

Adam Smith's Marketplace of Life, by James R. Otteson. Cambridge: Cambridge University Press, 2002. Pp. 352. H/b £50.00, \$70.00, P/b £19.95, \$26.00.

James Otteson's *Adam Smith's Marketplace of Life* is the latest instalment in a wave of new scholarship signalling a renewed interest in Adam Smith. These works share several characteristics. First, they present Smith as a philosopher and not an economist. Second, they take seriously *The Theory of Moral Sentiments* (*TMS*), Smith's first book, by suggesting that his moral theory holds both descriptive and prescriptive weight. Third, their work is built on scholarship of the 1970s and 1980s that resulted in definitive editions of Smith's work that emphasized the unity of Smith's corpus.

The work of the 1970s and 1980s presupposed the falsity of the so-called 'Adam Smith Problem', an interpretative puzzle postulated by nineteenth-century German scholars who alleged the fundamental incompatibility of Smith's two books. *TMS*, it was asserted, contradicts *The Wealth of Nations* (*WN*) because the former is built on altruism and the latter is built on self-interest. In the introductions to each of their books, Donald Winch, T. D. Campbell, and Knud Haakonssen, important and representative writers of this period, appear to dismiss the Adam Smith problem with a wave of their hands. In truth, however, their works were frontal attacks on the mistaken interpretation. Most Smith scholars came away convinced.

Otteson, on the other hand, has us revisit what he calls 'the real Adam Smith problem', a more complex, unresolved, formulation of the original (p. 168). First, he observes, *TMS* rests judgement upon the impartial spectator and its concomitant virtues, yet there is no mention of the spectator or these virtues in *WN*. Second, he claims, *WN* puts forth a singular self-interested motivation that all people share to 'better their own condition', whereas *TMS* offers more complex, more altruistic motivations (p. 169).

Otteson's solution to this new formulation involves two separate arguments, one primary and one supplementary. The primary argument rests upon what he calls the 'familiarity principle', or, as Otteson puts it, Smith's claim that 'people's natural benevolence towards others varies directly with their familiarity with them—the more familiar a person is to one, the greater the tendency to feel benevolent toward him, the less familiar, the less benevolent' (p. 171). Omnipresent in *TMS*, Otteson argues that Smith assumes the familiarity principle throughout *WN* (p. 198), and furthermore, he asserts that the market can inspire familiarity, thereby increasing the possibility of benevolence (p. 305). For Otteson, the principle unifies the two books.

His supplementary argument suggests that in *TMS*, Smith creates a marketplace of morals (p. 236), and in his discussions of the early formation of languages, Smith suggests a marketplace of language acquisition (p. 258). Thus, Otteson argues, the unity of Smith's corpus is also found in his chosen methodology. He writes:

The claim that Smith developed a single ‘marketplace’ model to account for the development and maintenance of all human social institutions provides further support for the resolution of the Adam Smith Problem ... If ... as I have suggested here, the same market model that was present in Smith’s early essay on languages also informed not only the analyses in both *TMS* and *WN*, but perhaps also those in *LJ* and ‘History of Astronomy’, then there seems even better reason to think that the central parts of Smith’s corpus are, on a deep level, united. (p. 289)

This too bolsters his case that *TMS* and *WN* are compatible with one another.

Throughout the book Otteson takes positions on relevant issues in Smith scholarship, more often than not challenging contemporary authors on their position. He argues, for example, that Smith’s moral theory is superior to Hume’s. He also rejects Charles L. Griswold’s understanding of *TMS* as ‘pro-treptic’ or pedagogical in intent (pp. 125–8). But these points are window dressing to his stated goal. At the end of his discussion of the familiarity principle, Otteson claims that after his book, Smith’s ambiguities ‘no longer warrant the existence of the Adam Smith Problem. We have seen that the two books are consistent on the central points, and therefore we can, I believe, at long last, lay the Adam Smith problem to rest’ (p. 198).

