

**“JUST LIBERTY,” POVERTY AND INEQUALITY: HOW CHRISTIAN ECONOMISTS  
MIGHT EVALUATE ADAM SMITH’S ADVOCACY FOR THE ECONOMICALLY  
DISADVANTAGED**

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Presented to the “Economics for the Common Good” Conference  
Association of Christian Economists  
Hope College  
Holland, Michigan  
July 2023

## I. INTRODUCTION

On the occasion of Adam Smith's tercentenary, it is worthwhile to consider the value of his work for Christian economists. To be sure, several parts of Smith's work have been pondered in the past several decades by modern Christian economists. Smith has received a mixed evaluation. Some economists have appreciated his insights into markets, but remarked that his deism unfavorably shapes his economic framework. Smith emphasizes the value of natural revelation and displays little reliance on biblical revelation. His references to the Deity reflect a belief in an impersonal God who doesn't engage with the created order.<sup>1</sup> Instead it is claimed Smith believed this impersonal God establishes a mechanistic order which in the economic realm relies upon a self-reliant impersonal market to bring about social harmony (Griffiths 1984). On the other hand, recently Smith has been viewed more favorably as espousing a natural theology. Smith affirms God's "creative and providential activity" in all parts of the natural world (Oslington 2019, 34). With respect to human nature, God has fashioned our natural sentiments in a manner "that their combination in society is naturally correcting and enhancing"; thus Smith espouses a "providential understanding" of human relationships, particularly those expressed through economic exchange (Long 2009, 92; van der Kooi (2022)).<sup>2</sup> Contemporary theologians who are familiar with economic research also have differed on the form of Smith's theism and the validity of his moral and economic claims.<sup>3</sup>

Rather than entering fully into the debate over Smith's particular religious stance, this paper takes a narrower focus to evaluate a particular dimension of his moral philosophy and its economic application that is relevant for Christian economists. The aim is to explain and apply insights to be gleaned particularly from Smith's analysis of the hindrances facing the common laborer, and analyze Smith's case for addressing the sources of 'unnatural' income inequalities. This discussion is framed by Smith in terms of an economic and moral case for each person's 'inviolable right to labor', a manifestation of the 'just liberty' of each person to labor without undue hindrance, deceit or fraud. Scripture presents injunctions against oppressing laborers with respect to their wages, commands to the employer not to withhold the worker's pay, and warnings to the rich about defrauding those they've employed (Malachi 3:5; Lev.19:13, Deut.24:14; James 5:4). Given the biblical weight placed on God's call to address the needs of

the poor, and not exploit those who are economically disadvantaged, this study explores how Christian economists gain by examining Smith's corpus with an eye specifically to his advocacy for policies benefiting the laboring poor.

In addition, this study is motivated to fill a gap in the research on Smith's perspective on poverty and income inequality. His analysis of the malevolent features of economic institutions as the source of restraints on the economic advance of the laboring poor has for the most part not been explored. Examples of these economic institutions to be examined in this regard include slavery, the 'mercantile system's reliance on Parliamentary grants of exclusive privileges, and the monopsonistic actions under the colonial rule implemented and enforced by European trading companies. Smith explains the injurious economic outcomes stemming from economic malevolence as the sources of 'unnatural' income inequality. His policy response to call for measures freeing up the mobility and employment of labor. Smith's case relies on the benefits of economic growth which in turn depend in part on eliminating various labor market regulations to provide greater economic opportunities.

Section II discusses Smith's economic and moral critique of eighteenth-century English labor laws governing apprenticeship and eligibility. His moral arguments in critique of them appeal to each person's 'inviolable right to labor' as grounded in their equal human moral agency. Smith's concept of the impartial spectator and commutative justice is applied to examine his understanding of poverty and enhancing opportunities for the laboring poor.

Section III probes Smith's presentation of social, selfish and unsocial passions with respect to their relevance for economic exchange. The manifestation of both benevolence and malevolence in market exchange is explored. Smith's perspective on labor market regulations is shaped by his depiction of these passions.

Particular examples of malevolence in economic institutions are considered in Section IV. The economic consequences of 'desire to dominate' and oppress others as expressed in slavery, the mercantile system, and colonialism and imperialism are examined. Smith depicts specific features of their injurious economic impact on the poor.

Section V examines Smith's distinction between 'natural' and 'unnatural' income inequalities. Particular examples of the manner in which wealthy interests gain at the expense

of the laboring poor are considered. Smith's call for specific forms of labor market deregulation is linked to his case for lifting the poor's living standards through economic growth.

Section VI concludes the study. Smith's justification for establishing the 'just liberty' of labor is evaluated with respect to biblical teaching on the rights of the poor. Prospective directions for further research on Smith's examination of malevolence and the economic consequences for the poor are offered.

## II. ENGLAND'S LABOR MARKET REGULATIONS AND THE POOR

Smith frequently declares himself on the side of the poor in his analysis of eighteenth-century British society. Smith often identifies 'the poor' as the lower-income working members of England. They are the laboring poor, whose income is not derived from rents or profits. As Gilbert rightly observes, "in most contexts Smith means by 'poor' something like 'not rich' – that is, the condition of the vast majority of the population who must exchange labor for wages" (Gilbert 1997, 281).<sup>4</sup> Smith emphasizes it is not the landowners nor merchants who make up the majority of society, nor do they in the main provide the products essential for its livelihood. Instead Smith affirms that it is the 'common laborers, artificers, and manufacturers' who constitute its essential producers<sup>5</sup> and accordingly should receive improving economic provision:

Servants, labourers and workmen of different kinds, make up the far greater part of every great political society. But what improves the circumstances of the greater part can never be regarded as an inconveniency to the whole. No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable. It is but equity, besides, that they who feed, clothe and lodge the whole body of the people, should have such a share of the produce of their own labour as to be themselves tolerably well fed, clothed and lodged" (WN.I,viii.36).

What occasions Smith's assertion of the "equity" of provision for society's laborers is an inquiry as to whether "improvement in the circumstances of the lower ranks of the people [is] to be regarded as an advantage or an inconveniency to the society?" (WN,I.viii.36). Over the course of the previous century, the prevailing economic thought had responded negatively. It had asserted the need to enhance Britain's trade position by lowering wages, a stance supported also by those who affirmed reduced wages actually brought forth more labor effort (Erikson

2021, 251). In response he affirms high real wages are an advantage – for “what improves the circumstances of the greater part can never be regarded as an inconvenience for the whole” (WN,I.viii.36). Smith thus indirectly expresses his disdain for the “utility of poverty” doctrine that had dominated much of eighteenth-century political economy (Martin 2015). His work is significant in initiating a more favorable attitude towards the poor in the emerging economic thought of the Scottish Enlightenment (Fleischacker 2004a, 206). More importantly, he aims to overturn policy measures that inhibited opportunities for economic advancement for the laboring poor.

