CHAPTER II

ADAM SMITH
Adam Smith's 'The Theory of Moral Sentiments' presents a complete harmonious order based on some self-evident truths under the guidance of the kind providence. The book is so well kint that no extra-ordinary brain can find leakage in the system. The main cause of this harmony may be attributed to the nature of the book in which Smith remained merely a speculative philosopher carrying nothing about the practical spheres. Henry J. Bittermann wrote, "The Theory of Moral Sentiments was a purely academic study, an attempt to discover a valid theory of morals by empirical methods. Smith, like other authors of ethical treatises, could not expect his work to have any practical effect beyond the incidental edification of his readers". This harmonious order, however, could not be maintained perfectly in the Wealth of Nations. The author himself doubted the working of the system and found the seeds of class-conflict.

Before tracing the phenomena of class-conflict, we must however, discuss in brief the nature of the harmonious order, and then see whether it could work smoothly in the Wealth of Nations.

In his essays Smith conceived all natural science as working to form, develop, and verify theories of "connecting-links" joining events that seem isolated to nonscientific observation together into a coherent, ordered system of all events, all mutually connected. He, therefore, compared a system with the machine invented to connect together in the fancy these different moments and effects which are already in reality performed.

Smith developed a harmonious order in Nature manufacturing itself through the instincts of the individual man. The oldest source in which he expressly finds an approach to his own views in the science of classical philosophers, "In the first age of the world... the idea of a universal mind, of a God of all, who originally formed the whole, and also governs the whole by general laws, directed to the conservation and prosperity of the whole, without regard of any private individual, was a notion to which (the Ancients) were utterly strangers...(but) as ignorance begot superstition science gave birth to the first...

1. The titles of these three essays are (a) The principles which lead and Direct Philosophical Inquiries Illustrated by the History of Astronomy. (b) The Ancient And the Modern Logic and Metaphysics. (c) The Ancient Physics(See Adam Smith's Works Vol.V 'Essays' on Philosophical Subjects (London, Ward, Lock & Co., 1822,) n.d.

that arose among those nations, who were not inlihtened by divine Revelation".¹

Professor Jacob Viner writes, "Smith's major claims to fame seems to rest on his elaborate and detailed application of the economic world, of the concept of a unified natural order, operating according to natural law, and if left to its own course producing results beneficial to mankind".² He has an exponent of natural liberty. His bibliographer, John Rae, cited a lecture delivered in 1749 which contained the essence of his fully developed doctrine, as expounded in the Wealth of Nations. "Projectors disturb nature in the cause of her operations on human affairs, and it requires no more than to leave her alone and give her fair play in the pursuit of her ends that she may establish her own designs... little else is required to carry a state of the highest degree of affluence from lowest barbarians but, peace, easy taxes, and a tolerable administration of justice; all the rest being brought about by the natural course of things. All governments which thwart this natural course, which force things into another channel, or which endeavour to arrest the progress of society at a particular point, are unnatural and to support themselves, are obliged to be oppressive and tyrannical".³

1. 'History of Ancient Physics, p. 391-92(Essays Philosophical And Literary by Adam Smith).
In "The Theory of Moral Sentiments" Smith evolves a complete harmonious natural order maintaining itself through the operation of the forces of external nature and innate propensities implemented in man by Nature. In the Theory, self-interest regulated by natural justice and tempered by sympathy or benevolence operate in conjunction with the physical forces of nature to achieve the beneficial purposes of Nature. Underlying the matter of fact phenomena of human and physical nature is benign Nature, a guiding providence which is concerned that natural process shall operate to produce the happiness and perfection of the species. The essence of Smith's doctrine appears to be that providence has so fashioned the constitution of the external nature as to make its processes favourable to man, and has implanted into human nature such sentiments as would bring about through their ordinary working the happiness

