Reconciling commerce & virtue: from Adam Smith to Richard Whately.

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Abstract

This paper is written to add threads to the fabric of a lost tradition: the reconciliation of virtue with commercial society. The extent to which commercial society, and the increased wealth it produces, are considered instrumental to some final purpose for society, its moral improvement, is examined in the work of Adam Smith (1723-1790) and Richard Whately (1787-1863), intellectual leader of the Oriel Noetics, Oxford from 1811-1831.

Although looking at past horizons, this paper is written to contribute to current debates about how well the discipline of economics can live within the framework of virtue-ethics. Smith and Whately’s approach to moral philosophy and the challenges of commercial modernity will be considered in this light, alert to continuities and discontinuities between them. An account of the purpose, or telos of human beings, and then, of commercial society in the writing of each will be presented. Both writers’ attitudes to the moral dangers inherent in commercial society, and remedies proposed to these through education, enlightenment and moral improvement will then be examined. This will lay the foundation for assessing their understanding of the relationships between commerce, wealth, knowledge and virtue in their writing.

1.0 Introduction

The purpose here is to illuminate both Adam Smith’s and Richard Whately’s understanding of the relationship between commercial society, the wealth it produces, and the virtue and moral progress of that society. Adam Smith, long-claimed, in anachronistic terms, as father-figure of the utilitarians, has more recently been recast as, first and foremost, a bearer of the virtue ethics tradition (McCloskey 2008, Vivenza 2001).

The stakes in such a claim are high, in intellectual history as well as in contemporary debate. Resolving which tribe, the virtue-ethicists or the utilitarians, can claim Adam Smith as their forerunner has vast implication. In
fact, this is likely to become a major question for the history of economics, and in
time, I would venture, for practicing economists. This question may become the
sequel to *Das Adam Smith Problem*.

There is a considerable literature that challenges economics as a discipline which
promotes instrumentalism and inauthenticity (Macintyre, 1981, 1988, 1991;
Sandel, 2012). Various responses to this challenge, including Bruni and Sugden
(2012), *Why should the devil have all the best tunes? Reclaiming virtue ethics for
economics*, open up the space for engagement between virtue ethics and economics
in different ways. Bruni and Sugden argue that the market has a *telos* (purpose) –
mutual advantage – and therefore there are a set of virtues that fit one for market-
participation. Markets, and the discipline that studies them, economics, can
thereby be reconciled with virtue-ethics.

My paper presents a different approach. In some quarters we have very nearly lost
the capacity for past intellectual life to teach us something today, the practice is
essential in this case. As Donald Winch (2000) has put it, “fashions, even in
straightjackets change.” My approach is to use the historical record to
demonstrate that from its earliest origins, prior to the rise of the Utilitarians,
economics (or political economy) lived comfortably within the virtue-ethics frame.

Disciplined historical imagination (Winch, 2000) is employed here using elements
of both rational and historical reconstruction. Although a brief biographical sketch
of Richard Whately, to put him in some historical and intellectual context, is
made, as well as some assessment of the intellectual challenges he and his group set
for themselves, the analysis here is principally a rational reconstruction and
comparison of thought. The work on Smith is only lightly set in its historical
context. A little more effort and attention has been given to the evocation of the
life and times of the lesser known, but nonetheless grand figure, Richard Whately.

The recent presentation of Adam Smith as a virtue ethicist (McCloskey 2008,
Vivenza 2001, Phillipson 2010), as well as the work of Ryan Patrick Hanley
(2009), *On the Character of Virtue*, which highlights Smith’s diagnosis and response
to the psychological ills that occur in commercial societies, and as their remedies,
will be considered. On Whately, this analysis draws upon the growing secondary
literature on his role in the emergence of political economy as a distinct science
from its natural theology and moral philosophy origins (Moore & White 2009;
A.M.C. Waterman 1991b; Waterman 2008; Levy 1999; Levy & Peart 2010; Hilton
2.0  Virtue-ethics, the purpose of man and of commercial society

2.1  The virtue ethics tradition

As discussed, recent scholarship has claimed Adam Smith as being firmly within the virtue-ethics tradition. In order to address the question of whether or not this is correct, we need to know what the virtue-ethics tradition is, and what it entails.

The virtue-ethics tradition is a complete moral theory that commenced with Plato which was developed and finessed by Aristotle in the *Nicomachean Ethics*. It was inherited by the Romans and the Stoics, and was formally embraced by Christianity in the 13th Century, mainly through the writing of Albert the Great (1200-1280), and popularised by his more famous student St Thomas Aquinas (1225-1274). From the late eighteenth century on, Virtue-ethics was eclipsed by social-contract, Kantian, and then utilitarian systems. Elizabeth Anscombe (1958) initiated the ‘virtue-turn’ with her *Modern Moral Philosophy*. Alasdair Macintyre’s *After Virtue* (1981) was another important development. The scholarly momentum continues to build.

The foundation-insight that drives the system is that all things have an innate purpose, a *telos*, a flourishing. For the human being this purpose is achieved in a social context. Humans can only complete their humanity in relationship with others, in society, in the *polis*. Virtue-ethics flows from this social starting point of human flourishing in a social context. Human purpose cannot be achieved in complete isolation from others.

Virtues are the ‘excellences’ that human flourishing demands. They are *telos* (purpose) and context specific. The virtue of a race-horse is speed; of a warrior, bravery; of a statesman, judgement. Purpose drives the moral framing. The enunciation of purpose is crucial to whether or not a moral theory sits within the virtue-ethics tradition. In virtue-ethics to be amoral, means to be without purpose. Moral progress means to get closer to one’s, or a system’s, innate purpose. This is the meaning of *teleology*, the study of innate purposefulness.

