



The Partial Spectator in the *Wealth of Nations*: A Robust Utilitarianism

The theory that unifies Adam Smith's *Wealth of Nations* gives considerable emphasis to the role played by the partial spectator.¹ The partial spectator, I shall argue, plays a role in Smith's theory akin to that played by the theory of rational ignorance in the formative works of public choice (Downs 1957). The belief that common opinion might use correction would come naturally to a college professor of moral philosophy if only because that is part of what moral philosophers are paid to do.² Of course, in book five of *Wealth of Nations* Smith has an elaborate discussion in which he endogenizes both moral and natural philosophy within the division of labor. Here and elsewhere in *Wealth of Nations*, spectators do not simply observe the division of labor but function within it.

Given that most of us are partial spectators, what sort of judgments can we make about the world around us? Smith makes an inference that passes from the perceived well-being of the majority to a judgment about the well-being of society. I shall argue that this is an instance of what we might label "robust utilitarianism."³ I shall ask whether Smith's judgments in *Wealth of Nations* are consistent with his account in *Theory of Moral Sentiments* of how we form judgments. Finally, I shall consider how *Theory of Moral Sentiments*'s account of how we judge conduct was enhanced by his argument in *Wealth of Nations* to reconcile the judgment of the spectator with the common facts of moral intuition.⁴

1. For this and the remaining chapters, all citations to Smith's work will be to the Glasgow edition; thus, *WN* refers to Smith 1976a and *TMS* refers to Smith 1976b. *LJ* refers to Smith 1978, *Essays* refers to Smith 1980, and *Rhetoric* refers to Smith 1985.

2. "The over-weening conceit which the greater part of men have of their own abilities, is an antient evil remarked by the philosophers and moralists of all ages. Their absurd presumption in their own good fortune, has been less taken of. It is, however, if possible, still more universal" (*WN*, 124).

3. This offers an alternative to organic society readings of Smith: "Thus, while Bentham found it difficult to pass from utility for individual pleasure to social utility, for the Scottish thinkers there is no such problem, as the ultimate unit is society" (Macfie 1984, 301–2).

4. "Paradoxical as it may seem, the theory of ethics was less directly normative than the scientific work on economics. The moral theory was in the main descriptive; the economic theory neatly wove prescriptive elements into its descriptive-predictive fabric" (Bittermann 1940, 516).

By “facts of moral intuition,” I simply mean that judgments of “right” and “wrong” are not promiscuously distributed (Levy 1992).

The theory developed at great length in *Theory of Moral Sentiments* posits that a person, as a spectator, can imagine exchanging *situations* with another subject and in this new situation can impute a kind of as-if well-being. Smith calls the difference between directly perceived well-being and that imputed sympathetically the difference between the substance and the shadow (*Theory of Moral Sentiments*, 219).⁵ Spectators preserve their personalities as they make their imagined exchanges of situation; consequently, they have no warrant to judge other minds or other utility functions.⁶

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. (9)

Seeing the Partial Spectator

In the first chapter of *Theory of Moral Sentiments*, Smith gives a dramatic example in which the naive spectator’s imputed as-if well-being is surely not the subject’s actual well-being:

We sympathize even with the dead, and overlooking what is of real importance in their situation, that awful futurity which awaits them, we are chiefly affected by those circumstances which strike our sense, but can have no influence upon their happiness. It is miserable, we think, to be deprived the light of the sun; to be shut out from life and conversation; to be laid in the cold grave, a prey to the corruption and the reptiles of the earth. . . . The happiness of the dead, however, most assuredly, is affected by none of these circumstances; nor is it the thought of these things which can ever disturb the profound security of their repose. The idea of that dreary and endless melancholy, which the fancy naturally ascribes to their condition, arises altogether from our joining to the change which has been produced upon them, our own consciousness of that change, from our putting ourselves in their situation, and from our lodging, if I may be allowed to say

5. Spectators can imagine themselves as species other than human. This topic concerned other spectator theorists, for example, Francis Hutcheson, although Smith touches on this in *TMS* (94–95).

6. It is important to stress this because some students of Smith, perhaps under the influence of “ideal observer” theory, simply assert the contrary. D. D. Raphael (1985, 29): “[H]e uses the word ‘sympathy’ in a somewhat unusual way to mean not just sharing the feelings of another, but being aware that one shares the feelings of another.”

so, our own living souls in their inanimated bodies, and thence conceiving what would be our emotions in this case. (12–13)⁷

In *Theory of Moral Sentiments*, Smith gives a famous account of how partial spectators may learn to become impartial. Too often, I think, readers of *Wealth of Nations* have looked for the impartial spectator and perhaps overlooked the role of the humble partial spectator.⁸ Indeed, if we were to interpret some books of commentary on Adam Smith by means of their own indexes, for an index to a book with a living author is surely an authorized interpretation, there is *only* the impartial spectator in Smith's corpus.⁹ The consequence of this oversight is our inability to see how Smith grounds *Theory of Moral Sentiments* and *Wealth of Nations* on the same supposition of widespread rational ignorance.

In the first chapter of *Wealth of Nations*, like the first chapter of *Theory of Moral Sentiments*, a naive and partial spectator appears. The first paragraph of the chapter reads:

The greatest improvement in the productive powers of labour, and the greater part of the skill, dexterity, and judgment with which it is any where directed, or applied, seem to have been the effects of the division of labour. (13)

Paragraph two starts this way:

The effects of the division of labour, in the general business of society, will be more easily understood, by considering in what manner it operates in some particular manufactures. (14)

7. Smith continues: "It is from this very illusion of the imagination, that the foresight of our own dissolution is so terrible to us, and that the idea of those circumstances, which undoubtedly can give us no pain when we are dead, makes us miserable while we are alive. And from thence arises one of the most important principles in human nature, the dread of death, the great poison to the happiness, but the great restraint upon the injustice of mankind, while it afflicts and mortifies the individual, guards and protects the society" (13). This is an important passage that shows how little Smith's argument needs a belief in the infinite rewards and punishment of the afterlife. The purging of infinities is discussed in chapter 12.

8. "It may seem true that the impartial spectator is not in the premises of that book" (Schneider 1979, 59). "In the *Wealth of Nations* the impartial spectator puts in no appearance, unless perhaps Smith casts himself in that role" (Bittermann 1940, 520).

9. For instance, T. D. Campbell (1971, 243) has the following index entries: "Spectator, impartial . . . , ideal . . . , indifferent . . . , well-informed." Gerald O'Driscoll (1979, 178) has "impartial spectator" but nothing for "spectator." Raphael (1985, 118) has "impartial spectator" but not "spectator." Maurice Brown (1988, 186) has "impartial spectator" with several subheads but nothing for "spectator." The texts of these books discuss actual spectators, although perhaps the most attentive to how actual spectators learn how to make adjustment for distance is Ralph Lindgren (1973, 27–30). It is not therefore surprising that Lindgren (1963) has the entries: "Spectator, average . . . ; ideal . . . ; impartial.

The next sentence, I think, is complicated and worthy of considerable reflection.

