Adam Smith and Catholic Social Teaching

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Abstract

The connections between Adam Smith and Catholic Social Teaching (CST) raise several questions. The principle of subsidiarity adopted in CST, according to which higher associations should not replace subordinate organizations on what the latter can do, seems to be in line with the idea that governmental intervention in the market sphere should be restricted to the minimum required, in line with what is typically seen as Smith's view. But the principle of the common good would also recommend intervention from political authorities in order to ensure that the common good is achieved. Here I shall argue that this question must be addressed taking into account another principle of CST, the principle of solidarity, and also the basic principle of CST, regarding human dignity. To do so, it is necessary to understand how the various principles of CST spring from the notion of *imago Dei* in CST, which is behind the notion of human dignity. This leads to a relational conception of human beings which can be fruitfully articulated with Smith's moral philosophy and political economy.

Keywords: Catholic Social Teaching, Human Dignity, Dignity of Work, Adam Smith, Sympathy

Introduction

The relevance of Catholic Social Teaching (CST), and Catholic Social Thought in general, has been addressed in recent contributions to business ethics (Costa and Ramos, 2012; Guitián, 2009; Klein and Laczniak 2013; Sandelands 2009; Santos and Laczniak 2009; Sison, Ferrero and Guitián, 2016, Wolcott, 2018). A particularly important contribution advanced by Sison, Ferrero and Guitián (2016) concerns the notion of human dignity, which is the key idea behind the various principles of CST. This contribution is connected to previous contributions by Sison and Fontrodona (2012, 2013), who draw not only on CST when addressing the common good of the firm – on which see also Costa and Ramus (2012) – but also on the Aristotelian-Thomistic tradition (which is, in any case, strongly influential within CST). Sison and Fontrodona (2012, p. 218-220) argue that the idea of a common good, which is central to CST and the Aristotelian-Thomistic tradition, has been rejected within the liberal enlightenment, leading to the idea of separate individuals who enter into a social contract motivated by self-interest.

Gregory Wolcott (2018), however, argues that it is possible to reconcile CST with the liberal ideas of Adam Smith, and calls for a rehabilitation of Smith within CST. In fact, Wolcott (2018) argues that there are several inconsistencies within CST that can be fruitfully addressed drawing on Smith. Wolcott (2018, p. 79) argues that there is much evidence rooted in Smith's ideas which "provides a quite plausible case for the value of limited government/free market societies, especially when we take into account concerns over the virtue of agents and the possibility of authentic community." However, Wolcott (2018, p. 79) identifies in CST "strong messages in favor of active governmental interventions to steer economic and social activity to the common good, indicating some lack of appreciation of the nature and impact of competitive entrepreneurship." So while Sison and Fontrodona (2012, 2013) identify a tension between CST

and liberal enlightenment, Wolcott (2018) sees instead tensions within CST itself, which can actually be addressed drawing on Adam Smith, who was a central figure of the Scottish enlightenment, and also a key inspiration for liberal authors.

These different views have important implications for the relevance, reach and positions that may be achieved by CST. Here I shall address the consistency of CST, in order to then scrutinize similarities and differences between CST and Smith. To do so, I shall start by addressing the key driving idea behind CST which is, as noted by Sison, Ferrero and Guitián (2016), human dignity. I will then address Adam Smith's contribution, and how it can help developing the themes outlined in CST.

Catholic Social Teaching and Imago Dei

As Sison, Ferrero and Guitián (2016, p. 504) note, we may distinguish between a "Catholic social thought or tradition" consisting of the contributions of Catholic authors, and Catholic Social Teaching, which includes papal and episcopal documents that constitute official teaching of the Church (Wolcott 2018, p. 58, fn. 2). The Compendium of the Social Doctrine of the Church, produced by the Pontificial Council Justice and Peace at the request of Pope John Paul II, systematizes the key ideas of Catholic Social Teaching (CST) up to its publication in 2004, and those ideas have been expanded under the successors of Pope John Paul II, namely Pope Benedict XVI and Pope Francis – on the foundational topics of CST, see also Benestad (2011), Brady (2017), Finn (2013), Schlag (2017); on the connections between CST and economics see also Yuengert (2011).

As stated in the Compendium of the Social Doctrine of the Church (CSDC), the key principles of CST stem from the dignity of the human person, which is the foundation for other

principles (*CSDC*, no. 160). The dignity of the human person springs from the Catholic belief that human beings were created in God's image and likeness (*imago Dei*). Sison, Ferrero and Guitián (2016) place the condition of human persons as "imago Dei" as the cornerstone of their analysis of the dignity of work, and provide a triple interpretation of "imago Dei". In so doing, they identify: (i) a "substantialist" interpretation "according to which this image is inherent in the very substance of the human person" (Sison, Ferrero and Guitián 2016, p. 507); (ii) a "relational" interpretation which highlights that human persons are relational persons just like the Trinity of persons that constitute the Christian God (Sison, Ferrero and Guitián 2016, p. 507-508); and (iii) a "functional" interpretation, "in which human beings resemble God by exercising dominion and care over creation" (Sison, Ferrero and Guitián 2016, p. 508).

