

On the nature and causes of poverty: an analysis of some aspects of Adam Smith's social philosophy

Sobre a natureza e as causas da pobreza: uma análise de alguns aspectos da filosofia social de Adam Smith

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Abstract: Adam Smith's idea of poverty has been misinterpreted in some literature for associating pauperism with his vision of liberal *laissez-faire*. There are few works that discuss Smith's idea about the causes of poverty. This article exposes some aspects of the economist's social philosophy, based on a theoretical review of his main works and works by researchers of Smithian thought. The work concludes that Smith offers ethical arguments in favor of the free market to improve the living conditions of the poor, recognizing the economic and motivational aspects of the complex phenomenon of poverty.

Keywords: Scarcity; Moral feelings; Social progress.

JEL Classification: B12

Resumo: A ideia de pobreza em Adam Smith tem sido mal interpretada em parte da literatura por associar o pauperismo à sua visão do *laissez-faire* liberal. Poucos são os trabalhos que discutem a ideia de Smith sobre as causas da pobreza. Este artigo expõe alguns aspectos da filosofia social do economista, com base na revisão teórica de suas principais obras e trabalhos de pesquisadores do pensamento smithiano. O trabalho conclui que Smith oferece argumentos éticos a favor do livre mercado para melhorar as condições de vida dos pobres, reconhecendo os aspectos econômicos e motivacionais do complexo fenômeno da pobreza.

Palavras-chave: Escassez; Sentimentos morais; Progresso social.

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1. Introduction

Economic science, whose main focus is the production of wealth, has also been concerned with discussing the phenomenon of poverty throughout its evolution. The history of economic thought recognizes that the issue of poverty was at the heart of the concerns of 18th century English political economy. For Célia Kerstenetzky (2000), political economy seems to have been born as a kind of "pauperology", containing causes and solutions to combat the problem effectively.

British philosopher and economist Adam Smith's view of poverty has been revised by several contemporary researchers¹ who have emphasized the philosopher's great knowledge of the nature and causes of this phenomenon. According to Perelman (1989), Smith belonged to a middle-class family and his upbringing was based on anti-aristocratic moral values. The researcher suggests that these values could have influenced Smith to vehemently oppose the privileges of the aristocracy and the relations of social dependency at the time.

According to Amartya Sen (1981, 2010), one specific area in which Smithian economic analysis has been widely misinterpreted, with serious consequences, is hunger. In this respect, the misinterpretations of Smith's ideas in relation to combating hunger and poverty, as well as the neglect of his ethical analysis of moral sentiments, reveal how far economics has distanced itself from ethics with the development of economic theory, which justifies this paper's foray into Smithian analysis of poverty.

The aim of this article is to present Adam Smith's ideas on the nature and causes of poverty in England during the 18th century, based on his main works: *Theory of Moral Sentiments* (TMS) of 1759 and *Wealth of Nations* (WN) of 1776. How does Smith define poverty? What are the causes of this social phenomenon? What is the role of the state and the market in combating poverty? These are some of the questions that seek to shed light on the debate about Smith's arguments on the subject.

In addition to this introduction, this article consists of four sections. The second section presents the debate on the Poor Law and the decrees that affected the formation of the English labor market throughout the 17th and 18th centuries. The third section sets out Smith's idea of poverty, considering the moral and economic aspects of understanding the phenomenon. Measures to combat poverty, taking into account the role of the government and the market, are discussed in the fourth section. Finally, the fifth section presents general considerations about Smith's idea of poverty and the prospects for further research into the subject.

2. The Poor Law and the labor market in England between the 16th and 18th centuries.

The Poor Laws are a set of rules and decrees initially approved between 1531 and 1536. These laws sought to tackle the problems of widespread unemployment and poverty in England. According to Emery Hunt & Mark Lautzenheiser (2013), the laws established throughout England that each parish would be responsible for its poor and that it should, through voluntary contributions, maintain a fund for the needy.

According to Martin Ravallion (2015), the idleness of beggars was seen as a major social problem at the time. The indolence of the poor was seen as an abomination to English society. In practice, the main response to the problem was to finance workhouses. These labor institutions emerged in England at the end of the 16th century. The idea was that the poor, recipients of social assistance, would be imprisoned and forced to work for their own maintenance.

