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Subsidiarity and Solidarity in Adam Smith's Free Society

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Abstract: Adam Smith is commonly portrayed as a champion of market freedom, yet this reading obscures the broader political framework underlying his conception of a free society. This paper argues that Smith's social thought is structured by two complementary principles—subsidiarity and solidarity—which together constitute the normative architecture of modern liberty. Reconstructing Smith's neglected theory of political society, it shows that the public good cannot be reduced to market prosperity or the aggregation of private interests, but encompasses freedom, opulence, and collective happiness. Subsidiarity is reflected in Smith's account of limited yet active government, while solidarity emerges from his moral psychology of sympathy and his account of human interdependence. Their integration explains why Smith rejects both laissez-faire and paternalism, instead defending a commercial society in which markets, political institutions, and intermediary communities jointly sustain independent agency and human flourishing.

Keywords: Adam Smith, Subsidiarity, Solidarity, modern liberty

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For Adam Smith, the most important science was arguably the one he never formally set down in a treatise: natural jurisprudence. Defined by Smith as "the theory of the rules by which civil governments ought to be directed" (*LJ,* 5),[1] he continued to pledge a comprehensive work on the subject long after realizing its completion was beyond his reach—a gesture perhaps intended to ensure that both its absence and the significance he attached to it would not escape the reader's notice.

[1] The *Lectures on Jurisprudence* (*LJ*) consist of student notes taken during Adam Smith's classes at the University of Glasgow, probably delivered between 1762 and 1766. These notes were discovered many years after his death.

While substantive elements of this theory permeate both *The Theory of Moral Sentiments* (*TMS*) and *An Inquiry into the Causes and Nature of the Wealth of Nations* (*WN*), the absence of a systematic, independent treatment has led scholars to view Smith's jurisprudential insights as merely subordinate to his ethical or economic objectives. Consequently, the true weight of jurisprudence within his broader social architecture has often been obscured. This marginalization was further compounded by the historical reception of his work; the overwhelming success of *WN* in subsequent centuries fostered a tendency to conflate market logic with political logic, ultimately identifying the governance of the economy with the governance of society at large.

However, if we accept Dugald Stewart's observation that Smith's "ruling passion" was to contribute "to the happiness and improvement of society" (Stewart 1982, 271), then a reconstruction of his conception of political society becomes both reasonable and necessary. This paper undertakes that task through the contemporary lenses of subsidiarity and solidarity.[2] I contend that these concepts function as two complementary poles, serving as the structuring principles of Smith's social theory. Taken together, they are indispensable for achieving Smith's 'public good', which comprises social freedom, material abundance, and collective happiness.

To substantiate this thesis, the argument proceeds in four stages. First, I delineate Smith's conception of the public good, which politics must actively pursue and which remains distinct from the private goods sought by agents following their own market interests. In this sense, political rationality differs essentially from economic rationality. Second, I examine Smith's account of subsidiarity, which emerges with striking clarity in his discussion of the specific duties of the state within a free society. Third, I formulate a conception of solidarity inherent in Smith's thought and explore how such a principle might be institutionalized in a contemporary context. Finally, I integrate subsidiarity and solidarity to demonstrate how—in keeping with Smith's intellectual spirit—these two principles complement each other to jointly realize the public good of a free society.

[2] To my knowledge, there are two other articles that link these principles to Smith's theory, though in both cases they do so from the perspective of Catholic Social Teaching. Both Wolcott (2018) and Martins (2021) compare Smith with magisterial texts, highlighting similarities and differences. My proposal is independent of that doctrine; it employs these two principles solely to develop a theoretical reconstruction of Smith's conception of a free society.

I. MERCHANTS, STATESMEN, AND THE PUBLIC GOOD

A well-known and frequently cited passage in *WN* occurs where Smith argues that the public good is often best served when not pursued directly. He contends that an individual, by pursuing his own interest, "frequently promotes that of the society more effectually than when he really intends to promote it. I have never known much good done by those who affected to trade for the publick good" (*WN,* 456).

The source of this paradox is primarily epistemic. Smith recognizes that the knowledge required to make optimal decisions is localized knowledge, inaccessible to statesmen (*WN,* 456). Consequently, the most effective arrangement is to allow individuals to make their own decisions, which eventually generates the greatest overall economic growth. This constitutes the celebrated 'invisible hand' argument, wherein an individual "intends only his own gain" yet is "led by an invisible hand to promote an end which was no part of his intention" (*WN,* 456). As Erik Matson (2020) aptly summarizes, it is by shifting our focus from universal benevolence toward our local spheres that we most effectively serve the ends of universal benevolence.

While this passage cautions rulers against interfering in private decisions, it simultaneously warns of the perils of entrusting the public good to those driven by private interests. The "conspiracy of the merchants" (Sagar 2022, 187) represents a primary threat to commercial society, since "rent seeking and state capture by special interest groups is not only inefficient, but it uses the (actual) 'blood and treasure' of fellow citizens to enrich a few merchants and manufacturers under the false pretense of enriching the country" (Paganelli 2023, 112; cf. *WN,* 613). Absent political power, the merchants' pursuit of private interest unintentionally contributes to the good of the whole. However, when invested with such power, they tend to disguise private gain as the public interest, seeking to shape legislation for their own benefit at society's expense (Paganelli 2023, 113).[3] The core problem, therefore, is the misrepresentation of private interest as if it were the public good.