These three interpretations capture various nuances that arose over time in Catholic theology. It is clearly outside the scope of the present work to delve into the intricacies of this vast and complex literature. But a few remarks may be useful to explain the ontology underlying these ideas. The contribution of Saint Augustine of Hippo is particularly relevant in this regard, especially in Western Christian thought. In his treatise *On the Trinity* (*De Trinitate – DT*), Saint Augustine addresses the Unity of God within a common substance, while also identifying three different divine Persons within this common substance. However, Saint Augustine notes that the divine Persons (Father, Son and the Holy Spirit) are defined in terms of their relation to one another, rather than in terms of their common substance (in which case they would not be different Persons after all), or any accidental properties (*DT*, V.5.6) . This places the category of relation at center stage in Catholic theology, as the divine Persons are defined in purely relational terms. But if the divine Persons are defined in terms of their relation to one another, they must thus be seen as a unity as well. This idea is reinforced by Pope Benedict XVI in his 2009 encyclical letter

Caritas in Veritate (*CiV*), when explaining: "The Trinity is absolute unity insofar as the three divine Persons are pure relationality" (*CiV,* no. 54).

According to CST, there is an analogy between the Trinitarian union of divine persons and the fraternity that human persons should establish in a community, as stated in the *Catechism of the Catholic Church* (*CCC,* no. 1878; no. 1890). Thus, Pope Benedict XVI also writes: "Relationships between human beings throughout history cannot but be enriched by reference to this divine model" (*CiV,* no. 54). He goes on to add: "The Christian revelation of the unity of the human race presupposes a *metaphysical interpretation of the "humanum" in which relationality is an essential element*" (*CiV,* no. 55). So the fact that human persons are relational beings in concrete communities (*CCC,* no. 1879) is connected to this underlying ontology and metaphysics, as an expression of a deeper metaphysical relation.

Acknowledging this deeper ontological and metaphysical level can help us understanding the three interpretations of "imago Dei" advanced by Sison, Ferrero and Guitián (2016). The image of God, as a unity of three Persons within a common substance, is inherent in the very ontological or metaphysical substance of human persons. This aspect is connected to the first interpretation of "imago Dei" advanced by Sison, Ferrero and Guitián (2016), the "substantialist" interpretation. But human persons, like the divine Persons in God, are relational beings, as aspect connected to the second interpretation of "imago Dei", the "relational" interpretation.

The concrete communities formed by relational human persons are aimed at achieving integral human development, a notion that was elaborated in the 1967 encyclical letter *Populorum Progression* by Pope Paul VI, and is placed at center stage by Pope Benedict XVI in the 2009 encyclical letter *Caritas in Veritate*. In his 2015 encyclical letter *Laudato Si*, Pope Francis advances these ideas while emphasizing how it is not only human beings, but actually every being

in God's creation that is interrelated. Pope Francis uses the term "integral ecology" (*LS,* no. 9) to express this reality. We find thus a further development of a relational ontology not only between human persons, but also between humanity and the whole creation. This leads us to the third interpretation of "imago Dei" advanced by Sison, Ferrero and Guitián (2016), the "functional" interpretation, where human persons exert dominion and care over creation while, one may add, being also related to creation as an integral part of it, within an integral ecology, as Pope Francis stresses.

While the "imago Dei" is thus the basis for the development of CST, it still remains to be seen how this key idea is expressed in other principles of CST. CST was elaborated over many decades following the 1891 encyclical letter *Rerum Novarum* by Pope Leo XIII, while also drawing on two millennia of Christian thought. The various challenges faced in different historical contexts often led to the need of focusing on different aspects. Pope Leo XIII was addressing fundamentally the relations between labor and capital, and what he saw as the new realities emerging in XIXth century industrial capitalism. In *Populorum Progressio*, Pope Paul VI addresses new problems besides those of industrial capitalism, namely the problems of the developing world that became central after decolonization in the XXth century post-war period. In the 2009 encyclical letter *Caritas in Veritate*, Pope Benedict XVI (*CiV*, no. 8) highlights the importance of the new problems addressed by Pope Paul VI, and goes as far as writing that "*Populorum Progressio* deserves to be considered "the *Rerum Novarum* of the present age", shedding light upon humanity's journey towards unity."

CST draws on its key principles in order to maintain its unity when addressing these different challenges in different historical periods, even if it is seen sometimes as inconsistent when addressing these different questions (Wolcott 2018). I will now address the various

principles of CST that spring from the key principle of the dignity of the human person. This will provide the basis for subsequently addressing the connections of CST to Adam Smith that Wolcott (2018) advances as a solution to the tensions he identifies in CST.