The workhouse policy was based on the prevailing view at the time that poverty was caused by bad behavior, which in turn could be controlled and hopefully corrected by these institutions (RAVALLION, 2015). In the view of Juan Vives ([1526]1999), the existence of poverty without social policy was a threat to the stability of English society. Providing work for the poor would guarantee national unity and the survival of the Absolutist State.

According to Donald Woodward (1980), the Statute of Artificers, instituted in 1563, incorporated a wide range of proposals to regulate the national labor market and restrict the mobility of workers between locations. Like much of Elizabethan legislation, according to the author, the Statute of Artificers brought together aspects of previous legislative acts, in particular the Ordinance of Labourers of 1349 and the Statute of Labourers of 1351, which were instituted in the face of the effects of the Black Plague². In addition to restricting the mobility of workers between locations, the Artificers' Statute provided for compulsory work, seven years of compulsory apprenticeship and an annual salary set by the state.

Throughout the 17th century, many other statutes were approved. The Poor Law of 1601, for example, was the Tudor Dynasty's attempt to unify previous social welfare laws, bringing them more into line with the social reality of the time. According to Peter Solar (1995), in this period, the provisions of the Poor Law included the formal recognition of the right of the disadvantaged to receive aid, through taxes from the wealthy classes destined for the local parish for social assistance.

According to Gertrude Himmelfarb (1984), elderly and sick people could receive help in their homes. The children of the poor who were too young to be trained in a trade would be placed in philanthropic institutions. The "deserving" and unemployed poor would be given work. Thus, assistance to the poor was provided in many different ways, involving financial aid, food donations and the construction of asylums, schools and hospitals.

According to Luciano Costa (2005), the aim of this set of rules and institutions was to eliminate vagrancy by making it compulsory to work at home, under penalty of punishment. More precisely, hospices and hospitals for the indigent who were unable to work and prisons for the indigent who could work.

Solar (1995) points out that unlike other European countries, which financed their welfare programs for the poor through voluntary contributions, taxation on capital income, subsidies and local and national government taxes, England relied on local property taxes. In principle, the tax applied to all types of property, but in practice it focused more on rural properties and land income.

The social assistance programs for the poor in England were wide-ranging and highly funded. It is estimated that spending on these programs was around 1% of England's GDP at the end of the 17th century. By the end of the 18th century this figure had reached around 2% of national wealth. It is estimated that in 1780 England spent seven times more

on these social programs than France. In the 1820s, social spending in England was three times higher than in Holland and five times higher than in Belgium (SOLAR, 1995).

Although social spending was high in England throughout the 16th, 17th and 18th centuries, what was the real impact of the Poor Law in combating poverty and developing the labor market?

According to Karl Polanyi (2000), the social policy of the English Absolutist State represented greater protection and responsibility for the parishes in relation to their poor. On the other hand, this policy posed the risk of the poor migrating from poorer regions to more developed regions, given the existence of parishes with more financial resources in these locations. This led the state to institute the Settlement Act in 1662, which aimed to prevent the free mobility of workers. In this way, the poor were settled in their parishes of origin, thus restricting the free movement of labor. The Domicile Decree gave the parish priest the power to expel any newcomer who lacked resources and did not want to work, as well as to authorize the departure of a worker from the geographical limits of his parish.

The Artificers' Statute was superseded by the Poor Law, creating confusion around the terms "poor" and "indigent". The English considered all individuals who did not have enough income to keep them idle to be poor. Thus, the term "poor" encompassed permanent welfare dependents, destitute incapacitated people, temporary dependents and unemployed workers (POLANYI, 2000).

Many parishes had no shelters for their poor and even fewer resources to employ them in manufacturing activities. Polanyi (2000) argues that the more prosperous the local parish, the greater the risk of an invasion of "professional indigents". This justified the existence of the Domicile Decree, which was also intended to protect successful parishes from the influx of these indigents.

In addition, the Poor Law of 1601 meant that the entire burden of caring for the poor fell on the parish through local taxes and levies. Now, these taxes were not only levied on rural properties, but also on urban properties, rents and other incomes of the rich and middle classes.