1. Smith Writes, "The idea of that divine Being whose benevolence and wisdom have from all eternity contrived and conducted the immense machine of the universe so as at all times to produce the greatest possible quantity of happiness, is certainly, of all the objects of human contemplation by far the most sublime... The administration of the great system of the universe,... the care of the universal happiness of all rational and sensible beings, is the business of God, and not of man. To man is allotted a much humbler department but one much more suitable to the weakness of his powers and to the narrowness of his comprehension - the care of his own happiness of that of his family, his friends, his country"(The Theory of Moral Sentiments or An Essay Towards An Analysis of the Principles by which man Naturally Judge Concerning the conduct and Character first of Their Neighbours And Afterwards of Themselves. To which is Added, A Dissertation on the Origin of Language, (New Edition) (i.e. With a biographical and critical Memoir of the Author by Dugald Stewart (London, Henry G. Bohn, York Street Covent Garden, 1853)) pp. 347-48 (hereafter refer to 'The Theory of Moral Sentiments').
and welfare of mankind. The controller of the system of natural order has been designated with various titles in 'The Theory of Moral Sentiments'. Among them are - "Author of nature" (p.135, 153, 185), "Judge of the World" (176), "The all wise-Author" (185), "All seeing judge" (187), "Diety" (232), "great benevolent" (345), "great Conductor of the universe" (347), "divine-Being" (347), "invisible hand" (264) etc.

Whenever a conflict of sentiments arise due to unsocial passions or sentiments, Smith bring for the impartial spectator into the scene who disapproves the deeds of the evil doer. The evil doer corrects himself according to the general rules of conduct. Thus nature has not "abandoned us entirely to the delusions of self-love. Our continual observations upon the conduct of others insensibly lead us to form to ourselves certain general rules concerning what is fit

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1. For example, about fellow-feeling, Smith writes in The Theory of Moral Sentiments, "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. She rendered their approbation most flattering and most agreeable to him for its own sake, and their disapprobation most mortifying and most offensive". (p.170). And thus "How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him,... That we often derive sorrow from the sorrow of others, ... for this sentiment, like all other original passions of human nature, is by no means confined to the virtuous and humane, though they perhaps may feel it with the most exquisite sensibility. The greatest ruffian the most hardened violator of the laws of society, is not altogether without it". (p.1)
and proper either to be done or to be avoided."¹ But, if the solution does not satisfy, Smith has another solution. If we despair of finding any force upon earth which can check the triumph of injustice, we, "naturally appeal to heaven, and hope that the great Author of our nature will himself execute hereafter, what all the principles which he has given us for the direction of our conduct prompt us to attempt even here; that he will complete the plan which he himself has thus taught us to begin; and will, in a life to come, render to everyone according to the works which he has performed in this world."²

So far as economic life is concerned, Smith advocates the principle of 'self-interest' as a pillar round which human activity clusters. The self-interest is however, regulated by natural justice. "In the race of wealth, and honours, and preferments, he 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."³

The whole system is well knit and therefore, there is no room to find any exceptional case to harmony of interest. The whole plan works smoothly to promote greatest happiness. Man has to work according to the moral sentiments because, "by

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2. Ibid., p. 240.
3. Ibid., p. 120.
acting according to the dictates of our moral faculties, we necessarily pursue the most effectual means of promoting the happiness of mankind, and by therefore be said, in some sense, to cooperate with the Deity, and to advance, as far as in our power, the plan of providence. By acting otherwise, on the contrary, we seem to obstruct, in some measure, the scheme which the Author of Nature has established for the happiness and perfection of the world, and to declare ourselves, ... in some measure the enemies of God. Hence we are naturally encouraged to hope for his extraordinary favour and reward in the one case, and to dread his vengeance and punishment in the other".¹

Traces of general doctrine expounded in the Theory of Moral Sentiments - there is beneficent order in nature which, if left to take its own course, will bring to mankind maximum happiness and prosperity, are undoubtedly to be discovered in the Wealth of Nations. Jacob Viner writes, "Traces of every conceivable sort of doctrine are to be found in that most catholic book, and an economist must have peculiar theories indeed who cannot quote from the Wealth of Nations to support his special purpose".² Self interest promotes harmony in the

