



*The World's Largest Open Access Agricultural & Applied Economics Digital Library*

**This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.**

**Help ensure our sustainability.**

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

[aesearch@umn.edu](mailto:aesearch@umn.edu)

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

*No endorsement of AgEcon Search or its fundraising activities by the author(s) of the following work or their employer(s) is intended or implied.*



# **For a Sustainable Agriculture, We Need More Adam Smith, Not Less**

**Harvey S. James, Jr.**

*Department of Agricultural Economics Working Paper No. AEWP 2005-03*

June 2005

The Department of Agricultural Economics is a part of the Division of Applied Social Sciences of the  
College of Agriculture, Food and Natural Resources at the University of Missouri-Columbia  
200 Mumford Hall, Columbia, MO 65211 USA  
Phone: 573-882-3545 • Fax: 573-882-3958 • <http://www.dass.missouri.edu/agecon>

## **For a Sustainable Agriculture, We Need More Adam Smith, Not Less**

**Harvey S. James, Jr.\***

Division of Applied Social Sciences  
University of Missouri  
146 Mumford Hall  
Columbia, MO 65211  
573-884-9682  
hjames@missouri.edu

Draft date: June 13, 2005

Department of Agricultural Economics Working Paper no. 2005-3

Abstract: There are two competing approaches sustainability in agriculture. One stresses a strict economic approach in which market forces should be allowed to guide the activities of agricultural producers. The other advocates the need to balance economic with environmental and social objectives, even to the point of reducing profitability. This paper shows how the writings of the 18<sup>th</sup> century moral philosopher Adam Smith could bridge the debate. First, he is recognized by those advocating the economic approach as an architect of modern economics. Second, his writings are consistent with many aspects of sustainable agriculture. Smith argues that people ought to exercise restraint in their pursuit of self-interest. He also recognizes the need to balance economic with environmental and social considerations. One implication is that advocates of sustainable agriculture might be more effective by actively promoting the work of Adam Smith.

---

\* An earlier version of this paper was presented at the 2005 meetings of the Agriculture, Food, and Human Values Society, June 2005, Portland, OR. This project was supported in part by the Missouri Agricultural Experiment Station.

## **For a Sustainable Agriculture, We Need More Adam Smith, Not Less**

According to the World Commission on Environment and Development (1987), sustainability refers to meeting "the needs of the present without compromising the ability of future generations to meet their own needs." At face value, sustainable agriculture ought to be consistent with mainstream economics. Agriculture that strains the environment risks increasing production costs, which limits the viability of agriculture over time.

However, there seems to be persistent conflict in the literature – and in public discourse – between advocates of sustainable agriculture and proponents of the idea that we should let economics forces (i.e., the market) run their course and thus determine how agriculture operates. On the one hand, advocates of sustainable agriculture argue that a market-oriented agriculture creates incentives for producers to increase the scale and intensity of their farming operations so that the long-term viability and environmental stability of the land is jeopardized. On the other hand, proponents of an economic-based, free market approach to agriculture argue that market forces should be enhanced rather than restricted because the pursuit of profit will ensure that agricultural producers have the incentive to practice sustainable techniques. Can differences between sustainable agriculture and economic-based perspectives can be mitigated if not eliminated. Is there a common ground? If so, how do we get there?

The writings of the 18<sup>th</sup> century moral philosopher Adam Smith might provide a means of bridging both sides of the debate. This is because Adam Smith is widely recognized as the architect of modern, market-oriented economics, but his writings can also be shown to be consistent with many aspects of sustainable agriculture. This paper highlights important elements of Adam Smith's writings to show how his system is aligned with principles of sustainable

agriculture. One implication is that advocates of sustainable agriculture might be more effective in advancing their cause by actively promoting the work of Adam Smith.

This examination of Smith's writings in relation to sustainable agriculture begins with two critical assumptions. First, we know what sustainable agriculture is, and second, sustainable agriculture is a good thing. The first assumption is not indisputable. As shown below, there is controversy regarding what sustainable agriculture is suppose to mean. The second assumption is also not without controversy. For example, Beckerman (2002) is critical of the premise that there is even a sustainability problem. Though controversial, these assumptions are taken as given in order to focus on a more important objective of determining how the writings of Adam Smith inform on the debate between a strict application of economics and the pursuit of profit in agricultural production versus the principles of sustainable agriculture.

### **What is Sustainable Agriculture?**

According to Ikerd (1990, p. 18), agricultural sustainability "refers to farming systems that are capable of maintaining their productivity and usefulness indefinitely." However, there is considerable debate within the literature regarding what this means in practice. McIsaac (1994) and Gold (1999) present useful summaries of different perspectives and definitions. At the risk of oversimplification, there seems to be two distinct perspectives within the sustainable agriculture movement. Some people define sustainable agriculture in terms of specific farming practices. These include, *inter alia*, soil and water conservation; crop rotation; diversified crop and livestock farming; integrated pest management practices; limited use of synthetic herbicides, pesticides, and fertilizers; low input agriculture; and organic farming. For this group, it is what farmers do that determines whether they operate consistent with sustainable agricultural

principles. Others reject the notion that sustainable agriculture refers to a defined set of practices, arguing instead that sustainable agriculture "is a philosophy based on human goals and on understanding the long-term impact of our activities on the environment and on other species" (Francis and Youngberg, 1990, p. 8). The reason, Thompson (1998, p. 189) says, is that "philosophy ... will play a crucial role in conceptualizing sustainability." For this group of scholars, it is the motivation driving what farmers do and the context within which agricultural production occurs that characterize sustainable agriculture, not merely what farmers actually do.

