Steven: Welcome, everyone, to the Inequality Podcast. I'm Steven Durlauf. Today, I'm delighted to introduce Eric Schliesser, who's a professor and political scientist at the University of Amsterdam. And I think the best introduction I can take from his website is where he refers to himself, and says that I am a trained philosopher who got a job as a political theorist in a political science department. It's actually a very nice summary because Eric is a true intellectual. The breadth of his work in areas ranging from political philosophy to philosophy of science and even dimensions that directly address issues in social sciences is remarkable. I can also say anecdotally that one of the joys of going to conferences that are interdisciplinary is that you meet fascinating people. And I think Eric and I must have met 25 years ago; that fortuitous event meant that we've at least virtually interacted periodically since then. And so Eric, it's just a delight to have you here. Thanks so much for joining us.

Eric: Well, thank you for inviting me and for that introduction. I hope I live up to it.

Steven: So, Eric, I thought we would start with your book, Adam Smith: Systemic Philosopher and Public Thinker. And as an initial topic, I thought we might talk and say something about the title. In other words, we've heard him as a systemic philosopher. And the reason I say that, of course, is that one of the themes of the book is that you can one can understand Smith's thought in terms of the idea of systems. And so I just hope that you could let a layman understand how to think about systems and then focus on Smith's systems as you define them.

Eric: A system in Smith and also in the 18th century is really just a coherent body of knowledge. I think his understanding adds one further layer. And that is, the body of knowledge has a kind of reduction to a fundamental principle, or fundamental axiom, or fundamental methodology, or explanatory framework. And so for him, systems always have in the language of the philosophers a reductionist, epistemic, or methodological conception to it. In his case, that means that he thinks of the universe of knowledge as potentially coherent, but as made up of modular bodies of knowledge that are really disciplinary and in character or the subject of an expert. And I think he's one of the first modern thinkers to think really hard about the division of intellectual labor, and he thinks that our experts for each system. You know, he writes three books. One is The Wealth of Nations, very long, about a thousand pages.

And it's really about political economy, public finance, the economics of education, the economics of tax raising, but also, you know, economic theory. Then you've got The Theory of Moral Sentiments, which was the book that made him famous in his own life. And that's about moral psychology, moral philosophy, and kind of what professional philosophers call metaethics, but mostly moral philosophy and moral

psychology. And those two books were the main books he published in his life, and that made his reputation. Posthumously, another book was published: the collection of essays is known as the Essays on Philosophical Subjects. And those essays were much less famous in the writer public, but intellectuals have known of them ever since. And they're about theories of language, theories of science, theories of art, theories of music, and actually also epistemology. What occurred to me is that the three books really do hang together. There are books about systems of knowledge that involve humans and a kind of meta-reflection on what it is to have systems of knowledge.

Steven: Is this controversial among Smith's scholars?

Eric: Well, in one sense, yes, because for about 150 years or so, there was a debate about Smith, whether The Wealth of Nations and The Theory of Moral Sentiments actually hung together. People debated whether the fear of moral sentiments in The Wealth of Nations actually could be written by the same person, whether they were coherent, and whether they contradicted each other. I came of age when there was a growing consensus that this was probably not a real problem. And there were a bunch of people who had started to argue, actually, that it all fits together. But I was the first book, I think, that said, what would happen if we pretend that this is not a problem, but actually try to fit the pieces together from the start? And so in that sense, I expected controversy, but much to my amazement, older reviewers have been really very nice on this point. I mean, like all of us, I got some criticism. But the fact that there was a career in body, the reception so far has been really wonderful.

Steven: So, might we talk a bit about The Theory of Moral Sentiments and its links to The Wealth of Nations? And so could you sort of outline your vision of the unity?

Eric: So I want to step back and say something about the trick I use to connect the two books together. So if you know anything about 17th and 18th-century moral philosophy, systematic philosophy, you'll know that a lot of the great thinkers of the age had incredibly fine-grained accounts of the human emotions. And really, a theory of the passions is what it was known. And what was amazing about the theories in Descartes, Hobbes, Spinoza, Malebranche, but also David Hume, Adam Smith's friend, is that the theories of the emotions are almost combinatorial. So they would build up complex emotions from very few building blocks, like pleasure and pain, or joy and misery. And it occurred to me that if there was a unity to Smith's thought, it might well be in the passions because in all of his work, he's dealing with humans and how to respond to their environment.

