Most Adam Smith scholars hold that Smith endorsed public provision of education to offset deleterious consequences arising from the division of labor. Smith’s putative endorsement of publicly funded education is taken by some scholars as evidence that he tends more toward progressive than classical liberalism, or that this is a departure from, perhaps an inconsistency with, Smith’s otherwise strong presumption against government intervention in markets. This paper argues that these interpretations are flawed because Smith ultimately does not advocate public provision of education. He raises the idea and explores its potential benefits, but he ultimately does not endorse it. Smith also provides reason to be skeptical of public provision of education, which suggests that his final position may have inclined against it.

I. INTRODUCTION

In his Wealth of Nations, Adam Smith claims that a primary factor explaining why some countries are wealthy and others are not is the division of labor. According to Smith, in a “well-governed society” (Smith [1776] 1976, p. 22), people will be incentivized to divide the labor required to create goods and services because it will lead to increasing production. As production increases, prices decrease; as this process unfolds across other industries, the supply of society’s goods and services increases, leading to wider availability at cheaper prices. This places ever more goods and services within the reach of ever more people, including in particular the poor, which means that society’s overall standard of living increases.2
According to Smith, this process captures the “causes of the wealth of nations”: those whose institutions encourage the division of labor become wealthy; those whose institutions do not encourage the division of labor, or actively discourage it, do not. But later in *WN*, Smith claims that the division of labor can lead to deleterious consequences as well, indeed to “mental mutilation” of workers whose “whole life is spent in performing a few simple operations” (*WN*, pp. 787, 782). Because the division of labor is key to increasing “the wealth of nations,” Smith endorses it as a solution to poverty and to alleviating its attendant miseries. Yet his concerns about workers’ moral and psychological well-being lead him to explore remedies for the “mental mutilation” to which division of labor can lead. One of these remedies is a government role in education.

Smith’s discussion reveals, however, that he is skeptical of public provision of education. Despite his concerns regarding the effects of division of labor on workers, he ultimately does not advocate for public provision of education.

This essay first reviews Smith’s argument regarding the division of labor and the governmental institutions he believes it entails (section II). It then offers a review of scholars who argue that Smith advocated public provision of education (section III). Next, it examines central passages on education in Smith’s writings, first from *The Theory of Moral Sentiments* (section IV) and then from *WN* (section V), and presents what is argued to be the most consistent and textually supported interpretation of Smith’s position (section VI). The claim will be that, while Smith acknowledges the potential benefit, within specific limited conditions, of public provision of education, nevertheless the weight of his argument inclines him against it (section VII). The concluding section VIII suggests a potentially implied moral duty of businesspeople to contribute some of their increasing surplus wealth to education.

II. THE DIVISION OF LABOR AND ITS REQUIRED PUBLIC INSTITUTIONS

The main public institutions required to facilitate the division of labor, Smith argues, are institutions protecting “justice,” which he defines in *The Theory of Moral Sentiments* as the protection of each citizen’s “life and person,” each citizen’s “property and possessions,” and each citizen’s “personal rights, or what is due to him from the promises of others” (*Smith [1759] 1982, p. 84).* When these “sacred laws of justice” (*TMS*, p. 84) are protected, against both foreign and domestic aggression (*WN*, p. 687), we have a “well-governed society” (*WN*, p. 22), and, Smith argues, people will then begin not only to “truck, barter, and exchange” (*WN*, p. 25) but also to divide the labor required for production. Thence wealth—which Smith defines as the “degree in which [citizens] can afford to enjoy the necessaries, conveniencies, and amusements of human life” (*WN*, p. 47)—will begin to increase.

Yet Smith also argues that division of labor can have deleterious consequences: “The man whose whole life is spent in performing a few simple operations, of which the effects too are, perhaps, always the same, or very nearly the same, has no occasion to

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*3 Hereafter, this work is referred to as *TMS* with the cited page number(s) referring to this edition.*
exert his understanding, or to exercise his invention in finding out expedients for removing difficulties which never occur” (WN, p. 782). According to Smith, the division of labor can have quite negative effects indeed for such a person: “He naturally loses, therefore, the habit of such exertion, and generally becomes as stupid and ignorant as it is possible for a human creature to become” (WN, p. 782). Smith continues at some length describing the negative effects of division of labor on workers. They can become incapable “of forming any just judgment concerning many even of the ordinary duties of life”; lose the ability “of conceiving any generous, noble, or tender sentiment”; become “altogether incapable of judging”; and become “incapable of defending [their] country in war” (WN, p. 782). Their “gross ignorance and stupidity” leads them to become “mutilated and deformed” and thus liable “to the delusions of enthusiasm and superstition” (WN, p. 788), and they even come to suffer from “cowardice,” which itself leads to further “mental mutilation, deformity, and wretchedness” (WN, p. 787).

Smith claims that this is the unfortunate “state into which the laboring poor, that is, the great body of the people, must necessarily fall, unless government takes some pains to prevent it” (WN, p. 782; italics supplied). One remedy Smith suggests that government should consider to offset these harmful consequences is public provision of education. Smith suggests that an education in the “three most essential parts of literary education, to read, write, and account” (WN, p. 764) would combat the “mental mutilation” to which division of labor can lead, and he further suggests: “The publick can facilitate this acquisition [of reading, writing, and accounting] by establishing in every parish or district a little school, where children may be taught for a reward so moderate, that even a common labourer may afford it” (WN, p. 785).

III. A REVIEW OF THE SCHOLARLY CONSENSUS

It is on this basis that most commentators claim that Smith endorses public provision of education. Kenneth Arrow (1979, p. 160), for example, claims that Smith recognizes “the need for universal primary education.” Andrew Skinner (1995, p. 83) claims that Smith supported not only public provision of primary education but indeed “a compulsory program of higher education” (italics in the original). Samuel Fleischacker (2004, pp. 10, 235) claims that Smith “recommends that the public should help support educational institutions for the poor” and, further, that Smith proposes “to require some level of education of all children.” Emma Rothschild (2001, p. 98) claims that, for Smith, the “circumstances of commercial society impose the need for government expenditure on education” and that thus Smith advocates “government-supported education”; indeed, Rothschild (2001, p. 112) claims that Smith offered a “plan of universal public education.”