If one wants to contrast an economic approach with a sustainable agriculture one, then both the practices and philosophy perspectives on sustainable agriculture are problematic. The philosophical approach is not helpful because proponents of both market economics and the philosophical perspective of sustainable agriculture have valid claims that their approach supports the long-term welfare of society and the environment. This means that arguments are reduced to a battle of facts – that is, which side can produce the most compelling evidence in its favor? The identification of specific farming practices is also not helpful, because "good" farming practices, such as soil conservation, low input agriculture, and organic farming, which are supported by advocates of practices perspective on sustainable agriculture, could also be justified on purely economic grounds. Moreover, the existence of "bad" farming practices is not necessarily a strike against a strict economic approach to agriculture. For example, McIsaac (1994, p. 10) states that there is "agreement on what is not sustainable: continued dependence on nonrenewable resources, excessive soil erosion, depletion of ozone layer, reduction of biological diversity, economic inefficiency, increasing human population, decline of rural communities, and unjust social and economic developments." Many who support a strict economic, market-based approach to farming will agree that these practices are inconsistent with the long-term economic

interests of farmers, other agricultural producers and society generally. To alleviate these problems, advocates of a market-oriented agriculture would argue that economic incentives ought to be strengthened, not weakened, in order to encourage more "sustainable" farming practices.

The question is how to define sustainable agriculture so as to be able to distinguish between a strict economic, market-oriented approach and one that seems to reflect the ideas endorsed by members of the sustainable agriculture movement – even if members of the sustainable agriculture movement cannot of themselves come to agreement as to what sustainable agriculture ought to mean. A solution to this problem is based on a recognition that, despite the controversy over definitions and perspectives, there seems to agreement that a sustainable agriculture must be consistent with at least some combination of economic, environmental and societal objectives. For example, Douglass (1984) suggests that the sustainable agriculture literature encompasses three main themes: food sufficiency (which encompasses the economic concerns of productivity and efficiency), environmental stewardship, and community well-being. Thompson (1998) relabels these as resource sustainability, ecological sustainability, and social sustainability. Francis and Youngberg (1990) argue that agricultural systems should maintain agricultural productivity and promote economic viability, reduce environmental degradation, and sustain rural communities and enhance the quality of life. Ikerd (1990) argues that for a sustainable agriculture, farming systems should be commercially competitive, resource conserving and environmentally sound, and socially supportive. Allen et al (1991) state that sustainable agriculture should balance economic viability, environmental soundness, and social justice. Jones (1993) states that sustainable agriculture must accommodate

the economic and productive aspects of agricultural activities with their effects on the environment and society.

The economic objective reflects the idea that farmers must be able to secure a living as well as provide sufficient food for a growing world population. Therefore, economic considerations of profitability, efficiency, and productivity are important for agricultural sustainability. However, environmental stewardship and community or social well-being are also important for advocates of sustainable agriculture. Thompson (1998) states that some scholars present these objectives as competing paradigms. Although there are likely incompatibilities, to a large degree economic, environmental and social concerns encompass the principal elements of what advocates of sustainable agriculture in fact advocate. In short, a sustainable agriculture ought to be one in which agricultural lands remain productive and land and community systems remain livable for generations. Therefore, an economic, market-oriented agriculture is equated with a philosophy and a set of practices that are driven by economic considerations only, such as profitability, efficiency and productivity. In contrast, sustainable agriculture is equated with farming systems in which environmental stewardship and social-community support are given moral standing with economic principles so that economics must be balanced with environmental and social considerations. What this means in practice is that, in some instances, economic considerations might be judged less important than environmental and community considerations. For instance, a willingness to forgo profitability in order to maintain specific environmental standards would point to a sustainable agriculture perspective rather than a strictly economic one. This is important in our analysis of Adam Smith, because it is a willingness to give moral weight to things other than narrow economic interests that will help define the extent to which Adam Smith can inform on the sustainable agriculture debate.



## **The Economic versus Sustainable Agriculture Debate**

There are two dominant schools of thought on how to achieve sustainability in agriculture. One stresses a strict economic approach while the other recognizes the need to balance environmental and social objectives with economic ones.

On one side of the debate are scholars who argue that because economics is foremost about incentives, economic incentives can be used to ensure that agriculture is both productive and sustainable. Productivity means that the ratio of output to input increases, which in turn means that productivity is correlated with profit. If the assumption that people desire profit is valid, then people will have an incentive to be productive by minimizing their costs of production and by seeking out the most efficient means of production, be they technological or organizational. Furthermore, future profitability is ensured only when economic assets either remain productive or are replaced with alternatives; this requires an eye toward long-term sustainability. From an economic perspective, owners of economic assets are seen as having an incentive to preserve the productive capabilities of assets, suggesting an interest in sustainability as well. Private, well-defined and protected property rights are an important part of the economic argument, because only when economic agents believe they can use economic assets in the future will they have an incentive to conserve today. Simply, open source resources are prone to over-use and short-run exploitation because there is no expectation of future access, but holders of privately-held property assets know they can withhold today because they can possess in the future.

