

## **Adam's Other Book**

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Gentlemen, an apology is in order. This paper may seem a little bumpy and confusing because it has been revised heavily in the past week.

Why? Well for one thing last Monday night, our colleague, Peter Briggs presented a brief history of this country's wanderings in the world in recent times and, if I may summarize, suggested it was time to at least alter the terms of our recent conversations, if not restore ideas of common service to get across our diversity divides and restore a sense of real community.

Then, when I arrived home that evening, I found a notice in my email from the Institute for New Economic Thinking. And I quote: "You are invited to attend "Reawakening – from the origins of economic ideas to the challenges of our time." It was an invitation to the Institutes 2017 conference, October 21-23. The notice then went on to say, "Nearly a decade ago, the world financial system collapsed. Eight years later came two giant political shocks --- Brexit and the American presidential election – uncomfortably reminiscent of the earlier catastrophe – in that both came like bolts of lightning out of what seemed like a clear blue sky, defying the predictions and nostrums of experts, pundits, and policymakers everywhere. Exploring how we got here – and how we might avoid the mistakes of the past and imagine a better direction in the future --- is the purpose of this conference. It is fitting that we are convening in Edinburgh, a center of the Scottish

Enlightenment where Adam Smith questioned received wisdom, developed new models and theories, and helped shape economics as a distinct discipline.”

There’s more but I needn’t burden you with it.

As you may now have guessed the Adam in my title “Adam’s Other Book” is indeed Adam Smith. My original paper began with this sentence. It seems to me that Responsibility is an interesting word – especially these days in our public discourse. The way I see it, and hear it, it is used mostly in an admonitory way to assign someone something that they ought -- or perhaps should -- be doing. For example, it is so and so who is responsible to pass a new health care bill. Or so and so is responsible for the streetcar so he’s to blame for the traffic being too low to cover our costs.

But I don’t think that’s what the word means. I hope this paper will lead you towards another meaning. But before I proceed with that idea I should explain how I came to be examining Adam’s Other Book. And I think a warning is in order.

As most of you gentlemen know, I went to seminary at the age of 50 during what may or may not have been my mid-life crisis. There I learned many things I hadn’t known before...many focused on religion, on scriptures – not just Christian but also Hebrew, Muslim, Hindu, Buddhist. Union is a non-denominational seminary. And I believe their way of thinking, and how they came to think the way they do, is pertinent to this topic. Union had been a Presbyterian seminary for 57 years until they left the Presbyterians in 1893. They got that way because of a very strong faculty that found itself confronted by the Presbyterian Church over the disciplining of a bible professor. The professor had noticed what he felt were serious contradictions

between the archeological record and the biblical record of life in the “Holy Land” and decided to teach both. The General Assembly of The Presbyterian Church decided that Union needed to stop this heresy....or perhaps not heresy, but skepticism. The faculty senate considered the Presbyterian’s views and voted to rescind their right to control faculty appointments. This was a daring move that guaranteed the loss of funding from the Presbyterians, and only succeeded because the faculty was able to find a number of wealthy donors who shared a more open-minded view of the nexus between faith and science.

Even today that sort of open-minded approach prevails at Union. For example, regarding science and scripture, one of my friends from my student days, a fairly evangelical biblical scholar, put it this way: “Why do we care if the scientists figure out how God did it?” With that liberal a view of faith in the world, Union soon became the center of what has come to be known as the social gospel which simply put says; “If you are going to talk the talk, you have to walk the walk.”

I found that atmosphere very intellectually stimulating; well, perhaps challenging might be more accurate. I had the opportunity to study in many interesting fields beyond the worlds of economics, finance, and computer science that had occupied my years of college, grad school, and career. Much of what I learned had to do with different views of religion and theology. For example, I learned that “theology” is seminary speak for talking about God. I also learned the differences between the denominations. It’s really fairly simple.

Baptists are Methodist who can’t sing.

Methodists are Baptists who can’t swim

Presbyterians are Methodists with a college degree

Episcopalians are Presbyterians whose investments turned out well.

But levity aside there were practical aspects to that degree program and here is the warning! One of the areas of study in a Master of Divinity program is homiletics; that's seminary talk for giving sermons, preaching. I did have to labor with that for awhile. After all, I'm a Quaker. We all do our own preaching out of our silent worship assemblies; only when fairly certain we must; and then extremely briefly. A sentence or two should suffice. But I should warn you. At Union I learned the whole thing.