### ***Apprenticeship Laws and the Settlement Laws***

Recognizing this context helps to frame Smith’s opposition to eighteenth-century British laws limiting the amount of apprentices taken on by master craftsmen and additional stipulations inhibiting the acquisition of training for poor laborers, as well as features of the Poor Laws limiting the mobility of laborers. With regard to these laborers, Smith challenges the practices of organized employers known as “corporations”, the guilds of his era. They include “the silk weavers of London, the cutlers of Sheffield, the ‘universities’ of master smiths, the ancient corporations of bakers, and other partial associations of trades” (Rothschild 2001, 88). Smith emphasizes specific harms from the Apprenticeship Laws tied to the Elizabethan Statute of Artificers (1563). These laws had “constrained workers in many occupations to a formal apprenticeship before they could be employed in their trade” (Mokyr 2009, 396). They implemented guild rules limiting the number of craft practitioners. How widely these restrictions were put in practice has been the object of some discussion. The Statute itself had exempted a number of trades from the apprenticeship requirements (O’Brien 1994, 224), and it is apparent that by Smith’s time the full Statute was not being consistently enforced (Mokyr 2009, 397; Hollander 1973, 258). At the same time, there is strong evidence that it is likely “informal rules of apprenticeship applied also where craft guilds were not legally sanctioned” (Epstein 2008, 57). While the formal power of guilds had declined by his day (Wallis 2014, 182), nonetheless their influence remained significant enough for Smith to observe the role their bylaws played in constraining both the number of apprentices that masters were allowed to

have and the length of time that apprentices could be utilized (WN,I.x.c.5). He states “The intention of both regulations is to restrain the competition to a much smaller number than might otherwise be disposed to enter the trade” (WN,I.x.c.5) and thereby “raise the price of their labour much above what is due to the nature of their work” (WN,I.x.c.22).

Smith elaborates on the harm to labor brought by the sections of the Poor Laws known as the Settlement Laws. It hindered the movement of labor by requiring families to remain in their parish to receive poor relief (Baum 1992, 152). This restriction particularly hampered agricultural workers seeking to find better-paying opportunities in manufacturing. Smith attributed widening wage inequality to this law:

The very unequal price of labour which we frequently find in England in places at no great distance from one another, is probably owing to the obstruction which the law of settlements gives to a poor man who would carry his industry from one parish to another without a certificate . . . There is scarce a poor man in England of forty years of age . . . who has not in some part of his life felt himself most cruelly oppressed by this ill-contrived law (WN,I.x.c.58-59).

In effect, by noting “the drastically different prices for labor in neighboring parishes” due to the restrictions on relocating, Smith is highlighting how “distortions in price harm the development of industry” (Wolf 2017, 45).

Smith offers a specific remedy. He calls for the Parliament to “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” (WN.I.x.p.79). He desires to lift these restraints on competition which keep prices high. Smith also makes a moral claim regarding the freedom of workers to better themselves in pursuing employment: “Every man’s interest would prompt him to seek the advantageous, and to shun the disadvantageous employment” (WN,I.x.a.1). Smith’s moral reasoning as applied to addressing the plight of the economically disadvantaged should not be overlooked.

### ***Moral Arguments for Economic Opportunities for the Laboring Poor***

For Smith, these two sets of labor market regulations violate the sacred liberty of workers. It is the laborer’s inviolable right to labor that is transgressed. Each person, he affirms, has a “patrimony”, a form of property in their labor: Smith writes “The property which every man has

in his own labor, 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 neighbor, is a plain violation of this most sacred property” (WN,I.x.c.12). Smith illustrates the degradation due to the hindrance placed on the free use of one’s labor by the apprenticeship laws: “Half a dozen wool-combers, perhaps, are necessary to keep a thousand spinners and weavers at work. By combining not to take apprentices they can not only engross the employment, but reduce the whole manufacture into a sort of slavery to themselves”(WN,I.x.c.22). These apprenticeship practices were in effect “a form of indentured servitude in which the master kept the proceeds of the apprentice’s work” (Anderson 2016, 159).<sup>6</sup> Similarly, the violation of the freedom to employ one’s labor is the primary problem caused by the Settlement Act. Smith declares “To remove a man who has committed no misdemeanour from the parish which he chooses to reside, is an evident violation of natural liberty and justice” (WN,I.x.c.59).

In each case the grounding for the need to uphold an inviolable right to labor is in the equal moral agency of each individual. Smith affirms humans qua humans each have an equivalent moral dignity in pursuing and exercising their particular occupations. This is evident in Smith’s discussion of how each person who desires to exchange “the produce of his [or her] own labour” is encouraged to apply themselves “to a particular occupation” and “to cultivate” their particular talents (WN,I.ii.3). Each person should be accorded equal respect in pursuit of that opportunity, though their particular specializations differ.<sup>7</sup> It is a “moral equality of agency”, for each person has an equal right to offer or withhold consent in offering their labor (Otteson 2023, 112).

Smith’s understanding of a shared human agency a central facet of his moral philosophy. For Smith, “interests, passions, sentiments, sympathies” were universal qualities (Himmelfarb 1984, 53), a perspective which he had gained from his beloved teacher at Glasgow, Francis Hutcheson (1725). Providing a central example, Smith claims every human has a fellow-feeling or sympathy towards others; it is present even in “the greatest ruffian, the most hardened violator of the laws of society” (TMS, I.i.1). Smith understood narrow selfishness could be

checked by sympathy, and that human morals are “mediated through the faculty of sympathy” (Rasmussen 2008, 115). He also emphasizes that sympathy is exercised in accord with our desire for approbation. Sympathy then may often be an insufficient restraint on a narrow self-interest.

Our imagination helps form a second and more significant constraint on our self-interested bent, which is the presence of the impartial spectator. Smith identifies it as “a much higher tribunal.” Each person is accountable “to the tribunal of his [or her] own conscience, to that of the supposed impartial and well-informed spectator, to that of the man within the breast, the great judge and arbiter of their conduct” (TMS, III.2.32). Where sympathy relates to our desired to be praised, the impartial spectator’s role is grounded in the universal human desire to be praiseworthy. The judgments of the impartial spectator provide the foundation for Smith’s sense of the equal moral dignity of all persons. The impartial spectator is conceived to have a special regard for equality of treatment in the market process so that neither party is defrauded or disadvantaged by special privileges exercised asymmetrically. Thus Smith speaks of how an individual market participant: “In the race for wealth, and honours, and preferments . . . may run as hard as he can, and strain every nerve and every muscle, in order to outstrip all his competitors. But if he should jostle, or throw down any of them, the indulgence of the spectators is entirely at an end. It is a violation of fair play, which they cannot admit of” (TMS, II.ii.2.1). Competition in the market, in line with commutative justice, is to be characterized by a recognition that each person deserves equivalent respect by means of ‘fair play.’ The impartial spectator “embodies a commitment to the equal moral worth of all human beings, giving equal weight to all perspectives” (Herzog 2014, 865) and thus won’t tolerate injustice in exchange.

In this dimension Smith’s conception of the impartial spectator’s approval aligns with Scholastic thinking on commutative justice. Much like the valuation applied by the impartial spectator, Scholastic thought emphasized the need for exchange to transpire without deception or economic compulsion. Smith here is influenced (perhaps indirectly) by the Christian tradition of thinking that avers justice in economic exchange only occurs in the absence of fraud, deceit and collusion (Noell 2022b).