Common good, subsidiarity and solidarity

Three principles of CST, which stem from the key principle of human dignity, are the principle of the common good, the principle of subsidiarity, and the principle of solidarity. As stated in the *Catechism of the Catholic Church* (CCC), human dignity implies a search for the common good (*CCC,* no. 1926), not least because respect for the human person and the person's fundamental rights is the first essential element of the common good (*CCC,* no. 1907). The other two elements of the common good are: the development of society's spiritual and material goods; and peace and security of the group and its members (*CCC,* no. 1925).

The common good can then be seen, as stated in the Pastoral Constitution *Gaudium et Spes* (GS, no. 26, §2), as the set of social conditions that allow groups and their members to achieve perfection in the most complete and adequate way (*CCC,* no. 1906). A particularly important implication of the principle of the common good is the universal destination of goods (*CCC,* no. 2402; *CSDC,* no. 171). The universal destination of goods means that the goods of creation are destined for all human beings, who possess the common stewardship of the Earth and its resources (*CCC,* no. 2402). Still, human beings may possess private property, the right to which is acquired in the first place through work (*CCC,* no. 2403; *CSDC,* no. 176), even if it can be subsequently transferred through gift or inheritance (*CCC,* no. 2403). Moreover, private property must also be at the service of work (*CSDC,* no. 282). The right to acquire private property through work is present in CST since Leo XIII.

However, the right to private property, albeit seen as essential to social and democratic economic policy (*CSDC,* no. 176), cannot prevail over the universal destination of goods. Quite the contrary, the right to private property is subordinated to the universal destination of goods (*CSDC,* no. 282). Thus, expropriation of private property can take place when the common good requires it, as Pope Paul VI states in *Populorum Progressio* (*PP,* no. 24). This is also connected to the fact that political authority "has the right and duty to regulate the legitimate exercise of the right to ownership for the sake of the common good" (*CCC,* no. 2406).

Furthermore, private property must be equitably distributed (*CSDC,* no. 176), and used to the benefit of others (*CCC,* no. 2404) since, as noted above, the possession of goods constitutes a stewardship over common goods which are universally destined to all human beings, rather than absolute rights of disposal as in liberal capitalism. Liberal capitalism is criticized by Pope Paul VI for neglecting the social obligations attached to private ownership (*PP,* no. 26). In his encyclical letter *Sollicitudo Rei Socialis* (*SRS*), marking the twentieth anniversary of *Populorum Progressio*, Pope John Paul II also writes: "Private property, in fact, is under a "social mortgage," which means that it has an intrinsically social function, based upon and justified precisely by the principle of the universal destination of goods" (*SRS*, no. 42). According to CST, this is in line with the Christian tradition, for "Christian tradition has never recognized the right to private property as absolute and untouchable" (*CSDC,* no. 203). Moreover, individual property is not the only form of property, and there are other traditional forms of property, such as the ancient form of community property (*CSDC,* no. 180), which must, however, evolve as the economy and society change. This is especially important in developing regions.

Another principle of CST is the principle of subsidiarity, advanced by Pope Pius XI in his encyclical letter *Quadragesimo Anno*, celebrating the 40 years anniversary of the encyclical *Rerum*

Novarum. According to this principle, it is wrong "to assign to a greater and higher association what lesser and subordinate organizations can do" (*CSDC,* no. 186). This is so because the goal of society is to help its members and constituting groups rather than absorb them (*CSDC,* no. 186). An implication of the principle of subsidiarity is the need of participation in the cultural, economic, political and social life of the community (*CSDC,* no. 186).

This question is closely related to the reflection surrounding private property mentioned above. If higher order associations should not intervene, there is some scope for privileging individual initiative and participation in the cultural, economic, political and social life of the community from those who possess the means to do so, in the form of private property. Furthermore, there is an argument for reducing the role of the State and higher order political authorities, as long as the principle of the common good and the universal destination of goods are not at risk.

The principle of subsidiarity so interpreted may lead to a tendency to stress the problems associated with the intervention of higher order associations, such as the State, over the right to property acquired through work. This tendency is attenuated after *Populorum Progressio* and its reference to the possibility of expropriating private property when the common good requires it (*PP,* no. 24). Wolcott (2018) identifies a tension within CST for simultaneously upholding the right to private property and free initiative undisturbed by higher order associations such as the State (through the principle of subsidiarity), while simultaneously allowing for the expropriation of private property when the common good and the universal destination of goods is at stake. But CST is clear in stating that the common good and the universal destination of goods has priority over the right to private property. So in case of a tension between principles, such as the one Wolcott (2018) identifies, there is a clear rule for deciding.

Tensions would not arise if another principle of CST, the principle of solidarity, were exercised by those possessing private property. Solidarity is seen as a moral virtue within CST (*CSDC,* no. 193), and is also in line with the relational conception of the human person presupposed in the notion of "imago Dei". But the different emphases placed at different historical contexts in these principles certainly contributes to the widespread perception that tensions do exist, as Wolcott (2018) argues. These tensions pertain exactly to those aspects of CST that would seem more relevant for business ethics, such as the virtues of private property for fostering the common good, and its implications for the way we address the relation between labor and capital. So there is certainly the need for further addressing this topic, and the contributions of authors like Smith are certainly very interesting in this regard, as Wolcott (2018) argues.

