

ADAM SMITH AND THE POOR: A TEXTUAL ANALYSIS

Christopher Martin
Associate Professor of Economics, Hillsdale College
33 East College Street
Hillsdale, MI 49242
cmartin@hillsdale.edu

ABSTRACT

Scholars of classical economics have largely rejected the popular view of Adam Smith as an apologist for big business indifferent to the plight of the poor. To test and ultimately vindicate this consensus, I attempt to tabulate all mentions of the poor in Smith's published works in which their well-being is under discussion. For each such appearance I assess his attitude toward such well-being, as well as where his sympathies lie should there be a conflict between the poor on one side and the rich and powerful on the other. The textual search strongly supports the idea that Smith was indeed partial to workers and the poor, although this judgment requires that the reader enter into Smith's patterns of thought about property rights, economic growth, and the system of natural liberty.

Keywords: Adam Smith, Labor, Workers, Poverty, Role of Government

JEL Codes: B12, B31

Written for the *Smith, Hume, Liberalism, and Esotericism* project.

* I thank the attendees of the "Adam Smith and Esotericism" conference in Arlington, Virginia in 2018 for their useful feedback. Nikolai Wenzel provided substantial counsel on an earlier version of the project, and the comments of two anonymous referees were constructive and appreciated. Jane Shaw Stroup provided invaluable assistance editing the paper. Any errors are, of course, my responsibility.

1. Introduction

In this essay I argue that Adam Smith's policy stances are largely consistent with a preference for the well-being of the least well-off in society. Specifically, I attempt to validate a claim about Smith made by Carl Menger in the nineteenth century. The claim is noted both in Emma Rothschild's well-known article "Adam Smith and Conservative Economics" (1992) and in a recent excellent translation of Menger by Dekker and Kolev (Menger 1891/2016). In his essay on "The Social Theories of Classical Political Economy and Modern Economic Policy" Menger claimed:

In every conflict of interest between the rich and the poor, the strong and the weak, Smith sides without exception with the latter. I use the term "without exception" with proper consideration, as one cannot find one single instance in the works of Smith in which he represents the interests of the rich and powerful against the poor and weak. (Menger 2016, 475; see also Rothschild, 1992, 89).

While dramatic, this claim was perhaps more shocking when Menger wrote it than it is today. The view of Adam Smith as a kind of patron saint for corporations and the rich seems to have originated in the nineteenth century; Richard Whately at Oxford reported that many of his contemporaries viewed Smith's teaching as "dry, unfavorable to religion, and a check to charity" (Rashid 1977, 148-150; Robbins 1978, 20). But this hostile view of Smith has been assailed so often in modern scholarship and popular journalism (for instance by Bhalla 2006, Boucoyannis 2013, Fleischacker 2004, McLean 2006, Muller 1995, Norman 2018, Rasmussen 2016, Rothschild 1992/2001) that the worth of one more effort along the same lines might be questioned. This essay seeks to earn its salt by a minor methodological (or, more accurately, a logistical) contribution. It grounds the discussion about Smith's attitude to the poor and working class in what aspires to be a comprehensive inventory of all references to them, in Adam Smith's

published works and correspondence, in which Smith appears to take a stance either in favor of or opposed to their prosperity and well-being.

There are several justifications for such an approach. The first is the inherent interest of verifying Menger's dramatic claim about Smith. While there is no reason to suspect him of a deliberate untruth, the *Wealth of Nations* alone is a famously sprawling book. Surely it is possible that Menger overlooked or forgot a passage contradicting his thesis. More importantly, Menger wrote shortly before Edwin Cannan discovered and published the first surviving set of lecture notes from Smith's *Lectures on Jurisprudence* (Smith 1896 and Smith 2009 / Meek et. al., Introduction, p. 5). Perhaps positions from earlier in Smith's life might complicate the mature vision presented in the *Wealth of Nations*. The possible existence of such complications (in the *LJ* or elsewhere) form the second justification for the project. Rare is the writer whose thought about a topic takes precisely the same form in all contexts and from all angles. By attempting to run down *all* Smith's mentions of the poor and working class meeting certain criteria, I hope to illuminate shades of meaning and perspective that might be missed in a less comprehensive survey.[†] To bolster this effort, I defined my search objective somewhat more broadly than just finding the cases of rich-poor *conflict* referenced by Menger. I searched also for instances in which Smith revealed an attitude—whether positive or negative—towards what might loosely be called the welfare of the poor. By doing this, I hope to catch any exceptions in “spirit” if not in

[†] For deeper reflections along these lines, this paper might be read in conjunction with Kenneth Macdonald's recent (2019) magisterial challenge to interpretations of Smith based on “hasty and partial readings” (237-238).

Macdonald is a particularly useful counterpoint to enthusiastic views of Smith as friendly to the poor, including perhaps the present one.

the “letter” of Menger’s judgment—perhaps situations in which Smith appears callous, or hostile, or condescending to the poor. Discerning whether such exceptions are real or only apparent will motivate much of the discussion here.[‡] Making these determinations will often require an appeal to what I call Smith’s prescriptive policy frameworks, combinations of his positive analysis of how the economy works with his normative view of how it *should*. The frameworks most relevant to this project are of course well known already—they are Smith’s so-called system of natural liberty and his approach to property rights (which is closely joined to his view of economic growth and prosperity). Yet perhaps these familiar topics will appear in a somewhat different light when viewed as it were from below, from the perspective of the poor and the working classes.

2. Undertaking the Search

Practically speaking, the bulk of the project was the generation of (what at least aspires to be) a nearly comprehensive “dataset” or table in which each row lists the location and details for a relevant passage in Smith’s writings. The criteria for relevance was that each passage either describes a conflict between rich and poor, or (what was conceived to include such conflict) that Smith in each expressed some evaluative judgment about the well-being of the poor—that is,

[‡] An important clarification should be noted. A thinker’s personal *attitude* is conceptually distinct from the possible *implications* of his theory, which the theorist himself may never have consciously grasped and which may even clash with his personal attitudes. In this paper, though, I assume that Smith’s attitudes (expressed through published statements) take full account of the implications of his system. This may not be a wholly safe procedure, but I try to be cautious and transparent when glossing what Smith “really had in mind” by particular statements.

whether such well-being was to be desired or alternatively ignored/overridden for the benefit of some other group. (This results table appears as an [appendix](#) to the paper, available online at: [http://econfaculty.gmu.edu/klein/Assets/Martin,C._Smith Poverty Tables.xlsx](http://econfaculty.gmu.edu/klein/Assets/Martin,C._Smith%20Poverty%20Tables.xlsx).) For each passage, the results table notes the work in which it appears, the reference (in conventional book, chapter, section, and paragraph form), the page number(s) in the modern Glasgow editions of Smith's books listed in the references, a summary of the passage, one or more sentences of commentary, and two "ratings" or scorings of the passage, based on a rubric explained later. While it is assumed that readers can consult their own copies of Smith's works for additional context around the cited passages, more text is excerpted from the *Lectures on Jurisprudence* in the appendix since this is a less commonly held volume.

The precision of the exercise should not of course be overstated. Several issues of interpretation, explained below, render the results much "fuzzier" and more dependent on subjective judgment than normal natural and social scientific observations. Nonetheless, the search does expose Menger's claim to a rough but meaningful risk of falsification.

The search—which makes no claim to technological sophistication—was actually executed as follows. I tried to retrace Menger's steps by first combing through Smith's published works for all references to the word "poor" (and related terms) and for each such match making an immediate judgment whether the passage met the criteria for inclusion in the results table – whether it described conflict and/or an attitude towards the welfare of the poor. Passages that made the cut were analyzed farther, as explained below. For the initial stage, though, I used the publicly available, full-text search engine at the Online Library of Liberty (OLL, <http://oll.libertyfund.org>) to search for all matches for the targeted terms in the OLL's versions of the *Wealth of Nations* (WN), *Theory of Moral Sentiments* (TMS), and the *Lectures on*

Jurisprudence (LJ). While the editions of Smith’s works employed by the Online Library of Liberty are from the nineteenth century, and hence difficult to physically obtain for most readers, I hoped there would be a gain in transparency if the search resource *itself* was easy to access.[§] To counteract the obscurity of the editions employed by the OLL, I found and recorded the location of all relevant passages within the more easily available modern Glasgow editions of the LJ, TMS, and WN reprinted by Liberty Fund (Smith 2009, 1982, and 1981 respectively).^{**} For Smith’s lesser-known writings, I resorted to simple searches within PDF versions of modern editions to identify target terms. The works treated this way were Smith’s published correspondence (Smith 1987, henceforth “CR”), the *Lectures on Rhetoric and Belles Lettres* (Smith 1985, LRBL), and the *Essays on Philosophical Subjects* (Smith 1982, EPS). The set of search terms themselves was large since by the “poor” eighteenth-century writers generally meant “the laboring population” broadly, not just people in extreme poverty (Furniss 1920, 25n). Smith’s usage is consistent with this principle; by the “poor” he clearly means not (or not only)

[§] The relevant reference entries for the searched, online texts are Smith 1869 for TMS, Smith 1896 for the LJ, and Smith 1904 for WN. Unless otherwise noted, though, page numbers and other references in this paper refer to the *modern* editions.