2.2  Adam Smith on the human telos

So what did Smith have regard as the purpose of a human-life if he defined one at all? From which conception of man did his moral philosophy depart?
Smith on what man was made for, from the *Theory of Moral Sentiments*:

Man was made for action, and to promote by the exertion of his faculties such changes in the external circumstances both of himself and others, as may seem most favourable to the happiness of all. He must not be satisfied with indolent benevolence, nor fancy himself the friend of mankind, because in his heart he wishes well to the prosperity of the world. That he may call forth the whole vigour of his soul, and strain every nerve, in order to produce those ends which it is the purpose of his being to advance, Nature has taught him, that neither himself nor mankind can be fully satisfied with his conduct, nor bestow upon it the full measure of applause, unless he has actually produced them. He is made to know, that the praise of good intentions, without the merit of good offices, will be but of little avail to excite either the loudest acclamations of the world, or even the highest degree of self-applause. (Smith, 1790 p127)

The Smith in the 1790 version of the *Theory of Moral Sentiments*, in the Chapter, *Of the Character of Virtue* sets human purpose as striving toward human perfection, to the extent realisable from one’s station and resources. It is a never-ending journey. Hanley has argued that this is the fullest expression of virtue-ethics, in Smith’s work, as a “practical system of morality” which involves a moral education that has three ascending stages in the refinement, development and ennoblement of our natural instinct to ‘self-love’ (Hanley, 2009). (We will focus more on this aspect of Smith in chapter 4).

Just as the *Wealth of Nations* uses the trope of the ‘wise legislator’, so the *Theory of Moral Sentiments* uses that of the ‘wise and virtuous man’. These notions set the context for both enquiries. In the *Wealth of Nations* Smith defines the virtues of a wise legislator; in the *Theory of Moral Sentiments*, the virtues of a wise and virtuous man. In the sixth chapter, written in 1790 shortly before Smith’s death, we see the wise and virtuous man at work. We enter into his contemplations; see the tensions of character and context which, for Smith’s wise and virtuous man, must always culminate in action.

In Smith’s analysis, it is self-love, and in particular, the love of praise, which makes the world go round. This is the stimulus to economic growth and therefore distributive justice. In Smith, as in Aristotle, we discover our natural ends, in social relationships and in the promotion of the well-being of others (Hanley, 2009,
While I concur with Hanley in this, it is a big argument. In fact, this represents an important fault-line in the secondary literature: Smith’s teleology, or lack thereof. Coase’s (1976) “Smith’s View of Man”, for example, runs counter to this, as do numerous others. Importantly, the Hanley view of Smith, challenges the virtue-ethicists and communitarians like Alasdair Macintyre’s contention that Smith was without teleology or purpose, in other words, in the end, amoral. This is issue is pivotal for this argument and warrants extensive treatment beyond the scope of the present paper. We must take Hanley’s (2009) robust and elegant argument as read and proceed.

He may be an unfamiliar Smith, the Smith argued for here is one who celebrates and explains the desirability of, and presents the end of all wise and virtuous men, as the pursuit of human perfection or flourishing. The task is two-fold: to transcend your own self-preference, as natural and obvious a desire as self-preference is, a responsibility in fact to look after your own interests, it is superable; and, secondly, to extend yourself in moral development, to embark on a journey to appreciate the full merit of other people, and to cultivate both the desire and practice of actually doing good for them.

Understanding Smith’s approach to self and society are keys to understanding his ideas about purpose. Smith describes humans who have moral, aesthetic, as well as, survival needs. Smith’s understands that human flourishing pivots the propensity of our institutions to cultivate on our customs, our habits and the institutions which cultivate the moral imagination and capacity for sympathy of a creature subject to the never ending pressures of need whose purpose is to rise above this need. Everything we have seen here justifies a virtue-ethics reading of Smith.

2.3  Adam Smith on the purpose of commercial society

If this is the purpose of man, what should the wise legislator, guiding the life of the polis be directing affairs towards? If the purpose for man was action and the pursuit of human perfection, which is not a bad synonym for happiness, or (eudaimonia in the Greek), the purpose of commercial society was to provide freedom and opulence to all, and, in particular, to the least well off: the poor and the weak. Smith consistently argues that what we call commercial society is the

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1 Hanley (2009) p183 footnote offers a full evaluation of the literature on both sides of this divide.
best means to achieve this opulence for all, because the system encourages: the division of labour; specialisation; economies of scale; and gains of trade that would produce more wealth than any other system. Commercial society provides the best pathway forward for all citizens to increase their level of wealth.

The Wealth of Nations is a letter to a wise (and virtuous) legislator, whose role may not be to teach morality, but to create a system of laws and freedoms which enable the population to pursue wealth and happiness or flourishing.

The pursuit of wealth alone is not sanctioned by Smith as a moral code, he describes the perfectly virtuous man as one who acts according to “the rules of perfect prudence, of strict justice, and of proper benevolence” (Smith, [1790], 2009 p280). The perfectly wise legislator, one who keeps his sights fixed upon: “The same principle, the same love of system, the same regard to the beauty of order, of art and contrivance, frequently serves to recommend those institutions which tend to promote the public welfare” (Smith, 1790, 2009 p287). We can conclude with McCloskey that Smith was a “virtue ethicist first and last” (McCloskey 2008, p. 65).