Against this backdrop, how did the evolution of the statutes of the Poor Law influence the idea of poverty of the social reformers of the 18th century, especially Adam Smith?

The Enlightenment, as a cultural and intellectual movement that developed in England, Holland, France and Scotland in the 17th and 18th centuries, gave rise to the idea of political and economic freedom, defended by social reformers. In this context, the end of the 18th century was marked by a significant increase in publications on poverty, radically changing the understanding of the nature and causes of the phenomenon (RAVALLION, 2015).

In this period, poverty began to be seen as a political-economic result and not as the manifestation of some natural order as an inevitable fact of life. Smith, as a social reformer, hoped that the fruits of economic progress would be distributed equitably, mitigating poverty and hunger in the long term, as will be discussed in the following sections.

3. Adam Smith's idea of poverty

Myths and prejudices have biased people's perception of Adam Smith's idea of poverty: the philosopher was considered a friend of the poor. According to Emma Rothschild (1992), Malthus, in his "Essay on the Principle of Population" of 1798, reproached Smith for the error of mixing two distinct inquiries: about the wealth of nations and about the happiness and comfort of the lower classes in society. Smith saw social security and the integration of the poor into society as conditions for economic development and prosperity.

In this context, Smith's view of poverty includes both absolute and relative poverty. For Smith (1978 [1762-1766]), food, clothing and housing constitute man's basic needs. If a person lacks these basic needs, they are poor. This is the definition of absolute poverty which, according to the economist, was caused by improper government regulations and statutes that often caused shortages and imbalances in the market. Smith (1978 [1762-1766]) does not rule out other sources of poverty and hunger in his writings, such as wars, droughts and other factors exogenous to agricultural production.

Smith (1999 [1759]) also emphasizes the social consequences of poverty, arguing that the poor will be ashamed of their poverty in front of people from other wealthier social classes. Admiration of wealth and success would make people despise weakness and poverty. These aspects corrupted people's moral feelings. In this case, poverty is based on a subjectively perceived social inferiority, which is the definition of relative poverty from a Smithian perspective.

3.1. Absolute poverty and economic progress

Smith has most often been identified with the idea of wealth creation in capitalism. In his 1776 work "On the Inquiry into the Nature and Causes of the Wealth of Nations" (WN), the economist argues that the expansion of the market economy is the way to distribute the benefits of opulence to all social classes.

Smith (1978 [1762-1766]) points out that there is no poverty if there is no analytical counterpoint to wealth, so man in the early stages of the theory of social development, involving primitive hunting activities, could not be characterized as poor. From this angle, the distinction between rich and poor only becomes evident with the transition of the evolutionary stages of society, namely: pastoralism, agriculture and commerce.

In *The Wealth of Nations*, Smith characterizes the poor as industrious, with the willpower to exercise their abilities and seek better living conditions (BAUM, 1992). In the lectures on jurisprudence given by Smith at the University of Glasgow, Scotland, between 1762 and 1766, it can be seen that the term "poor" is often used to refer to workers in general. For the economist, the poor "[...] don't know other languages or countries and are forced to stay where they were born and work for a living"³(SMITH, 1978 [1762-1766], p. 403).

In this context, the lack of resources to meet an individual's basic needs is related to absolute poverty. Food, clothing and housing are man's basic needs, and wages should be enough to meet these needs:

A man must always live from his work, and the salary he receives must at least be enough to keep him going. In most cases, they even have to go a little further than that, otherwise it would be impossible for them to maintain a family, and the race of such workers would not last beyond the first generation (SMITH, 1950 [1776]:179)⁴.

For Smith (1950 [1776]), if wages are insufficient for subsistence, people will be absolutely poor and as a result there will be a shortage of workers. Improving the living conditions of the poor would lead to an increase in the supply of workers, as long as the fertility rate rose with the increase in income. An increase in the supply of workers, in turn, would open up space for progress and economic growth (RAUHUT, 2005).

From this perspective, Gilbert (1997) suggests that the type of poverty focused on subsistence work would tend to disappear with the rise of Smithian commercial society, since the poor would have the opportunity to work and earn their own wages. This would be the standard of living desired by the majority of the English population. Therefore, Smith (1950 [1776]) refers to the poor as workers who, in civilized society, would have more opportunity to acquire an education and become professional within the context of the division of labor.