A. PRIVATE AND PUBLIC INTERESTS

Although never stated explicitly, Smith's work distinguishes two fundamentally incompatible rationalities: the logic of the market and that of

[3] Smith contends that a government administered by an "exclusive company of merchants" constitutes "the worst of all governments" (*WN*, 570), noting their tendency to "deceive and even to oppress the publick" for their own gain (*WN*, 267).

the public good. The former governs the private sphere of the merchant; the latter, the public sphere of the politician and citizen. In the economic domain, individuals—provided they adhere to the laws of justice[4]—need only pursue their own advantage to contribute, albeit unintentionally, to the "obvious and simple system of natural liberty" (*WN,* 687).[5]

Smith's conception of society, however, extends beyond that of a self-regulating order composed of isolated, self-interested individuals with only instrumental relations among them. While this describes the logic of the market, society for Smith is more than a market.[6] When discussing the separation of political and judicial power, for instance, he refers to "the persons entrusted with the *great interests of the state*" (*WN,* 722; my emphasis), acknowledging the existence of a public interest distinct from private gain. Smith also establishes a normative ideal for statesmanship: the "legislator" must embody "superior prudence" (*TMS,* VI.i.15) and a "public spirit" (*TMS,* IV, VI) that transcends ordinary self-interest. Framing this figure as "the greatest and noblest of all characters" (*TMS,* VI.ii.2.14), possessing "the best head joined to the best heart" (*TMS,* VI.i.15), Smith insists that public office operates under a different moral imperative than the merchants' craft. Ultimately, this idealized ruler—evoked through examples of civic devotion like that of Brutus[7]—serves as the cornerstone for a political society that aims to realize the public good.

Consequently, as Muller (2009, 90) observes, Smith sought to encourage "men of public spirit" to participate in government, aiming to elevate both the material and moral conditions of the population. As a public writer, he also expressed confidence in the capacity of political actors to promote desirable social outcomes (Hanley 2025, 194). Thus, the "science of legislation" and the statesman's judgment are properly oriented not toward sectoral advantage, but toward the public or common good.

This implies that the economic sphere—where individuals attend to their private interests—must be integrated into a more expansive political community capable of articulating the common interests that shape law and economic governance. Although *WN* focuses primarily on the

[4] Specifically, the equal protection of persons, property, and promises (*TMS,* II.ii.2.2).
[5] Cf. *WN,* 687: "Every man, as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest his own way".
[6] Instrumental relations also define the logic of a "society among robbers" (cf. *TMS,* II.ii.3.3), a model that stands in stark contrast to Smith's political ideal.
[7] Brutus executed his sons for conspiring to reinstate the monarchy. Smith praises him saying "He viewed them, not with the eyes of a father, but with those of a Roman citizen" (*TMS,* IV.2.11). Kristen Collins (2023) explains: "Such actions may not be what we desire from our fathers, but they represent an ideal we ought to expect from our leaders" (365).

economic system, *TMS* explicitly subordinates these "different orders and societies" to the state, asserting that they are "established only in subserviency to its prosperity and preservation" (*TMS,* VI.ii.2.10). For Smith, the state "under the protection of which we continue to live, is, in ordinary cases, the greatest society upon whose happiness or misery our good or bad conduct can have much influence. It is accordingly, by nature, most strongly recommended to us" (*TMS,* VI.ii.2.2). Such passages presuppose the existence of a political community and a common good that we are naturally inclined to recognize and value.

B. COMMON INTEREST, PUBLIC GOOD

Descriptively, the public or common good comprises both the shared interests of a community's members and the facilities—whether material, cultural, or institutional—that serve those interests. Philosophically, drawing on Hussein and Kohn (2024), the common good is framed as "an encompassing model for practical reasoning among the members of a political community". Consequently, the shared interests of the community provide both an end and a criterion for evaluating institutions and public policies. This framework underscores Smith's insistence that legislators and statesmen must possess an ideal of society toward which they strive—one that serves to "animate the public passions of men, and rouse them to seek out the means of promoting the happiness of society" (*TMS,* IV.1.11). Smith fulfills part of this task in *WN* (Evensky 2005, 214; Schliesser 2017, 249), by proposing the "system of natural liberty" as the economic arrangement best suited to this end.

However, the economic system alone is insufficient, as the ultimate aim of politics remains the happiness of citizens: "All constitutions of government […] are valued only in proportion as they tend to promote the happiness of those who live under them" (*TMS,* IV.1.11). General happiness, therefore, serves as the primary political standard by which Smith evaluates social, political, and economic institutions (Campbell and Ross 1981, 73, 77n16).[8] This focus directs attention toward the habits, practices, and institutions that genuinely contribute to individual and social welfare. For Smith, the principal source of happiness is virtue—which, nonetheless, cannot be externally imposed. Consequently, government

[8] "The happiness of mankind, as well as of all other rational creatures, seems to have been the original purpose intended by the Author of nature, when he brought them into existence" (*TMS,* III.5.7).

emerges as a necessary, albeit imperfect, substitute in the face of deficient wisdom and virtue (*TMS,* IV.2.1).

