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# SYMPATHY AND APPROBATION IN HUME AND SMITH: A SOLUTION TO THE OTHER RATIONAL SPECIES PROBLEM

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David Hume's sympathetic principle applies to physical equals. In his account, we sympathize with those like us. By contrast, Adam Smith's sympathetic principle induces equality. We consider Hume's "other rational species" problem to see whether Smith's wider sympathetic principle would alter Hume's conclusion that "superior" beings will enslave "inferior" beings. We show that Smith introduces the notion of "generosity," which functions as if it were Hume's justice even when there is no possibility of contract.

## 1. INTRODUCTION

This paper examines a key implication of the different conceptions of sympathy and the approbation associated with sympathy in the writings of David Hume and Adam Smith. For Hume, sympathy is an empathy we feel for those like us and hence we are motivated to obtain the praise or approbation of those with whom we sympathize. In Hume's construction there is a direct link from sympathy to motivation because sympathy is

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reflected self-love. By contrast, in Smith's construction sympathy is an act of imagination which only habit makes motivational. The abstraction by our imagination means we earn the approbation (or disapprobation) from those unlike as well as those like us. In Smith's account we can obtain approbation as we step outside ourselves and regard our own actions dispassionately.

We consider the nature of sympathy and the source of approbation in Hume and Smith and turn to two problems posed in Hume's *Enquiry Concerning the Principles of Morals*. The first is the famous Sensible Knave problem from the closing pages of his *Enquiry* – see, e.g., Gauthier (1979), Nielsen (1982). Focusing exclusively on physical equals, Hume suggests here that although it is in the interest of everyone to have rules of justice which make trade possible, it may be in the interest of the “sensible knave” to violate the rules of justice now and again. He then considers two attenuations to the “sensible knave” problem. One of these is a moral attenuation; today, the other is called an evolutionary one.

Second, Hume asks how we would treat a species of rational creatures, inferior in mind and body to humans, who compete with us for resources. His answer is that there would be no justice (or trade) between us and them. Instead of trading for what we want, we would simply take. Hume sees no way to escape this conclusion. As evidence to support his case, he points to the treatment of native peoples by Europeans who possessed advanced military technology.

We then ask, why the “sensible knave” attenuations do not hold for Hume in the case of inferior rational beings, and we consider whether Smith's conception of sympathy yields a different answer to the “other rational species” question. We argue that Smith's wider construction of sympathy, in which we come to judge our conduct as others would judge it, allows Hume's moral attenuation to the sensible knave problem to be applied to the other rational species. We suggest that a famous passage in *Moral Sentiments* be read as Smith's answer to one form of the other rational species problem.

Hume's argument stops at the sense of justice required to honor contracts. When Smith distinguished his construction from Hume's, he noted that generosity shares foundations with justice. Generosity can apply in a context in which narrowly defined justice cannot. Smith's distinction between generosity and humanity corresponds to the distinction in the modern commentary between sympathy and empathy/fellow-feeling. Smith described as “generous” the behavior of someone who, without a contractual obligation to do so, would save people at some material cost.

Our argument in what follows starts from Hume's position that ordinary exchange may be considered as a one-shot prisoner's dilemma relation, which purely “rational” action of the standard *homo economicus* kind cannot solve. One solution to this predicament (though not the only

solution), stems from the existence of a desire for approbation by trading parties. Since approbation accrues in reciprocal situations, it may induce both agents to trade rather than grab. In the Hume/Smith account, the desire for approbation is a fact of the human condition, so wherever approbation is present, exchange and the division of labor are possible in a way that would not be otherwise possible. But Smith and Hume differ on the nature of approbation and, as a consequence, on the domain of approbation-relevant relations. Both agree that approbation applies only in conditions of existential equality, but for Smith this condition embodies all of those we might imagine are human, whereas in Hume it extends only to those who are not “strictly inferior”.<sup>1</sup>

## 2. SYMPATHY IN HUME AND SMITH<sup>2</sup>

For Hume, sympathy requires entering into the sentiments of others, something we can do only if the other is similar. Thus, in Book II, ch. xi (“Love of Fame”) of the *Treatise*, Hume holds that our ability to sympathize requires physical and intellectual similarity among people:

Now 'tis obvious, that nature has preserv'd a great resemblance among all human creatures, and that we never remark any passion or principle in others, of which, in some degree or other, we may not find a parallel in ourselves. The case is the same with the fabric of mind, as with that of the body. However the parts may differ in shape or size, their structure and composition are in general the same. There is a very remarkable resemblance, which preserves itself amidst all their variety; and *this resemblance must very much contribute to make us enter into the sentiments of others, and embrace them with facility and pleasure.* (Hume 1739–1740: 318, emphasis added)

The sentence we emphasize is at the foundation of the difference between Hume and Smith on sympathy and approbation. Hume pointed to this

<sup>1</sup> As such, the analysis in Section 6 below is a result of Smith's deep analytical egalitarianism. For a broader discussion of the egalitarianism that characterized classical economics, see Peart and Levy (2005).

