**“The First Moral Economist”**

**A sermon given to the Williamsburg Unitarian Universalists,**

**Williamsburg, VA on March 18, 2012**

Good morning! It is good to be here in worship with you. I offer thanks to Jennifer for suggesting a pulpit exchange and to Allen Cooke for all his support as Worship Associate and to Paulette Amory for wonderful music.

When Jennifer told me that your worship theme for the month was the Moral Economy, I thought of several possible topics. My reason for choosing this one was a tad selfish.

Over the years of my life, I had heard Adam Smith described as the father of modern economics, of unrestrained free-market capitalism, of the power of self-interest in economic life and of those who think that government regulation has no business in the world of business. All of these fatherhoods are wrapped up in his fatherhood of the entity known as the Invisible Hand, mentioned thusly in the Wealth of Nations:

*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 not 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’ll get back to what Smith meant by the Invisible Hand in a bit. Right now – I’ll say that I accepted these claims about Adam Smith at face value – what did I know? I am no economist, nor student of the history of economic philosophy. I believed it when folks claimed that Adam Smith said that people would and should act with maximum selfishness and if they satisfy themselves, somehow, magically, all of society gets what it needs.

Once in a while, I would hear someone say that this was a mis-reading and misunderstanding of Smith, most notably my second husband, a professor of political science.

So, when I learned that your worship theme this month is ‘the moral economy’, I thought, “Aha, here’s my chance to read *The Wealth of Nations* because if I commit to preach on it and send in my blurb to Williamsburg, I will box myself in to doing it !” Thank you for giving me this opportunity – it has been a very good experience.

Thus, I read *The Wealth of Nations*, more properly known as *An Inquiry into the Nature and Causes of the Wealth of Nations* – unabridged – one thousand and twenty-eight pages. I also read a newer biography of Smith: *Adam Smith: An Enlightened Life*, by Nicholas Phillipson, a scholar and historian of the Scottish Enlightenment. I read the bio because I wanted to get a sense of who Adam Smith was as a person, what shaped him and what mattered to him.

Today, I’m going to come at several issues in an very brief way. I want to answer the following questions:

* Was Adam Smith really proposing that it was in the best interests of society that merchants and manufacturers act with maximum self-interest? And
* Was he really in favor of an unfettered free market, with little or no government regulation?

Then, I will discuss why this might matter to us as Unitarian Universalists.

First, who was Adam Smith?

Adam Smith was born in 1723 in the Scottish town of Kirkcaldy, due north of Edinburgh across the Firth of Forth. He was born six months after the death of his father, Adam Smith, Senior. Who was the Controller of Customs in Kirkcaldy – a very important port. His mother, Margaret Douglas, was the daughter of a minor lord and landholder. The Adams were therefore of the middle ranks of Scottish society – connected to the minor gentry and to the fields of law, the army and political and bureaucratic office-holders.

Smith left Kirkaldy at age of 15 to attend the University of Glasgow, where he studied moral philosophy, what we might think of today as “Ethics.” He also studied at Oxford University in England. At Oxford, he was able to pursue his own particular interests in politics, literature, rhetoric, the history of ideas and….what was a lifelong passion for him: the improvement of society.

After returning to Scotland at age twenty-three, Smith gave a series of public lectures on rhetoric and jurisprudence, under the sponsorship of Henry Home, Lord Kames. . It was during his time in Edinburgh that he became close friends with David Hume, perhaps the greatest philosopher of the Scottish Enlightenment.

The lecture series brought Smith into the public eye as a scholar and thinker of note and he was then offered professorships, first of logic and then of moral philosophy, at the University of Glasgow. Moral philosophy, as I said before, is what we would most likely label ‘ethics’ today

During his time at the University of Glasgow Smith wrote *The Theory of Moral Sentiments*, his theory of the origins of our feelings of moral approval and disapproval of ourselves and others. He based his explanation on a form of imagination he calls "sympathy": our mental ability to put ourselves in the place of another, and think what we would feel if we were in that situation and how we would judge ourselves through the eyes of the other. He said:

*And hence it is, that to feel much for others and little for ourselves, that to restrain our selfish, and to indulge our benevolent affections, constitutes the perfection of human nature; and can alone produce among mankind that harmony of sentiments and passions in which*

*consists their whole grace and propriety. As to love our neighbour as we love ourselves is the great law of Christianity, so it is the great precept of* ***nature*** *to love ourselves only as we love our neighbour, or what comes to the same thing, as our neighbour is capable of loving us.*

Hmmmmm, so here Smith says that the perfection of human nature comes from caring a lot for others and not so much for ourselves, as well as in controlling our selfish natures. That we naturally love ourselves only as much as those around us find us – our ideas and actions – worthy of love. Not what I would have expected from what I heard about Smith all those years.

The great popularity of *The Theory of Moral Sentiments* brought Smith a new opportunity, to become the tutor of the young Duke of Buccleuch (Buck-LOO). Specifically, as was the requirement of tutors, to travel with the Duke on a tour of Europe. For several years, Smith and the Duke travelled to Paris, Toulouse, Geneva and then back to Paris. This allowed Smith to meet and be influenced by French and Swiss philosophers and others thinking about human nature and how human economics worked.