And usually in his view, that's mediated by our feelings. I mean, in this, he's very much an 18th-century thinker, the age of sensibility. So really, what I did was I spent a year or two just going through

stacks and trying to reconstruct what his theory of the passions is. And that's really how I connected to books. And also, I think of how I explain the kind of eternal unity of both books and their coherence jointly. Like these characters that I mentioned, I think Smith builds up his sphere of the passions from fairly minimal templates and then applies it to all human feeling. On my interpretation of him, he makes a distinction between what I end up calling the natural passions, man and woman, as we are abstracted from social conventions and human life, or human convention, or what we might say culture, and how that shapes human nature.

Steven: So let me ask you to elaborate on the relationship between passions and moral sentiments. I think for the layman, that's going to sound surprising. And so I think it would be helpful to the listeners if you could talk a bit more about this, the passions' moral sentiments link.

Eric: Yes. So the first rough claim that I make is that there's no difference in kind between our psychological states that we might call passions and our moral emotions, that they're really the same kind of entity for Smith. But then, what really distinguishes moral emotions for Smith is that in their structure, they have our expectations of others built into the way we feel. So if we think about ordinary fear of a tiger, we have a triggering object, namely a tiger, then we have our response, which is fear, and then we have a further response, namely, we'd run away or seek protection or shelter, etc. Now, the thought is that when it comes to moral emotions, part of the structure of our feelings is how we expect others will respond to our feelings. So for Smith, the fact that we're social agents means that we're always carrying around in our psychology how we intuitively expect others to respond to our behavior. And usually, what he means by that is whether they will praise us or whether they'll disapprove of us. And this is just from his view, the effect of socialization.

As we grow up in society, we basically learn to anticipate how others will respond to our behavior with either praise or blame or approval or disapproval. So when we get excited about things and we're joyful about it, we generally expect others to approve of our joy. So we built on Smith's view, on the wisdom of human nature, that other people are always part of our own makeup, at least in the stylized way. Does that make sense, or is it too abstract?

Steven: Yeah, it makes a great deal of sense, and it has more than a family resemblance to the way that I think social scientists conceptualize social norms. In other words, as social beings, you know, whether you want to call it the utility, the preferences, the way that we receive gratification or pleasure from choices, they depend on how we are perceived, whether others give us praise, whether others stigmatize us because of a lack of conformity, etc. So it seems one message I took from that is that this, you know, this contemporary

literature on, you know, long-standing, that's really not contemporary literature on social norms, really has venerable philosophical roots.

Eric: So I think that's right. And I actually think that Smith is one of the originators of thinking about the significance of norms. I think what's distinctive about his view of norms is that the rules are really internalized at the level of our feelings. Right? So there's a sense in which when we're properly socialized on his view, we don't even think about norms because actually the way we feel is normative or norm-driven all the way down. And that was to me when I'd been working on Smith quite a while, but that to me was really striking because I thought of it more as running norms through a kind of intellectual reflection on oneself. But he really runs it through the way we feel about ourselves before the intellect really gets involved with it.

Steven: So, the perspective of concrete questions of the policy evaluation, what messages would you want to put on the table for Smith? I'm thinking about his impartial observer, for example.

Eric: So he's these pro markets. I mean, I don't think one should disguise that. And he thinks in an environment of feudalism or late feudalism, but also more relevant for contemporary purposes, his critique of mercantilism, he thinks people really should be left mostly to their own devices to develop their own social world. So he believes in free trade, free markets, and free occupation. You can marry who you want, that kind of thing. But also get the kind of employment you want. Now the role of the impartial spectator is really for him, I think, twofold. So, from the point of view of moral philosophy, it really gives a kind of robustness to his moral theory because if we put everything in individual human nature, it doesn't look like you get enough rigidity for moral standards.