<sup>2</sup> There is a recent history of attempts to incorporate sympathy and/or empathy into economic models, e.g., Arrow (1977) and the literature discussed in Sugden (2002). The nineteenth-century controversy over the shape of the sympathetic gradient – concern for family relative to strangers – has received less attention. We explore how a theologized natural selection by which “inferior” people were transformed into “superior” ones was held to be more important than sympathy with actually-existing people (Peart and Levy 2003, 2005). The role of sympathy in *TMS* is noted frequently in this nineteenth-century debate. Haakonssen (2002: xxiii) notes that “The *Theory of Moral Sentiments* did, however, have an independent legacy, though one that is ill charted. Together with the work of Hume, it had established sympathy as a central moral concept for any attempt at a naturalistic ethics, and we find this reflected – though with few explicit acknowledgments . . . by the utilitarians of the nineteenth century.” In the utilitarian-influenced evolutionary ethical discussions, citations to Smith or *Moral Sentiments* are explicit, e.g., Erasmus Darwin (1803: 122–3), Herbert Spencer (1851: 96), T. H. Huxley (1934: 88).

difference himself in a famous letter to Smith in which Hume insisted that "Sympathetical Passion is a reflex Image of the principal".<sup>3</sup> In Hume's system, when we sympathize, we share feelings, and consequently sympathy is self-love discounted by reflection.<sup>4</sup> Humean sympathy is akin to empathy: We enter in the passions of others for Hume, and we can do so because these people think and look like us.<sup>5</sup>

For Hume, human beings are made moral because they are motivated by the approbation that they receive from others with whom they sympathize:

But beside these original causes of pride and humility, there is a secondary one in the opinions of others, which has an equal influence on the affections. Our reputation, our character, our name are considerations of vast weight and importance; and even the other causes of pride; virtue, beauty and riches; have little influence, when not seconded by the opinions and sentiments of others. In order to account for this phaenomenon 'twill be necessary to take some compass, and first explain the nature of *sympathy*. (Hume 1739–40: 316)

<sup>3</sup> Hume's letter of July 28, 1759 in Smith (1977: 43): "I am told that you are preparing a new Edition, and propose to make some Additions and Alterations, in order to obviate Objections. I shall use the Freedom to propose one, which, if it appears to be of any Weight, you may have in your Eye. I wish you had more particularly and fully prov'd, that all kinds of Sympathy are necessarily Agreeable. This is the Hinge of your system . . . And indeed, as the Sympathetical Passion is a reflex Image of the principal, it must partake of its Qualities, and be painful where that is so." Lindgren (1974: 21–2): "The doctrine of sympathy is typically thought to be simple and straightforward. The most popular interpretation is that sympathy is the same as empathy. . . . First, were sympathy merely empathy it would be the same as approval. This view, first suggested by David Hume (letter to Smith, July 28, 1759), was rejected in a note added by Smith to the third [second] edition of the *Moral Sentiments*." Haakonssen (2002: xiv): "this pleasure [of understanding another's sentiments] is distinct from whatever sentiments we may have about the object of our sympathetic understanding, sentiments which may be either pleasing or displeasing. It seems that Smith himself only came to complete clarity about this matter in the light of David Hume's criticism of his handling of it in the first edition . . ."

<sup>4</sup> Montes (2003) quotes Smith (1759: VII. iii. I. §4) denying that sympathy is self-love and argues that this is a pre-emptive response to Reid's criticism. This suggests that Reid conflated Hume's sympathy with Smith's. A related interpretation is found in Hirschman's 1977 assertion that in Smith's account there is really only one good thing; higher material income and higher approbation are always found together. "In the passage of *The Theory of Moral Sentiments* that was cited above, Adam Smith then takes the final reductionist step of turning two into one: the drive for economic advantage is no longer autonomous but becomes a mere vehicle for the desire for consideration. By the same token, however, the noneconomic drives, powerful as they are, are all made to feed into the economic ones and do nothing but reinforce them, being thus deprived of their erstwhile independent existence" (Hirshman 1977: 109).

<sup>5</sup> Schochet (2001) argues that the difference between Hume's and Smith's use of "sympathy" marks the transition from an older to a new use. "Sympathy" had traditionally been associated with musical vibrations where physical similarity was important for generating mutual vibration. Musical theory and renaissance magic are connected in Walker (1958). A glance at the indices in Thorndike (1923–58) reveals hundreds of references to "sympathetic magic" and "sympathy."

Such approbation comes from people who are like them:<sup>6</sup>

Accordingly we find, that where, beside the general resemblance of our natures, there is any peculiar similarity in our manners, or character, or country, or language, it facilitates the sympathy. The stronger the relation is betwixt ourselves and any object, the more easily does the imagination make the transition, and convey to the related idea the vivacity of conception, with which we always form the idea of our own person. (Hume 1739–40: 318)

Approbation (and disapprobation) from those we are unlike is less powerful as a motivating force:

Among these phenomena we may esteem it a very favourable one to our present purpose, that tho' fame in general be agreeable, yet we receive a much greater satisfaction from the approbation of those, whom we ourselves esteem and approve of, than of those, whom we hate and despise. In like manner we are principally mortify'd with the contempt of persons, upon whose judgment we set some value, and are, in a great measure, indifferent about the opinions of the rest of mankind. But if the mind receiv'd from any original instinct a desire of fame and aversion to infamy, fame and infamy wou'd influence us without distinction; and every opinion, according as it were favourable or unfavourable, wou'd equally excite that desire or aversion. The judgment of a fool is the judgment of another person, as well as that of a wise man, and is only inferior in its influence on our own judgment. (Hume 1739–40: 321)

For approbation to be most effective, it confirms our own sense of self-worth:

The praises of others never give us much pleasure, unless they concur with our own opinion, and extol us for those qualities, in which we chiefly excel. A mere soldier little values the character of eloquence: A gownman of courage: A bishop of humour: Or a merchant of learning. Whatever esteem a man may have for any quality, abstractedly consider'd; when he is conscious he is not possess of it; the opinions of the whole world will give him little pleasure in that particular, and that because they never will be able to draw his own opinion after them. (Hume 1739–40: 322)

Since approbation is external to the individual receiving it, people may escape disapprobation by leaving kin and kith behind:

Nothing is more usual than for men of good families, but narrow circumstances, to leave their friends and country, and rather seek their livelihood by mean and mechanical employments among strangers, than

<sup>6</sup> "We may conclude, that relations are requisite to sympathy, not absolutely consider'd as relations, but by their influence in converting our ideas of the sentiments of others into the very sentiments, by means of the association betwixt the idea of their persons, and that of our own. For here the relations of kindred and contiguity both subsist; but not being united in the same persons, they contribute in a less degree to the sympathy." (Hume 1739–40: 322–3)

among those, who are acquainted with their birth and education. We shall be unknown, say they, where we go. No body will suspect from what family we are sprung. We shall be remov'd from all our friends and acquaintance, and our poverty and meanness will by that means sit more easy upon us. In examining these sentiments, I find they afford many very convincing arguments for my present purpose. (Hume 1739–40: 322)

From this, Hume infers that the amount of approbation (or disapprobation) we obtain from those with whom we sympathize, “depends on the relation of the object to ourselves”:

we are most uneasy under the contempt of persons, who are both related to us by blood, and contiguous in place. Hence we seek to diminish this sympathy and uneasiness by separating these relations, and placing ourselves in a contiguity to strangers, and at a distance from relations. (Hume 1739–40: 322)

By contrast, Smith holds that sympathy is something akin to an estimation procedure in which we imaginatively exchange positions while preserving our consciousness. In Smith’s account we sympathize even with those who are very unlike us, including the dead and the insane. Without reflection and education, we may very well get bizarre results – in Smith’s example, we think the problem of death is the cold, lonely grave and the gnawing vermin – but we sympathize nonetheless. With education and reflection, we can learn that the problem of death is really the “awful futurity.”

Sympathy is Smith’s device to connect our concerns with those of others by imagining how others see us.<sup>7</sup> Our understanding of others becomes important to us. In this construction, sympathy entails an act of imagination.<sup>8</sup> It is not simply “fellow feeling” or some immediate experience of what is in another’s mind. While it is an act of imagination, it has predictable properties; in this it is similar to what we might, today, call an estimate:

Every man, as the Stoics used to say, is first and principally recommended to his own care; and every man is certainly, in every respect, fitter and abler

<sup>7</sup> Harman (1986: 14): “There is an interesting irony in the way in which Hume’s use of the term ‘sympathy’ leads Smith to his own very different theory, a theory that in my view is much better than Hume’s at accounting for moral phenomenology. Smith’s criticism of Hume’s use of the term ‘sympathy’ is not a serious one. It is of no importance whatsoever whether the meaning that Hume gives to the term ‘sympathy’ is the ordinary one . . . The irony is that taking Hume’s term seriously leads Smith to a more accurate account of morality. A purely verbal point yields a powerful substantive theory.”

<sup>8</sup> Levy (1995) defends this reading in part by noting that early in *TMS* Smith considers how individuals sympathize with the dead and the insane. They erroneously impute unhappiness to the insane. Sudgen (2002: 76) quotes the insanity evidence against Fontaine’s (1997) account of the sympathetic individual “becoming” the other person. Haakonssen (2002: xiv): “We spontaneously see people as purposeful and this is the central act of the practical imagination. Smith calls this sympathy and, as mentioned above, this was a troublesome terminology. Smith does not mean that we, when we think that we see another person’s point in doing something, accept or approve of that point.”

to take care of himself than of any other person. Every man feels his own pleasures and his own pains more sensibly than those of other people. The former are the original sensations; the latter the reflected or sympathetic images of those sensations. The former may be said to be the substance; the latter the shadow. (1759: VI.ii §4)

Smith continues to describe how sympathy is felt most readily for those we know best:

After himself, the members of his own family, those who usually live in the same house with him, his parents, his children, his brothers and sisters, are naturally the objects of his warmest affections. They are naturally and usually the persons upon whose happiness or misery his conduct must have the greatest influence. He is more habituated to sympathize with them. He knows better how every thing is likely to affect them, and his sympathy with them is more precise and determinate, than it can be with the greater part of other people. It approaches nearer, in short, to what he feels for himself. (1759: VI.ii §5)

He explains that we have more sympathy for our dependent children than for our parents, who have cared for and nourished us earlier (1759: VI.II §6). And old friends are strong friends; sympathy is strengthened by habituation (1759: VI.ii §7 & VI.ii §8). Smith makes the leap from habituated imagination to affection:

What is called affection, is in reality nothing but habitual sympathy. Our concern in the happiness or misery of those who are the objects of what we call our affections; our desire to promote the one, and to prevent the other; are either the actual feeling of that habitual sympathy, or the necessary consequences of that feeling. Relations being usually placed in situations which naturally create this habitual sympathy, it is expected that a suitable degree of affection should take place among them. (1759: VI.ii.10)

Once sympathy takes the leap to affection we have a motivation for action.