Craig Smith (2006a, p. 308) portrays Smith as advocating “a compulsory system of education” and even a “universal system of education” (2006b, p. 93), while Eric Schliesser (2006, p. 343) suggests that Smith wanted “mandatory education of the young in philosophy.” Steven Medema and Warren Samuels (2009, p. 309) include

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4 Smith’s claim of “cowardice” arises in connection with his discussion of “the martial spirit of the people,” which he claims deserves “the most serious attention of government” (WN, p. 787).
subsidizing general education “to counteract what [Smith] saw as the mind-numbing effects of the division of labour” as a “duty” of the Smithian government. Dennis Rasmussen (2008, pp. 107, 110) argues that Smith supported “compulsory and state-supported education aimed expressly at the poor” and “advocates universal public schooling in commercial societies, largely at government expense.” Jack Russell Weinstein (2013, pp. 216, 217) claims that for Smith “the sovereign has no small stake in encouraging individuals to be educated,” and that the “sovereign’s job is to ensure that all people have access to at least a minimum schooling.” Lisa Hill (2016, p. 329) argues that Smith proposes “a publicly funded, compulsory education system,” a system she describes as “something a social democrat might propose” (see also Hill 2007, p. 347; 2020, p. 177). Jerry Evensky (2016, p. 84) suggests that Smith recommends as a state duty the “provision of a basic education for working-class citizens” because it can “ameliorate the mind-numbing effect of their work.”

Amartya Sen (2016, p. 291) argues that Smith advocates “specific roles of the state to cater to the well-being and freedom of the less fortunate,” and that one of these roles is “school education,” for which Sen claims that Smith “wanted much greater use of state resources for public education.” Sen elsewhere (2013, p. 585) claims that Smith calls for “public services, such as free education.” And two recent biographers of Smith concur: Nicholas Phillipson (2010, p. 234) writes that Smith supported “a system of compulsory parochial education,” and Jesse Norman (2018, p. 220) discusses Smith’s “proposals for public education.”

One could cite many other sources making similar claims. Those cited, however, perhaps suffice to indicate the scholarly consensus that Smith advocated government-funded education, at least at the lower-school level. The main reasons such scholars support this interpretation are: first, Smith identifies and describes deleterious consequences from division of labor, and it stands to reason that he would endorse state intervention in the form of compulsory education to remedy this “market failure” (Skinner 1995); second, Smith claims that these negative consequences will inevitably ensue for workers “unless government takes some pains to prevent it” (WN, p. 782); third, Smith claims that “[f]or a very small expence the publick can facilitate, can encourage, and can even impose upon almost the whole body of the people, the necessity of acquiring those most essential parts of education” (WN, p. 785; italics supplied); and fourth, Smith argues that education is “beneficial to the whole society” (WN, p. 815), not only to the students themselves who receive the educational instruction.

An examination of Smith’s discussion of education, however, especially in light of the larger argument he presents regarding his third duty of the state to provide “certain publick works” (WN, pp. 687–688), reveals that Smith entertained the idea of public provision of education and reviewed its potential benefits, but he offered reasons to be skeptical of its implementation and ultimately refrained from positively advocating it.

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IV. EDUCATION IN THE THEORY OF MORAL SENTIMENTS

In TMS, most of Smith’s discussions of education involve illustrations of the effects of our environment on us, not formal education. He distinguishes between “vulgar education” and “refined education,” for example, when discussing the extent to which we care about “the happiness or misery of others” and are drawn to adopt an “impartiality between ourselves and others” to “correct the inequalities of our passive feelings” for others (TMS, p. 139). “Education” here is what our peers, upbringing, environment, and culture have brought to bear on us.

Elsewhere, Smith argues that the normally developed adult maintains a healthy respect of the “general rules” that mark out propriety or impropriety, and he claims that all of us have at least some respect for these rules (TMS, p. 160). But he explains that the normal course of “education” occurs when the “general rules of conduct” “have been fixed in our mind by habitual reflection” (TMS, p. 160). “Education” here refers to our environment and culture, not formal education (Forman-Barzilai 2006). Instead of indulging “furious resentment,” persons possessed of proper reverence for the judgment of an impartial spectator exercise “self-command” to temper their anger and, if they have been raised properly, these more moderated sentiments are “confirmed by education” (TMS, p. 164).6

The Theory of Moral Sentiments also contains a lengthy condemnation of European colonialism and the slave trade in which Smith extols the virtues of the conquered and enslaved and derides the character of the conquerors and enslavers. He writes of the “heroic” virtues of Native Americans and the “magnanimity” of Africans who have been “cruelly” conquered and enslaved by European “wretches who possess the virtues neither of the countries which they come from nor of those to which they go, and whose levity, brutality, and baseness, so justly expose them to the contempt of the vanquished” (TMS, pp. 206–207). Smith’s description of the character of Native Americans and Africans refers to their “heroic and unconquerable firmness, which the custom and education” that their circumstances “demand of” them (TMS, p. 207). Here Smith’s use of “education” is a process by which one develops character traits in reflection of and response to one’s circumstances, which comports with his larger argument in TMS that moral sentiments, and the internalized character they inform, arise by an interactive process whereby one seeks mutual sympathy of sentiments with those in one’s community, responds to others’ behaviors and judgments, and over time hones one’s own behaviors and judgments into habits, principles, and ultimately one’s character.7

Elsewhere in TMS, Smith uses “education” as a synecdoche for something like “cultivation.” He writes that the “principles of the imagination, upon which our sense of beauty depends, are of a very nice and delicate nature, and may easily be altered by habit and education” (TMS, p. 200). He also discusses the practice, common at the time among wealthy Scottish families, of sending children abroad to be educated in England, France, and elsewhere. Smith discourages the practice: “Do you wish to educate your children to be dutiful to their parents, to be kind and affectionate to their brothers and sisters? put them under the necessity of being dutiful children, of being kind and

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6 For discussion of Smith’s notion of an “impartial spectator,” see Raphael (2007).
7 For accounts of this process, see Otteson (2002), Hanley (2009), Forman-Barzilai (2011), and Weinstein (2013).
affectionate brothers and sisters: educate them in your own house” (TMS, p. 222). He goes on to explain what he sees as the advantages of domestic “education,” which amounts, for him, to cultivation of the right behaviors, sentiments, and sensibilities.