¹. Ibid., p. 235.
interest of the individual and that of the society. If all restrictions are taken away, "the obvious and simple system of natural liberty establishes itself of its own accord".¹ In calling this order "natural" Smith means to say that it is superior to human contrivance and expresses the ultimate and rational foundation of things. It may be hindered by the unwise tinkering of governments; but it can never be completely destroyed. Thus, "in the political body, the natural effort which every man is continually making to better his own condition, is a principle of preservation capable of preventing and correcting, in many respects, the bad effects of a political economy, in some degree both partial and oppressive .. In the political body, however, the wisdom of nature has fortunately made ample provision for remedying many of the bad effects of the folly and justice of man; in the same manner as it has done in the natural body, for remedying those of his sloth and intemperance".²

2. Ibid., p. 638 (We should however, note "Every man, as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest of his own way, and to bring both his industry and capital into competition with those of any other man, or order of men").
In accordance with the theology, Adam Smith looks upon social and economic institutions as the product of a power beyond human power, of a reason which human reason can fathom but cannot initiate. He sees the working of an invisible hand in the action of self-interested individuals. Thus, according to Glenn R. Morrow, "We arrive, by way of Moral Sentiments, at a deeper understanding of individualism which is presented in the economic liberalism and laissez-faire of Wealth of Nations. It was an ethical, and not merely an economic individualism which Adam Smith held up as an ideal." 2

There are some competent economists who have recently challenged the consistency of natural order in the two books. William D. Grampp, for instance writes, "The natural which is the achievement of economic man is a system which on examination turns out to be identical with the concept of perfect competition in modern price theory ... The famous invisible hand of Wealth of Nations is nothing more than the automatic equilibrium of a competitive market." 3 Similarly, Robert L. Heilbroner thinks, "the main thinking in this was nothing but the formulation of


the laws of the market. What he sought was, "the invisible hand", as he called it...".¹

"It is however, unlikely" writes Mohammad Shabbir Khan, "that a man of so "stable integrated character" as Adam Smith was not subject to 'deep intellectual doubts or fissures would write books over the same period and give different interpretations to the concept of invisible hand and natural order in both of them".² Between 1759 and 1784 there appeared five editions of "The Theory of Moral Sentiments". None of these, not even the sixth and definitive edition of 1790, although it shows considerable changes in the text gives not the slight hint of any change in the meaning of the doctrine of natural order. As Dr. Zakir Husain aptly pointed out, "an interpretation that can reconcile the views expressed in the Wealth of Nations with those in the Theory of Moral Sentiments is more likely to be nearer the intention of the writer(Adam Smith) than one which does not do so".³ The invisible hands passages are indeed identical in logic in both the works, although in the Wealth of Nations, because of its being the motive force in bringing about economic development in a nation it refers to


2. "Relevance of Adam Smith's Theory" (Dr. Zakir Husain Presentation Volume Presented on his Seventy First Birthday, Zakir Husain Presentation Volume Committee, 1968, p.453.


Thus according to K. William Kapp, "It is, therefore, imperative that the Wealth of Nations he read in conjunction with the earlier Theory of Moral Sentiments".\footnote{The Social Costs of Private Enterprise (Cambridge Mass.: Harvard University Press, 1950) pp. 28-29.}

We must however, take guard that there can be no doubt about the consistence of the two works but it does not automatically prove that the system advocated in The Theory of Moral Sentiments remained intact in the Wealth of Nations. Smith, when applied his theory in the practical world found short-falls in the system. Thus, Huxley upholds the idea of an order of Nature, in which parts are made to function harmoniously in the life of the whole. But he finds that in the organic world, the harmony is mared by the presence of pain, "a baleful product of the evolutionary process" and by a complicated struggle that is most intense in the soul of man and in society. He goes on to argue that the "ethical process" in society though it is a product of, is yet in conflict with, the "cosmic process", an ethical civilisation is build up not by "natural" forces.