To understand how to achieve this happiness, its components must be specified. In *WN*, Smith observes that happiness requires at least food, clothing, and shelter (*WN,* 178, 96; *LJ,* 340), though in *TMS* (I.ii.5.1) he adds that "the chief part of human happiness arises from the consciousness of being beloved".[9] Consequently, Smith views wealth creation as a means of ensuring widespread access to both necessities and "social conveniences" required for a life of dignity (Paganelli 2020, 20).[10] To this end, his political economy—a branch of the "science of the statesman"—aims "to enrich both the people and the sovereign" (*WN,* 428).

As Matson (2022, 595) notes, Smith's "liberal plan" fosters "liberal subsistence" (*WN,* 35) through liberal wages (*WN,* 65) and a "liberal and generous" production and distribution of food supplies. Given that *WN* is a proposal in economic policy, it naturally defines the common good through material wealth, provided such wealth "extends itself to the lowest ranks of people" (*WN,* 22). Ultimately, the system of natural liberty catalyzes a "revolution […] of the greatest importance to the publick happiness" (*WN,* 422). Through commerce, society secures the twin blessings of opulence and freedom (*LJ,* 185) by fostering order, security, and good government (*WN,* 405). Thus, free markets do more than provide consumer goods; they serve as a "training ground for virtue" where, "by breaking down feudal structures, and then leaving people alone to take 'care of their own interest' (*WN,* 531), legislators can serve both the material and the moral well-being of their people" (Fleischacker 2021, 255).

To ensure the functionality of this system, Smith assigns the sovereign three essential duties: national defense, the administration of justice, and the provision of public works and institutions that lie beyond the

[9] *TMS* (VI.1.3; my emphasis): "The desire of becoming the proper objects of this respect, of deserving and obtaining this credit and rank among our equals, is, perhaps, the strongest of all our desires, and our anxiety to obtain the advantages of fortune is accordingly much more excited and irritated by this desire, *than by that of supplying all the necessities and conveniences of the body*".

[10] Smith refers not only to the goods required for biological life, but also to the social conveniences that allow individuals to live well and with dignity within their communities. He states: "Under necessaries therefore, I comprehend, not only those things which nature, but those things which the established rules of decency have rendered necessary to the lowest rank of people", or rather "whatever the custom of the country renders it indecent for creditable people, even of the lowest order, to be without" (*WN,* 870).

capacity of private actors. Book V of *WN* clarifies that the system of natural liberty requires not the absence of government, but its active and prudent involvement. For Smith, freedom is institutionally mediated, and political authority must address the inherent risks and limitations of economic development. In this regard, Smith grants politics a central and indispensable role within his social vision.

In what follows, I examine this vision through two implicit yet illuminating principles of political organization: subsidiarity and solidarity. These principles possess both descriptive and normative dimensions, identifying fundamental features of social life while providing guidance for the proper ordering of institutions. Although a degree of tension exists between them, they are not mutually exclusive; rather, they function effectively only in conjunction and are jointly indispensable to the realization of the system of natural liberty that Smith ultimately defends.

II. SUBSIDIARITY

The notion of subsidiarity has frequently been illustrated by citing Abraham Lincoln's discourse on government:[11]

> The legitimate object of government is to do for a community of people whatever they need to have done, but cannot do, *at all*, or cannot, *so well do*, for themselves—in their separate and individual capacities. In all that the people can individually do as well for themselves, government ought not to interfere (Lincoln 1854).

On this account, subsidiarity implies that society is structured from the bottom up, beginning with the needs of individuals, and that social functions should be performed at the lowest feasible level of organization: within the family rather than the neighborhood, and at the local rather than the central level of government. It therefore expresses a preference for trusting the "institutions of nature" over the "institutions of men" (cf. *TMS,* VI.ii.1.10).

This anti-paternalist orientation is also central to Adam Smith. Throughout his work, Smith demonstrates that society is composed of multiple layers between the individual and the state—distinct 'orders' with their own powers, privileges, and organizations, to which individuals feel particularly attached (cf. *TMS,* VI.ii.7-10). These groups are

[11] For an academic analysis of this concept, see Follesdal (1998).

simultaneously dependent upon the state and the very entities that sustain it; thus, the man of public spirit "will respect the established powers and privileges […] of the great orders and societies, into which the state is divided" (*TMS,* VI.ii.2.16).[12]

Fundamentally, Smith maintains that the state should largely refrain from intervening in the affairs of individuals, as it generally lacks the requisite knowledge to do so beneficially. Government interventions are often objectionable precisely because they presume a level of knowledge that political leaders do not—and cannot—possess. Yet, Smith rejects state intervention in certain domains only to mandate it decisively in others:

> According to the system of natural liberty, the sovereign has only three duties to attend to […] first, the duty of protecting the society from the violence and invasion of other independent societies; secondly, the duty of protecting, as far as possible, every member of the society from the injustice or oppression of every other member of it, or the duty of establishing an exact administration of justice; and, thirdly, the duty of erecting and maintaining certain publick works and certain publick institutions, which it can never be for the interest of any individual, or small number of individuals, to erect and maintain; because the profit could never repay the expence to any individual or small number of individuals, though it may frequently do much more than repay it to a great society (*WN,* 688).[13]

These three duties must be understood in relation to the specific type of society and the particular threats it faces. Commercial society, which

[12] Federalism represents another modality of subsidiarity that shares this same spirit; Eric Schliesser (2025) develops this Smithian insight further. Another example, to which I shall return, is Smith's support for the active participation in religious sects (*WN*, 795). On this point, an interpretation contrary to my own is offered by Lisa Hill and Peter McCarthy (2004, 14): "At first sight, it seems as though Smith is calling for an extra layer of moral surveillance […] But Smith's comments here seem to be confined to the new migrant who has yet to settle into the new regime of self-government strangership".

[13] Lincoln highlighted these same areas, stating that the government has a duty to intervene in two spheres: "those which have relation to wrongs, and those which have not. Each of these branches off into an infinite variety of subdivisions. The first—that in relation to wrongs—embraces all crimes, misdemeanors, and non-performance of contracts. The other embraces all which, in its nature, and without wrong, requires combined action, as public roads and highways, public schools, charities, pauperism, orphanage, estates of the deceased, and the machinery of government itself. From this it appears that if all men were just, there still would be some, though not so much, need of government".

transforms individuals into merchants (*WN,* 37) and brings about "great blessings" for mankind, also generates destabilizing tendencies. Smith was keenly aware of these dangers and repeatedly called for political action to mitigate them. As Hanley (2025) notes, they include "the external threats posed by poor nations and the internal threats posed by poor individuals to rich individuals" (190). Smith himself, while praising the division of labor as the engine of commercial progress, warns that it develops "at the expense" of workers' intellectual, social, and martial virtues. He thus concludes that "in every improved and civilized society this is the state into which the labouring poor […] must necessarily fall, *unless government takes some pains to prevent it*" (*WN,* 782; *LJ,* 333; my emphasis).

A. DEFENSE

Since the common good is the ultimate end of politics, any state action—or restraint—must be justified by its alignment with that objective. Smith identifies national defense as the sovereign's primary duty, famously insisting it is "much more important than opulence" (*WN,* 465). This priority demonstrates that, contrary to neoliberal interpretations, the public good transcends mere material prosperity. Aligning with classical thinkers like Aristotle and Aquinas, Smith regards the defense of the nation against unjust aggression as a profound moral good, even justifying the sacrifice of one's life (*TMS,* VI.ii.2.3). The object of such sacrifice is the social order as a whole—the general or common good.[14]

National security is paramount because humans are social creatures who "can subsist only in society" (*TMS,* II.ii.3.1) and possess a natural desire for its preservation (*TMS,* II.i.5.10).[15] Society is thus an object of justice; any attempt to undermine it constitutes a grave injustice. This explains Smith's rigorous emphasis on external security and internal order, which justifies restrictions that might otherwise seem inconsistent with his theory of justice, such as the death penalty for a sleeping sentinel (*TMS,* II.ii.3.11), the punishment of traitors (209–210), or temporary constraints on economic freedom during a famine (*WN,* 158, 539).

[14] For this reason, Aquinas refers to this virtue as 'general justice' (*ST* II-II, q. 58, aa. 5–6).

[15] "Man […] has a natural love for society, and desires that the union of mankind should be preserved for its own sake, and though he himself was to derive no benefit from it. […] Upon every account, therefore, he has an abhorrence at whatever can tend to destroy society, and is willing to make use of every means, which can hinder so hated and so dreadful an event" (*TMS,* II.ii.3.7).

Furthermore, increased national wealth brings heightened vulnerability, especially as the division of labor erodes the martial virtues necessary to protect it (Hanley 2025, 189). While Smith defends a standing army to mitigate this risk, security from external threats is only a baseline. As Evensky (2005) notes, for a liberal system to truly flourish, "Government must also establish justice if liberty is to be secure for every citizen" (219).

B. IMPARTIAL JUSTICE

The sovereign's second duty then is "protecting, as far as possible, every member of the society from the injustice or oppression of every other member of it" (*WN,* 708). Smith anticipated this claim in *TMS*, stating that "the wisdom of every state endeavours […] to employ the force of the society to restrain those who are subject to its authority from hurting or disturbing the happiness of one another" (*TMS,* VI.ii.intro.2). He establishes justice as the "main pillar" of the social edifice; without it, the preservation of society—the state's primary endeavor—would collapse (*TMS,* II.ii.3.4; VI.ii.intro.2). Grounded in sympathetic resentment toward unjustified injury, justice prevents "real and positive hurt", thereby mitigating the violence that threatens social order (Fleischacker 2021, 214). Since political authority exists for the sake of the common good, and since only justice provides the security on which progress and happiness depend, its impartial administration is an essential political duty.