Herewith, the genesis of this particular sermon; when you are my age in graduate school you are a lot closer in age to the faculty than you are to your fellow students. And, rather than being awed by the faculties superior knowledge of their field, you tend to be a little more skeptical and a little less timid. Indeed, you tend to make friends with them in some of the same ways you would in any other endeavor; conversations, office visits, a drink after work, a meal, and some valuable friendships develop. One dinner group in particular provided the motivation for this paper. The group consisted of five – two faculty members and three students. One faculty member was Christopher Morse, the Bonhoeffer Professor of Theology and Ethics. The other was Richard Norris, an emeritus professor of church history as well as canon theologian for the Episcopal diocese of New York. The three students, including myself were older than the usual student – either embarking on a second career or just satisfying a serious curiosity. The two fellow students were Jace Weaver, a way too smart ex Wall street lawyer

getting a doctorate in theology, and Richard Maxwell, an Episcopal priest in waiting; waiting for the church to recognize gay clergy.

We, much like this crowd here, gathered fairly regularly at the West End Café on Broadway right next to Union and Barnard and across from Columbia University, to eat, to drink, and to talk about the events of the day. It was good fun – that’s where Norris explained to me that faculty politics are really savage because there was so remarkably little at stake.

But actually Morse was the principal driver of this paper. I met Morse over my very first essay in seminary. I did some reading and handed it in. Dr. Morse got it back to the class the very next week and I looked at it and saw, “Excellent Conclusions – C”. What? “Excellent” and “C” just didn’t compute. After class I walked up to Morse and, without a hint of timidity, looked him right in the eye.

“Dr. Morse I do not understand. How do Excellent Conclusions and C go together?” He smiled, then said; “Oh yes, you’re Bennett - that finance person. I need you to elaborate on how you got to those conclusions.” I replied, “What does that mean?” He said, “About five or six more pages explaining how you got to that glib bullet pointed executive summary!”

Well, I was relieved to know that I was good at bullet points but not so much at “glib.”

But I didn’t learn my lesson then. For example, another major aspect of graduate education are syllabi. Professors distribute these long lists to let their students know the source material that will be studied. But, as I got them, I noticed that most of my professors handed out syllabi that contained our reading assignments but also listed as many as ten to twelve books on the subject at hand; thousands

of pages for each course and only a few weeks. Once again my old skills clicked in and I quickly devised a scheme. My scheme was based on the knowledge that financial plans and reports were often extremely long because they were modeled on the old plan of:

Preface “where you tell them what you’re going to tell them;

Body – where you tell them;

Conclusion – ‘where you tell them what you told them.’”

So my clever scheme; read the preface, read the conclusion, look at the chapter headings to see if they fit the arc from preface to conclusion. I used this technique fairly effectively during my studies and ended my adventures with a thesis that had to satisfy the requirements of a dual major in the field of Social Ethics and in the field of Psychiatry and Religion. Briefly put, it addressed some questions about how we define our rights and our ethical constructs based on the concept of individual rights to life, liberty, and the pursuit of happiness.

My argument, based in particular on the work of a psychologist named Donald Winnicott, took the view that rather than being complete independently functioning individuals; in reality we are always part of a complex web of relationships with family, friends, neighbors, and other citizens encountered in many ways in a myriad of overlapping connections. And therefore what are called our “rights” ought to be rethought in terms of relationships.

Well, this sort of argument will get you a lot more arguments. And, as it turned out, while I was writing my thesis my ethics adviser and my psych and religion adviser stopped speaking to each other over

some faculty matter and thus had considerable difficulty in discussing both my paper and conducting my aural exam of it. Fortunately, they seemed to come to a sort of truce and I passed when each acknowledged I seemed to have a “passing” knowledge of their particular field. But it is important to note that one of them used the term “glib” in her remarks on my work!

But to complete the background of this sermon; I was recently back in NYC and found that that four of the five of us were back in town and the opportunity for drinks and dinner emerged and we gathered in the restaurant that had replaced the West End Café. Our evening began with some updating, reminiscing, drinking, and banter about events of the day. One of the topics was the possible reprinting of a book Morse had previously published called “Not Every Spirit.” His book posed questions about what a person’s growing knowledge base requires them to disbelieve within their own religious, political, or ethical systems. Recall here the Bible professor who taught geology along with scripture. We toasted Morse’s hopes and began a conversation about the idea of “faithful disbelief.” And I opened my mouth and suggested to Morse that such an idea might well lead to meaninglessness. Morse listened, squinted a little at me, and said “Glib, Bennett. Very glib. You haven’t read all of my book, have you? Much less any background. Are you up to your old tricks again – summaries, bullet points, glib without a hint of nuance?”