Smith leads the way in advocating for the poor's equal dignity with other members of society, challenging the eighteenth-century consensus among British intellectuals and policymakers. Smith's critique of the Settlement Laws applies his case for moral equality. As Wolf (2017) explains, "He points out how the law affects the public perception of their poor laborers, which is tied to their ability to find work under the poor law. He also focuses on the justice of the law, namely whether or not workers who have families and especially need work or relief will be able to get it, and how the law affects the liberty of workers" (Wolf 2017, 46). Smith also recognizes how through apprenticeship and settlement laws workers are "most cruelly oppressed", for by them they are subject to the whims of masters and "the churchwardens and overseers of the poor" (Rothschild 2001, 101).<sup>8</sup>

A nuanced case on behalf of economic opportunity for the poor is offered by Smith. While he does not explicitly challenge the economic relief offered under the poor laws, neither does he express that the role of the state includes the pursuit of equalizing incomes as a matter of distributive justice. Indeed, the concept of establishing a just distribution of income was not part of the explicit language of Scottish moral philosophers. Smith links distributive justice with beneficence, the voluntary generosity one displays towards others (TMS, VII.ii.1.10).

Smith does address distributive concerns in identifying and examining the sources and nature of economic inequalities. As will be discussed in Section V, Smith's analysis of economic inequalities, occurring both domestically and in colonies under British imperial rule, distinguishes between 'natural' and 'unnatural' income inequalities. However, Smith is not accurately depicted as a "distributional egalitarian" who makes a clear case for income-leveling measures; instead, he may rightly be seen as a "relational egalitarian" in finding each person as "worthy of respect" (Macdonald 2016, 151). Smith doesn't just challenge the poor law solely on the basis of its economic effects; he is concerned as well with its impact on the social perception of the poor. Wolf (2017) elaborates on Smith's critique: "By further encouraging people to see the poor as objects of derision, the poor law not only prevents the circulation of free labor, it also harms their potential to be seen as people worthy of the sympathy of their peers" (Wolf 2017, 41).

Smith recognizes poverty's social consequences. Poverty is more than material deprivation; "it is an issue of social recognition" (DelleMotte and Walraevens 2015, 721). Smith provided credence to this perspective through personal observations about the poor's personal income and spending habits (Fleischacker 2004a, 40). He considers how in particular the poor fare as participants in England's opulent commercial society. Smith (WN,V.ii.k.871) observes how "appearing in public without shame" may require more expensive clothing for the British poor than they would need in a much less wealthy nation. Thus, in speaking of the key items to raise the poor's standard of living, he states "By necessaries, I understand, not only the commodities which are indispensably necessary for the support of life, but whatever the custom of the country renders it indecent for creditable people, even of the lowest order, to be without" (WN,V.ii.k.870-871).<sup>9</sup>

Fuller participation in the labor market offers the poor opportunities for enhanced social recognition and enhances their productivity. For example, Smith claims "a poor independent workman will generally be more industrious than even a journeyman who works by the piece" (WN, I.viii.48). In "enjoying the whole produce of his own industry", this worker's moral fiber is also enhanced in "his separate independent state" (WN, I.viii.48). Independent workers are made "respectable in the eyes of those with whom they transact, as people must be persuaded rather than ordered to serve others" (Anderson 2016, 167). Employers are led to persuade their workers to do their bidding, and offer them cash. In turn, workers can change the direction of their claim to employment: "Wages also enable workers to get what they want from others by appealing to their self-interest rather than their vanity" (Anderson 2016, 167; WN,I.ii.1,2)

There are then several dimensions to Smith's critique of labor market regulations. His moral and economic analysis affirms the inviolability of labor and the dignity of the working poor. An examination of Smith's perspective on human moral sentiments finds these sentiments to be "expressed through the passions" (Evensky 2005, 35). Smith presents a spectrum to describe the range of human passions, from benevolence to malevolence. Smith's depiction of social, self-interested, and unsocial passions is employed in his evaluation of the benefits of enhancing the economic independence of labor and the social harm done by various interest groups constricting the poor's economic opportunities.

### III. HUMAN PASSIONS AND THEIR MANIFESTATION IN THE LABOR MARKET

Smith distinguishes between social, selfish, and unsocial passions characterizing human nature (TMS,I.ii.4-5). He depicts these passions as if, in effect, they are found along a spectrum (TMS,I.ii.5.1; Young 1997, 57n.27). Among the social passions are generosity, compassion, kindness, and pity. These forms of benevolence exhibit several features. First, there is a finite limit to each person's capacity of concern for others.<sup>10</sup> In addition, benevolence is motivated by approbation. Smith finds that we desire not just to be loved, but to be lovely, that is, to be worthy of the approval of others (TMS,III.ii.1). We also note that at the benevolence end of this spectrum, transactions tend to be personal, so that individuals are more inclined to be driven by other-regarding impulses.

The selfish passions include self-preservation, joy and grief. They are more common than the social passions. The desire to act to benefit others is stronger in personal economic interaction. Self-interest becomes more significant than benevolence in shaping exchange as impersonal exchange becomes more prominent (TMS,VI.ii.1-2). Smith's investigation of these passions leads him to find that "the greater social distance becomes the weaker is the strength of benevolence. Indeed the moral responsibility to care for one's fellows also falls off as social distance increases" (Young 1997, 71). These self-interested passions, when filtered through competition in the marketplace, lead to the virtues of justice, prudence and self-command. In contrast, with more personal transactions, people are more inclined to constrain their self-interest in accord with the direction of the impartial spectator.

Smith observes that self-love (or selfish passion) often prevails in the marketplace. In a well-known example, Smith affirms that a social passion is not the basis for having one's basic needs met: "It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages" (WN,I.ii.2.). Preservation of income from exchange is part of self-interest for the producer.

Self-interested laborers are motivated by the opportunities afforded by economic independence to receive both higher wages and greater social respect. Smith critiqued slavery and serfdom for the scope of its excessive control over the worker; indeed, "in both cases

masters' control over laborers extends from their work to their entire life" (Dellemotte and Walraevens 2015, 719). To the degree that commercial society has brought laborers independence, Smith claims it has advanced the dignity of the working poor. In a number of instances Smith affirms the successful efforts of independent workers (WN,I.x.b.8; II.iv.7; IV.i.32). His critique of Europe's labor market regulations centers around their hindrance of this economic success: "He repeatedly praises the virtues and accomplishments of independent laborers, maintaining that it is unnecessary as well as inappropriate to monitor and control the lives of the poor" (Fleischacker 2004, 66). In labor relations with employers, these virtues are demonstrated in the practices of probity and 'fair dealing.'

Smith acknowledged that the self-interested passions may degenerate into unsocial passions. The unsocial passions are driven by narrow selfishness. They are represented by the human capacity for envy, malice and resentment (WN,V.i.b.2). Being at the other end of the continuum, the weakness of personal relations fosters malevolent economic conduct. The outworking of these unsocial passions in social practices means that at times our moral faculties are deficient.<sup>11</sup> In recognizing different manifestations of human malevolence, it seems evident Smith does not subscribe to the 'natural goodness' of humanity. He shares in the historic Christian understanding of an evil bent in human nature, but does not frame his discussion of malevolence in terms of sin.<sup>12</sup>

Smith extends this thinking about benevolence and malevolence in a commercial society by applying it to exchange relationships. Smith recognizes both "the virtue of probity and the harmfulness of deceit of others" in market transactions (Halteman and Noell 2012, 87). Deceit is spurned by the impartial spectator, who holds the individual accountable when harming others in the pursuit of status and or wealth. Yet, even with the economic progress afforded laborers in a commercial society, they find themselves facing the outworking of the unsocial passions in the setting of wages.