So the impartial spectator really plays a role to tell us what the moral standards of these locally or nationally ought to be. But I also think that he thinks that the impartial spectator scales up to some degree. And he thinks that public policy should be governed by a standard of impartiality. And with a slant on my interpretation of him, which is somewhat controversial, but not super controversial, with a slant toward the working poor. Because in his view, he thinks given rent seeking and political and economic power, the rich and powerful have access to government easily. And so the public intellectual, the public thinker, when they give public policy advice in light of the impartial spectator, they should put their thumb on the scale in favor of the poor and have-nots because these need voice and they're likely not to have voice in the political system. And while our political systems are somewhat different than the one that Smith had in the 18th century, I think it's fair to say in a lot of social science, provides evidence for this is that the rich and powerful still have a lot of extra they get the voice of government,

they get heard by government more easily than the rest of us. So I think he wouldn't change his views all that much since the 18th century.

The big debate over Smith and his contemporary relevance is that in his time, it was fairly obvious that opening up to markets would be wealth and injustice-enhancing, and there wasn't necessarily a tradeoff between the two. To what degree, after 250 years of development, would he be asked if he was confident about that? I think it's more of an empirical question and closer to your expertise.

Steven: You brought up what I think is a general theme again, as a layman speaking for both Smith, Mill, and Marx, which is that whatever virtues there are in the capitalist system, they can be self-defeating. The virtues of markets in terms of efficiency, if they create inequalities that allow people to engage in rent seeking to distort the tax or the subsidy system, etc. Things can break down. That is to me a ubiquitous theme in economics. And I think it's speaking for my own research, it's ridiculous to compare myself to these great thinkers. There are distributional instabilities in capitalist systems. And part of what policy has to do is to work against the distributional instabilities.

Eric: Can I add to that? So Smith's Wealth of Nations is really a gigantic attack. And he set so many times actually on mercantile political economy by which he meant not just rent seeking, but also really using the state for a grandisement for well-connected insiders. And also just to land grab and slavery and all that kind of stuff. So, in many ways, Smith thought that social hierarchy was a stabilizing factor. So he's much less, I think, redistributionist than say Marx or Mill, you mentioned. But I think he remains incredibly salient because he constantly has his eye on, okay, as we've organized the economy, how when that plays out, who gains and who loses in your terminology, the distributive effects of that. But then, more than I think has been common to emphasize in the last century, he's very clear that what really is scary about this is the political downstream effects of capital concentration.

So many ways I view him as a theorist of worry about concentrated power as much as he's worried about the distribution of wealth. Now he thinks that the two hang together, but I think more than Marx and Mill, even he's really focused on, okay, when people do make money, what do they end up doing with it? And on this view, people love to dominate, particularly the powerful, and so they'll find mechanisms of domination. So I think the significance of Smith is less in giving us ways of thinking about redistribution because he actually thinks the market will take care of that by itself. He's, I think, perhaps a bit too sanguine about that, but he's incredibly topical when we think about how wealthy people and corporations and politicians collude at the expense of everybody else, including domestically and foreignly.

So I think in that sense, he really remains very salient.

Steven: So I wanted to turn back to Smith's thinking about poverty and inequality, and sort of what are the main themes that you'd want to communicate to readers, both in terms of positive and normative stances?

Eric: So, first of all, Smith thinks that our moral psychology and our ethical standards they're very sensitive to the existence of social hierarchy. So he really thinks that great wealth can corrupt the normal functioning of moral standards. And it is the greatest corruption, and he's very repetitive on this. We're likely to admire the rich and wealthy, we're likely to admire the celebrities, and our moral evaluations and judgments get corrupted by this. So he really thinks that to have a moral society, you need to find ways for you to either reduce this material inequality, or you need to be constantly aware that this bias will enter into it. It also means that we're likely to be morally harsh and morally unfair to the poor and half-nots. So this is part of our natural structure. So in that sense, his message is rather grim, that if you live in a rich society, there are a lot of sources of moral corruption that even if you're fairly upstanding, you're likely to be liable to.