Well, I sputtered something inane and he went on: “You are, as I recall well trained in the world of capitalism, finance and such like... you and Jace both. Isn’t there anything about the capitalist system that you now disbelieve after the debacle of the last few years with these mortgage things? To paraphrase Aquinas, I am sure you think you

know what Adam Smith was talking about, but do you know what it is not? Do you believe that unfettered greed can really lead to a healthy socio-economic environment?”

Well, not really fighting words in a group of true friends, but certainly a suggestion that maybe before I saw Morse again I might want to look more closely at the underpinnings of my sense of what Adam Smith meant about free markets and capitalism.

### **The Wealth of Nations**

Now my guess is that most of you either studied about, or at least heard about, Adam Smith’s “Inquiry into the Nature and Causes of The Wealth of Nations” as you passed through the halls of academe. But I am inclined to doubt that you read the whole thing at that first encounter. After all, it’s very large and complex. It took Smith from 1766 until 1776 to complete and publish it. The recent 2007 pdf version from Metolibri consists of 754 pages of remarkably complex prose organized into five books with titles such as “Book I Of the Causes of Improvement in the Productive Powers of Labour, and of the Order according to Which its Produce Is Naturally Distributed Among the Different Ranks of the People.” The first three chapters of this book discuss the “Division of Labour”, the “Principle which gives occasion to the Division of Labour”, and “That the Division of Labour is limited by the Extent of the Market” (1). Then we move into many other topics including a digression on variations in the value of silver over the preceding four centuries. And we are still in the first book. Is it any wonder that it has been reduced to what might today be called “economic conservatism’s view that the inherently selfish and competing interests of individuals can never be reconciled except

through the free allocation of resources and rewards in the market place. To simplify even further it's all about self-interest" in a "laissez faire" world. Allegedly this combination leads to overall prosperity.

But is this really what Smith says?

There is no doubt that *The Wealth of Nations* was about political economy; how we arrange the way we engage with each other in the enterprise of making a living. And, essentially his main point is that each person by that person's own efforts tries to create a better life for himself and in the process does so for others also. As he puts it ... and I quote "It is the great multiplication of the production of all the different arts, in consequence of the division of labor, which occasions, in a well-governed society, that universal opulence which extends itself to the lowest ranks of the people. Every workman has a great quantity of his own work to dispose of beyond what he himself has occasion for; and every other workman being exactly in the same situation, he is enabled to exchange a great quantity of his own goods for a great quantity, or, what comes to the same thing, for the price of a great quantity of theirs. He supplies them abundantly with that they have occasion for, and they accommodate him as amply with what he has occasion for, and a general plenty diffuses itself through all the different ranks of society. (2)

Further he states "It is not from the benevolence of the 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 own necessities but of their advantages." (3)

Part of the reason that his theory is narrowly interpreted to rely essentially upon greed is that Smith takes the time to point out how

commercial societies are in some measure machines founded upon a great deception of nature. To paraphrase, it is the admiration of the lower and middle classes for the “numberless artificial and elegant contrivances” of the wealthy - and here I quote directly, “ which rouses and keeps in continual motion the industry of mankind. It is this which first prompted them to cultivate the ground, to build houses, to found cities and commonwealths, and to invent and improve all the sciences and the arts, which ennoble and embellish human life.”(3) The wealthy, in their turn, seeking only the “gratification of their own vain and insatiable desires” consume, in the end, only what their stomachs can hold but in putting thousands to work in the process they inadvertently “divide with the poor the produce of all their improvements.”(4)

It is not surprising that he has been characterized as a narrow, unyielding defender of unfettered free enterprise since he seems to believe that that the greed of everyone ... the motivating force of self-interest and the gains from free trade would lead to lead automatically to overall wealth and comfort. But we must note that he was cognizant of some problems interior to his theory. He recognized that in a system in part based on “self-interest” it was inevitable that there might well be conspiracies to raise prices or reduce wages – what we might call the greed of the successful, and, in like manner, conspiracies to take the property of those with some because of the avarice of those unsuccessful in bettering their own condition. He therefore proposed that there was a need for civil government and he listed a number of tasks that it should provide including the protection of property, the enforcement of contracts including patents and copyrights. He noted that the existence of civil government did require a certain

subordination of generally free enterprise but he also was tolerant of government intervention and I quote again; “especially when the object was to reduce poverty. When the regulation, therefore, is in support of the workman, it is always just and equitable; but it is otherwise when in favor of the masters.”(5) He then went on to say “No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable. It is but equity, besides, that they who feed, clothe and lodge the whole body of the people, should have such a share of the produce of their own labour as to be themselves tolerably well fed, clothed and lodged.”(6)