Income at the subsistence wage level was adequate to buy all the goods needed for a decent life. Wages above this level would allow the lower classes to spend their resources on "conveniences" or even, in some cases, "luxuries" such as tobacco, sugar, rum and beer. On the other hand, wages below this level would not guarantee the necessary goods for the individual's survival, leading them to begging and crime (GILBERT, 1997).

In opposition to the mercantilist doctrine to keep the poor industrious⁵, Smith believed that:

[...] the liberal remuneration of labor, like the necessary effect, is also the natural sign of growing national wealth. On the other hand, the meager subsistence of the working poor is the natural indication that things are stagnating, and their devastation by hunger and misery shows that things are moving rapidly backwards (SMITH, 1950 [1776] p. 188)⁶.

From a Smithian perspective, wages are the main incentive for increasing labor productivity. In places where wages were high, it was more likely to find more active and diligent workers than in places where wages were low (RIMLINGER, 1976).

On the other hand, the intensification of social inequality in a prosperous nation would potentiate certain human passions that would jeopardize private property:

[...]. But avarice and ambition in the rich, and hatred of work and a tendency to laziness and idleness in the poor, are passions that predispose to the attack on property, passions that are much stronger in their action and much more universal in their influence. Whenever there is a lot of property, there is great inequality. For every rich man, there will be at least five hundred poor men, and the prosperity of a few presupposes the indigence of many. The prosperity of the rich causes indignation among the poor, who are often driven by need and influenced by envy to appropriate their possessions (SMITH, 1950 [1776]:316)⁷.

Furthermore, Smith (1950 [1776]) suggests that in many societies the laws and institutions favored the rich:

Civil government, insofar as it is instituted with a view to the security of property, is in reality instituted with a view to defending the rich at the expense of the poor, or those who own some property at the expense of those who own nothing (SMITH, 1950 [1776], p. 322)⁸.

In the face of such social conflicts, by removing institutional obstacles aimed at the free market and improving the economic situation of the poor, the government would ensure, through the liberal reward of work, better conditions for the vast majority of the population. Due to the admiration of the poor for the rich, the free market offered the possibility of social elevation for the less privileged classes, allowing for broad social mobility. (ROSENBERG, 1960). Therefore, the wealth of a nation is nothing more than the aggregate wealth of its members:

Thus, liberal remuneration of labor, as is the necessary effect, is also the natural indication of growing national wealth. On the other hand, the meager subsistence of the working poor is a natural indication that things are stagnating, and their devastation by hunger and misery shows that things are moving rapidly backwards (SMITH, 1950 [1776]:188)⁹.

In short, workers' material aspirations will encourage them to work harder, which in turn will make it possible to improve their wages. According to the Smithian perspective, the possible result would be the nation's economic progress.

3.2. Relative poverty and moral sentiments

In the 1759 Theory of Moral Sentiments (TMS), the idea of poverty is associated with human feelings derived from the sense of justice and the general rules of morality. As we have seen, admiration for wealth and contempt for poverty, involving the feeling of social inferiority subjectively perceived by the disadvantaged, is the main definition of relative poverty from Smith's perspective.

According to Robert Frank (1990), certain emotions, such as anger, contempt, disgust, envy, greed, shame, guilt, charity, generosity and empathy, are moral feelings described by Smith, which compete with each other in the rational calculation in the individual decision-making process of economic agents. From this perspective, Daniel Rauhut (2005) argues that Smith was one of the forerunners, if not the first economist, to identify moral sentiments when dealing with social welfare.

Sandy Baum (1992) comments that moral values for Smith were important for maintaining social order and the economic system. For the author, Smith's moral philosophy is consistent with the modern view of the interdependence of the utility function, in which the well-being of the individual rises as a result of the improvement in the living conditions of other less fortunate citizens. For Thomas Birch (1998), Smith broadly defines human sympathy as the capacity not only to feel sadness and pain towards the poor, but also the joy and pleasure provided by wealth.

