



James R. Otteson, Adam Smith's Marketplace of Life

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Hume Studies Volume 30, Number 2, (2004), 410 - 422.

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JAMES R. OTTESON, *Adam Smith's Marketplace of Life*. Cambridge: Cambridge University Press, 2002. Pp. xiii + 338. ISBN 0 521 81625 4, cloth, \$70.00/£55.00; ISBN 0-521-01656-8, paper, \$26.00/£19.99.

James R. Otteson's *Adam Smith's Marketplace of Life* is a wide-ranging examination of Smith's moral philosophy which closely analyzes the notions of sentiment, sympathy, general rules, the impartial spectator, and other related topics. Otteson assesses Smith's account of moral development and considers the extent to which Smith's moral sentimentalism is both descriptive and prescriptive. He also discusses Smith's views on the relationship between unintended order (the "invisible hand") and final causes. Finally, Otteson finds contemporary support for some of Smith's claims about human nature in the work of sociologist James Q. Wilson. Although much in Otteson's rich book invites comment, I will limit myself, for reasons of space, to outlining and briefly considering two of its main theses: (1) According to Adam Smith, moral standards have emerged, and continue to emerge, from a market-like exchange of sentiments among mutually sympathizing actors; (2) We can reconcile Smith's claim, in *The Theory of Moral Sentiments*, that benevolence as an important human motive, with the discussion in *The Wealth of Nations*, which seemingly reduces all behavior to self-interest.

Otteson begins by elaborating the implications of Smith's view that our desire for the sympathy of others brings us to moderate our sentiments. Others sympathize with us only if they can "go along" with these sentiments and this happens only if we adjust our sentiments to an acceptable pitch. They must do the same if, in turn, they are to gain our sympathy. Mutual sympathy is possible, however, only if each imaginatively "steps into the shoes of the other," thereby adopting the other's perspective, and thus his sentiments. Thus an exchange of sentiments takes place. Otteson argues that this reciprocal process exhibits the dynamic of a marketplace. Just as in an economic marketplace, people freely exchange material goods (or services), so in a moral marketplace, people freely exchange sentiments. Furthermore, just as a continuous exchange between buyers and sellers moves the price of commodities towards their selling price, so the continuous exchange of sympathetic perspectives converges on an impartial standpoint, thereby erecting an objective standard of moral evaluation. Finally, just as a selling price results unintentionally from a multitude of uncoordinated trades, so an objective standard of moral evaluation emerges unintentionally from individual efforts of sympathetic transposition. In this way, a community-embracing moral standard grows out of the unconscious, yet fortuitous, collaboration of every member of society.

When discussing the genesis of morality, Otteson makes an interesting comparison between Smith and David Hume. According to Hume, moral judgments reflect considerations of utility: we morally approve of certain character traits, and of actions which express these traits, because they contribute to the good of either the moral agent himself or of others. The good of others matters to us because, as spectators, we sympathize with their feelings of joy and sorrow, with their happiness and unhappiness. Consequently, we approve of behavior which furthers their happiness and disapprove of behavior which makes them unhappy. Smith disagrees with this account of the origin of moral approval. Although he admits that the utility of an action plays some role in winning our approval, he asserts that this role is minor when compared to that played by an action's propriety. An action is proper, and thus praiseworthy, simply because it fits the circumstances in which it performed: it is the behavior that we have come to expect. Its utility is of secondary importance in determining its moral value. But although the utility of particular actions is not what recommends them, morally speaking, to the judging spectator, Otteson argues that utility does have an important function in Smith's moral theory. Utility "selects" between different possible standards (or frameworks) of moral judgment. In elaborating the mechanism that selects the "winner," Smith seems to have taken a hint from Hume. In *A Treatise of Human Nature*, Hume explains that, although the rules of justice were first adopted only because they served the interests of individuals who practiced them, these rules unintentionally supported the general good of society. This is why they have lasted. What Hume says about justice, Smith applies to morality *per se*. Moral standards have arisen from sentimental exchanges between individuals who try to satisfy their "selfish" desire for sympathy. These standards continue to govern social intercourse because, unintentionally, they have contribute to the general good: the practice of such virtues as justice, benevolence, prudence, and self-command that morality exhorts us to cultivate are good (or useful), not only for the individual who practices them, but for the society as a whole. If individual sympathetic exchanges had given rise to a more useful moral standard (and thus a different set of virtues), it would have been selected in place of the standard that we currently endorse.