It is commonly supposed to be carried furthest in some very trifling ones. (14)

Smith notes the content of common suppositions and then proceeds to explain *why* this common supposition might be made:

[N]ot perhaps that it really is carried further in them than in others of more importance: but in those trifling manufactures which are destined to supply the small wants of but a small number of people, the whole number of workmen must necessarily be small; and those employed in every different branch of the work can often be collected into the same workhouse, and placed at once under the view of the spectator. (14)

Although the sixty-two-page index of the Glasgow edition of *Wealth of Nations* does not have an entry for *spectator*, there is one in sentence three. Presumably, this is not an “impartial” or imaginary spectator, simply some ordinary person who walks into a shop, physically *looks* around, and is impressed with the elaborate nature of the enterprise. The spectator’s ability to *see* how the small shop hangs together is contrasted with his or her ability to *see* how huge enterprises hang together:

In those great manufacturers, on the contrary, which are destined to supply the great wants of the great body of people, every different branch of the work employs so great a number of workmen, that it is impossible to collect them all into the same workhouse. We can seldom see more, at one time, than those employed in one single branch. (14)

The consequence of the naive spectator’s inability to see the division of labor in the great manufacturers biases common opinion toward the belief that the division of labor is more extensive in small shops:

Though in such manufacturers, therefore, the work may really be divided into a much greater number of parts, than in those of a more trifling nature, the division is not near so obvious, and has accordingly been much less observed. (14)

Paragraph 2 of this most famous chapter in the book thus has three aspects of vision: “spectator,” “see,” and “observe.” With his visual model, Smith gives an account of how partial, unreflective spectating forms the basis of common opinion about the division of labor even though this common opinion is sim-

ply incorrect. A naive spectator who sees an extensive division of labor in a small establishment but who cannot see anything like this in a great establishment concludes that the division of labor is more extensive in the small shop. Although Smith will go on to argue that the division of labor is carried out more fully in the great manufactures than in small shops, he has explained the basis for the common opinion to the contrary.¹⁰

Although *spectator* is only used here and just once more in *Wealth of Nations*, this line of argument is advanced elsewhere with the phrase “at first sight.” Here is one of Smith’s most memorable contributions to the English language:

To found a great empire for the sole purpose of raising up a people of customers, may at first sight appear a project fit only for a nation of shopkeepers. (*Wealth of Nations*, 613)

Needless to say, Smith goes on to explain that first sight misleads. He reuses the phrase “at first sight” fifteen pages later and deepens the visual metaphors:

At first sight, no doubt, the monopoly of the great commerce of America, naturally seems to be an acquisition of the highest value. To the undiscerning eye of giddy ambition, it naturally presents itself amidst the confused scramble of politicks and war, as a very dazzling object to fight for. (628)

One frequent theme in Smith’s argument is how much better we perceive things up close than we do things far away. Perception across physical distance is offered as a general model for what we know in more general contexts. We know more about moral philosophy than we do about natural philosophy in the same way that we know more about our own parish than we do about the distant world:

The vortices of Des Cartes were regarded by a very ingenious nation, for near a century together, as a most satisfactory account of the revolutions of the heavenly bodies. Yet it has been demonstrated, to the conviction of all mankind, that these pretended causes of those wonderful effects, not only do not actually exist, but are utterly impossible, and if they did exist, could produce no such effects as are ascribed to them. But it is otherwise with systems of moral philosophy, and an author who pretends to account for the origin of our moral sentiments, cannot deceive us so grossly, nor depart

10. I learned to see this argument in Smith from George Stigler’s lectures on the *Wealth of Nations*, which, much to the loss of later scholars, he never published.

so very far from all resemblance to the truth. When a traveller gives an account of some distant country, he may impose upon our credulity the most groundless and absurd fictions as the most certain matters of fact. But when a person pretends to inform us of what passes in our neighbourhood, and of the affairs of the very parish which we live in, though here too, if we are so careless as not to examine things with our own eyes, he may deceive us in many respects, yet the greatest falsehoods which he imposes upon us must bear some resemblance to the truth, and must even have a considerable mixture of the truth in them. (*Theory of Moral Sentiments*, 313–14)

Perception across physical distance is offered as a general model for what we know.

The hint in *Wealth of Nations* that seems to be most important to follow up occurs when in chapter I Smith stresses the link between observation of *distant objects* and philosophers in inducing innovation.

Many improvements have been made by the ingenuity of the makers of the machines, when to make them became the business of a peculiar trade; and some by that of those who are called philosophers or men of speculation, whose trade it is, not do any thing, but to observe every thing; and who, upon that account, are often capable of combining together the powers of the most distant and dissimilar objects. (21)

If philosophers specialize in analysis at a distance, then we might not be surprised to find that this philosopher offers advice for judging distant events.

Interpretation as Ramsification

At the outset, I wish to make it as clear as can be that I do *not* propose to “rationally reconstruct” Smith in the sense in which Rudolf Carnap proposed to rationally reconstruct (i.e. to “correct”) ordinary thinking about life and science.¹¹ The point of my exercise is not to say what Smith should have said; rather, it is to say how some aspects of Smith’s work fit together.

Modern economists within the neoclassical tradition have been criticized, not perhaps too unfairly, for picturing Adam Smith exclusively within a methodological, individualistic, economic setup. It will turn out that my particular problem can be formulated in terms of classes just as easily as it can be

11. “[This theory] is meant not merely as an uncritical representation of customary ways of thinking with all their defects and inconsistencies, but rather as a rational, critically corrected reconstruction” (Carnap 1950, 576).

in terms of individuals; consequently, the old controversy about individualistic versus class readings of Smith can be evaded. What seems to get economists in trouble is the now common belief, pungently expressed by George Stigler, that the market for ideas in economic science is efficient. What is useful in the past is embedded in the current thinking. How could a fruitful theorem be overlooked by generations of technically adept readers?¹² When we take for granted an efficient market in ideas, we suppose that Smith cannot know more than modern economists know. It is, perhaps, this unhappiness with an Adam Smith who can never know more, and in hands less careful than Stigler somehow ends up knowing just what modern economists know, that motivates noneconomists to try their hand. For instance, here is Donald Winch's manifesto about reading Smith:

For the present I will simply record my belief that one of the primary responsibilities of the historian—as opposed to those who are in the business of constructing decorative or more immediately usable pasts—to be concerned with what it would be conceivable for Smith, or someone fairly like him, to maintain, rather than with what later generations would like him to have maintained. (1978, 5)

“Conceivable” is a strange notion to apply to some “like” Smith.¹³

The approach to the history of economics that I should like to defend starts with the presupposition that the theories of economists in the distant past are *per se* unobservable. The theoretical apparatus is sufficiently ill-defined and unformalized that we cannot directly observe it in the same sense that we can directly observe the theoretical constructions of, say, Paul Samuelson or Kenneth Arrow. The evidence I have for believing in this claim is simply that in fact we, *qua* historians of economics, do not agree what to make of the theoretical apparatus of someone even as legendarily rigorous as David Ricardo. We do not seem to have the same difficulty making sense of Arrow's

12. Stigler 1982, 108. A strong form of the efficient market theorem holds that there are no lost problems to be found. A weak form of the efficient market theorem predicts that someone with consulting rates as high as George Stigler's will not find “lost problems” but someone with David Levy's might! In terms of the Berkeleyan machinery to come, it might help to see these problems in the past once they are posed in the present (see, e.g., Levy and Peart 2002).

