
“... but one of the multitude”. Justice, Pluralism and Rationality in Smith and Weinstein

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Bio-sketch: Lisa Herzog’s research focuses on the relation between economics and philosophy. Her first book *Inventing the Market: Smith, Hegel, and Political Theory* was published by Oxford University Press in 2013. Currently, she is working on a book project on ethical agency in organizational contexts and on questions of ethics in finance.

INTRODUCTION

Jack Russell Weinstein’s *Adam Smith’s Pluralism. Rationality, Education, and the Moral Sentiments* is a rich, and immensely enriching, book, of which I can take up only a few threads in this commentary. Weinstein discusses Smith’s account of human nature, rationality, and the role of education in human life. He presents Smith’s intellectual context in great depth, but also shows the relevance of Smithian themes and arguments for today.

Of the four key terms appearing in the title of the book, I focus on two: pluralism and rationality. I take the liberty of adopting a bird’s eye’s view, discussing the “big picture” that Weinstein offers us, neglecting various details. In addition to the themes of pluralism and rationality I introduce a third one: justice. What Weinstein says is compatible with what I take to be the role of justice in the architecture of Smith’s system. But I would argue that justice plays a role that is more central than Weinstein admits. This also has implications for the relation between TMS and WN. Weinstein is right to prioritize TMS over WN. But the economic dimensions of Smith’s vision of commercial society remain nonetheless central.¹

In this brief commentary, I first describe, as a foil, the neoliberal cliché of Smith and how rationality and pluralism are related in it. Obviously, Weinstein’s reading presents a more nuanced, and much richer, picture. But I argue that for Smith, the role of justice is more central than it appears in Weinstein’s account, which brings Smith somewhat closer

to the cliché, without, however, giving up core tenets of Weinstein’s reading. In focussing on the role of justice, I run the risk of anticipating themes that Weinstein might have decided to postpone to a follow-up volume (13), as part of the larger project of building a liberalism on Smithian foundations (see 266-269). Nonetheless, these themes also have implications for the topics of the current volume, pluralism and education. In the conclusion I sketch some of these implications.

SMITH-THE-CLICHÉ ON RATIONALITY AND PLURALISM

At the risk of constructing a straw man, let me sketch the picture of rationality and pluralism that a person unacquainted with Smith’s writings might assume him to have. According to the cliché, Smith is famous for having defended the single-minded pursuit of self-interest. The form of rationality needed for this purpose is economic rationality, i.e. a kind of rationality that is formal, mechanical, quantitative, and that exclusively aims at maximizing the satisfaction of one’s preferences. Human sentiments or sympathy do not play any role in this picture. Both the preferences and the rationality of market participants are taken as given; markets—or social intercourse more broadly—do not shape individuals (or at least these are not the aspects of markets that economists would explore). In this picture, “pluralism” among individuals can only take the form of different preferences: some people prefer apples, others prefer oranges, and yet

others strawberries. These preferences can all be expressed in elegant mathematical functions. Markets are described as places where individuals with different preference functions meet, each of them trying to achieve an optimal outcome, given their budgets and the availability of goods and services. Markets make possible win-win-situations, with mutually beneficial exchanges. No other forms of mutual understanding are necessary, as long as the agents understand the potential for such mutually beneficial exchanges. Nor would one see, in this picture, what other point encounters between human beings could have: this picture does not take into account the ways in which our preferences, and our rationality, might develop in social interaction.

This is, of course, a caricature. Nonetheless, it has proven to be a powerful picture; powerful enough to support a vision of a society in which markets, in which this form of rationality operates, play a central role. One does not have to deny that there can be other social spheres, in which “exchanges” of other kinds—of sympathy, of opinions, of love and friendship—take place. There may also be “thicker” forms of community, among those with similar preference structures and similar worldviews. But all social relations in the *wider* society are, according to this picture, the instrumental relations of the market; areas such as politics or the arts are often also understood along the lines of the market logic. Weinstein himself sketches a brief account of such a world, which, he argues, would result if one read WN without the moral foundations of TMS. He calls it “a bleak picture of humanity” (65): the accumulation of wealth would dominate all social relations, all other spheres of life would be submitted to the imperative of economic efficiency.

