

Smith on Economic Happiness: Rejoinder to Dennis C. Rasmussen

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We would like to begin by thanking Dennis C. Rasmussen for taking the time to comment on our little piece on Adam Smith.¹ Rasmussen has a number of interesting things to say about Smith, and we have profited from them and his brief remarks on our effort. No doubt space limitations have prevented him from saying all he wanted to about issues in our article that troubled him, just as those limitations affect us to some degree in this response. Thus, even though space is valuable, we want to take time to express our sincere appreciation to Rasmussen for his comments.

First, let us deal with the end of Rasmussen's essay where we are accused of failing to refer to left-Smitheans in our analysis and of offering a "traditional, free market" reading of Smith when it comes to political economy (p. 98). This traditional reading quickly gets referred to as a "libertarian" reading, though Rasmussen does use scare quotation marks around the term "libertarian" (p. 99). First of all, we are not unaware of the left-Smithean reading. Fleischacker, for example, is mentioned in our text. Secondly, part of the point of what we were doing was to offer an account of how a free market reading might handle the very problem that Rasmussen and we are concerned to discuss—namely, Smith's apparent love/hate relationship with commerce. Finally, we thought we had a good enough left-Smithean in Rasmussen himself. Should Rasmussen want to shy away from that ideological characterization, so would we when it comes to the use of the term "libertarian" as a description of a way of interpreting Smith. Though we ourselves are libertarians, we would not read Smith as being one, even

¹ Douglas J. Den Uyl and Douglas B. Rasmussen, "Adam Smith on Economic Happiness," *Reason Papers* 32 (Fall 2010), pp. 29-40. For his discussion of our article, see Dennis C. Rasmussen, "Adam Smith on Commerce and Happiness: A Response to Den Uyl and Rasmussen," *Reason Papers* 33 (Fall 2011), pp. 95-101. Hereafter, his article will be cited in the text using page numbers.

ignoring the issue of an anachronistic application of the term when applied to Smith. It is, however, now a common left-Smithean ploy to brand all classical liberal readings of Smith as “libertarian,” as if those interpretations of Smith were ignorant of the passages that are not so easily subsumed under that ideological label. So, on the one hand, we do not read Smith as a libertarian, though we do read him as a classical liberal. On the other hand, part of our point was exactly to see what might be said within that classical liberal framework about Smith’s ambiguous attitude toward commerce. Ironically, we thought that Rasmussen’s work brought one a long way towards such a reading on both counts.

We move now to the point where Rasmussen thinks we have been most unfair to him, namely, in accusing him of committing the fallacy of division (p. 96). If one looks at the text closely, it is not exactly the case that we accuse him of this fallacy. First of all, we say he is “prone” to it or “courts” it, largely because we are uncertain about the relationship between his claims about “happiness” with respect to society as a whole (individuals collectively considered) and his claims about individual happiness (individuals considered distributively). Most of what we say, however, on the pages he cites are general logical points connected to not making the mistake of holding that whatever is said about society as a whole can be readily applied to individuals or vice versa.² In other words, if tranquility and security are necessary for social “happiness,” nothing yet follows logically with respect to what characterizes individual happiness. And if such terms are descriptive of individual happiness, we have not yet said anything about society. Even if the same terms are used for both, individuals (distributively considered) and society (individuals collectively considered), one does not thereby have license to believe they are being used in the same sense. In our text, the closest we come to *directly* accusing Rasmussen himself of committing a fallacy would be one of composition, not division, for he seems to suppose that the tranquility and security necessary for individual happiness also say something about the “happiness” of society.³ Societies which provide tranquility and security may, as Rasmussen insightfully notes (p. 97), be providing preconditions for individual happiness, but there are many societies that provide these things which neither Rasmussen nor Smith would regard as “happy.” It is thus not so much that Rasmussen commits the fallacies of composition or division as it is that he is imprecise about the nature of the relationship between the individual and society and this is due in part to a lack of clarity about the key terms of “tranquility” and “happiness.” Sometimes “tranquility” is the lack of disturbance and sometimes the peaceful mental condition of the Stoic sage. Sometimes “happiness” looks like the absence of misery while at others it looks like “tranquility and enjoyment.” We are at

² Den Uyl and Rasmussen, “Adam Smith on Economic Happiness,” pp. 32-33.

³ *Ibid.*, p. 33.

times uncertain what applies to individuals distributively considered or to individuals collectively considered and what the one may have to do with the other.

