

ADAM SMITH AND THE DECLARATION OF INDEPENDENCE – 1776

In the year 1776, two documents with enormous implication, were published. They are the U.S. Declaration of Independence and The Wealth of Nations. The second document by Adam Smith, some think, formed the basis for the modern capitalist economy, but that is incorrect.

In hindsight, this fortunate coincidence offered a significant opportunity, namely, the creation of a society that respects the equality and dignity for all citizens, and an economy free of privilege and caste. Many lofty claims are made in the Declaration of Independence. The document proclaims unbelievable hopes. “We hold these truths to be self-evident: that all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are Life, Liberty, and the pursuit of Happiness.” These statements were a watershed moment in world history. Marking a new age in political thought, it sought to shape the laws of society to ensure that the God-given rights and dignity of every individual would be upheld without discrimination. Whatever the stated intent, the document provided no means for realizing these rights for *ALL*.

Adam Smith is thought to have been impressed with the basic tenants of the U.S. Declaration of Independence. And maybe, he hoped to use America as a model for his version of a Smithian economy. Smith advocated “the liberal plan of equality, liberty and justice. For Adam Smith, equality means the abolition of privilege; liberty provided by laws; justice that is equal justice for all. Society would be secured in a divine morality. The American system would be unique. It was to be based upon a different idea, the ideas of God, the moral order, the rights of persons, and the idea of equality before the law. Unfortunately, current events make it clear that one of the most fundamental America tenets - that all human beings are created equal – is nowhere near universally accepted. **“Are we not all children of the same Father? Are we not all created by the same God?”** Malachi 4:4. When we see our neighbors as God sees them, we will treat them as God’s compassion requires. If all people have intrinsic worth, why should anyone be born into second-class citizenship? We are all created in *GOD’S IMAGE*. We all are worthy and entitled to share God’s love and blessings. Without a collective identity and purpose, there is no way to effectively work for shared goals, including freedom, human dignity, and truth. America has become too individualistic to care for the Common Good. Will we ever be able to unite

around shared commitments to freedom, human dignity, and truth? The Moral Sentiments of Fellow-Feeling, Sympathy, Justice, and Deity give us a path forward.

FELLOW- FEELING /CIVIC VIRTUE/COMMON GOOD

When I first accepted my desire to read Adam Smith's *The Theory of Moral Sentiments*, I was concerned about the philosophical nature of the language. I was shortly encouraged by Smith's introduction of the "fellow-feeling," that is, interest in the situation of others. The associations I immediately had for this term were the Common Good and Civic Virtue. The Sentiments provide a foundation for our personal relationships with others. They are a basis for how we respond to others. The term "fellow-feeling" is Adam Smith's word for Civic Virtue or Common Good. The "fellow-feeling" is evident when a person follows principles in one's nature that make a person concerned about the interests of others. The source of our "fellow-feeling" is placing ourselves in the path of others, by walking in their shoes, and putting ourselves in their situation. Through this experience a person comes to form one's view of right and wrong, joy or grief.

"Civic Virtues" are the cultivation of habits of personal living that are important for the success of the community. The term refers to behavior between persons and groups that conforms to a social mode. A social mode is a way of acting or being that is expected of all members of society. Equal justice and free speech are examples of a social mode. These behaviors are so important that they become **foundational principles of society, economy, and law**. It is linked to the Common Good and should be conceived as the dedication of citizens to the common welfare of their community even at the loss of their individual interests. Civic Virtue is morality or a standard of righteous behavior in relationship to a citizen's involvement in society. Building a foundation for the common good requires love and freedom. In the context of constructing such a foundation for a society, a self-sacrificial concern for the poor, for the unborn and the vulnerable, and for the marginalized, is required. It is a profoundly divine and principled undertaking. Similarly, Pope Francis calls for a worldwide commitment for a "culture of care" for mankind and the environment. To accomplish this goal, we need to focus on expenditures that lead to care for one another. Such an endeavor would include funding for significant priorities such as an ending poverty, providing for health care, and making a definitive commitment to

provide respect for the freedom and dignity of all people. Pope Francis has selected “A Culture of Care as a Path to Peace” as the theme for the 2021 celebration.