Sympathy is the foundation of rules of justice, i.e., reciprocity, which become internalized as conscience. Our motivation is abstracted from our private interest. We are motivated by abstractions, by what we imagine – “reason, principle, conscience, the inhabitant of the breast, the man within, the great judge” – to perform what Smith describes as “generous” acts:

When our passive feelings are almost always so sordid and so selfish, how comes it that our active principles should often be so generous and so noble? When we are always so much more deeply affected by whatever concerns ourselves, than by whatever concerns other men; what is it which prompts the generous, upon all occasions, and the mean upon many, to sacrifice their own interests to the greater interests of others? It is not the soft power of humanity, it is not that feeble spark of benevolence which Nature has lighted up in the human heart, that is thus capable of counteracting the strongest impulses of self-love. It is a stronger power, a more forcible motive, which exerts itself upon such occasions. It is reason, principle, conscience,



the inhabitant of the breast, the man within, the great judge and arbiter of our conduct. (1759: III.i §46)

Smith has not yet told us much about “generosity”, so to that we turn.

Smith’s construction is wider than Hume’s because Smith builds two concepts – justice and generosity – from the same foundations. This he explains in Part IV of *TMS*, where he distinguishes his account from that of Hume, “an ingenious and agreeable philosopher”.

The same ingenious and agreeable author who first explained why utility pleases, has been so struck with this view of things, as to resolve our whole approbation of virtue into a perception of this species of beauty which results from the appearance of utility. . . . But still I affirm, that it is not the view of this utility or hurtfulness which is either the first or principal source of our approbation and disapprobation. (1759: IV.i §14)

Justice has been considered; now generosity is explained:

Humanity, justice, generosity, and public spirit, are the qualities most useful to others. Wherein consists the propriety of humanity and justice has been explained upon a former occasion, where it was shewn how much our esteem and approbation of those qualities depended upon the concord between the affections of the agent and those of the spectators. (1759: IV.i §20)

The propriety of generosity and public spirit is founded upon the same principle as that of justice (1795: IV.i. §21).

The difference between generosity and humanity is gendered:

Generosity is different from humanity. Those two qualities, which at first sight seem so nearly allied, do not always belong to the same person. Humanity is the virtue of a woman, generosity of a man. The fair-sex, who have commonly much more tenderness than ours, have seldom so much generosity. That women rarely make considerable donations, is an observation of the civil law. (1759: IV.i §21)

Smith’s term “fellow-feeling” catches the self-motivating aspect of his concept of humanity. He is explicit that we require neither reflection nor judgment to be motivated by humanity:<sup>9</sup>

Humanity consists merely in the exquisite fellow-feeling which the spectator entertains with the sentiments of the persons principally concerned, so as to grieve for their sufferings, to resent their injuries, and to rejoice at their good fortune. The most humane actions require no self-denial, no self-command, no great exertion of the sense of propriety. They consist only in doing what this exquisite sympathy would of its own accord prompt us to do (1759: IV.i §21).

Generosity is action which is not self-motivating in this sense but which would be approved of by a spectator.

<sup>9</sup> The importance of judgment for Smith’s account has been emphasized by Haakonssen (1981).

But it is otherwise with generosity. We are never generous except when in some respect we prefer some other person to ourselves, and sacrifice some great and important interest of our own to an equal interest of a friend or of a superior. The man who gives up his pretensions to an office that was the great object of his ambition, because he imagines that the services of another are better entitled to it; the man who exposes his life to defend that of his friend, which he judges to be of more importance; neither of them act from humanity, or because they feel more exquisitely what concerns that other person than what concerns themselves. They both consider those opposite interests, not in the light in which they naturally appear to themselves, but in that in which they appear to others. To every bystander, the success or preservation of this other person may justly be more interesting than their own; but it cannot be so to themselves. When to the interest of this other person, therefore, they sacrifice their own, they accommodate themselves to the sentiments of the spectator, and by an effort of magnanimity act according to those views of things which, they feel, must naturally occur to any third person (1759: IV.i §21).

Smith gives an example of an action contrary to material interest in which the motivation is by an abstraction. One might note that such an act is not something specified in a contract; thus, failure to perform would not be an act of injustice:

The soldier who throws away his life in order to defend that of his officer, would perhaps be but little affected by the death of that officer, if it should happen without any fault of his own; and a very small disaster which had befallen himself might excite a much more lively sorrow. But when he endeavours to act so as to deserve applause, and to make the impartial spectator enter into the principles of his conduct, he feels, that to every body but himself, his own life is a trifle compared with that of his officer, and that when he sacrifices the one to the other, he acts quite properly and agreeably to what would be the natural apprehensions of every impartial bystander. (1759: IV. i §21)

If Smith's sympathy forms the building blocks of moral consciousness which allows for motivation by abstraction this may provide a "moral" answer to the "sensible knave" problem, to which we now turn.

