

Adam Smith on Equality  
Elizabeth Anderson

## 1. Types of Egalitarianism

*Moral egalitarianism* is the view that, from a moral point of view, everyone counts equally: all have equal moral standing to claim rights and to have their interests count in moral assessment. This idea can be taken in radical or moderate directions. Radical egalitarians call for the abolition of social hierarchy in one or more domains, replacing it with individual autonomy or, where joint action is needed, democratic governance. Moderate egalitarians accept various forms of social hierarchy, but insist that authority relations be tempered by egalitarian norms. A moderate principle of *political egalitarianism* claims that the state is obligated to impartially enforce a set of equal basic rights, and to give equal consideration to every member's interests in public policy. A moderate form of *esteem egalitarianism* holds that one's social rank should not affect how much anyone esteems one's virtue and merit or sympathizes with one's suffering. A moderate form of *social egalitarianism* prefers that individuals relate to one another in civil society on terms of equality and personal independence, rather than on terms of domination and dependent subordination.

Smith is a moderate egalitarian in all these senses. The next section demonstrates how his assessments of public policy reflect a moderate political egalitarianism, founded on a principle of moral equality. Section three takes up Rousseau's objection that commercial society, with its extreme economic inequality, violates esteem egalitarianism. It argues that Smith shares Rousseau's concern, but his different psychology of esteem offers openings to resolve the problem. Section four shows how Smith thinks commercial society can meet Rousseau's objection. Smith's argument turns on the idea that commercial society replaces relations of domination and dependence with relations of personal independence, mediated by mutual recognition of people's rights and interests in market transactions. This chapter concludes with reflections on the distance not closed by Smith's answers to radical egalitarians.

## 2. Smith's Moderate Moral and Political Egalitarianism

Smith argues that when we undertake a moral assessment of someone, we consider how others view that person--or how they would view that person if they were informed and impartial. When we take up this moral point of view on ourselves, we discover that we are "but one of the multitude in no respect better than any other in it" (TMS III.3.4). Thus, we are fundamentally moral equals. The person of moral conscience acts on principles of which an impartial observer could approve. Given our moral equality, such principles can only be those that others are willing to "go along with" (TMS II.2.2.1).

What principles are those? We care not only about our physical and material well-being, but about how others regard us. What angers us most when another injures us is not the "mischief we have suffered," but "the little account which he seems to make of us, the unreasonable preference which he gives to himself above us" (TMS III.1.5). We care about our *respectability* in the eyes of others, a recognition of ourselves as entitled to have our interests taken into account in others' decisionmaking.

When the state is the decisionmaker, Smith insists that everyone's rights and interests be regarded *equally*. The state's duty to administer justice requires equal treatment under the law for all, thereby insuring that the rights of "the meanest British subject" are "respectable to the greatest" (WN IV.7.3.54). It is unjust for the state to harm the interests of some for no other purpose than to benefit another class of subjects, and thereby create inequality (WN IV.8.30).

This principle of political egalitarianism lies at the heart of Smith's public policy assessments. Smith focuses his criticisms on policies that create privileges for some at the expense of others. Virtually all the policies he condemns exacerbate inequality by unjustly favoring the rich at the expense of workers and consumers, especially the poor: state grants of monopoly and corporation (WN I.10.2); tariffs that enrich protected producers by raising prices for everyone else (WN IV.3.2.9-10); bounties on grain exports, which raise the price of bread at the expense of the poor (WN IV.5); primogeniture and entail, aimed at maintaining a monopoly of property on the part of a few great families (WN III.2.6); laws permitting employers to combine (WN I.8.12-13); and all forms of forced labor, including slavery, serfdom, sharecropping (WN III.2.8-13, IV.7.2.54), and apprenticeship (a form of indentured servitude in which the master kept the proceeds of the apprentice's work) (WN I.10.2.12). Worst of all, imperialism--a system designed to serve monopoly interests--is a system of cruel oppression, "ruinous and destructive," a "savage injustice" that Europeans inflicted on others (WN IV.1.32), leading to famine in Bengal (WN I.8.26), the enslavement of Africans, and plunder and murder of indigenous peoples (WN IV.7.2.7; IV.7.3.80, 101).