Working for the “Common Good” can bring peace, permanence, and greater prosperity to all. Any of the three titles, (Common Good, Civic Virtue or Moral Sentiments) can serve the role of promoting the dignity of each human person. These principles “insist that each human being has rights and duties, that no person is discardable, that no one can thrive alone without harming others and that everyone has a claim on the goods to live a dignified life.” We all must recognize the individual as a person with dignity that must be cared for and whose access to the necessities are guaranteed “because the goods of creation are meant for all.” Human dignity includes the right to health care, the right to work, the right to decent working conditions, the right to adequate housing, the right to a living wage, the right to life, and the right to vote. These rights are part of the pillars of democratic societies and a Smithian economy.

At present, the United States is failing to fulfill these obligations for major sectors of our population. This is equivalent to having an enemy within our society. It is a colossal threat to our economy as we are controlled by a system of unchecked Capitalism. **None of these Civic Virtues are honored by our economic system of corporate capitalism. Thus, the current U.S. corporate capitalist economy can never be guided by an “invisible hand.”** This demands a society totally dedicated to moral and Civic Virtue. When too few citizens accept these responsibilities, society will not be able to sustain its liberty.

OF SYMPATHY

The Sentiment Sympathy is the sameness of feeling. It is an affinity between persons or of one person for another. It is a mutual liking or understanding arising from sameness of feeling, the ability to enter another’s emotions, to feel pity or compassion for another. Mutual sympathy occurs when: “Nothing pleases us more than to observe in another person a fellow-feeling.” Where there is sympathy, empathy is not far behind. When we are empathetic, we can project our own personality into the personality of another. By sharing in another’s emotions or feelings we gain the opportunity to understand the person better. A major rejection of the Moral Sentiments is societies’ disposition to venerate the rich and to neglect the poor. Many think that it is proper to maintain caste and the order of society. Caste and racism are not compatible with

“fellow- feeling.” They have no place in a society that is based on a belief that all are created equal. Caste and Racism withhold respect, honor, privileges, resources to someone based on their perceived rank or standing in the hierarchy.

OF JUSTICE

Madison wrote in the *51st Federalist Paper.*, “Justice is the end of government. It is the end of civil society. “

The human race was made for society. Human beings can only survive in society. All members of society need each other’s support. Unfortunately, there are always members of society who are ready to harm others. **The sentiment Beneficence**, the quality of being kind or doing good, is not appropriate here. Justice is more essential to the survival of society than beneficence. The prevalence of injustice will destroy society. Justice is the main pillar that upholds the whole society. If it is removed, the whole fabric will crumble. Society cannot endure unless the laws of justice are observed. The laws of justice are exact. They admit of no exception. Concern for our own happiness recommends the virtues of justice and beneficence. So, society formulates general rules of morality. Basically, they are developed based upon our experiences. General rules of morality are rooted in our moral faculties, our sense of good or bad, our approval or disapproval. These are the sentiments, when universally acknowledged, become **the standards of judgement**, the ultimate foundations of what is just and unjust in human conduct. An innocent and just person will respect the right of society to prevent someone from hurting or disturbing the happiness of one another. The rules established for this purpose constitute the civil and criminal laws or rules of society. General Rules of positive morality or behavior provide us with an idea of “what is fit and proper to be done or to be avoided and thus provide us with a guide or yardstick.” Rules of morality are the commands and laws of the Deity. Our General Rule to observe the rules of justice is based upon the “fellow-feeling.”

OF DEITY: GOD AND MORALITY

Philosophers, as well as many others, reflecting upon the greatness of God, have wondered why God would have left the universe God created in such disorder? Why would God want to see the wicked prevail almost always over the just, the innocent overcome by the usurper? For anyone who believes in a deity, such actions can never be judged as the laws of an