While Otteson's contention that agents erect a moral standard by acting like free traders in a marketplace is highly suggestive, it requires further defense. To be sure, moral standards have not arisen from consciously coordinated attempts to construct a universal table of good and evil. Furthermore, the moral standards that have emerged clearly constitute a "moral order": they come to be embodied in general rules of praiseworthy behavior. But does the evolution of morals imply an exchange of sentiments that resembles the exchange of goods in a marketplace? Here, Otteson's thesis seems less compelling. When two mutually sympathetic spectators do try to imagine each other's point of view for the

sake of harmonizing their sentiments, neither offers his sentiments to the other in a genuine act of barter, i.e., as the condition for acquiring the other's sentiment. Neither person actually trades sentiment for sentiment. Thus the trope of "market exchange" imperfectly characterizes their activity. Similarly, the analogy between a moral standard and a selling price seems questionable. When people finally agree on a standard of moral evaluation, wouldn't they *stop* exchanging, i.e., "selling," their sentiments? Wouldn't their sentiments become, as it were, priceless? If someone believes that his sentiments carry the stamp of an objective moral standard, it is difficult to see why he would wish to trade his "true" sentiments for other, possibly false, ones.

Although one might question Otteson's assertion of a structural symmetry between the dynamic of a moral system and that of an economic marketplace, Otteson does offer a very credible solution to the "Adam Smith Problem," successfully reconciling the impartial spectator's approval of benevolence in *The Theory of Moral Sentiments* with Smith's silence about benevolence in *The Wealth of Nations*. After considering a number of proposed solutions to this problem, Otteson offers his own, invoking what he calls Smith's "familiarity principle." Smith observes that the more familiar a person is to us, the more beneficent we are towards him; the less familiar he is, the more inclined we are to demand a return for our help. If social intercourse among strangers were to rest entirely upon benevolence, little good—and much harm—would come of it. If we were to wait upon the benevolence of our fellows, most of the services that we rely upon—the services of "the butcher, the baker, and the brewer"—would cease. Fortunately, self-interest commonly steps in where benevolence would be foolish to tread. Because self-interest alone is fit to serve as the glue of the economic order, the impartial spectator approves of its total dominion in this sphere. Thus, both the naturalness and the social benefits of self-interest explain why it alone is the approved passion in *The Wealth of Nations*. In Smith's time and today, critics have charged that the selfishness of the marketplace inevitably seeps into all our relations, gradually replacing our generous affections with self-interest. Otteson retorts that this charge overlooks the socializing effect of the marketplace. By teaching us to take an interest in the affairs of others, and thus to "get along" with them on a regular basis, it gradually teaches us a regard for other people. In many cases, this regard matures into genuine benevolence.

Although Otteson's solution to the Adam Smith problem is quite plausible, his addendum about the humanizing effects of the marketplace seems overly optimistic. As Otteson acknowledges, many, and not just far-left writers, have argued that modern capitalism alienates man from both himself and his fellows. Smith himself comments on its often degrading and socially fragmenting effects. Understandably, Otteson admits that, given the limits of his book, he

cannot thoroughly discuss this complex issue. Nevertheless, he does make a few attempts. For example, he says that because the self-interest of the businessperson motivates him to discover the needs and desires of his customer, it will generally instill in him a genuine concern for his customer's good, to the point of "sincerely wishing him well" (304). Much depends on whether this sincerity is genuine. It may be genuine in the face-to-face world of the mom-and-pop grocery store or local business. But outside this context, customer relations commonly seem to engender habits of insincerity, especially if, increasingly, the seller (or business representative) is the transient employee of a large corporation. Here, "sincere well-wishing" reduces to little more than a formula for good business.

To establish conceptual symmetry between *The Wealth of Nations* and *The Theory of Moral Sentiments*, Otteson uses the concept of a marketplace to explain sympathetic processes in the moral realm, although, in my view, he over-extends this structure by exaggerating the similarity between the exchange of sentiments (and points of view) and that of products or services. However, he offers a convincing resolution of the "Adam Smith Problem," plausibly explaining why, in spite of the importance of benevolence in *The Theory of Moral Sentiments*, *The Wealth of Nations* was written solely in the language of self-interest. Furthermore, he elaborates the central concepts of Smith's moral philosophy in a way that brings both the general reader and the scholar directly into its heart. Thus, despite disagreements with Otteson expressed in this review, I consider his book to be a very valuable and uniquely ambitious contribution to the field of Smith studies.

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