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MORAL PHILOSOPHER OR ECONOMIST? (II)

Adam Smith's Influence in the 20th Century

Morálfilozófus vagy közgazdász? (II.)

Adam Smith hatástörténete a 20. században

One of the greatest values of philosophy and the history of philosophy is disguised in the history of its influence. The present-day Renaissance of Adam Smith is not only about celebrating him as a moral philosopher but also the genuine, undiscovered economist. Adam Smith, as the analyst of the history of the wealth of nations, took into consideration the individual, the person who creates, describes, invents, lives to see and interprets his actions, and also calculates, observes and gets to know the presence of the other/others. Smith wrote on the topic of eliminating curbs on freedom of movement with reference to poor employees. Several illustrations of the game theory can also be traced back to Smith.

Researchers are trying to find a solution to how to “overwrite” differences of origin, economic, emotional, social and habitual character; to find the means to persuade people who are living, working and studying in the same place at the same time to cooperate instead of waging wars, engaging in hostilities and taking revenge.

The conference in Oslo commemorating the 250th anniversary of The Theory of Moral Sentiments focused attention on the analysis of neglected Smithian categories.

In Adam Smith's works there is still a great amount of undiscovered additional material on the possibilities of sympathy, both on resentment, and also on getting rid of prevailing prejudice.

The history of Adam Smith's influence has not come to an end; it is quite possible that it is currently gathering momentum. Without his philosophy, he has no economic theory; his conception of economics cannot be understood without his philosophy, and as the invisible hand is his moral philosophy, so is the impartial observation the moral foundation of economic processes. Adam Smith is an economist-philosopher and a philosopher-economist.

Keywords: moral philosopher, economist, wealth of nations, the individual, Smithian categories

In addition to environmental pollution and unemployment, poverty is one of the greatest problems of mankind in our age.

It is in the sphere of poverty that the thorniest questions of society are encountered: the problem of state intervention, justness in the distribution of the

scarce supply of provisions, degree in the freedom of choices and the deciding on the modes of aid.

Amartya Sen, who greatly engaged himself in the problem of relationships between ethics and economics, also made it his concern to analyze the most complex issues concerning the entire world and, in one way or another, the questions of poverty. Not only is there no common standpoint regarding whether poverty is a question of social policy or economic efficiency, whether to deal with it primarily in the spheres of politics or economy, but there is also no satisfactory definition of poverty itself.

Sen's paper *Poor, Relatively Speaking* (SEN 1983: 153–169) shows the confusion that exists around the concept of poverty. Most of the problems stem from the fact that in the richer countries the definition of relative poverty has received a more favourable rating. Consequently, the concepts of relative and absolute poverty were merged into one another. According to Sen, the two definitions cannot be dealt with either in an isolated way, or as merged into one. Researches into relative poverty have resulted in providing the basis for various welfare programmes, but they have remained far from giving a true solution to the problem. When Peter Townsend (1962) used the subsistence level of living as the basis of the poverty line, he showed that as many as one in seven Britons were living in poverty in 1960. The relativist definition instead of considering comprehensive results drew attention to the very important issue that it is of vital importance to define the poverty threshold. Relativity was a problem from the outset, since the interpretation of the concept of poverty as a state of deprivation was defined by making comparisons. This definition, when setting up a social hierarchy, was leading us astray, because in the absurdity of relating, the person who can buy only one luxurious car a day and not two, three or even a dozen, could be regarded as poor. If famine is part of our day-to-day life, then a relative situation does not count at all.

Other authors, thanks to the stratification approaches, identified poverty with lack of equality, and saw the solution in comparing the data referring to the lower strata with the rest of the society, rejecting in this way the necessity of calculating the subsistence minimum. The catch in this approach is that disparities do not change in quantity, i.e. the increase in poverty cannot be detected.

The political definition of poverty, as it was called, led to similar misconceptions. Society determines a certain level of income which it should guarantee for everyone. The level of aid can never take into consideration those other circumstances which are beyond the factors which determine the various levels.