Such a picture, however, is incomplete, even on its own account. Markets need a framework of positive law within which they can function. This picture says nothing about where such a framework would come from and how it would be enforced. Without property rights and contract law—to name just the most crucial aspects of the legal framework of markets—markets can easily degenerate into a Darwinian struggle for the survival of the fittest. Legal regulation is also needed to address market imperfections and market failures, for example with regard to information asymmetries or public goods. And it is likely, in fact, that positive law is not enough: markets are unlikely to function well if individuals try to get around the law whenever they can, rather than having some intrinsic motivation to avoid illegal—which are often also immoral—actions. It is more plausible to assume that in real-life markets, there are some elements of intrinsic habitual motivation to obey the law. Moreover, the assump-

tion that individuals, their rationality, and their preference structures are “given,” and remain the same during all market interactions, is highly problematic. Many phenomena in economic life—for example advertising or branding—cannot be understood without allowing for the possibility that human preferences can be shaped in markets.

WEINSTEIN’S SMITH

It is needless to say that the account of Smith that Weinstein draws in *Adam Smith’s Pluralism* is not only much richer and more nuanced, but also more in line with Smith’s oeuvre and the intellectual contexts in which he wrote. For Weinstein’s Smith, human beings are socially formed creatures, whose ability to sympathize with others is a basic precondition for the development of the capacity of reasoning. Their rationality is not limited to formal logic or rational choice theory. Rather, it is narrative in structure. Weinstein admits his indebtedness to MacIntyre (e.g. 15, 161), but the case for reading Smith in this way stands on its own, especially if one takes into account the role of rhetoric for Smith (see chap. 6) or his remarks on the role of literature in education (see 89, 213). Neither syllogistic logic, nor economic rationality in a narrow sense, can fully grasp what human reasoning is. The two are not identical, but they are similar in the way in which they exclude many elements—sentiments, rhetoric, community—in order to focus on clearly definable, formalizable factors. Even readers who would recoil from some of Weinstein’s more drastic formulations, and who might prefer to keep the term “logic” for what it traditionally designates, can agree that human reasoning is broader. It has social and psychological preconditions that the account of Smith-the-cliché is silent about.

Thus, Weinstein provides us with a more plausible picture of human rationality, which he relates to contemporary debates about argumentation theory and critical thinking (chap. 7). This picture implies that pluralism is not just the pluralism of different preferences. The realm of social interactions is much broader than that of the economic exchanges of the market, in which individuals interact as unchangeable monads. Rather, for the development of one’s rationality and one’s preferences, encounters with others are crucial. This picture of human reason thus also offers a richer account of how individuals in a pluralist society interact with one another. They exchange not only goods, but also opinions and sentiments. They can learn from one another, and thus enlarge their perspectives. We do not have to accept the picture according to which the only way in which indi-

viduals can interact is *either* the small community in which individuals with similar preferences and world-views meet, *or* the marketplace in which purely instrumental rationality reigns. There are also other forms of interaction, and hence other forms in which pluralist societies can develop coherence. Their members have reasons to cherish the fact that they live in a pluralist society, not only because it allows for mutually beneficial economic interactions, but also because it offers them opportunities to learn to reason better, because they can sympathetically share a wider range of perspectives.

It is impossible to do justice to the richness of Weinstein's picture in this brief commentary. Instead, let me turn to one element of Smith's system the role of which Weinstein does not discuss in detail, although it has important implications for some of the themes he addresses, and can serve to strengthen his account.

THE PRIORITY OF JUSTICE

Many commentators have pointed out the centrality of justice for Smith. It is, for him, "the main pillar that upholds the whole edifice" of society (TMS II.II.3.4). It connects TMS and WN in ways that are similar to the many other ways in which these two books are related (see e.g. WN IV.IX.51 on the role of justice in commercial society), and which Weinstein points out. The core of justice is the duty not to violate the rights of other people (see also Weinstein 76-7), which holds in the market place just as in other areas of life. Smith uses the metaphor of a race to describe the importance of justice:

In the race for wealth, and honours, and preferments, [an individual] 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 justle, 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.)