Otteson’s book is a useful contribution to the new wave of Smith scholarship. It is well informed, clearly written, and fills in some important gaps in the field, particularly with his discussion of the familiarity principle. Familiarity and mutual understanding form the core of Smith’s contemporary relevance. It allows his work to be used by those concerned with issues of pluralism and difference, a major component of contemporary moral and political discourse. Otteson prepares the ground for such discussions well by emphasizing Smith’s ‘curious and at times confusing mixture of nature and nurture’ (p. 203). He also highlights two natural motivational principles operating throughout Smith’s work. First, that ‘nature, when she formed man for society, endowed him with an original desire to please, and an original aversion to offend his brethren. She taught him to feel pleasure in their favourable and pain in their unfavourable regard.’ Second, that people are ‘naturally endowed with a desire for the welfare and preservation of society’ (pp. 204–5). Emphasizing these two principles helps isolate a central human motivation. For Smith, people naturally care about others and are inclined to cater to their needs.

My main concerns regarding Otteson’s book involve his larger project rather than the details. It is not so much Otteson’s trees I object to, it is his forest. The Adam Smith Problem originally referred to a very specific difficulty, the incompatibility of sympathy, understood as altruism, and self-interest, understood as either selfishness or egoism. The moment one understands that sympathy does not mean altruism, the original problem disappears. Nevertheless, in recent years, several authors wanting a hook for their Smith projects have replaced the original with a whole host of Adam Smith Problems, a diverse list of supposed incompatibilities between *TMS* and *WN*. Otteson himself refers to six different versions in a footnote (p. 171).

For many of these writers, as for Otteson, the creation of a ‘new’ Adam Smith problem seems more of a rhetorical tool than a philosophical one, and Otteson’s own version seems particularly problematic. He asserts that it appears, at first, as if the incompatibility between the two books is more substantial than scholars have acknowledged, but he then concludes that no real incompatibility exists. He writes, ‘Contrary to what many contemporary scholars hold, there is a real Adam Smith Problem that must be addressed. It is not, in the end, insurmountable, but its most potent formulation is not resolved by standard contemporary responses’ (p. 136). I suggest that this approach is mostly rhetorical because, as I cite, Otteson references much of the material I include in this review. With such evidence available, the Adam Smith Problem becomes only a doorway into a discussion. It need not be the central focus.

Adam Smith Problems necessarily presuppose single motivations for human behaviour. Actors operate, according to this interpretative puzzle, either out of some form of altruism or some form of self-love. They cannot, according to proponents, act out of lesser versions of both. Smith, however, never suggests such a thing. He is quite explicit that there are multiple motivations for any act, and that even benevolence and self-interest are not mutually exclusive. The very first sentence of *TMS* postulates a plurality of motivations, claiming that there are evidently ‘some principles’ that interest people in the ‘fortune of others’ despite the singular reward of ‘the pleasure of seeing it’ (*TMS* I.i.1.1). This concurs with Smith’s famous comments about the butcher, brewer and baker in *WN*.

WN tells us, ‘nobody but a beggar chuses to depend *chiefly* upon the benevolence of his fellow-citizens’ (*WN* I.ii.2, my italics). The beggar relies on benevolence sometimes but on barter at other times. Furthermore, people’s motivations change. Sometimes they are altruistic, sometime they are not. We do ‘address ourselves, not to [the Butcher, Brewer, and Baker’s] humanity but to their self love’, but we *could* choose to do otherwise, because in each of those agents, ‘their humanity’ is present (*WN* I.ii.2). For Smith, ‘man has almost constant occasion for the help of his brethren, and it is vain for him to expect it from their benevolence only. He will be *more likely* to prevail if he can interest their self-love in his favour’ (*WN* I.ii.2, my italics) Note that Smith comes to a pragmatic and not a philosophical conclusion here. We *can* appeal to their benevolence, and sometimes it will result in our assistance, but we will be *more likely* to succeed if we appeal to their commercial instincts, especially since our needs are constant.