^{**} This process was slightly complex in the case of the *Lectures on Jurisprudence*. The 1896 Cannan edition available through the OLL contains only that version of Smith’s lectures later known as LJ(B). Based on student notes from the 1763-1764 academic year, LJ(B) was later to be supplemented by LJ(A), notes from 1762-1763. (The complicated provenance of the LJ is ably described by the modern editors at Smith 2009, 5-6). I employed the modern editor’s concordance of the two sets of notes (Smith 2009, Introduction, 24-27) to find, when possible, the LJ(A) equivalents to LJ(B) passages found through the OLL search. This was surely not a perfect process and leaves open the possibility of undiscovered relevant LJ(A) passages not present in LJ(B).

the actually destitute, but all those who live mainly by their labor and who lack significant property or social position. It seemed appropriate then to include a fairly broad range of synonyms and near synonyms to capture Smith's true opinion of this group, which I think is fair to Menger's intent as well. There was, of course, an element of subjectivity in this selection. While I did not consciously exclude any clearly relevant search terms, I may have overlooked some obvious ones, or an observer might feel that the set I did choose drew either too wide or too narrow a circle of meanings around the original word "poor." Readers can make their own judgments by examining the list of terms used in Table 1, which also tabulates the number of each term's relevant appearances in Smith's works (relevance meaning meeting the search criteria). As can be seen in the table, unsurprisingly most relevant mentions of the poor (and synonyms) come within the *Wealth of Nations*. The *Lectures on Jurisprudence* contained the next largest number of passages, again not surprisingly since it prefigured some of the material in WN. *The Theory of Moral Sentiments* contributed the balance of the passages besides three matches in the *Correspondence*; EPS and LRBL did not contain any mentions I deemed relevant.

Table 1: Relevant Mentions of the Poor in Smith

Term	CORR	EPS	LJ	LRBL	TMS	WN	TOTAL
<i>Artificer(s)</i>	0	0	0	0	0	17	17
<i>Artisan(s)</i>	0	0	0	0	0	0	-
<i>Common People</i>	0	0	2	0	0	6	8
<i>Commoner</i>	0	0	1	0	0	0	1
<i>Commonality [-alty]</i>	0	0	0	0	0	0	-
<i>Great Body of the People</i>	0	0	0	0	0	8	8
<i>Humble</i>	0	0	0	0	3	0	3
<i>Inferior Ranks</i>	1	0	0	0	2	11	14
<i>Labourer[s]</i>	0	0	4	0	1	23	28
<i>Low People</i>	0	0	1	0	0	0	1
<i>Mob</i>	0	0	0	0	0	0	-
<i>Peasant[s]</i>	0	0	0	0	1	1	2
<i>Poor</i>	2	0	11	0	8	29	50
<i>Rabble</i>	0	0	0	0	0	0	-
<i>Serf[s]</i>	0	0	0	0	0	0	-
<i>Vulgar</i>	0	0	0	0	0	0	-
<i>Worker[s]</i>	0	0	0	0	0	0	-
<i>Workman or Workmen</i>	0	0	0	0	0	17	17
TOTAL:	3	-	19	-	15	112	149

Much of the value of the project depends, of course, on the accuracy of the process to either include a passage in the results table (deeming it relevant to the test) or exclude it (deeming it not relevant). The difficulty is that searches on some of the terms listed above yield a large number of results—there are 129 occurrences of the word “poor” within the *Wealth of Nations* alone. Practicality and logic both require that many of these occurrences be discarded as irrelevant to assessing Menger’s claim. For instance, when Smith references “a poor crop or two of bad oats” (WN, I.xi.1.3, 239) this should obviously be ignored.^{††} Other decisions to include or exclude a

^{††} When referring to specific passages in Smith’s published works, I employ the common convention of giving the book, chapter, section, and paragraph in addition to the page number in the specific edition found in the reference

passage are more complex, such as when Smith mentions the poor but makes only a factual, not an evaluative, statement about them or their interests. For example, the famous pin factory paragraph describes the workers as “very poor, and therefore but indifferently accommodated with the necessary machinery” but nonetheless able to produce a staggering number of pins because of the division of labor (WN, I.1.3, 15). While the idea of the division of labor is of central importance in Smith’s system, the passage on its own doesn’t take an *attitude* toward the well-being of the pinmakers. It is simply a positive description of the effects of the division of labor. By contrast, Smith’s famous statement in Book I that “[n]o society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable” (Passage #36 in the appendix, found at WN I.viii.36, 96) DOES appear to take an attitude towards the interests of the workers—an approving and protective one, in fact. This passage, and others like it, warranted inclusion in the results table.

Somewhat more complex decisions had to be made when Smith references the poor, or at least certain groups of the poor, in ways that appear derogatory. He clearly thinks, for instance, that the uneducated masses lack the judgment and perception to see things as they really are. The “mob” can’t understand that taxes raise the price of commodities (LJ 1766, 315, 533) or distinguish wealth and power from true virtue (TMS I.iii.3.2, 62 and VI.ii.I.21, 226). The “ignorant vulgar” believe superstitious stories that the knowledgeable despise (LRBL, ii.61, 111) and credulously attribute all the “irregular events of nature” to the will of gods or other supernatural beings (EPS, III.2, 49). In a slightly different vein, the “rabble” lack self-control in

list. Thus, the reference (WN, I.xi.1.3, 239) indicates a location in the third paragraph of the twelfth section of the eleventh chapter of the first book of *The Wealth of Nations*.

expressing their emotions (LRBL, ii.250, 198). Harsh as such comments can sound to modern ears, my general approach was to exclude them from the results set. It is possible, after all, to think that a group of people have poor taste while still sincerely desiring their well-being.

Smith also at times displays hostility when speaking of specific groups of the poor, as when he wishes some rioters in Lincolnshire against militia service to be hanged (CR, Smith to Gilbert Elliott, 7 September 1757, Letter 23, 21) or (though in a more descriptive mode) stating that the law could be used to prevent Irish peasants from “mobbish[ly]” preventing the export of cattle from their island, though such a scenario was mostly hypothetical (WN IV.ii.17, 460). In a different context, he describes the Roman plebians of Cicero’s day as a “the lowest most despicable people imaginable....[a] Rabble and Mob...a most wretched and miserable set of men” (LRBL, ii.157, 156). I usually excluded such statements—however charged—when it seemed clear that Smith was expressing his opinion about a particular group of people rather than the poor generally. The Lincolnshire riot involved a very specific group of people who used violence; the character of the Roman plebians was a consequence of a particular stage in history; the situation of the Irish peasants likewise seems idiosyncratic. I tried to *include* passages, though, when Smith seemed to be expressing a generalizable attitude even if was expressed in the context of a particular time and place. I did for instance report the “grievous” tithes and religious exactions placed on “poor people” in the Spanish and Portuguese colonies (#71, WN, IV.vii.b.20, 574) as probably implying the wider principle that excessive exactions from the poor are to be avoided. Similarly, I report Smith’s observation (#69, WN, IV.vii.a.3, 556-557) that the existence of slavery in ancient Rome reduced (what we would call) entrepreneurial opportunities for the poor in contrast with modern times. This claim about a specific historical

period perhaps implies some general hostility to slavery and openness to wealth creation on the part of the poor.

As the reader can surmise, some of the inclusion/exclusion decisions fell in grey areas where another scholar might reasonably have chosen differently. I tried to err on the side of inclusion, but it seemed both overwhelming and unedifying to track and report each and every search hit that was *excluded* along with a justification for that decision. I accordingly made such judgments “on the spot” in the course of the search. The cost of such a tactic, of course, is a loss of transparency and replicability; put differently, the resulting “dataset” is partly subjective to the present author and surely contains at least a few errors of inclusion or omission. By at least openly acknowledging these issues, my hope is that their effects can be mitigated by healthy caution on the part of the reader.