Deceitful behavior by a "man of reserve and concealment" (TMS,VII.iv.29) can be exhibited by an employer in the wage bargaining process. Smith describes how eighteenth-century British laws favor employers over employees in wage-setting arrangements. These statutes allowed employers to combine to suppress wages but disallowed workers to combine (WN,I.viii.12).

Employers used the asymmetry of power they held to dominate wage setting. Employers ('masters') enter into combinations in order to lower the wages of laborers, efforts "... conducted with the utmost silence and secrecy, till the moment of execution" when the laborers yield to accepting a lower wage (WN, I.viii.13). The masters secretly collude to reduce their payroll costs yet vocally proclaim their need for the assistance of the law. Smith believes the law should end the asymmetry. It should not prohibit laborers in a trade from combining to boost their bargaining power, but also "ought to do nothing to facilitate such assemblies; much less to render them necessary" (WN, I.x.c.27; Noell 1995).

#### **IV. MALEVOLENCE IN ECONOMIC INSTITUTIONS AND THE LABORING POOR**

The literature on Smith has identified particular facets of his depiction of the unsocial passions. His treatment of humanity's pursuit of vanities at the expense of others, and its aim to satisfy avaricious impulses has been acknowledged. Malevolence has been recognized as manifested by a mixture of self-interest with various other unsocial desires (Young 2001, 105). Yet Smith's understanding of how the outworking of these desires represent malevolence in institutional practice with respect to the laboring poor has not been fully explored. We now consider Smith's demonstration of how the malevolence of institutional measures is exhibited in restraints on a person's inviolable right to labor in accord with their own interest.

According to Smith, malevolence is grounded in a bent in human behavior to dominate and/or rule over others (WN, III.ii.10). Smith's discussion of malevolence in economic institutions demonstrates key instances in which the unsocial passions prevail, and groups (or individuals) seek to economically dominate others.<sup>13</sup> Their gains are obtained by exploitation, deceit and fraud, such as in the practices of slavery, the 'mercantile spirit', and the monopolistic and monopsonistic activities associated with colonialism and imperialism.<sup>14</sup>

A specific example of the economic manifestation of the desire to dominate others is provided by the economic decisions made by employers in the British coal and salt mines. Smith observes mine-owners relied on workers who are legally bound to them due to their "love of domination and authority over others, which I am afraid is natural to mankind, a certain desire of having others below one, and the pleasure it gives one to have some persons whom he can

order to do his work rather than be obliged to persuade others to bargain with him” [LJ(A),iii.130]. While the use of unfree workers in the mines drives up the price of labor enough to cut into the masters’ profit, Smith suggests that even these thoroughly commercial mine owners will never agree to transition to free labor due to their urge to dominate others [LJ(A), iii.126–30; Luban 2012, 300]. A more extreme example of economic malevolence is found in the practice of slavery.<sup>15</sup>

### ***Slavery***

Smith provides significant arguments supporting the abolitionist movement as it arises across Britain in the second half of the eighteenth century, essentially standing alone in refusing to advocate its economic benefits for the United Kingdom.<sup>16</sup> He is forthright in identifying slavery as the institutional practice most representative of an innate human desire to rule over others. Indeed, he attributes a crucial driving force behind the slavery’s persistence from ancient times to his era to be an elemental human “love of domination and tyrannizing” of others [LJ(A),iii.114]. Some of his most severe condemnatory language is reserved for the slave traders, who are depicted as “wretches” displaying “brutality and baseness” (TMS,V.ii.9).

The inefficiency of slave labor means that it in fact goes against the economic interest of the masters (LJ(A),iii.111; WN,III.ii.9). Why then do they persist in depending on it? Smith writes: “their real interest would lead them to set free their slaves and cultivate their lands by free servants or tenents, yet the love of domination and authority and the pleasure men take in having every thing done by their express orders . . . will make it impossible for the slaves in a free country ever to recover their liberty” [LJ(A),iii.114]. Smith is troubled by the emergence of slavery in the European colonies, as it “underlines the continuing threat of man’s tyrannical nature” (Salter 1996, 228). He elaborates on how producers are driven by this unsocial passion: “The pride of man makes him love to domineer, and nothing mortifies him so much as to be obliged to condescend to persuade his inferiors. Wherever the law allows it, and the nature of the work can afford it, therefore, he will generally prefer the service of slaves to that of freemen” (WN,III.ii.10; LJ(A), iii.114, 130). The overriding unsocial passion leads slave owners to fail to realize that relying on slaves works against their own interest.

There is an additional element of malevolence to slavery. Smith declares the slaves from Africa “possess a degree of magnanimity which the soul of his sordid master is too often scarce capable of conceiving” (TMS,V.2.9). The slave masters can’t perceive this particular virtue of slaves, for the masters have a “particularly damaging kind of vanity or desire to be admired”; yet slavery is also injurious since it “degrades the character of the enslaved, encouraging servility and many other vices” (Griswold 1999, 199). Smith emphasizes the harm done to the slave’s moral dignity. The act of domineering over slaves is morally deficient as it falls short of the approval of the impartial spectator, who “presumes a basic equality of all people” (Fleischacker 2021, 298). Thus Smith recognizes in the coercive institution of slavery an example of self-interest being twisted by a love of domination and vanity for admiration, so that instead of a social benefit being served, moral degradation is produced.

### ***The Mercantile System***

Smith pungently critiques the merchants and manufacturers who obtained limits on competition through Parliamentary statutes. In speaking of the rapacity of merchants and manufacturers, he states they are “an order of men whose interest is never the same with that of the public, who have generally an interest to deceive and even to oppress the public, and who accordingly have, upon many occasions, both deceived and oppressed it” (WN,IV.iii.c.9). Smith highlights the moral impunity of these interest groups who strive to secure monopoly privileges through the political process.

Malevolent actions can be implemented through the means of a representative democracy. The pursuit of economic benefits through governmental authority does not necessarily require the use of violence to injure the laboring poor. Smith remarks that interest groups will turn to the political process for economic privileges when physical coercion is not feasible: “For though management and persuasion are always the easiest and the safest instruments of government, as force and violence are the worst and the most dangerous, yet such, it seems, is the natural insolence of man, that he almost always disdains to use the good instrument, except when he cannot or dare not use the bad one” (WN,V.i.g.19). The political economy of the mercantile system is grounded in malevolent contention among factions of merchants and manufacturers

who look to the Parliament to constrain competition so that prices might be hiked. Smith finds this economic malevolence exemplified in the statutes protecting the woolen manufacturers; they uphold “oppressive monopolies.” He adds “Like the laws of Draco, these laws may be said to be all written in blood” (WN,IV. viii.17). The poor particularly suffer the most under the weight of these monopolistic actions.

Smith emphasizes that the wealthy benefit and the poor are harmed by monopoly privileges provided by the mercantile system. He writes, “It is the industry which is carried on for the benefit of the rich and powerful, that is principally encouraged by our mercantile system. That which is carried on for the benefit of the poor and indigent, is too often, either neglected, or oppressed” (WN,IV.viii.4). Manufacturers, shippers, and merchants with monopoly privileges are the central beneficiaries of the mercantile system, while the poor are injured or at a minimum ignored. It is self-interest combined with vanity<sup>17</sup> that gave mercantile interests the opportunity to benefit from special privileges in European commercial societies.

Smith observes that the wretched spirit of monopoly found in domestic labor market constraints is exhibited in foreign trade. In analyzing Britain’s mercantile practices in international trade, he illuminates their harmful economic impact on the laboring poor.

