. Campbell argues with Roderick Firth who, in his essay "Ethical Absolutism and the Ideal observer", views the "impartial spectator"

as the descendant of the "ideal observer" and ascribes to the latter "the following specific characteristics: omniscience with respect to nonmoral facts, omnipercipience, disinterestedness, dispassionateness, consistency, and normalcy in all other respects". Campbell is of the view that these characteristics can no longer be present in human spheres and do not have any experience based foundation. With the supposition of a godly sphere the Smithean mirror, by help of which one could see oneself through the eyes of others, would break to pieces.

The mirror which shows an individual's virtues and vices is exclusively in the society itself. Were a person to grow up with no human relations, he would not be able to tell, referring to himself the quality of his own thoughts or the correctness of his behaviour. He will see how right or wrong his conduct is in the faces and responses of those performing together with him. We see through the judgement of others, what we are truly like when we become subject to external judgement. When looking into the mirror, the multitude of our social experiences related to ourselves will constitute the basis of our contentedness or discontentedness. If we are satisfied with the mirrored image of ourselves, we can more easily bear the reprehension of others, than in the case of a reverse situation. It works the same way as in the case of "A man who is tolerably handsome, will allow you to laugh at any little irregularity in his person; but all such jokes are commonly unsupportable to one who is really deformed..." (SMITH 1759: Part III. Chap. I).

The image that actually shows up in the mirror reflects the self-image without the impartial spectator; the other image, the one behind the mirror is the impartial spectator, that is, the image formed and anticipated by others. The differences in distance between the two make up the basis of a person's inner harmony: if the two images are congruent, then harmony exists. The impartial spectator cannot be a kind of "judge" in a person that acts as the sixth sense, and is constant from the aspect of the sense that differentiates between good and evil, but rather operates depending on the situation, in the course of actions, and in the concrete practice of everyday relations.

The impartial observer approach takes us to the viewpoint of judging the behaviour of others by which the link between the individual and society is established. By being involved in social relationship, the individual is supplied with responses, his conscience is kept alert, and he is taught self-discipline. We can assess ourselves only through the judgement of others; consequently, those who live alone, far from society cannot know much about themselves either. This is why Robinson, too, tries to use every means at his disposal to get back into society.

(To be continued)

REFERENCES

BERTÓK Rózsa 2002. *Magánvétkek–közhaszon*. Dr. Haller Média Kiadó, Pécs

CAMPBELL T. D. 1963. *Adam Smith's Science of Morals*. George Allen & Unwin LTD. London

GERVAI-TRAUTMANN 2002. Bevezetés pp. 7–15. In: Bertók Rózsa: *Magánvétkek – közhaszon.* Dr. Haller Média Kiadó, Pécs

Etika a gazdaságban 1993. Szerk. Kindler József, Zsolnai László. Budapest, Keraban.

EVENSKY, Jerry 2007. *Adam Smith's Moral Philosophy*. Syracuse University, New York

MANDEVILLE, Bernard 1996. *A méhek meséje.* (Ford. Tótfalusi István) Kossuth, Budapest

MARX's Economic Manuscripts of 1861–63. Part 3. Relative Surplus Value. Degresson: *On Productive Labour*. *Vol. 30* MEW.

ROBBINS, Lionel 1938. Interpersonal Comparisons of Utility: A Comment = *The Economic Journal, Vol. 48*, No. 192 (Dec., 1938) pp. 635–641.

SALVUCCI, Pasquale 1976. *Adam Smith politikai filozófiája*. Gondolat, Budapest

SEN, Amartya 1992. Néhány jelenkori gazdasági és társadalmi problémáról = *A közgazdaságtan társadalmi és etikai vetületei.* Vatikánváros, Egyházfórum

SMITH, Adam 1940. *A nemzetek jólétének természetéről és okairól.*

SMITH, Adam 1979. *The Theory of Moral Sentiments*. (Ed.: D. D. Raphael and A. L. Mafie) Clarendon Press, Oxford

SMITH, Adam 2006. *The Theory of Moral Sentiments*. Dover Publications, INC. Mineola, New York (The work was originally published in 1759)

SMITH, Adam 1991. *The Wealth of Nations. Everyman's Library*. Alfred A. Knopf, New York, London, Toronto

ZSOLNAI László 1987. *Mit ér az ökonómia, ha magyar?* Közgazdasági és Jogi Könyvkiadó, Budapest