So that's the bad news. He thinks we can correct for this in part through social policy, in part through education, and also in part through individual will. Namely, we can appeal to our impartial spectators to tell us how we should behave and how we ought to act. The other thing is that he really does believe that individuals should be left free to explore their own lives. I think people forget that well into the 19th century, ordinary individuals really did not have to be free to move from one place to another in Great Britain. They were tied to their particular powers, and often they were tied to the employment of their parents. So he's really the great partisan for social mobility, including making more money. He thinks it's likely that he's a bit of a moralist about this.

It's a bit likely that if you grow up poor and angry and ambitious, you'll probably end up wealthy and unhappy because you're driven too much by ambition. But at the same time, he doesn't want policymakers to discard this because he thinks that ambition is good for society. It's generally not good for the individual who pursues it, but incredibly good for all of us together. So here's one of those places where, from a moral point of view, Smith's policy recommendations don't seem entirely to fit what in our day and age we think is the right stance, but it does seem like Smith is more than happy to let the individual to sacrifice their own happiness for the greater good, even though the person himself doesn't think that they're supporting the greater good.

Steven: So I didn't want to follow up as I've written to you, one of

the main Stone Center research agendas is meritocracy. So would you call Smith a meritocrat?

Eric: I would call him a qualified meritocrat. And I think I've also partially changed my mind on this. So when I wrote then published a book, I think I would have said yes, he's a meritocrat because he wants to liberalize this feudal mercantile economy and allow people basically to pursue their own happiness. I mean, the ideology of the American Revolution, you can hear in the background. And that means that hard work will be rewarded by success, potentially in his view. I think the two qualifications I would have had about that is that he doesn't believe true happiness consists in wealth. And he also anticipated that people like Frank Knight and Hayek, he also would have been skeptical that hard work always gets rewarded. So that in the marketplace, luck plays a very big role.

And I think that's pretty clear in Smith. The thing that I would now say differently than I'd said seven or eight years ago is that I've spent quite a bit of time looking at how Smith thinks about how government works. And much to my own amazement and surprise, he is actually not a pure critic of patronage and clientelism systems. So, 18th-century Britain and America, but especially Britain and France, they've really been involved around particularly government jobs and getting government jobs, involved in having people write letters of recommendation, introducing you to the right people, and being part of the right network. So, a bit like the university and the academy, letters of recommendation, and who you know matter. Now I think of Smith's view, who you know, and who you matter, actually allows people to make judgments of merit and judgments of quality. So I don't think the patronage and network system he defends is meant to promote people who don't know what they are doing and lacking in skills. But from our perspective, it does look like he's a friend of what in contemporary social science is known as clientelism.

And the reason he gives for that is that actually for the management of parliament, and he's not alone in thinking there's Hume and Montesquieu say very similar things in the management of parliament, and the government in order to secure the votes of bills and likes needs to reward parliamentarians with the friends of parliamentarians and MPs with government jobs. And Smith is not critical of this. So I've now come to think that yes, he's a merit to crowd about ordinary social life, but the qualification that merit in the economy cannot always be expected because of the role of luck. And then when it comes to government jobs, he thinks there is a role for let's call it qualified nepotism. And so, from the perspective of your center, he makes for an imperfect hero. Let's put it like that.

Steve: Okay.

Eric: But given the universe he's in, he's very much on the side of

merit. And in fact, I think it's rather important to emphasize that he thinks that merit is a moral category. And he thinks, you know, it's connected to gratitude. And the good consequences we have on other people's lives. So, to put this in kind of philosophic jargon, it's as far as Smith is a consequentialist, merit, the meritocracy is a good thing for him. But unfortunately, from the point of view of the critics of nepotism, he sometimes thinks that the system of qualified nepotism is the right way to organize government jobs. How's that for a slogan? I'm putting it on a t-shirt, but yeah.

Steven: Well, it'll work for a very area-dite audience, wearing the t-shirts. And I think that your discussion brings up that there are trade-offs between egalitarian ideas and meritocratic ones. And I think you gave a perfect example, which is that if the information we have about individuals is a function of who you know, what opportunities you've had to express your potential, think of that as having training or taking classes to study for standardized tests, etc. That somebody is maximizing a neutral objective, such as, that's efficiency. Well, I'm very able to introduce certain types of egalitarian injustices because people didn't have equal opportunities. So I think that everything you said is very consistent with thinking about meritocracy as a, but not the only virtue, and assessing institutions.