For Smith (1999 [1759]), man's own economic well-being is in his interest. Their social status depends largely on their relative economic position. Their honor and social approval are conditional on wealth and power, which attracts more sympathy from people. Poverty is frowned upon and even despised, as people are less able to sympathize with the misfortune of others:

[...] The poor man is ashamed of his poverty. He feels that poverty puts him out of sight of humanity, or that if people notice him, they will have no sympathy for the misery and anguish he suffers [...] He goes out and comes in unnoticed, and when in the middle of the crowd he is in the same obscurity, as if he were locked in his own house [...] They turn their eyes away from it, or if in the extreme of their suffering it forces them to look at it, it is only to despise an object so unpleasant to them (SMITH, 1999 [1759], p. 59-60).

According to Goffrey Gilbert (1997), the approach to poverty in TMS is characterized by the distress and psychological discomfort of the unfortunate. In other words, for Smith (1999 [1759]), what oppresses man in poverty is not the deprivation of material goods per se, but the feelings of shame and inferiority that result in social isolation:

Being noticed, served, treated with sympathy, complacency and approval are all benefits to which we can aspire. It's vanity, not well-being or pleasure, that interests us. But vanity is always based on the belief that we are the object of attention and approval (SMITH, 1999 [1759], p. 60).

In TMS, Smith (1999 [1759]) notes that poverty was more than hunger. For him, poverty has a social aspect that characterizes it as relative poverty. A person is relatively poor if they can't appear in public without feeling embarrassed or if they can't take part in the social life of a community. As has been said, the social aspect of poverty stems from admiration for the life of the rich:

This disposition to admire, almost worship the rich and powerful, and to despise or at least neglect people of poor or petty status, although necessary both to establish and maintain the distinction of hierarchies and the order of society, is at the same time the great and most universal cause of the corruption of our moral sentiments (SMITH, 1999 [1759], p. 72).

Rhead Bowman (1990) highlights the importance of moral values in TMS as determinants of human capital development and economic progress. According to the researcher, for Smith (1999 [1759]), the poor man should avoid begging and ruin. The poor should cultivate the work of their bodies and the activity of their minds. Individuals could improve their knowledge of their profession, increasing their productivity and, consequently, contributing to the progress of manufacturing.

From this perspective, prudence, firmness and temperance would be the main virtues that could be acquired through the professional activity of individuals, according to Smith (1999 [1759]). Education would be the basis for individuals to achieve these virtues, in order to break the vicious cycle of poverty (BOWMAN, 1990).

When considering charity in the commercial stage of society, Birch (1998) identifies in TMS Smith's profound ambivalence about the individual pursuit of wealth. This is because the incessant pursuit of wealth by the poor, who want to imitate the consumption patterns of the rich, cannot bring absolute happiness. The poor man would realize his self-deception at the end of his life. However, self-deception will have its effects on the human psyche by allowing the poor to seek to improve their living conditions, as well as bringing benefits to the economy as a whole.

Therefore, the idea of poverty in TMS focuses on the motivational aspects of individual behavior, going beyond the idea of deprivation or scarcity of material resources. This approach converges with what is currently being studied about the cognitive and emotional dimensions of poverty.

4. The role of the government and the market in combating poverty

Smith (1950 [17760]) considered that the working class was a victim of the low wages and high prices caused by the presence of monopolies, trade barriers and high taxes of the mercantilist system. When it came to fighting poverty, the British economist saw the solution to the problem of poverty not in the development of specific policies, but in the institutional guarantees of the full functioning of the free market (BAUM, 1992).

Smith rigorously criticized the counterproductive nature of certain Poor Law statutes that prevented their beneficiaries from seeking jobs and better living conditions elsewhere outside their home parish. These statutes prolonged people's suffering and misery, since they were deprived of the free mobility of human capital. Therefore, it is worth noting that, unlike Malthus, Smith was not radically opposed to the Poor Laws, but rather to some specific statutes of these laws (SEN, 1999).

The centuries-old practice of the trades, the rigid rules of apprenticeship, the guarantee of privileges and trade restrictions for members of the trades were prominent in Smith's criticism (1950 [17760]), since these statutes limited free trade practices. According to Rothschild (2003), Smith was a stubborn critic of apprenticeship organizations, for whom apprenticeship was inefficient and unfair. For the author, government intervention in the form of apprenticeship statutes also caused hunger and poverty, since, again, these statutes prevented the free movement of workers between localities.