An additional source of complication must be acknowledged concerning the construction of the search “dataset” itself. This one flows from the need to have the unit of analysis (the individual rows or records in the table) be not bare context-free search terms themselves but also include the context in which they appear. For example, it would be futile and worthless to report passage #84 (WN, V.ii.e.,19) as simply an appearance of the word “poor.” To evaluate Carl Menger’s claim the user of the table needs to know the theme Smith is addressing and how the poor feature in that discussion. In the case of passage #84, my table only notes that Smith here describes the window-tax as creating an “inequality of the worst kind, in that it falls more heavily on the poor than on the rich.” Even that simple paraphrase requires an element of subjective judgment, for instance the decision not to refer to the hearth tax (mentioned in paragraph 16) or even to quote Smith’s example in paragraph 19 itself about the differential tax burden on a country house of ten pounds annual rent and a London house renting for five

hundred. The two considerations I strove to balance in these judgments were, first, the provision of sufficient detail to assess Menger's claim and, second, economy of space both for practicality's sake and for the sake of the reader who might otherwise be overwhelmed with detail.

The passage's exact location always allows the reader to check the wider context for the passage if he or she wishes. And this option to check context also guards against another class of subjective judgments—those concerning when a cluster of search term hits should be recorded as one record for analysis purposes and when as two or more. An example of this latter problem appears in Smith's discussion of grain merchants in Book Four, when he argues that “the interest of the inland dealer [in corn], and that of the great body of the people . . . are, even in years of the greatest scarcity, exactly the same . . . [b]y raising the price . . . [he] puts every body [*sic*] more or less, but particularly the inferior ranks of people, upon thrift and good management” (#66, WN, IV.v.a.3-5, 524-26). This passage contains both *great body of the people* and *inferior ranks*, both of which are search terms, but it seems absurd to split the quote into two records and analyze each separately. The search terms are obviously being used as synonyms or near-synonyms and Smith is developing one single argument in which he happens to use both.

Other such decisions are not as easy, and it was often difficult to decide when the physical or thematic distance between two search terms warranted combination as one passage and when separation into two or more. For this reason, comparisons from the “data” table that rely on the *number* of records (comparative totals, percentages of the total, and so on) have a wide cloud of imprecision around them and should be interpreted with caution. It would not be very meaningful, for instance, to draw firm conclusions from statements such as “Smith sides with the poor in 55 percent of the passages analyzed,” since what constitutes a passage is not a

wholly objective measure. In any case, a system of thought can't be fully evaluated through a measuring exercise; it has an actual *meaning* independent of the number of words or passages placed into certain categories. Critical thought is still required, and taking an inventory of passages is only meant to suggest and structure such thought. The inventory should still of course be evaluated with care and transparency, and to describing this task we now turn.

3. Interpreting the Search Results

After Smith's works were combed for matches for the search terms, irrelevant hits discarded, and individual hits combined (in some cases) and recorded as thematically coherent passages, there still remained the task of actually assessing each passage for its bearing on Menger's claim. I decided to rank each passage along two dimensions. The first tests whether Smith sees a conflict of interest between the rich and the poor. This interpretation is obviously delicate—to some degree anyone entering a market has a conflict with the other side of the transaction, as all wish to buy cheap and sell dear. But I tried to flag, as containing a rich-poor conflict, only those situations where a systematic conflict of interest occurred specifically between the rich and the poor as groups, rather than (only) as individuals. For example, Smith describes how the wealthy merchants expropriate the poor in China (#41, WN, I.ix.15, 112) or conversely how the “violence and rapacity” of the poor would lead them to expropriate the rich if they weren't restrained by the civil magistrate (#5, Lectures on Jurisprudence [LJ], 2009, vi.19, 338). Next, and independently of whether a rich vs. poor conflict existed, I assessed Smith's attitude in the passage toward the well-being of the poor.

Here, as also in the first dimension of judgment, there were three possible ratings for the passage. A “yes” rating indicates that Smith clearly valued the well-being of the poor and took

their part if there was a conflict of interest with the rich or some other group. (A conflict did not have to exist for a passage to receive a “yes” rating; in fact, I tried to treat the two ratings as independent.) A “no” rating indicates that Smith devalued the well-being of the poor, either by explicit indifference to their lot or active hostility to them (by being ready to sacrifice their material welfare to benefit the rich, for example). A passage could also be coded as “unclear.” While in principle such a rating could arise simply because the passage was poorly worded or Smith left his attitude unstated, in practice all the passages rated as “unclear” share a common trait. They all contain language that seems to either criticize the behavior of the poor, devalue their welfare, or at least forbid an action that might be in their short-term self-interest. At the same time, though, the passage either implicitly or explicitly invokes a framework in which the constraint on the poor might (arguably, and at least in Smith’s mind) be justified by the overall social benefit to be expected from application of the framework. The poor would conceivably share in this social benefit; their interests are not being deliberately subordinated *as a group* to the welfare of others. The poor are simply being asked to bear a burden that all members of society also share. A good example of a passage with this rating appears in the *Theory of Moral Sentiments* (TMS) when Smith writes:

One individual must never prefer himself so much even to any other individual, as to hurt or injure that other, in order to benefit himself. . . The poor man must neither defraud nor steal from the rich, though the acquisition might be much more beneficial to the one than the loss could be hurtful to the other. (#20; TMS, III.3.6, p. 138)

While Smith is asking the poor to forgo a short-term benefit here (which is even a “net” benefit to society in some crude sense) the decision rule he proposes is obviously meant to protect everyone and isn’t (necessarily) motivated by any hostility to the poor and their interests.

It could easily be argued that such a rule ultimately serves the long-term interests of the poor as well as the rest of society. Why, then, rate the passage as “unclear” with respect to Smith’s attitude? Doing so serves a few purposes. First, it flags the passage as requiring some explanation, a glossing process which should be transparent. Second, it encourages inspection of what I am calling Smith’s policy “frameworks”—both on grounds of sincerity (did Smith *believe* his decision rules were actually good for all, including the poor) and perhaps even on substantive grounds (was Smith *correct* to believe this?). While failures in the latter domain are probably not grounds to impugn Carl Menger’s claim—Smith’s substantive intent to be “on the side” of the poor is probably enough—they are well worth pondering, though this essay does little more than note such issues for the reader’s separate consideration. A final reason to use the rating of “unclear” is that there are indeed a few passages where Smith’s attitude toward the poor— even when invoking an interpretative framework—really does savor of paternalism or class supremacism, albeit not so clearly or grossly as to merit a straightforward rating of “no” with respect to Smith taking the poor’s side. What Smith might be up to in these passages in fact one of the more interesting questions raised by the project.

Keeping the search and categorization methodology (with all its limitations) firmly in mind, find the overall results of the search are still striking. Carl Menger’s assertion appears largely vindicated: although there are several ambiguous passages explored below, overall Smith overwhelmingly favors the poor and never explicitly advocates exploiting or harming them. These aggregate results are summarized in the following table.

<i>Dimension of Smith's Judgment</i>	Yes	No	Unclear	Total
Is there a conflict of interest between rich and poor?	41 (43%)	55 (57%)	0 (0%)	96 (100%)
Does Smith favor the interests of the poor in general (whether or not a conflict of interest exists)?	85 (89%)	0 (0%)	11 (11%)	96 (100%)
If there is a conflict of interest, does Smith favor the poor?	34 (83%)	0 (0%)	7 (17%)	41 (100%)

Table 2: Rich-Poor Conflicts and Menger's Claim

One striking impression from the first row of the results is that rich-poor conflicts of interest are *common* when the welfare of the poor is under discussion, occurring in a little less than half the passages analyzed. As detailed in the appendix, the rich, or more precisely specific groups of the rich, plunder the poor in Bengal (#35) and China (#41); strike better bargains with the poor in years of scarcity (#40); and benefit from mercantilism while the poor are harmed (#73 and a similar point in #52). Smith's tone is obviously sympathetic with the poor in these instances. But a series of related passages in the *Lectures on Jurisprudence* (and one in WN) explores another direction of the conflict; at least in the early period of property-owning society, the poor would also plunder the rich if they could. Civil government comes about to prevent this happening, and Smith in fact describes government and property as a combination of the rich to "oppress" the poor (meaning, to hold them down) and prevent their "open violence" (LJ passages #3, #5, #8; and #76 in WN). His attitude is less obviously sympathetic to the poor in such passages.^{‡‡} However—while too much should not be read into exact numerical comparisons, for all the reasons explained earlier—mentions of this second kind of conflict in Smith are much rarer than the first kind, in which the rich are in some sense the aggressors.

^{‡‡} By "attitude," of course, is meant not only Smith's feelings about the poor but their place in his system of thought, as noted earlier.