However, it is important to understand the context in which Smith advanced his ideas, and the way in which they have been subsequently appropriated by others after Smith – on Smith's ideas and the context in which he advanced them, see also Aspromourgos (2009), Berry, Paganelli and Smith (2013), Evensky (2005), Fitzgibbons (1995), Haakonssen (2006), Ross (2010). Smith is often regarded as the main classical political economist, and the founding father of modern economics. But modern economics is radically different from classical political economy concerning key topics such as the theory of value, which constitutes the cornerstone of classical political economy (Sraffa, 1960, pp. 93-94). The solution to this problem typically consists in interpreting Smith using the categories and mode of thinking of modern economics. The interpretation of Smith is made more difficult also by the fact that there has been much debate concerning the consistency of Smith's own economic analysis in the *Wealth of Nations* first published in 1776 , with Smith's major treatise in moral philosophy, the *Theory of Moral Sentiments*, first published in 1759, and subsequently revised until Smith's death in 1790.

So it is not only the consistency of CST, but also the consistency and interpretation of Smith's own thought that requires further analysis. Wolcott (2018) follows the conventional interpretation of Smith within modern mainstream economics, in which Smith is interpreted as a pioneer of the idea that the best economic system is a system where human beings pursue their own self-interest within a regime of limited government and free markets. Wolcott (2018) provides a prudential argument that presupposes that such a regime is more adequate for securing the common good than the governmental interference that seems to be sometimes justified by the concern with the common good within CST. This seems to provide the basis for a critique of the insistence on active intervention aimed at fostering the common good within CST.

However, it is important to understand how Smith reaches his conclusions, in order to then assess the value and import of Smith's ideas for CST. Amartya Sen, whose contributions to human development are very much in line with the contributions for integral human development within CST, criticizes the identification of Smith's notion of prudence with Smith's notion of self-interest (Sen 1987, p. 22). This identification is often seen as a way to render Smith's moral views compatible with his economic views. It is not, however, the only way of making Smith's views compatible. And it is certainly not the one most informed by a study of Smith's own analysis. Sen (1987, pp. 23-24) stresses how Smith's own analysis of markets did not rest on a single motivation, but rather on a multiplicity of motivations. This leads Sen to criticize the interpretation of Smith that is dominant in mainstream economics, where human behavior is understood in terms of a single motivation, namely self-interest, which is assumed to lead to consistent behavior.

Of course, these are topics that cannot be fully dealt with here. But some are very important for understanding the relevance of Smith's economic and moral theory for CST, and these are the ones I shall focus on. I shall start focusing on Smith's analysis of labor, which is essential to his

economic writings. This will show that the idea of a primacy of work over capital, which is upheld in CST, is also present in Smith. This is an idea that springs from the dignity of work, and is connected to human dignity (Sison, Ferrero and Guitián 2016), the key principle of CST. After addressing the primacy of work over capital, I shall address the role of sympathy as the ultimate basis for Smith's analysis of human behavior.

The primacy of work in classical economic theory from Smith to Marx

While sympathy is the explicit basis of Smith's moral analysis, it remains implicit (albeit ultimately presupposed) in his economic analysis, which starts from the analysis of the division of labor. Smith's analysis of the division of labor is followed by an analysis of value that presupposes the labor theory of value. In the labor theory of value, exchange value is proportional to the quantity of labor. Smith referred sometimes to commanded labor, that is, the quantity of labor that can be purchased in the market, and on other occasions his analysis seems to presuppose embodied labor, that is, how much labor is necessary to produce a given commodity. David Ricardo (1821[1817]) criticizes Smith for his references to commanded labor, and argues that the value of a commodity is proportional to the quantity of labor embodied in it. Karl Marx (1999[1867]) focuses instead on the quantity of labor that is necessary for reproducing a given commodity under a given mode of production. But despite the different formulations adopted, Smith, Ricardo and Marx, like the classical authors in general, subscribe to the labor theory of value as a form of measuring the cost of production, in terms of which prices are defined. The theory that prices tend to the cost of production, measured in terms of human labor, is a theory that goes back to the Franciscan philosopher and theologian John Duns Scotus, who referred to human industry

(*industria*) when addressing prices in terms of costs of production – see Wolter (2001) and also Langholm (1992) for a discussion of medieval value theory.

Smith characterized profit and rent as deductions from value determined in terms of labor time performed. This means that there is a theoretical priority of labor as the source and measure of value, which is subsequently developed by the classical political economists, and by Marx. But they also have a moral concern with the primacy of work, as CST. This is clearly the case with Marx's critique of capitalism. Thus, Sison, Ferrero and Guitián (2016, p. 520) write: "One may infer certain similarity between Marx and CST in upholding labor over capital". However, they quickly note that for CST, the connection between labor and capital is one of complementarity, rather than dialectical conflict as in Marxism. Another difference is that unlike Marxism, CST is not materialistic.