For Smith (1950 [1776]), shortages caused by wars, climate change or a reduction in the supply of grain due to farmers' decisions were rarely serious enough to lead to famine:

Anyone who takes the time to carefully examine the history of the famines and shortages that have afflicted Europe both in the present century and in the two previous ones, of which we have fairly accurate reports, will come to the conclusion, I believe, that a famine has never originated from any manipulation among the grain merchants of the interior or from any other cause than a real shortage, sometimes caused, in certain places, by the ravages of war, but in the majority of cases by the adversity of the climate, and a famine has never been caused by any other reason than the violence of the government in trying, by inadequate means, to remedy the inconveniences of a famine (SMITH, 1950 [1776], p. 42-43)¹⁰.

With regard to government intervention in the economy to combat poverty, the subject is a source of controversy among scholars of Smithian thought. According to Rauhut (2005), for Smith, the government should not intervene directly in the fight against hunger and poverty, since new statutes and interventions in the grain market could further increase misery in society.

In his analysis of the natural rates of wage, profit and rent, Smith (1950, [1776]) emphasized the importance of maintaining freedom of trade in grain so that the price of all goods would tend towards the natural price¹¹. Perelman (1989) points out that Smith abhorred government laws regulating the grain trade, given the deleterious effects of higher domestic prices, which affected the lower classes. Therefore, free trade in grain was the best way to avoid famine.

One source of controversy among scholars of Smithian thought is that in "The Wealth of Nations", Smith discussed the possibility of an economic process involving market mechanisms generating outbreaks of collective hunger without these resulting from a shortage caused by a decline in food production itself:

But things would be different in a country where the funds earmarked for the maintenance of workers were in sharp decline. Every year, the demand for servants and workers, in all types of employment, would be lower than in the previous year. Many of those who had been brought up in the upper classes, unable to find work in their own professions, would be happy to find work in lower ones. The smallest classes would thus find themselves not only over-supplied with their own workers, but also with the surpluses of all the other classes, which would cause such competition for jobs that the wages of labor would be reduced to the most meager and miserable subsistence of the worker. Many would not be able to find work even in such harsh circumstances, and they would only have to starve, beg for their livelihood, or secure it by perpetrating the most heinous crimes. Misery, hunger and death would immediately hit this class and spread from there to all the upper classes (...) (SMITH, 1950 [1776]: 187-188)¹².

From this perspective, individuals are driven to penury and hunger by a process over which they have no control. Although the Empire's administrators commonly cited Smith when justifying their refusal to intervene in collective hunger in places as diverse as Ireland, India and China, there is no evidence that the Smithian ethical approach to public policy would have excluded intervention in favor of the rights of the poor.

According to Sen (1999), although Smith was against the suppression of trade, the fact that he pointed to unemployment and low real wages as causes of hunger suggests a multiplicity of possible public policies in response to the issue. Therefore, "Smith was opposed to the suppression or restriction of trade. But that does not mean that he disapproved of public aid to the poor." (SEN, 1999, p. 41).

In this context, Smith offers an ethical argument for improving the living conditions of the disadvantaged:

No society can be flourishing, prosperous and happy if most of its members are poor and unfortunate. Moreover, it is only fair that those who feed, clothe and provide housing for the whole group of people should enjoy a share of the product of their own labor that is enough for them to be able to go about

themselves painfully well fed, clothed and sheltered (SMITH, 1950 [1776], p. 196)¹³.

For Thomas Sowell (1974), classical economists generally accepted some kind of government intervention in the economy to correct any market failures. According to the author, in the Smithian perspective (1) the government should only "produce" public goods to supplement the market; (2) the free market should generate wealth through growth and technological change; and finally (3) individuals are given economic and social freedoms to realize their personal goals.

Sowell (1974) conjectures that Smith was in favor of implementing a system of progressive taxation, implicitly agreeing with some form of income redistribution. This redistribution of wealth had to be guaranteed so that there would be no shortage in the supply of labor, i.e. the needs of the poor could be financed by the taxes of the rich.