13. W. B. Yeats (1990, 50): “Lord, what would they say / Did their Catullus walk that way?” “All but one of the economists I quote were highly intelligent, disciplined men whose views on subjects related to economics deserves your attention and thoughtful consideration, but no more. One, Adam Smith, is differently placed: if on first hearing a passage of his you are inclined to disagree, you are reacting inefficiently: the correct response is to say to yourself: I wonder where I went amiss?” (Stigler 1982, 4).

impossibility theorems as we have with Ricardian distribution theory.¹⁴ And we have been arguing about the latter for over a hundred years without overwhelming evidence of an unproblematic convergence toward a sensible interpretation.

I suppose that there are different levels of fuzziness about the theory embodied in these objective texts. The most fuzzy is the theoretical apparatus that we believe unifies the text. The least fuzzy is the problems that are posed. Somewhere in between these two are the solutions to these problems. As Thomas Kuhn says, “the unit of scientific achievement is the solved problem.”¹⁵

Again, I have to defend this supposition on the basis of the experience of readers. To give a subjective defense of at least fuzzy objectivity, Stigler and I were never able to agree on the content of Ricardian distribution theory, but we never had an argument about whether Ricardo’s text concerned wages. After a fashion, we came to a tolerable consensus about what the text said about the impact of taxation on corn wages. Kuhn’s argument that science is not cumulative depends upon his claim that problems get lost as science changes.¹⁶ This claim takes for granted, as I think it should, that we observe problems in a sense in which we may not be able to observe theories.¹⁷ If problems are lost, then the question of an efficient market in science is called into question.

This context should suggest how I think we ought to address the problem of interpretation. In 1929, Frank Ramsey posed his famous problem about the content of theory.¹⁸ What if, he asked, we can distinguish between perfectly observable things, like the color red, and perfectly unobservable theoretical concepts, like the electron?¹⁹ Ramsey proved, supposing only a rich bag of

14. This is an example of W. V. Quine’s thesis about the indeterminacy of translation (1981). We are in a language community that contains Arrow’s impossibility theorems, but we have to translate from a community that contains Ricardian distribution theories.

15. Thomas Kuhn (1962, 169) emphasizes the “concrete” nature of solved problems.

16. “In the process the community will sustain losses. Often some old problems must be banished” (*ibid.*, 170).

17. “Because the unit of scientific achievement is the solved problem and because the group knows well which problems have already been solved, few scientists will easily be persuaded to adopt a viewpoint that again opens to question many problems that had previously been solved. Nature itself must first undermine professional security by making prior achievements seem problematic. . . . two all-important conditions [must] be met. First, the new candidate must seem to resolve some outstanding and generally recognized problem that can be met in no other way. Second, the new paradigm must promise to preserve a relatively large part of the concrete problem-solving ability that has accrued to science through its predecessors” (*ibid.*, 169).

18. Ramsey 1990, 112–36. Discussions are found in Carnap 1966, 247–64; and Quine 1981, 1–23.

19. Quine (1981, 1–21) weakens this condition.

mathematical notation, that we can translate from unobservables to observables. The resulting translation has been called ever since a Ramsey sentence. An entire theory so translated is said to be Ramsified. Different theories having the same set of Ramsey sentences will be observationally equivalent.

The ideal interpretation of a text, I believe, is simply a Ramsification in problem space.²⁰ Thus, a problem-oriented Ramsification of a theory is a series of solutions to the problems we find in the text. Presumably, the solutions must be expressed in our language as an interpretative model of the text. One question ought then to be: do the solutions match what we find in the text? Another question ought to be: is there another interpretation that solves more problems?

The Problem of Illusion

If problems in texts are easier to see than the theories that solve them, then we should not observe much controversy about what the problem is. Here is what John Pocock says about late-seventeenth- and early-eighteenth-century capitalism:

I have tried to show elsewhere that since capitalism in this form was perceived in terms of speculation rather than calculation, its epistemological foundation appeared as fantasy rather than rationality . . . and that goods had to be reified, and the laws of the market discovered or invented, in order to restore reality and rationality to an otherwise purely speculative universe. The interests succeeded the passions—as is beginning to emerge from the researches of scholars—as a means of disciplining and rendering them manageable and intelligible. (1985, 69)

In particular, the problem of illusion shows up in Stigler (1982, 136–45), Winch criticizes:

Stigler takes the bolder line of criticising Smith for failing to carry through the project of creating a thorough-going economic theory of political behavior. He notes a number of cases which Smith appears to give “a larger role to emotion, prejudice, and ignorance in political affairs than he ever allowed in economic affairs”; and he regrets Smith’s apparent unwillingness to unite *homo economicus* with *homo politicus* by applying “the organon

20. I learned this from Stigler, who wrote that if you understand Ricardo’s distribution theory you should be able to write his theory of taxation (1982, 110). The classroom version was to propose a student’s edition of Ricardo in which the “applied” chapters had only the title. The attentive student could write the rest!

of self-interest to political behavior.” . . . Stigler’s counter-factual approach—considering why Smith did not do something Stigler feels he ought to have done—rests on two assumptions which are common to most economic theories of politics: first, that economic man and political man are basically the same animal pursuing the same ends by different means. (1978, 165–66)

Here is the problem: what do we make of the account of human illusion in Smith’s work? Is this something à la Pocock from speculation? Indeed, Smith thinks poorly of prodigals and projectors? Is this something à la Stigler that is mainly restricted to politics? If we constrain ourselves to Winch’s criterion, can we find the contemporary building blocks out of which Smith built a theory that deals with illusion? If so, and the theory has interesting implications, we have found a lost problem, and indeed a lost solution, thus contradicting the strong version of the theory of efficient science.

How could this be? Perhaps the answer is simply that economists, post-Ricardo, have specialized in analyzing choice under a full information assumption. Smith is simply walking in a path that we have not trodden recently. It is, in the space of ideas, far away. Perhaps Smith’s theory of partial spectators can teach us about seeing distant objects, even when the distant object is Smith’s theory of partial spectators.

Seeing Berkeley

We do not have to search very far to find out where Smith might have obtained his ideas on vision and distance:²¹

Dr. Berkley, in his *New Theory of Vision*, one of the finest examples of philosophical analysis that is to be found, either in our own, or in any other language, has explained, so very distinctly, the nature of the objects of Sight. . . . Whatever I shall say upon it, if not directly borrowed from him, has at least been suggested by what he has already said. (*Essays*, 148)

This statement sends us back to look into Berkeley’s *New Theory of Vision*.

Berkeley’s *Vision* contains the remarkable claim that the perception of distance is learned by experience. This thesis is rooted in Berkeley’s doctrine that the physical basis of optical perception is angular. An impression of angle, Θ , has an impact upon the optic nerve; the interpretative problem confronting an individual is that of reconstructing *two* pieces of information, distance, d , and

21. Joseph Cropsey (1957, 5–6) emphasizes Smith’s avowed dependence on Berkeley’s doctrine of vision.

magnitude, m , from one datum, Θ . Let the ratio of m/d form $\arctan \Theta$. How do we come to distinguish the pair m^1/d^1 from the pair m^2/d^2 when $m^1/d^1 = m^2/d^2$? How do we distinguish big objects at a distance from small objects up close? The evidence Berkeley provides for this thesis is of a funny sort. He gives examples that show that we do in fact distinguish large distant objects from small near objects. Since the arctan of both pairs is by Berkeley's hypothesis the same, then recognizing distance must be a learned ability.