2.4 Introducing Richard Whately

We have examined Smith’s writing against the test for being a bearer of the virtue-ethics tradition, his illustrations of the purpose of man, and of the commercial society of Smith’s times. Now we submit Richard Whately to the same prodding and poking. First, he deserves the courtesy of an introduction befitting a gentleman of his stature, and some brief remarks on the different social and cultural currents he faced forty years after Smith’s death.

Richard Whately (1787-1863) was a leading light of his times³. He was a wide-ranging thinker who made contributions to a number of fields of knowledge,

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³ Whately was a major figure of the period. There are three principal biographies recounting his life and no autobiography. The first of these was William John Fitzpatrick’s Memoirs of Whately, 2 vols (London, 1864). The second was a biography and collection of correspondence written and edited by Whately’s eldest daughter, Elizabeth Jane Whately. This was published as The Life and Correspondence of Whately, 2 vols. (London, 1866). More recently, Donald Harman Akenson (1981) wrote A Protestant in Purgatory The Conference of British Studies biography series. The National Dictionary of Biography, 1885-1900 by James McMullen Rigg contains a five thousand word entry on Whately’s life and work. This account identifies him as an “independent liberal”, social science pioneer, anti-evangelical, advocate of the rights of dissenters, Catholics and Jews, outstanding teacher, social science pioneer and reformer of tertiary education. There is an entry on Whately in the Encyclopaedia of Philosophy, viii: 287-8 by Mary Prior and an entry in the New Palgrave Dictionary of Economics (Online), by R.D. Collison Black. The most felicitous of the available portraits of Whately is the chapter on him in Pre-Tractarian Oxford: A Reminiscence of the Noetics by Tuckwell (1909).
including logic, epistemology, rhetoric, moral philosophy and political economy based on Aristotelian logic; a reformist educator in Oxford and Ireland; an Anglican priest who ministered throughout his life; a widely-read populariser of economics, logic and moral philosophy; a founder of political economy as a University discipline at Oxford and Trinity College, Dublin; a pioneer of social science and statistical collections; a theologian and, finally, the Archbishop of Dublin from 1831 until his death.

Whately, as an Oriel Noetic, and an Oxford Don, was part of the Anglican establishment and an esteemed political and religious commentator, shaper of public opinion, and ultimately political and religious leader (a fused profession). Being a leading educator in the most prestigious and powerful institution in the realm, the source of a large share of the country’s political, spiritual and professional leaders, gave wide influence.

2.5 Regency Britain - a more religiously infused age

There can be no understanding of this period of the history of Britain without religion and its influences. A succession of authors have re-drawn a religiously infused portrait of this part of the nineteenth century Britain which had hitherto been drained of its religious colour (Clark 1985; Hilton 1986; Mandler 1990; A.M.C. Waterman 1991b; Donald Winch 1996).

Whately and all the Noetics absorbed the same literature and drew shared lessons from it. Their five principal intellectual sources were Aristotelian logic and virtue ethics, Newtonian natural philosophy, Christian theology, Scottish Enlightenment moral philosophy, and Smithian political economy.
Given this background, my research has uncovered I suggest, that there are five fundamental points of natural theology and Christian moral philosophy that underwrote the Noetic moral philosophy. These were outlined in my paper presented to HETSA last year (Douglas, 2012). Noetic moral philosophy informed the development of noetic political economy which was a sub-strand of what has been called “Christian Political Economy” (Winch 1996; Waterman 1991; Hilton 1986). The first point is that the Oriel Noetics took the inheritance of Smith and others’ prior intellectual challenge to apply Newtonian science to moral questions on another journey. Within their more intensely religious context, they took their primary intellectual challenge ensuring that the canonical texts of late eighteenth century economic thought (especially Smith, 1776) could be read as congruent with the prevailing theological assumptions of contemporary Anglican orthodoxy (Waterman 1991). The second is the argument for the existence of God, argument by design, which was the collective project of Paley, Bishop Sumner and others, that held that God can be seen in the evidence around us of his subtle craftsmanship. The third element is the idea of ‘self-love’ as given by Butler’s solution to the paradox laid down by Mandeville in the Fable of the Bees – Private Vices, Publick Benefits. This held that man’s first duty is to ‘self-love’, no-one is in a better position to acquit this responsibility. Taking care of one’s own interest is not breaking the commandment to ‘love thy neighbour’ which is built upon the assumed scaffolding of the first-duty to self-love. The fourth point is that moral restraint (abstinence, late marriage, frugality) was the answer to the theodicy which was perceived to flow from Malthus work The Essay on the Principle of Population Growth (1798). The final point is that through reading Smith and Hutcheson, all of the Noetics were inheritors of the thinking of the moral sense school. This can also be regarded as a late eighteenth century manifestation of the

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6 This drew on the earlier work of another Oriel man, Joseph Butler (1736) and his Analogy of Religion.
7 “self-love is one chief security of our right behaviour towards society,” and that “under providence there is seldom any inconsistency between what is called our duty and what is called our interest” (Butler 1736, p. 27). Smith’s TMS (1759) became the most influential of all the attempts to rise to the rhetorical challenge set by Mandeville by employing these foundational concepts of natural theology provided the theological and philosophical moorings for the WON (Waterman, 2008).
8 The moral sense school are a group of philosophers with a meta-ethics in which morality is grounded in moral sentiments and emotions. It commenced with the 3rd Earl of Shaftesbury (1671-1713), John Locke’s student who wrote in opposition to his famous tutor. Francis Hutcheson (1694-1746) imparted the tradition to both David Hume (1711-1776) and Adam Smith (1723-1790).
virtue-ethics tradition which rose to the intellectual challenge presented by Hobbes and Locke.