Against the view that Smith is a political egalitarian, one might object that the free market system he endorses generates unjust distributive inequality. Contemporary egalitarians argue that for the state to treat everyone with equal consideration requires that it regulate the distribution of resources so as to satisfy egalitarian principles of distributive justice. This objection is anachronistic. The idea of distributive justice--principles for assessing the justice of distributive patterns produced by a whole economic system--was not fully conceived until shortly after Smith died.<sup>1</sup> While not using the language of distributive justice, Smith often takes up distributive considerations in assessing institutions. Three features of Smith's assessments stand out.

First, unlike many who claim to follow him, Smith is not dogmatically opposed to state regulation or redistributive measures that reduce inequality. He praises institutions for promoting distributive equality, or for improving the prospects of the poor. He supports modestly progressive taxes (WN V.1.3.1.5), state funding of schools for the working class (WN V.1.3.2.54-55), and laws protecting farmers from eviction by their landlords (WN III.2.14). He endorses public roads and canals because they equalize the condition of country people to townspeople (WN I.11.1.5). He argues that state regulations on behalf of the workers, such as laws requiring that their wages be paid in cash rather than in kind, are "always just and equitable" (WN I.10.2.61). Most famously, *The Wealth of Nations* defends high and growing wages. Against those who claim that low wages are needed to force the poor to work just to survive, Smith argues that the motive to better one's condition is common to all. Higher wages increase production by providing an incentive to work more (WN I.8.42-44). Even apart from their utility, equity demands that the workers, who provide everyone else with food, clothing, and shelter, should have decent levels of these goods themselves (WN I.8.36).

Second, where Smith endorses distributive inequality, it is on behalf of the least advantaged. “[A] people who are all on an equality will necessarily be very poor” (LJA iii.134-39). It takes a commercial society to raise productivity enough to generate “universal opulence” (WN I.1.10). While this creates inequality, it stands to reason that the least advantaged would rather enjoy a decent standard of living and “go along with” inequality, than stay poor.

Third, for an advocate of commercial society, Smith is surprisingly skeptical of the benefits of great wealth. People grossly over-rate the supposed advantages of great wealth, which are mostly illusory (TMS III.3.31). These suppositions are based on vanity, and on the false belief that wealth brings peace of mind. Riches are not worth the trouble it takes to acquire them: they cause their owners anxiety about maintaining them and distract wealth-seekers from what is really valuable in life, which is the love and respect of people in one’s social circle (TMS I.3.2.1, TMS IV.1.6-8). People who climb quickly from poverty to riches are unhappy, because they lose their older and poorer friends but never gain acceptance in the richer circles they try to enter (TMS I.2.5.1). Hence, while the distribution of wealth is very unequal in commercial societies, the distribution of well-being, at least where the lowest ranks enjoy a decent standard of living, is nearly equal. Nevertheless, the *illusion* that great riches are beneficial is useful, because it motivates people in commercial societies to be economically active in ways that lift the prospects of the least well-off (TMS IV.1.10).

The growth of a consumer society providing diverse opportunities for consumption may cast doubt on Smith’s claim that wealth, beyond serving modest needs, serves only to slake people’s vanity. To the extent that wealth delivers genuine goods, concerns about fairly dividing the gains from cooperation become more important. Smith’s thought, while it lacks a theory of distributive justice, provides two resources for developing a metric of justice. Consider his famous defense of a living wage:

No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable. It is but equity, besides, that they who feed, 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, cloathed and lodged (WN I.8.36).

Smith’s metric of welfare is not expressed in monetary terms, but in terms of what Amartya Sen has called *functionings*--valuable states of being or doing--in this case, of adequate levels of nutrition, clothing, and housing.<sup>2</sup> What levels counts as adequate depends on various factors, including climate, the energy requirements of one’s occupation, one’s physical condition (for example, pregnancy), and social norms. Smith observes that the clothing one must wear to be able to appear in public without shame varies across societies, according to their general level of prosperity. In the England of his day, a respectable worker required a linen shirt, but not in somewhat poorer France. “Under necessities, therefore, I comprehend, not only those things which nature, but those things which the established rules of decency have rendered necessary to the lowest rank of people” (WN V.2.k.3). Advanced societies today include access to decent medical care among the necessities. Smith’s view thus includes a concept of relative poverty that, like any egalitarian measure, is concerned with interpersonal comparisons. Such a concept

can accommodate the possibility that economic growth will deliver genuine goods beyond subsistence, over the fair division of which it makes sense to be concerned.