### 3. THE SENSIBLE KNAVE

The problem of the "sensible knave" is the problem of whether honesty is always the best policy. Here is Hume's statement of the issue:

And though it is allowed, that, without a regard to property, no society could subsist; yet, according to the imperfect way in which human affairs are conducted, a sensible knave, in particular incidents, may think, that an act of iniquity or infidelity will make a considerable addition to his fortune, without causing any considerable breach in the social union and confederacy. That *honesty is the best policy*, may be a good general rule; but is liable to many exceptions: And he, it may, perhaps, be thought, conducts himself

with most wisdom, who observes the general rule, and takes advantage of all the exceptions. (1751: 155)

To this, Hume provides two solutions. The first is that moral considerations may frequently overwhelm pecuniary ones:

But in all ingenuous natures, the antipathy to treachery and roguery is too strong to be counterbalanced by any views of profit or pecuniary advantage. Inward peace of mind, consciousness of integrity, a satisfactory review of our own conduct; these are circumstances very requisite to happiness, and will be cherished and cultivated by every honest man, who feels the importance of them. (1751: 155–56)

This argument does not, of course, say that unjust acts are irrational; it says that they are costly.

Continuing in a new paragraph Hume makes a different case, appealing to the vantage point of an honest man who views the behavior of sensible knave:

Such a one has, besides, the frequent satisfaction of seeing knaves, with all their pretended cunning and abilities, betrayed by their own maxims; and while they propose to cheat with moderation and secrecy, a tempting incident occurs, nature is frail, and they give into the snare; whence they can never extricate themselves, without a total loss of reputation, and the forfeiture of all future trust and confidence with mankind. (1751: 156)

Hume's "evolutionary" solution to the sensible knave is to suggest that it is in fact difficult to be a "sensible" knave. Instead, as time goes by one *becomes* a knave, someone who routinely acts unjustly, and who therefore acquires the reputation of being a knave. Such a person earns the disapprobation from his peers that a knave deserves.

Looking at this argument from a modern game-theoretic point of view, Hume has made the transition from a one-shot game in which one selects *decisions*, e.g. Trade or Grab, to an evolutionary game in which one selects *strategies* (Maynard Smith 1982). The symmetry of the "sensible knave" problem opens the door for the consideration of repeated games (e.g. Axelrod 1984; Congleton and Vanberg 2001), in which a strategy is selected as the one that maximizes material income over some specified time horizon.

Characteristically, evolutionary accounts shy away from introducing considerations of time discounting as a complicating dimension. Although we have nothing to say about time discount in this context, we shall consider another complication, that of human sympathy, which twentieth-century evolutionary accounts also neglect.<sup>10</sup>

<sup>10</sup> Since, for Smith, sympathy is the result of an act of the imagination, it is a straightforward application of his analysis – but not that of Hume's – to consider sympathy with the future self, i.e. time preference.

#### 4. ANOTHER RATIONAL SPECIES

In the context of interactions among equals, Hume solves the “sensible knave” problem. But what of interactions among unequals? Hume poses this as a problem of interactions between two rational species. First, he presents a case in which inferiority is a fact:

Were there a species of creatures, intermingled with men, which, though rational, were possessed of such inferior strength, both of body and mind, that they were incapable of all resistance, and could never, upon the highest provocation, make us feel the effects of their resentment; the necessary consequence, I think, is, that we should be bound, by the laws of humanity, to give gentle usage to these creatures, but should not, properly speaking, lie under any restraint of justice with regard to them, nor could they possess any right or property, exclusive of such arbitrary lords. Our intercourse with them could not be called society, which supposes a degree of equality; but absolute command on the one side, and servile obedience on the other. Whatever we covet, they must instantly resign: Our permission is the only tenure, by which they hold their possessions: Our compassion and kindness the only check, by which they curb our lawless will: And as no inconvenience ever results from the exercise of a power, so firmly established in nature, the restraints of justice and property, being totally *useless*, would never have place in so unequal a confederacy. (1751: 88)

As evidence that his conclusion is well-grounded, Hume cites the behavior of humans with regard to animals:

This is plainly the situation of men, with regard to animals; and how far these may be said to possess reason, I leave it to others to determine. (1751: 88)<sup>11</sup>

Hume then moves the argument from a fact of racial superiority to a fact of European technological superiority that motivates a *belief* in racial superiority:

The great superiority of civilized EUROPEANS above barbarous INDIANS, tempted us to imagine ourselves on the same footing with regard to them,

<sup>11</sup> “We are conscious, that we ourselves, in adapting means to ends, are guided by reason and design, and that ‘tis not ignorantly nor casually we perform those actions, which tend to self-preservation, to the obtaining pleasure, and avoiding pain. When therefore we see other creatures, in millions of instances, perform like actions, and direct them to like ends, all our principles of reason and probability carry us with an invincible force to believe the existence of a like cause . . . The resemblance betwixt the actions of animals and those of men is so entirely in this respect, that the very first faction of the first animal we shall please to pitch on, will afford us an incontestable argument for the present doctrine” (1978: 176).

There is an important argument in the economics literature about property and animals. Smith denies that any “race” of animals other than people has contracts or property.

and made us throw off all restraints of justice, and even of humanity, in our treatment of them. (1751: 89)

In this second form of the “Other Rational Species” problem, there may be no real difference between species but the supposedly superior race possesses sufficient power to do as it will.<sup>12</sup>

There is something very disturbing about Hume’s conclusion, and this in part prompted Thomas Reid’s response on the matter. Reid saw Hume’s argument as a Hobbesian claim that “right” comes from might.<sup>13</sup> More problematical, Hume sees no way around his conclusion that there would be no justice or trade between superior and inferior. We suggest next that Smith’s construction of sympathy, in particular the role of generosity, may yield a different conclusion to Hume’s other rational species problem.