Sen mentions the arguments of Fred Hirsch (HIRSCH 1976) on 'positional goods', which make clear the difference between the evaluation of the absolute and the relative situation. The possibility of enjoying a pleasant, quiet place in

a seaside resort, gives a person such a positional advantage over others, which implies knowing the beach and familiarity with it. Through it a person can gain absolute advantage over other people on the basis of his/her relative position – knowing something that others do not. The individual's absolute achievement may depend on his/her relative position. In the notion of poverty the absolute and relative spaces cannot be mixed, because if capabilities, commodities or characteristics become mixed in the research on poverty, one can no longer discriminate between the approaches.

Sen argues that poverty must be seen as an absolute notion, “it will be claimed that *absolute* deprivation in terms of a person's *capabilities* relates to *relative* deprivation in terms of commodities, incomes and resources.”

The absolute approach to poverty rejects any kind of comparison between social strata, it does not know of the ‘better than others’ or ‘less than’ relation categories. Sen came to this thought through Adam Smith's theory of necessities. Smith in the *Wealth of Nations* (SMITH 1991, V: II) wrote about taxes upon consumable commodities, where he clearly specified them. He divided them into ‘necessaries or luxuries’ and said:

“By necessities I understand not only the commodities which are indispensably necessary for the support of life, but whatever the custom of the country renders it indecent for creditable people, even of the lowest order, to be without. A linen shirt, for example, is, strictly speaking, not a necessary of life. The Greeks and Romans lived, I suppose, very comfortably though they had no linen. But in the present times, through the greater part of Europe, a creditable day-labourer would be ashamed to appear in public without a linen shirt, the want of which would be supposed to denote that disgraceful degree of poverty which, it is presumed, nobody can well fall into without extreme bad conduct. Custom, in the same manner, has rendered leather shoes a necessary of life in England. The poorest creditable person of either sex would be ashamed to appear in public without them. In Scotland, custom has rendered them a necessary of life to the lowest order of men; but not to the same order of women, who may, without any discredit, walk about barefooted. In France they are necessities neither to men nor to women, the lowest rank of both sexes appearing there publicly, without any discredit, sometimes in wooden shoes, and sometimes barefooted. Under necessities, therefore, I comprehend not only those things which nature, but those things which the established rules of decency have rendered necessary to the lowest rank of people” (SMITH 1991: 393).

In Smith's view necessities do not extend only as far as necessary commodities for biological maintenance, but include sentiments which ensure the avoidance of shame. In the given culture a linen shirt and leather shoes are as much part of avoiding shame as is one's daily bread. The dictates of customs to keep

to traditions have no grading, and shame has no levels; avoidance of shame is an absolute category; for example, the ownership of leather shoes is the absolute measure of the level for the lower strata of society below which one cannot go, and in this relation one cannot live more or less shamefully.

Sen interprets Smith's passage above in the following way: "In this view to be able to avoid *shame*, an eighteenth-century Englishman has to have *leather shoes*. It may be true that this situation has come to pass precisely because the typical members of that community happen to possess leather shoes, but the person in question needs leather shoes not so much to be less ashamed than others—that relative question is not even posed by Adam Smith—but simply not to be ashamed, which as an achievement is *an absolute one*" (SEN 1983).

Sen claims that for the assessment of the standard of living, neither commodities, nor their characteristics nor utility are sufficient. The ownership of a bicycle in itself, for example, has no meaning at all, even when taken together with all the possibilities that are included in it and achievable with it, if the capabilities to bring them into effect are lacking. The utility of the bicycle refers to the nature of the commodity itself and does not affect the person using it. Thus, the most important constituent of the standard of living is the ability which makes the commodities function and uses their characteristics. The living standard of the owner of a bicycle for disabled people cannot be measured by the ownership of the bicycle in itself, and yet the feeling of mental happiness that requires no material goods can also be misleading in judging the living standard. The living standard ought to be measured in the spaces of capabilities and possibilities "...poverty is an absolute notion in the space of capabilities but very often it will take a relative form in the space of commodities or characteristics" (SEN 1983: 161).