The trip to Europe, which was to have included visits to Germany and Italy, was cut short when the Duke’s younger brother died while visiting them in Paris. Smith’s relationship with the Duke of Buccleuch became a lifelong friendship, with Smith in the role of mentor and advisor. On his return to Scotland, Smith went back to his hometown of Kirkcaldy and live with his mother, whom he loved deeply and with whom he was very close.

This was made possible because the Duke settled a lifetime annuity on him. Smith spent the next 5 years writing – during which time most of *The Wealth of Nations* was drafted. *The Wealth of Nations* was published in 1776 and became a best seller – going into five editions and selling about 8,000 copies over the next twenty years.

After *The Wealth of Nations* was published, the Duke put forward Smith’s name for a position on the Scottish Board of Customs, which he was awarded. He then moved with his mother to Edinburgh, where he lived until his death in 1790 at the age of 67.

Adam Smith never married. He thought himself to be a physically unattractive person. He was beloved by his students at Glasgow, where he endeared himself to them by taking a personal interest in their lives and fortunes. Many of them stayed in touch with him after leaving university.

Smith was reportedly a very good teacher, who inspired students by his own respect and passion for his fields of study. He had many friends and though he was described as somewhat shy and absent-minded, he also showed great love and loyalty to his friends when they experienced difficult circumstances. The friends he made were lifelong ones.

Not a great deal is known of his personal life because after his death he requested that all his remaining papers and letters be burned. There are not many letters out there FROM Smith, because he was a dreadful correspondent. In the letters that do exist, he frequently apologizes for not writing more often.

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I spent some time on this brief biography of Smith because it is important to understand that his lifelong passions were ethics, morality and the general improvement of society. It is important to understand that he was a loyal, loving and generous son, friend and citizen.

Regarding the “invisible hand” quote I gave earlier, Smith was always very clear that it was a METAPHOR and not something to be taken literally. That’s why the concept is not incredibly specific. He was a professor of rhetoric. He knew that metaphors exist mostly to give interest and color to writing and speaking. He was not trying to describe some absolute economic function or how it worked.

Smith was also a professor of moral philosophy or ethics. He believed it was the duty, of those who could, to be influential in any way they could to improve the broader society. His ideas about the how origin of morality and ethics lies in our empathy for others formed a basis for everything else he wrote, including *The Wealth of Nations*.

In *The Wealth of Nations*, Smith sets out his framework for what he sees as the true source of national wealth. This is NOT gold or silver or other material objects, but the accumulated labor of society, the power of labor. He said: “Labour is the real measure of exchangeable value” (TWoN, Book I, Ch. V).

Smith believed that the division of labor, as well as the use of machines and other tools to increase labor efficiency, is what would increase the wealth of any nation as a whole and its members.

He was also very concerned about the fair treatment of laborers. Here he writes about what would happen to working people as a result of the increased wealth that would come as a result of the division of labor:

*Is this improvement in the circumstances of the lower ranks of the people to be regarded as an advantage or as an inconveniency to the society? The answer seems at first sight abundantly plain. Servants, labourers, and workmen of different kinds, make up the far greater part of every great political society. But what improves the circumstances of the greater part can never be regarded as an inconveniency to the whole.* ***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.*

Smith also had the brilliant foresight to consider what effect the division and specialization of labor ultimately might have on laborers. He was concerned about it and wrote:

*The man whose whole life is spent in performing a few simple operations, of which*

*the effects too are, perhaps always the same, or very nearly the same, has no occasion*

*to exert his understanding . . . and generally becomes as stupid and ignorant as it is*

*possible for a human creature to become . . . His dexterity at his own particular trade*

*seems, in this manner, to be acquired at the expence of his intellectual, social and martial virtues. But in every improved and civilized society this is the state into which the*

*laboring poor, that is, the great body of the people, must necessarily fall, unless*

*government takes some pains to prevent it (TWoN, Book V, Chapter I)*.

Smith wrote about this dehumanizing aspect of specialized labor in a chapter on public education, part of an entire section on the needs for good education for all members of society.

*TWoN* is amazing in its scope. To make his points, Smith looked at the economic status and systems of ancient nations and modern nations. He was very interested in what was happening in the American Colonies (who were building up to their own Revolution at that time.) He touches on all sorts of details of economic life, and tells complicated stories about history, about other cultures around the world, about human efforts to improve their situation – with a lot of humor and insight.

So, what did he think of the entrepreneurial class, what today we might call capitalists, business people, entrepreneurs or industrialists? To understand Smith’s actual beliefs about merchants and manufacturers, as he called them. It helps to understand the social situation he observed in Glasgow during his time there.

In the early to mid-18th century, Glasgow merchant and manufacturing families were intermarrying, consolidating and becoming oligarchies. A very few family corporations controlled every aspect of trade in Glasgow, controlled the city itself, and controlled the University of Glasgow.