Moreover, because Smith describes the rules of justice protecting individuals as "sacred", the interests they safeguard acquire a similar status. This leads Griswold (1999, 237-238) and Darwall (1999, 156) to attribute to Smith a doctrine of the "sanctity" or "dignity" of the individual—defining a status where persons may not be treated in certain ways.[16] Crucially, justice protects individuals primarily and society only derivatively: we demand punishment for a wrong out of concern for the specific victim rather than a general interest in social order (*TMS,* II.ii.3.10). This spontaneous resentment reveals a fundamental moral equality antecedent to civil government, which serves as the basis for impartial law.[17]

While Smith's pragmatic approach to policy sometimes appears to qualify his defense of dignity, such departures do not undermine this

[16] "To bring him back to a more just sense of *what is due to other people* […] is frequently the principal end proposed in our revenge" (*TMS,* II.ii.1.5; my emphasis).
[17] "Among equals each individual is naturally, and antecedent to the institution of civil government, regarded as having a right both to defend himself from injuries, and to exact a certain degree of punishment for those which have been done to him" (*TMS,* II.ii.1.7). This equality is the basis of civil and criminal law (*TMS,* VI.ii.intro.2).

framework. Apparent appeals to consequentialism (Campbell and Ross 1981) or "urgent necessity" (Paganelli 2020, 162; Fleischacker 2004, 220) are best understood by distinguishing among types of laws. Not all regulations aim directly at protecting personal dignity. For instance, Smith justifies the restriction of small-denomination banknotes—a "manifest violation of natural liberty"—by analogy to building party walls to prevent fires (*WN,* 234). Issuing such notes may be economically prudent or imprudent, but they do not infringe upon natural rights. Similarly, his leniency toward smuggling or temporary trade restrictions indicates that while these acts may be imprudent, they do not violate the "sacred laws of justice" (*WN,* 465).

Together, defense and the impartial administration of justice constitute the primary duties of government. Both are fundamentally oriented toward security: the former preserves the integrity of society as a whole, while the latter safeguards individual dignity and formal equality. Accordingly, both serve as indispensable pillars of the common good that political authority is charged with securing (cf. *TMS,* VI.ii.2.13).

C. PUBLIC WORKS AND INSTITUTIONS

The sovereign's third duty most clearly reflects the principle of subsidiarity. Smith argues that certain public works and institutions, despite their immense social utility, cannot be expected from private actors as the profit would never repay the expense to any individual or small group (*WN,* 723). These concern "chiefly those for facilitating the commerce of the society, and those for promoting the instruction of the people" (*WN,* 723).

While commercial progress necessitates infrastructure—roads, bridges, and canals—that markets alone may fail to provide, Smith is equally attentive to the destabilizing effects of development itself. The division of labor, while driving productivity (*WN,* 13), confines workers to repetitive tasks that leave them "as stupid and ignorant as it is possible for a human creature to become" (*WN,* 782). This intellectual decay poses a systemic threat to the political order, undermining the citizens' capacity to judge public duties (Hanley 2025, 192) and rendering them susceptible to superstition and factional manipulation.[18]

[18] Alexandra Oprea (2022) contends that the capacity of citizens to distinguish between policies that support their own interests and those of the nation—as opposed to factional manipulation—is a problem of political judgment that "becomes significantly harder in large commercial societies characterized by specialization, globalization, and macroeconomic complexity" (24). In her interpretation, intellectual corruption

To mitigate this risk, Smith advocates for compulsory elementary education. Education preserves intellectual agency and fosters self-respect, making people more disposed to respect lawful authority (*WN,* 788). This is essential to the effectiveness and justice of the system of natural liberty, which replaces relations of dependence with voluntary cooperation among independent equals. In this sense, market relations presuppose and reinforce moral equality—the idea that we are "but one of the multitude, in no respect better than any other in it" (*TMS,* III.3.4). Consequently, individuals become respectable agents who must be persuaded through exchange rather than coerced by command (Anderson 2016, 162; cf. *WN,* 27).

In sum, while acknowledging that commercial progress often occurs "at the expence" of the laboring poor's virtues, Smith insists that government must "take some pains to prevent it" (*WN,* 782). The *subsidium* provided by political power is not limited to addressing material deprivation; rather, it extends to any obstacle that hinders the flourishing of society. Regarding the decay of martial and intellectual virtues, Smith offers explicit proposals. What remains are the social virtues, which Smith does not address in formal policy terms but for which he provides significant guidance—guidance that is increasingly relevant as their erosion threatens both growth and freedom in the twenty-first century.

III. SOLIDARITY

Extending the meaning of the term, Smith values "commerce" not merely as the exchange of goods but, more fundamentally, as interpersonal exchange and social relations themselves. On this basis rests what is now called the principle of solidarity, which—alongside subsidiarity—is an indispensable key to understanding Smithian society. Solidarity denotes, first, the profound interdependence of human beings, such that genuine flourishing is impossible for some while others endure injustice or lack what is minimally required. Second, as a practical implication, it entails an obligation to orient institutions and individual action toward the common good, dismantling structures that entrench the abuse and exploitation of the vulnerable.