More important to the economic argument, however, are self-interest and the pursuit of profit. The key to the effective functionality of this system, according to proponents of this view,

is the ability of individuals to pursue profit by identifying opportunities to trade with one another and by exploiting productivity improving technologies and organizational structures unhindered by externally-imposed constraints. In short, the economic approach to agriculture is reflected in the maxim of market-guided profit-seeking. To justify this approach, advocates of a market-oriented agriculture point to the writings of Adam Smith. Indeed, Smith's statements regarding self-interest, productivity and the invisible hand are generally accepted as the *sine qua non* of the economic approach. Smith states that

by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it. By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it. (WN, IV.2.9, p. 456).<sup>1</sup>

The idea seems to be that if people are free to pursue their own self-interests – or, specifically, if they are free to pursue profit – then they will promote the long-term interests of society more than if they consciously intended to promote the public good. The implication for sustainable agriculture is clear: agricultural production will be sustainable when producers and others within the agrifood chain seek profits rather than when they consciously attempt to promote sustainability practices, because it will be in their interests to do so. This will have the effect of increasing the wealth of nations by lowering the prices of agricultural products over time and by freeing resources that can be used to produce other goods and services for consumption (see Johnson, 1997). Furthermore, proponents of a strict economic approach to

---

<sup>1</sup> When there are quotations given from Smith's *The Wealth of Nations* (WN) or *The Theory of Moral Sentiments* (TMS), they will be cited as follows: From the WN the citation format is book number, chapter number and paragraph number from which quotation is taken; from the TMS the citation format is part number, section number, chapter number and paragraph number. Page numbers refer to the Liberty Classics edition, as listed in the reference section.

sustainability would argue that Smith does not believe people should *consciously* plan to better others. Any effort by companies to promote "socially responsible" activities, such as participating in environmental causes or community enhancement programs, at the expense of profit-seeking is seen by proponents of the economic approach as being counter-productive and even morally suspect (see, for instance, Friedman, 1970). This approach is summarized well by Murray (2005, p. A2):

What harm is there in companies taking more responsibility for social and environmental problems? Plenty, if you adhere to the theories of Adam Smith, [who] argued more than 200 years ago that the general welfare was better served by people pursuing their enlightened self-interest than by misguided attempts to serve society. The 20th century proved his point: Profit-seeking corporations, constrained and buttressed by moderate government regulation and spending, did far more to increase the welfare of the world than a proliferation of "socially responsible" governments. And the 21st century is proving it yet again: China's embrace of Adam Smith has yielded the greatest alleviation of poverty in history.

On the other side of the debate are scholars who argue that "self-interest, narrowly conceived in the sense of profit seeking, is not sufficient" to ensure that agriculture is sustainable (Thompson, 1997, p. 83). For example, Berry (1986) contrasts the *exploiter* with the *nurturer*, and Haynes (1991), borrowing labels identified by others, distinguishes between *industrializers* and *agrarianizers*. With perhaps minor differences, descriptions of *exploiters*, *industrializers* and similar labels are consistent with the stylization of mainstream, market-oriented economics that links narrow self-interest and the pursuit of profit with efficiency, productivity, specialization and cost-minimization. In contrast, descriptions of *nurturers*, *agrarianizers*, and the like are consistent with the principles and values of sustainable agriculture, such as the notion of environmental stewardship. For example, consider Berry's characterization of *exploiter* and *nurturer*:

The exploiter is a specialist, an expert; the nurturer is not. The standard of the exploiter is efficiency; the standard of the nurturer is care. The exploiter's goal is money, profit; the nurturer's goal is health – his land's health, his own his family's, his community's, his country's. Whereas the exploiter asks of a piece of land only how much and how quickly it can be made to produce, the nurturer asks a question that is much more complex and difficult: What is its carrying capacity? (that is: How much can be taken from it without diminishing it? What can it produce *dependably* for an indefinite time?) The exploiter wishes to earn as much as possible by as little work as possible; the nurturer expect, certainly, to have a decent living from his work, but his characteristic wish is to work *as well* as possible. The competence of the exploiter is in organization; that of the nurturer is in order – a human order, that is, that accommodates itself both to other order and to mystery. The exploiter typically serves an institution or organization; the nurturer serves land, household, community, place. The exploiter think in terms of numbers, quantities, "hard facts"; the nurturer in terms of character, condition, quality, kind. (Berry, 1986, pp. 7-8)

The idea seems to be that individuals who are exploiters are driven by a narrow self-interest to maximize profits at any cost, which will often lead them to engage in activities that are harmful to the environment, while farmers who are nurturers are more restrained and, accordingly, are more willing to forgo immediate or maximized profits in order to engage in sustainably productive agricultural activities. In addition to advocating the view that the narrow pursuit of profits is unsustainable, critics of the economic approach argue that other fundamental tenets of market-oriented economics, such as private property, are also inherently inconsistent with sustainability. For instance, Bromley (2005) asserts that private property is neither a necessary nor a sufficient condition for sustainability. It is not necessary because it is clear-defined property rights, not individual rights, that are paramount, and it is not sufficient because there are conditions in which even private property owners would prefer to deplete resources rather than conserve them for future use.

In place of a strictly market-oriented agriculture is the view that agricultural production should reflect a philosophy and set of practices governed by the notion of sustainability. Although there is much controversy regarding what a precise definition of sustainable agriculture

is, the principle behind it is that economic considerations of profit, efficiency, and the like ought to be balanced with non-economic considerations, particularly environmental stewardship and social or community concerns. In other words, agricultural producers ought to exercise self-restraint in their pursuit of profit in order to advance certain environmental, community or societal objectives.