Here as elsewhere, Smith’s sense of “education” is informal. It does not consist in taking classes, sitting for examinations, writing papers, or earning degrees. It is typically unorganized and uncoordinated, consisting instead in placing oneself (or one’s children) in the company of the proper groups of others, exposing oneself to their sensibilities and judgment, and then adapting one’s behaviors and sensibilities as appropriate. Because, Smith thinks, we all naturally desire mutual sympathy of sentiments with others, we will therefore naturally be drawn to adapt our behavior to approximate the norms and conventions of those peer and other groups with which we frequently associate. So, this “education” in sentiments comprises the placing of oneself (or one’s children) in the right company and then letting nature take its course. Even if our placement among others is not intentional, we will still be “educated” by those others—though perhaps not in the directions we might, upon reflection and deliberation, have preferred.

Smith’s discussions of education in TMS reveal that Smith usually uses the term “education” to refer to informal development of one’s sensibilities and character through interactions with others in one’s community as one seeks to satisfy one’s natural desire for mutual sympathy of sentiments. All such education, Smith thinks, will affect the kinds of persons we become, and for that reason his argument’s implication is that we should select the influences, particularly the peer influences, on oneself and one’s children with care (Weinstein 2013).

Nowhere in TMS does Smith discuss public provision of education or a duty of the state to provide or oversee education. The absence of such discussion seems significant. Given how consequential Smith believes our interactions with others are for shaping and forming our intellectual habits, our moral sensibilities, and our character, and how substantially he believes this “education” influences who we become and are, Smith could not but be concerned about ensuring that we get it right. His numerous and repeated discussions throughout TMS demonstrate that this is an abiding concern of his (Griswold 1999; Hanley 2009). Yet he does not advocate public provision of education.

The closest he comes in TMS to discussing an explicit role for public authority in education is when he suggests that a local “civil magistrate” may “oblige parents to maintain their children, and children to maintain their parents, and impose upon men many other duties of beneficence” (TMS, p. 81). Yet Smith suggests that the magistrate’s duty is to require parents to “maintain” their children, not that the magistrate himself should do it, or that others in the community should be required to provide for this maintenance. In any case, Smith expresses caution regarding even this alleged duty on the part of the magistrate: “Of all the duties of a law-giver, however, this, perhaps, is that which it requires the greatest delicacy and reserve to execute with propriety and judgment” (TMS, p. 81). Because it involves interposing oneself into the private lives and households of others, and because he typically has little of the detailed, intimate knowledge of the individuals involved and their particular circumstances, the magistrate should proceed with caution and reserve. Indeed, Smith believes that the danger is that an

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8 Smith uses masculine pronouns throughout his discussions. Some commentators wonder whether Smith’s use of gender-specific language limits the scope of his claims’ applicability. See, e.g., Brown (1994) and Kuiper (2006). To avoid begging any interpretive questions, I maintain Smith’s convention.
overzealous civil magistrate might “push it too far,” which can become “destructive of all liberty, security, and justice” (TMS, p. 81).

Despite its importance, then, Smith does not believe, at least in TMS, that education is something that should be the state’s responsibility, or even the responsibility of local public authorities. Indeed, in the one place in TMS where Smith mentions “public education,” he rejects it: “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, p. 222).

V. THE DUTIES OF GOVERNMENT IN THE WEALTH OF NATIONS

It is in WN that Smith discusses not just the general effects of education on the development of our sensibilities, judgment, and character but the effects of various examples of governments undertaking to address education. Under the heading of “expenses of the sovereign or commonwealth” (bk. V, ch. I), Smith discusses three kinds of such expenses: those related to defense, those related to justice, and those related to public works and public institutions. In the final category, Smith addresses expenses related to “institutions for the education of youth” and to “institutions for the instruction of people of all ages.”

Smith’s Duties of Government

At the close of Book IV of WN, Smith advocates what he calls “the obvious and simple system of natural liberty,” according to which: “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, and to bring both his industry and capital into competition with those of any other man, or order of men” (WN, p. 687). Smith argues that in this “system of natural liberty,” the “sovereign is completely discharged from a duty, in the attempting to perform which he must always be exposed to innumerable delusions, and for the proper performance of which no human wisdom or knowledge could ever be sufficient,” namely, “the duty of superintending the industry of private people, and of directing it towards the employments most suitable to the interest of society” (WN, p. 687).

Smith “discharges” political leaders from this duty by relying on an argument he made earlier in Book IV, near the famous “invisible hand” passage, in which he writes: “What is the species of domestick industry which his capital can employ, and of which the produce is likely to be of the greatest value, every individual, it is evident, can, in his local situation, judge much better than any statesman or lawgiver can do for him” (WN, p. 456). Smith’s argument is that knowing what is the best use of one’s resources requires detailed knowledge of one’s circumstances, opportunities, and goals; because, however, lawgivers typically do not have this knowledge for people unknown to them (including most of their fellow citizens), decisions about how to allocate these scarce resources should instead be made by individuals themselves, who do possess this knowledge. Smith does not claim that individuals are infallible in their own cases, only that they possess more of the requisite knowledge than do distant third parties; hence, individuals are relatively better positioned to make wise decisions about allocating resources than are people who do not know them or their situations. Because lawgivers know little or
nothing of the particular situations of most of their fellow citizens, they are “completely discharged” from “superintending the industry of private people” and suffer from “innumerable delusions” if they pretend to more knowledge than they in fact possess.