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undermines the workers' ability to judge their own interests (which happen to coincide with those of the nation as a whole). In my interpretation, by contrast, this corruption affects judgment *in general*, thereby also compromising the very possibility of conceiving of a public good.

The earliest antecedent of this notion is Aristotelian *philia*, framed within Aristotle's conception of society as a community oriented toward communion (Aristotle, *NE* 1155a20-30, 1167a20-1167b15). Members of a political community are not merely bound by military alliance or contractual relations (Aristotle, *Pol* 1280b29–33), but are involved in a form of friendship (Aristotle, *NE* 1159b25–35) consisting in mutual goodwill, reciprocal awareness of it, and shared life structured by it (Aristotle, *Pol* 1280b29–1281a3). For Aristotle, there is no pre-social individual; *philia* stands opposed to atomistic individualism and to instrumental accounts of social relations defined by the mere arithmetic equality of exchange (Hussein and Kohn 2024).

This perspective is largely alien to a Western modernity that often embraces an individualistic morality, neglecting the social and biological embeddedness of the self. Consequently, it differs from dominant liberal interpretations that frequently misrepresent Smith by linking him to libertarianism or to nineteenth-century tendency "to regard the individual's pursuit of his perceived interests as intrinsically good and government as intrinsically evil" (Muller 2009, 94). That tradition is better traced to a Kantian exaltation of autonomy that culminated in "a flood tide of atomic individualism" (Urquhart 2010, 184).

Smith's liberalism is different. While *WN*—as a technical work—often portrays individuals as agents pursuing self-defined interests through instrumental relations, *TMS* "contains one of the most unanswerable refutations of methodological individualism" (Urquhart 2010, 184). Indeed, Weinstein (2013, 68-69) argues that Smith incorporates strong communitarian elements, prioritizing the community as the site where identity is formed. Unlike his predecessors, Smith develops an essentially social conception of the self, in which identity is constituted through socialization and the internalizing of the eyes of others. Crucially, "Smith reconciles this social conception of the self with a deep respect for the importance of each individual for independent choice" (Fleischacker 2021, 160). Individual freedom and social dependence are not merely compatible but mutually constitutive; because humans are relational beings, social unity is not a constraint on liberty but its very condition (Weinstein 2013, 267).

A. SMITH'S SOCIETY

Smith integrates the individual and the community by assigning a central role to sympathy in his moral psychology. Beyond its cognitive function, sympathy motivates sociability and cooperation, serving as the

psychological foundation for self-consciousness, virtue, and mutual recognition. As Fleischacker (2021, 294) notes, sympathy is a "highly particularized mechanism" that operates most effectively through the "face-to-face interaction" of people who see each other often. Through these repeated encounters, mutual trust emerges, and sympathy gradually generates community (*TMS,* VI.ii.1.14).

This proximity—which intensifies sympathetic bonds—is fundamental to Smith's moral and political proposals. On one hand, proximity underpins differentiated duties, patriotism, and public spirit (*TMS,* VI); on the other, it informs the localized knowledge and 'principle of familiarity' essential to economic efficiency (Otteson 2002). Proximity is not strictly spatial; rather, it emerges from 'salient points of familiarity' cultivated through frequent social interaction (Matson 2023, 302). Weinstein (2013) characterizes sympathetic relations as a dynamic of "surveillance–discipline", involving observation, self-awareness, and behavioral modification, which ultimately identifies individuals with and incorporates them into a community (70). These processes generate the correspondence of feelings among members of the community (*TMS,* I.i.4.6–10), the concord or shared affective life necessary for social cohesion. Consequently, community is not accidental but essential to the person, "who can subsist only in society" (*TMS,* II.ii.3.1). Sympathy, driven by the desire for concordance, creates a stable community that transcends a mere "collection of individuals governed by a common set of laws" (Weinstein 2013, 268-9).

Commercial society offers distinctive advantages in this regard. While Smith acknowledges self-interest, he demonstrates that it is best satisfied through the "assistance and cooperation of many thousands" (*WN,* 23). Commerce replaces feudal dependence with voluntary cooperation among independent agents. As Paganelli (2020) notes, "commerce is an equalizer" that bestows "equal dignity to all" (22). In this framework, butchers, brewers, and bakers become "mutually the servants of one another" (*WN,* 378), fostering a respect that facilitates concord where goodwill is present.[19] Indeed, for Smith, commerce "is and ought to be 'a bond of union and friendship' among nations" (Paganelli 2020, 154; cf. *WN,* 493).

[19] For example, *TMS* (VI.ii.1.15): "Colleagues in office, partners in trade, call one another brothers; and frequently feel towards one another as if they really were so. Their good agreement is an advantage to all; and, if they are tolerably reasonable people, they are naturally disposed to agree"; and *TMS* (VI.ii.1.16): "We respect the face of a man whom we see every day, provided he has never offended us".