## 5. KATALLACTIC RATIONALITY, TRADE AND RACE

Although various technical methods have been adopted for disguising the problem, there is an obvious prisoner’s dilemma in the attempt to explain trade.<sup>14</sup> As Hume noted (above, section 3), while it is in the interest of the traders considered together to trade, it may be in an individual’s interest to grab. To consider whether Hume’s moral attenuation holds in

<sup>12</sup> Hume also moves the argument to gender (1751: 89). Since he suggests the outcome in this case will differ from the first two cases, we set aside this consideration. Peart and Levy (2005) discuss the problem in some detail.

<sup>13</sup> “If Mr HUME had not owned this sentiment as a consequence of his Theory of Morals, I should have thought it very uncharitable to impute it to him. However, we may judge of the Theory by its avowed consequence. For there cannot be better evidence, that a theory of morals, or of any particular virtue, is false, than when it subverts the practical rules of morals. This defenceless species of rational creatures, is doomed by Mr. HUME to have no rights. Why? Because they have no power to defend themselves. Is not this to say, That right has its origin from power; which, indeed, was the doctrine of Mr. HOBBS. And to illustrate this doctrine, Mr HUME adds, That as no inconvenience ever results from the exercise of a power, so firmly established in nature, the restraints of justice and property being totally useless, could never have place in so unequal a confederacy; and, to the same purpose, he says, that the female part of our own species, owe the share they have in the rights of society, to the power which their address and their charms give them. If this be sound morals, Mr HUME’s Theory of Justice may be true” Reid (1788: 437–8)

Reid may have misunderstood both Hume and Hobbes. For Hobbes, right is not a matter of strength since all men are more or less equally strong (Hobbes 1651: 183).

<sup>14</sup> Ali Khan has explained to us that general equilibrium theory characteristically assumes the principle of “individual rationality” by which is meant that an individual will not voluntarily move from higher to lower indifference curves. Of course an individual does not *want* to move to lower indifference curves. In terms of the prisoner’s dilemma game, this blocks the off-diagonal elements. The question is whether sufficient social rationality, i.e. the existence of property rights and the like, prevent this from happening. This discussion grew out of our participation in the Summer Institute for the History of Economics at George Mason University.

the Other Rational Species problem, we pose the problem first as a one-shot prisoner's dilemma game in which each player can trade or grab.

We consider two games, one which allows reciprocity and one which does not. We have seen that, for Smith, reciprocity yields just actions, and justice and generosity share the same foundation since the actor is accorded approbation in both cases by the imagined spectator. Thus, in a game without reciprocity, we consider whether generosity might offer the solution which justice offers in reciprocal situations. While contemporary economists, puzzled by the persistence of cooperation in contra-theoretical situations, take reciprocity as primitive, Smith's account predicts generosity outside of reciprocity situations.

Prefatory to his section on justice and remorse (1759: II), Smith emphasizes reciprocity: "As every man doth, so shall it be done to him, and retaliation seems to be the great law which is dictated to us by Nature" (1759: II. ii §10).

The norm of reciprocity is embodied in rules of justice, so Smith gives the disapprobation one feels from violating these rules great stress. In the next passage we quote, Smith describes how a moral agent – someone who has learned to view his past actions with the gaze of a disinterested spectator – will view his past violations of the norms of justice:

The violator of the more sacred laws of justice can never reflect on the sentiments which mankind must entertain with regard to him, without feeling all the agonies of shame, and horror, and consternation. When his passion is gratified, and he begins coolly to reflect on his past conduct, he can enter into none of the motives which influenced it. They appear now as detestable to him as they did always to other people. (1759: II. ii §13)

Here Smith breaks apart one agent into intertemporal slices, and the past actor is judged by the present spectator who has inherited his skin. And since the present actor knows that his choice will be judged by a future spectator, he will take into account the future approbation/disapprobation which follow from his choice.

Thus, we can sketch a "moral" approach to the prisoner's dilemma by introducing approbation to *define katallactic rationality*, and we show that it can deal with the asymmetric situation of the other rational race. The evolutionary approach to prisoner's dilemma issues is to introduce repeated games and change from selecting choices to selecting strategies. This is in accord with Hume's own insight into the "sensible knave." We consider Hume's intuition that this will not work for the other rational race problem.

We require a modest piece of notation to define a concept of "katallactic rationality" where an agent is motivated by both material income and approbation. We use X for material income with subscripts marking states of the world, A for approbation with kindred subscripts. The necessary

condition of katalactic rationality (KR) we require is that one does not turn down a bundle with both more expected material income and more expected approbation (Levy 1999b). A bundle is KR if no other bundle dominates it in the space of *both* material income and approbation.

As noted above, Smith claims that a reciprocity norm is central to justice. The traditional prisoner's dilemma logic makes it easy to operationalize such a reciprocity norm: if there are two choices confronting each of two individuals, no less approbation is earned when their strategies match – the diagonal elements of the prisoner's dilemma – than when their strategies do not match – the off-diagonal elements. We let  $A_1$  be the approbation from reciprocal strategies and  $A_0$  be the approbation from non-reciprocal strategies and we require that  $A_1 \geq A_0$ .