Glenn R. Morrow, comments "In fact if those who believed there was a discrepancy between the Moral Sentiments and the Wealth of Nations had but taken the pains to consult the farmer work thoroughly, a great deal of this alleged discrepancy would have disappeared".\footnote{(Adam Smith and Philosopher", Journal of Political Economy, Vol. 25. (1927), p.330.}
(which he takes to mean the forces of man's lower nature) but by unceasing "artificial" resistance to such forces. He therefore,damns laissez-faire individualism as heartily as it is condemned by Carlyle. Jacob Viner is also of the opinion, "But it can convincingly demonstrated that on the point at which they came into conflict there is a substantial measure of irreconcilable divergence between the The Theory of Moral Sentiments and The Wealth of Nations, with respect to the character of the natural order".

In the first place, the emphasis in The Theory of Moral Sentiments upon benevolent deity as author and guide of nature is almost, though not completely, absent in the Wealth of Nations. There are a few minor passages which can be quoted as supporting evidence of the survival in Smith's thought of the concept of divine Being who has so shaped economic process that it operates necessarily to promote human welfare; "The wisdom of nature has fortunately made ample provisions for remedying many of the bad effects of the folly and injustice of man"; a remark that with respect of smuggling the law of the country had "made that a crime which nature meant to do so", and a more famous passage, "invisible hand" which he used in The Theory of Moral Sentiments. The only implicit reference to God is one

4. Ibid., p. 848.
which could have given but scant comfort to the natural theology of his time. Thus, "Superstition first attempted to satisfy the curiosity, by referring all those wonderful appearances to the immediate agency of the gods. Philosophy afterwards endeavoured to account for them, from more familiar causes or from such as mankind were better acquainted with, than the agency of gods". To the extent that Smith in the Wealth of Nations does not expound a doctrine of harmonious order in nature, he accounts for it to "more familiar causes (and) to such as mankind were better acquainted with, than the agency of gods". Thus, Jacob Viner comments, "The significance for our purposes of this vital disappearance from the Wealth of Nations of the doctrine of an order of nature designed and guided by a benevolent god is that it leaves Smith free to find defects in the order of nature without costing reflections on the workmanship of its Author".

Secondly, Smith found an inherent harmony in the order of nature, whereby, man is, following his own interests, at the same time and without necessarily intending it serves also the general interests of mankind. In the Theory of Moral Sentiments the harmony is represented as universal and perfect. In the Wealth of Nations, however, this harmony is represented as not expending to all elements of the economic order and often as

1. Ibid., pp. 723-24.
partial and imperfect where it does extend. Jacob Viner comments, "where harmony does prevail, it is a rule a sort of average or statistical harmony revealing itself only in general mass of phenomena and leaving scope for the possibility that natural process whose general effect is beneficial may work disadvantageously in individual cases or at particular moments of time". As a rule, though not invariably, Smith qualifies his assertion of harmony by such phrases as 'in 'most cases', "the majority" "in general", and "frequently" etc. For example the exercise of common prudence is a pre-requisite of the system of natural liberty is to operate harmoniously, and "though the principles of common prudence do not always govern the conduct of every individual, they always influence that of majority of every class or order". "It is advantageous to the great body of workmen... that all those trades should be free though this freedom may, abused in all of them, and is more likely to be so, perhaps, in some than in other".


3. For example, "It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages". (14). Again "Every individual is continually exerting himself to find out the most advantageous employment for whatever capital he can command. It is his own advantage, indeed, and not that of the society, which he has in view. But the study of his own advantage naturally, or rather necessarily leads him to prefer that employment which is most advantageous to the society" (421). Similarly, "As every individual, therefore endeavours as much as he can both to employ his capital in the support of domestic industry, and so to direct that industry that its conti..
There are a number of well-known passages in the Wealth of Nations in which asserts the existence of a more or less complete harmony between the general interests of society and the particular interests of the individuals. But whereas in the Theory of Moral Sentiments such general statements as these comprise the main substance of the doctrine of a harmonious order in the economic world, in the Wealth of Nations they play a much more modest role. Though Smith in the Wealth of Nations frequently makes general statements intended apparently to apply to the entire universe, he has always before him for consideration some concrete problem, of some finite section of the universe. Jacob Viner writes, "In no instance does Smith rely heavily upon his assertions as to the existence of harmony in the natural order at large to establish his immediate point that such harmony exists within the specific range of economic phenomena which he at the moment examining.  