What lawgivers can do, however, is protect the institutional framework necessary to enable individuals to capitalize productively on their own local knowledge. This institutional framework, Smith claims, entails three duties of government. The first two are: “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” (WN, p. 687). These two duties of government reflect his “negative” conception of justice (TMS, p. 82), which requires protection from injury to person, property, or promises.

Smith’s third duty of government, however, goes beyond this “negative” conception of justice: “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, pp. 687–688). As Smith explains, what would qualify as a proper “publick work” must meet both of the two criteria suggested in this passage: first, it must be something that benefits substantially all members of society, not merely one person or group at the expense of others; and, second, it must be unable to be provided by private enterprise or private initiative. Potential candidates Smith considers include the administration of justice, such as a military, courts, and police; infrastructure, such as roads, bridges, and canals; and education.

Before we consider Smith’s treatment of education, let us briefly review his treatments of administration of justice and infrastructure, because his treatments of them develop arguments he will deploy in his treatment of education.

Provision of Justice and Infrastructure

To protect us “from the violence and invasion of other independent societies” (that is, to fulfill his first duty of government), Smith argues that we need “a military force” (WN, p. 689). He reviews the debate occurring in his day about whether a “standing army” of professional soldiers or a citizen “militia” is to be preferred, ultimately concluding that the “state of the mechanical, as well as some other arts, with which it [the “art of war”] is necessarily connected” implies a division of labor in war that requires a “particular class of citizens” for whom this is their primary occupation—in other words, a standing, professional army, not a citizen militia (WN, p. 697). Smith argues, however, for requiring military officers to be selected from “the principal nobility and gentry of the country” because in that way “the military force is placed under the command of those who have the greatest interest in the support of the civil authority” (WN, p. 706). Because nobility and gentry have an interest in protecting their property and in efficiently using their resources, they are incentivized, Smith thinks, not to abuse the power of the military. In this way, he argues, incentives are aligned: what is in the interest of the military will be what is in the interest of both the citizens and the country.
For his second duty “of protecting … 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” (WN, pp. 708–709), Smith argues that in a commercial society, courts, judges, lawyers, and police are required. He suggests, however, that legal representation should not be supplied by the government: “Lawyers and attorneys, at least, must always be paid by the parties” using their services (WN, p. 718). He goes further: “The whole expence of justice too might easily be defrayed by the fees of the court” (WN, p. 719). Thus, Smith argues that legal expenses should be paid by the parties using their services, rather than by the state. His reason is again that this would better align incentives by inclining judges and courts to perform their duties impartially and promptly, as would be demanded by their clients. “Publick services are never better performed than when their reward comes only in consequence of their being performed, and is proportioned to the diligence employed in performing them” (WN, p. 719).

Smith’s concern for proper alignment of incentives recurs in his discussion of infrastructure. In this category Smith considers institutions “for facilitating the commerce of society, and those for promoting the instruction of the people” (WN, p. 723). Among the former, he considers “good roads, bridges, navigable canals, harbours, &c.” (WN, p. 724). In these cases, Smith again reveals his preference for private provision: “It does not seem necessary that the expence of those publick works should be defrayed from that public revenue, as it is commonly called…. The greater part of such publick works may easily be so managed, as to afford a particular revenue sufficient for defraying their own expence” (WN, p. 724). He claims that a “highway, a bridge, a navigable canal, for example, may in most cases be both made and maintained by a small toll upon the carriages which make use of them” (WN, p. 724), on the grounds that employing user fees encourages them to be provided “only where that commerce requires them, and consequently where it is proper to make them” (WN, p. 725). Requiring their expenses to be paid by their users, Smith suggests, helps prevent expenditure on roads, bridges, and canals in places and in ways not justified by their usefulness as demonstrated by actual need and demand. Though he suggests that “a high road” might not be able to be maintained by only user fees, nevertheless he notes that the public provision of high roads in Great Britain has seen “abuses which the trustees have committed in the management of those tolls” that are “very justly complained of” (WN, p. 726)—suggesting, albeit indirectly, that private provision might here, too, have advantages.

Thus, Smith’s argument is that where possible, infrastructure projects should be required to pay for themselves from user fees. In those cases that Smith does recognize that require government provision, he nevertheless argues that they “are always better maintained by a local or provincial revenue, under the management of a local or provincial administration, than by the general revenue of the state” (WN, p. 730). Even here, however, Smith acknowledges “abuses which sometimes creep into the local and

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9 Smith seems to be envisioning primarily civil courts here. Though he does not make the distinction explicit, his discussion might thus allow for public provision of justice in criminal proceedings.

10 Although Smith argues that it “is difficult to regulate the fees of court effectually,” nevertheless he claims that the “law can very easily oblige the judge to respect the regulation” of fees (WN, p. 719). This suggests that Smith is open to the possibility of governmental regulated fees, if not provision of them. I thank the editor for helpful discussion of this point.
provincial administration of a local and provincial revenue.” Because such abuses are “trifling, in comparison to those which commonly take place in the administration and expenditure of the revenue of a great empire” (WN, p. 731), he recommends that where private provision is impossible, local provision is to be preferred to central government involvement. Citizens can exercise more control over a local government than they can over a central government, and hence, Smith argues, local governance can be more effectively disciplined to adhere to actual need and efficient use of resources than can central governance.