Otteson quotes each one of these sections. He even emphasizes the use of ‘only’ in the above reference to benevolence, suggesting that he too is aware that Smith may allow for multiple motivations (p. 191). He also points out that the familiarity principle makes people in the market closer to one another, thereby increasing moral actors’ tendencies towards benevolence (p. 305). There is, Otteson is quite clear, flexibility in people’s motivations. Yet, he still

insists on packaging his discussion as an Adam Smith Problem. Why? Because, he writes, bettering one's own condition in *WN* is not simply self-interested, it is 'exclusively so, with no hint of benevolence' (p. 193). As evidence for this exclusivity, he cites Smith's description of 'the uniform, constant, and uninterrupted effort of every man to better his condition' and 'the principle that prompts [us] to save, is the desire of bettering our condition, a desire which, thought generally calm and dispassionate, comes with us from the womb and never leaves us till we go into the grave' (pp. 94–5, 193–4).

Otteson's mistake is to regard 'universal, constant, and uninterrupted' as the equivalent of 'exclusive'. It is not. All humans uniformly require a 'constant and uninterrupted' heartbeat, for example, yet we also uniformly require constant and uninterrupted breathing, thinking, and other activities. Uniform, constant, and uninterrupted ought not imply 'sole', but for Otteson, it does. Perhaps Otteson might suggest that self-interest is different in form than heartbeats or breathing because self-interest inherently implies exclusivity, but such is not the case. It is in our self-interest to eat, yet we choose to ingest specific foods based on taste, economic concerns, and what we wish to share with others. It is perfectly possible then to be self-interested while having other concerns as well. It may not be possible to be both selfish and altruistic if we define the two terms very strictly, but there is no evidence that Smith relies on altruism this narrowly defined in *TMS*. Furthermore, the phrase 'universal, constant, and uninterrupted' is found in both books. In *TMS*, as Otteson cites on the very same page, Smith writes, 'to be observed, to be attended to, to be taken notice of with sympathy, complacency, and approbation, are all advantages which we can propose to derive from ... the great purpose of human life which we call *bettering our own condition*' (p. 194, my italics). How can an Adam Smith Problem revolve around a concept found in both books?

Otteson suggests this is so because one can only understand *TMS* to articulate the same type of 'betterment' as *WN* if we broaden the definition to include non-commercial elements. He claims, almost in passing, that this is a 'promising' approach but that his 'only hesitation is that it constitutes a rather expansive interpretation of the relevant passages in *WN*, perhaps too expansive to be supported by the texts' (p. 197). But using Otteson's own citations, this seems problematic. The fact that *WN*, a work on political economy, emphasizes the commercial interpretation, while *TMS*, a book on moral judgement, emphasizes a more expansive meaning of the phrase, does suggest ambiguities or a multi-layered approach. It does not, however, suggest contradiction. Others have made this point, including Raphael and Macfie in their introduction to the now definitive edition of *TMS*, as Otteson himself cites (p. 95).

The other component of Otteson's Adam Smith Problem—that the impartial spectator and its virtues form the foundation of judgement in *TMS* but not *WN*—is also knotty. Simply put, the impartial spectator is not clearly the guide for *all* human judgement, rather it is the vehicle by which individuals

create a conscience—a value judgement that allows for a normative evaluation of the acceptance or rejection of social judgements. It is a reflexive activity. The moral actor uses it to point to him or herself.

The spectator is the product of the imagination and is a metaphor referring to the collective moral information one uses to investigate moral propriety. It is a component of his theory of sympathy, not of human rationality in general. There is no reason why the impartial spectator should be an economic metaphor as well as a moral one. I am not suggesting that there is no moral decision-making present during economic deliberation. I only argue that the economic calculus may include other non-moral elements. In fact, *TMS* suggests that the two tend to run counter to one another, and that the unjustified admiration for the rich is ‘the great and most universal cause of the corruption of the moral sentiments’ (*TMS* I.iii.3.1). The impartial spectator must counter economic desire, not confirm it. It is not the engine of economic rationality, price is. Here, we can see an important analogous relationship. Both price and the impartial spectator are parallel ways in which an actor can evaluate vast and disparate information regarding the value and propriety of a sentiment or object, respectively. I have argued this in more detail elsewhere (*On Adam Smith*, Belmont: Wadsworth Publishing Company, 2001, p. 75). Otteson’s discussion of the market seems perfectly compatible with this approach (pp. 274–8).