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produce may be at the greatest value; every individual necessarily labours to render the annual revenue of the society as great as he can. He generally, indeed, neither intends to promote the public interest nor knows how much he is promoting it. By preferring the support of domestic to that of foreign industry, he intends only his own security and by directing that industry on such a manner as it produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention". (423).


Thirdly, H.T. Buckle, in a passage often cited, holds that both works were essentially deductive, the one starting from the principle of sympathy, the other from self-interest. \(^1\)

Nowhere in the Wealth of Nations does Smith place any reliance for the proper working of economic order upon the operation of benevolence and sympathy, the emphasis upon which was the main feature in the account of human nature presented in the Theory of Moral Sentiments. Smith had little faith in the prevalence of benevolence in the economic sphere, "It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves not to their humanity but to their self-love and never talk to them of our own necessities but to their advantages."

Even the college professor cannot be expected to expend much energy in teaching effectively, cannot even be defended upon to teach at all, if it is not made to his interest to do so. \(^3\)

It must, however, be noted here that this is no shift from the Theory of Moral Sentiments and hence the natural order advocated there. Smith laid little stress, even in the Theory of Moral Sentiments, upon the importance of benevolence in the economic order. Society can yet along tolerably well even though beneficence is absent and self-love and justice alone operate. "Society may submit among different men, as among different merchants, from a sense of its utility, without any

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mutual love or affection; and though no man in it should owe and obligation, or be bound in gratitude to another, it may still be upheld by a mercenary exchange of good offices according to an agreed valuation. Beneficence, "is the ornament which embellishes, not the foundation which supports the building... Justice, on the contrary is the main pillar that upholds the whole edifice" again "society may submit, though not in the most comfortable state, without beneficence; but the prevalence of injustice must utterly destroy it." \(^1\)

Lastly, Smith who was an ardent supporter of natural liberty in bringing about harmonious and beneficent effects in The Theory of Moral Sentiments, failed to keep it intact in The Wealth of Nations. Perfect competition in the economic world, failed to operate smoothly because of the tactics of the capitalists and the traders. They combine and raise the price and do not sometimes allow the wages to settle on the natural course. Smith writes that those who imagine that masters rarely combine are ignorant of the actual world. "We seldom, indeed, hear of the combination, because it is the usual, and one may say, the natural state of things which nobody even hears of." \(^2\)

Moreover, Smith found it impossible to curb these ignoble activities by law. He thus writes "People of the same trade seldom meet together, even for merriment and diversion, but

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conversation ends in a conspiracy against the public, or in some contrivance to raise prices. It is impossible indeed to present such meetings,..".¹ one can also note, in the Wealth of Nations, Smith's extensive programme of governmental regulations.

In the Wealth of Nations, therefore, natural order even if left to take its own course could not promote complete, perfectly harmonious, and beneficial order. The harmony of interests is partial and number of instances can be traced when pursuit of self-interest leads to class-conflict.

There are three classes or orders of society. Smith writes, "The whole annual produce of the land and labour of every country, or what comes to the something, the whole price of that annual produce, naturally divides itself—- into three parts; the rent of land, the wages of labour, and the profits of stock; and constitutes a revenue to three different orders of people...". Thus, "These are the three great original and constituent orders of every civilized society, up from whose revenue that of every other order is ultimately derived".²

The interest of the capitalists conflict with those of the labourers when the farmer want more profits and the latter more wages. Smith writes, "What are the common wages of labour, depends everywhere upon the contract usually made between these two parties, whose interests are by no means the same. The workmen desire to get as much, the masters to give as little as possible. The former are disposed to combine in order to raise,

¹. Ibid., p. 128.  ². Ibid., p. 248
the latter in order to lower the wages of labour.¹