The second and third rows of Table 2 convey a second striking impression: that Smith really was almost always on the side of the poor, albeit with some debatable cases somewhat in tension with Carl Menger's sweeping judgment. While readers can reference the appendix for summaries and brief evaluations of each of these arguable passages (and all the other passages in the search results) some synthesizing discussion here in the body of the paper seems appropriate to address the "unclear" passages and develop other important themes from the results. I divide this discussion into two sections, corresponding to the two main "policy frameworks" that I view as particularly salient for Smith's discussion of the poor and their well-being. The first is the role of property rights, and the second the role of the system of natural liberty. These frameworks are of course both related and distinct in his mind, as when he judges that British industry is "perfectly secure . . . though it is far from being perfectly free" (WN, IV.v.b.43, 540). Both sections address passages in which Smith's sympathy for the poor is on full display, as well as others in which that sympathy is, at least on the surface, more questionable.

2.1 Opulence, Envy, and Indigence: The Role of Property

Many of the passages in which Smith's partiality towards the poor might be questioned discuss property and, therefore, inequality. Passages #76 (WN, V.i.b.2, p. 709) and #3 and #5 in the LJ (1762-63, iv.21, p. 208; 1762-63, vi.19, p. 338) are the most challenging to Carl Menger's claim. Smith's language seems harsh. In WN he describes the poor as invaders and potential perpetrators of injustice, motivated by envy as well as "hatred of labour and love of present ease and enjoyment" (#76). In the similarly flavored LJ passages, civil government protects the rich against the "violence and rapacity" of the poor (#5), who in #3 are described as making "inroads" and "attacks" on the rich. Several other passages lack the negative tone but describe inequality

more neutrally; these include #29 and #30 in Book I of WN, which both describe how landlords and the owners of capital come to receive part of the produce of labor as society develops.

Passage #77 from Book Five of WN also falls into this group; here Smith describes the development of hierarchy in the “Age of Shepherds” as a kind of mutual protection society for property-owners. Similarly to his argument in the LJ, he contends that to the extent that government exists to protect property, it is “is in reality instituted for the defense of the rich against the poor, or of those who have some property against those who have none at all” (#77, WN, V.i.b.12, 715).

There are strong arguments, however, that Smith’s position on property should not count as an exception to Menger’s claim—especially if our standard is his (Smith’s) own intentions as opposed to other views on inequality. The critical language about the poor and their motivations seems less an attack on their underlying character—or their moral desert—than merely a positive description of how a common human trait is expressed (somewhat understandably!) in the circumstances of the poor. The rich, after all, are also described as motivated to invade property by their “avarice and ambition” while the poor at least have the excuse of need (#76). Later in the same passage, by claiming that “the affluence of the few supposes the indigence of the many,” Smith even evokes the reader’s sympathy for the envy the poor feel for the rich—although he firmly defends property a few sentences later. He comments that the rich man or his ancestors may have worked many years to acquire his possessions and describes him as having “never provoked’ the poor to expropriate him. Though the rich man is threatened by “their injustice” [the injustice of the envious poor] it is perhaps significant that justly held wealth is viewed as the product of work, rather than aristocratic privilege.

Along the same lines, another passage from LJ speaks of government “protect[ing] the industry of individuals from the rapacity of their neighbours” and references the danger that, without property, “the indolent . . . would live upon the industrious, and spend whatever they produced” (#12). The categories “indolent” and “industrious,” which are open to all, have here replaced “rich” and “poor.” The replacement could suggest two very different shades of meaning. The first is that the rich deserve their wealth (and the poor their poverty) because of effort or lack thereof. But the second possibility is that Smith intended property rights to be accessible to all, the industrious poor as well as the rich. That the second interpretation is probably correct is suggested by Smith’s sympathetic description of the poor elsewhere; in passage #7 (LJ, 1762-63, vi.29, 341; see also the similar report at #10, LJ 1766, 211-213). The “rich and opulent merchant” labors very little or not at all, while the poor workers bear the brunt of actual effort but receive very little of its rewards. The common laborer “as it were supports the whole frame of society and furnishes the means of convenience and ease of all the rest” but “is himself possessed of a very small share [though] he bears on his shoulders the whole of mankind.” Clearly, Smith could not have written these very sympathetic words and also believed that the poor are poor *because* they are indolent. The second interpretation (that property rights are meant to benefit everyone) is also supported by a letter Smith wrote much later in life, to Lord Carlisle. Discussing the problems of Ireland, Smith noted that the Irish lacked “order, police, and a regular administration of justice *both to protect and to restrain the inferior ranks of people*, articles more essential to the progress of Industry than both coal and wood put together” (CR, Smith to Carlisle, 8 November 1779, Letter 202, p242). Consistently with his attitude in the LJ, Smith here advocates *both* protection and restraint of the poorer Irish, even though in the

same letter he describes the Protestants of Ireland as the “oppressors” and the “Papists” (presumably identified in his mind as the poorer party) as the “oppressed.”

The tensions in Smith’s discourse on property are also easier to reconcile when keeping his overall assessment of modern society in the foreground. Even Passage #7 in the LJ—which reads at times like a call for revolution—concludes with a description of the division of labor and its advantages *even to the poor laborer specifically*. Though such a laborer’s proportionate share of national output is “very small,” Smith only two sentences later describes the “*great* share he and the lowest of the people have of the conveniences of life” (LJ, 1762-63, vi.29, 341, emphasis added). Clearly what Smith has in mind here is a distinction between relative and absolute well-being. The same point is made at LJ #6 (1762-63, vi.19, 338-339) and its descendant in WN (#27, I.i.10-11, 22-24). The fame of this “common woolen coat” example perhaps obscures just how strong, and even paradoxical, Smith’s argument actually is. The division of labor doesn’t just raise the well-being of the average person in society; it creates “*universal* opulence which extends itself to the *lowest* ranks of the people” (WN, I.i.10, 22, emphasis added). Nor is Smith content to claim that a civilized person of the lowest rank is materially better off—even much better off—than a person of similar low rank in a primitive society. No, the “most common artificer or day-labourer” in a thriving European country is actually “accommodated” better than many African *kings* with 10,000 subjects [or an Indian prince with 1,000 in the LJ version], and not only that, but it is “perhaps” possible that the common laborer’s accommodation exceeds that of the primitive kings more than that of a European prince exceeds the common laborer!

It is only natural to wonder if these claims were actually true for the 1770s— much would seem to depend on how “accommodation” is defined. But the salient point for our purposes is that Smith’s implied justification for property ownership is anchored in the well-

being of the least well off. What appears to be a tension in Smith—his concern for the poor and for inequality, juxtaposed with a steadfast defense of property rights—is resolved by this justification strategy. If those poor who are indolent or rapacious are allowed to plunder the rich, no one would accumulate stock (capital) because of the fear of expropriation as described in #12 (LJ, 1766, 285-288, 521). Without stock, the division of labor with its great benefits for everyone’s standard of living can’t get underway. The overarching property system is highly beneficial even if the results sometimes feel capricious or even unfair; the inequality of the “fortunes of mankind” is “usefull” in that it arises from the “various degrees of capacity, industry, and diligence in the different individualls” (#5, LJ 1762-63, vi.19, 338). There may be a subtle implication here. Smith does not say that *all* inequality is useful—only the inequality that results from different degrees of natural ability and effort by *individuals*.

While going beyond Smith’s actual words becomes increasingly speculative, a possible implication is that inequality arising from (for example) class membership, connections, luck, fraud, corruption, or legal privilege would *not* be useful to society. If Smith had a qualification like this in mind, that might explain his often-scathing language about the rich and their behavior even though he obviously favors prosperity based on honest effort. He says, for instance, that the division of labor is so powerful that it makes the poor better off despite all the “oppression and tyranny” [!] that they suffer through the implied agency, at least, of “landlords, usurers, and tax gather[er]s” (LJ, 1762-63, vi.24, 339). This cast of characters suggests that some sources of wealth and power are less praiseworthy than others. It is worth recalling here that the wealthy protagonist (villain?) of the famous “invisible hand” paragraph of TMS is not a successful artisan but a “proud and unfeeling landlord . . . without a thought for the wants of his brethren” and Smith accuses the rich in general of “natural selfishness and rapacity.” In the close of the TMS

passage Smith again signals that *aristocratic landowners* are among the “rich” that he has in mind, when he says that the invisible hand sustains the poor even though “Providence divided the earth among a few lordly masters” (#23, TMS, IV.i.10, 183-185). Similarly, in WN Smith often associates the rich with political power and its abuse, such as the master tailors who lobby Parliament to suppress the wages of their workers (WN, I.x.c.61, 157-158) and the master-manufacturers who oppose free trade by political influence and even the threat of violence (WN, IV.ii.43, 471). In a society rife with mercantilism and other special privileges, it may well be that, for Smith, to be “rich” (and especially to be rich *and powerful*) would almost always imply complicity in anti-social abuses – even though wealth gained fairly (TMS, II.ii.2.1, 83) was not in itself objectionable.