There has been more than a century of debate on the truth of Berkeley's doctrine, a debate that postdates the Scottish acceptance of this teaching. Let me be curt about learned quarrels with Berkeley's knowledge of optical nerves: the issue is not neurology. The issue is how we obtain two unknowns from one sense datum. To see Berkeley's point, let us find a community where life is lived without the visual perception of great distance. Take any individual from this community and test whether distance from his or her perspective is understood as we understand it. One society that fulfills the test criterion is that of the BaMbuti people, who live in a very dense African forest. Moreover, such a test was reported thirty years ago.

The American anthropologist Colin Turnbull conducted the test when he took his friend from the BaMbuti, Kenge, to the top of a hill. Turnbull's famous report gives these test results:

Then he saw the buffalo, still grazing lazily several miles away, far down below. He turned to me and said, "What insects are those?"

At first I hardly understood; then I realized that in the forest the range of vision is so limited that there is no great need to make an automatic allowance for distance when judging size. Out here in the plains, however, Kenge was looking for the first time over apparently unending miles of unfamiliar grasslands, with not a tree worth the name to give him any basis for comparison. The same thing happened later on when I pointed out a boat in the middle of the lake. It was a large fishing boat with a number of people in it but Kenge at first refused to believe this. He thought it was a floating piece of wood.

When I told Kenge that the insects were buffalo, he roared with laughter and told me not to tell such stupid lies. When Henri, who was thoroughly puzzled, told him the same thing . . . Kenge still did not believe, but he strained his eyes to see more clearly and asked what kind of buffalo were so small. I told him they were sometimes nearly twice the size of a forest buffalo, and he shrugged his shoulders and said we would not be standing out there in the open if they were. . . .

The road led on down to within about half a mile of where the herd was grazing, and as we got closer, the "insects" must have seemed to get bigger and bigger. Kenge, who was now sitting on the outside, kept his face glued

to the window, which nothing would make him lower. I even had to raise mine to keep him happy. I was never able to discover just what he thought was happening—whether he thought the insects were changing into buffalo, or that they were miniature buffalo growing rapidly as we approached. His only comment was that they were not real buffalo, and he was not going to get out of the car again until we left the park. (1968, 252–53)

So Berkeley is right: people have to learn how to interpret what they see, to distinguish big things far away from small things up close. This is the philosophical problem that arises with vision at a distance. We have to learn to interpret what we physically see. When in *Theory of Moral Sentiments* Smith writes about learning to see our interests in their true perspective, vis-à-vis the interests of others, he makes this discussion *explicitly* analogous to Berkeley's theory of vision:

As to the eye of the body, objects appear great or small, not so much according to their real dimensions, as according to the nearness or distance of their situation; so do they likewise to what may be called the natural eye of the mind: and we remedy the defects of both these organs pretty much in the same manner. In my present situation an immense landscape of lawns, and woods, and distant mountains, seems to do no more than cover the little window which I write by, and to be out of all proportion less than the chamber in which I am sitting. I can form a just comparison between those great objects and little objects around me, in no other way, than by transporting myself, at least in fancy, to a different station, from whence I can survey both at nearly equal distances, and thereby form some judgment of their real proportions. . . .

In the same manner, to the selfish and original passions of human nature, the loss or gain of a very small interest of our own, appears to be of vastly more importance, excites a much more passionate joy or sorrow . . . than the greatest concern of another with whom we have no particular connexion. . . . it requires, in this case too, some degree of reflection, and even of philosophy, to convince us, how little interest we should take in the greatest concerns of our neighbour, how little we should be affected by whatever relates to him, if the sense of propriety and justice did not correct the otherwise natural inequality of our sentiments. (135)²²

Smith's argument that the outcome of a good moral education is learning how to see oneself as others see us was immortalized in Robert Burns's poetry.

22. The passage is quoted by Lindgren (1973, 27) but without the Berkeleyan context.

O wad some Pow'r the giftie gie us
To see oursels as other see us.²³

I propose, therefore, that a critical mark of a spectator theory in *Wealth of Nations* is how poorly individuals, in cases in which they are unguided by either education or experience, perceive their *own* interests. If everyone perceived their own interests correctly in all possible states of the world, then there would be no interesting spectator *theory* in *Wealth of Nations* in spite of a few casual words at the beginning. Because everyone does not perceive their own interests correctly, we can ask what helps influence this perception.

Learning to See Our Interests

To demonstrate that this sort of spectator theory is prevalent in *Wealth of Nations*, I shall provide evidence that a persistent theme throughout is that people have to learn what their own interests are.²⁴ In addition to the fact that his spectators have very partial perspectives from which to obtain their beliefs, the people he models usually do not know their own interests when they venture into choice far from their own experience and education. Here is what he says about the laborers and their interests:

But though the interests of the labourer is strictly connected with that of the society, he is incapable either of comprehending that interest, or of understanding its connection with his own. His condition leaves him no time to receive the necessary information, and his education and habits are commonly such as to render him unfit to judge even though he was fully informed. In the publick deliberations, therefore, his voice is little heard and less regarded, except upon some particular occasions, when his clamour is animated, set on, and supported by his employers, not for his, but their own particular purposes. (266)

If some people in Smith's framework do not necessarily perceive their own interests correctly, then perhaps one group of people might perceive their interests better than others:

Merchants and master manufacturers are, in this order, the two classes of people who commonly employ the largest capitals, . . . As during their

23. Quoted in Raphael 1985, 35.

24. "It goes without saying that Smith did not assume all men to be perfectly wise in their own affairs. The *Wealth of Nations* is replete with instances of individuals misunderstanding their interest" (Cropsey 1957, 10). In this context, one can model why moral rules or consumption constraints might be both useful and dangerous (Levy 1988b; Feigenbaum and Levy 1992).

whole lives they are engaged in plans and projects, they have frequently more acuteness of understanding than the greater part of the country gentlemen. As their thoughts, however, are commonly exercised rather about the interest of their own particular branch of business, than about that of the society, their judgement, even when given the greatest candour (which is has not been upon every occasion) is much more to be depended upon with regard to the former of those two objects, than with regard to the latter. Their superiority over the country gentleman is, not so much in their knowledge of the publick interest, as in their having a better knowledge of their own interests than he has of his. It is by this superior knowledge of their own interest that they have frequently imposed upon his generosity, and persuaded him to give up both his own interest and that of the publick. (266–67)

The central thesis of Berkeley's theory of vision is that people have to learn to perceive distance. In *Theory of Moral Sentiments*, Smith extends Berkeley's theory of vision to explain how people must learn to perceive their own interests. In *Wealth of Nations*, Smith finds that in many interesting cases—cases that encompass the *majority of the population*—people do not perceive their own interests very well. These are instances in which they have not invested in this learning.

To Prove Efficiency?

Let us sharpen the point further by asking how Smith used his spectator to prove that trade in one setting is more efficient than trade in another. Smith uses visual language to make claims for which the modern literature would employ notions of imperfect or asymmetric information.²⁵ When Smith compares private and public monitoring of investment, he does so in *visual* terms:

The servants of the most careless private person are, perhaps, more under the eye of their master than those of the most careful prince. (*Wealth of Nations*, 839)

The issue is not simply one of private versus public direction of investment. Smith stresses that it is important to be close to economic activity to see it clearly:

Thus upon equal or nearly equal profits, every wholesale merchant naturally prefers the home-trade to the foreign trade of consumption, and the

25. Mary Ann Dimand helped me here.

foreign trade of consumption to the carrying trade. In the home-trade his capital is never so long out of his sight as it frequently is in the foreign trade of consumption. (*Wealth of Nations*, 454)

Smith continues to explain why we see better up close:

He can know better the character and situation of the persons whom he trusts, and if he should happen to be deceived, he knows better the laws of the country from which he must seek redress. (454)

This ability to see things near at hand more clearly than those far away motivates Smith's security motive in investment. Trade in local markets costs less than trade in distant markets. The security motive, the insurance costs foregone, is important in Smith's argument about why the rational investor prefers domestic to foreign investment.²⁶ Who should guide investment? Should it be someone close or someone far away?