Smith consistently views public policies in terms of how well they serve the interests of the less advantaged in society--workers, and the poor--because they are society's most numerous members (WN I.8.36). Their interests include not only higher income but freedom, especially freedom of occupation and personal independence from their masters. These are fundamental for any egalitarian whose concerns extend beyond resource distribution to relations of domination and subjection. And, as Smith argues, securing freedom for workers usually raises their incomes as well. This is just what a moderate political and social egalitarian would recommend.

### 3. Rousseau's Challenge: Esteem Inequality in Commercial Society

If Smith's free market commercial society fares well from the perspective of moderate political egalitarianism, it faces a deep challenge from the perspective of moderate esteem egalitarianism. Societies marked by great wealth inequality inflict undeserved contempt and obscurity on the poor, and admire the wealthy simply for being rich. Esteem competition in unequal societies may generate spite and envy throughout all social classes.

Rousseau articulates this challenge most forcefully. His 1755 *Discourse on the Origin of Inequality*<sup>3</sup> argues that people would be content to satisfy simple needs if they did not compete with one another for the admiration of their fellows. At first they compete for esteem by displaying personal merits--beauty, eloquence, strength, agility--(2D 144)--that is, features that deserve admiration. However, once human beings value what others think about them, they "know how to live only in the opinions of others" (2D 161). The desperate need for recognition leads people to seek counterfeits. "Being something and appearing to be something became two completely different things; and from this distinction arose grand ostentation" (2D 147). The acquisition and conspicuous display of wealth substitutes for merit. Esteem competition thus leads to private property, industry and commerce.

Esteem competition leads to inequality (2D 144) because the economy of esteem is positional, and structured as a zero-sum game: one person can rise in the opinion of others only if others descend. The perverse and destructive incentives built in to esteem competition are the origin of inequalities in wealth and power. For people do not merely seek wealth and power, they seek to have *more* than others and to keep others deprived:

if one sees a handful of powerful and rich men at the height of greatness and fortune while the mob grovels in obscurity and misery, it is because the former prize the things they enjoy only to the extent that others are deprived of them; and because, without changing their position, they would cease to be happy, if the people ceased to be miserable (2D 158).

To the charge that envy drives egalitarianism, Rousseau retorts that the envy is the natural response to the spitefulness of the rich and powerful. The rich, out of "zeal for raising the relative level of . . . [their] fortune" seek to "profit at the expense of someone else." The powerful, seeking "the pleasure of domination," enlist their subordinates to put ever more people into subjection (2D 148).

Rousseau argues for radical political and economic equality to overcome the competitive economy of esteem that produces spite and envy, rich and poor, masters and slaves. Recognizing that there is no going back to the psychic self-sufficiency of savages, Rousseau argues for institutions that restructure the economy of esteem so that access to recognition is universalizable. Life in a republic under the social contract aims to achieve this.<sup>4</sup> When all citizens are united as equals under laws willed by and for all, then everyone enjoys the mutual respect enshrined in the laws. To prevent the degeneration of a free republic of equals into a plutocratic tyranny, public policy must ensure that all have enough property to secure their personal independence, and none so much as to buy others' subordination. There should be "neither rich men nor beggars" because both threaten republican liberty (SC 2.11, 46).

Smith accepts central elements of Rousseau's analysis. He agrees that vanity--the desire for the unmerited esteem of others--is the basic motive for seeking luxury (TMS I.3.2.1). This is the driving force behind commercial society, generating both great wealth and great wealth inequality. Commerce and manufactures arise to gratify "the most childish, the meanest, and the most sordid of all vanities" (WN III.4.10), and thus lead to a prosperous society, while corrupting our standards of esteem and generating unjust esteem inequality.