Having asserted the need for civil government he supported taxes to pay for it and, on that subject said, “The subject of every state ought to contribute toward the support of the government, as nearly as possible, in proportion to their respective abilities; that is, in proportion to the revenue which they respectively enjoy under the protection of the state.”(7) And, he went on to say, “It is not very unreasonable that the rich should contribute to the public expense, not only in proportion to their revenue, but something more than in that proportion.”(8)

So self-interest – yes, but laissez faire - not so much. And he includes substantive suggestions regarding the spreading of prosperity. These theories were widely studied and held in the early days of this republic. For example, George Washington was clearly acquainted with it when he said, in his farewell address “Even our commercial policy should hold an equal and impartial hand: neither seeking nor granting exclusive favors or preferences.”(9)

This doesn't sound to me like a conservative's dream....nor does it sound like a flawed philosophy particularly. But I still have to answer to

Morse. Is there something to it that I disbelieve - something that will cause it to suffer continually from catastrophic collapse?

A recent play from 2013 sums up the dilemma. Written by Bruce Norris and titled, "The Low Road", the play features Adam Smith as the narrator who tells the story of a poor boy stumbles upon The Wealth of Nations, becomes a convert to laissez faire capitalism, and goes on to great success until the final scene featuring a G8 summit that contains the quote: "We've crashed the car once. Do we really want to hand the keys back to the same drunken driver?"

So what's wrong with the theory? Where do we find the disbelief in its potential merits? It would be easy to say that we suffer from an unfettered self-interest on steroids but perhaps that's me being too glib. I wanted to know how Smith came to the idea that it wouldn't turn out this way – seemingly huge inequalities of wealth, seemingly overinvolved civil government and the sorts of calamities that we are seemingly recovering from as we speak. To seek this flaw, or lack thereof, I decided to take a deep look at where Adam Smith started. His other book...Adams Other Book, was published in 1759 – seventeen years before The Wealth of Nations. Its title was The Moral Sentiments.

### **The Moral Sentiments.**

This book, like the Wealth of Nations was part of the Scottish Enlightenment. Yes, I know for those of you with a more Anglophile world view that may sound like a contradiction in terms, but in the world of philosophy there was such a thing and Adam Smith, along with Frances Hutchison and David Hume were some of the main players.

Hutcheson was sometimes called the “preacher of philosophy” because he not only taught philosophy but also tried to make his students embody that philosophy in their lives. (10) That idea, of embodied philosophy ties in with David Humes Treatise on Human Nature published in 1740 who argued along the same lines of Hutchison that human nature needed to be viewed empirically...to search out the “extent and force of human understanding” arguing to some extent that reason does not govern human behavior; rather that passions and emotions do, particularly as embodied in the idea of utility. That is to say that ethics are not based on reasoning but on actual sentiment and passions as to whether some action or object is found pleasingly useful.

The Moral Sentiments grew out of Smith’s experiences with these mentors and was animated in some of his discourses to develop a system of morals and manners appropriate to a progressive commercial society. But he veered away from the idea of a special sense of utility and towards what he called the moral sentiments. The book itself is equally as long and complex as The Wealth of Nations but it begins with an assertion: “How selfish soever man may be supposed, there is evidently some principles in his nature, which interest him in the fortunes of others, and render their happiness necessary to him, though he derives nothing from it, except the pleasure of seeing it. Of this kind is pity or compassion, the emotion we feel for the misery of others, when we either see it, or are made to conceive of it, in a very lively manner. That we often derive sorrow from the sorrows of others, is a matter of fact too obvious to require any instances to prove it; for this sentiment, like all the other original passions of human nature, is by no means confined to the virtuous or the humane, though they perhaps may feel it with the most exquisite sensibility. The greatest

ruffian, the most hardened violator of the laws of society, is not altogether without it.” (12)