The problem with the market-oriented economics versus sustainable agriculture debate is one of accounting for why non-sustainable practices occur within agriculture. On the one hand, proponents of a strict economic approach argue that there is nothing fundamentally wrong *per se* with markets and the pursuit of profit. If there are problems, then they are the result of undesirable distortions within or interventions into the economic system, such as ill-defined property rights, externalities, and government subsidies. A sustainable agriculture could exist and persist if these distortions were eliminated. On the other hand, advocates of sustainable agriculture argue that it is the market-oriented economic system itself, even one free of distortions, combined with the objective of maximizing profits, which creates non-sustainable problems within the agrifood economic system. In their view, a move away from a strict economic approach is a necessary for sustainability in agriculture. At face value, these two approaches seem to be irreconcilable; a strict economic approach – by definition – cannot be reconciled with the sustainable agriculture approach that balances economic with environmental and societal considerations.

The insight offered here is that a concern with, complaint against, or even hostility toward, the strict economic approach need not implicate Adam Smith, even though Smith laid the ideological groundwork for our market-oriented economic system. To be sure, Smith indeed promoted the pursuit of self-interest, the invisible hand, specialization and the division of labor,

and competition. However, Smith did not condone the fanatical pursuit of profit at any cost, unrestrained laissez faire capitalism, the superiority of manufacturing industries and commerce over agricultural interests, and minimalist government intervention, which underscore the criticisms advocates of sustainable agriculture launch against a strict economic approach to sustainability. With an incorrect understanding of Smith's economic system, some advocates of sustainable agriculture who are critical of the strict economic approach to sustainability might also be tempted to be critical of the work of Adam Smith. However, this would be a mistake. As shown below, there is much about Smith's economic system that is more in common with principles of sustainable agriculture than is currently recognized within the sustainable agriculture movement. Simply stated, for a sustainable agriculture, we could use more Adam Smith, not less.

### **The Economics of Adam Smith and Sustainable Agriculture**

Adam Smith published the *Wealth of Nations* in 1776 in response to policies of governments that, in his view, were detrimental to the welfare of nations. Of particular concern for Smith were the mercantilist policies of European governments, which were based on a philosophy that the wealth of nations is directly related to the total amount of money (bullion) possessed by the government. Under mercantilism, governments favored the development of manufacturing and mining industries that could produce goods for exports, the taxation of imports, and the establishment of colonies and a merchant marine, all in an effort to increase the balance of trade for the country.

Although the economic system Smith proposed had an important motivating influence on the evolution of commerce and manufacturing in Europe and the United States, Smith also

believed that his ideas applied agriculture. According to Smith, the mercantilist policies of European governments placed too much emphasis on manufacturing and commerce over agriculture. In his "Introduction and Plan of the Work" Smith asserts that the "policy of some nations has given extraordinary encouragement to the industry of the country; that of others to the industry of towns. ... Since the downfall of the Roman empire, the policy of Europe has been more favourable to arts, manufactures, and commerce, the industry of towns; than to agriculture, the industry of the country" (WN, Introduction.7, p. 11). However, Smith also believed some countries placed too heavy of an emphasis on agriculture over manufacturing and commerce, which he called a "capital error" (WN, IV.9.29, p. 674).

That some nations promote or restrict one sector of the economy over another was a concern for Smith, because he recognized that a conflict could exist between the industry of towns (manufacturing and commerce) and the industry of the country (agriculture). Interestingly, the conflict between manufacturing and agriculture identified by Smith parallels the concerns of many scholars today that the industrialization of agriculture – characterized in part by the application of mass manufacturing processes to agricultural production – is occurring at the expense of rural society and that corporate farming and the industrialized sector is being favored over more traditional small and medium-sized family farms.

Because the interests of agricultural producers might conflict with the interests of manufacturers and merchants, Smith argued that an effective economic system must create and maintain a balance between the industries of towns (manufacturers, processors, retailers) and the industry of the country (farmers, other agricultural producers). Without this balance, the real wealth of nations would be diminished (see, for instance, WN, IV.9.50, p. 687). From the perspective of sustainable agriculture, this would suggest a need to balance economic with, say,

environmental and social concerns. Although this is a start, the fact is Smith has more to offer to the sustainable agriculture debate than just the notion of balance. Smith's writings reveal his support for many aspects of the sustainable agriculture approach.

### ***Basic Principles of Adam Smith's Economic System***

Adam Smith's economic system is based on several fundamental principles. These include, in part, self-interest, specialization and the division of labor, and trade.

First, it almost goes without saying that self-interest plays a key role in Adam Smith's economic system. The reason is straightforward: Smith believed that humans had an inherent "desire of bettering [his] condition" (WN, II.3.28, p. 341). That is, Smith believed that every person is "by nature, first and principally recommended to his own care; and as he is fitter to take care of himself than of any other person, it is fit and right that it should be so" (TMS, II.2.2.1, p. 82). The insight offered by Smith is that people will be productive and contribute to the good of society only when they believe it is in their interest to do so. It is self-interest, not benevolence, that is the stronger motivate, and hence it is self-interest that ultimately drives economic activity. Smith's famous, oft-quoted statement regarding the butcher, brewer and baker illustrates this idea fully:

But man has almost constant occasion for the help of his brethren, and it is in vain for him to expect it from their benevolence only. He will be more likely to prevail if he can interest their self-love in his favour, and show them that it is for their own advantage to do for him what he requires of them. Whoever offers to another a bargain of any kind, proposes to do this. Give me that which I want, and you shall have this which you want, is the meaning of every such offer; and it is in this manner that we obtain from one another the far greater part of those good offices which we stand in need of. It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages. Nobody but a beggar chuses (sic) to depend chiefly upon the benevolence of his fellow-citizens. (WN, I.2.2, pp. 26-27)



Of course, an important question is what it means to pursue one's self-interest. Does this include profit-seeking, or does it mean something else? Are there limits to the pursuit of one's interests? If so, what are they? As shown below, Smith has more to say on the topic of self-interest.