2.6 Whately as bearer and protector of the virtue-ethics tradition

Whately’s ends were divine, but as to means, he took the world as he found it; “political economy as natural theology”, where the design of the universe reflected the munificence of the creator who had endowed man with the social instinct for cooperation and reciprocity, and therefore exchange and commerce. He believed that the pragmatic consequence of this new commercial society would be the capacity for virtue, moral restraint, benevolence and generosity.

As discussed, Whately’s intellectual energies faced different currents and battles to Smith. Whately saw the real threat to truth in the Philosophical Radical’s plan to hijack the new science of political economy for their avowedly atheistic utilitarian reform programme. Having established the Westminster Review in 1824 and the University of London in 1826 to propagate their views, Bentham, James Mill and their allies (including Ricardo until his death in 1823), were gaining the ascendancy in harnessing the new science to the cause of ‘radical’ reform.

The Philosophic Radicals based their programme of reform on Bentham’s secularised version of Paley’s utilitarian ethics (Crimmins 1989). Whately made a major contribution to virtue ethics when he corrected the most influential moral philosophical tract of the day, Paley’s Moral Philosophy: With Annotations (Whately 1859). Paley was the Christian orthodox vessel on which the philosophical radicals entered mainstream waters. For the utilitarians, the analysis of scientific reform sufficed, the only analysis to be done was of consequences and these could be judged scientifically. Moral considerations was thus eliminated. For Whately they were correct in regarding political economy as a valuable instrument for implementing the social values which should guide public policy, but they were wrong to suppose “that the hedonistic calculus can be a reliable source of (or substitute for) those values. Only a moral sense preferably illuminated by Holy Scripture can determine those ends to which political economy is the only means” (Waterman 1991, p210).

Whately’s principal correction to Paley was:

“man according to him [Paley], has no moral faculty, - no power of distinguishing right from wrong, - no preference of justice to injustice, or
kindness to cruelty, except when one’s own personal interest happens to be concerned. …The truth, I conceive, is actually the reverse of this, viz., that Man having in himself a Moral-faculty…by which he is instinctively led to approve virtue and disapprove of vice. (Whately 1859, p. 77).

Whately describes the ‘calculations of utility’ which cannot discern goodness as being unsurprisingly met with disgust (Whately 1859, p. 42). In a materialistic universe presupposed by Bentham (Crimmins 1989) human pleasure and pain are reducible to the interaction of ‘discrete physical objects’. The effect of this can be evaluated –subjectively and provisionally - by each individual. But without some of the necessarily theological understanding of a ‘meaning’ or ‘purpose’ to human life, it is impossible for anyone to be sure about the value even of his own pleasures and pains, let alone those of anyone else. This is Whately’s challenge to Paley:

“For as the believer in God is at a loss to account for the existence of evil, the believer of no God is equally unable to account for the existence of good, or indeed anything at all that bears the mark of design (Whately 1859, p68).

Absent an innate ‘moral sense’, men and women are impotent to discern good from evil in their own lives, let alone comparisons with others, or between societies. The Benthamite system “can afford no information about what ought to be in public affairs; and his advocacy of political economy in policy formation is at best unhelpful and at worst a mere fraud” (Waterman 1991, p 215). This inability to explain the good is the central deficiency of utilitarian ethics and remains unanswered to this day.

Thus Whately continued the teleological project which had been advanced by Smith. In the far more religiously florid atmosphere of Regency England, he was a rationalistic Christian apologist, a staunch defender of the virtue-ethics tradition, as well as a leading proponent, of political economy. He was the leader of the rationalistic wing of the Christian Political Economy movement and used his considerable personal intellectual stature, and that of Oxford, as well as his religious vows, in the service of the new science, political economy. He presents an interesting figure to present day economists and Christian moral philosophers, and especially to those who attempt to combine the two.

2.7 Exchange and commercial society, natural for an ‘animal which converses and trades’
Whately facilitated the creation of the Drummond Chair in 1825 and installed his protege, Nassau Senior to the post. In 1831 he became the second Chair and delivered the *Introductory Lectures to Political Economy* which were published in 1832. The lectures were an apologia for economic science and an argument that political economy and theology are distinct, incommensurable and non-competing fields of enquiry.

Building upon the work of Adam Smith - a continuity, but a refinement of approach - in these lectures, Whately sought to recast the scope of study of political economy, away from its origins from the Greek for ‘household management’, *oeconomia*, to *Catallactics*, a Greek word which simply translated to English means ‘exchange’⁹. A richer translation, however, includes connotations of ‘reciprocity’, ‘mutual reward’ and it is clear that Whately intended these (Whately, 1832, Levy & Peart, 2010). As a bearer of the virtue-ethics tradition, and the moral-sense school, Whately sought to restore the *social* to the frame and to evoke directly the spontaneous order, conceived by Divine wisdom, which market-exchange represented.

Like Smith, like Aristotle, Whately defined humans as profoundly social beings, defined and fulfilled by their social nature. This social drive was the engine, he thought, of the dynamics of knowledge, wealth, and therefore virtue creation. Whately defined man as an animal that trades and converses (Whately 1832, p. 41), this behaviour flowed from our profoundly social nature; “there are few, perhaps none, who deny Man to be by nature a social Being, incapable, except in community, of exercising or developing his most important and most characteristic faculties” (Whately 1832, p59). He quotes Aristotle and Cicero in his justification:

> “Both of these writers stood opposed to those, of their own times, who represented man the social union as expedient…. They both agreed that social union is not formed by men *with a view* to those advantages, but from an instinctive propensity…that without society, though a man should possess all other goods, life would not be worth living” (Whately 1832, p59)¹⁰.