Against (or at least in addition to) this admittedly speculative line of reasoning must be set the thread of discussion in TMS concerning rank and subordination, which might be read as more supportive of the wealthy and powerful. Smith, as is well known, argues that men sympathize more easily with “joy than with...sorrow” and so therefore everyone is disposed to “make parade of...riches, and conceal [poverty]” (TMS I.iii.2.1, 50). He poignantly describes the shame the poor man feels at his poverty and the indifference men naturally feel towards the suffering of their inferiors (#15, I.iii.2.1-2, 51-52). The wealthy and powerful attract loyalty and solicitude from inferiors, even when such obsequiousness brings no possibility of material reward (#18, I.iii.3.2, 62). Smith explicitly claims that differential perceptions of the rich and poor are “*necessary* both to establish and to maintain the distinction of ranks and the order of society” (I.iii..3.1, 61, emphasis added), a claim he makes also at (I.iii.2.3, 52), at (VI.ii..1.20, 226) (twice in one paragraph!), and at (VI.iii.30, 253). In the last referenced passage he supplements the argument by claiming that the disposition to admire the successful (however

unethical or even violent) helps preserve civil peace, by reconciling people to oppressions that otherwise might be unbearable (VI.iii.31, 253).

This undoubted theme in Smith's thought does not, however, overthrow the view we are testing that he valued the welfare of the poor and was almost always their partisan in conflicts with the rich. To *describe* a psychological "disposition" for men to "admire, and almost to worship" the rich and powerful is not to endorse it. This disposition, after all, he calls "the great and most universal cause of the corruption of our moral sentiments" (#17, TMS I.iii.3.1, 61). It is also obvious that Smith neither *wishes* this psychological dynamic to lead to material impoverishment of workers, nor thinks it has done so; he claims that the pay of the "meanest labourer" is enough to afford "food and clothing, the comfort of a house, and of a family" (TMS I.iii.2, 50). He is at pains to praise the non-rich, contrasting the humility, honesty, justice, prudence, and temperance of successful people from the "middling and inferior station[s]" of life (I.iii.3.2-5, 62-63) with the poor character of those who prevail in courtly intrigue—the "insolent and insignificant flatterers" whose accomplishments are "frivolous" and who gain high rank only because "flattery and falsehood too often prevail over merit and abilities" (I.iii.3.6, 63). Further, the whole burden of his discourse on the "poor man's son...visited with ambition" (#22, TMS IV.1.8, 181) is that wealth and greatness are ultimately "vain and empty," indeed "enormous and operose machines...[which] require[e] the labour of a life to raise" but provide no protection against the suffering inherent in the human condition (TMS, IV.1.8, 182-83). A plausible reading of the aforementioned TMS passage featuring the "invisible hand" (IV.1.9-11, 183-185) is that the true beneficiaries of wealth and power are not the rich themselves, but the poor who receive "nearly the same distribution of the necessaries of life" which would have been made under perfect equality. In the "real happiness of human life" the poor are nearly on the level of

kings, without (one might interpolate, though Smith does not explicitly say so) having to suffer the worry, toil, and risk that power requires (IV.1.10, 185).

Just as “nature imposes” (misleads!) some men into chasing after wealth—who then ultimately create subsistence and employment for all, albeit unintentionally (IV.1.10, 183-184), Smith might be read as implying a similar hidden dynamic with respect to political authority. To modern ears it sounds quaintly reactionary to say that “Nature” rebels against the idea that kingly authority rests ultimately on the public good, in favor of an instinct “to submit to them for their own sake, to tremble and bow down before their exalted station” (TMS I.iii.2.3, 53). But since wealth and greatness attract respect (I.iii.3.4, 62) the most effective way for “Nature” to promote peace and order might be to focus obedience at the same points (VI.ii.1.20, 226). Just as the “proud and unfeeling landlord” of (IV.1.10, 184) cares only for himself, but unintentionally provides for the masses, so perhaps the selfish *political* ambition of kings, courtiers, and aristocrats creates the public good of “peace and order.” In both cases, the apparently subordinated commoners in fact get the best of the deal. What they give up—luxuries and high social status—are not really of lasting worth anyway. And they do not have to endure the moral corruption, or run the very real risks, connected with the pursuit and retention of political power. Whether this defense of the “distinction of ranks” is actually *convincing* is of course a different question. The point instead is that, as a plausible reading of Smith’s argument, it is despite first appearances compatible with friendliness toward the poor and powerless.

Such a nuanced view of wealth and power illuminates the instances in WN in which Smith appears willing to tilt the tax system against the wealthy in favor of the common people. In Passage #78 (WN, V.1.d.5, 725 & V.1.d.13, 728), Smith advocates higher highway tolls for “carriages of luxury” than for “carriages of necessary use” such as carts and wagons. In this way,

the “indolence and vanity of the rich” in effect subsidizes more humble traffic, and thus “contribute[s] in a very easy manner to the relief of the poor.” In a similar spirit, in #83 (WN, V.ii.e.6, 842) Smith advocates taxes on house-rents, which he thinks will bear more heavily on the rich than on the poor (who spend most of their money on food, not housing). He argues that it is “not very unreasonable that the rich should contribute to the public expence, not only in proportion to their revenue, but something more than in that proportion.” It is true, as others have noted (McLean 2006, p. 96; Fleischacker 2004, p. 205) that these passages have a redistributive flavor—thought what they describe is not “true” redistribution in the sense of a direct transfer of wealth from rich to poor. Given his measured defense of property elsewhere, it is hard to see Smith endorsing such redistribution (at least on a large scale). One alternative way of describing the proposals of #78 and #83 is that they extend the common benefits of government (law, order, defense, and certain public works) to the poor at a discount. The marginal cost of providing such benefits is in any case near zero, and furthermore some of the individuals currently receiving the “discount” might in the future pay closer to full fare (by transitioning from apprentices to masters, for instance). The tax proposal of passage #82 (WN, V.ii.c.14, 831) differs somewhat in its rationale in that Smith advocates higher taxes on rents *in kind* explicitly in order to discourage them, not out of some quasi-redistributive motive. The goal is still favorable toward the poor however, since such rents (according to Smith) “are always more hurtful to the tenant than beneficial to the landlord.” His proposal is cautious, speaking only of “valuing . . . such rents rather high” so that they will be “tax[ed] somewhat higher than common money rents [in order that] a practice . . . hurtful to the whole community might perhaps be sufficiently discouraged.” The gloss of the Glasgow editors that such differential taxes attempt to “control the activities of individuals” seems overstated (WN, V.ii.c, 832 and 832 n.). If the necessity of collecting *some*

tax revenue is granted, there must be some scope for governments to select the most desirable (or least undesirable) modes of collection. The promotion, on the margin, of more efficient (or fair?) rental arrangements is not perhaps unreasonable.

A final installment in this discussion of property rights lies in the area of the long-run tendency of a stable and just commercial society toward economic growth. Smith had announced, even in the introduction to WN, that ordinary workers are better off in modern commercial society than they would be in a hunter-gatherer order (Smith, WN, Introduction, 5, p. 10). But this point, already explored, doesn't itself imply *continuing* improvement for workers once a commercial society is achieved. The "dynamics" of well-being are instead developed in the eighth chapter of the *Wealth of Nations*. Here, Smith asserts that workers are better off in a society with economic growth—one that is "advancing with . . . rapidity to the further acquisition of riches"—than in one that is not growing, even if its absolute level of wealth is high (WN, I.viii.23-24, 87-89). The causal mechanism for this phenomenon is population change; along with Cantillon and others, Smith held a proto-Malthusian view of demography in which "the demand for men, like that of any other commodity . . . regulates the production of men." High wages encouraged large families; low wages checked births, until population readjusted itself to the demand for labor (WN, I.viii.40, 98). Workers therefore enjoyed prosperity (high wages) when a rising demand for labor outpaced the increase of population. Smith thought this was particularly the case in the English North American colonies, where despite a rapidly growing population wages were very high. The labor even of children was so valued there that a widow with offspring was "courted as a sort of fortune" (!) (WN, I.viii.23, p. 89).