The capability to meet social conventions and avoid shame, that is the ownership of leather shoes, also conceals some psychological components, while other capabilities may not have these. The contrast between capability and utility may not be that obvious in the case of capabilities involving psychology "it would be impossible to catch the various psychological dimensions within the undifferentiated metric of utility" (SEN 1983: 161). The capability of happiness is just one among other capabilities, and thus, utility can be given more space within a general judgment of the relevance of capabilities.

In richer societies, in addition to leather shoes, people will need the ownership of many other commodities in order to avoid shame, but one should not forget – as Sen points out – that these things gain sense in the space of commodities, and the desire for an ever widening range of commodities can head towards infinity, and still not say more about poverty. Because, only a definition of living standard which takes into consideration individual capabilities can have the absolute requirement of the avoidance of shame in the absolute sense.

Peter Townsend – in spite of his relativist viewpoint concerning poverty – gives the outlines of the resources which satisfy the absolute needs for taking part in the life of a community. In a poor community, these resources may satisfy minimal criteria: nutritional needs, having clothes and a roof above one's head, and avoiding disease. We can see this in the examples of nineteenth century London or York, or India today. When estimating the standard of living, it is not the participation in communal life, but rather the ownership of the mentioned commodities that matters, since here, taking part in communal life is easy and natural. In richer countries, the situation is quite the opposite: the nutritional and other physical requirements having been met, participation in communal life demands higher requirements. "Relative deprivation, in this case, is nothing other than a relative failure in the commodity space – or resource space – having the effect of an absolute deprivation in the capability space" (SEN 1983: 16).

Viewed from certain aspects there is very little, and from others, very great discrepancy between poor and rich countries regarding the standard of living. In being able to acquire certain commodities (food, clothing, health, travel, etc.), the means required for achieving individual capabilities vary very little among the various communities, while there are enormous differences due to the sharply differing resources regarding the capabilities for achieving life without shame (Adam Smith), taking part in the communal life (Peter Townsend), and sustaining self-esteem (John Rawls).

Sen, in the concluding remarks of his paper, insists on the fact that the relative and absolute conceptualization of poverty can be resolved, and their significance made public only by revealing the space in which the research was done (e.g., commodities, incomes, or capabilities). The absolutist approach to poverty is closely related to the concept of capability. These capabilities refer to individuals and disregard commodities, characteristics of commodities and their utility. An absolutist view in the space of capabilities corresponds to the relative approach in the space of commodities, resources and incomes in those cases when it aids avoiding shame, taking part in the life of the community and sustaining self-respect. In analyzing inter-communal differences, specific personality traits in converting commodities into individual capabilities should not be neglected either. It would also be essential to find out whether one is dealing with a relatively poor person or someone whose disadvantageous social position is in the absolute sense poor.

Adam Smith discusses the inequalities caused by policy (SMITH 1991, I: X, II). The greater the restraints of freedom, the more striking are the inequalities. This is achieved in three ways: (1) by reducing the number of competitors in some employments (2) by increasing the competitions beyond natural bounds in others, and (3) by obstructing the free circulation of labour and stock both from employment to employment, and from place to place.

The *first* way is the outcome of the corporations' privileges. In certain trades the number of apprentices is cut back artificially; the long term of apprenticeship, which increases the expenses of education, also serves the aim of cutting down on the number of competitors. In Sheffield the master cutler was allowed to have one apprentice, the weaver two at the most, and it was the same with the silk weaver in London; the term of apprenticeship was seven years.

A striking example of the *second* way is the education of the greater part of the churchmen; it was possible to become educated with hardly any expense of one's own on state or foundation scholarships in Europe. Their wages, on the other hand, were very low; a curate earned as little as a master mason would have earned without employment for one third of the year. Yet, at the same time – from the standpoint of the common good – the low expenses of education overbalance the disadvantages of low wages.

The *third* way is the obstruction of the free circulation of labour from one employment into another, in order to stop workers doing the same or very similar operations in another manufacture for higher wages. Corporation laws can obstruct the circulation of labour even in the same town.