All-powerful Being. How vain is the human person to think that one can disobey Infinite Wisdom? A person's first duty is to fulfill all the obligations of morality. Adam Smith explains the role of God and morality in his economic theory through the notion of *The Sentiment of the love of the Deity*. *The Sentiment of Love of the Deity* causes us to desire rendering ourselves agreeable and open to God. We should conduct ourselves, in every respect, according to God's will. Religion provides strong reasons for the practice of virtue. Religious principles provide admirable motives for action. Society is better when actions are based on love rather than when they are based on a sense of duty. Duty is nowhere the law of Christianity. Love is the first teaching of Christianity, as well as many other religions. God's good-will is not limited by boundaries. It must incorporate the immensity of the universe. Religion is evidence of the human person's desire to know God. Throughout history the fulfilment of this desire has found expression in many different religions. As I have believed for many years, **the methods used by religions in the past are incapable of developing the catalyst to stimulate religious unity through diversity**. Unity through diversity believes that there can be more than one means to accomplish the same result, or objective. Since God created diversity in numerous forms, diversity is good, incredibly good. **Thus, what could be this catalyst? Could the catalyst be the acceptance of diversity?**

It seems that a major shift in how the objective of religion is accomplished is required. In religion a positive relationship between the human person and God is an imperative. Instead of focusing on how badly the human person stands in relationship to God, let us look back to creation to assess God's love for all human persons. God is the creator of only love and goodness and dwells within each one of us. God is actively present within the world and shows no partiality. We are each made in the image and likeness of God. Religions should stop telling people that they are unworthy. This makes it too easy for a religious person to cop out of God's work. This approach has not worked up to now. We have not been taught to believe that God and the church really expect us to become like God. Most sermons avoid the tough points and demand no call to action. With a more positive religious understanding of the human person, people would begin to act with the realization that God really expects us to act according to God's will.

OF THE INVISIBLE HAND

As stated earlier in the essay, the “invisible hand” is a metaphor that defines how our own self-interest binds us with the public interest. So that, when we pursue our own economic interests, we unavoidably benefit society. But as we now know the “invisible hand” does not work regardless of society’s economy. **The “invisible hand” requires a foundational Civic Virtue, also known as the Common Good.** Thus, it is incorrectly used as a primary justification or guiding principle for an economic system of free market capitalism. In *The Theory of Moral Sentiments*, in Part IV, chapter 1, the example is given of how a farmer discovers that his harvest is greater than his personal needs. Seeking his personal interest to get a return for his surplus, he is led by an “invisible hand” to provide the necessities of life to others.

In a moral society, **rich and poor have the same distribution** of the production and output of the economy. An “invisible hand,” leads to “the same distribution of the necessities of life, which would have been made, had the earth been divided into equal portions among all its inhabitants. Thus, without intending it, the “invisible hand” advances the interests of society.” The “invisible hand” ensures that those “who seemed to have been left out in the initial partition by Providence” now also enjoy their share of what is produced. They are in no respect inferior to those who would seem to be so much above them. All the different ranks of society are nearly on the same level. **This statement certainly describes how God (the Deity) wishes to establish a society in which all have an equal share of the goods of society, and God’s intention to keep it that way.**

AMERICAN CAPITALISM

Here in the United States, the richest 1 percent hold about 38 percent of all private wealth, while the bottom 90 percent have 73.2 percent of all the debt; a shocking expansion of economic disparity. The U.S. economy has always produced winners and losers. These numbers change over time, but the relationships are similar. In modern capitalism people who own “capital” have been able to reinvest profits at a higher rate than the overall economic growth. The rich get richer, while many others struggle in minimum wage jobs, if they are employed at all. The true test of any economic system is whether it protects human dignity and provides for

the basic needs of every member of society, especially the most vulnerable. Unaddressed, this is a warning to the wealthy of a kind of divine balance, to justice seeking equilibrium.

In the early 1980's, the Reagan administration began to reduce the government's concern for workers' wages and social safety net benefits. Labor organizations became almost useless when facing management. By the late 1980's, management began to claim excessive employee returns (which belonged to ownership) while considering employee labor as unproductive. The beginning of the emphasis on Quarterly financial reporting completely shifted investors interest to Short-term profits, thus, distorting corporate focus on the company as a long-term entity. Managing corporate short-term profits became whatever you could get away with. Unregulated capitalism inevitably accumulates wealth at the top. An Unfettered free-market economy is morally unsustainable over the long term. Wealth inequality is an imbalance that threatens Civic Virtues and the Common Good.