Smith also discusses “joint stock companies,” and he introduces what we would today recognize as the principal–agent problem that besets them: “The directors of such companies, however, being the managers rather of other people’s money than of their own, it cannot well be expected, that they should watch over it with the same anxious vigilance with which the partners in a private company frequently watch over their own” (WN, p. 741). This constitutes one reason Smith prefers private provision of goods and services to public provision: when people are spending others’ money, they are less solicitous of spending it wisely and efficiently; only when people are spending their own money does it get expended on the basis of local knowledge and with the “anxious vigilance” people naturally have over their own scarce resources.11

VI. PUBLIC PROVISION OF EDUCATION

That brings us to the final species of public works Smith entertains, namely, education. It is important to see Smith’s discussion of education in light of his foregoing discussion of other putative public works (Ortmann 1999). In each case, Smith suggests that proper alignment of incentives is crucial for encouraging wise and efficient use of both powers and resources, and in each case he suggests that private provision, administration, and maintenance—and, failing that, local provision, administration, and maintenance—enhance proper alignment of incentives. According to Smith, central-government involvement is to be considered a last resort, for two principal reasons. First, a country’s lawgivers can have little if any of the local knowledge required to make wise decisions about how best to expend others’ scarce resources. Second, when spending other people’s money instead of one’s own, one faces little incentive to discipline one’s decisions to spend the money well. The former leads to “innumerable delusions” (WN, p. 687) and to dangerous “folly and presumption” (WN, p. 456); the latter leads to the “negligence and profusion” of wasteful expenditure (WN, p. 741).

When Smith comes to discussing education, then, we might expect him to apply the same principles—and indeed he does. He argues against “publick endowments” of “schools and colleges,” for example, on the grounds that they “have necessarily diminished more or less the necessity of application in the teachers” (WN,

11 For Smith, this explains why the South Sea Company was so badly managed: “It was naturally to be expected, therefore, that folly, negligence, and profusion should prevail in the whole management of their affairs” (WN, p. 745). It might also explain at least part of his opposition to monopolies and “exclusive privileges of corporations”; see WN (pp. 78–81).
If a teacher is paid out of endowments, instead of from “the honoraries or fees of his pupils,” he is not rewarded for working hard and not punished for idleness—so he inclines rather toward “negligence and idleness” (WN, p. 813). “It is in the interest of every man,” Smith writes,

to live as much at his ease as he can; and if his emoluments are to be precisely the same, whether he does, or does not perform some very laborious duty, it is certainly his interest, at least as interest is vulgarly understood, either to neglect it altogether, or, if he is subject to some authority which will not suffer him to do this, to perform it in as careless and slovenly a manner as that authority will permit. (WN, p. 760)

Smith is quite insistent on this point. “In every profession, the exertion of the greater part of those who exercise it, is always in proportion to the necessity they are under of making that exertion. This necessity is greatest with those to whom the emoluments of their profession are the only source from which they expect their fortune, or even their ordinary revenue and subsistence” (WN, p. 759). In other words, if we do not have to work hard, many of us will not.

If we wish to summon from others, or from ourselves, the best they or we are capable of, how can we do it? According to Smith, two things are required. First, we must introduce competition: “where the competition is free, the rivalship of competitors, who are all endeavouring to justle one another out of employment, obliges every man to endeavor to execute his work with a certain degree of exactness” (WN, p. 759). Second, as hinted in the previous quotation, we must also face risk of loss. Guaranteed salaries either from government revenues or from endowments do not elicit the same level of concentrated effort, because those receiving such salaries receive them whether they work hard or not. Only when we face competition and risk of loss are we incentivized to apply ourselves and to summon our best efforts.

This dynamic applies, according to Smith, to human beings in all walks of life. As he goes on to argue, that includes teachers and educational institutions. The combination of tenure, faculty governance, and an endowment at Oxford University, for example, results, for Smith, in this lamentable but predictable consequence: “In the University of Oxford, the greater part of the publick professors have, for these many years, given up altogether even the pretence of teaching” (WN, p. 761).

Smith proposes to remedy this situation by introducing competition and risk of loss. He suggests that allowing students “to chuse what college they liked best” and to take their money (including their tax payments) with them would introduce competition and generate the solicitousness and attention to service from teachers that risk of loss induces (Leathers and Raines 2007). As it is, however, because teachers are paid either by the government or out of endowments, the “discipline of colleges and universities is in general contrived, not for the benefit of the students, but for the interest, or more properly

12 Smith claims this applies to “schools and colleges,” but his discussion seems more targeted to colleges and universities than to primary or secondary educational institutions. I note also that “publick endowments” might be ambiguous between endowments created or funded from the public treasury and endowments created or funded by private giving. The more an endowment is the result of private giving, presumably the more Smith would predict its activities would align incentives properly. If salaries paid from endowments remain less dependent on individual performance, then Smith’s worries would still apply. I return to this issue in the final section.
speaking, for the ease of the masters” (WN, p. 764). Smith’s argument would predict that comparatively better instruction would result from competition and risk of loss, whereas comparatively poorer instruction would result from their absence. And Smith believes that is exactly what one finds: “Those parts of education, it is to be observed, for the teaching of which there are no publick institutions, are generally best taught” (WN, p. 764).13

VII. THE PROBLEM EDUCATION MIGHT SOLVE

At the beginning of WN, Smith portrays the division of labor in exclusively positive terms. Indeed, its placement in the first chapter of the entire work suggests that the division of labor is, for Smith, the fundamental key for explaining why some places are wealthy and others are not—that is, it explains the “wealth of nations.” In the final part of WN, however, Smith has a very different story to tell about workers and the effects of division of labor. “The man whose whole life is spent in performing a few simple operations, of which the effects too are, perhaps, always the same, or very nearly the same”—he may here have in mind his own earlier pin-making example, in which, as he explained, “One man draws out the wire, another straights it, a third cuts it, a fourth points it, a fifth grinds it at the top for receiving the head,” and so on (WN, p. 15)—“has no occasion to exert his understanding, or to exercise his invention in finding out expedients for removing difficulties which never occur” (WN, p. 782).