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⁹ Interestingly, this proposal was taken up by many others over the years (Lawson 1843, Hancock 1849, Patrick Plough [Pseudonym]1842, Schumpeter 1908, 1954, Von Mises 1954; The success of these various forays is sympathetically explored in Kirzner (1960).

¹⁰ Hes goes as far as to claim that if Aristotle had been trying to express his meaning, he would have been likely to employ the term as well (Whately, 1832, p4, 58-59).
Echoes of Newtonian natural theology abound in Whately’s treatise. Everywhere we see the wisdom of providence in having made us social, rational and free:

the “marks of contrivance with a view to a beneficial end, as we are accustomed to admire (when our attention is drawn to the study of Natural Theology) …the beneficent wisdom of Providence, to contemplate, not corporeal particles, but rational free agents, co-operating in systems no less manifestly indicating design, yet no design of theirs; and though acted on, not by gravitation and impulse, like inert matter, but by motives addressed to the will, yet advancing as regularly and effectually the accomplishment of an object they never contemplated, as if they were merely the passive wheels of a machine” (Whately 1832, p54) [my italics].

Again, this is a teleological position writ large; wisdom has made man social, rational and free, and our fulfilment can come only in social and commercial exchange.

3.0 On education, enlightenment and moral improvement

3.1 Introduction

We come to this examination of Smith’s and then Whately’s ideas about education, enlightenment and moral improvement and their responses to the effects of commercial society. Both thinkers depart from the premise that this form of society offers the best means of spreading ‘opulence’ throughout the society, particularly to the ‘lower orders’ but that, selfish and vain consumption, in Smith’s analysis, also have pernicious psychological and political consequences. Specifically, education, enlightenment and moral improvement are essential responses, and philosophers and teachers have duties to provide these to all, including individuals in the ‘lowest orders’. As we shall see, in Smith’s critique of the psychological consequences of commercial society, the love of praise, if not regulated and if not ennobled, induces anxiousness, restlessness, inauthenticity, the inability to enjoy things or be content; a tormenting vice. His observation of life revealed that it is possible to achieve praise duplicitously more easily than through honest means. This short-cutting, which entails placing appearances higher than the love of virtue, ultimately undercuts the health of society.

Whately offers numerous detailed critiques of the culture of his day and is constantly seeking to improve society. His writing is filled with references and
admonitions on the ‘how’ of the serious work of moral improvement. Whately does not delve into the details of character damage wrought by commercial society as such, but commercial society was the world in which he lived, so his criticism and challenge to improve moral standing was issued to participants in a commercial society. This is implicit in all Whately’s extensive moral teaching.

What Whately does offer that is unique and will be highlighted here, is what Levy (2010) has called ‘Katallactic rationality’. This is a practice that puts the emphasis on logic, reasoning and its triumph over fallacy. This is Whately’s unique contribution to the eradication of sin in the society in which he operated, the by now mature commercial society and increasingly democratic polity of Regency Britain.

Smith’s advice on which virtues to cultivate and why, and Whately’s on the role of reason and the elimination of fallacy provide a combination of sentimental and rational approaches to the task of moral improvement which we will consider here.

3.2 Adam Smith on education, enlightenment and moral improvement

Smith highlights the need for all to have access to education, enlightenment and moral improvement (McCloskey 2008). He extends his virtue ethics as he examines the process by which we acquire the senses of propriety, justice, political obligation and beauty, upon which our skills in the arts of social intercourse and our character depend. In doing so, he had introduced into his analysis, a simple observation about the principles of human nature that had been ignored by modern philosophy:

“that man’s natural indigence had somehow gone hand in hand with a love of improvement which he would exercise whenever he felt secure enough to do so…. it had allowed him to suggest that a reasonably stable society will follow a material, moral, spiritual and political path of development, that was more natural and more secure than one which was determined by the whims of its sovereigns” (Phillipson 2010, p. 280).

From Smith’s conception of the philosopher’s duties to provide the public we can illuminate his intention that higher-order knowledge was part of his vision of the bounty due, even to the ‘lowest orders of society’: “With all the thought and reason possessed by the multitude that labour... general ideas concerning the great subjects of religion, morals, and government, concerning his own happiness or that
of his country” (Smith, 1763). The development of this capacity is what Phillipson calls the “sense of fitness and ethical beauty which makes it possible to aspire to a life of virtue” (Phillipson 2010, p. 157).

3.3 Adam Smith: Of the Character of Virtue

Ryan Patrick Hanley’s *Adam Smith and the Character of Virtue* (2009) has offered an explicit study devoted to exploring an often overlooked dimension of Smith’s writing, the diagnosis of the ethical ills, and the remedies he prescribed to ameliorate them. Smith’s remedy was the cultivation of particular virtues, each designed to combat a particular corrupting influence exacerbated in the human psyche by commercial society. Smith describes his project, the amelioration of commercial society’s moral defects, “an object worthy of serious attention” (Smith in Hanley, 2009, p3). Hanley’s close study of the new chapter in the sixth edition of the *Theory of Moral Sentiments* (Smith, 1759) emphasises a Smith alert to capitalism’s defects, but optimistic about cultural remedies, namely the cultivation of the virtues of prudence, magnanimity and beneficence.