Smith could, like a wise spectator, see that in the conflict the workers will always be the losers because of the conditions which makes them weak and, therefore, they always have to comply with the terms and conditions of the employers. Smith writes, "The masters, being fewer in number, can combine, much more easily.² Moreover, "A landlord, a farmer, a master manufacture, or merchant, though they did not employ a single workman, could generally live a year or two upon the stocks which they have already acquired. Many workmen could not subsist a week, few could subsist a month, and scarce any a year without employment. In the long-run the workmen may be as necessary to his master as his master to him, but the necessity is not so immediate.³ The most immediate adverse cause to the interest of the workman is that justice always sides the capitalists when, "we have no acts of parliament against combining to lower the price of work; but many against combining to raise it.⁴

It may however, be argued, "But though in disputes with their workmen, masters must generally have the advantage, there is however, a certain rate below which it seems impossible to reduce, for any considerable time, the ordinary wages even of the lowest species of labour.⁵ We must not forget that

¹. Ibid., p. 66  
². Ibid., p. 66  
³. Ibid., p. 66  
⁴. Ibid., p. 66  
⁵. Ibid., p. 67
labour is the creator. Smith opens the Wealth of Nations with the remark, "The annual labour of every nation is the fund which originally supplies it with all the necessaries and conveniences of life which it annually consumes, and which consist always either in the immediate produce of that labour, or in what is purchased with that produce from other nations." Moreover, the labourers do not produce only equal to their subsistence paid by the capitalist as wages, but also a surplus to the capitalists. Smith, for example writes, "As soon as stock has accumulated in the hands of particular persons, some of them will naturally employ it in setting to work industries people, whom they will supply with materials and subsistence, in order to make a profit by the sale of their work, or by what their labour adds to the value of materials ... The value which the workmen add to the materials, therefore, revolves itself in this case into two parts, of which the one pays their wages, the other the profits of their employer upon the whole stock of materials and wages which he advanced." 

Marx comments on the above passage in his *Zur Kritik*, "Adam Smith, then, regards surplus-value - that is to say the surplus-labour, the surplus of labour performed and embodied in the commodity over and above the paid labour, hence over and above that labour which has received its equivalent in wages - as the general category, while profit in its proper sense and ... 

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1. "Introduction and Plan of Work", Ibid., P. LVII.
ground-rent are regarded merely as its remifications.¹

Adam Smith further more writes, "It seldom happens that the person who tills the ground has wherewithal to maintain himself till he reaps the harvest. His maintenance is generally advanced to him from the stock of a master, the farmer who employs him, and who would have no interest to employ him, unless he was to share in the produce of his labour, or unless his stock was to be replaced to him with a profit. This profit makes the second deduction from the produce of the labour which is employed upon land.

The produce of utmost all other labour is liable to the like deduction of profit".² The workers everywhere and always need their subsistence, and a master to advance them the materials of their work till they complete it. Therefore, "He shares in the produce of their labour, or in the value which it adds to the materials upon which it is bestowed; and in this share consists his profit".³

Marx comments, "Here Adam Smith declares in so many words that ground-rent and profit of capital are simply deductions from the product of labourer, or from the value of his product, equal to the labour added by him to the raw material. But this deduction, as Adam Smith himself has previously

² Wealth of Nations, p. 65.
³ Ibid., p. 65.
explained, can consist only of that part of labour which the
labourer adds to the materials over and above the quantity of
work which pays only for his wages or furnishes only the
equivalent of his wages - in other words this deduction of the
surplus-labour, the unpaid part of his labour". ¹

Thus Adam Smith traces the source of the surplus-value
(though he has not used the word) which is appropriated by the
capitalist. The exploitation of the workers starts when the
masters never allow more than the subsistence wages and sometimes
they try not to allow the subsistence even. Smith writes, "Masters
too sometimes enter into particular combinations to sink the
wages of labour even below this rate". ² The condition of the
labourer becomes the worst when he has been reduced to be a
cog in the machine with no voice and respect in the society.
Smith describes his condition in the society thus, "His condition
leaves him no time to receive the necessary information, and
his education and habits are commonly such as to render him unfit
to judge even though he was fully informed. In the public
deliberations, therefore, his voice is little heard and less
regarded, except upon some particular occasions, when his clamour
is animated, set on, and supported by his employers, not for his,
but their own particular purposes". ³ His appeal for justice,