One thing the state is clearly *not* doing is providing “tranquility” in the sense that Smith means it in the passage defining individual happiness that comes in Section 2 of Rasmussen’s response to us (p. 96), that is, as “tranquility and enjoyment.” It *may* be providing some kind of happiness as tranquility, if “tranquility” is understood as simply a lack of disturbance, but presumably Rasmussen wants to say that that sort of tranquility is rather a *precondition* for happiness, not the happiness of individuals themselves. But we don’t need Smith to tell us that, nor is a lack of disturbance peculiar to commercial societies. In fact, the definition referred to by Rasmussen (p. 96) from Smith’s *The Theory of Moral Sentiments* does no work at all when it comes to thinking about what might be said about society at large, if tranquility as lack of disturbance is being used, because that passage does not use “tranquility” in that way.⁴ So perhaps Rasmussen is saying that the tranquility of a peaceful social order is a precondition for the tranquility that attends to actual happiness, which is of a completely different nature from the tranquility of a peaceful social order. Yet this in itself either does not explain what the connection is between them (since lots of states might provide peace and security) or how one moves from one to the other, if one can. Hence our perplexity over comments like “people in commercial societies tend to enjoy more tranquility and hence more happiness than people in other societies . . .” (p. 96). What kind of tranquility are we talking about here? If it’s not “relative safety” or peacefulness, then perhaps it is the freedom “from direct, personal dependence on others” that constitutes tranquility. Although this understanding too has nothing to do with the notion of happiness from *The Theory of Moral Sentiments*,⁵ and although it’s debatable whether such a condition of independence should be called tranquility, is a lack of personal dependence applicable to the happiness of individuals or to the collective alleviation of misery? Are we using the terms applicable to the description of one type of happiness to the other without providing the necessary middle step between them?

It would seem in the end that Rasmussen wants to say that happiness is a form of tranquility and pursuing commerce cannot be tranquil; hence, individuals will not be happy in commercial orders. However, by relieving misery and dependence individuals might have a chance at happiness. So collective “tranquility” makes possible a different sort of “tranquility” at the individual level, but is not the same as that tranquility. But still the question remains of what these forms of tranquility have to do with one another. For it

⁴ Adam Smith, *The Theory of Moral Sentiments*, ed. D. D. Raphael and A. L. Macfie (Indianapolis, IN: Liberty Fund, 1976), III.3.30, p. 149.

⁵ *Ibid.*

now seems to be the case that while the commercial order discourages the “tranquility” of individual happiness by making everyone pursue money and material goods, individuals considered as a whole are somehow happier because the misery index is lower. So now the question is, so what? Do we care more about tranquility considered one way or the other and why? If they are in tension, as they seem to be, have we really resolved any paradox involved in defending commercial orders on the one hand and showing their irrelevance to, or impediment to, individual happiness on the other? Clearly Rasmussen’s solution does not alleviate the tension. Rather we would appear to have a society where individuals struggle to undermine their personal happiness (because of their propensity to “better their condition”) by producing some level of political “happiness.” Unless one smuggles in a notion that one can stop at some point from trying to better one’s condition and then turn to the personal, the commercial order seems to be a form of “personal dependence” even more aggressive than the medieval guild—something Marxists have said for years. Our own endeavor, on the other hand, was to point to a solution that really does in fact solve the tension between personal happiness and commerce.

In our “Aristotelian” reading we take seriously the idea that we are beings who desire to “improve their condition” and who have a “propensity to truck, barter, and exchange.” We suppose that when human beings are allowed to exercise these aspirations and propensities they will be “happier” than when they are not. What we sacrifice in this reading is the tranquility of the Stoic sage which, as Rasmussen himself admits (p. 96), seems to have little purchase on any but a highly elite set of individuals or upon society generally. Moreover, it’s pretty clear from Smith’s discussion of Stoicism in Part VII of *The Theory of Moral Sentiments* that a certain sort of Stoic tranquility is a “miscarriage of every thing which Nature has prescribed to us as the proper business and occupation of our lives.”⁶ We would argue that the “proper business” involves precisely improving our condition and entering into commercial activity, albeit with the moderation provided by the impartial spectator. Commercial actions are not activities one engages in to relieve our misery, and then find happiness elsewhere in some other endeavor. They are the very substance of life on a continual basis: “The plan and system which Nature has sketched out for our conduct, seems to be altogether different from that of the Stoical philosophy.”⁷ Instead, nature has intended us to look to what Smith calls our “little department”—what immediately concerns us and which excites our several passions and aversions, especially with respect to those near to us. Our “Aristotelian” reading simply suggests that acting in accord with our nature in this regard is a central component of individual

⁶ Ibid., VII.ii.I.46, p. 293.

⁷ Ibid., VII.ii.I.43, p. 292.

happiness and while there might be a higher, more “sublime” form of happiness possible to human beings, it is rarely available or appropriate.

Furthermore, we hold that what Smith calls the “progressive state,” where “society is advancing to the further acquisition . . . of riches,” as noted in our text, is the happiness of society considered generally. In this respect it is possible for there to be a coincidence of happiness for individuals considered distributively and collectively. We agree with Rasmussen that wealth, *per se*, is not the same as happiness, and we would point to the very welfare state economies of the United States and Western Europe as examples of the combination of wealth and collective unhappiness. We would further agree that we do not know exactly what Smith would say were he alive to comment on contemporary ideologies. We do, however, believe that the contemporary welfare state, which is obsessed with material end states, produces the very sort of dissatisfactions and illusions that Smith claims come from investing one’s happiness in objects, though we say this for individuals collectively considered.

Our essential complaint then is not that Rasmussen advocates the tranquility that comes from Stoic contemplation, or that he commits some fallacy or other. Nor are his insights into the misery-reducing dimensions of markets, especially for the lower classes, unappreciated. Rather we do not think the paradox of commerce is much alleviated by his solution. In any case, we think the paradox is better resolved when it is precisely, *pace* Rasmussen, the *pursuit* of commercial actions that is allowed to flourish.