The optimistic implications of this view tend to be obscured by subsequent Malthusian thinking. For Malthus the availability of land, or rather food, was the dominant factor for living

standards. Through Malthusian eyes, the thriving condition of the workers in the English North American colonies was a temporary boon from the discovery of an uncultivated continent. It would last only until the breakneck advance of population filled up the available land and began to be constrained by available food production. On this view, the North American experience offered no lessons for Europe—a continent long fully settled and cultivated. But this is to obscure Smith’s somewhat different argument, which Malthus in fact recognized as different and specifically attacked (Malthus 1798, chap. XVI). Smith emphasized that the demand for labor is determined by “the funds destined for the payment of wages, the revenue and stock of its inhabitants,” namely, rent and capital. It is the rapid increase of these “funds” that leads to a high standard of living for workers. While the availability of frontier land in North America certainly helps raise wages, there is no inherent reason that even in a settled country growing capital could not outrace the growth of population—even to the point of outracing it indefinitely. On a deeper level, the interplay in Smith’s system between the extent of the market, growing wealth, and the division of labor arguably implies a virtuous cycle of open-ended growth even if Smith never quite says so explicitly (Richardson 1975). Smith *does* explicitly say that England is “advancing to greater wealth” more rapidly than Scotland, a fact leading to higher wages in England (WN, I.xi.e.35, 209). But since England had been settled and civilized for almost two millennia by Smith’s day, this certainly implies the possibility of growth in an old country.

The discussion of China in Chapter Nine sharpens this optimistic interpretation of Smithian growth still further. Though “long stationary” and having “acquired that full complement of riches which is consistent with the nature of its laws and institutions,” Smith explicitly says that China could acquire much more wealth if it had *different* laws and institutions (WN, I.ix.15, 111-112). It would, for instance, need to abandon its restrictions on foreign trade.

But then Smith adds a remarkable second consideration. In China, he says, “the rich or the owners of large capitals enjoy a great deal of security.” If Smith were truly a paladin of the wealthy this would be a sufficient description. But he immediately continues, saying that:

the poor or the owners of small capitals enjoy scarce any [security], but are liable, under the pretence of justice, to be pillaged and plundered at any time by the inferior mandarins ...[as a result] the quantity of stock employed in all the branches of business [in China]... can never be equal to what the nature and extent of that business might admit. (WN, I.ix.15, 112)

Logically, the implication is that a more equitable administration of justice—for the rich as well as the poor—would allow more capital creation in China. This in turn would raise wages, implying a virtuous cycle in which just treatment of the poor and striving classes raises the wages of their own group in part through their own efforts as savers and entrepreneurs. This is all well-trodden terrain in the history of economic thought, but what is worth emphasizing is that in Smith’s system economic growth is the key to *worker* prosperity. (The owners of capital in Smith’s model of static China already do quite well for themselves; it is those who own only their labor who are trapped on the edge of subsistence.) But since Smith links growth with capital accumulation, and capital accumulation requires security of possession, we can again link conservative-seeming statements about the need to protect property holders with Smith’s almost radical language in favor of the poor. Especially in the long run, they are not ultimately in tension.

2.2 Sacred and Just: The Poor in the System of Natural Liberty

A second notable theme emerging from the textual search—overlapping though not coterminous with inter-group conflict—is Smith’s frequent invocation of the “system of natural liberty” in

defense of the poor. This theme appears even in Smith's familiar description of the system in Book Four of WN:

All systems either of preference or of restraint, therefore, being thus completely taken away, the obvious and simple system of natural liberty establishes itself of its own accord. Every man, as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest his own way, and to bring both his industry and capital into competition with those of any other man, or order of men. (WN, IV.9.51, p. 687)

While the poor are not explicitly mentioned here, it is worth recognizing that in only two sentences Smith explicitly or implicitly calls for (1) the elimination of mercantilism, (2) free labor markets, (3) highly competitive product markets, and (4) the elimination of class and guild privilege in economic matters. The endorsement of labor mobility is even clearer elsewhere, as in Smith's condemnation of the Law of Settlement and Removal in Book I:

To remove a man who has committed no misdemeanour from the parish where he chuses to reside, is an evident violation of natural liberty and justice. (#48, WN, I.x.c.59, p. 157)

Here, while the liberty asserted is generically that of "a man," Smith clearly intends to include the liberty of workers or other poor individuals. Their right to labor mobility is made even more clear in Smith's well-known summary judgment on apprenticeships (and, implicitly, other privileged positions in product markets):

The property which every man has in his own labour, as it is the original foundation of all other property, so it is the most sacred and inviolable. The patrimony of a poor man lies in the strength and dexterity of his hands; and to hinder him from employing this strength and dexterity in what manner he thinks proper without injury to his neighbour, is a plain violation of this most sacred property. It is a manifest encroachment upon the just liberty both of the workman, and of those who might be disposed to employ him. (#42, WN, I.x.c.12, p. 138.)

Unlike the previous one, this passage appears in our search results table because Smith chooses the phrase "the patrimony of a *poor* man" rather than simply "the patrimony of a man." The

Statute of Apprentices was most binding on people who had to live by their labor, of course, so the qualifying adjective was perfectly appropriate; but it is significant how visible is the workman and his “just liberty” as against the more generic and colorless “those who might be disposed to employ him.” And while the idea of property is invoked, Smith could not be clearer that he views workers’ ownership of their own labor as a higher kind of property—as *the* most important property right, in fact: it is “most sacred” (twice!), “inviolable,” and “the original foundation of all other property.”^{§§} The “just liberty” of worker mobility and choice of occupation is really only another way of describing the implications of worker self-ownership, and vice versa. Smith’s sweeping policy prescription for the labor market as a whole, which is wholly compatible with #42 above, makes the equivalence clear.

Let the same natural liberty of exercising what species of industry they please, be restored to all his Majesty's subjects . . . that is, break down the exclusive privileges of corporations, and repeal the statute of apprenticeship, both which are real encroachments upon natural liberty, and add to these the repeal of the law of settlements, so that a poor workman, when thrown out of employment either in one trade or in one place, may seek for it in another trade or in another place without the fear either of a prosecution or of a removal. (#61, WN, IV.ii.42, 470)

As this passage illustrates—and in line with what I have argued elsewhere (Martin 2015) - Smith’s pronouncements about workers’ liberty are even more impactful when modern readers recall their historical context. While such readers may differ about the desirability of unfettered labor markets, the choice in Smith’s time was not between some kind of laissez-faire regime and legislation at least ostensibly friendly to worker interests. In the late eighteenth century

^{§§} That there is a hierarchy of justice for Smith seems supported at TMS, II.ii.2.3, p. 84, which describes the “most sacred laws of justice” as guarding the “life and person” of an individual, followed by those guarding his “property and possessions.” Note the repeat appearance of the phrase “most sacred” in TMS and WN.

significant labor market regulations *intentionally adverse* to the pecuniary interests of poor workers still existed, albeit in a somewhat patchy and weakened state compared to what they had been in earlier centuries. Smith's moral fervor for labor market liberalization *was* the reformist position in such circumstances.

None of this is to claim that Smith upheld the system of natural liberty in all circumstances or viewed it as always conducive to the interests of the poor. There are well-known occasions when Smith advised a departure from the system's rules, although he himself tended to draw attention to such occasions as exceptions to the general rule (Klein 2012). For our purposes, it is significant that the few such exceptions in the search results are often justified by appeal to the well-being of the poor, and not by appeal to the interest or well-being of the rich. One such example concerns trade in grain, which Smith discusses with frequent reference to the welfare of the "great body of the people" (#68, IV.v.b.32-39, 535-539). He argues strenuously for a free internal grain market and even defends speculators or "forestallers." Smith opposes any obstacle to importation and praises the merchants who facilitate this trade. In the case of grain exporters, though, Smith's position is somewhat more nuanced. Europe as a whole would be best served if all its countries maintained a policy of universal free grain import and export; various countries could then relieve each other's occasional poor harvests just like provinces under one government. In reality, of course, "very few countries have entirely adopted this liberal system"; export embargoes were common. In such a situation, it might sometimes be dangerous for a country to open its market to grain exports if its harvest were small compared to the need of trading partners; it would export grain but import famine among its own citizens. But Smith no sooner explains this justification for an export restriction than he qualifies it. It might "sometimes" be necessary to restrain exports in a small Swiss canton, but "scarce never be so" in

a larger market such as France or England. And he characteristically notes that such a restriction violates the liberty of farmers to sell their crops in the best market. It would

sacrifice the ordinary laws of justice to an idea of public utility, to a sort of reason of state; an act of legislative authority which ought to be exercised only, which can be pardoned only in cases of the most urgent necessity. (WN, IV.v.b.32-39, 535)

While the interests of the poor are not explicitly visible in Smith's summing up, they are obviously subsumed in "public utility," and in any case it would not be the wealthy who would be exposed to the rigors of famine.

A similar justification appears for the proposed prohibition on small banknotes discussed at passage #53 (WN, II.ii.90, 323). The policy is supposed to protect poor holders of such notes from "great calamity" if the issuing bank were to fail, though later Smith implies that these notes could "endanger the security of the whole society" thus justifying a restriction on the "natural liberty of a few individuals." He compares the banknotes restrictions to a law requiring "party" [intervening] walls between houses to prevent the spread of fire. This implicit appeal to third-party effects is a slightly different argument from that justifying wheat export restrictions, which were authorized by overwhelming public utility.