Second, the division of labor is so important to Smith's economic system that it is this concept that he uses to begin his book on the wealth of nations. He states that the "greatest improvement in the productive powers of labour, and the greater part of the skill, dexterity, and judgment with which it is any where directed, or applied, seem to have been the effects of the division of labor" (WN, I.1.1, p. 13). According to Smith, the division of labor is paramount because it initiates a cycle of growth that ultimately creates wealth for nations. The division of labor allows workers to specialize, thus increasing the skill and "productive powers" of workers. As workers are productive, the value of output will exceed the value of inputs, thus creating profits for producers and the owners of capital. In addition, this productivity also allows for the payment of rents to landowners and wages to workers. The income generated by profits, rents and wages allows for the consumption of goods and services. It is the ability for citizens to consume, and to have goods and services that could be consumed, which Smith uses to define economic wealth. Productivity, profitability, and consumption provide the basis for further increases in capital accumulation. This capital accumulation supports more workers, greater specialization, and an ever higher increase in national wealth through the cycle of wealth creation (see Ekelund and Hebert, 1990, chapter 5, for a more complete discussion).

Interestingly, Smith recognized that the repetitive nature of tasks arising from the division of labor could be dehumanizing. "The man whose whole life is spent in performing a

few simple operations," says Smith, "...generally becomes as stupid and ignorant as it is possible for a human creature to become." Smith uses this as an argument for government intervention "to take some pains to prevent it" (WN, V.1.f.50, p. 782). Furthermore, Smith did not believe that, given the nature of agricultural production, productivity in farming could be increased by "so many subdivisions of labour" (WN, I.1.4, p. 16). Poor countries could be just as productive in agriculture as rich countries, notwithstanding the greater capital accumulation existing within rich countries.

Third, because of specialization, people will not be able to supply all of their wants. This means that people will have to rely on the productive efforts of others to get the things they want and need. "Every man thus lives by exchanging," Smith (I.4.1, p. 37) says. Moreover, the existence of markets in which buyers and sellers trade is what makes it possible for the division of labor to occur, because the division of labor is also limited by the extent of the market. Thus, the forces of supply and demand must be allowed to operate so that people can have opportunities to freely buy and sell, thus giving rise to the division of labor and the productivity improvements that result in greater wealth for society. Self-interest will guide the extent to which people participate in markets. When markets are allowed to operate, the "invisible hand" would help ensure that the economic system is self-regulating.

### ***Justice, Economics and Sustainability***

Without a complete understanding of Smith's writings, one might be tempted to argue that these principles – self-interest, specialization, trade and the invisible hand – support a strict application of market-oriented economics to the sustainability problem. However, Smith advocated an additional concept that is central to his economic system. That concept is justice.

For Smith, justice is most important, for without it his economic system is unsustainable.

"Justice," says Smith in the *Theory of Moral Sentiments*, "is the main pillar that upholds the whole edifice. If it is removed, ... the immense fabric of human society ... must in a moment crumble into atoms" (TMS, II.2.3.4, p. 86). The reason, Smith offers, is because "society ... cannot subsist among those who are at all times ready to hurt and injure one another" (TMS, II.2.3.3, p. 86). Smith also emphasizes the importance of justice in his *Wealth of Nations* (IV.9.51, p. 687): "Every man, as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest his own way, and to bring both his industry and capital into competition with those of any other man, or order of men."

Smith recognized that, if given the opportunity, people would take advantage of others in the interest of personal gain, to the detriment of society. For example, even though self-interest is important in Smith's economic system, he lamented the "violence and injustice of our selfish passions" (TMS, III.4.2, p. 157). Smith's distrust of people was particularly strong for the rich and powerful, and those who aspired to be rich and powerful, in part because he believed the masses have a "disposition to admire, and almost to worship, the rich and the powerful" (TMS, I.3.3.1, p. 61). Smith was aware of "the avarice and ambition of the rich" (WN, V.1.b.2, p. 709). "All for themselves, and nothing for other people, seems, in every age of the world, to have been the vile maxim of the masters of mankind" (WN, III.4.10, p. 418). Smith's observations about merchants and capitalists is particularly illustrative: "People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the publick (sic), or in some contrivance to raise prices" (WN, I.10.c.27, p. 145).

Smith's objective in writing the *Wealth of Nations* and the *Theory of Moral Sentiments* was, more than anything else, to promote justice within society so that the motives of self-

interest could be channeled into socially productive rather than destructive activities. To do this, Smith had to devise a way of restraining self-interest, lest it lead to "violence and injustice." Competition arising from a well-functioning economic environment is what Smith offers in the *Wealth of Nations* as being key to holding in check self-interest, while in the *Theory of Moral Sentiments* it is sympathy (Ekelund and Hebert, 1990, ch. 5). Smith's system requires both competition and sympathy. Competition provides the institutional incentives for socially productive and beneficial actions. But, there is no institutional structure – not even Smith's system – that could fully restrain the self-interested behavior of market participants. This is why Smith had to rely on the sentiments of individuals in addition to proper institutions to ensure that his economic system did not collapse because of the injustice people would otherwise be prone to inflict on others. Moral sentiments and virtues, particularly that of self-command, rather than self-interest, are thus "the *sine qua non* of the fruitful classical liberal society Smith envisioned" (Evansky, 1993, p. 200). This means that in a system governed by the invisible hand, people left free to pursue their own interests must exercise restraint in order for the system to function.