Hanley (2009) presents Smith’s ethical system as a synthesis of three types of virtues: the commercial, the classical and the Christian. The development of these virtues is in response to a particular source of moral corruption endemic to commercial modernity. Education, allows a focus on self-improvement of individuals, the redemption of man in commercial modernity from the otherwise tragic fate of moral diminishment that Smith is convinced would befall us.

The element that ties the system together is the ennoblement of the natural self-love which animates the individual human story. Smith sees commerce as inherently prone to corrupt a rightly ordered self-love and that without remedy, commercial society makes people anxious, restless and miserable. In this Smith restores, long after the publication of the *Wealth of Nations* (1776) the importance of the normative, as well as the scientific or descriptive.

**Prudence to the rescue**

The tragic view of commercial society in which material gain demands inevitable moral diminishment, is incomplete. Smith squares the circle by encouraging the cultivation of the virtue of prudence which includes habits of genuine “industry, steadiness and moderation to ameliorate anxiety, and the busyness and restlessness
encouraged by the love of praise”. The message: do good things, and do them well, and you will feel good and satisfied.

The second aspect to this layered challenge is to use education to develop the attention of the young, not on not pursuing praise, for this is natural, but on pursuing praise for the accomplishment of every higher, more noble attainment: real virtues and accomplishments. Redirect praise away from activities that lead to duplicity and inauthenticity, and encourage the development of genuine virtues and capacities worthy of esteem. In Smith’s system, the vanity that drives the pursuit of esteem can be harnessed for the good; the task not to diminish the desire, but to elevate the objects.

The opening for education then is to: “direct vanity to its proper objects. Never suffer him to value himself upon trivial accomplishments” (Hanley 2009, p106).

**Distinction between self-love and self interest**

Critical to this analysis is the difference, as interpreted by Hanley (2009, p104), between self-love and self-interest. The former is amenable to elevation via moral education, the latter more static. Hanley challenges the work of Coase (1976) and Hollander (1977) for the way they contend that self-love and self-interest are largely the same (Hanley, 2009, p104). The hopeful course that Smith offers requires space between the two. Only if self-love is amenable to the type of moral education proposed will the otherwise likely tragedy of individual misery that results, often, from the desire for recognition, be prevented. The “anxiety, restlessness, inauthenticity” and “slavish debasement”, are, in the absence of education to transcend them, the lot of all in a commercial society.

In Smith’s presentation, the only way to deal with the insatiable desire commercial society fuels: the esteem and admiration of others, is for self-love be re-educated so that it is to be found on higher ground; ends which genuinely merit esteem.

In this way, prudence becomes the indispensable virtue to both individual and social flourishing.

The final step in the development of prudence, in Smith’s system by the Hanley analysis is a proper understanding of one’s true self-interest which relies upon getting the time-frames right, with a preference for the long-term over the short-term.
Problems with prudence

There is much subtlety and intricacy in Smith’s system, especially once he moves on to identify the consequences of the development of prudence: moral mediocrity and individualism (Hanley, 2009, p162). Smith now adds to prudence, the cultivation of the favoured virtue of the Ancients, magnanimity: grandeur of pursuits; nobility to counter the mediocrity and individualism of prudence alone.

Smith does not finish here; he finds the limits with magnanimity which runs the risk of making its possessors guilty of excessive self-preference, self-regard, as well as indifference to others.

Finally, the magnanimous become excessively self-regarding, prideful, and a consequently indifferent to others. Here Smith’s remedy, the third movement in his symphony of virtues, is the cultivation of the classically Christian virtue: caritas; love. This is the the highest theological virtue of the Christian faith. Smith encourages the development of this capacity: the extension this love to all of God’s creation.

Reciprocity and mutual assistance are necessary: “All the members of human society stand in need of each other’s assistance, and are likewise exposed to mutual injuries. Where the necessary assistance is reciprocally afforded from love, from gratitude, from friendship, and esteem, the society flourishes and is happy. All the different members of it are bound together by the agreeable bands of love and affection, and are, as it were, drawn to one common centre of mutual good offices”.

(TMS p103-4)

3.4 Whately and the relationship between wealth and virtue

There are many similarities between Smith’s understanding of the relationship between knowledge, morality, education and enlightenment, and Whately’s. In the broader sense, their visions were consonant. Whately however, as an epistemologist and logician, labours some of these areas more than Smith. Whately offers extensions on Smithian premises. The particular issues illustrated here include: Whately’s distinction between particular types of knowledge, scientific and religious; his thinking on the role of reason and transparency in the elimination of fallacy, and the relation between both these practices and morality; his perception of an interlocking system of knowledge-virtue-wealth creation; and
his advice on the need for a clerisy to guide and refine the society’s ideal of ‘the good’.