¹ Manuscript, p. 256 (Quoted by Engles, op. cit., p. 9).
² Wealth of Nations, p. 67.
³ Ibid., p. 249.
his approach to the civil magistrate are futile. The trade unions are powerless and suicidal because, "The workmen accordingly, very seldom derive any advantage from the viole of those tumultuous combinations, which, partly from the interposition of the civil magistrate, partly from the superior steadiness of the masters, partly from the necessity which the greater part of the workmen are under of submitting for the sake of present subsistence, generally and in nothing, but the punishment or ruin of the ring-leaders". The laws are oppressive and defend the masters. It is all the more the law of nature to sympathise and honour the rich and discard the poor. "The poor man goes out and comes in unheeded,... They turn away their eyes from him,... The man of rank and distinction, on the contrary, is observed by all the world".

Nobody can appreciate this state of affairs and claim the working of the harmonious and beneficial order in which majority of the people are poor, uneducated and ignorant. Smith, as a wise spectator and reader of the facts remarks, "No society can surely 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 cloath 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, cloathed and

1. Ibid., p. 67
The masters always complain of the high wages to cover their malpractices of charging high prices of their goods, and never say about their profits. Truly speaking, it is high profit and not the high wages which increase the price. Smith writes, "In raising the price of commodities the rise of wages operates in the same manner as simple interest does in the accumulation of debt. The rise of profit operates like compound interest.... They are silent with regard to the pernicious effects of their own gains. They complain only of those of other people".  

The clash of interest between the capitalist and labour is all the more remarkable when one's share reduces the portion of the other. They are inversely related - wages rise profits fall and vice versa.

There is once again a clash of interest between the capitalists and the rest of the society. "The interest of the dealers," writes Adam Smith, "however, in any particular branch of trade of manufactures, is always in some respects different from, and even opposite to, that of the public. To widen the market and to narrow the competition". The first motive - to widen the market may be harmonious with that of the society, but narrowing the competition is always injurious.

1. Wealth of Nations, p. 79.
2. Ibid., p. 98. 3. Ibid., p. 250.
to that of the public. Smith writes, that it, "can serve only to enable the dealers, by raising their profits above what they naturally would be, to levy, for their own benefit an absurd tax upon the rest of their fellow citizens". Their combinations also end in a conspiracy against the public in the shape of high prices. Whenever the law also ensures them and confirm their monopoly in certain trade the small capitalist is eliminated and, "In every different branch, the oppression of the poor must establish the monopoly of the rich, who, by engrossing the whole trade to themselves, will be able to make very large profits".

Smith's sentence that the landlords "love to reap where they have never sowed, and demand a rent even for its natural produce", has been quoted as a flow in the system and the reader may infer a clash of interest between the landlords and the labourers or the capitalists. The landlords do not contribute anything for the product and still demand a rent even for the wood of the forest, the grass of the field and all the natural fruits of the earth. Smith has quoted many instances of this unearned reward. For example, "kelp is a species of sea-weed, which, when burnt, yields an alkaline salt useful for making glass, soap, and for several other purposes... The landlords, however, whose estate is bounded by a kelp shore of this kind, demands a rent for it as much as his corn fields".

1. Ibid., p. 250  
2. Ibid., p. 95.  
3. Ibid., p. 49.  
4. Ibid., p. 145.
Similarly, "The sea in the neighbourhood of the island of shelland is more than commonly abundant in fish, which make a great part of the subsistence of their inhabitants. But in order to profit by the produce of the water, they must have a habitation upon the neighbouring land. The rent of the landlord is in proportion, not to what the farmer can make both by the land and by the water".  