Smith also has a moral concern with the primacy of work over capital, for example when adopting a moralist tone while defending the rights of human beings to the fruits of their own labor (not least against landlords eager to reap the fruits of the labor of others). Thus, Smith (*WN*, IV.v.a.43) highlights the virtues of a system in which the fruits of labor belong to the laborer, noting that despite the many inefficiencies of British laws, the "security which the laws in Great Britain give to every man that he shall enjoy the fruits of his own labour, is alone sufficient to make any country flourish". Smith continues in the following way: "The natural effort of every man to better his own condition, when suffered to exert itself with freedom and security, is so powerful a principle, that it is alone, and without any assistance, not only capable of carrying on the society to wealth and prosperity, but of surmounting a hundred impertinent obstructions with which the folly of human laws too often incumbers its operations; though the effect of these

obstructions is always more or less to encroach upon its freedom, or to diminish its security." (*WN*, IV.v.a.43). In a similar vein, Smith also writes:

"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.viii.36)

Smith (*WN*, II.iii.7) notes elsewhere that wages are used to pay productive labor, while profit or rent "may maintain indifferently productive or unproductive hands", and continues noting how the "rent of land and the profits of stock are everywhere, therefore, the principal sources from which unproductive hands derive their subsistence". So not only is it the case that profit or rent are deductions from what is produced by labor, as noted above, as it is also the case that they are not spent as productively as wages paid to laborers. This signals a primacy of work over capital from the point of view of economic productivity.

Here it is important to note that the various debates on the theory of value and capital throughout the history of economic thought show that one cannot readily identify increases of productivity with a given factor of production. Mainstream economic theory uses notions such as marginal productivity of capital and marginal productivity of labor. But as Piero Sraffa (1960) showed, it is not possible to measure the value of capital, or identify separately the marginal productivity of capital and labor, as even key mainstream economists like Paul Samuelson (1966) recognized when debating these issues with Sraffa and other colleagues, during various controversies on the theory of value and capital (Harcourt, 1972).

As Avi Cohen (2014) notes, those controversies go back to Thorstein Veblen's (1908) critique of marginal productivity theory. Veblen notes that what we call capital is best conceived of as the knowledge and technology developed by the community, and the increases in labor productivity it provides cannot be attributed to a single individual. The criteria for the distribution of income can only set within human institutions. This idea is also defended within CST, when noting that knowledge and technology must be put at the service of the community, taking the universal destination of goods into account, while following criteria such as justice, equity and respect for human rights (*CSDC*, no. 283).

Sraffa (1960) shows that we can find an equivalence between value and labor performed only when labor receives the full product of the economy as wages. This is consistent with Smith's idea of receiving the fruits of one own labor. But Sraffa's (1960) results also show that the criteria for this or any other distribution of income cannot be determined by the technical conditions of production. This suggests that the distribution of income must be determined by other factors, such as political or institutional factors. This analytical result reached by Sraffa (1960), while adopting what he interprets as the standpoint of Smith and Ricardo, also presupposes that profit and rent are deductions from value measured in terms of labor time, thus again reinforcing the idea of primacy of work from an analytical perspective. And as noted above, the moralistic tone adopted by Smith, which is also used by Marx to a greater extent, shows that the primacy of work arises not only from the point of view of economic considerations, but also due to moral considerations, often taken to be informed by the underlying economic theory viz., the labor theory of value.

However, even Smith's preference for systems where each can reap the fruits of her or his own labor are typically interpreted as a defense of a liberal view, where human action driven by the pursuit of self-interest provides a more adequate system. Wolcott (2018, p. 65) identifies this

idea as a fundamental difference between Smith and CST: "The difference between Smith and CST, however, lies primarily in the fact that whereas the Church believes that all persons, especially those with social power of some sort (including economic or political), ought to nurture an ''active interest in the common good'' (Paul 1967, no. 21), Smith would say that the common good – specifically, the material conditions of the common good – is often best secured by persons who have more interest in their own personal good."

While CST clearly subordinates the right to private property to the common good and the universal destination of goods, Smith seems to advocate freedom from interference from higher authorities so that each individual can enjoy the fruits of her or his labor, very much in line with the CST principle of subsidiarity. As Wolcott (2018) notes, there seems to be not just a tension between CST and Smith, but also a tension within CST itself, as the principle of the common good seems to be in conflict with the principle of subsidiarity.

As noted above, this tension can be easily solved by noting that the principle of the common good, and its implications regarding the universal destination of goods, has primacy over any action assuming rights of private property. For while the latter may be defended drawing on the principle of subsidiarity, they are not absolute. But as also noted above, there would be no conflict if the principle of solidarity, the third principle in CST, were to be taken into account. And an analysis of Smith's *Theory of Moral Sentiments* seems to show that there is some congruence between the principle of solidarity and Smith's view. I will now argue that Smith's views in the *Theory of Moral Sentiments* (*TMS*) help understanding his views on the *Wealth of Nations* (*WN*) on this matter. More specifically, I will argue that personal interests, such as the ones considered in WN, can be explained drawing on the principles outlined in TMS.