### ***Colonialism and Imperialism***

Smith’s critique of mercantilism appeals to the ‘other-regarding’ relations one might expect temper self-interest in trade. He emphasizes “Commerce ought naturally to be, among nations, as among individuals, a bond of union and friendship” (WN,IV.iii.c.9). Yet Smith also finds that vigorous rivalry spilling over into warfare can emerge among trading partners. Smith declares mercantilist ‘beggar-thy-neighbor’ doctrine means “Each nation has been made to look with an invidious eye upon the prosperity of all the nations with which it trades, and to consider their own gain as its own loss” (WN,IV.iii.c.9). The degeneration of self-interest into unsocial passions leads to governmental coercion in economic transactions. Smith names the source of protectionist measures as “the mean rapacity [and] the monopolizing spirit of merchants and manufacturers” and affirms they “neither are, nor ought to be, the rulers of mankind” (WN,IV.iii.c.9). Here again he appeals to the desire to dominate that is driving such measures as



“bounties, drawbacks, tariffs and excises imposed by the state through pressure by rapacious merchants” (Tegos 2013, 360). Such measures were “detrimental to the interests of all but the merchants actually engaged in the trade” (Winch 1965, 6).

Smith evinced a mixed evaluation of European colonial ventures. Colonies would ostensibly supply gold and silver, though the fruitless mining efforts to find these precious metals lead to the “most disadvantageous lottery in the world” (WN,IV.vii.a.18) The colony trade provided markets for British products, so that as a means of boosting Great Britain’s wealth, it was “upon the whole beneficial, and greatly beneficial” (WN,IV.vii.c.47). Yet the profits accruing to merchant interests and “all those benefiting from monopoly trade were in fact subsidized by the British government” (Rioux 2022, 171). The subsidy granted to mercantile interests persisted “not only because import duties did not cover the administrative costs, military expenses, and naval charges necessary to the maintenance of the empire, but also because they constituted a drain that redirected vast sums of capital away from productive industries at home and towards the debt-driven structure of the (sugar) colonies” (Rioux 2022, 171). Smith emphasizes the malevolent manner in which colonies are established and trade relations are carried out. He assails the “savage injustice” of Europeans who colonized the New World (WN,IV.i.32). For example, Columbus is motivated to dominate others; his vanity is evident in his representation before his benefactors of the precious metals to be found in the Caribbean. He is “willing to lie and to commit the vilest injustices to bring glory to himself” (Paganelli 2020, 168).

More broadly, Smith evaluates the imperialist drive tied to British trade policy in light of his concern for the preservation of the right to pursue one’s trade freely. He opposes the economic policy benefits providing exclusive privileges to a small group in the colonies established under British rule at the expense of the British public. He finds the mercantile subsidies “pernicious and useless”, for they provide “a fruit enjoyed by the few and paid for by the many” (Winch 1965, 13). Smith elaborates on their harmful impact on the majority of England’s populace. He affirms again the transgression of the rights of the laborer: “To prohibit a great people, however, from making all that they can of every part of their produce, or from employing their stock and industry in the way that they judge most advantageous to themselves, is a manifest

violation of the most sacred rights of mankind” (WN,IV.vii.b.44). He critiques the manner in which governance is exercised in these imperial ventures.

Smith’s exposes the malevolence evident in imperialist ventures in British colonies outside of North America, which were characterized by the abuses inherent to “company-run states”(Pitts 2005, 55). Parliament had granted charters to particular British merchant companies. They would not be challenged by other British firms in the colony, but they had to eliminate foreign competition to ensure their dominance. This meant that “the company must conquer and protect its possessions on its own, with weapons in hand” (Diatkine 2021, 100). Malevolent measures are so characteristic of their rule that Smith declares “The government of an exclusive company of merchants is perhaps the worse of all governments for any country whatever” (WN,IV.vii.b.11). Smith offers the examples of trading company rule in India (Bengal) to support his claim. One might expect that upon receiving this delegated rule the trading companies would take account of the full interests on India’s populace. Instead, Smith found it evident that “the spirit of monopoly had been unchallenged by any sense of the interest of Indian society at large” (Phillipson 1983, 193). Both the Dutch East India Company and the English East India Company (EEIC) “extended, either their dominion, or their depredations, over a vast accession of some of the richest and most fertile countries in India” (WN,V.i.e.28). Because these companies “occupy the fused economic and political roles of merchant and sovereign”, their exclusionary tactics in dominating their subjects “are virtually a structural feature of their position” (Luban 2012, 300).”

The desire to dominate through exclusive rule led to particularly detrimental consequences for the laboring poor on the South Asian subcontinent. The EEIC, originally a joint-stock trading company, was “empowered with a largely free hand by the British government to run colonial Bengal” (Evensky 2005, 75). Smith depicts how the EEIC leveraged its ruling position to its economic advantage:

Some nations have given up the whole commerce of their colonies to an exclusive company, of whom the colonists were obliged to buy all such European goods as they wanted, and to whom they were obliged to sell the whole of their own surplus produce. It was the interest of the company, therefore, not only to sell the former as dear, and to buy the latter as cheap as possible, but to buy no more of the latter, even at this low price, than what they could dispose of for a very high price in Europe. It was their

interest, not only to degrade in all cases the value of the surplus produce of the colony, but in many cases to discourage and keep down the natural increase of the quantity. Of all the expedients that can well be contrived to stunt the natural growth of a new colony, that of an exclusive company is undoubtedly the most effectual (WN,IV.vii.b.22).

Among the exclusionary activities of the EEIC were limitations on the goods the laboring poor might purchase by inhibiting their access to supply from competitors and raising the price of European-made imports (WN,IV.vii.c.103). It acted as a monopsony by its constraint on the availability of products for the poor to purchase; by this measure the EEIC was “ensuring that they eliminate any competitors on the local markets” (Diatkine 2021, 101). Across India, the poor suffered the most in real terms as a consequence of the monopsonistic leverage exercised by this trading company.

In addition, the EEIC suppressed the freedom of laborers in India by rules inhibiting their mobility. Parthasarathi (2001) elaborates on how the EEIC’s governance severely diminished the independence of labor in India by selectively instituting rules from England limiting the worker’s mobility:

The Company’s fixing of laborers, as well as its other interventions in the labor market, were modeled on English practices. However, the Company and its servants were selective in their transmission of English political customs and ideas. Of course, English political culture and institutions in their entirety could not be reproduced in South India, but the transfer that did take place was markedly one-sided. The Company freely introduced measures to discipline laborers. In the process, it took away the rights which laboring groups possessed as well as the methods with which they defended these rights, most importantly freedom of movement. However, the Company gave laborers nothing with which they could defend themselves (Parthasarathi 2001, 147).

Smith directly identifies the malevolent nature of economic actions taken by the EEIC to buttress their privileged position. He finds “they will employ the whole authority of government, and pervert the administration of justice, in order to harass and ruin those who interfere with them in any branch of commerce which, by means of agents . . . they may choose to carry on” (WN, IV.vii.c.105). Smith’s disdain for the EEIC stems from his recognition of the inevitable moral failing which stems from granting it governance in India: “No other sovereigns ever were, or, from the nature of things, ever could be, so perfectly indifferent about the happiness or misery of their subjects, the improvement or waste of their dominions, the glory

or disgrace of their administration; as, from irresistible moral causes, the greater part of the proprietors of such a mercantile company are, and necessarily must be” (WN,V.i.e.26). The coercive power of the EEIC provides a vivid example of a trading company governing a large population of the South Asian subcontinent; they were the “plunderers of India” (WN, V.i.e.26; Evensky 2005, 224-5).