Smith characterizes this as a result of “the progress of the division of labour” (WN, p. 781), but it may be not just progress but its theoretical limit. The unfortunate results he identifies—that the worker “becomes as stupid and ignorant as it is possible for a human creature to become,” etc. (WN, p. 782)—ensue, Smith tells us, for the “man whose whole life is spent in performing a few simple operations” (WN, p. 782; italics supplied). One might object that Smith exaggerates, since presumably most workers have at least something of a life outside work and would thus also do things other than the few simple operations required by a day job. Nevertheless, Smith describes this wretched state at length, so, even if he is exaggerating to make a point, Smith seems intent on claiming that division of labor risks serious negative consequences for workers.

In light of the potential damage to workers’ psychological states, and even to their characters and virtue, that Smith claims division of labor can precipitate, Smith’s suggested remedy seems underwhelming. Because Smith argues that these negative consequences will ensue “unless government takes some pains to prevent it” (WN, p. 782), one’s expectation would be that he would go on to describe something like the

13 In a letter to William Cullen dated 20 September 1774 (thus before publication of WN), Smith presages his argument in WN by claiming that professors’ university salaries “render them altogether independent of their diligence and success in their professions” (Correspondence, p. 175), and that professors’ “real motive” is “that the student may spend more money among them, and that they may make more profit by him” (Correspondence, p. 176). He goes so far as to write: “Such degrees, assisted by some other regulations of a similar tendency, have banished almost all useful and solid education from the greater part of Universities. Bad work and high price have been the effects of the monopoly introduced by the former. Quackery, imposture, and exorbitant fees, have been the consequences of that established by the latter” (Correspondence, p. 177). I thank an anonymous reviewer for helpful discussion of this point.
“publicly funded, compulsory education system” Lisa Hill describes (2016, p. 329). Moreover, one would expect that this education would be designed to target precisely the effects Smith himself identifies as resulting from extreme division of labor. Thus, one would expect that he would advocate education that would enlarge and expand workers’ understanding, would cultivate their judgment, would wake them from their “drowsy stupidity,” and would summon, train, and augment their “knowledge, ingenuity, and invention” (WN, p. 783).

What kind of education does Smith entertain? He suggests that “the most essential parts of education” are “to read, write, and account,”14 and he offers that the “publick can facilitate this acquisition [of these three abilities] by establishing in every parish or district a little school” (WN, p. 785). In the previous several pages Smith discussed other subjects that were commonly taught in the universities and secondary schools of his day, and he extols some of them—such as astronomy and botany, on the grounds that they “necessarily excite the wonder” and “naturally call forth the curiosity of mankind” (WN, p. 767)—but those subjects of inquiry and instruction do not find their way into what he entertain as prospective requirements for compulsory education.

But what he considers is, in fact, even less than that. He suggests that the real cost of educating a person to read, write, and account is so small “that even a common labourer may afford it” (WN, p. 785), implying that it could be paid for by the students themselves (or their parents), even among the poor, not by the public. In any case, he insists that teachers should be “partly, but not wholly paid by the publick” because if the teacher “was wholly, or even principally paid by it, he would soon learn to neglect his business” (WN, p. 785). Smith’s reasoning here is what we have encountered repeatedly: he wants to ensure that incentives are aligned properly. Teachers, like everyone else, will naturally want to conserve their resources and will thus give most of their attention to the principal source of their income.15 If that source is public funds, then they will pay attention to the people who make such funding decisions—in other words, to those holding political offices—instead of to students. If the source is a permanent endowment, then their concern will turn to themselves, to their own “ease,” as Smith believes he observed at Oxford (WN, pp. 760–761). The only way to get teachers to pay attention primarily to students, Smith thinks, is to have the students pay them—and to have the proportion of their pay coming from students exceed what they receive from other sources.

The remedy that Smith entertains to counteract the deleterious consequences he describes as resulting from division of labor is thus to have partially subsidized primary schooling. Not college or university education, and not even secondary education: only what is required to teach students to read, write, and account, which is likely only primary schooling. And, not fully paid by the public, and not even mostly paid by the public: its expense must be paid “principally” by the student. Is this minimal account of public schooling what Smith then, finally, advocates?

Not quite. He writes: “For a very small expence, the publick can facilitate, can encourage, and can even impose upon almost the whole body of the people, the necessity

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14 Smith in one place indicates that by “account” he means “arithmetick” (WN, p. 777); in another, he suggests “the elementary parts of geometry and mechanics” (WN, p. 785).
15 Smith writes: “Every individual is continually exerting himself to find out the most advantageous employment for whatever capital he can command” (WN, p. 454); “It is in the interest of every man to live as much at his ease as he can” (WN, p. 760); etc.
of acquiring those most essential parts of education,” namely to read, write, and account (WN, p. 785; italics supplied). It would be only “a very small expence,” he insists, because it is only less than half what is required to teach children to read, write, and account—that is, less than half the requisite primary schooling. The italicized portion of the above quotation leads some commentators to conclude that Smith in fact endorses public provision of this compulsory education.

Smith argues that the benefits from education accrue not only to the individual but to the society: “The state, however, derives no inconsiderable advantage from their instruction. The more they are instructed, the less liable they are to the delusions of enthusiasm and superstition” (WN, p. 788); “[a]n instructed and intelligent people besides are always more decent and orderly than an ignorant and stupid one” and are, moreover, “more respectable” (WN, p. 788). When Smith concludes his discussion of education and summarizes his position on whether the public should provide or subsidize it, he reiterates this benefit to society: “The expence of the institutions for education and religious instruction, is likewise, no doubt, beneficial to the whole society, and may, therefore, without injustice, be defrayed by the general contribution of the whole society” (WN, p. 815). This claim would prevent public provision of education from violating Smith’s “negative” conception of justice, which protects against harm or injury and requires extraction of resources only to compensate or indemnify victims of harm or injury. Because, as he here claims, everyone in society would benefit from widespread education, there is no zero-sum extraction involved in public provision of education: it is not students benefiting at the public’s expense, but, rather, a positive-sum transaction in which everyone benefits.16

And yet, Smith here also makes the following claim, which he offers as a principle framing the conclusions he draws from his entire discussion of public provision of “publick works”: “It is unjust that the whole society should contribute towards an expence of which the benefit is confined to a part of the society” (WN, p. 815). Such government redistribution of wealth would run afoul of Smithian justice by benefiting some at the expense of others. How does Smith apply this principle to education? Immediately following the sentence claiming that the expense of education “may, therefore, without injustice, be defrayed by the general contribution of the whole society,” Smith writes: “This expence, however, might perhaps with equal propriety, and even with some advantage, be defrayed altogether by those who receive the immediate benefit of such education and instruction, or by the voluntary contribution of those who think they have occasion for either the one or the other” (WN, p. 815). Three points in this sentence should be emphasized.