He also says “As we have no immediate experience of what other men feel, we can form no idea of the manner in which they are affected, but by conceiving what we ourselves should feel in the like situation.”(13) Smith goes on in this work to refer to this feeling as “imaginative sympathy” and asserts that it is learned in the “bustle and business of the world” where we are actively engaged in the duties of family, friends, and our fellow citizens and actively develop “fellow-feelings with any passion whatever. He then goes on to modify our immediate sympathies by a parallel ability to “suppose ourselves spectators of our own behavior” to conceive of how our behavior might be viewed by an “impartial spectator” – one purported to be “well informed but disinterested” that empowers us to determine the propriety of our reactions or actions. He says that society is “the great school of self-command” where we learn the limits of approval of the “impartial spectator.”(14) While Smith never makes the direct connection in *The Wealth of Nations* this does sound a great deal like the “invisible hand” of the *Wealth of Nations*; that force which indirectly keeps the free enterprise system in balance. In any case, it seems obvious to me that these concepts fit closely with the individual involved in the world envisioned by the *Wealth of Nations*. But there does seem to be a fairly strong caveat necessary in the connection between the two works. It is that the person involved in this “hustle and bustle” must be responsive to his surroundings.

**Herewith the sermon.**

Let's look around...an empirical glance at the free market capital system that we inhabit. How's it working these days?

Last year we held a debate of sorts on Thomas Piketty's book on income and wealth distribution – in part arguing over whether it was an inevitable result of the systems we operate our economies under... and what the outcomes might be if the evolution was left undisturbed. I don't think that anyone would argue with the fact that the "free enterprise" system as envisaged by Adam Smith, and as incorporated by the world over the last 250 years, has generated plenty of "opulence". In terms of product produced...goods and services...there's a whole lot more now than there was in 1759 when *The Wealth of Nations* was published.

And I don't argue with the assertion that there are legion stresses and strains amongst the many inhabitants of this system over the distribution of this opulence raising an ultimate issue of "fairness" or perhaps for our purposes here –"morality" if we can borrow that phrase.

What I want to approach is my friend Morse's challenge as to what is to be disbelieved in Smith's oeuvre. What premise could be a fatal flaw that points us away from "general opulence" and towards a less benign future?

And when we look more closely at Adam's *Other Book* we find the questions that his systems results seem to be posing today. Remember his other book, *The Moral Sentiments*, is a lineal descendent of Hutcheson and Hume's philosophies of the Scottish Enlightenment. And both those gentlemen's ideas focused on "morality" as being something derived not a priori from our rational minds but rather embodied ex post from our empirical awareness.

I argue that Smith's Moral Sentiments are the foundation of the socioeconomic system that he posits in *The Wealth of Nations*. That the participants in this system are meant to be those envisioned in the *Moral Sentiments*. And as we have seen from our review of that work, the persons involved in "commerce" if you will, are said to operate from "a morally derived" system of governance, and are also said to be susceptible to the weaknesses possible when some may waver in failing to observe where their participation is at the expense of another. While Smith raised awareness of these potential flaws he carefully avoids prescription or proscription. He also carefully does not assign "responsibilities." In the sense of our current use of the term as in things you ought to do...or perhaps ought not. But let us note that today, when we consider this "free enterprise capitalist" economy, our language is highly admonitory, that is, filled with "shoulds" and with "who is to blame."

I prefer to think that perhaps Smith was more on the track than we credit him. And I prefer that we think in terms that may have been more relevant in Smith's time. The word "responsibility" actually derives from two words; "Response" and "Ability." That, in fact, Adam Smith's other book is entirely about his systems' requirement that we use our ability to respond to one another and our surroundings. It is not about what one ought to do; but rather about what one is capable of doing in relation to our fellow citizens. What those enlightenment professors might see as to make use of our embodied morality

I will be telling Morse that I don't think the "Wealth of Nations" was built on quicksand; but rather, it was built on a preceding book that empowers us with the possibility of being able to respond. I'll tell Morse "The fault, dear Morse, is not in our stars, But in ourselves..."

Glib?? But I think you should think about this.

Whoops, there I go again.

As Smith might say it, "I think we could think about this."

### **Coda**

This past Saturday, I took my eight year old grandson to play in a football game at the nearby high school. Just before the game started, the announcer asked us to stand for the national anthem.

I looked around as I rose to my feet and noticed a lot of looking around as people stood, took off their hats, and went through the usual rituals.

And then I listened. ..." land of the free ... "home of the brave." Then I realized that we weren't those things when that song was written.

I now believe that song isn't about what we are; it's about what we hope to be.

And who would protest that?