Hence, Smith states that there

can be no proper motive for hurting our neighbour, there can be no incitement to do evil to another, which mankind will go along with, except just indignation for evil which that other has done to us. To disturb his happiness merely because it stands in the way of our own, to take from him what is of real use to him merely because it may be of equal or of more use to us, or to indulge, in this manner, at the expence (sic) of other people, the natural preference which every man has for his own happiness above that of other people, is what no impartial spectator can go along with. Every man is, no doubt, by nature, first and principally recommended to his own care; and as he is fitter to take care of himself than of any other person, it is fit and right that it should be so. ... But though the ruin of our neighbour may affect us much less than a very small misfortune of our own, we must not ruin him to prevent that small misfortune, nor even to prevent our own ruin. ... In the race for wealth, and honours, and preferments, he may run as hard as he can, and strain every nerve and every muscle, in order to outstrip all his competitors. But if he should juggle, or throw down any of them, the indulgence of the spectators is entirely at an end. It is a violation of fair play, which they cannot admit of. (TMS, II.2.2.1, p. 81)

The point, again, is that in the interest of justice, people must behave morally by exercising self-restraint. It is this sense of justice and its implication for self-restraint that not only distinguishes Smith's economic system from the strict economic approach to sustainability but also suggests that Smith may look favorably on many of the arguments advocates of sustainable agriculture make regarding the moral equivalence of environmental and community concerns to economic considerations. Of course, Smith did not speak directly to sustainable agriculture, but he was concerned about the possibility that agricultural interests would be subsumed by manufacturing and business interests. Furthermore, Smith's writing does show a willingness on his part to limit the pursuit of profit and consider the environmental and social impact of the economic activities of market participants consistent with the framework of sustainable agriculture. Smith's insights into economic viability, environmental stewardship, and community considerations are discussed in turn.

### ***Economic Viability***

Adam Smith believed that societies gain when individuals are allowed to pursue their own interests, subject, of course, to the principle of justice. As long as people did not "juggle, or throw down" others, then people could be free to pursue those things that they believe are in their own self-interest. This is important, because in order to promote the public interest, Smith knew that people had to believe it is first and foremost in their interest to do so. This underscores the "economic viability" argument for sustainable agriculture, which proponents of a strict economic approach and advocates of sustainable agriculture should accept. The difference between these two perspectives, however, is based the question of whether there might have to be limits placed on the economic motive in order to achieve the objective of sustainability and that factors other

than narrow economic interests ought to have moral standing in decisions affecting agricultural production.

One interpretation of the strict economic approach to sustainability is that because agricultural producers must make a profit in order to remain in agriculture, the pursuit of profits is equated with the pursuit of one's self-interest in the narrow sense, and, since the pursuit of one's self-interest is what produces the benefits to society, then it follows that profit-seeking will also be in society's interests. Although seeking profits would fall in the category of pursuing one's interest, Smith did not equate profit-seeking with self-interest. In fact, Smith recognized that the pursuit of profits is not always in the interest of society. For instance, consider this passage from Smith:

The interest of the dealers, however, in any particular branch of trade or manufactures, is always in some respects different from, and even opposite to, that of the public. To widen the market and to narrow the competition, is always the interest of the dealers. To widen the market may frequently be agreeable enough to the interest of the public; but to narrow the competition must always be against it, and can serve only to enable the dealers, by raising their profits above what they naturally would be, to levy, for their own benefit, an absurd tax upon the rest of their fellow-citizens. (WN, I.11.p.10, p. 267)

Smith was concerned that capital owners, merchants, manufacturers and others seeking profits would take actions that would not be in the interest of society. In the passage cited above, seeking ways to expand markets would be acceptable, but taking actions that artificially constrained or limited competition would not be. This suggests that Smith recognized and accepted the idea that people should not necessarily pursue narrow economic interests, especially when such interests involved profit-seeking. The idea that narrow economic interests ought to be avoided in favor of other objectives is a characteristic of the sustainable agriculture movement.

## *Environmental Stewardship*

In considering the interests of people who advocate a conservation or environmental stewardship, there are two approaches, according to Leopold (1949). Either one "regards the land as soil, and its function as commodity-production ... [or] regards the land as a biota, and its function as something broader" (p. 221). That is, one could view land as merely a productive resource, or one could have a broader concern for the environment in and of itself.