While agreeing with Rousseau on these points, Smith softens Rousseau's moral psychology by rejecting the idea that, outside of a republic of equals, people win esteem only by putting others down. The economy of esteem in commercial societies is not *essentially* a zero-sum game, and hence is not essentially driven by spite and envy. These feelings do not dominate psychic relations between rich and poor, for everyone, even the poor, naturally, spontaneously, and *disinterestedly* sympathizes with the rich!

Our obsequiousness to our superiors more frequently arises from our admiration for the advantages of their situation, than from any private expectations of benefit from their good-will. . . . We are eager to assist them in completing a system of happiness that approaches so near to perfection; and we desire to serve them for their own sake, without any other recompense but the vanity or the honour of obliging them. (TMS I.3.2.3)

This tendency radically reduces the extent of envy in commercial society. Smith traces it to an asymmetry in our sentiments: we sympathize more with others' joy than with their sorrow (TMS I.3.1.5). This asymmetry follows from the fact that sympathy involves sharing the same feelings as the target of our sympathy. Sympathizing with joy is pleasurable, while sympathizing with sorrow is painful. So we are eager to share others' joy and reluctant to share their sadness (TMS I.3.1.9). This explains why spite does not dominate the economy of esteem. We generally want to avoid viewing anyone's suffering, because the sight of it is painful. The chief vice underlying the injustice in the economy of esteem is therefore not spite but "hard-heartedness" (TMS I.3.1.9).

Hard-heartedness makes the fortunate indifferent to the suffering of the poor. They think the wretched should hide so as not to disturb their tranquility. Because people desire to have others feel in concord with them, and understand the asymmetry of sympathy between rich and

poor, the poor strive to hide their misfortunes, while the rich parade their fortunes. This inflicts further injustices on the poor: in addition to shame, they suffer obscurity (TMS I.3.2.1). Observers feel “ten times more compassion and resentment” on behalf of the rich, when they suffer injury, than when the poor suffer the same injury, because injury to the former ruins the vicarious pleasure they feel in the illusory fantasy they have constructed of the bliss of the rich (TMS I.3.2.2). People also respect the rich and powerful more than the poor and humble for the same degree of merit (TMS I.3.3.4).

Smith condemns this inequality of sympathy. It is “the great and most universal cause of the corruption of our moral sentiments” and causes “contempt . . . [to be] most unjustly bestowed upon poverty and weakness” (TMS I.3.3.1). Yet the facts that this injustice is not essentially founded on a zero-sum game, and does not cause pervasive envy and spite, offers Smith room to address this injustice within commercial society.

An asymmetry in the injustice of the economy of esteem provides additional room. While the poor may justly complain of the obscurity and contempt from which they suffer, they have no just complaint in the fact that the rich receive undeserved sympathy. Offering *more* sympathy to some than others, even when it is undeserved, does no injury to anyone else. Others may envy it, but envy has no moral standing.

This conclusion is reinforced by the fact that unmerited esteem is worthless. Wealth, power, and rank do not deserve respect, although people do respect it (TMS I.3.3.4). When people offer excessive regard to the rich and powerful, they are therefore paying in false coin. The rich are contemptible fools to seek it. They are contemptible, because seeking such regard is vanity. They are fools, because the anxious quest for wealth and power, and the troubles that need to be taken to maintain it, displace the real joys of friendship and comity in one’s social circle that are equally available to the humble, and the main source of true happiness (TMS III.3.31).

Smith’s diagnosis of the ills of esteem inequality in commercial societies, due to their fostering of extreme wealth inequality, provides *openings* for remedies to be found within commercial society. The next section explains Smith’s moderate egalitarian remedies.

#### 4. Smith’s Moderate Egalitarian Reply to Rousseau

Smith’s defense of commercial society rests on two great benefits it bestows on the less advantaged: prosperity, and personal independence from their superiors. Although it exacerbates property inequality, it lifts the masses out of poverty. By extending the market and enabling a finer, more productive division of labor, commercial society creates a “universal opulence which extends itself to the lowest ranks of the people” (WN I.1.10). A society which enforces material equality could never achieve this, because “a people who are all on an equality will necessarily be very poor” (LJA iii.134-39).