However, social bonds vary in intensity. In societies where legal authority is weak, families must remain united for defense; and their "concord strengthens their necessary association" (*TMS,* VI.ii.1.12). Conversely, in commercial societies—where the law "is always perfectly sufficient to protect the meanest man"—individuals tend to disperse, potentially losing mutual concern (*TMS,* VI.ii.1.13). Thus, while general rules of justice can help create a basic concord where immediate sentiment is lacking—as in market relations—only frequent interaction can sustain robust social ties and counter loneliness and isolation.[20]

B. WEALTH, THREATS, AND REMEDIES

For Smith, human beings are inherently social, and individual well-being is inseparable from communal welfare. This connection grounds the love of one's nation—not derived from a general love of mankind (*TMS* VI.ii.2.4)—and fuels the desire to promote the happiness of fellow citizens (*TMS,* VI.ii.2.11).[21] Yet as commercial society expands, political authority must go beyond ensuring mere justice; it must also facilitate mutual assistance when spontaneous sympathy falters. Smith writes:

> The civil magistrate is entrusted with the power not only of preserving the public peace by restraining injustice, but of promoting the prosperity […]; he may prescribe rules […] which not only prohibit mutual injuries among fellow-citizens, but command mutual good offices to a certain degree (*TMS,* II.ii.1.8).

As previously discussed, commercial society generates structural threats alongside its blessings, most notably the tension between rich and poor (Hanley 2025, 189). If the poor are deprived of "necessaries"—those goods required to appear in public without shame—or if the gap between classes widens excessively, indignation and social unrest naturally arise.[22]

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[20] Hill and McCarthy (2004) offer an interpretation that differs significantly from my own. They argue that with the advent of commercial society, closer bonds disappear and are replaced by forms of "amicable strangership". In their view, exchange becomes the primary mode of social interaction, which "shifts the mechanisms of solidarity away from those generated by traditional associations" (2). Specifically, they contend that since justice is the foundation, "self-interest is the solidary medium of commercial society" (7). As will be shown in what follows, I argue that such a bond is utterly insufficient, and that Smith himself was acutely aware of this limitation.

[21] "Not only we ourselves, but all the objects of our kindest affections […] are commonly comprehended within it; and their prosperity and safety depend in some measure upon its prosperity and safety" (*TMS,* VI.ii.2.2).

[22] Recall that for Smith, "necessaries" encompass both biological survival and respectability. The aim is that no one should feel ashamed of his poverty. The poor man "feels

The danger stems not from wealth itself, but from extreme poverty that undermines dignity, or from inequalities so severe they render sympathy impossible.[23]

To counter these threats, Smith displays a "theoretical partiality towards the working poor" (Schliesser 2017, 202), suggesting that it is a duty, rather than a mere act of grace, for the state to alleviate poverty (Fleischacker 2004, 226). In accordance with the principle of solidarity, Smith's policy evaluations consistently prioritize the interests of the least advantaged, who also constitute the majority of the population (Anderson 2013, 162).

Beyond material inequality, Smith identifies another structural threat inherent to the expansion of commercial society—one often overlooked but increasingly dangerous in the modern era: atomism and hyper-fragmentation. He glimpsed this phenomenon in the rural-to-urban migrations of his time, where individuals, stripped of the mutual observation and moral regulation fostered by sympathy, became prone to neglect and vice. He writes:

> While he remains in a country village his conduct may be attended to […] But as soon as he comes into a great city, he is sunk in obscurity and darkness. His conduct is observed and attended to by nobody, and he is therefore very likely to neglect it himself, and to abandon himself to every sort of low profligacy and vice (*WN,* 795).[24]

Consistent with his view of the social nature of the person, Smith highlights the existential risks that loneliness and isolation pose to both individuals and communities. These phenomena—exacerbated today by technologies that undermine face-to-face interaction—erode personal bonds, the habit of sympathy (which requires practice), and the shared values that constitute "social cement". If commercial society succumbs to these dangers, Smith's model fails, for "no society can surely be flourishing and happy, of which the far greater part of the members are poor and

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that it either places him out of the sight of mankind […] [He] goes out and comes in unheeded, and when in the midst of a crowd is in the same obscurity as if shut up in his own hovel" (*TMS,* I.iii.2.1).

[23] This situation of "relative poverty" is mitigated by ensuring that the distribution of fortune "descends steadily and evenly, from the very wealthy to the very poor" (Rasmussen 2016, 344; cf. *LJ* 196).

[24] This phenomenon occurs primarily among the poor, as individuals of high rank remain consistently observed; consequently, they always possess—in Smith's words—"a character to lose".

miserable" (*WN,* 96). Hence, government must "take some pains to prevent" the corruption of the working poor's "intellectual, social, and martial virtues" (*WN,* 782)—in our time, especially their social virtues.

Although Smith does not treat the corruption of social virtues as explicitly as he does cowardice or intellectual mutilation, he offers sufficient indications to reconstruct a response. Compulsory education, which he advocates to prevent intellectual degradation, accomplishes far more than that. As Edward Frame and Michelle Schwarze (2023) argue, it improves people's sympathetic capabilities and mental temperament while developing moral judgment and cultivating good citizenship. Furthermore, and perhaps most importantly, schools also serve as a site of socialization: they form small communities that facilitate face-to-face interaction, fostering recognition, belonging, and the myriad advantages of mutual sympathetic regulation. Education thus provides a "common meeting point" that modern commercial life otherwise lacks (Weinstein 2013, 106). Smith applies a similar logic to religious institutions (*WN,* 797): religious belief offers a "ready-made commonality", creating a "manufactured proximity" for those who otherwise feel alone (Weinstein 2013, 78).[25] Furthermore, taking a step back, one might consider, alongside Kristen Collins (2023), that Smith's critique of boarding schools "points to the home as another space for practicing self-command and sympathy for not only children but also adults" (370). Although the expansion of commercial society was only in its infancy, Smith seemed to intuit the vital importance of protecting and promoting these spaces of social encounter.