Otteson sees textual ambiguities and associates them with the Adam Smith Problem, yet many of these complexities exist simply because the two books are about different subjects. This may leave a bit more responsibility with the reader than Otteson seems comfortable with, but Smith, a meticulous writer, seems to have been just fine with it. Smith was well aware of the complimentary and complex relationship of self-interest and benevolence.

Consider, finally, a rarely referenced passage in *TMS*. In it, Smith observes a difficulty that precludes the necessity of any formulations of the Adam Smith Problem because it explicitly acknowledges the tension always present in multiple human motivations. In the chapter titled ‘Of the Influence and Authority of Conscience’, Smith suggests that a person, a European presumably, reading of a terrible earthquake that killed every person in China, would respond with sadness or, perhaps, philosophical speculation, but that he or she would lose much more sleep over a ‘frivolous disaster’ such as the loss of a little finger (*TMS* III.3.4). Nevertheless, Smith asserts, no person, no matter how horrible, would ever sacrifice all the Chinese to save this finger. ‘Human nature startles with horror at the thought, and the world, in its greatest depravity and corruption, never produced such a villain as could be capable of entertaining it’ (*TMS* III.3.4). He then asks:

But what makes this difference? When our passive feelings are almost always so sordid and so selfish, how comes it that our active principles should often be so generous and so noble? When we are always so much more deeply affected by whatever concerns ourselves, than by whatever concerns other men; what is it which prompts

the generous, upon all occasions, and the mean upon many, to sacrifice their own interests to the greater interests of others? (*TMS* III.3.4)

For Smith, the same person has both egoistic and altruistic motivations; action is the negotiation of our many drives. Nothing Smith wrote suggests a radical division between our intentions, and certainly nothing suggests the legitimacy of the Adam Smith Problem in any form. The details that Otteson supplies are both useful and thought-provoking, but his rhetorical reliance on the Adam Smith Problem is the weakest part of his book.

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Knowledge, Possibility, and Consciousness, by John Perry. Cambridge, MA: MIT Press, 2001. Pp. xvi + 221. H/b \$32.95, P/b \$15.00.

This interesting book comes from John Perry's 1999 Nicod lectures. This shows in good ways. Perry is not afraid to say things more than once. There is a pleasant conversational tone about the writing. He sets the discussion in its historical context. (One consequence of this is that we are reminded of the importance of Herbert Feigl's famous, but I suspect little read these days, essay, "The "Mental" and the "Physical".) There are no unnecessary pyrotechnics.

Perry calls his general approach to the mind 'antecedent physicalism'. He opens by indicating fairly briefly what he takes physicalism to be and why he thinks it is true. The main task he sets himself is to say how, from the physicalist perspective, we can see where the famous modal, zombie and knowledge arguments against physicalism go wrong. The aim is not to show that the arguments are hopeless; it is to show how, if one starts from the position that there are very good reasons for being a physicalist, one can see how to defuse them. The knowledge argument receives the most attention and this review will be restricted to his discussion of it.

Perry accepts many of the background assumptions of many supporters of the knowledge argument (and, if it comes to that, of the modal and zombie arguments). He is a realist about mental states in general, holding them to be inner causes and effects. He thinks that there is an important distinction between those with a distinctive phenomenology or 'subjective character', mental states like sensing yellow and pain, and those that lack it, like belief and thought. He is happy to describe this difference in the usual way: for states in the first group but not the second, there is *what it is like* to be in one of them, and this fact corresponds to their possession of a characteristic property, the property that makes them the kind of experience that they are. In this sense,