Eric: Can I add something to that?

Steven: Yes.

Eric: Because one of the things that I really enjoyed discovering after I published a book and said never again about Adam Smith and then went back to it is that Smith really was very interested in the Chinese civil service, which historically in the 18th century was kind of held up as the great meritocratic system. And one of the things he admired about it was really from the point of view of institutional design that not only wasn't meritocratic, but as you economists like to say, it was designed to generate incentive compatibility between the way the mandarins operated at different levels and the public good. And I think he's really that's really you could tell that's really where his heart is when he's thinking about civil service practices, but he's also a bit of a realist and when he's thinking about these trade-offs, he's number one always a generally a gradualist about his policy advice, but also he sometimes is willing to sacrifice high-minded principle to get reasonably good outcomes or to maintain reasonably good outcomes. And that makes him a bit, I mean, it makes him a long winded author number one, but also it also makes him a little bit less sexy in various ways, but I think from the point of view of how to run great societies and great empires, it actually there's something to be said for occasionally sacrificing principles to to get reasonably good outcomes. So yeah

Steven: So you've written critiques of economics and what you've referred to as the turn away from ethics. So could we talk about those? What's the thrust of your argument?

Eric: Yeah, so I think it's incredibly hard when people talk about topics outside their own discipline to have good local informants. And are you getting things right and vice versa? So I've grown much more sensitive to how difficult it is to do interdisciplinary work, but I think when economists and philosophers started to separate one of the externalities, we might say is that both sides have lost skill at how to do things. And while I've encountered amazing economists who are well-read and thought on the whole, I felt like when economists, particularly those who are not in welfare economics, are trained to think about what ethics is. I see a kind of impoverishment, and I saw a kind of intellectual impoverishment in really two ways. In one sense, ethics was really treated as a species of consequentialism or utilitarianism, which is totally understandable because it makes ethics and economics more commensurable with each other. But one reason why I like working on Smith is that for him, the ethical is much broader than just having good consequences or maximizing consequences. And then the other thing that is really quite striking when you're reading high-falutin economists in the public sphere is that, generally speaking, ethics is treated as a cost or as an externality to efficiency or to the right path of the economy.

The downside of thinking of ethics, norms, and morality in that way is that you actually never internalize it into the things you really care about, but it becomes an add-on. And just to give an example, that's neutral territory for the two of us. I recently got very interested, like many of us, in AI and in computer science. And if you look at how AI education occurs, and also how people think about the programming involved, there are all these desiderata on the system. And then, as an afterthought, there is the ethics or the public good that then is externalized either to the government, or the regulator, or the lawyers, or whoever. And it doesn't become part of the actual design language in a design vocabulary. And it makes total sense because if you look at how computer science operates, it's really in terms of a lot of trade-offs. And so economists have been able to help shape the curriculum of computer science and the education of the programmers of artificial intelligence for very good reasons, I think.

But one of the unfortunate side effects then is that rather than putting ethics and norms into the design language, it becomes an afterthought. And you and I both know that when it becomes an afterthought, it always becomes less important, generally speaking, as well. So that's my general critique that I still have. There have been particular economists who have managed to trigger me because they're very influential in public. But I think have said things that haven't illuminated the possibility space. But you know, I'm over 50 now, and I'm older, and I'm temperamental. And so now I tend to think now,

"What's really the underlying issue?" The underlying issue is that economics and the specialists of thinking about ethics; they really are in different disciplines. Both find it very hard to master even elements of the other people's disciplines.

I mean, there's PPE and there's joint conferences and risk collaboration. But you know, both fields are fast-moving. It's very hard to be an expert in more than one area. Part of the issue is that, because of that, how people think about ethics and morality and norms tends to get impoverished. There's also maybe I had one more thing to provoke you. I think you and I are on the same side of us. There's this pattern where economists become famous for their expertise. They get fantastic jobs.