In sum, just as the state must construct bridges and public works to facilitate the exchange of goods, it must also build social bridges. Political authority must foster conditions that ignite sympathy, amplify solidarity, and restore a sense of shared belonging, thereby countering the isolation that corrodes social virtues and undermines both freedom and flourishing.

SUBSIDIARITY, SOLIDARITY, AND MODERN LIBERTY

Commerce provides society with "the two greatest blessings that men can possess", Smith writes: "opulence and freedom" (*LJ,* 185). It generates *opulence* by generalizing access to material goods and fosters *freedom* by

[25] Smith echoes this sentiment in *TMS* when criticizing the education of children in "distant schools", or in *WN* when he dismisses "foreign travel" as a substitute for university (*WN*, 773). As Smith notes: "Domestic education is the institution of nature; public education, the contrivance of man. It is surely unnecessary to say, which is likely to be the wisest" (*TMS,* VI.ii.1.10).

enabling workers to become independent traders capable of self-direction. In this sense, commerce extends independence even to the marginalized, liberating them from servile dependence and affirming that they, too, "are entitled to respect" (Anderson 2013, 166).

When Smith invokes liberty—specifically the "modern concept of liberty"—he is not merely discussing the mechanics of exchange or price-setting; he is addressing a political value rooted in a specific historical context. As Sagar (2022, 111) notes, "Modern liberty refers to nondomination secured under the rule of law via property security and the separation of powers as achieved in [eighteenth-century] modern Western Europe". The rule of law emancipates the poor by binding the powerful and the masses to the same standards, thereby securing "safeguards against the powers of social and economic superiors" (Sagar 2022, 84).

However, while nondomination is a necessary condition for freedom, it is not a sufficient one. Nondomination alone does not guarantee the substantive capacity to exercise agency. Smith illustrates this through his accounts of the "mental mutilation" of workers and the plight of long-term servants who, once released from dependence, become "the most helpless set of men imaginable" (*LJ,* 333). Consequently, true liberty "involves a combination of self-ownership, the ability to exercise one's judgment, and the possibility to make meaningful choices; it presupposes a sense of security that is only possible under the rule of law" (Schliesser 2017, 216). At stake here is not merely formal equality, "but the socio-economic condition that he calls 'independency'" (Fleischacker 2021, 298), which Fleischacker (2021, 299) argues is the "most important advantage" of commerce.

A society of independent agents thus requires more than nondomination. Individuals must be able to exercise judgment and make meaningful choices. Subsidiarity must be complemented by solidarity. Subsidiarity without solidarity risks collapsing into mere assistentialism, which reintroduces the very patterns of dependence and infantilization that stifle self-direction. Moreover, purely assistential arrangements breed passivity and, over time, social fragmentation and atomism—perhaps the greatest threat in our technological era, and one that government should actively "take some pains to prevent".

To foster independence, Smith promotes the cultivation of sympathy. In his moral psychology, sympathy serves as the bedrock of both identity and self-respect, as we come to value ourselves only through the recognition of others. This social mirror allows the individual to acquire the

judgment necessary for genuine self-direction. Without such a mechanism, the emergence of independent citizens becomes impossible, and modern liberty collapses into atomism. Conversely, sympathy facilitates the moral and political acknowledgment of the other. As Weinstein (2013, 269) aptly observes, "only interconnectedness gives us liberty". It is precisely through these social relations that individuals are transformed into genuinely independent agents.

This framework explains Smith's opposition to institutions that stifle the initiative of the poor—such as the Poor Laws (*WN,* 152) or prohibitions on unionization (*WN,* 84)—while he simultaneously supports the freedom to establish religious institutions and to organize public diversions (*WN,* 796). These practices carve out spaces for cooperation, skill development, and the exercise of judgment—forms of solidarity that unleash human potential and enable collective flourishing. In a contemporary context, this is reflected in grassroots initiatives where communities organize to meet their own needs, because they are best positioned to know their own needs and capacities. Examples might include community soup kitchens or local childcare programs. Such solidaristic efforts are as vital as subsidiarity if individuals are to flourish as independent agents.

Ultimately, Smith's political economy points toward a conception of liberty that integrates nondomination, subsidiarity, and solidarity. Modern liberty requires legal and institutional safeguards against exploitation, but it also demands social arrangements that cultivate agency, judgment, and mutual recognition. Only through solidaristic forms of association within a secure setting can individuals truly develop as independent agents, allowing commerce to realize its promise of a "revolution of the greatest importance to the publick happiness" (*WN,* 422).*

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