For Smith, individuals internalize the rules of justice. Hence, the individuals who enter the Smithian market follow them. This is a central reason for why these markets work well, and have the efficiency-enhancing features that are emphasized by the cliché account described above. But, importantly, for Smith justice is not only an individual virtue, it is also—or rather, it should be—a "virtue of social institutions," to anachronistically use Rawls's expressions (Rawls 1971,3). In Smith's words:

To hurt in any degree the interest of any one order of citizens, for no other purpose but to promote that of some other, is evidently contrary to that justice and equality of treatment which the sovereign owes to all the different orders of his subjects. (WN IV.VIII.30)

Why is justice so important for Smith? From the perspective of Weinstein's book, there are at least three areas in which it plays a role. The first is, as already mentioned, the market place, in which a framework of just rules and an internalized sense of justice are needed in order to allow the "invisible hand" to do its beneficial work. In the absence of just rules, sub-groups of society—in Smith's time, the "merchants and manufacturers" that benefitted from the "mercantile system" (WN Book IV)—can make profits at the expense of others. Rather than being mutually beneficial, markets can end up being unjust and exploitative, having nothing to do with the benevolent mechanisms Smith envisaged. The parallel between the price mechanism and the impartial spectator mechanism, which Weinstein emphasises (chap. 7), breaks down.

A second way in which justice is relevant for Weinstein's reading of Smith concerns the process in which individuals share sentiments and exchange sympathy. Individuals have different rhetorical abilities, and different abilities to attract sympathy from others.² This is part of the pluralist character of society: individuals are different, and economic and social circumstances add to whatever natural differences there may be. Within the very processes that are so important for the formation of rationality and the impartial spectator, there can be inequalities, biases, and historically grown injustices. Some voices are better able to make themselves heard than others, for example because of cultural prejudices against women or non-whites.³ As Weinstein writes: "Thinking for oneself, or reasoned critical analysis, [Smith] argues, is a group activity" (81). But how is this group constituted? Do their members enjoy equal standing? Who is included, who is excluded? These questions matter for how "impartial" the impartial spectator can become. Justice, for Smith, includes the basic insight that every individual is "but one of the multitude" (TMS III.III.4, cf. similarly I.I.1.5, II.III.1.5), that all voices have an equal right to be heard, and that all individuals have rights that must not be violated. Without the rules of justice in place within a society, the process of the development of rationality, with all the rich social and emotional texture that Weinstein depicts, can easily be corrupted,⁴ and lead to one-sided prejudices and unjustified exclusions of certain perspectives.

Finally, justice also plays an important role as a common denominator in a society made up of individuals with different sentiments, different rationalities, and different world-views. Weinstein's rich notion of rationality, plausible as it is, here has an open flank: how can different individuals come to agreements in the view of plurality and diversity? What are the moral minima they can agree on? The attraction of, and arguably one motivation for, formal accounts of rationality, whether in syllogistic logic or in rational choice analysis, is that one can come to clear-cut conclusions that apparently exclude dissent. The answers offered by economic models claim to possess a kind of scientific-ness that puts them beyond the scope of political disagreement. The attraction of a tight logical argument is that once the premises have been accepted, one cannot doubt the conclusion—or so the defenders of logic would say. The alleged objectivity of formal notions of rationality promises ways of finding agreements that everyone who possesses, well, reason, has to concur with.

There is no need to rehearse the various criticisms that have been raised against this alleged objectivity and neutrality, whether at the level of certain understandings of “rationality” or at the level of the scientific nature, or lack thereof, of economics as an academic discipline. But if one accepts these criticisms, one is nonetheless left with the question of how one can find agreement within plurality. Here, justice, in Smith's basic sense, matters: it establishes certain basic rules, such as the rule not to harm others without good reason. The role of justice is similar to Rawls' (1971) model of the “overlapping consensus” (which one can share without having to share his more concrete vision about what justice consists in).⁵ I take it that for Smith justice is, in a similar sense, a moral minimum that individuals with different world-views and different rationalities can agree on.