The partisan divide that has captured our political life and the never-ending political campaigning over the last few decades, has created a culture that is acrimonious and increasingly alienated. **Our founders had the concept of a common good. They described it as "Civic Virtue."** They believed that it was essential for the success of the new experiment in democracy they were launching. They hoped that a culture of "Civic Virtue" would lead to a society and economy based on moral principles. The U. S. economy has emphasized policies favoring corporate elites but hurting most Americans. We must work toward a society in which all people are treated with dignity and respect. There are no automatic mechanisms pushing the capitalist economy toward full employment, no "invisible hand" that makes it work. We must work toward a society in which all people are treated with dignity and respect. As Pope Francis has said, "The dignity of the human person and the common good rank higher than the comfort of those who refuse to renounce their privileges." The heart of Civic Virtues is love for others; the nucleus of capitalism is competition, which is the opposite of love. It is incumbent upon all, especially those in positions of power and privilege, to work consciously toward a society in which all people are treated with dignity and respect.

THE SMITHIAN ECONOMIC SYSTEM

The belief that the current U.S. Capitalistic system is a Smithian economy must be disavowed. All C.E.O's, economists, and anyone else who maintains this false statement, must come to learn that it is misinformation. Thus, a **Smithian Economic System is incorrectly used as a primary justification or guiding principle for the U.S. economic system of liberal free market capitalism.** Adam Smith considered *The Wealth of Nations and The Theory of Moral Sentiments* as a single whole. Without the Moral Sentiments no economy should be left to operate on its own which means that the government should not adopt a "laissez-faire" attitude. Smith does not favor any form of economic system that seeks to be free from government involvement or economic intervention such as regulations and subsidies. Smith advocated for the liberal plan of equality, liberty and justice. For Adam Smith, equality means the abolition of privilege, liberty provided by laws, and justice that is equal justice for all. Society would be secured in a divine morality. A Smithian economy would present a theory of economics that is fair and internally logical and that emphasizes important virtues. **The U.S. does not have a free-market capitalist system as called for by Adam Smith. We have a system of corporate capitalism.**

Pope Francis places the economy in the context of both market and morality. Adam Smith does the same thing. For Smith, the "self-interest" that guides a Smithian economy is not rooted in greed or avarice but is founded on basic human values of empathy and morality. Once society is directed by an unselfish and, altruistic moral philosophy (a way of life) then (and only then) will the invisible hand influence the performance of the marketplace.

Markets work well only within a moral culture. Free -market boosters rarely bother to work out the full implications of what that means. The real problem is that a true moral culture is out of reach once self-interest is held up as the primary virtue of the market. **"The right ordering of economic life cannot be left to a free competition of market forces."** (Pope Pius XI). Capitalism without ethical grounding does not work. **We must honestly recognize that the essence of capitalism does not agree with that of the Gospel. When it comes to business, Christians have not always followed the principles of charity and justice found in the Gospel.** As Christians we should not **only** pursue the notion of the highest profit at the lowest possible cost. **What is lacking is the awareness of "social responsibility" of their business and the challenging effort to determine full cost.** Working men and women have become helpless as a

result of the greed of unchecked capitalism. An exceedingly small number of rich capitalists have been able to put a burden upon the laboring poor that makes their condition just a little better than slavery. Catholic teaching on social justice reinforces our obligatory bond to one another.

Adam Smith demonstrated that a country does not need a national plan to achieve economic progress. Adam Smith did not prove, nor did he want to, that a capitalistic economy alone could achieve social harmony. Such harmony would not be possible in a country governed by the American Constitution, which allowed for slavery. **Adam Smith is saying if an economy operates within the proper moral and legal framework addressed in *The Theory of Moral Sentiments*, then the “invisible hand” will be present in that economy.** A Smithian economic system is unique. It is based upon a different ideal, the ideal of God, the moral order, the rights of persons, and of equality before the law. It marks a radical departure from all other political theories. It proclaims that the goal of government is equal justice for all citizens. **This is the political theory of Classical Liberalism. Some** of the benefits of a Smithian economy include the following: abolition of privilege, no discrimination or caste, respect and dignity, equal health care, a living wage, equal housing, equal education, and equal voting rights. **Any Smithian economy must fully contain the Moral Sentiments as its moral underpinnings. Without this element there is also no “invisible hand.”**

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