What is the species of domestick industry which his capital can employ, and of which the produce is likely to be the greatest value, every individual, it is evident, can, in his local situation, judge much better than any statesman or lawgiver can do for him. The statesman, who should attempt to direct private people in what manner they ought to employ their capitals, would not only load himself with a most unnecessary attention, but assume an authority which could safely be trusted, not only to no single person, but to no council or senate whatever, and which would nowhere be so dangerous as in the hands of a man who had folly and presumption enough to fancy himself fit to exercise it. (456)

Not only is this a spectator defense of private investment—close is better than far away—but it is a moral criticism of public investment since the authority fails to understand his or her own inability. He or she does not see himself or herself as others do. To Smith, of course, a moral criticism is a spectator criticism.

The same genius who wrote these passages also defended usury laws (Levy 1987). In Smith's view, I believe, usury laws were like moral constraints, which are defensible when perception failure is widespread. Usury laws, like morals, constrain private investment decisions, yet they do not replace them with a distant authority.

26. This links up with Smith's argument that the rational investor would employ more productive labor than the purely profit-maximizing investor would (Levy 1987).

Visual metaphors animate the arguments that explain the difficulties the English government has with distant colonies.

It was a long time before even the parliament of England, though placed immediately under the eye of the sovereign . . . (*Wealth of Nations*, 619)

But the distance of the colony assemblies from the eye of the sovereign . . . (619)

These passages were taken from *Wealth of Nations*. There is a kindred set of passages in *Theory of Moral Sentiments* in which Smith emphasizes the relation among distance, knowledge, and the responsibility for the employment of resources:

Every man, as the Stoics used to say, is first and principally recommended to his own care; and every man is certainly, in every respect, fitter and abler to take care of himself than of any other person. Every man feels his own pleasures and his own pains more sensibly than those of other people. The former are the original sensations; the latter the reflected or sympathetic images of those sensations. The former may be said to be the substance; the latter the shadow.

After himself, the members of his own family, those who usually live in the same house with him, his parents, his children, his brothers and sisters, are naturally the objects of his warmest affections. (219)²⁷

Smith uses this principle to argue for home tutoring or day schools for children.²⁸

Spectator Norms: Majority Rules

We have seen why Smith thinks that while spectating gives people the ability to calculate as-if well-being it does not give them the ability to calculate actual well-being.²⁹ This simple-minded point is useful to stress because it implies

27. These passages are emphasized by Cropsey (1957, 28).

28. "The education of boys at distant great schools, of young men at distant colleges, of young ladies in distant nunneries and boarding-schools, seems, in the higher ranks of life, to hurt most essentially the domestic morals, and consequently the domestic happiness, both of France and England. . . . From their parent's house they may, with propriety and advantage, go out every day to attend public schools: but let their dwelling be always at home" (*TMS*, 222). This passage is discussed by Campbell (1971, 183).

29. Another example Smith gives is that we feel sorry for the insane even if we have no reason to believe them unhappy (*TMS*, 13).

that if Smith uses his spectator model to judge different economic situations he has neither the need nor the warrant to make interpersonal comparisons of utility. Anyone, Smith or his reader, can look over different societies, for instance, and calculate as-if well-being in any of them.

With this in mind, let us consider why Smith thinks economic growth is a good thing. The answer is not a unanimity criterion because Smith argues that all classes do not benefit from growth. Consider the interest of the employers:

But the rate of profit does not, like rent and wages, rise with the prosperity, and fall with the declension of the society. On the contrary, it is naturally low in rich, and high in poor countries, and it is always highest in the countries which are going fastest to ruin. The interest of this third order [masters], therefore, has not the same connection with the general interest of the society as that of the other two [laborers and landlords]. (*Wealth of Nations*, 266)

Why do the interests of the masters not influence the general interest?

Smith thinks the general interest in growth is quite easy to ascertain: we look for the interest of the majority.³⁰ Interestingly enough, the words *at first sight*, which earlier gave misleading results, now give us the correct answer. Smith does give us reason to believe that the spectator gets it right:

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 parts of the members are poor and miserable. It is but equity, besides, that they who feed, cloath 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. (*Wealth of Nations*, 96; emphasis added)

Moreover, Smith thinks that the workers have a claim in equity to some part of the their output (96).

30. In the passages I cite, Smith is of course not discussing cases of violent redistribution. This would violate deep moral constraints (*WN*, 84–85): “In order to bring the point to a speedy decision, they [workmen’s combinations] have always recourse to the loudest clamour, and sometimes to the most shocking violence and outrage. They are desperate, and act with the folly and extravagance of desperate men, who must either starve, or frighten their masters into an immediate compliance with their demands.”

Because a spectator theory gives no insight into the *actual* utility levels of individuals in different societies, Smith's spectator theory does not warrant the Utilitarian calculus in which the utility of the N individuals in two possible societies is added together and then divided by N to find the mean society utility. Smith says, rather, that the majority can be judged to be better off in high growth, so therefore high growth is better.

Why is he so confident that his readers, who presumably included the masters themselves, would share his answer? Judgments of as-if well-being will have person specific elements, so Smith is careful to point out that growth not only has material consequences for workers but has life and death consequences for their children. I think this is important because in *Theory of Moral Sentiments* Smith pointed out how important children are in a spectator model:

In the eye of nature, it would seem, a child is a more important object than an old man; and excites a much more lively, as well as a much more universal sympathy. It ought to do so. Every thing may be expected, or at least hoped, from the child. In ordinary cases, very little can be either expected or hoped from the old man. The weakness of childhood interests the affections of the most brutal and hard-hearted. It is only to the virtuous and humane, that the infirmities of old age are not the objects of contempt and aversion. In ordinary cases, an old man dies without being much regretted by any body. Scarce a child can die without rending asunder the heart of somebody. (219)

Let us read again what Smith says about the impact of economic growth on the life and death of children. Here is the condition of children in rapidly growing America:

In the British colonies of North America, it has been found, that they double in twenty or five-and-twenty years. Nor in the present times is this increase principally owing to the continual importation of new inhabitants, but to the great multiplication of the species. Those who live to old age, it is said, frequently see there from fifty to a hundred, and sometimes many more, descendants from their own body. . . . A young widow with four or five young children, who, among the middling or inferior ranks of people in Europe, would have so little chance for a second husband, is there frequently courted as a sort of fortune. (*Wealth of Nations*, 88)

Here is their condition in slowly growing Scotland:

But poverty, thought it does not prevent the generation, is extremely unfavourable to the rearing of children. The tender plant is produced, but

in so cold a soil and so severe a climate, soon withers and dies. It is not uncommon, I have been frequently told, in the Highlands of Scotland for a mother who has borne twenty children not to have two alive. (97)

Here is their condition in stagnant China:

Marriage is encouraged in China, not by the profitableness of children, but by the liberty of destroying them. In all great towns several are every night exposed in the street, or drowned like puppies in the water. The performance of this horrid office is even said to be the avowed business by which some people earn their subsistence. (90)³¹

If we know that the majority is judged better off with high growth than with low growth, then while we know absolutely nothing about the state of the *mean as-if* well-being—the sufferings of the rich might indeed be exquisite and so outweigh the gains of the poor—we know that the *median* individual can be judged better off.