To be sure, Smith did consider land to be a productive asset. In fact, although Smith is often used to justify the argument that owners of capital are the most important contributors to the wealth of nations, in reality Smith believed otherwise. Capital owners were important, but they were not necessarily the most important contributors to the wealth of nations. Smith offered two reasons. First, the profit-seeking interests of capital owners, merchants and manufacturers were not fully aligned with the interests of society, as shown in the previous section. The interests of landowners and laborers, on the other hand, are "strictly and inseparably connected with the general interest of the society" (WN, I.11.p.8, p. 265). Second, and more important, Smith believed that land, not capital, was the most important resource for society, and he believed that land should be used in such a way so as to maintain its productivity and fertility. For instance, consider the following passage from Smith's *Wealth of Nations*:

No equal capital puts into motion a greater quantity of productive labour than that of the farmer. Not only his labouring servants, but his labouring cattle, are productive labourers. In agriculture, too, nature labours along with man; and though her labour costs no expence, its produce has its value, as well as that of the most expensive workmen. ... The capital employed in agriculture, therefore, not only puts into motion a greater quantity of productive labour than any equal capital employed in manufactures, but in proportion, too, to the quantity of productive labour which it employs, it adds a much greater value to the annual produce of the land and labour of the country, to the real wealth and revenue of its inhabitants. Of all the ways in which a capital can be employed, it is by far the most advantageous to the society. (WN, II.5.12, p. 363)

In this passage Smith argues that the productive capabilities of capital are enhanced when combined with the productive capacity of land, suggesting that land should be preserved because it "functions as commodity-production," to use Leopold's language. However, a more careful reading of Smith reveals that he was also concerned about the view of land as merely a productive asset. For instance, in countering the argument of those who believed the "real wealth" of society was based on the amount of gold or silver it produced (via mining) or possessed, Smith stated the following about land valuable *qua* land:

The real wealth of the country, the annual produce of its land and labour, may ... be either gradually declining ... or gradually advancing ... But if this rise in the price of some sorts of provisions be owing to a rise in the real value of the land which produces them, to its increased fertility; or, in consequence of more extended improvement and good cultivation, to its having been rendered fit for producing corn; it is owing to a circumstance which indicates in the clearest manner the prosperous and advancing state of the country. *The land constitutes by far the greatest, the most important, and the most durable part of the wealth of every extensive country.* It may surely be of some use, or, at least, it may give some satisfaction to the Public, to have so decisive a proof of the increasing value of by far the greatest, the most important, and the most durable part of its wealth. (WN, I.11.n.9, p. 258; emphasis added)

Smith's statement that land "constitutes by far the greatest, the most important, and the most durable part of the wealth [of nations]" seems to indicate a belief in the inherent value of land and echoes Thompson's (1998, p. 208) affirmation of "humanity's dependence on land and water." Moreover, Smith's belief in the importance of land hints at an obligation of farmers to treat their land with care beyond the mere fact that is economically in their interest to do so, because often it is not. Smith bemoaned the poor upkeep of farmland that could be observed even in his day. Many farmers then, as today, pushed the land to its limits in their pursuit of short-term economic gain, an indication that agriculture in Smith's day was not always the environmentally-friendly system people often think of it as. For example, Smith tells of a Mr.



Kalm, who traveled in North America in 1749 observing the condition of farming in the English colonies. According to Smith's record, Mr. Kalm reported the following:

They make scarce any manure for their corn fields, ... but when one piece of ground has been exhausted by continual cropping, they clear and cultivate another piece of fresh land; and when that is exhausted, proceed to a third. Their cattle are allowed to wander through the woods and other uncultivated grounds, where they are half-starved; having long ago extirpated almost all the annual grasses by cropping them too early in the spring, before they had time to form their flowers, or to shed their seeds. ... A piece of ground which ... could not maintain one cow, would in former times ... have maintained four, each of which would have given four times the quantity of milk which that one was capable of giving. The poorness of the pasture had ... occasioned the degradation of their cattle, which degenerated sensibly from one generation to another. (WN, I.11.1.4, p. 240)

Smith offers this passage as a way of showing his displeasure of farmers who engage in practices that might yield an immediate economic gain to themselves without a consideration for the long-term impact on the land generally. In other words, Smith seems to have in mind a belief that economic interests do not necessarily take precedence over environmental concerns that that farmers ought to take, at least at some level, a mindset of having a stewardship toward land, consistent with principles of sustainable agriculture.

### ***Societal Considerations***

Although agriculture was important for Smith, he would not necessarily support every policy or action that advanced agricultural over manufacturing, merchant or other economic interests. Indeed, Smith spends a significant portion of Book IV, chapter 9, in the *Wealth of Nations* on a critique of a system in which agricultural producers are elevated above those of manufacturers and merchants. Smith believed it important to balance the interests of the country and town because industries of both sectors contributed to the overall well-being of society, and it was societal well-being that Smith was concerned with. This idea of balance suggests a

willingness on his part to tradeoff narrow economic interests, such as profitability, for greater social objectives. Smith appealed to all members of society "to put the well-being of society before that of any particular faction to which they might belong" (Evansky, 1993, p. 202). Agricultural, environmental and farming interests should have their say, but not more so that manufacturing, mining, and merchant interests.

Of course, in Smith's day the interests of manufacturers, miners, and merchants held sway because of the dominating influence of mercantilist policies. These policies had the effect of enriching certain members of society at the expense of others, a fact that Smith clearly abhorred. Smith wanted to be sure that all members of society benefited from participation in the economic system, because otherwise "no society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable" (WN, I.8.36, p. 96). Interestingly, Smith followed this statement with a concern that producers of food and clothing do not receive a just "share" of economic pie. "It is but equity ... that they who feed, cloath (sic) and lodge the whole body of the people, should have such a share of the produce of their own labor as to be themselves tolerably well fed, cloathed and lodged" (WN, I.8.36, p. 96).

Because Smith was concerned about the well-being of society, and because he knew the actions of people affected society, Smith clearly took societal considerations seriously. As one scholar of Smith says: "Smith sees each individual as being shaped by and in turn, given that person's experience, shaping society. The dynamic and continuity of human social evolution derive from this coevolution: communities contribute the continuity as individuals come and go, and individuals contribute the dynamic to the degree that they draw on their extra-community experience to act on the community during their stay" (Evansky, 1993, p. 201).