Obstacles to the circulation of labour are yet even greater than those for the circulation of stock. Obstructing labourers in their right to change their workplaces has certain economic drawbacks, puts them under constraint, but does not make it impossible for them. The Poor Laws in England, however, by making impracticable the new settlement of the poor, ostracized them from employment as well.

Smith sees the Poor Laws as the greatest problem of social life in England.

The Poor Law, passed in the 43rd year of Elizabeth's reign, stated that every parish was obliged to provide for its own poor. Since it was imposed on the parishes to attend to the poor through their appointed overseers, each parish tried to have as few of them as possible, and prevent their settling. Settlements were conditional on renting a tenement of ten pounds a year, or giving such security for the discharge of the parish where they had been living up to then, or forty days' residence in the parish – conditions that were almost impossible to fulfill.

The poor laws of Queen Anne and William III are slightly revised versions of the above, but what dominates in them is hypocrisy, since the right to settlement and employment can seemingly be achieved, yet in practice is almost infeasible to realize. Smith's lines convince us of the inhumanity of these laws, and of the excessive curb on freedom induced in the form of external constraint.

“To remove a man who has committed no misdemeanour from the parish where he chooses to reside is an evident violation of natural liberty and justice” (SMITH 1991: 1140).

A decade after Smith's work on economy had been published, Joseph Townsend wrote a treatise on the Poor Laws (*A Dissertation on the Poor Laws*,

1786). He considers the Laws outdated and inadequate for solving the problems of the poor. In his opinion the solution would be to create a situation in which the poor would be ready to accept any kind of work for even meagre wages. Charity can only result in the increase of population, and puts the burden on those who are not directly to blame for the grievous situation. The abolishment of compulsive charity would automatically solve this social problem: hunger as an instrument could drive the poor to seek work, and their wages would restrict the quantity of goods they could buy, and this would halt the increase of population. “He, who stately employs the poor in useful labour, is their only friend; he, who only feeds them, is their greatest enemy.”

The author was of the opinion that the emergence of economic motives should not be hindered artificially by social warrants, because social welfare obstructs the natural development of processes and the accomplishment of duties pertaining to taking part in the production of goods. To support his argument, Townsend used as a model the island and the goats, in which the Robinson-paradigm was supplemented with new interpretations. The Juan Fernandez Island, named after its discoverer, is evidence of the biological functioning of the invisible hand. A pair of goats was let loose on the island. The goats bred and quickly multiplied till they had replenished the island; then, the Spanish put on shore a greyhound dog and bitch. The dogs also bred and fed on the goats, and as their number increased the goat population diminished; they could find shelter only among the craggy rocks where dogs were unable to follow them. Only the strongest and most active of the dogs could get food when the goats descended with fear for short intervals to feed, and thus their number also declined. A new kind of balance was established in this way. Nature helped setting up the equilibrium in the form of the quantity of food necessary to support life, which in the beginning demanded victims, but later on resulted in order and peace without any external intervention. It was the Thomas Robert Malthus vs. Condorcet debate that made Townsend’s principle famous. In Malthus’ view, food supply will set limits to the increase of population, and if not so, natural disasters (war, epidemics, crime, or famine) will cut back the growth of population. The peaceful functioning of the economic sphere is assured by the laws of nature and not by artificial, external, governmental interventions. The ‘laissez faire, laissez passer’ principle has a biological colouring in the case of the above authors.

Another far-reaching question of the issues of poverty is bridging the gap between rich and poor countries and/or aiding poor countries. These can include economic injections, food aids or admittance of refugees. Their negation had already been formulated, based on the Townsend and Malthusian argument about population growth, and yet another theory was proposed by Garret Hardin, which became well-known as the ‘Lifeboat Ethics’; it models a situation

showing the dangers of the distribution of meagre resources. “So here we sit, say 50 people in our lifeboat. To be generous, let us assume it has room for 10 more, making a total capacity of 60. Suppose the 50 of us in the lifeboat see 100 others swimming in the water outside, begging for admission to our boat or for handouts. We have several options: we may be tempted to try to live by the Christian ideal of being ‘our brother’s keeper,’ or by the Marxist ideal of ‘to each according to his needs’. Since the needs of all in the water are the same, and since they can all be seen as ‘our brothers,’ we could take them all into our boat, making a total of 150 in a boat designed for 60. The boat swamps, everyone drowns. Complete justice, complete catastrophe” (Garrett Hardin, *Lifeboat Ethics: the Case Against Helping the Poor*, Psychology Today, 1974).