Then they see that the world is not going to a good place. They think about the role of economics and doing that because economics has been a powerful policy discipline, but perhaps less powerful than we would like. And then they start reflecting on, okay, maybe if we had done something normative or ethical earlier, things would have gone better, and then they start pontificating in various ways about the role of ethics. I think that's not a good outcome generally because it's too late in the process as well.

Steven: I think much of what you say are points well taken. Obviously, I can identify economists that encounter examples from John Wilson's deep commitments to the philosophical integration of philosophical normative concepts in economics. By going down the route, to mention, I think that it is certainly the case that there is a default idea in economics. There's some notion of average welfare, which is the sufficient statistic for evaluating different configurations. And there's clearly many cases where that's going to be inadequate. So just to give an example, I've worked on, to talk about me for a second, thinking about racial profiling. One of the arguments that developed in economics, a debate was whether or not the differential stop rates for blacks and whites could be justified because of differences in the probability of carrying contraband. And so you had a literature that emerged.

I was essentially testing that. In other words, whether you could understand the differential stops as generated by arrest maximization, find something that's measurable, and proceed accordingly. So what gets left out of that? Well, the first is any notion of fairness. And so again, the argument I made was to say a site constraint on any policy has to be that innocent people are treated equally, regardless of ethnicity. So if you have differential stop rates for innocent blacks and this and whites, that has to kill the policies out. And so I'm not asking people to agree with that so much, but I'm saying that the formulation of how to assess the differences really depended on how one started ethically versus whether it's simply an arrest maximization is fine. Of course, that's not even really quite correct,

because it's currently a minimization that would be the conventional efficiency notion.

But the treatment that ex post you would ask for question about equal treatment of innocence is exactly what you said that something gets lost there.

Eric: Can we work with your example? Because I love it. So there's another thing that I think goes missing. So in a nearby possible world, the people who want to justify the status quo might well have generated the data to support the thought that, actually, there's no racial profiling bias. And in fact, perhaps even there's a notion of fairness that can be that this can be justified. There's a sense in which that's a live possibility. It doesn't conform to my priors, but it's a live possibility. But I still think something is left out.

And that's something that could be an accurate description of social reality, given the institutional and normative context that we're operating in. But a different set of institutions might well produce a different kind of outcome. Now you've hinted at this already by saying, "Look at what the starting points are. What are the background conditions?" But if we're doing empirical social science, we always run the risk of conforming to that, not just confirming, but conforming to that status quo. I don't say this very often because I'd like to keep my own direct colleagues in my own social science department to be my friends and not to think that I'm constantly, you know, naysaying their research. But I think in general, there is a real tension between doing really first-rate empirical social scientific research. And then thinking about, okay, how does this project out to potentially different social institutions, and how much of the outcomes that I'm finding are actually the downstream path-dependent effects of the background conditions for all social science and all social theorizing these are our questions. But I think insofar as there's actually been a turn to even better empirical social science, and insofar as the credibility revolution has been actually a good thing.

This, actually, is also a potential danger because we end up finding it much harder to explore the possibilities that are really not in our data or not in the social patterns that we're exploring altogether. So I think that makes, yeah, that makes producing social scientific results much harder. This is not good advice to young scholars. But I think for thinking about why people like me end up clinging sort of permanently about even the social scientists that admire. This is kind of the drift of the argument.

Steven: So, Eric, the truth is I could have talked to you for another five hours. It's been an absolutely fascinating conversation. Thanks so much for joining us.

Eric: Thank you.

Steven: The Inequality Podcast is a production of the Stone Center for Research and Wealth Inequality and Mobility at the University of Chicago. I want to end the podcast with thanks to the people who really make it happen. First, I want to express deep appreciation to our producer and engineer, Shane McKeon, who oversees every aspect of the process of creating these podcasts and really does just a splendid job. Second, I'd like to thank our assistant director, Nina Gray, for production oversight and the role she plays in bringing the podcast to fruition. And finally, I'd like to thank Grace Kolavo, who's the executive director of the Stone Center, who basically does everything in terms of making the center work. You may get in touch with us at stonecenter.uchicago.edu. Thank you so much for listening.

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