It seems to me that Smith is relying on a belief that modestly informed spectators would reach a common judgment about the level of well-being of the median member of different societies to defend economic growth. Smith has told us three things. First, he tells us that the as-if well-being of children is easy for everyone to impute. Second, he has told us that the children of the median member of society will do best in a rapidly growing society. Third, he has told us that one and two suffice for us to conclude that rapid growth is best. This is evidence that Smith is using the results from his spectator model to reach important and interesting welfare conclusions. It appears that Smith draws upon the *median* of the as-if well-being to judge growth good.

This reading is consistent with Smith's emphasis on the well-being of a greater number:

[T]hose exertions of the natural liberty of a few individuals, which might endanger the security of the whole society, are, and ought to be, restrained by the laws of all governments; of the most free, as well as of the most despotical. The obligation of building party walls, in order to prevent the communication of fire, is a violation of natural liberty, exactly of the same kind with the regulations of the banking trade which are here proposed. (*Wealth of Nations*, 324)

Quoting this passage and others like it, one of the great commentators on Smith's work called his social policy "roughly utilitarian," perhaps because

31. Smith's discussion of infanticide occurs at *TMS*, 209–10.

Smith only attended to the number affected by the policy, not to magnitude of the impact.³² Let us see whether we can give this “roughness” another name.

Is Smith’s Spectator Theory Robust Utilitarianism?

The fact that spectators in *Wealth of Nations* seem to make judgments on the basis of the median as-if well-being should cause us to reflect upon the properties of spectator theories of judgment.³³ For reasons that are mysterious to me, consequentialist moral philosophers in the last hundred years have focused on the mean as a normative measure for comparing states of affairs.³⁴ The mean well-being requires both the obnoxious interpersonal additivity requirement and is terribly sensitive to “utility monsters,” the philosophical counterpart of statistical outliers. On the contrary, the *median* well-being requires only being able to order the well-being of individuals across institutions, and it is maximally insensitive to outliers or computational errors at the extremes.³⁵ In fact, the median does not even require a complete order of the observations. If the observations are censored at either extreme—a case that Smith will argue for in our ability to impute as-if well-being to the rich—the median will not be influenced.

Thinking about spectator theories as possibly robust versions of classical Utilitarianism might encourage further research into their properties.³⁶ In liter-

32. “Smith’s criterion of social policy was only roughly utilitarian. He argued in the *Moral Sentiments* that, in general, the interest of the group was to be preferred to that of the individual, and that of the larger groups to that of the smaller” (Bittermann 1940, 727). Campbell (1971, 209–10): “It would appear, therefore, that Smith elevates the principle of utility into *the* principle of his normative theory of political obligation.” Campbell’s argument, but not Bittermann’s, is disputed by Lindgren (1973, 66).

33. “Though he agreed with the utilitarians in the practical consequences, Smith based this judgment of social policy upon the sentiments of the spectators rather than upon direct considerations of utility” (Bittermann 1940, 520). Campbell (1971, 128–34) has a useful discussion of “Ideal Observer” theory in which, at least in one version, the ideal observer is supposedly omniscient with respect to nonethical facts. Campbell then contrasts this with Smith’s modest requirements for impartiality (134–45). Under some circumstances, there is a link between the preferences of a median voter and the outcome of a democratic political process (Plott 1967). Francis Galton’s overlooked contribution to the median-voter argument is discussed in Levy and Peart 2002. This being so, then the democratic thrust in Smith’s writing that Cropey (1957, 64) sees is sensible, contra Lindgren (1973, 125).

34. John Harsanyi (1973) has been very important for modern economists in making the link between utilitarianism and the mean utility. The text assumes that those who actually defended “the greatest happiness for the greatest number” were explicitly thinking of a mean type of utilitarianism. I offer evidence in the appendix to this chapter of Bentham’s attitude on this as expressed in newly published texts. Alan Ebenstein (1991) also discusses these texts.

35. Andrews et al. 1972; Hampel et al. 1986. Of course, the median is not robust in the case of bimodal distributions.

36. Serious reconsideration of Smith’s spectator theory as a living theory of ethics begins with Harman 1986.

ary expositions, it is sometimes not made clear that the average utility is not the same thing as the utility of the average person. For instance, Yeager's defense of what he calls "utilitarianism" states the maximand as the well-being of a person taken at random (1988, 6). The median of a sample has the nice, albeit unusual, property of actually belonging to the sample. Say the sample is {1,2,3,4,100}. The sample median is 3 and is an element of the sample. The sample mean is 22 and is not an element of the sample.³⁷ There is no reason to believe that there will be a real person to whom the mean utility of a society corresponds.³⁸

The median of as-if well-being may be person specific, that is, different spectators will produce different medians, but by Smith's argument, in the dramatic case of the life and death of children, it should give us very robust results.³⁹ With this possibility in mind, let us return to *Theory of Moral Sentiments*, in which Smith works out the details of his spectator model.

The first order of business is to establish that Smith moves from the well-being of individuals to judgment about social states:

All constitutions of government, however, are valued only in proportion as they tend to promote the happiness of those who live under them. This is their sole use and end. (*Theory of Moral Sentiments*, 185)

To this weak statement, Smith adds a strong one about judgments of conduct:

Though the standard by which casuists frequently determine what is right or wrong in human conduct, be its tendency to the welfare or disorder of society, it does not follow that a regard to the welfare of society should be the sole virtuous motive of action, but only that, in any competition, it ought to cast the balance against all other motives. (304–5)

I would read this as saying that as long as common moral constraints are not violated the welfare of society ought to be the metric for judgment. (The caveat

37. The text silently assumes that the sample is odd where the median is unique. If it is even, we can randomly select either of the two innermost observations as the median to preserve the property that the median is an element of the sample. Where this property is not a requirement, the convention is to average the two innermost observations.

38. Thus, the mean utility is just as fictional as the social contracts that Yeager (1988) criticizes; they are both computations.

39. Smith's focus on the role of the life expectancy of children for informed normative judgments ought to be seen in conjunction with the recent work by A. K. Sen (1993) on life expectancy and norms. Although Sen does not stress this point, judgments about well-being on the basis of life expectancy should be much more robust than those guided by gross national product per capita numbers produced under monopoly conditions. The recent experience with the fabrication of Soviet economic growth "statistics" ought to call into question the belief in the beneficence of data provision (Levy 1993b).

shall be addressed later when we ask what the conditions are for the spectator's judgment to accord with moral facts.) Earlier in *Theory of Moral Sentiments* Smith has written about how important natural moral constraints are for making certain that ideologically guided political reform actually is an amelioration (232–34).

One possible justification for use of the median or kindred location statistic is the claim that the extremes are likely to be measured with more error than the central observations and these measurement errors affect the median much less than the mean. This is, I think, critical for an appreciation of Smith's spectator theory because he writes about this difficulty with extremes of passion very early in *Theory of Moral Sentiments*:

The propriety of every passion excited by objects peculiarly related to ourselves, the pitch which the spectator can go along with, must lie, it is evident, in a certain mediocrity. If the passion is too high, or if it is too low, we cannot enter into it. Grief and resentment for private misfortunes and injuries may easily, for example, be too high, and in the greater part of mankind they are so. They may likewise, though this more rarely happens, be too low. We denominate the excess, weakness and fury: and we call the defect stupidity, insensibility, and want of spirit. We can enter into neither of them, but are astonished and confounded to see them.

