

SMITH AT 300: ADAM SMITH ON EQUITY, SOCIETY, AND STABILITY

BY
AIDA RAMOS

In a discussion of wages and labor in the *Wealth of Nations* (*WN*), Adam Smith concludes: "No society can 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" (Smith [1776] 1994, *WN* I.viii:90).

There are three areas of interest to me in discussing this quote. The first is that it is revealing of the social concerns of Smith. The second is that it underscores the remarkable consistency of Smith's growth theory on the importance of the circulation of capital. The last point is that in its concern for society and social stability, it demonstrates that Smith is as engaged in the science of society as much as his fellow intellectuals, such as Adam Ferguson and Lord Kames, in the Scottish Enlightenment. The three areas mentioned and the passage as a whole evince Smith's concern with society, justice, and growth and stability, which are three abiding subjects of Scottish Enlightenment inquiry.

In both general treatments and in the economics literature, Smith is not often noted for his concern about poverty or low living standards. However, the workman who "bears upon his shoulders the whole fabric of human society" but yet "seems himself to be pressed down below ground by the weight, and to be buried out of sight in the lowest foundations of the building" was a figure of concern who appears in the *Lectures on Jurisprudence* (1978b; *LJ*:341) and in the "Early Draft" of the *WN* (1978a; *WN*:564). However, in the final draft of the *WN* Smith's ideas evolve to show not only the solution to the issue of the poor workman, which is a fair or living wage, but also the danger to commercial society and stability of allowing such a situation to continue.

Smith's identification of the problems faced by society and individual workers show his dedication to scholarship and the progression of ideas as his discussion in the *WN* has developed from his earlier reflections on inequality and wages in the *Lectures on Jurisprudence*. Although he stresses in the *LJ* that wages should compensate apprentices for their education (*LJ*:354–355), and acknowledges that the workmen and middle

Aida Ramos: University of Dallas. Email: aramos1@udallas.edu

ISSN 1053-8372 print; ISSN 1469-9656 online/23/02000195-197 © The Author(s), 2023. Published by Cambridge University Press on behalf of the History of Economics Society
doi:10.1017/S1053837222000542

classes provide the goods for the rest of society, he does not yet reflect on what a just or necessary wage for them would be or why they should have one (*LJ*:489–490). In the *WN* he develops the concept of compensation not only for labor performed but also for what would constitute a living wage, or enough for a worker to maintain himself and a family (*WN* I.viii:77).

As such, he addresses the concept of equity, understood at the time as what one is owed as a member of society, and shows a consistency with the jurisprudential concerns of others in the Scottish Enlightenment, such as Lord Kames. Smith specifies a further degree of equity here than in the basic definition, that those who produce the goods in society are not just due compensation in order to purchase but are due compensation in justice because they are the ones who make the necessities and conveniences of life possible.

Lest one think I am saying Smith is Hutchesonian and sees this wage as a benevolent action, the passage still stresses that members of society have a vested self-interest in ensuring fair wages for those who produce the goods and services in society. If workers are not paid properly, the circulation of goods will collapse and the opulence of society will decline. In the passage Smith also acknowledges the consequences to society of having wages that are not equal to the labor value expended by the work of those of the middle and lower classes of society, that “[n]o society can be flourishing and happy” when the middle and lower classes are undercompensated (*WN* I.viii:90).

Thus the passage also shows the remarkable consistency and craftsmanship of the *WN*. Smith’s social concerns are consistent with his growth theory regarding capital accumulation and its circulation in the modern commercial society. It is the butcher, baker, brewer, shopkeeper, brick maker, bricklayer, and the like who create the wealth of the nation, or the “necessaries and conveniences of life.” Smith recognizes that for society to flourish, the products produced by this group and others need to be able to be purchased, and thus a just amount of income is required for the circular flow of goods to continue. As such, Smith integrates the concerns of other members of the Scottish Enlightenment, such as David Hume, Sir James Steuart, and Adam Ferguson, regarding how societies change, develop, and flourish, and how they maintain stability.

Smith provides a cautionary tale not only for the eighteenth century but also for all modern societies that seek growth in the face of a shrinking middle class. On a social level, Smith underscores the contributions of the middle and lower classes and speaks to us today of the dangers of letting them fall into poverty, or, if not poverty, at least falling into the situation where they are unable to purchase the goods that the economy produces.

The passage I have chosen has always struck me as revealing of Smith as a man, a scholar, and a member of the Scottish Enlightenment. In this quote, as in many others in the *WN*, Smith speaks eloquently not only to his time and concerns but to ours as well.

COMPETING INTERESTS

The author declares no competing interests exist.

REFERENCES

- Smith, Adam. [1776] 1994. *An Inquiry into the Nature and Causes of the Wealth of Nations*. Edited by Edwin Canaan. New York: Modern Library.
- . 1978a. "Early Draft of Part of the *Wealth of Nations*." In *Lectures on Jurisprudence*. Oxford: Oxford University Press.
- . 1978b. *Lectures on Jurisprudence*. Edited by R. L. Meek, D. D. Raphael, and P. G. Stein. Oxford: Oxford University Press.