A larger departure from the system of natural liberty in the service of the poor—though one significantly more difficult to interpret—may be Smith's prescription for primary education (appearing as passage #79 in the text search, WN V.i.f.52-57, 784-785). On first reading, Smith seems to advocate a kind of minimal public education—provided partly at public expense—that is "impose[d]" on "almost" the whole body of the people. It is designed to ensure that the poor don't become completely ignorant as a result of the stultifying effects of the division of labor (WN, V.i.f.50-57). Whatever its ultimate merit, at face value this position is both mildly

“redistributive” relative to property rights and coercive relative to the time choices of the poor (or at least of poor families). Yet educating the poor, even coercively, helps sustain the framework of society on which the system of natural liberty depends in the first place (see Klein & Clark 2010, for a discussion of such tradeoffs). There is, for example, a martial benefit: Smith argues that a citizenry able to fight can assist the regular army in case of invasion and also check the danger of a military coup (WN, V.i.f.59, 786-787). Providing a minimal education to the members of the national militia is not, perhaps, so qualitatively different an expense from training regulars or stocking rifles in the armories—both core state functions even in a limited government. Likewise, education aids in the preservation of just order by inoculating the people against “delusions of enthusiasm.” It improves politics by helping ordinary people see through “the interested complaints of faction and sedition.” Still, Smith explicitly says that “though the state were to derive no advantage from the instruction of the inferior ranks of people, it would still deserve its attention that they should not be altogether uninstructed” (WN, V.i.f.61, 788). The policy at least appears to be a mild violation of the system of natural liberty, justified (as was the grain export restriction) by an appeal to overall social good.

Whether this reading actually represents Smith’s true policy preference (or at least his settled judgment) is contestable. The contrary case is ably argued by Drylie (2016), who points out that Smith’s discussion of education in the *Wealth of Nations* ranges over several dozen pages and is neither fully internally consistent nor clear at all times. While Smith’s reference to the “publick” paying part of teacher’s salaries at (V.i.f.55, 785) seems to imply at least local government support, it is at least possible that voluntary charity is contemplated instead. The possibility is strengthened by Smith’s later statement at the end of the chapter on the expenses of the sovereign that, while education could “without injustice, be defrayed by the general

contribution of the whole society . . . [t]his expence . . . might perhaps with equal propriety . . . be defrayed by those who receive the immediate benefit [apparently, the students] . . . or by . . . voluntary contribution” (WN, V.i.i.5, 815). This is an almost excessively hedged and ambivalent “endorsement” of tax financing, if it is an endorsement at all. Likewise, whether the schooling is compulsory in a modern sense is also not clear; the method by which the “public” is supposed to “impose” attendance on most students is not civil or criminal penalties, but rather credentialing requirements for entry into various trades (WN, V.i.f.57, 786). But whichever interpretation of Smith’s view of common education (i.e., as compatible or incompatible with the system of natural liberty) is correct, both *are* compatible with a strong and absolutely clear concern for the welfare of ordinary people, and that is the chief point of interest for testing Menger’s claim.

A final small set of passages (#87, #89, and #94) relate to natural liberty and are potentially subversive of Menger’s assertion. At least on their face, these savor either of paternalism, callousness, or class supremacism on Smith’s part. Passage #87 in WN (V.ii.k.7, 872) is the most challenging. Smith here seems to approve taxes on luxuries (such as tobacco, tea and sugar, and liquor) to discourage wasteful habits. The sober and industrious poor will not be much affected by this, he argues, and in fact will be able to raise more children because of the frugality forced on them by what are effectively sumptuary taxes. The “dissolute” poor—at least, those who don’t change their consumption patterns—will however be distressed by the new taxes and able to raise fewer children. Smith argues that this policy won’t diminish the “useful population” of the country much, since the “dissolute” had few children anyway and most of them also grow up to be dissolute given the bad environment. If there is an instance of callousness toward the poor in Smith’s works, this is it. He comes perilously close to implying that the tax will cause more deaths among the children of the “dissolute,” but that this isn’t to be

regretted since they wouldn't be useful to the society anyway (!). Nonetheless, several considerations soften Smith's harshness here. First, there is at least a little doubt whether he is actually *advocating* such taxes or just engaging in a lengthy "positive" analysis of their effects. Second, while his attitude toward the industrious poor (those who cut back on luxuries after the taxes) is indeed paternalistic, it is not hostile; he claims that the policy will actually help such people.^{***} Third, the careful wording of one clause in particular suggests Smith may be playing a deeper game than the overt discussion of taxes suggests. He writes that "*all the poor indeed are not sober and industrious . . .*" (WN, V.ii.k.7, 872, emphasis added). This strange construction should be read in the context of the extremely condescending attitude held by many of Smith's contemporaries about the poor and their habits, including hyperbolic anxiety about their consumption of supposed luxuries (including tea) (Furniss 1920, 154–155, Martin 2015). By his roundabout wording Smith may have been reprogramming his upper- and middle-class *readers* to view the poor as being worthy of respect by default, with only a few of them not contributing to society. (To see this possibility more clearly, compare what Smith actually wrote with the alternative formulation, "All of the poor indeed are not dissolute and disorderly.") Smith was very capable of this sort of cautiousness (Henderson 2004) and in fact may have practiced it in a letter on the same topic, dating probably from the middle 1780s:

I dislike all taxes that may affect the necessary expenses of the poor. They, according to circumstances, either oppress the people immediately subject to

^{***} It is useful here to recall Smith's observation in TMS that the path to virtue and [moderate] fortune in the "middling and inferior stations of life" requires prudence and temperance. Only those in the superior stations can afford to indulge in vice and folly, though Smith's attitude towards such people—or at least towards courtiers—verges on open contempt (TMS I.iii.3.5-7, 63-64).

them, or are repaid with great interest by the rich, i.e. by their employers in the advanced wages of their labour. Taxes on the luxuries of the poor, upon their beer and other spirituous liquors, for example, I am so far from disapproving, that I look upon them as the best of sumptuary laws. (#96, CR, Smith to Sinclair, 1/30/1786 [?], Letter 299, 327, italics in published version).

While this letter lacks the harsh implication of raising the death rate for the dissolute poor (and so is not rated as adverse to their well-being), Smith's hedging abilities are still on full display. His letter can be read as both fully approving of taxes on luxuries and the opposite interpretation of not approving of them at all (if, for instance, they were the best of sumptuary laws, but sumptuary laws were themselves bad). But it is difficult to know if Smith had a motive to hedge with Sinclair. The latter, in the 1780s, was a rising member of the gentry and young Member of Parliament. He would later be made a baronet and Privy Councilor ("Obituary," 1836). Thus, while Sinclair was more powerful in later life, it is hard to understand why Smith (who should by this time have been well beyond any anxiety about his finances or public stature) would have gone to such lengths to conceal his true views about luxury taxes out of fear or desire to curry favor. In the absence of further information, it seems that Smith really was willing to use the tax system to express mildly paternalistic views about the consumption habits of the poor. This is perhaps marginally troubling for Smith's reputation as an advocate of liberty, but since the policy isn't adverse to their interests (at least as Smith assumed them to be!) it should not impugn Menger's claim.

Passages #89 and #94 are the remaining challenges to Smith's reputation as a consistent friend to the poor. The second can perhaps be dismissed quickly; in the midst of a long discussion of Scottish medical degrees, Smith says that "stage-doctors" (an extreme form of quack) are not truly competitors of credentialed physicians because "[t]hey only poison the poor people" (CR, Smith to William Cullen, 9/20/1774, Letter 143, 176). While this on its face is a

cruel statement, it is clear from the context of the letter that Smith is speaking not in his own voice but in the imagined voice of medical faculty jealous of competition. In a private letter such mild sarcasm—if anything, mocking the callousness of the faculty, not the poor—seems entirely forgivable. The final passage marked “unclear” relative to the poor’s interests, #89 (WN, V.ii.k.44, 888) is only slightly more troubling. Smith here recommends that only the luxuries, and not the necessities, of the poor be taxed, ostensibly because taxing necessities would either “raise the wages of labour, or lessen the demand for it.” If the wages of labour were raised, this would “thro[w] the final payment of the tax upon the superior ranks of people,” in what is on its face a class supremacist argument that privileges the interests of the rich. However, in the broader context of the passage, it is clear that Smith is engaged in a wide-ranging discussion of optimal tax policy that taken as a whole does not have a supremacist tilt. The reason not to burden the upper classes with the tax on necessities is partly (as Smith explains in the preceding paragraph) because they control a smaller share of national income despite their individual opulence. Given their overwhelmingly greater numbers, the common people simply *must* be taxed to raise sufficient revenue. Nearby however (at V.ii.45, 889, and at #88, V.ii.k.55, 893) Smith expresses his willingness to tax the luxuries of rich families, and in fact blames them for securing a tax exemption that relatively disadvantages “the poor labourer and artificer.” Finally, since in the original discussion a tax on necessities risks “raising the wages of labour,” it must be remembered that in Smith’s wage theory the mechanism for this effect would be a decrease in population or at least population growth. To deflect such a policy was in truth a very humane and pro-worker decision on Smith’s part, and in light of all these considerations we can dismiss this one final challenge to Carl Menger’s claim.