It is straightforward to add the case of *three* levels of approbation where the approbation differs in the diagonal elements, e.g. the approbation from both trading is higher than the approbation from both grabbing. This specification would be a natural way to handle the complication that approbation is sensitive to income so that the higher income from co-operation also brings higher approbation. In *Wealth of Nations*, Smith explained people's willingness to gamble in terms of the approbation associated with winning a large number lottery (Levy 1999a). In terms of Smith's moral writings, the consideration that higher income brings higher approbation occurs most dramatically in the final edition of *TMS*, the one which Smith revised after *WN*. Here, Smith worries about the possibility that wicked gambles which are immensely profitable if won would be approved by partial spectators. He emphasizes the importance of not being distracted by what we would call "outliers" today, but rather to focus on the center of the population (Levy 1995).

The condition that  $A_1 = A_0$  – which we allow – corresponds to the case where approbation is not in fact part of the game. We suppose that this condition occurs for Hume in the rational species case, when the agents regard themselves as different and unconnected races. If I believe you are a dog and I am a cat, I hardly care about your opinion of me, and vice versa. The condition  $A_1 > A_0$  corresponds to the case where approbation is earned by, and only by, the relation between one's play and that of the other players. We suppose that this condition occurs in Smith's case, when the agents regard themselves as equally deserving of sympathy.<sup>15</sup>

We consider two individuals with two strategies: "Trade" and "Grab." We depart from the convention by adding the approbation from the spectator's judgment produced by a reciprocity norm.

Matrix 1 contains the familiar prisoner's dilemma where the usual ranks of income from various decisions –  $4 > 3 > 2 > 1$  – are supplemented by the approbation one obtains from following a norm of reciprocity. Thus,

<sup>15</sup> The internalization of reciprocity means that monitoring issues are automatically solved.

	Column Trade	Column Grab
Row Trade	(3, $A_1$ ), (3, $A_1$ )	(1, $A_0$ ), (4, $A_0$ )
Row Grab	(4, $A_0$ ), (1, $A_0$ )	(2, $A_1$ ), (2, $A_1$ )

MATRIX 1: Prisoner's Dilemma material income and approbation

if both players Trade then both will receive 3 units of income and  $A_1$  of approbation. If both players Grab then although their income falls to 2 each, the approbation is unchanged because they have acted in accord with the reciprocity norm. However, in the off-diagonal cells, the reciprocity norm is violated and both parties are judged harshly. While the one who Grabs might be judged a "ruffian," the one who continues to Trade is judged a "sucker".<sup>16</sup>

Is KR satisfied by the two strategies? The game being symmetric, we need only consider one player. Let us suppose that the player believes that the probability of his partner "Trading" is  $p$  and that he is well-enough informed to believe that the probability of "Grabbing" is therefore  $1 - p$ . We can solve for his expected income (EX) and the expected approbation (EA) of the two strategies:

$$EX(\text{Trade}) = pA_3 + (1 - p)A_1; \quad EA(\text{Trade}) = pA_1 + (1 - p)AA_0.$$

$$EX(\text{Grab}) = pA_4 + (1 - p)A_2; \quad EA(\text{Grab}) = pA_0 + (1 - p)AA_1.$$

There are two interesting cases –  $A_1 = A_0$  and  $A_1 > A_0$  – which we consider in turn.

**Case 1.  $A_1 = A_0$ .** For any  $p$ ,  $1 \geq p \geq 0$ , only Grab satisfies KR. Grab always has more expected income and never has any less approbation than Trade, so it satisfies KR. And, importantly, Trade does not. Thus, dogs who cannot acquire approbation in their dealings with strange dogs cannot trade. Nor, by this argument, will people who find themselves in a prisoner's dilemma situation where they cannot acquire approbation. Of course, in an experimental context, it might take subjects time to realize that this is how the game works.

This result is unsurprising. Once we eliminate the possibility that approbation can be acquired, we collapse the game to the neo-classical commonplace and, from the collapse, we obtain the canonical result. Without approbation acquisition, there is no trade.

<sup>16</sup> This argument supposes that the income gain from moving from (in our notation) 3 to 4 is not large enough to move one up social ranks. If this rank increase were to happen, then the approbation from the gain in income might well cover the loss in approbation from the violation of the reciprocity norm. It is a grim proverb of statecraft that treason never prospers because if it does "none dare call it treason."



	Column Trade	Column Grab
Row Trade	$(3, A_1), (3, A_1)$	$(1, A_0), (4, A_0)$
Row Grab	–	–

MATRIX 2: Other Rational Race Material Income and Approbation.

**Case 2.  $A_1 > A_0$ .** For any  $p$ ,  $1 \geq p \geq 0$ , Grab satisfies KR since Grab always has more expected income than Trade. What about Trade? Consider the case of  $p = 1$ ; one actor is sure that the other actor will Trade. In this situation Trade is also KR: Trade obtains more expected approbation than Grab because by assumption  $A_1 > A_0$ . To expand the range of KR for all non-zero  $p$ , all that needs to be done is to increase  $A_1/A_0$  appropriately. Trade is possible because approbation can offset material income. Of course at  $p = 0$  Grab will remain uniquely KR.

Now, to consider Hume's other rational race problem we suppose that it is common knowledge that only one player can obtain more material income by grabbing. Since one player is physically and intellectually inferior to the other, they cannot grab, or make a credible threat to grab, from the stronger. The column player can either trade or grab, but the row player can only offer to co-operate. If the game were restricted to material income then obviously the column player would grab, as Hume predicts. However, with approbation the game changes. If approbation comes from generosity and extends to those unlike us – as above – then the offer to trade is KR for the reason given above.