Smith, sympathy and relationality

Smith starts the *Theory of Moral Sentiments* (TMS) describing sympathy, which is the cornerstone of his moral system. The term sympathy is used in different contexts by Smith, which makes it adopt different connotations throughout the book. But the more consistent usages are when Smith defines sympathy as the ability to feel the emotion we observe in other person, and also when Smith refers to the emotion we would feel if we were ourselves in the same situation. However, we always feel this sympathetic emotion in a lesser degree than the person we observe. When the behavior and associated emotions we observe in another person corresponds to the what we would ourselves do and feel if in the same situation, we approve the behavior observed. And we disapprove it otherwise. Smith (*TMS*, I,i.iii.1) develops these ideas while idealizing a spectator who is observing human activity: "When the original passions of the person principally concerned are in perfect concord with the sympathetic emotions of the spectator, they necessarily appear to this last just and proper, and suitable to their objects; and, on the contrary, when, upon bringing the case home to himself, he finds that they do not coincide with what he feels, they necessarily appear to him unjust and improper, and unsuitable to the causes which excite them."

It is this consonance or dissonance of sympathetic emotions that constitutes the basis for assessing the propriety or impropriety of the affections (*TMS*, I,i.iii.1). Habitual reflection on these situations leads to the development of general rules of conduct, on which Smith (*TMS*, III,iv.12) writes: "Those general rules of conduct, when they have been fixed in our mind by habitual reflection, are of great use in correcting misrepresentations of self-love concerning what is fit and proper to be done in our particular situation." So the general rules of conduct, which guide moral behavior, are formed through a process of habitual reflection that presupposes sympathetic emotions.

Albeit Smith's more detailed analysis of virtue – part VI of TMS titled "On The Character of Virtue" – was only introduced in the latter edition of TMS in 1790, and not in the first edition in 1759, Smith's overall moral analysis can be fruitfully interpreted drawing on the idea of virtue as propriety. Smith analyses various systems of moral philosophy in part VII of TMS and his system is clearly advanced as one of the systems which make virtue consist in propriety, by which Smith means a system where moral behavior is behavior wherein each affection is moderated to its proper degree.

The key difference and originality of Smith's virtue ethics is that when assessing propriety, he uses sympathy as the measure of the proper degree to be achieved. Thus when comparing his moral system to a moral system in which the proper degree is measured in terms of utility (David Hume's moral system, which Smith rejects in this respect), Smith writes:

"Every affection is useful when it is confined to a certain degree of moderation; and every affection is disadvantageous when it exceeds the proper bounds. According to this system therefore, virtue consists not in any one affection, but in the proper degree of all the affections. The only difference between it and that which I have been endeavouring to establish, is, that it makes utility, and not sympathy, or the correspondent affection of the spectator, the natural and original measure of this proper degree." (*TMS*, VII,ii.iii.21)

We can then see that Smith places sympathy, as an ability for a fellow-feeling with other persons, as the measure of the proper degree of affections. This is, as noted above, the key originality of Smith's approach to virtue ethics.

Furthermore, this emphasis on sympathetic emotions leads Smith to adopt what can be seen as a relational conception of human beings. For human action is to be ultimately interpreted and assessed in terms of how we feel the emotions of other human beings. This relational conception of human beings has important connections to the principle of solidarity in CST, as I shall argue below. And it is also in line with the relational conception of human beings advanced as the basis of CST.

Of course, for Smith the basis for a relational conception of human beings is to be found in human nature, rather than in "imago Dei". But from a CST perspective, one can easily interpret this relational conception as a natural expression of "imago Dei", even if it is not possible to assess whether Smith would agree with this. But the point, in any case, is exactly to draw on Smith's moral philosophy and political economy for further advancing CST. All that is required to do so is that Smith's moral philosophy and political economy is consistent with CST. It is not necessary that his religious views, on which we do not know much (Hanley 2009; Oslington 2011) also are.

In any case, we must also show that Smith does not merely take sympathy as a cognitive tool for understanding the mental states of others. Rather, there must also be an expression of solidarity and benevolence toward others in such a relational conception. Here, the notions of beneficence and benevolence, which are important notions in Smith's approach, again provide important connections to CST.