One should however, keep in mind that the above sentences cannot be quoted as a phenomena of class-conflict. The natural fruits of the earth, when owned by somebody becomes one's private property. Here the landlord is the owner of the land and therefore, charges monopoly price. Smith writes about rent thus, "The rent of land, therefore, considered as the price paid for the use of the land, is actually a monopoly price. It is not at all proportioned to what the landlord may have laid out upon the improvement of the land or to what he can afford to take; but to what the farmer can afford to give".  

Smith has proved that the interest of the landlords and that of the rest of the classes coincide and does not conflict. Rent is higher in the prosperous countries and the lowest in the backward countries.  

One can however, see that Smith was not very much happy with the landlord class and his rent. He remarks that, "They are the only one of the three orders whose revenue costs them neither labour nor care, but comes to them, as it were, of its

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1. Ibid., p. 145.  
2. Ibid., p. 145.
own accord, and independent at any plan or project of their own. Moreover, "Rent, considered as the price paid for the use of land, is naturally the highest which the tenant can afford to pay in the actual circumstances of the land." The landlord while renewing the lease, increases the amount of rent and leave smaller share to the farmer. Therefore, "This is evidently the smallest share with which the tenant can content himself without being a loser, and landlord seldom means to leave him any more."

Besides these instances for the phenomenon of class-conflict, a number of passages can also be quoted from the Wealth of Nations. The most important sentences are as follows: while discussing the high rate of interest Smith remarks, "At the profits which can afford such an interest must eat-up almost the whole rent of the landlord, so no enormous usuary must in its turn eat-up the greater part of those profits" And again when he discusses about profit, "The highest ordinary rate of profit may be such as, in the price of the greater part of commodities, eats-up the whole of what should go to the rent of the land... The workman must always have been fed in some way or other while he was about to work; but the landlord may not always been paid." These instances may be supported for a

1. Ibid., p. 249
2. Ibid., p. 144
3. Ibid., p. 144
4. Ibid., p. 94
5. Ibid., p. 97.
conflict between the two proprietor classes - The landlords and the capitalists. Similarly, these two proprietor classes may exploit the labourers when Smith writes, "rent and profit eat up wages, and the two superior orders of people oppress the inferior one".  

In the end we can say that Smith's 'Theory of Moral Sentiments' is a complete work for class-harmony, whereas the 'Wealth of Nations' succeeded partially to maintain it. In the Wealth of Nations the system could not work smoothly. Perfect competition, for example, could not work due to the ignoble tactics of the capitalist class. Again, self-interest led both the classes of the capitalists and the workers to combine for their respective gains. Thus, Smith's system show a conflict between the capitalists and the labourers. W. Stark remarks, "But - alas! - realism and idealism for long go hand in hand. The industrial revolution changed the outlook ... The market far from being the meeting place for harmonizing individuals, had become the battle ground of hostile classes".  

Smith, like a wise spectator, of the facts could see the weaker bargaining power of the workers. Masters being few combined whereas, the labourers scattered, divided and large in number could not easily combine. Moreover, their daily needs

1. Ibid., p. 532.

forced them to agree with the terms and conditions of the masters. The labourers have been reduced to be a cog in the machine with no independent voice in the society. Smith, therefore, had all sympathies with the labour class; because if the majority is not happy, the society cannot be said to be flourishing. We should however, note as C.R.Fay has pointed out, "In Adam Smith's days the struggle between capital and labour was young". ¹

Again, though Adam Smith tried to harmonise the interests of the landlords with that of the rest of society, yet, he traced a conflict between the two proprietor classes - the capitalist and the landlords. His language towards the peculiar position of the landlords is critical.

The father of Economic science, therefore, becomes the first economist to trace the instances of class-conflict. His system inspired Ricardo to condemn the services of the landlord class and to narrate a class-conflict between the two proprietor classes. Incidentally, Marx also saw the seeds of his theory of 'surplus-value' in his system. Though, Smith does not consider capitalist class as a parasite, yet his word 'deduction' used for profits must have been sufficient to Marx to condemn this appropriation by the capitalist class.