This mediocrity, however, in which the point of propriety consists, is different in different passions. (27)

By “mediocrity” Smith does not mean the word in its twentieth-century connotation of “unacceptable,” but rather he translates the Latin *mediocritas*: “the avoidance of extremes, the keeping of a middle course.”⁴⁰

This difficulty that spectators have with extremes shows up when Smith points out how poorly we impute the as-if well-being of the rich. The real differences between the happiness of rich and poor are small:

What can be added to the happiness of the man who is in health, who is out of debt, and has a clear conscience? To one in this situation, all accessions of fortune may properly be said to be superfluous; and if he is much elevated upon account of them, it must be the effect of the most frivolous levity. This situation, however, may very well be called the natural and ordinary state of mankind. (45)

40. The *Oxford Latin Dictionary* goes on to add “the mean.” The problem with this translation is that all too often the sample mean does not avoid extremes well enough! Peter Jones contributed the Latin.

When we consider the condition of the great, in those delusive colours in which the imagination is apt to paint it, it seems to be almost the abstract idea of a perfect and happy state. It is the very state which, in all our waking dreams and idle reveries, we had sketched out to ourselves as the final object of all our desires. We feel, therefore, a peculiar sympathy with the satisfaction of those who are in it. (51–52)

Moral corruption is easy to explain in the presence of the rich:

Even when the order of society seems to require that we should oppose them, we can hardly bring ourselves to do it. That kings are the servants of the people, to be obeyed, resisted, deposed, or punished, as the public conveniency may require, is the doctrine of reason and philosophy; but it is not the doctrine of Nature. Nature would teach us to submit to them for their own sake. (52–53)

Robust Norms for Class Analysis

The interpretation offered above takes it for granted that we start with a society based on individuals. What if, on the contrary, Smith supposes society is based on groups, e.g., D. A. Reisman (1976)? There is no doubt that much of Smith's analysis is conducted in terms of groups. For instance, Stigler begins a famous article by quoting Smith's self-interest principle, a principle that is expressed in terms of groups:

[T]hough the principles of common prudence do not always govern the conduct of every individual, they always influence that of the majority of every class or order. (*Wealth of Nations*, 295)⁴¹

For our purposes, we do not need to debate whether classes are, in Smith's account, in the nature of things or simple analytical conveniences.⁴² Rather, we can simply ask what a robust, class-based norm would look like. This question was asked, and answered, by an anonymous reader for the *European Journal of the History of Economic Thought*.

If, for simplicity, society is composed of three classes—landlords, employers, and workers—and more than 50 percent of the population is found in the workers, then we can think about social utility depending upon the group with

41. Quoted in Stigler 1982, 136.

42. When Smith (*Essays*, 69) writes about the “uniformity and coherent bestowed” on systems of physics, it is clear that coherence comes from the philosopher, not from the nature of the things themselves.

the most members, the *modal* group. It is worthy of note that this is precisely how Robert Malthus read Smith:

The professed object of Dr Adam Smith's inquiry is the nature and causes of the wealth of nations. There is another inquiry, however, perhaps still more interesting, which he occasionally mixes with it, I mean an inquiry into the causes which affect the happiness of nations or the happiness and comforts of the lower orders of society, which is the most numerous class in every nation. (1970, 189)

The mode is a very complicated estimator. By the 1980s, it had become the subject of intensive study as a possibly robust estimator. This is perhaps not so much for its own sake as because of its regression generalization, least medians of squares.⁴³

Additions to the *Theory of Moral Sentiments* after the *Wealth of Nations*

The normative issues addressed so far are familiar problems in welfare economics. The term *utilitarianism* is used by economists to describe a method by which we can pass from statements about individual well-being to statements about collective well-being. There is more to ethical theory, however, than those concerns with which economists now and again struggle. The question I shall address next is: what, if anything, constrains the judgment from the spectator's vision to conform to the facts of common moral judgment? If there isn't anything, then this failure is cited as a reason to reject spectator theories in favor of a Kantian type of approach (Harman 1971).

Susan Feigenbaum and I (1992) have discussed the argument in *Wealth of Nations* that the poor—the majority in every great society—depend upon what Smith calls a system of austere morality to prosper.⁴⁴ This argument seems to have led to an interesting modification Smith made in the sixth edition of

43. The classic study of robust estimates of location, Andrews et al. 1972, considers only one mode-type estimator, the "shorth." In the context considered, it had little to offer to compensate for its newly discovered horrific theoretical complications. Least median of squares, maximally robust against influential observations, it is a modal-type estimator (Rousseeuw and Leroy 1987, 178–83).

44. "In every civilized society . . . there have been always two different schemes or systems of morality current at the same time; of which the one may be called the strict or austere; the other the liberal, or, if you will, the loose system. The former is generally admired and revered by the common people. . . . In the austere system, on the contrary, those excesses are regarded with the utmost abhorrence and detestation. The vices of levity are always ruinous to the common people, and a single week's thoughtlessness and dissipation is often sufficient to undo a poor workman for ever" (*WN*, 794).

the *Theory of Moral Sentiments* concerning the judgment of conduct when our information is very imperfect.

In part I, section 3, chapter 3, in the one major addition, post-*Wealth of Nations*, to *Theory of Moral Sentiments*, Smith elaborated on the theme of how we misjudge the rich. In particular, he points to a market failure in the production of approbation and disapprobation. The rich unjustly receive approbation and the poor unjustly receive disapprobation because virtue is confused with wealth and vice confused with poverty.⁴⁵

This disposition to admire, and almost to worship, the rich and the powerful, and to despise, or, at least, neglect persons of poor and mean condition, though necessary both to establish and to maintain the distinction of ranks and the order of society, is, at the same time, the great and most universal cause of the corruption of our moral sentiments. That wealth and greatness are often regarded with the respect and admiration which are due only to wisdom and virtue; and that the contempt, of which vice and folly are the only proper objects, is often most unjustly bestowed upon poverty and weakness, has been the complaint of moralists in all ages. (61–62)

It should not be surprising that Smith states this case visually; we are blinded by riches.⁴⁶

It is only in the middle of society that Smith finds morality and interest running together because it is in the interest of ordinary people to behave according to an austere morality.⁴⁷ Here, and only here, when we judge virtue by the behavior of the prosperous, we do not go too far wrong. Our judgments of the middle of society are solid because it is in the interest of the median individual in society to practice the austere virtues.

45. The ancient theme of approbation as a payment for the provision of public goods is sketched in Levy 1992, 155–74.

46. “Two different roads are presented to us, equally leading to the attainment of this so much desired object; the one, by the study of wisdom and the practice of virtue; the other, by the acquisition of wealth and greatness. Two different characters are presented to our emulation; the one, of proud ambition and ostentatious avidity; the other, of humble modesty and equitable just. Two different models, two different pictures, are held out to us, according to which we may fashion our own character and behaviour; the one more gaudy and glittering in its colouring; the other more correct and more exquisitely beautiful in its outline: the one forcing itself upon the notice of every wandering eye; the other, attracting the attention of scarce any body but the most studious and careful observer” (*TMS*, 62). Since the editors do not gloss this passage, it might be worth mentioning that Smith is presenting his reader with the choice the high gods of pagan antiquity offered Hercules, the hard life of virtue for its own sake or the soft life of luxury.