Wolcott (2018, p. 67) notes how according to Ryan Patrick Hanley, "in Smith's understanding of beneficence, "one hears echoes of *caritas* in his reformulation of 'the great law of Christianity' … and the intimations of the virtues of care in his praises of generosity and humanity" (Hanley 2009, p. 176). But Smith is also careful to note that beneficence must be combined with justice, which is more fundamental. Thus Smith writes:

"Beneficence ... is less essential to the existence of society than justice. Society may subsist, though not in the most comfortable state, without beneficence; but the prevalence of injustice must utterly destroy it... [Beneficence] is the ornament which embellishes, not the foundation which supports the building, and which is, therefore, sufficient to recommend, but by no means necessary to impose. Justice, on the contrary, is the main pillar that upholds the whole edifice." (*TMS*, II,ii.iii.3)

The idea of combining justice with beneficence is also present in CST, where truth, freedom, justice and love are taken to be the key values (*CSDC,* no. 197) – see also Schlag (2012) on this topic. But CST rejects the liberal contractualist vision of society, which is seen as a "reductionist vision" within CST, and advocates to "move beyond a contractualist vision of justice" (*CSDC,* no. 203). This constitutes no tension between CST and Smith, since Smith did not theorize a social contract. The line of reasoning followed by CST is to "open up also for justice the new horizon of solidarity and love" since justice by itself is not enough (*CSDC,* no. 203). It seems that one could argue that both Smith and CST see the need both for justice and beneficence, either being insufficient for the achievement of perfection in society. Smith reinforces this point:

"Benevolence may, perhaps, be the sole principle of action in the Deity, and there are several, not improbable, arguments which tend to persuade us that it is so. It is not easy to conceive what other motive an independent and all-perfect Being, who stands in need of nothing external, and whose happiness is complete in himself, can act from. But whatever may be the case with the Deity, so imperfect a creature as man, the support of whose existence requires so many things external to him, must often act from many other motives. The condition of human nature were peculiarly hard,

if those affections, which, by the very nature of our being, ought frequently to influence our conduct, could upon no occasion appear virtuous, or deserve esteem and commendation from any body." (*TMS*, VII,ii.iii.18)

Smith (*TMS*, VII,ii.iii.1) refers often to the systems of moral philosophy "which [make] virtue consist in benevolence". In so doing Smith selects Francis Hutcheson as the more lucid and insightful interpreter of this system, while also referring to the Cambridge Platonists as proponents of this system.

In the passage above, Smith stresses how the affections of human beings must be virtuous and approved by an impartial spectator so that human beings can overcome their imperfections. This role of human affections as a means for achieving virtuous behavior is stressed by Smith when criticizing moral doctrines that disregard the difficulties human beings find in overcoming their imperfections. Smith (*TMS*, III,vi.1) criticizes the idea that all our affections must be extinguished in order to give rise to only one command, "the love of the Deity", and the idea that a sense of duty towards the commands of God should be the sole guiding principle of moral behavior.

Thus, when discussing the doctrine that we should act only from a sense of duty towards the commands of God, Smith (*TMS*, III,vi.1) remarks that "we should not have expected to have found it entertained by any sect, who professed themselves of a religion in which, as it is the first precept to love the Lord our God with all our heart, with all our soul, and with all our strength, so it is the second to love our neighbour as we love ourselves; and we love ourselves surely for our own sakes, and not merely because we are commanded to do so." Smith (*TMS*, III,vi.1) concludes: "That the sense of duty should be the sole principle of our conduct, is no where the precept of

Christianity; but that it should be the ruling and the governing one, as philosophy, and as, indeed, common sense directs."

So rather than criticizing Christianity, Smith interprets it in line with his own system, where general rules of conduct and the sense of duty arise out of habitual reflection driven by sympathy, and must be supported by human affections, which should be moderated so as to attain virtuous behavior. Here Smith's conception of morality and of Christianity is at odds with that of Immanuel Kant, who interprets the love of God as a command to obey God. Kant (1998[1793]) notes that God is not a phenomenon in space and time, that is, within the conditions of possible experience. Thus God cannot be loved if the latter means a human affection. Hence, Kant concludes that loving God can only mean to follow the moral law. For Kant, the moral law consists in following the categorical imperative, of acting according to a maxim of the will that we would want to become a universal law. In fact, if the human will is determined by emotions or affections, for Kant this constitutes a heteronomous determination which may lead to legal action, but not to moral action, since for Kant morality springs from an autonomous will, that is, a will determined by reason alone, and not by affections (Martins 2009).

Smith, in contrast, finds in human nature guided by reason the affections required to overcome the imperfections of human nature. Those imperfections include the development of an excessive focus on our own self-interest. But even our own motivations are driven by the pursuit of what Smith (*TMS*, I.i.ii,1-6) calls "the pleasure of mutual sympathy", and the respect of others, which is the strongest of all motivations. Thus Smith writes: "The desire of becoming the proper objects of [the respect of our equals], of deserving and obtaining this credit and rank among our equals, is, perhaps, the strongest of all our desires, and our anxiety to obtain the advantages of fortune is accordingly much more excited and irritated by this desire, than by that of supplying all

the necessities and conveniencies of the body, which are always very easily supplied." (*TMS*, VI,i.3)

So even Smith's conception of self-interest is ultimately derived from a relational conception of human nature. For even self-interest, taken to be the key motivation in the more common interpretations of Smith within mainstream economics, must be explained in terms of a relational conception of human nature. This conception is one where the sympathetic fellow-feeling with other human beings leads to the desire to obtain "credit and rank among our equals" (*TMS*, VI,i.3), the strongest of all motivations. The coordination of human activity in the market sphere must be understood taking into account this relational conception of human nature driven by a plurality of motivations, as Sen (1987) argues.