Smith’s discussion of slavery, mercantilistic monopoly privileges, colonialization and imperialism are representative cases of the malevolence associated with the economically detrimental restrictions of each person’s inviolable right to labor. The economic consequences of malevolence in economic institutions can be explored in light of Smith’s distinction between ‘natural’ and ‘unnatural’ income inequalities.

#### **V. ‘NATURAL’ VS. ‘UNNATURAL’ INCOME INEQUALITIES AND A CASE FOR POLICIES BENEFITING THE LABORING POOR**

Smith observes that the employment of labor will lead to natural income inequalities (Otteson 2014a, 17-18). Income inequalities arising from differences in the difficulty of work tasks, requirements for learning a trade, frequency of employment, trust placed in the worker, and riskiness of the occupation are acceptable to Smith. Nor does he find objectionable that differences based on distinctive skills and talents produce income disparities. Smith recognizes that income inequality will arise naturally in market-based exchange from “the various degrees of capacity, industry, and diligence in the different individuals” (LJ(A),VI.19). Smith thus affirms as natural “the inequality that results from different degrees of natural ability and effort by *individuals*” (Martin 2021, 843).

‘Unnatural’ income inequality stems particularly from governmentally-granted privilege, as it often favors particular economic classes as the expense of others. Smith points to examples of the wealthy being linked “to political power and its abuse” (Martin 2021, 843), particularly with respect to the working poor. As noted, employers have been allowed to combine together to suppress wages in bargaining, which such combinations are not legally allowed for laborers (WN, I.viii). Employers also convinced Parliament to establish laws setting maximum wage rates, as in the case of master tailors who obtained wage regulation (WN,I.x.c.61). Smith specifically observes the imbalance in the application of apprenticeship laws governing the

trades in market towns. Common laborers face a greater hindrance: “It is everywhere much easier for a wealthy merchant to obtain the privilege of trading in a town corporate, than for a poor artificer to obtain that of working in it” (WN,I.x.c.44).<sup>18</sup>

Smith emphasizes the source of unnatural income inequality in the mercantile system. As it employs “several rules and laws privileging the few over the many, or sacrificing the interest of society to the interest of a specific class or order of society” (Walraevens 2021, 219), Smith invokes a moral condemnation of its support for wealthy interests at the expense of the poor. He expresses his disdain for it directly in terms of income classes: “It is the industry which is carried on for the benefit of the rich and powerful, that is principally encouraged by our mercantile system. That which is carried on for the benefit of the poor and the indigent, is, too often, either neglected, or oppressed” (WN, 644). The trading companies gaining privilege in England’s mercantile system exercised oppressive measures towards the poor. This is exemplified in the treatment of the working poor who received less than the reward of their labor in India as their products were purchased by the monopsonistic EEIC for less than competitive prices. Smith finds the morally problematic economic gains associated with the mercantile system to be pervasive in England and its empire. Martin (2021) is thus correct to claim “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” (Martin 2021, 843). As we have seen, Smith lays particular weight on the abuses particularly detrimental towards the laboring poor.

When the common laborer is hindered in the exercise of his or her right to labor, Smith finds that practice to be inequitable. It is a transgression of the moral equality among all workers, regardless of their income class. Since each person has an equal dignity and worth, no one should benefit from special privileges. As Anderson (2016) observes, “Smith focuses his criticisms on policies that create privileges at the expense of others. Virtually all of the policies he condemns exacerbate inequality by unjustly favoring the rich at the expense of workers and consumers, especially the poor” (Anderson 2016, 159). In contrast to these inequitable measures, Smith offers recommendations for policies aimed to benefit the laboring poor.

To aid the common laborer, particularly burdensome labor market regulations must be removed. Smith points to the need to end the limitations on labor mobility:

Let the same natural liberty of exercising what species of industry they please be restored to all his majesty's subjects, in the same manner as to soldiers and seamen; that is, break down the exclusive privileges of corporations, and repeal the statute of apprenticeship, both of which are real encroachments upon natural liberty, and add to these 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 another place, without the fear either of a prosecution or a removal . . . (WN,IV.ii.42).

Corporation by-laws and mercantile restrictions on entry into occupations are manifestations of “the wretched spirit of monopoly” (WN,IV.ii.21) which should be eliminated to foster greater labor mobility. Loosening labor market regulations offers promise through the market process of raising the incomes of the poor.

Beyond a call for this form of labor market deregulation, Smith points to the benefits of economic growth for the laboring poor. They gain from the greater labor demand that flows from firms experiencing stronger demand for their products in an economy that is not stagnant or contracting. Smith affirms wages paid to workers “are never so high as when the demand for labor is continually rising, or when the quantity employed is every year increasing considerably” (WN,I.xi.9). With higher wages, the laboring poor are motivated to boost their productivity. As Anderson notes, “Against those who claim that low wages are needed to force the poor to work just to survive, Smith argues that the motive to better one’s condition is common to all. Higher wages increase production by providing an incentive to work more” (Anderson 2016, 160). Thus in Smith’s analysis, higher wages are interconnected with higher productivity; they are interdependent (WN,I.i.10; Noell 2006). Contrasting declining, stagnant and progressive states of a commercial economy, he states “it is in the progressive state . . . rather than when it has acquired the full complement of riches, that the condition of the labouring poor, of the great body of the people, seems to be the happiest and the most comfortable” (WN,I. viii.43, 99). It is evident from the title of Smith’s most famous publication that he is motivated to explore how the sustained economic growth associated with the progressive state is to be cultivated.

Smith presents the removal of labor market restrictions as complementary to his advocacy for the benefits of economic growth. These restrictions impede the economic growth that often

benefits the poor. As Moene puts it: “growth slows down if further division of work is not profitable because of wage premiums to local workers associated with guilds, unnecessary long apprenticeships, and restrictions on free labor mobility. This would be particularly harmful to growth when the sectors with highest potential for further division of labor must pay the highest wage premiums” (Moene 2011, 201). Smith seemed to believe that “no society can subsist” (Young 2021, 107) in which malevolent economic practices dominate the other expressions of human social passions. Smith favored policies encouraging the pursuit of economic opportunity by the poor, as guided by benevolent moral sentiments, to allow for the fullest affirmation and expression of each person’s sacred right to labor.

## VI. CONCLUSION

Smith’s advocacy on behalf of the laboring poor is best understood in light of his examination of how their ‘just liberty’ is fostered. Smith analyzes and condemns the malevolence of particular employers in the labor market who act with the backing of regulatory authorities. Smith directly speaks of the insolence, rapacity, sordid vanities, mean spirit, deceit and injustices exhibited and practiced by slaveholders, colluding employers of wage labor, and monopsonistic trading companies harming the laboring poor in European colonies. His recommended policy measures to grow the nation’s wealth draw on his concept of the equal moral dignity of the laboring poor. Its evident Smith’s case for expanding British opulence rests “above all [on] that equal and impartial administration of justice which renders the rights of the meanest British subject respectable to the greatest” (WN.IV.vii.c.54; Darwall 2004, 129).