Adam Smith has become a classic, because in his comprehensive work on economy every era can find its own reading. Sen, among others, also points out the justifiability of rereading and studying Smith’s great work, when he finds thoughts in it which help towards the understanding of society today and the solution of its problems. The current world situation also calls for Sen’s reading of Smith, so as to lead us, by giving a new interpretation of freedom, towards solutions in the relationship between economy and ethics.

ADAM SMITH’S INFLUENCES IN TEXTS OF AMARTYA SEN, JOHN RAWLS AND FRANCIS FUKUYAMA

As we are following Sen’s text, we can recognize Smith’s powerful influence in creating a new kind of theory of justice.

„If Rawls presents one way of thinking about objectivity in the assessment of justice, Adam Smith’s invoking of the impartial spectator provides another. This ‘ancient approach’ (as I write these lines it is almost 250 years since the first publication of Smith’s *Theory of Moral Sentiments* in 1759) has a very long reach. It also has both procedural and substantive contents. While Rawls’s primary focus seems to be on variations of personal priorities, Adam Smith was also concerned with the need to broaden the discussion to avoid local parochialism of values, which might have the effect of ignoring some pertinent arguments, unfamiliar in a particular culture. Since the invoking of public discussion can take a counter-factual form (‘what would an impartial spectator from a distance say about that?’), one of Smith’s major methodological concerns is the need to invoke a wide variety of viewpoints and outlooks based on diverse experiences from far and near, rather than being contented with encounters – actual or counterfactual – with others living in the same cultural and social milieu, and with the same kind of experiences, prejudices and convictions about what is reasonable and what is not, and even beliefs about

what is feasible and what is not. Adam Smith's insistence that we must *inter alia* view our sentiments from 'a certain distance from us' is motivated by the object of scrutinizing not only the influence of vested interest, but also the impact of entrenched tradition and custom.

Despite the differences between the distinct types of arguments presented by Smith, Habermas and Rawls, there is an essential similarity in their respective approaches to objectivity" (SEN 2010: 44–45).

Sen draws a parallel also between Rawls's theory and the characteristic features of the view's of Smith's impartial spectator.

SMITH AND RAWLS

"In the Rawlsian universe of justice as fairness, it is the membership entitlement that seems to get all the attention at the political level (though Rawls devises the original position with the aim of cutting out the influence of their vested interests in the choice of principles of justice), whereas in the approach advanced by Adam Smith, invoking 'impartial spectators', distant voices may be given a very important place for their enlightenment relevance, for example, to avoid parochialism of local perspectives" (SEN 2010: 108).

"The place of impartiality in the evaluation of social justice and arrangements is central to the understanding of justice. There is, however, a basic distinction between two different ways of invoking impartiality, and that contrast needs more investigation. I shall call them respectively 'open' and 'closed' impartiality. With 'closed impartiality' the procedure of making impartial judgments invokes only the members of a given society or nation (or what John Rawls calls a given 'people') for whom the judgments are being made. Rawls's method of 'justice as fairness' uses the device of an original position and a social contract based on that, among the citizens of a given political community. No outsider is involved in, or a party to, such a contractarian procedure.

In contrast, in the case of 'open impartiality' the procedure of making impartial assessments can (and in some cases, must) invoke judgments, among others, from outside the focal group, to avoid parochial bias. In Adam Smith's famous use of the device of the 'impartial spectator'; the requirement of impartiality requires, as he explains in *The Theory of Moral Sentiments*, the invoking of disinterested judgments of 'any fair and impartial spectator' who does not necessarily (indeed sometimes ideally not) belong to the focal group. Impartial views may come from far or from within a community, or a nation, or a culture. Smith argued that there is room for – and need for – both" (SEN 2010: 123).