On the other hand, Rauhut (2005) doubts that Smith would be in favor of some kind of redistribution of income to guarantee some stock of work from a system of progressive taxation. According to the author, no clear evidence on the subject is given by Smith. These redistributions took the form of social assistance for the poor. Unlike Malthus, Smith was a critic of the legislation known as the Poor Laws, but ethically recognized the need for social welfare.

It is worth noting that Smith (1950 [1776]) did not intend to extinguish relationships of social and economic dependence, not least because this would be natural in a commercial society. He believed that the market economy system would be a much better form of social organization than the mercantilist system, in that it would allow relations of social dependence to become impersonal relations, in the form of command over labour:

Each man is rich or poor according to the degree to which he is able to enjoy the goods necessary for life and the comforts and amusements proper to human beings. But once the division of labor has been fully established, each man's work can only provide him with a very small part of these goods. The vast majority of them will have to be supplied by the labor of other men, and so he will be rich or poor according to the amount of labor over which he can acquire mastery, or which he can buy (Smith, 1950 [1776]:119)¹⁴.

Since Smith (1950 [1776]) does not explicitly discuss policies to combat poverty in the short and long term, it is conjectured that social assistance programs that meet the basic material needs of the less fortunate could mitigate absolute poverty in the short term. From a Smithian perspective, this type of assistance might not have an effect on combating relative poverty in the short term, because it's about the feeling of social inferiority perceived subjectively by the individual in relation to the wealthy classes (RAUHUT, 2005).

As discussed, the feeling of social inferiority doesn't seem to be something entirely negative for Smith, since this moral feeling is supposed to make individuals work harder to achieve their material and social aspirations, making them more productive. A possible long-term measure to mitigate social inferiority and socially integrate the poor into society would be to prepare them to become morally better through public education. In other

words, if individuals had the economic and social freedom to achieve their own personal goals, it would be possible to progress morally and socially in the sense of overcoming the perception of social inferiority corrupted by their passions (RAUHUT, 2005).

In short, from a Smithian perspective, the nation's economic progress based on institutional guarantees for the free market would be the main mechanism for combating absolute and relative poverty.

5. Final considerations

Throughout the 17th and 18th centuries, the understanding of the nature and causes of poverty underwent significant changes influenced by social reformers of the Enlightenment. This cultural movement gave rise to the ideas of political and economic freedom, contributing to the problems related to poverty and development being at the center of Political Economy's concerns.

In addition to the famous excerpts from "The Wealth of Nations", widely disseminated in the literature of economic thought, Smithian philosophy goes beyond economic analysis, involving interesting thoughts and ideas on ethics, social inequality, injustice and poverty. Several researchers cited in this work show that Smith was very knowledgeable about the nature and causes of poverty.

In this context, it is important to note that Smith's assessment of poverty does not represent the vision of the laissez-faire liberal. Smith was aware of the existence of relative and absolute poverty. As we have seen, the fight against absolute poverty must consider government intervention in the form of aid to the poor, as a short-term measure. On the other hand, economic growth is the main long-term measure to combat absolute poverty. From a Smithian perspective, promoting economic growth would make it possible to improve the living conditions of everyone in the nation.

Relative poverty, on the other hand, is related to the feeling of social inferiority perceived subjectively by individuals, caused by corrupted moral sentiments. In this perspective, Smith implicitly seems to consider social inequalities as something positive, since feeling socially inferior would enable individuals to work to improve their material and social conditions. Therefore, from Smith's point of view, the feeling of subjectively perceived social inferiority is an important institution in itself for mitigating poverty.

Smith opposed social injustice, which should not be confused with social inequality. While social inequality was an incentive for individuals to work towards their material well-being, social injustice was an obstacle that prevented individuals from progressing. As seen throughout the 17th and 18th centuries, many government statutes and regulations in England intensified poverty, especially the obstruction of the free movement of workers with the Poor Law. By removing institutional obstacles, the economic situation of the poor could improve with free mobility in the labor market.

In short, Smith's broad view of the nature and causes of poverty makes it possible to evaluate the phenomenon from economic, institutional, social and motivational aspects, opening up space for new theoretical perspectives that can converge on the contemporary

approach to the multidimensionality of poverty, a subject that could be the subject of study and discussion in future work.

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