While “universal opulence” is beneficial, “by far the most important” of the effects of commercial society are the introduction of good government, and the liberation of people from “servile dependency upon their superiors” (WN III.4.4). Before the rise of commercial society,

the rich could only spend their wealth by directly maintaining servants, retainers, slaves, serfs, and tenants. The latter received subsistence but owed obedience in return. Their superiors exercised despotic and arbitrary dominion over them. Commercial society enabled the rich to spend all their wealth on themselves, by purchasing manufactured luxuries. “Thus, for the gratification of the most childish, the meanest, and the most sordid of all vanities they gradually bartered their whole power and authority” (WN III.4.10). Workers, instead of being dependent on one master, left their lords’ estates for employment in manufacturing, retail trades, and shipping, and became wage-earners. They thereby gained personal independence from their superiors--a moderate form of social equality.

These two great goods--prosperity and personal independence--are not merely compensation for the unjust esteem inequalities inflicted on the poor. They provide partial remedies for these psychic injustices. Eventually, economic growth should spread wealth far enough to end poverty. With the abolition of poverty, no one will suffer its humiliation and obscurity. Being “tolerably well fed [and] clothed,” (WN I.8.36) all can appear in public without shame (WN V.2.k.3).

The personal independence of workers also shifts the terms on which they receive resources from the wealthy. As dependents, they had to bow and scrape before their superiors, virtually begging for subsistence. Their humiliating condition as real or virtual slaves to their superiors satisfied the latter’s love of dominion. Upon becoming free and independent workers, their superiors, to get what they wanted from them, were “obliged to condescend to persuade” them that it was to their advantage to exchange goods with them (WN III.2.8-10). The market nexus thus makes individuals respectable in the eyes of those with whom they transact, as people who must be persuaded rather than ordered to serve others (WN I.2.2). Commercial society distracts the vanity of the rich from displaying oppressive dominion over others to displaying frivolous ornaments on their persons and estates. Wages also enable workers to get what they want from others by appealing to their self-interest rather than their vanity. Instead of offering their “servile and fawning attention” to others, they offer cash (WN I.2.1). This enhances their respectability.

Good government does even more to raise the respectability of inferiors. Justice requires it to observe scrupulous impartiality in enforcing laws protecting property and persons, upholding as vigorously the rights of the less as the more advantaged. The rich thereby understand that their inferiors are entitled to respect (WN IV.7.3.54). In addition, public funding of education for the working class enhances their intelligence and makes them more respectable, in their own eyes and in the eyes of their superiors (WN V.1.f.61). Commercial society thus generates prosperity and good institutions that reduce the injustices of esteem inequality.

Does Smith offer a complete answer to radical egalitarians? At least four objections remain. First, Rousseau’s republican objections to wealth inequality in commercial society are not confined to its corruptions of the economy of esteem. He also rightly worries that great wealth inequality undermines democracy, because it leads to plutocracy. Recent experience with the corrupting effects of increasing inequality on politics in contemporary democracies supports Rousseau’s concern. Smith confesses that he has no answer to this (WN IV.3.c.9). He takes it for granted that the rich will rule, because wealth is the fundamental natural basis for authority,

even though it does not correspond with merit or talent (WN V.1.b.5, 7-8, 11). There are no innate difference in talent among different classes; observed differences are due to environmental causes, particularly in the different work people do (WN I.2.4). Yet the rich will rule even though landowners are stupid, and merchants and manufacturers make the worst governors, having interests opposed to those of the general public (WN I.11.p.8, 10; V.1.e.26).

Second, and related to this point, Smith admits that the “disposition to admire, and almost to worship, the rich and the powerful,” (TMS I.3.3.1) leads people to underrate the virtues of the less advantaged. This poses a serious obstacle to equality of opportunity, even in ostensibly meritocratic selection processes.

Third, Smith’s celebration of the liberation of workers from their superiors in the transition from feudal to market society, while vitally important, neglects to consider the extent to which free workers in commercial societies still live under the dominion of their employers. Smith offers penetrating criticisms of industrial production, stressing in particular the stultifying effects of a fine-grained division of labor (WN V.1.f.50). He is less attentive to the despotical character of employer governance of employees’ lives on and even off the job. Today egalitarians are concerned about employment issues such as sexual harassment, employer invasions of employee privacy, and employers’ control of workers’ speech and political activity.