CONCLUSION

The extensive textual search described in this paper confirms the sense of modern scholars that Adam Smith was distinctly favorable to the interest of the poor. This partiality, nevertheless, was refracted through—and is only coherent when paired with—his strong commitment to the system of natural liberty and the benefits of strong property rights, both of which contribute to economic growth. Within these policy frameworks, Smith’s strong defense of property rights in the *LJ* (even in the context of inequality and unfairness) is compatible with his warmth toward the poor elsewhere. Likewise, within the system of natural liberty, it is wholly consistent to combine advocacy of (say) free trade with passionate defense of workers’ labor market freedom. Though Smith never quite said so explicitly, this labor market freedom might well be viewed as the primarily “distributional” arm of his thought—ensuring that workers could capture higher wages and hence living standards—while it was the robust defense of property rights that made long-run improvement possible. His belief that British living standards were in fact increasing because of these mechanisms without (and indeed despite) government action (WN, I.viii.35-36, 95-96 and IV.v.b.43, 540) no doubt buttressed his limited (though nonzero) interest in using either government mandates or revenue to improve the lot of the poor.

To close, a few brief reflections apposite to our own times may be in order. As the inventoried passages show, Smith was by no means a Panglossian defender of the status quo of his age. Far from imagining that contemporary civilization embodied perfect justice, he was bitter in his attacks on its follies and cruelties. The system of natural liberty, in particular, was not something that he imagined existed already but rather something that he wanted to see *established* despite his fear that selfish interests would never allow such an ideal outcome (#61,

WN, 1981, IV.ii.4-432, 470-471). And while he considered that property rights in Great Britain herself were secure, it was abundantly clear that he viewed their improvement a matter of great moral urgency for the rest of the world, implicitly including self-ownership in the case of victims of the slave trade (TMS, V.2.9, 206). He was not even blind to the costs (inequality and unfairness) inseparable from the commercial society he on net supported; and he understood that property rights sometimes sheltered the rewards of power and fortune as well as of industry and ability. Smith's position on the relationship between rich and poor was therefore less a static analysis than a dynamic reform agenda, and an agenda of judgment and perception as well as of law and policy. It seems fitting then to close with Smith's observation on human nature from TMS (I.iii.3.2, 61-62): that respect and admiration, though deserved only by wisdom and virtue, are often bestowed on riches and power; likewise, the contempt deserved only by folly and vice is often most unjustly directed at poverty and weakness.

The appendix to this paper, a large table listing each of the passages analyzed in the text, may be downloaded from the following website:

http://econfaculty.gmu.edu/klein/Assets/Martin_C._Smith%20Poverty%20Tables.xlsx

REFERENCES

- Bhalla, J. 2016, March 8. Adam Smith was a behavioral economist and no fan of greed. Big Think, bigthink.com.
- Boucoyannis, D., 2013. The equalizing hand: why Adam Smith thought the market should produce wealth without steep inequality. *Perspectives on Politics* (4), 1051-1070.
- Cantillon, R. 2003. Essay on the nature of commerce in general. In S. G. Medema & W. J. Samuels (Eds.) *The History of Economic Thought: A Reader*. New York: Routledge, 79–94.
- Drylie, S. 2016. Interpreting Adam Smith's Views on the Education of the Poor in the Age of Benevolence (Unpublished Dissertation). George Mason University, Fairfax, VA.
- Fleischacker, S. 2004. *On Adam Smith's Wealth of Nations*. Princeton: Princeton University Press.
- Furniss, E. S. 1920. *The Position of the Laborer in a System of Nationalism: A Study in the Labor Theories of the Later English Mercantilists*. Boston: Houghton Mifflin.
- Henderson, W. 2004. A very cautious, or a very polite, Dr Smith? Hedging in the Wealth of Nations. *Adam Smith Review* Vol. I, 72–96.
- Klein, Daniel B. 2012. *Knowledge and Coordination: A Liberal Interpretation*. New York: Oxford University Press.
- Klein, D. B., & Clark, M. 2010. Direct and overall liberty: areas and extent of disagreement. *Reason Papers* 32, 41–66.
- Malthus, T. R. 1798. *An Essay on the Principle of Population, as It Affects the Future Improvement of Society, with Remarks on the Speculations of Mr. Godwin, M.*

- Condorcet, and Other Writers, 1st ed.. London: J. Johnson. Retrieved from <http://oll.libertyfund.org/title/311>.
- Macdonald, K.I. 2019. Of Shame and Poverty; and on Misreading Sen and Adam Smith. *Adam Smith Review* 11: 111-262.
- Martin, C. 2015. Equity, besides: Adam Smith and the utility of poverty. *Journal of the History of Economic Thought* 3, no. 4: 559–581.
- McLean, I. 2006. *Adam Smith, Radical and Egalitarian: An Interpretation for The Twenty-First Century*. Edinburgh University Press.
- Menger, C. 2016. The social theories of classical political economy and modern economic policy. *Econ Journal Watch*, 13, no. 3, 467–489.
- Muller, J. Z. 1995. *Adam Smith in His Time and Ours: Designing the Decent Society*. Princeton University Press.
- Norman, J. 2018 June 22. How Adam Smith would fix capitalism. *Financial Times*.
- Obituary: Sir John Sinclair. *The Gentleman's Magazine* 5 (June 1836): 431–433.
- Rashid, S. 1977. Richard Whately and Christian political economy at Oxford and Dublin. *Journal of the History of Ideas*, 38, no. 1 147–155.
- Rasmussen, D. C. 2016 June 9. The problem with inequality according to Adam Smith. *The Atlantic*.
- Richardson, G. B. 1975. Adam Smith on competition and increasing returns. In *Essays on Adam Smith*, 350-360. Oxford: Clarendon Press.
- Robbins, B. L. R., 1978. *The Theory of Economic Policy in English Classical Political Economy*. [City.] Porcupine Press.

- Rothschild, E. 1992. Adam Smith and conservative economics. *Economic History Review*, New Series, 45, no. 1, 74–96.
- Rothschild, E. 2001. *Economic Sentiments: Adam Smith, Condorcet, and the Enlightenment*. Cambridge: Harvard University Press.
- Smith, A. 1869. *Essays On, I. Moral Sentiments; II. Astronomical Inquiries; III. Formation of Languages; IV. History of Ancient Physics; V. Ancient Logic and Metaphysics; VI. The Imitative Arts; VII. Music, Dancing, Poetry; VIII. The External Senses; IX. English and Italian Verses*. Joseph Black and James Hutton (Eds.) London: Alex. Murray & Son.
- Smith, A. 1896. *Lectures on Justice, Police, Revenue and Arms Delivered in the University of Glasgow by Adam Smith, Reported by a Student in 1763*. E. Cannan (Ed.) Oxford: Clarendon Press.
- Smith, A. 1904. *An Inquiry into the Nature and Causes of the Wealth of Nations*. E. Cannan (Ed.) London: Methuen.
- Smith, A., 1987. *The Correspondence of Adam Smith*, E. C. Mossner and I. S. Ross (Eds.) Indianapolis, IN: Liberty Fund.
- Smith, A., 1981. *An Inquiry Into the Nature and Causes of the Wealth of Nations*. R.H. Campbell, A.S. Skinner and W.B Todd (Eds) Indianapolis, IN: Liberty Fund.
- Smith, A., 1982. *Essays on Philosophical Subjects*. W.P.D Wightman and J.C. Bryce (Eds.) Indianapolis, IN: Liberty Fund.
- Smith, A., 1982. *The Theory of Moral Sentiments*. D.D. Raphael and A.L. Macfie (Eds.) Indianapolis, IN: Liberty Fund.
- Smith, A., 2009. *Lectures on Jurisprudence*. R. L. Meek, D. D. Raphael, and P. G. Stein (Eds.). Indianapolis, IN: Liberty Fund.

Smith. A., 1985. Lectures on Rhetoric and Belles Lettres, J.C. Bryce (Ed.) Indianapolis, IN.