KANT AND SMITH

It is a highly important fact in the development of the history of influences that the ideas that led up to Kant's categorical imperative are laid down in Smith's theory of the impartial spectator.

“The insistence on impartiality in contemporary moral and political philosophy reflects, to a great extent, a strong Kantian influence. Even though Smith's exposition of this idea is less remembered, there are substantial points of similarity between the Kantian and Smithian approaches. In fact, Smith's analysis of the 'impartial spectator' has some claim to being the pioneering idea in the enterprise of interpreting impartiality and formulating the demands of fairness which so engaged the world of the European Enlightenment. Smith's ideas were not only influential among Enlightenment thinkers such as Condorcet who wrote on Smith. Immanuel Kant, too, knew *The Theory of Moral Sentiments* (originally published in 1759), and commented on it in a letter to Markus Herz in 1771 (even though, alas, Herz referred to the proud Scotsman as 'the Englishman Smith'). This was somewhat earlier than Kant's classic works, *Groundwork* (1785) and *Critique of Practical Reason* (1788), and it seems quite likely that Kant was influenced by Smith” (SEN 2010: 124).

SMITH AND FUKUYAMA

It is Fukuyama who – in his work, *State Building* – sets the foundations for the Renaissance of Adam Smith's thoughts by making the connection between state building and economy, by looking for the scope of government tasks, or rather, by stating: the national power is a key component in the art of state building.

“It has become much more fashionable in recent years to argue with Sen (1999) that democracy is both an object of development in itself and a means toward economic growth. There are a number of reasons for this argument.

It is clear, for example, that it is not authoritarianism per se that determines economic outcomes but rather the quality of the authoritarian leader and the technocrats advising him or her.

Authoritarian countries as a group might do well if they could all be run by Lee Kwan Yew; given that they are as often run by a Mobutu or a Marcos, it is not surprising that authoritarian regimes show much greater variance than democratic ones in terms of development outcomes” (FUKUYAMA 2005: 45).

An interesting event of the Renaissance of Smithian thought was the conference in Oslo: Interdisciplinary Adam Smith Conference Commemorating the 250th anniversary of *The Theory of Moral Sentiments*, University of Oslo, Norway 27–29 August, 2009. The TMS had been neglected for a long time. This is

inexplicable because it develops the topic of human nature, a subject which is interesting not only for philosophers but which also addresses questions about the mutuality of human sentiments, the circumstances of behaviour and the possibilities of social cooperation to psychologists, social psychologists, sociologists, economists, and educators also. Thomas Cushman (Wellesley College), in his lecture *Resentment in Theory of Moral Sentiments* (A sociological Re-examination and Critique) studies the dialectic of resentment and sympathy. By developing the issue into details, he has opened up a new path for our thoughts on resentment. There have been a great many studies on sympathy, yet resentment has not aroused the interest of researchers. Resentment (indignation or hurt) is a more fundamental category than sympathy. Resentment presupposes social relationship, but it can be dangerous without self-command or sobriety. We only focus on sympathy when others expect us, or we expect ourselves, to sympathize with resentment. Resentment is the basis for social solidarity and intersubjective understanding. We must be united with resentment so that it can lead to sympathy. If resentment is innate in every human being then, indeed, it has to precede sympathy which develops in social relations. In its real manifestation resentment is both the basis and the subject of sympathy. The Smithian resentment seemed to be so general as to give the foundation of sociability. Smith was the first sociological theorist who based his social theory on resentment. Subsequent philosophers, with a few exceptions, (Schopenhauer, Nietzsche, Scheler) did not develop his thoughts further. It is feasible that now, taking Smith's legacy seriously, a new social theory based on resentment will emerge. Smith's cautiousness is also involved in the way this story has developed, according to which Smith's Stoicism caused him to be not only restrained but also extremely cautious. Right at the beginning of tackling the problem, we have to detach resentment from anger. Anger is not always reflective. Anger is fury, and it need not necessarily have human reference. We can be angry because for, example, we have become furious for the reason that there is no wind and we cannot go sailing, but we cannot feel resentful since the stillness of the wind has not offended us. Rubbish from our neighbours could cause resentment whether it was the wind to blame for blowing it over or not. But our resentment has sense only when it is related to persons. The difference between resentment and anger is a rather complicated issue. Sharing resentments with others – according to Smith's friend, David Hume – has a positive role, and not because of its being a natural reaction against the injustices of the world, but much more for its ubiquity in human nature which then can serve as the basis of sympathy. Resentment is a bond, a reinforcement, which can generate positive sentiments among people even though the feeling itself is not positive. Resentment is a fundamental social phenomenon, and it is not without dangers. While anger can be pacified,

