

SMITH AT 300: THE NATURAL RECOMPENSE OF LABOR

BY
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“The produce of labour constitutes the natural recompense or wages of labour.”

WN I.viii.1

There is a great deal of poetry, wit, and wisdom in the writings of Adam Smith, and many wonderful passages. I like this one for several reasons. I like its grammatical austerity. I like that it is active rather than passive. I like the way the verb in the present tense gives the impression of indefinite continuation. I like the way the dual, hylomorphic, meaning of “produce,” as both the act of producing and also the material result of production, corresponds nicely with the dual, hylomorphic, meaning of “constitutes,” as both the act of imposing form and also as the matter of which the product consists.

I also have strong sympathies with the political implications of the passage. It might be heard as echoing John Locke’s theory of the exclusive property right of the individual to the product of her labor, but this is deceptive. Smith’s emphasis on the division of labor reminds us that “labour” and its “produce” should be understood in a collective sense, the collective produce of collective labor. The claim begins a story of class conflict according to which the capitalist and landlord classes, by monopolizing capital and land, are able extort shares (as profits and rents) of what by nature is the return to the working class, hinting at support, perhaps, for the socialist claim that workers engaged collectively in a division of labor have the right to the product of their aggregate labor.

Most of all, I like the passage’s theoretical implications. Nature is perhaps the most important and most misunderstood idea in all of Smith’s writings. Wherever it shows up is significant, but this is a particularly important example of its use. In this case its importance is largely negative, in that it casts doubt on two important interpretations of Smith’s use of nature.

First, Alfred Marshall argued that when Smith said “natural,” he meant “normal,” so that Smith’s “natural price” would be the same as Marshall’s own “normal price” (Marshall [1890] 1961, p. 347). This position has been widely adopted. Similarly, and more recently, Tony Aspromourgos has even advanced the proposition that Smith’s “use

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of the language of naturalness in economic contexts is not laden with any deeper philosophical significance” beyond “ordinary” (Aspromourgos 2009, p. 70). Smith’s claim that the produce of labor is the natural recompense of labor appears to serve as a counterexample to this interpretation. That substitution of “normal” or “ordinary” does not work in this case, because it would imply that the produce of labor is the normal or ordinary recompense of labor, which is as obviously not the case today as it was in Smith’s time.

This passage would also seem to undermine suggestions, such as that of Jacob Viner in his famous “Adam Smith and Laissez Faire,” that Smith, influenced by Stoics and Physiocrats, held a “doctrine of a harmonious order in nature” (Viner 1927, p. 199), to which it is in everyone’s moral and material interest to conform. It was on this basis, so the argument goes, that Smith believed free markets to lead to optimal outcomes. If Smith was committed to conformity with nature, however, his claim that the produce of labor is its natural recompense would seem to imply that labor should receive the whole of the product of labor, a position Smith did not clearly advocate.

COMPETING INTERESTS

The author declares no competing interests exist.

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