Smith’s case for establishing the ‘just liberty’ of labor is congruent with Christian values in several dimensions. His appeal to the equal moral dignity of each laborer is in accord with the significance of each person manifesting God’s image as a productive laborer. Given that workers bear the *imago dei*, their moral dignity is the basis for the directions in Scripture to not oppress the laborer. Smith declares legal restrictions on the employment of that labor to be ‘a manifest encroachment upon the just liberty’ of labor market participants. Smith highlights the disrespect of the laboring poor’s moral dignity in the face of the coercive violence and deceit employed by malevolent slaveowners and employers.

Similarly, Scripture presents God's special concern for the poor. God is said to be the defender of the rights of the poor. The poor laborer's wages are not to be withheld (Lev.19:13). Examples of the violation of their rights in the marketplace and the oppression of laborers are presented throughout the Pentateuch, Wisdom writings, and Prophets (Noell 2017). Isaiah speaks out against the rich arbitrarily seizing the homes of the defenseless poor with the backing of Israel's monarch (Isaiah 5:8). Amos, Hosea and Micah rebuke merchants who defraud the poor. In the New Testament we see Jesus affirming that the laborer is worthy of his wages (Luke 10:7), a statement reiterated by the Apostle Paul (I Timothy 5:18). While Scripture enjoins employers to do justice to their treatment of their workers, it does not call for measures to reduce income disparities per se as a matter of economic justice.

As Christian economists may benefit from Smith's insights regarding the poor's right to labor and measures to elevate their income, several caveats must also be noted. Even as he affirms God's providential care expressed through our moral sentiments, his priority of relying on natural revelation leaves him short of a much richer case for economists to draw on with respect to poverty policy. He fails to directly appeal to specific Scriptural teaching on our responsibility to the poor. His case for the laboring poor's economic advancement is thus complementary to the Christian one. Smith does recognize that each person is ultimately restrained in their malevolent actions by accountability to the Divine Judge. Yet he fails to directly link this accountability to Scripture's call to do justice to the least among us. While he inherits certain elements of the ancient and medieval just price tradition in his advocacy of commutative justice, Smith does not explicitly join the Christian lineage regarding distributive justice which affirmed the economic obligation of a community to "provide adequate material care" for the individuals within it, particularly the "impoverished" (Noell 2022b, 121 ).

Yet Smith does raise significant considerations with respect to equity for the laboring poor. As previously noted, he writes "It is but equity, besides, that they who feed, clothe and lodge the whole body of the people, should have such a share of the produce of their own labour as to be themselves tolerably well fed, clothed and lodged" (WN.I,viii.36). Smith affirms that "the liberal reward of labour" is both "the necessary effect" and "the natural symptom of increasing national wealth" (WN, I.viii.27). Economic growth both fosters greater economic opportunities



for the laboring poor but also greater economic disparities. Smith affirms greater wealth is socially desirable even though it brings greater income inequality. His position is that it is better to be poor in a wealthy society than rich in a relatively poor society. Thus Smith finds “the least advantaged would rather enjoy a decent standard of living and “go along with” inequality, than stay poor” (Anderson 2016, 160). The rise in their living standards flowed from an enhanced division of labor, as it led to lower costs of manufactured products and in turn, higher real wages for the poor as they “paid less for their manufactured goods at home”(Hont and Ignatieff 1983, 21).

There are further elements for scrutiny of equity concerns in probing Smith’s recognition that economies may stagnate or decline. In a stagnant economy, wages will drop towards the “lowest rate which is consistent with common humanity” (WN,I.viii.24). One might ask as a consequence if in a declining economy, will laborers be assured of receiving a ‘living wage’? (Noell 2006). Furthermore, would such a provision also be in accord with Smith’s apparent position that the poor have a right to be provided subsistence (Witzum and Young, 2006)?

Perhaps the beginnings of a response would be to identify certain instances where Smith allows for distributive measures to provide for the poor. Smith affirms the state should intervene to regulate the price of bread where a monopoly controls its supply (WN, I.x.c.62). He also is willing to tolerate governmental restraint on the export of corn where the domestic supply was insufficient in certain small cantons in Switzerland and states in Italy, cases of “the most urgent necessity” (WN, IV.v.b.39). While Smith recognized that beneficent measures might voluntarily be taken to relieve the indigent, and government intervention might particularly be needed those facing dire economic emergencies, he thought such measures would most often not be needed due to the benefits flowing to laborers from economic growth (Noell 2022b).<sup>19</sup> Smith was reticent to see the state mandate “acts of beneficence”; he does affirm “the civil magistrate . . . may prescribe rules. . . which not only prohibit mutual injuries among fellow-citizens, but command mutual good offices to a certain degree” (TMS,II.ii.i.8). Here it may be fair to say that Smith recognizes the private responsibility of beneficence and the “public responsibility” of economic provision that characterize distributive justice (Young 1992, 134).<sup>20</sup> At the same it should be recognized Smith is often dubious of the efficacy of

governmental measures to accomplish their stated ends. Moreover, he is cognizant that efforts aimed at distributive equity may be excessive, for “to push it too far is destructive of all liberty, security and justice (TMS, II.II.I.8).

Further directions for research on Smith’s analysis of malevolence and the laboring poor draw on the discussion in the literature surrounding Smith’s treatment of virtues and markets.<sup>21</sup> In recognizing both benevolent and malevolent dimensions to economic conduct, Smith forges a distinctive analysis of the connections between personal moral sentiments and market morality. With regards to the outworking of benevolence, Smith argues “some forms of virtuous behavior are institutionalized through market arrangements” (Halteman and Noell 2012, 82). While the institutions of the division of labor, property rights and exchange are crucial for a market economy (WN,I.v-vii), such an economy “requires a certain amount of trust and fair dealing to function” (Young 1997, 65). For Smith the relationship between markets and morality is bilateral; he emphasizes how markets both require and foster moral virtues such as “prudence, patience, punctuality, probity, and integrity” (LJ (B) 326: Tegos 2013, 360).

At the same time, Smith is cognizant of how the labor market may not exhibit these virtues. In certain instances, he allows for regulation to address economic harms to laborers. For example, he spurns payment of wages in-kind by employers as exploitative. He finds regulations requiring cash wage payments to be “just and equitable” (WN,I.x.c.61). As Baum explains, “these rules prevented employers from cheating workers by claiming that the value of in-kind wages was higher than it actually was” (Baum 1992, 151). These considerations should be incorporated alongside his vision for the institutional underpinnings securing the worker’s right to labor. It is fair to say that for Smith “the need for institutions that would control the urge to domineer contributed to his moral advocacy of commercial society based on free, wage labor” (Muller 1993, 136). As we have seen, Smith also includes the need for lifting burdensome labor regulations so that those with lower incomes may find greater economic opportunities. Smith’s policy prescription speaks to laborers in our context as well. As Boettke, Candela, and Woltz put it “Rather than being limited in their choice of work by class, social status, or legal discrimination, greater freedom of entry and exit, due to greater social mobility, is *liberating* to workers and allows them to work with greater dignity” (2021, 51, emphasis in original). How

Smith's evaluation of labor market regulations can be further extended in our context is worthy of further exploration.

Smith's advocacy for the economically disadvantaged draws on moral and economic reasoning and evidence which should be carefully considered by Christian economists. The various facets of his case deserve additional reflection under the light of Scripture's teaching on our responsibility to the poor. Such an effort offers an attractive prospect of enhancing the ongoing work of Christian economists desiring to fashion more efficacious poverty policy.