## **Concluding Comments**

If sustainable agriculture is a system of producing agricultural products that balances economic, environmental, and social objectives, then a careful reading of Adam Smith's writings reveals his support for sustainability. Part of the justification for this claim is based on Smith's belief that in order for an economic system based on self-interest to function, society must consist of a just and highly moral people. Smith uses the idea of justice in his argument that people ought to exercise self-restraint in their pursuit of self-interest when their actions can cause harm on others, the environment, or society generally. Moreover, Smith's advocacy for a moral people willing to exercise self-restraint applies not only for manufacturing and the like (the industry of the towns), but also for agriculture (the industry of the country), thus reflecting the balanced approach Smith presented in his work. This notion of balance and morality in an economic system, particularly when framed in terms of justice, can serve as an effective bridge between the strict economic approach to sustainability and the advocates for a more extensive sustainable agriculture system, in which economic as well as environmental and community considerations are given moral weight, because Adam Smith speaks the language of both sides of the debate. Smith supports the notion of the pursuit of self-interest, markets, and economic efficiency, but he also argues for a balanced consideration of the effects of economic decisions on the land and society. This suggests that if we would have more of Adam Smith's ideas accepted and practiced in agricultural production, we might make considerable progress in the sustainability of agriculture.

## References

- Allen, Patricia, Debra Van Dusen, Jackelyn Lundy, and Stephen Gliessmann, "Integrating Social, Environmental, and Economic Issues in Sustainable Agriculture," *American Journal of Alternative Agriculture*, 6(1), 1991, pp. 34-39.
- Beckerman, Wilfred, *Poverty of Reason: Sustainable Development and Economic Growth*, Independent Institute, 2002.
- Berry, Wendell, *The Unsettling of America: Culture and Agriculture*, San Francisco, CA: Sierra Club Books, 1986.
- Bromley, Daniel W., "The Poverty of Sustainability: Rescuing Economics from Platitudes," *Agricultural Economics*, 32(1), 2005, pp. 201-210.
- Douglass, Gordon K., "The Meanings of Agricultural Sustainability," in G.K. Douglass (ed.), *Agricultural Sustainability in a Changing World Order*, Boulder, CO: Westview Press, 1984, pp. 3-29.
- Ekelund, Robert B., Jr., and Robert F. Hebert, *A History of Economic Theory and Method*, New York, NY: McGraw-Hill Publishing Company, 1990.
- Evansky, Jerry, "Retrospectives: Ethics and the Invisible Hand," *Journal of Economic Perspectives*, 7(2), 1993, pp. 197-205.
- Francis, Charles, and Garth Youngberg, "Sustainable Agriculture: An Overview," in C.A. Francis, C.B. Flora, and L.D. King (eds.), *Sustainable Agriculture in Temperate Zones*, New York, NY: Wiley, 1990, pp. 1-12.
- Friedman, Milton, "The Social Responsibility of Business is to Increase its Profits," *New York Times Magazine*, September 13, 1970, pp. 32-33, 122-126.

Gold, Mary V., Sustainable Agriculture: Definitions and Terms, US Department of Agriculture, Agricultural Research Service, Special Reference Briefs Series no. SRB 99-02, September 1999.

Haynes, Richard P., "Science, Technology, and the Farm Crisis," in C.V. Blatz (ed.), Ethics and Agriculture: An Anthology on Current Issues in World Context, Moscow, ID: University of Idaho Press, 1991, pp. 121-129.

Ikerd, John E., "Agriculture's Search for a Sustainability and Profitability," Journal of Soil and Water Conservation, 45(1), (Jan.-Feb. 1990), p.18.

Johnson, D. Gale, "Agriculture and the Wealth of Nations," American Economic Review Papers and Proceedings, 87(2), 1997, pp. 1-12.

Jones, M.J., "Sustainable Agriculture: An Explanation of a Concept," in D.J. Chadwick and J. Marsh (eds.), Crop Protection and Sustainable Agriculture, Ciba Foundation Symposium 177, New York, NY: John Wiley & Sons, 1993, pp. 30-38.

Leopold, Aldo, Sand County Almanac, New York, NY: Oxford University Press, 1949.

McIsaac, Gregory, "Sustainability and Sustainable Agriculture: Conceptual Evolution, Competing Paradigms, and Possible Consensus," in G. McIsaac and W.R. Edwards (eds.), Sustainable Agriculture in the American Midwest: Lessons from the Past, Prospects for the Future, Chicago, IL: University of Illinois Press, 1994, pp. 9-34.

Murray, Alan, "Will 'Social Responsibility' Harm Business?" Wall Street Journal, Wednesday, May 18, 2005, p. A2.

Smith, Adam, The Theory of Moral Sentiments, Indianapolis, IN: Liberty Classics, 1759/1982.

Smith, Adam, An Inquiry into the Nature and Causes of the Wealth of Nations, Indianapolis, IN: Liberty Classics, 1776/1981.

Thompson, Paul B., "Sustainability as a Norm," *Society for Philosophy and Technology Journal*, 2(2), 1997, pp. 75-94.

Thompson, Paul B., *Agricultural Ethics: Research, Teaching, and Public Policy*, Ames, IA: Iowa State University Press, 1998.

World Commission on Environment and Development, *Our Common Future*, New York: Oxford University Press, 1987.