First, Smith claims that private provision of education enjoys “equal propriety” with public provision, but he then asserts that private provision might be recommended “even with some advantage.” Smith’s discussion of “the Expences of the Sovereign or Commonwealth” anticipates the reason for the latter claim. Public provision of education risks misaligning incentives, as Smith had suggested in his discussions of the administration of justice and of infrastructure. Requiring the expenses of education to instead be defrayed by those who benefit “immediately” from them—that is, the students

16 Smith suggests that benefit from education would accrue not only to the students themselves but also to society, by increasing prosperity and enhancing “the safety of government” (WN, p. 788).
themselves—disciplines educators to tailor their offerings to student needs and to look for innovations that enhance the effectiveness of their instruction, and it disciplines students to seek out the best educational return on the investment of their scarce resources.

Second, Smith refers to those “who receive the immediate benefit of such education and instruction” (italics supplied). The immediate beneficiaries of education and instruction are students. Smith has argued that they are not the only beneficiaries—society also benefits—but they are its immediate, and perhaps even its primary, beneficiaries. Smith’s use of the qualifier “immediate” seems intended to distinguish between the students and “the whole society” mentioned in his previous sentence. That distinction between the immediate beneficiaries and the secondary beneficiary might explain why Smith believes students should pay more than half the expense of education themselves: this would be appropriate if they receive more than half the benefits.

And third, the “advantage” Smith claims is involved with private provision of education is, for him, sufficiently strong to suggest its being “defrayed altogether by those who receive the immediate benefit of such education and instruction” (WN, p. 815; italics supplied). Earlier Smith had argued that any public subsidy of education should not only be local but also that it should be less than half the total expense. Here he suggests that it might, in fact, be entirely private. This represents an even more non-interventionist position than what he had earlier entertained—which itself was already strongly non-interventionist. Smith’s position would thus appear to be that, whereas earlier he had argued that partially subsidized primary education could be justified, in fact, as he here suggests, that was an upper bound.

When Smith finally arrives at discussing the “expense of the institutions for the education of youth,” he begins: “The institutions for the education of the youth may, in the same manner, furnish a revenue sufficient for defraying their own expense. The fee or honorary which the scholar pays to the master naturally constitutes a revenue of this kind” (WN, pp. 758–759). When Smith writes “in the same manner,” he is explicitly linking this discussion of the costs of education to his previous discussions of the administration of justice and infrastructure, which, as we have seen, he argued were often better accommodated by user fees, private property rights, and localized control on a model of governmental subsidiarity. All these measures helped to align the incentives correctly, Smith claimed, to encourage people to build, fund, and provide only what was truly necessary, and to use only what they truly needed; in both cases, wasteful expenditures of scarce resources would be minimized.

Thus, in Smith’s opening of his discussion of the expenses related to education, his first proposition is that the costs of education should be paid by students themselves (Drylie 2020b). The “fee” that the “scholar” (or student) should pay to the “master” (or teacher) “naturally constitutes a revenue” for this purpose. If we then turn to the conclusion of Smith’s discussion, we find Smith summarizing the position for which he has just argued at length as holding that the “expense of the institutions for education … might perhaps with equal propriety, and even with some advantage, be defrayed altogether by those who receive the immediate benefit of such education and instruction” (WN, p. 815). In his closing summary, Smith argues that because education is “no doubt, beneficial to the whole society,” it “may, therefore, without injustice, be defrayed by the general contribution of the whole society” (WN, p. 815). Smith’s mention of justice here is technical, given his specific criterion of injustice from just two paragraphs earlier: “It is
unjust that the whole society should contribute towards an expense of which the benefit is confined to a part of the society’’ (WN, p. 815). Thus, benefiting oneself, or one group, at the expense of another is an infraction of Smithian ‘‘justice,’’ which comports with the definition of justice he had given in TMS. That education might benefit not one group at the expense of another but rather benefit ‘‘the whole society’’ is what protects funding it out of general taxation from a charge of injustice.

And yet we see that, despite Smith’s allowance of this possibility, he immediately retreats by suggesting that private provision of education might be recommended ‘‘with equal propriety,’’ and indeed ‘‘even with some advantage.’’ The most natural interpretation of these passages would seem, then, that while Smith allows the possibility of public funding of education (because it would not offend justice and could provide general benefit), nevertheless he believes there is reason to prefer the alternative route of private provision.

VIII. CONCLUSION: A DUTY TO DONATE?

Smith presents significant worries about the effects on workers of division of labor and considers public provision of education to address those worries, and he suggests that the ‘‘publick can facilitate this acquisition [of the abilities ‘‘to read, write, and account’’] by establishing in every parish or district a little school’’ (WN, p. 785). He also suggests that such ‘‘little schools’’ would benefit in particular the ‘‘inferior ranks of people,’’ who otherwise have little opportunity to ‘‘exert [their] understanding, or to exercise [their] invention’’ (WN, p. 782). Yet Smith also raises several reasons to be wary of public provision of education, he repeatedly extols private provision, and both in the opening and at the closing of his treatment he expresses an all-things-considered preference for private over public provision. Thus, his argument seems to indicate an inclination against public provision and a preference for private provision.