If one asks where the sense of justice comes from, Weinstein's account of how human sentiments and human sympathies function offers rich material for an answer. His discussion of the experience of pain in this process (98-9) is particularly helpful, because a central function of justice is to avoid unnecessary pain. But as argued above, justice is also presupposed in this process, at least in the minimal sense of recognizing that others have an equally valid perspective. Thus, Smith's picture is coherentist: the way in which the impartial spectator develops presupposes justice in a certain sense, but it is also the impartial spectator that helps individuals to develop, and strengthen, their sense of justice.

Arguably, however, this process is one in which not only moral and social, but also *economic* factors play a role, at

least if one considers the long-term, historical development of justice and the moral sentiments (for a detailed discussion see Herzog (2014a)). For if **economic relations are highly unequal**, this makes it harder for individuals to recognize one another as equals—as Smith writes about slave owners, in one place, they “will hardly look on him [the slave] as being of the same kind” because “the disproportion betwixt them ... is so great” (LJ (A) 184).⁶ The feudal lords of medieval Europe probably had a hard time putting themselves into the shoes of their poor tenants and feeling sympathy with them. In commercial society, in contrast, there is legal equality, which Smith takes to be crucial for economic development (see e.g. WN III.II.14). The material conditions of individuals become more equal over time—or so Smith hoped (see e.g. Herzog 2013a, 101ff., for a discussion). Whether or not he was correct in this hope is a question that is still hotly debated, with current evidence raising serious doubts (see in particular Piketty 2014). But it is an important element of Smith's vision of commercial society, and of his endorsement of it.

Last but not least, there is another relation between the economy and justice. For Smith, markets have an effect on individuals: they “educate” them, in the broader sense of acculturation or socialization, which Weinstein distinguishes from formal education (e.g. 170). For Smith, an important feature of well-functioning markets is that they reward certain virtues, such as justice and prudence. The reason for this is that in commercial societies, “the road to virtue and that to fortune, [...] are, happily in most cases, very nearly the same,” at least for the “middling and inferior stations” (TMS I.III.3.5). In the markets Smith envisaged, working hard, delivering good quality, being reliable, and building up a good reputation (LJ (B), 538-9), all lead to economic prosperity, thus providing incentives for these virtues, which may not be the highest virtues, but which can be expected from all members of commercial society (for a detailed discussion see Herzog 2013a, 90ff.). But this mechanism only works if the rules of markets are unbiased, and all participants are on an equal footing. This is, again, a matter of justice. Thus, the role of justice in Smith's system is multifaceted and complex; it matters both at the level of individual behaviour and at the level of institutions, and the two levels can reinforce one another in either negative or positive feedback loops.

IMPLICATIONS

As noted earlier, these—brief and condensed—arguments about the centrality of justice are compatible with Weinstein's

account; in fact, “just” is the very last word of the book: “To paraphrase Smith, every person thus lives by example, or becomes in some measure teacher and student, and the society itself grows to be what is properly called just” (269). Closer attention to the role of justice could strengthen Weinstein’s position, but it also raises new questions. My aim in this commentary is not to pass a final verdict on Smith’s theory of justice, and whether and how it can be a resource for 21st-century-liberalism. Rather, let me point out some implications for two of Weinstein’s central themes, namely pluralism and education.

While I share the view that Smith’s account offers powerful resources for thinking about the challenges of contemporary pluralism, I also agree with Weinstein’s warning that Smith did not anticipate the kind of cultural diversity we find in today’s societies, and that his pluralism was “embryonic” (24, see also the discussion on 265f.). Smith seems to have thought that there is a sufficient amount of commonality between individuals to derive common standards of justice.⁷ He thus envisioned pluralism within a shared framework of just laws, and with a shared sense of justice. It is within this framework that the experience of pluralism enables individuals to become more rational and to broaden the perspective of their impartial spectator. This raises questions about those who are *not* willing to remain within this framework, and more specifically those who do not accept the fundamental equality of the moral rights of all individuals. Should they be treated as “outcast[s] of human society” (TMS VII.IV.26), as Smith says about the person with whom no rational communication is possible?⁸ Or are there ways of integrating them in the community of sympathy and discourse that Smith and Weinstein describe? Which role can education play in this process? Which role does economic inequality play in it? These are hard questions that contemporary pluralism is struggling with, both theoretically and practically. The Smithian themes and arguments that Weinstein so masterfully discusses might help to think about answers.