As world-views pivot, so do images of God. Newton, Hume and Smith lived in a more deistic moment in philosophy than Whately and the Oriel Noetics. Religious intensity rising and falls with other social and cultural currents. As an Anglican Priest, Whately, sought to reconcile Christian theology and political economy. In order to achieve this, he took the opportunity to create a bright line between ‘scientific’ and ‘religious’ knowledge. This line laid the foundation of methodological orthodoxy in political economy and in what is now called ‘economics’. Precisely because of Whately’s demarcation, deductive political economy came to be seen as a distinct and non-competing inquiry from the moral philosophy and theology from which it derived. Scripture now had a different role: “Scripture is not the test by which the conclusions of Science are to be tried”, its purpose rather “is to reveal to us religious and moral truths” (Whately 1832, p19-20). Scripture is one source, there are others, and one of the tasks of education is to build the mind and the moral truths:

[They] must be admitted with considerable modification. God has not revealed to us a system of morality such as would have been needed for Beings who had no other means of distinguishing right and wrong. On the contrary, the inculcation of virtue and reprobation of vice in Scripture are in such a tone as seems to presuppose a natural power, or a capacity for acquiring the power, to distinguish them. (Whately 1832, p 19-20)

Whately made the consideration of virtue and moral improvement even more explicit than Smith. Like Smith, he believed that the telos, the end of the human animal was the pursuit of happiness (human perfection or human flourishing); wealth its means. Whately supplemented the essential core of this economistic theology with accounts of the human capacity for improvement, in knowledge and virtue. This is how he reconciled wealth and virtue.

Whately, like Smith (McCloskey 2008; Phillipson 2010), argued that the purpose of all of the moral sciences was to unlock the secrets of civil moral progress. His framework is the question, what advances civilisation? That there is a hierarchy of civilisations, based on their moral attainment is axiomatic: “the apparent design of Providence evidently is, the advancement of mankind, not only as Individuals but as Communities” (Whately 1832, p67). That this moral attainment and progress
transcends wealth is essential to the Whatelian conception. In a lecture entitled Progress of Society in Wealth:

“It appears that Society...has a tendency, so far as wars, unwise institutions, imperfect and oppressive laws, and other such obstacles, do not interfere, to advance, in Wealth and in the Arts which pertain to human life and enjoyment” (Whately 1832, p104).

As society’s increase in wealth, more energy is devote to nobler causes: “a devotedness to temporal objects is no characteristic of a more wealthy and civilised, as distinct from a more barbarian, state of society” and “in a civilised life [emulation] is frequently directed (however seldom in comparison with what it should be) to many nobler objects” (Whately 1832, p96). Whately argued for wealth as a good.

Wealth was not an enemy of virtue but its ally. “as the Most High has evidently formed Society with a tendency to advancement in National Wealth, so, He has designed and fitted us to advance, by means of that, in Virtue, and true Wisdom, and Happiness” (Whately 1832, p119).

3.5 Whately and fallacy as sin

Another final factor that deserves explication from Whately’s thinking on knowledge and virtue is the role of reason; transparency and fallacies. Whately understood the dynamics of moral advancement along these lines: desire for social affirmation drives the acquisition of wealth in some and knowledge in others; knowledge is a form of wealth; as humans are social, they converse and emulate, exchange ideas and trends and are inherently competitive; it is emulation then that drives the transfer of knowledge, or the fear of approbation.

Whately’s had an interesting understanding of the psychology and the economics of knowledge creation. He is acutely aware of the heuristic impediments to decision making and makes the case for the importance of logic and the elimination of fallacies as a moral quest. If “logic is the grammar of reasoning”, (Whately 1849, p5) then attacking the logical fallacies which had hitherto linked poverty with moral goodness was correcting the vocabulary of ideas. This will be expanded upon in the next section.
Throughout the text he uncovers numerous other fallacies and errors of reasoning which impair individual and collective decision making. This is Whately’s gospel, and it applies to all classes, nothing will be as beneficent to the wealth of nations as good reasoning. For Whately, logic itself is a social enterprise. Logic trades in meaning, and meaning has a social context; passing bad arguments in the realm of ideas, is no different from fraud in the material world (Levy & Peart 2010). In the Whatelian catallaxy, fallacies are sinful and therefore long causal chains risk sin. Levy (2010) describes Whately’s model for “kattalactic rationality” based on self-love “subject to a reciprocity constraint” thus: “a society of fair-minded individuals, each with their own presuppositions and biases, as the nexus of fallacy detection stands in contrast to the platonic vision of experts who free themselves from pre-suppositions and bias and consequently have no need for fairness” (Levy & Peart 2010, p176).

3.6 Whately and the Clerisy

Who will drive this development of knowledge and attainment? Whately believed an elite, morally-informed clerisy was required to aid in the discernment of the good for the society, to determine the sets of knowledge that individuals should attain, and to supervise the development of moral fitness. There will be an open public contest for knowledge which will destroy fallacies in a free, rational debate. The Church will appoint the major figures in the clerisy. Smith was opposed to an established Church. He thought there should be a market for religions. In this he and Whately end in a very close position. Whately believed passionately in the separation of power between the Church of England and the Crown. His writings on ecclesiology called for a self-governing Church separate from the interference of the Crown (Parliament appointed the Bishops). Whately and Smith came very close here as well despite occupying very different social roles, and living in different times.

4.0 Conclusion

The challenge set at the beginning of this paper was to illuminate both Adam Smith’s and Richard Whately’s understanding of the relationship between commercial society, the wealth they see it producing, and the virtue and moral progress of that society. This is part of an effort to join hands with those seeking to reclaim Adam Smith, as a bearer of the virtue ethics tradition (McCloskey 2008,
Vivenza 2001), and, to illustrate that economics (political economy) was born, developed and matured, quite a long way inside this world-view.

Our first task was a consideration of the nature of the virtue-ethics tradition and an assessment of how consonant the writing of Smith and Whately was with this tradition. We sided with the argument that Adam Smith and Richard Whately were both virtue-ethicists.