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<sup>1</sup> Minowitz (1993) identifies Smith as an atheist; more specifically, he affirms Smith's faith in God disappears between the publication of TMS and the writing of WN.

<sup>2</sup> Van der Kooi (2022), as a theologian, emphasizes how Smith's understanding of God's providential care, being grounded in natural revelation, remains significantly different from that of Calvin, who emphasizes the role of providence in the special revelation of Scripture.



<sup>3</sup> Contemporary theologians who are familiar with economic reasoning offer contrasting evaluations. For example, Bell (2012) refers disparagingly to Smith's role as the heralded "prophet of the corporation" (Bell 2012, 116-117), while Waters (2016) approves of Smith's position on the benefits of trade and his opposition to monopolies. The economist-theologian Hirschfeld (2018) draws on Smith's insights into the social standing of the wealthy compared to the poor (2018, 172-173).

<sup>4</sup> Late in the eighteenth century, Burke will distinguish between "laborers" and "the poor" (Himmelfarb 1984, 68).

<sup>5</sup> Smith depicted opulence in terms of "the actual material wealth of laborers", that is, "the wealth enjoyed by all the employed members of society", and in this manner distinguished his notion of wealth from those before him who had identified it with "gold and silver coins in circulation" (Muldrew 2013, 330, 332; WN, I.i.11).

<sup>6</sup> Rothschild (2001) rightly observes "Smith's arguments about apprenticeship were part of a much more general criticism of corporate, municipal, and parochial institutions, and in particular of the uncertain jurisprudence in which these institutions flourished" (2001, 88). The manner in which that broader criticism draws on Smith's concept of malevolence is explored in section IV of this study.

<sup>7</sup> Smith asserts "the difference of natural talents" among people is "much less that we are aware of." He declares "The difference between the most dissimilar characters, between a philosopher and a common street porter, for example, seems to arise not so much from nature, as from habit, custom, and education" (WN, I.ii.4).

<sup>8</sup> Smith observed how the two laws were intertwined to limit the liberty of labor, as when it was required of the laborer to receive economic relief that he must show the "security" of being settled, for example by having completed an apprenticeship (WN, I.x.c.51-58; Rothschild 2001, 101).

<sup>9</sup> Sen (1992) finds Smith's perspective on social recognition is supportive of his own 'capabilities approach' to understanding poverty and its alleviation. He writes "*Relative deprivation in the space of incomes can yield absolute deprivation in the space of capabilities. In a country that is generally rich, more income may be needed to achieve the same social functioning*" (Sen 1992, 115, emphasis in original).

<sup>10</sup> Otteson (2014) remarks that Smith finds it to be "a scarce resource that must be husbanded to be effective- and can thus be dissipated by spreading too thin or invoking indiscriminately" (Otteson 2014).

<sup>11</sup> While Hutcheson "thought it was absurd to call our moral faculties themselves virtuous or vicious", Smith explicitly states that "we must be able to judge our basic moral faculties themselves as morally wanting" (Fleischacker 2021, 151).

<sup>12</sup> Though Smith does not claim every human action is touched by sin, including those in the marketplace, at the same time he does not fully partake in the Scottish Enlightenment's turn from "Orthodox Calvinism's" portrayal of human depravity. Further discussion of the contemporary influences on Smith's theological stance on "human goodness" relative to an evil bent is found in Noell (2022a).

<sup>13</sup> Smith discusses specific instances of the human desire to rule over others. It characterizes particular actions of those in both lower and higher ranks in society. In the former case, an example is the "would-be tyrant" whose vices "exhibit those of the rash and insolent" (Hanley 2011, 110). Smith observes that

With what impatience does the man of spirit and ambition, who is depressed by his situation, look around for some great opportunity to distinguish himself? No circumstances, which can afford this, appear to him undesirable. He even looks forward to the prospect of foreign war, or civil dissension; and with secret transport and delight, sees through all the confusion and bloodshed which attend them, the probability of those wished-for occasions presenting themselves, in which he may draw upon himself the attention and admiration of mankind (TMS, I.iii.2.5).

Smith also points to ways in which those in higher ranks, the rich and powerful, seek to dominate those in the lower ranks; they manifest "a great inclination to . . . screw all they can from their hands" [LJ(A), i.56].

<sup>14</sup> Friedman (2021) briefly notes Smith's recognition of "repugnant transactions" (2021, 102) such as slavery, but fails to integrate the features of malevolence in his portrayal of how the 'new thinking' in eighteenth-century Scotland helped form Smith's understanding of self-interested actions and their social ends.

<sup>15</sup> Smith also briefly addresses infanticide, which he notes was a malevolent practice grounded in ancient Greek customs: "Uninterrupted custom had by this time so thoroughly authorized the practice, that not only the loose maxims of the world tolerated this barbarous prerogative, but even the doctrine of philosophers, which ought to

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have been more just and accurate, was led away by the established custom, and upon this, as upon many other occasions, instead of censuring, supported the horrible abuse, by far-fetched considerations of public utility" (TMS, V.2.15). Smith attributed infanticide, as well as the killing of old and the sick, to the conditions associated with poverty (Paganelli 2013, 334).

<sup>16</sup> Greene (2013) makes Smith's unique role evident with respect to his contemporaries : "Except for Adam Smith, every major writer on Britain's foreign commerce continued to emphasize the value of the African trade in slaves" (Greene 2013, 183).

<sup>17</sup> Smith finds vanity to be a key element in the transition from a feudal society to a commercial society. Feudal proprietors were motivated by "the gratification of the most childish, the meanest and the most sordid of all vanities" (WN,III.iv.10). Smith affirms that the end of feudalism stemmed from "the vanity and selfishness of the landlords" (Moss 1976, 93). Some engaged in violence towards their indentured workers, though Smith found that violence of individuals toward each other was not as common as violence against property. Smith writes

But what all the violence of the feudal institutions could never have effected, the silent and insensible operation of foreign commerce and manufactures brought about. These gradually furnished the great proprietors with something for which they could exchange the whole surplus produce of their lands and which they could consume themselves without sharing it either with tenants or retainers. All for ourselves, and nothing for other people, seems, in every age of the world, to have been the vile maxim of the masters of mankind (WN,III.iv.10).

<sup>18</sup> The apprenticeship restrictions reached to Europe in his era, Smith claimed, while the poor law limits were only found in England (WN, I.x.c.45).

<sup>19</sup> Hont and Ignatieff (1983) rightly observe "the whole burden of the analysis of the *Wealth of Nations* was intended to demonstrate that by stimulating agricultural production in a system of competitive markets, the adequate subsistence of the labouring poor would cease to be a matter either of benevolence or of the drastic justice of grave necessity" (1983, 24).

<sup>20</sup> Smith perhaps at least offered a "provisional theoretical justification for a government role promoting beneficent acts such as charitable assistance to the poor" tied to insufficient private acts of benevolence which generate positive externalities (Birch 1998, 32).

<sup>21</sup> Examples of the growing literature arguing either for a positive or negative net evaluation of commercial society by Smith include Werhane (1991); Fitzgibbons (1995); Young (1997); Griswold (1999); Alvey (2003); Rasmussen (2008); Hanley (2011); and Otteson (2016).