Justice also matters for education, in ways that, again, show how economic questions and questions of social class can impact on other areas of life. Weinstein makes no attempt to hide the fact that in Smith’s time, education was strongly influenced by social class (esp. 103-8, 191-5). To some degree, this is still—or maybe, again—the case today. The content of education is one thing; the message sent by the ways in which education is organized is another. Who is included, who is excluded, in our schools and universities? Is the equality of opportunity that Western democracies pride themselves on a substantive or a merely formal one?

And, as a consequence, what is the spectrum of perspectives that children and teenagers are exposed to when they start developing their own impartial spectator? Which opportunities do they have to meet individuals from other socio-economic and cultural backgrounds? Weinstein writes that “for Smith, the wider the pluralism, the more rational an individual can be” (83). But in many cases, this pluralism ends in societal silos when it comes to education: different social groups remain among themselves, with the better-off eagerly protecting their privileges. To exaggerate a bit: white middle-class parents certainly want their children to read *Uncle Tom’s Cabin*, but they do not necessarily want them to go to the same schools as Uncle Tom’s descendants, and usually economic factors loom large behind such phenomena. But the organization of the education system influences whose voices children hear, and whom they learn to sympathize with, or fail to do so. Understanding other people’s stories, however, is a “necessary precondition for moral judgment,” as Weinstein rightly points out (143). There are thus serious questions about the ways in which commercial societies organize their education system, and to what degree economic differences should be allowed to impact on the kinds of social relations their members nurture.

Finally, the question about how markets “educate” individuals is also worth reviving. The question about the relation between character and economic conditions has largely gone out of fashion, maybe because the cliché-account of Smith, and mainstream economics, treat preferences structures and rationality as given and unchangeable. It would, of course, be quite naïve to hope for the civilizing forces of *doux commerce* (cf. Hirschman 1977) in the harsh realities of 21st-century globalized markets. But so much worse for these markets! If they become places in which unjust behaviour always wins out—as already seems the case in some of them—this is not only a problem for these markets. It is also a problem for wider society, for it is likely to have spill-over effects into other social realms. The nexus is provided by the fact that acting in markets can have an impact on people’s character, and maybe also on their rationality. An impartial spectator cannot endorse markets without a foundation of just laws. Nor are they likely to have the benevolent effects on society, and especially on its poorer members, that Smith hoped for. Rather, they are likely to undermine social cohesion, and the ability of individuals to sympathize with one another, thus also threatening the form of rationality that flourishes in pluralist societies. A Smithian liberalism for the 21st century, as Weinstein envisions it, needs to take these economic dimensions of Smith’s system into account, even if

it rightly prioritizes TMS over WN. This can only enrich the discussions about rationality, pluralism, education, and their multiple relations.

NOTES

- 1 Although not in the way in which Otteson's account of the "marketplace of life" (Otteson 2002) presents it, with which I, like Weinstein (2013, 50-67), also disagree in some points.
- 2 On unequal rhetorical abilities as a challenge for Smith's view of commercial society see also Herzog (2013b).
- 3 For a contemporary account see e.g. Fricker (2009).
- 4 Weinstein himself writes that "According to Smith, narratives can be easily corrupted" (133). This holds true in general, not only with regard to specific forms of rhetoric.
- 5 As some commentators have argued, Smith's vision is also quite close to Rawls' substantive account of justice, and more specifically the "difference principle." For a discussion see Herzog (2014b).
- 6 See also WN III.3.8: "The lords despised the burghers, whom they considered not only as of a different order, but as a parcel of emancipated slaves, almost of a different species from themselves."
- 7 For the record, let me note that Weinstein's reference to TMS VI.II.2.7ff., and the way in which he presents Smith's discussion of groups within society, might imply reading a bit too much into Smith, who could also be understood as offering pragmatic advice for political reformers. The passage stands in some tension with Smith's rejection of group privileges in WN. For a discussion see Herzog 2013a, 72f.
- 8 To be precise, Smith says that a person who is never believed would "feel himself the outcast of human society."

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