The writing of the great architect of the capitalist vision, Adam Smith, and one of the founders of the discipline of political economy in the academy, Richard Whately, add a great deal of colour to the notion that economics and economics thinking are consonant with virtue ethics. Both writers agree with the potential for commercial society to diminish the moral character of the population, but they see this as far from inevitable. Instead, between them, they offer a holistic programme for the development of the virtues.

Adam Smith in this reading is both capitalism’s critic, and virtue’s champion. Having provided the great synthesis of political economy, bringing together all the extant knowledge of the day to describe the unfolding of wealth in commercial societies, at the end of his life, adds a new chapter to his most famous work, the Theory of Moral Sentiments (2009, 1790). In this he explains, that the only way for individuals and societies to escape from the otherwise inevitable psychological ills of commercial society is moral improvement through the cultivation of particular virtues. Here we have the ‘father of capitalism’ telling us, that our flourishing depends upon virtue: the peak virtue of the commercial world-view (prudence), the peak virtue of the classical world-view (magnanimity) and the peak virtue of the Christian world-view (beneficence). Smith, the great modern political thinker who has been an essential architect of the world-view we call “moral modernity”, tells us that the success of the venture, pivots on self-transcendence.

Both Smith and Whately accept the pursuit of praise as the human engine, and recommend that education and the formation of character be used to redirect and ennoble the objects of pursuit of the love of praise. This way, commercial society maintains of the social benefits of exchange while minimising vanity’s most “pernicious effects on the happiness and tranquility of society’s and individuals” (Hanley 2009, p102-103).
In Whately we are alerted to the importance of a clerisy guiding the development of the moral fitness of the population, teachers that can help them reason well, and eliminate fallacy and wrong thinking.

In this way, knowledge is created, and fallacies cleansed because of a mix of our self-love, and desire to win praise, and to be praiseworthy; our desire to emulate those we admire and to receive their approbation; and because of our sheer love of knowledge and truth. Whately highlights both the social dimensions of the desire to create knowledge, as well as his vision of moral improvement that he assumes we attain as we, and the society around us, know more; another virtuous circle. In Whately’s own words: “desire of gaining knowledge, a desire (found on sympathy) of communicating it to others, as an ultimate end. This, and also the love of display, are, no doubt, inferior motives, and will be super-ceded by a higher principle, in proportion as the individual advances in moral excellences” (Whately 1832, p106).

This is consistent with Smith but takes the reasoning a few steps further.

In Whately the human is a reciprocating social animal instinctively engages in social interactions driven by sympathy and survival including trade in goods and services, sharing, knowledge creation and other forms of value creation. The end of each human life is moral improvement and there is a hierarchy of moral states. The end of societies and communities is to reach states of higher moral attainment and commercial societies which increase wealth are the means. Wealth and virtue are not in opposition. Increasing wealth which brings comfort will, in the main, increase the proportion of human activity which is applied to higher pursuits beyond survival. As wealth increases, the stock of knowledge and human virtue will increase; a virtuous circle. At the individual level, as humans develop, there is a tendency as for them to do a higher proportion of things that are beneficial beyond their own survival like create knowledge. As they develop and mature, so do their motivations and moral progress. Education and enlightenment of both spiritual and scientific truths (including political economy) lead to practical and moral improvement (which are correlated in any event).

All forms of knowledge – moral, reasoning power, scientific knowledge - are forms of wealth. Humans can develop character which is developed through acquisition of knowledge, reasoning power and moral imagination and the practice of the virtues until they become innate. Distinctions between types of knowledge are important in the pursuit of truth. The division of knowledge into ‘scientific
knowledge’ from observation and experimentation, and ‘moral knowledge’ from revealed religion and the human moral faculty is essential.

As a concluding statement, to underline the point about Whately’s head on, rather than Smith’s more implicit examination of these relationships, Whately mocks those who denounce the incompatibility of wealth and virtue:

[they] are mere declaimers, and nothing more. For you will often find them, in the next breath, applauding or condemning every measure or institution according to its supposed tendency to increase or diminish wealth. You will find them not only readily accepting wealth themselves from any honourable source, and anxious to secure from poverty their children and all most dear to them (for this might be referred to the prevalence of passion over principle), but even offering up solemn prayers to heaven for the prosperity of their native country, and contemplating with joy a flourishing condition of her agriculture, manufactures, or commerce,—in short, of the sources of her wealth. Whately (1858)

Whately and Smith’s exploration of the relationships between commercial society, wealth, knowledge and virtue, provides a strong counter to the antagonistic literature produced by the communitarian and virtue-ethics writers who argue that economics inevitably promotes instrumentalism and inauthenticity (Macintyre, 1981, 1988, 1991; Sandel, 2012).

We can add this note to the voices challenging the communitarian critique. In addition to the argument made by Bruni and Sugden (2012) argue that the market has a telos purpose – mutual advantage – and therefore there are a set of virtues that fit one for market-participation, so that economics as a discipline can be reconciled with virtue-ethics in this way.

Whately is the thinker in the history of economics who, departing from Smithian premises, is the most explicit about the relationships between wealth, knowledge and virtue. Whately, in fact, has given us a true reconciliation of the virtues of commercial society, with the pursuit of virtue. Smith has given us the programme for cultivating a symphony of virtues which will enable us to overcome the deleterious effects and flourish in commercial society. Commercial society can be tamed to be a promoter of the development of virtue, Smith, or in the Whatelian argument, there is a direct relationship to increases in wealth and the application of that wealth to higher order pursuits, thereby increasing the stock of virtue in the society. A virtuous circle.

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