Finally, Smith wrote at a time when virtually all state interference with the “system of natural liberty” was on behalf of the rich. In that context the interests of market freedom and equality coincide. By the 19th century, workers were mobilizing for minimum wages, maximum hours, factory safety regulations, the right to demand that employers negotiate with labor unions, and comprehensive social insurance. Opponents of such regulations have long invoked Smith against these demands. While a closer reading of Smith demonstrates that he was a friend of equality and no dogmatist about laissez faire, it is harder to glean general principles from his texts that could guide us in the sorts of cases that concern us today, where interests in equality and “natural liberty” appear to conflict.

Nevertheless, Smith’s work is a milestone in the history of egalitarianism. His moderate egalitarianism offers a great deal to the less advantaged. His defense of commercial society helpfully reminds us of the deep connections between equality and freedom--especially free labor, and personal independence from superiors. His defense also helpfully sets an example of how to avoid the two great vices of political economy--dogmatic condemnation, and uncritical worship, of market institutions.

### Bibliographical Essay

Until recently, Smith was regarded as laissez faire theorist who repudiated any interest in substantive equality. Gertrude Himmelfarb’s *The Idea of Poverty* (Knopf, 1984) played a pivotal role in reinterpreting Smith as an advocate of high wages and friend of the poor. Gareth Stedman Jones, *An End to Poverty?* (Columbia University Press, 2004) continues the project of situating Smith as an optimist in debates about abolishing poverty. Emma Rothschild’s *Economic Sentiments* (Harvard University Press, 2001) offers an extensive reinterpretation of



Smith as a liberal egalitarian, and details how Smith's reputation as a dogmatic libertarian and admirer of the rich was forged in the 19th century British reaction to the French Revolution. Samuel Fleischacker's *On Adam Smith's Wealth of Nations* (Princeton University Press, 2004) and *A Short History of Distributive Justice* (Harvard University Press, 2004) place Smith at the threshold of an egalitarian theory of distributive justice. Amartya Sen, in *Commodities and Capabilities* (North-Holland, 1985) and later works, pioneers the capabilities approach to measuring justice, partly on a reading of Smith. Another pivotal development regarding Smith on equality connects his *Theory of Moral Sentiments* to a foundational moral egalitarianism, and reads his account of mutual recognition in market transactions in egalitarian terms. See Fleischacker, *On Adam Smith's Wealth of Nations*, and Charles Griswold, *Adam Smith and the Virtues of Enlightenment* (Cambridge University Press, 1999). For critical commentary on this development, see Stephen Darwall, "Sympathetic Liberalism: Recent Work on Adam Smith", *Philosophy and Public Affairs*, 28 (1999), pp. 139-164 and Remy Debes, "Adam Smith on Dignity and Equality", *British Journal for the History of Philosophy*, 20 (2012), pp. 109-140. The most important work considering Smith's response to Rousseau's critique of commercial society is Ryan Hanley's *Adam Smith and the Character of Virtue* (Cambridge University Press, 2009).

#### Biographical Note

Elizabeth Anderson is John Rawls Collegiate Professor and Arthur F. Thurnau Professor of Philosophy and Women's Studies at the University of Michigan, Ann Arbor. She is a Fellow of the American Academy of Arts and Sciences and author of *Value in Ethics and Economics* (Harvard University Press, 1993) and *The Imperative of Integration* (Princeton University Press, 2010). Much of her work focuses on egalitarianism, including "What is the Point of Equality?" , *Ethics*, 109 (1999), pp. 287-337. She is currently working on a history of egalitarianism from the Levellers to the present.

## Notes

<sup>1</sup> Fleischacker, S. (2004) *A Short History of Distributive Justice*. Cambridge, Mass.: Harvard University Press

<sup>2</sup> Sen, A. (1999) *Development as Freedom*, p. 75. New York: A.A. Knopf

<sup>3</sup> Rousseau, J.-J. (1983) *On the Social Contract and Discourses*, D. Cress. Indianapolis, IN: Hackett. Subsequent citations to this *Discourse* are noted as 2D, with page number. Citations to *The Social Contract* are noted as SC.

<sup>4</sup> See Cohen, J. (2010) *Rousseau: A Free Community of Equals*. New York: Oxford University Press for a leading account of this argument.

## References

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