These great merchant and manufacturing families were very capable of getting regulations passed at the national level that served their interests. Their greatest interest was the removal of competition from local markets, especially from foreign competitors. Smith saw that these large and powerful merchant and manufacturing corporations were able to pass all sorts of protectionist regulation at the national level.

And this was the government regulation he despised. ***Not*** regulations that controlled the merchants and manufacturers or limited their ability to engage in trade. Smith despised the regulations passed through the ***influence*** of the merchants and manufacturers to protect their ***own*** interests! He did think that trade should be as free as possible both within and between nations. What he saw in Glasgow was merchants and manufacturers acting extravagantly in their own interest to reduce their need to compete by the creation of monopolies.

This is what Smith said of the relationship between the interest of merchants and manufacturers and the public interest:

*The interest of the dealers, however, in any particular branch of trade or manufactures,*

*is always in some respects different from, and even opposite to, that of the public. To*

*widen the market and to narrow the competition, is always the interest of the dealers. To*

*widen the market may frequently be agreeable enough to the interest of the public; but*

*to narrow the competition must always be against it, and can serve only to enable the*

*dealers, by raising their profits above what they naturally would be, to levy, for their own*

*benefit, an absurd tax upon the rest of their fellow-citizens. The proposal of any new law*

*or regulation of commerce which comes from* ***this*** *order ought always to be listened to*

*with great precaution, and ought never to be adopted till after having been long and carefully examined, not only with the most* ***scrupulous****, but with the most* ***suspicious*** *attention.*

*It comes from an order of men, whose interest is* ***never*** *exactly the same with that of the*

*public, who have generally an interest to deceive and even to oppress the public, and who*

*accordingly have, upon many occasions, both deceived and oppressed it (TWoN, Book I,*

*Chapter XI, p. 287).*

In discussing restraints on imports and the balance of trade Smith says:

*Commerce, which ought naturally to be, among nations, as among individuals,*

*a bond of union and friendship, has become the most fertile source of discord and*

*animosity. The capricious ambition of kings and ministers has not, during the present*

*and the preceding century, been more fatal to the repose of Europe, than the impertinent*

*jealousy of merchants and manufacturers. The violence and injustice of the rulers of*

*mankind is an ancient evil, for which, I am afraid, the nature of human affairs can scarce*

*admit of a remedy. But the mean rapacity, the monopolizing spirit of merchants and*

*manufacturers, who neither are, nor ought to be, the rulers of mankind, though it cannot*

*perhaps be corrected, may very easily be prevented from disturbing the tranquillity of any body but themselves (TWoN, Book IV, Chapter III, p. 526.)*

How the rapacity of merchants “may be very easily prevented” from grasping after self-interested policies that establish monopolies and limit free trade is of course, through GOVERNMENT REGULATION!

I’m only touching the tip of the iceberg of the true wealth of Smith’s writing. He makes similar comments and complaints about merchants and manufacturers throughout the book. And, throughout the book, his concern for laborers and the general public and the overall health of society shines through.

His work on political economy was shaped completely by his views of morality and ethics, where, he believed, as quoted earlier, that ”*to feel much for others and little for ourselves, that to restrain our selfish, and to indulge our benevolent affections, constitutes the perfection of human nature.”*

Now Adam Smith was no radical – he probably would not have been a member of Occupy Glasgow or Occupy Edinburgh, if they had existed. But, as Robert Reich notes in his forward to this edition of *TWoN*:

*“In these times, as when Adam Smith wrote, it is important to remind ourselves of the*

*Revolutionary notion at the heart of Smith’s opus that the wealth of a nation is measured not by its accumulated riches but by the productivity and living standards of all its people.”*

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What kept occurring to me again and again as I read *TWoN* is our Unitarian Universalist 4th Principle: that of “A free and responsible search for truth and meaning.” Adam Smith, personally and in his writing, was certainly a role model and exemplar of our 4th Principle.

On the other hand, the misuse of his writings by factions of our contemporary political world represents a cautionary tale of how **NOT** to keep our 4th Principle. There is nothing responsible about making false claims of anyone’s life or writings to promote one’s own values or self-interest.

However, what was most affirmed for me in learning about Adam Smith and comparing that to what is claimed about him. What struck me the most is how we are called by our 4th Principle to challenge, through our own learning and research, and studying that of others. How we are called to question and question the so-called conventional wisdom out there – the conventional wisdom about how the world ***is*** or about how it ***could*** or ***should*** be.

The “free and responsible search for truth and meaning” is not only about gaining a better handle on where wisdom lies or what truth and meaning are, ***it is a moral and ethical practice***. A moral and ethical practice and also a ***spiritual*** practice. One that is deeply connected to our values, our beliefs and our hopes. With how we see the world and ourselves in it.

So my question for you, today, is: Where, in your life, can you reclaim the “free and responsible search for truth and meaning” as a ***spiritual*** practice?

This is one way, I suggest, that you can increase benevolent affections for yourself, the community and the greater world….and thus add to the world’s perfection.

So may it be. Blessed be.