envy satiated, resentment is a kind of injury that may never heal. In resentment there is the connotation of repetitiveness, which strongly conveys the lack of willpower. It can be felt over and over again even to an unrestrained degree, and this is what makes it dangerous. Smith tries to restrain it in two ways. 1. Sympathy is one way; the kind of contentment in which sympathy is achieved and the resentment is approved. 2. The other one is like a catharsis, taking theatre performances as its example: the actors are involved in difficult situations on the stage, and thus they can show that it is possible to win the sympathy of others even when the relations are adversary and they are in a desperate situation and their lives are futureless. Sympathy with the resentment from the audience's viewpoint is not only the achievement of the actors' virtuosity, but it is also a function of feeling sympathy with the content of the resentment. If they can share it with the audience, then they will take it on themselves, if not, then the actors will remain on their own with their resentment. Cushman's criticism finds Smith's model too simple and static. He does not relate it to conflicts which lack and/or cannot gain approved sympathy. Sharing the feeling of sympathy serves as the basis of social equilibrium. No matter how strongly Smith was criticised for this thought, today it is worth considering the reinterpretation of Smith's precept. Going into the particulars and finding answers for them are left to us. We can only be grateful to Smith for opening a path, and cannot reproach him for not going along it to the end. It has become a burning issue from the viewpoint of social consensus to share sentiments caused by collectively endured social injustices, or else, exchanging views on collective culpability.

Smith helps not only Amartya Sen, but through him Fukuyama too; Fukuyama quotes Avner Greif (1993), who gives a model of a social cooperation problem by applying tools of game theory, when he writes about how the eleventh century Maghribi traders were able through multilateral coalitions to enforce merchant contracts in the absence of a reliable legal system, and then again, how this system proved to be more efficient than the bilateral enforcing systems. The Maghribi traders pursued their profession as members of the social network of the Jewish community that had moved from Baghdad to North Africa. These traders became socialized in the spirit of 'mercantile law', which was more cultural than contractual, and served as behaviour control exerted by *ex ante* means (FUKUYAMA 2005: 52).

This is the way in which individual sentiment, social belonging together, cultural transmission of emotions, the acceptance of the feelings of the other/others came to be related with the social phenomenon of solidarity. In solidarity, responsibility, trust and tolerance interpreted as loyalty assume each other. Mutuality which permeates Smith's conception – which is manifested now in market exchange and now in the reciprocity of sentiments – can be detected in

sympathy with resentment or in sympathy based on resentment. Resentments turning into virtues crystallize the historical memory of injustices, while in the praxis of reconciliation and patience they even obliterate them.

The history of Adam Smith's influence has not come to an end; it is quite possible that it is currently gathering momentum, and with reference to this, we are not talking of expropriation, and the Smith from Chicago and Kirkcaldy-born Smith are not divided, but rather that his worthy and even today useful thoughts are taken seriously and are made use of; because there are no parts of either his books or his thoughts which could be set aside or taken apart from each other. Without his philosophy, he has no economic theory; his conception of economics cannot be understood without his philosophy, and as the invisible hand is his moral philosophy, so is the impartial observation the moral foundation of economic processes. Adam Smith is an economist-philosopher and a philosopher-economist.

(The End)

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