We can then find in Smith's TMS the basis for the theory of human motivation that underpins Smith's analysis of human behavior in general, and economic behavior in particular. And the relational nature of human beings that underpins this theory can be fruitfully interpreted as an expression of the relational conception advocated in CST. This is a particularly helpful avenue for finding connections between Smith and CST, as argued above. We cannot ascertain, however, whether Smith himself would see the relational conception of human nature he advances as an expression of a deeper ontological or metaphysical relation such as the one advocated in CST.

Here we must note that Smith was very critical of the way in which ontology and metaphysics were practiced in his own days. In fact, he characterizes ontology and metaphysics as consisting mostly of a set of sophisms and subtleties. Thus Smith writes: "if subtleties and sophisms composed the greater part of the Metaphysics or Pneumatics of the schools, they composed the whole of this cobweb science of Ontology, which was likewise sometimes called

Metaphysics" (*WN*, V.i.iii.ii.29). So he never engaged explicitly in ontological and metaphysical analysis. Nor are his religious views clear.

But the aim here is merely to analyse the connections between CST and Smith's moral philosophy and political economy, so I will leave aside Smith's analysis of the way in which ontology and metaphysics were practiced in his own days. As noted above, for Smith the basis for a relational conception of human beings is to be found in an analysis of human nature. But from a CST perspective, one can interpret Smith's relational conception as a natural expression of a deeper ontological and metaphysical relation, which is implicit in Smith's analysis, even if he does not address the topic explicitly.

Concluding remarks

The argument above shows that human dignity, the primacy of human work, the principle of subsidiarity and the principle of solidarity are quite consistent with Smith's analysis. So are the key values of CST. The key question regarding the relation between Smith and CST raised by Wolcott (2018) concerned the principle of the common good. Is it legitimate for a government to actively interfere in economic activity in order to foster the common good? Or should the government refrain from intervention, since the material conditions for achieving the common good can be best achieved when human beings pursue their own personal good?

The idea of a natural growth of the economy undisturbed by political power (such as the one that may be required for ensuring the common good) is seen by Smith as a particular case, which depends on specific historical contingencies. This can be seen clearly in Smith's analysis of the development of manufactures in Mediterranean cities and inland locations, for example (*WN*, III.iii.19). Cases of natural economic growth undisturbed by political power require geographical

isolation from outside factors, which ensures the security that must be provided politically and militarily in other circumstances (Martins 2014). To be sure, Smith's overall perspective seems to be strongly against violent political and military operations that disturb natural growth. But his realistic historical analysis reaches the conclusion that the economic, social and political world often does not work in this way.

This question is also connected to the problems of value and capital mentioned above. It is not just the activities of production and exchange, but also distribution that ultimately relies on political factors. This is so because whatever economic surplus is produced depends upon the knowledge and technology developed within a community, and it is not possible to separate the marginal productivity of each factor of production independently (Veblen 1908; Sraffa 1960; Harcourt 1972). So any criteria for distribution, including legislation regarding wages and industrial relations, are ultimately set politically. Production takes place within a political context that influences various aspects from security to the distribution of income, and a notion of a common good is sometimes inevitable when making political choices in this regard.

Liberal analysis typically presupposes that political power is used to provide a basic framework for economic transactions within a decentralized market, one where each economic agent has limited political, social and economic power. But this is clearly not so in contemporary capitalism, where large corporations have much more power than what much liberal analysis presupposes (Martins 2018). Smith was aware of this, while criticizing large companies (such as the East India Company) and monopolies in general for reaping benefits to the detriment of the general welfare of the population. Here we can find some common ground again between Smith and CST, since both praise the virtues of the market only when power is distributed in a relatively balanced way.

But perhaps the most appropriate route for finding common ground between Smith and CST starts from recognizing that personal good must be defined in relational terms, as noted above. Smith's relational conception of the human person, implied in Smith's analysis of sympathy, can be of help when addressing the principle of solidarity and the key principle of human dignity in CST. To be more specific, one may say that Smith's relational conception of human beings can be seen, from the point of view of CST, as an expression of a relational ontology. A person's good, in Smith's conception, springs within a relational conception of human beings, where motivations emerge through sympathetic fellow-feeling that leads to a desire to obtain credit and rank amongst our equals. Entirely selfish notions are a degenerate case where a person does not really understand the causes behind the desire to obtain credit and rank amongst our equals, and thus attempts to achieve it in ways that Smith would find improper.

So personal good cannot really be defined without reference to what is seen in CST as the common good within a relational conception of society: the set of social conditions that allow groups and their members to achieve perfection in the most complete and adequate way (*CCC,* no. 1906). And Smith's historical analysis also shows he was very aware of the role of political power in shaping the set of social conditions that allow groups and their members to achieve perfection in the most complete and adequate way, thus achieving their personal good.

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