So what does the addition of approbation do for us? If we believe that another is "a man and a brother" equally deserving of approbation, then generosity with the other rational race is a way by which we earn approbation. We become moral agents. Thus Smith's wide notion of sympathy – whereby physical and intellectual differences might be overcome – may make it rational to enter into market relationships with the weaker race, to treat them as equals. The first steps toward justice might well be through generosity. The symmetry in Matrix 1 offers material gains for "long-run" trade; the asymmetry in Matrix 2 offers none. All there is in Matrix 2 is moral motivation. If the only difference between the column and the row player is technology, this moral belief might well turn Matrix 2 into Matrix 1. Believing in equality might make it so.

## 6. CONCLUSION: TRADING FOR APPROBATION

We have argued from the pieces of Smith's system that, because of Smith's conception of sympathy and approbation as internal to the individual, he

would give a different answer to Hume's other rational species than would Hume himself. This suggests that in Smith's moral system we may find a willingness to pay material income to satisfy moral obligation or to gain abstract rewards.

In Smith's terminology generosity may emerge before contractual justice is defined. A famous argument in *Theory of Moral Sentiments* makes this precise case. Here is Smith's statement which contains a strong form of the second of Hume's other rational species problem. First, consider a "man of humanity" – who is unusually sensitive to fellow-feeling – and a distant race. Distant people are really nothing to him, although he might pretend otherwise:

Let us suppose that the great empire of China, with all its myriads of inhabitants, was suddenly swallowed up by an earthquake, and let us consider how a man of humanity in Europe, who had no sort of connexion with that part of the world, would be affected upon receiving intelligence of this dreadful calamity. He would, I imagine, first of all, express very strongly his sorrow for the misfortune of that unhappy people, he would make many melancholy reflections upon the precariousness of human life, and the vanity of all the labours of man, which could thus be annihilated in a moment. He would too, perhaps, if he was a man of speculation, enter into many reasonings concerning the effects which this disaster might produce upon the commerce of Europe, and the trade and business of the world in general. And when all this fine philosophy was over, when all these humane sentiments had been once fairly expressed, he would pursue his business or his pleasure, take his repose or his diversion, with the same ease and tranquillity, as if no such accident had happened. The most frivolous disaster which could befall himself would occasion a more real disturbance. If he was to lose his little finger to-morrow, he would not sleep to-night; but, provided he never saw them, he will snore with the most profound security over the ruin of a hundred millions of his brethren, and the destruction of that immense multitude seems plainly an object less interesting to him, than this paltry misfortune of his own. (1759: III. i §46)

Smith has considered a "man of humanity" who has no fellow-feeling with distant people, perhaps because his sympathy toward them is not habitual. From this we know that any act to save them is not self-motivated by material considerations of his own or the reflection of those with whom he shares feeling. Would he act on this interest? He holds another species in his hand. Will he pay something – give up his finger – to save them? Smith's answer echoes across the century:

To prevent, therefore, this paltry misfortune to himself, would a man of humanity be willing to sacrifice the lives of a hundred millions of his brethren, provided he had never seen them? Human nature startles with horror at the thought, and the world, in its greatest depravity and corruption,

never produced such a villain as could be capable of entertaining it. (1759: III. i §46)

Smith takes his answer to the second form of Hume's Other Rational Species problem as illustrating the conclusion of his system in which man becomes a moral agent by earning the approbation that comes from recognizing we are all equally deserving of sympathy. As noted above, generosity can come when both fellow-feeling and justice fail:

But what makes this difference? When our passive feelings are almost always so sordid and so selfish, how comes it that our active principles should often be so *generous* and so noble? When we are always so much more deeply affected by whatever concerns ourselves, than by whatever concerns other men; what is it which prompts the generous, upon all occasions, and the mean upon many, to sacrifice their own interests to the greater interests of others? It is not the soft power of humanity, it is not that feeble spark of benevolence which Nature has lighted up in the human heart, that is thus capable of counteracting the strongest impulses of self-love. It is a stronger power, a more forcible motive, which exerts itself upon such occasions. It is reason, principle, conscience, the inhabitant of the breast, the man within, the great judge and arbiter of our conduct. It is he who, whenever we are about to act so as to affect the happiness of others, calls to us, with a voice capable of astonishing the most presumptuous of our passions, that we are but one of the multitude, in no respect better than any other in it; and that when we prefer ourselves so shamefully and so blindly to others, we become the proper objects of resentment, abhorrence, and execration. It is from him only that we learn the real littleness of ourselves, and of whatever relates to ourselves, and the natural misrepresentations of self-love can be corrected only by the eye of this impartial spectator. It is he who shows us the *propriety of generosity* and the deformity of injustice; the propriety of resigning the greatest interests of our own, for the yet greater interests of others, and the deformity of doing the smallest injury to another, in order to obtain the greatest benefit to ourselves. It is not the love of our neighbour, it is not the love of mankind, which upon many occasions prompts us to the practice of those divine virtues. It is a stronger love, a more powerful affection, which generally takes place upon such occasions; the love of what is honourable and noble, of the grandeur, and dignity, and superiority of our own characters. (1759: III. i §46, emphasis added)

For Smith, people's revealed preferences paint a more pleasant picture of human nature than what we know of their interior life.

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