Smith’s apparent advocacy of private provision of education might seem inadequate, however, to address the deleterious consequences for workers, and especially for the working poor, that he himself identifies. Let me conclude with a suggestion regarding a way Smith might address this worry, by building on a brief but tantalizing remark he makes in the summation of his discussion of the expenses of education.

Smith argues that educational expenses may ‘‘even with some advantage’’ be paid altogether by the students themselves, but he adds, for the only time in his discussion of educational expenses, that these costs might also be defrayed ‘‘by the voluntary contribution of those who think they have occasion for the one or the other [i.e., for either education or instruction]’’ (WN, p. 815). Though Smith does not elaborate on what exactly he has in mind by ‘‘voluntary contribution,’’ he might be envisioning charitable donation. Such donation might come from the students themselves or from their parents. Perhaps after their lessons, students (or parents) could decide to ‘‘voluntarily contribute’’ to the teacher whatever they think the instruction was worth. One supposes some ‘‘higgling and bargaining of the market,’’ which Smith suggested was ‘‘sufficient for carrying on the business of common life’’ (WN, p. 49), might occur. Teachers who did not receive what they considered sufficient donation for their efforts could decide either to improve their efforts or to apply themselves to a different trade, and students (or parents)
who did not believe a teacher’s perhaps “suggested donation” was worth the education or instruction they received could seek it elsewhere.

But could the “voluntary contribution” to offset costs of education also come from others? Could it come, perhaps, from private donors or charities? The overarching purpose of *WN* is to explain not only wherein wealth consists but what its causes are, and an assumption it makes is that prosperity is a good thing. Its implied moral imperative is thus that if we can discover how to increase prosperity and alleviate the miseries of poverty, we should do so. Smith believes he has done so, and his recommendations of division of labor, trade, the “obvious and simple system of natural liberty,” the three duties of government, and so on are based on what he believes he has discovered would enable the generation of prosperity.

Yet consider a passage in Part VII of *TMS*, where Smith is discussing the degree to which other moral theories agree with his own. In his examination “Of those Systems which make Virtue consist in Propriety” (*TMS*, pp. 267–294), Smith considers different senses of justice employed by ancient writers. He discusses “commutative justice,” which he identifies as that which he himself employed as his “negative” conception of justice (*TMS*, p. 269). But he also identifies another conception, which he calls “distributive justice” and defines as doing for another what an impartial spectator “would be pleased” to see us do (*TMS*, p. 269). This conception of justice is closer to what Smith had categorized rather as “beneficence” than as “justice” (*TMS*, pp. 78–82), and Smith here calls it “proper beneficence,” which consists “in the becoming use of what is our own, and in the applying it to those purposes either of charity or generosity, to which it is most suitable, in our situation, that it should be applied” (*TMS*, p. 270).

Consider how this claim might apply to education. Smith’s primary justification for the division of labor and the increase in wealth to which it leads is that it enables ever more people “to enjoy the necessaries, conveniencies, and amusements of human life” (*WN*, p. 47). Yet as our wealth grows, what, exactly, should we do with it? Smith argues that we should engage in beneficence, indeed “proper beneficence,” which entails “the becoming use of what is our own, and in the applying it to those purposes of *charity or generosity*, to which it is most suitable, in our situation, that it should be applied” (italics supplied). Given that Smith has argued that education is “beneficial to the whole society” (*WN*, p. 815) and indeed that even “the safety of government depends” on the development of good judgment among its citizens (*WN*, p. 788), perhaps, then, one proper purpose of our “charity or generosity,” one “becoming use of what is our own,” is to contribute to our fellow citizens’ education.

Smith argues that as businesspeople increase prosperity for themselves and for those with whom they exchange, transact, and partner, they should invest and spend their newly created wealth in directions that an impartial spectator would approve—directions, that is, that contribute to the decency, orderliness, respectability, and good judgment of their fellow citizens (*WN*, p. 788). I suggest that, for Smith, one outstanding place to invest one’s wealth might be education.

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17 Oxford’s endowment came primarily from private charity and giving, and yet Oxford still suffered (according to Smith) from bad or indifferent teaching. The main problem Smith identified in that passage was with endowments, whatever their source. This would imply that the kind of charitable giving for education that Smith might endorse would not be to endowments, but instead to students, to offset operating expenses on a term basis, etc.
The businessperson, on this view, should seek not only to create value for customers and employees but also to elevate the intelligence, the character, and the good judgment of his or her fellow citizens. Because such businesspeople would be allocating their own wealth, they would be disciplined to do so wisely and efficiently by exploiting their local knowledge and responding to natural incentives not to be wasteful or unproductive. Incentives, in this way, would be properly aligned. Smith’s argument indicates a preference that education be provided privately rather than publicly, but perhaps it could nevertheless address concerns that the poor would thereby be unable to procure the education they need by calling on those with means—including successful businesspeople—to voluntarily meet any shortfall.

Perhaps in this way Smith’s discussion of education and the remedies to the deleterious consequences of division of labor he considers might not be as inadequate as it seemed. When Smith in another context writes that “[h]onour makes a great part of the reward of all honourable professions” (WN, p. 117), perhaps that allows for a correlated moral obligation on the part of “honourable” businesspeople to dedicate their increasing wealth to “becoming” purposes that would be worthy of that honor—including combatting workers’ “mental mutilation” and elevating the education of their fellow citizens. 18 If so, then perhaps Smith offers a vision of business that could be beneficial not only materially but educationally as well.

COMPETING INTERESTS

The author declares no competing interests exist.

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18 Perhaps Smith’s argument here can be linked to Aristotle’s claims about the virtue of liberality. Aristotle writes that whereas the “prodigal” person wastes his wealth and uses it badly, the “liberal” person both uses and gives his wealth in accordance with virtue (Nicomachean Ethics, bk. 4, ch. 1). I thank an anonymous reviewer for helpful discussion of this point.