47. Modern economists who believe the mathematical facts about optimizing mean that moral constraints cannot be utility enhancing are technically incorrect (Levy 1988b, 1988c, 1992).

In the middling and inferior stations of life, the road to virtue and that to fortune, to such fortune, at least, as men in such stations can reasonably expect to acquire, are, happily in most cases, very nearly the same. In all the middling and inferior professions, real and solid professional abilities, joined to prudent, just, firm, and temperate conduct, can very seldom fail of success. Ability will even sometimes prevail where the conduct is by no means correct. Either habitual imprudence, however, or injustice, or weakness, or profligacy, will always cloud, and sometimes depress altogether, the most splendid professional abilities. Men in the inferior and middling stations of life, besides, can never be great enough to be above the law . . . The good old proverb, therefore, That honesty is the best policy, holds, in such situations, almost always perfectly true. In such situations, therefore, we may generally expect a considerable degree of virtue; and, fortunately for the good morals of society, these are the situations of by far the greater part of mankind.

In the superior stations of life the case is unhappily not always the same.
(63)

When we make judgments from observed conduct, the spectator who focuses on the median will observe austerity in practice. Thus, the spectator's judgment when focused on the median in society will accord with the facts of common morality. Thus, Smith's spectator can judge conduct "rightly" even when there is reason to believe that the spectator's vision is clouded at the extremes of distance. There is good reason why Smith was Immanuel Kant's favorite among the British moralists.

Conclusion: The Impartial Spectator in the *Wealth of Nations*

One answer given in the commentary to the question "Where is the impartial spectator in *Wealth of Nations*?" is "It is Adam Smith." Does this answer make sense in light of what he teaches about spectators? One of the charms of Smith's spectator model is the guidance he gives for checking the computations. Even when we are fully developed moral agents, we need to make certain that our computations are correct:

In solitude, we are apt to feel too strongly whatever relates to ourselves: we are apt to over-rate the good offices we may have done, and the injuries we may have suffered: we are apt to be too much elated by our own good, and too much dejected by our own bad fortune. The conversation of a friend brings us to a better, that of a stranger to a still better temper. The man within the breast, the abstract and ideal spectator of our sentiments and

conduct, requires often to be awakened and put in mind of his duty, by the presence of the real spectator: and it is always from that spectator, from whom we can expect the least sympathy and indulgence, that we are likely to learn the most complete lesson of self-command. (*Theory of Moral Sentiments*, 153–54)

Thus, Smith would regard his judgments of various states of affairs to be testable in the common opinion of the moderately informed. It is not Platonic experts alone who are capable of discerning the real in the midst of the shadows of the material world:

To approve of another man's opinion is to adopt those opinions, and to adopt them is to approve of them. If the same arguments which convince you convince me likewise, I necessarily approve of your conviction; and if they do not, I necessarily disapprove of it: neither can I possibly conceive that I should do the one without the other. To approve or disapprove, therefore, of the opinions of others is acknowledged, by every body, to mean no more than to observe their agreement or disagreement with our own. But this is equally the case with regard to our approbation or disapprobation of the sentiments or passions of others. (17)⁴⁸

Perhaps, therefore, it is the reader of *Wealth of Nations* who is a real impartial spectator—or at least the reader who has been taught to see rightly.

Appendix: Bentham on Median Utility

What did Bentham mean by the phrase “greatest happiness for the greatest number”? In fact, in an article written for the *Westminster Review* in 1829, but not published until 1983, Bentham explains why “the greatest number” should be dropped. It wrongly emphasized the importance of the majority. His analysis points both to a weakness in utilitarianism and a case in which a median utilitarianism gives counterintuitive results.

48. This aspect of Smith's argument has been widely criticized from a logical empiricist point of view. I show how a pragmatic defense of Smith can be mounted (Levy 1992, 50–61). If this argument is successful, it shows how Smith can be both an ethical absolutist—“right” and “wrong” are like “true” and “false”—as well as a cultural relativist. Under this Ramsification, both those who see in Smith's work a pre-Kantian absolutism and those who see a cultural relativity are seeing part of the whole. These readings of Smith that seem flatly inconsistent (Lindgren 1973, 35–36) are from a pragmatic point of view only incomplete. The pragmatic interpretation I offer is simply that the distinction between fact and logic, or between fact and norm, is a decision inside a language community.

54. Greatest happiness *of the greatest number*. Some years have now elapsed since, upon a closer scrutiny, reason, altogether incontestable, was found for discarding this appendage. On the surface, additional clearness and correctness [was] given to the idea: at the bottom, the opposite qualities. Be the community in question what it may, divide it into two unequal parts, call one of them the majority, the other the minority, lay out of account the feelings of the minority, include in the account no feelings but those of the majority, the result you will find is that to the aggregate stock of the happiness of the community, loss, not profit, is the result of the operation. Of this proposition the truth will be the more palpable the greater the ratio of the number of the minority to that of the majority: in other words, the less the difference between the two unequal parts: and suppose the condivident parts equal, the quantity of the error will then be at its maximum.

55. Number of the majority, suppose, 2001: number of the minority, 2000. Suppose, in the first place, the stock of happiness in such sort divided that by every one of the 4001 an equal portion of happiness shall be possessed. Take now from every one of the 2000 his share of happiness, and divide it anyhow among the 2001: instead of augmentation, vast is the diminution you will find to be the result. The feelings of the minority being by the supposition laid entirely out of the account (for such in the enlarged form is the import of the proposition), the vacuum thus left may, instead of remaining a *vacuum*, be filled with unhappiness, positive suffering—magnitude, intensity and duration taken together, the greatest which it is in the power of human nature of endure.

56. Take from your 2000 and give to your 2001 all the happiness you find your 2000 in possession of: insert, in the room of the happiness you have taken out, unhappiness in as large a quantity as the receptacle will contain. To the aggregate amount of happiness possessed by the 4001 taken together, will the result be net profit? On the contrary, the whole profit will have given place to loss. How so? Because so it is that, such is the nature of the receptacle, the quantity of unhappiness it is capable of containing during any given portion of time is greater than the quantity of happiness. (1983, 309–10)

Need I stress the fact that this is not a real argument, that the gains are outweighed by the losses? Bentham is surely appealing to moral intuition that there is something wrong with this transfer. He is not calculating. This moral intuition shows most clearly in his denunciation of slavery:

58. Were it otherwise, not now the practical application that would be to be made of it in the British Isles. In Great Britain, take the whole body of the Roman Catholics, make slaves of them and divide them in any pro-

portion, them and their progeny, among the whole body of Protestants. In Ireland, take the whole body of the Protestants and divide them in like manner among the whole body of the Roman Catholics. (1983, 310)

Why not, if the gains are greater than the losses?

Bentham's example could be improved by supposing that we take a vast amount from the minority, transfer a small amount to the majority—improving the median member of society—and waste the rest. This is unlikely to satisfy anyone's moral intuition of a "rightful" transfer. Here, we have an instance in which the nonrobustness of the median—there are two large groups at considerable distance from each other—illustrates the danger of using any nonrobust estimate of well-being. This is so even when in other contexts the estimate is robust.