

# The Invisible Hand and Satire

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**ABSTRACT:** This paper argues that the famous “invisible hand” term coined by Adam Smith was used ironically in his work. Despite being one of the most revered economic terms in history, Smith only used it three times in his writing. This paper analyzes all three uses, arguing that, from the context of his writings, Smith used the term ironically.

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**KEYWORDS:** Adam Smith, capitalism, invisible hand, stoicism

Few phrases in the history of economics have pierced through more generations and received more interpretations than Adam Smith's "invisible hand." The fame this phrase receives is synonymous with Smith, helping craft his reputation as a household name. However, the debate regarding the term's definition creates the illusion that it was a plentiful addition to his writings, a firm truss supporting his theories. On the contrary, the engrossment surrounding the term does not match its usage in Smith's work. From his early works in astronomy to his final written word, Smith uses the phrase "invisible hand" in his work on a paltry three occasions. The fervour of the term is overblown, as Smith himself did not consider it to be a serious term worthy of explaining his philosophical and economic views. The term is mentioned in the following circumstances: starting in astronomy writings and on one occasion each in his two economic texts. The separation in circumstances between the three mentions bears very little resemblance or correlation, instead seemingly wildly independent on each occasion. Instead of acting as a grand analogy to explain his economic opinions, it will be demonstrated that Smith used the phrase with tonal cynicism and satire, used to mock those he disapproved of.

Adam Smith's perspective on religion is a guiding factor in his interpretation of the "invisible hand." Smith was raised by his Calvinist mother following his father's death and attended Presbyterian church regularly (Oslington 2012, 432). While working at the University of Glasgow, Smith was known to provide lectures on natural theology, in which he focused on the principles that led to the foundation of religion (2012, 431). Despite his seemingly Presbyterian beliefs, Smith's writings have been observed by scholars to align consistently with Stoicism (2012, 431). Smith's readings of Stoic philosophy focused mainly on "its good understanding of selfish passions," such as a modest approach to accumulating wealth, power, and authority (Furuya 2012, 80). Smith's interpretation of Stoicism emphasized virtuous behaviour or actions which can contribute to the public good (2012, 80). Scholars point to Smith's commitment to a natural order along with his belief in self-preservation as evidence for his Stoicism, believing humans can make proper decisions for themselves (2012, 87).

Smith's Stoicism ties directly into his inaugural usage of the "invisible hand" in his *History of Astronomy* text, specifically in the section titled "Origin of Philosophy" (2012, 88). Within this chapter, Smith critiques the established thought of the ancient Polytheistic religions, who he demeans as savages for their personal beliefs

surrounding religion (2012). Smith is unsupportive of their binary view of the ordinary and unordinary, stating they associate "irregular events of nature" with beings such as "gods, demons, witches, genii, fairies," however fail to do so for "ordinary" events (1980, 49, as cited in Rothschild 1994). Smith reiterates his belief that unordinary events are the result of "the necessity of their own nature," firmly humiliating those who believe otherwise by noting that the "invisible hand of Jupiter" was "[not] employed in those matters" (1980, 49-50, as cited in Oslington 2012).

Smith clearly uses the invisible hand satirically. Smith disregards the opinions of those who believe in religious influences for nature's unordinary events. Smith, a fan of "pithy and forceful phrases," utilizes Jupiter to represent the logical fallacies in ascribing unnatural events to otherworldly influences (Macfie 1971, 598). This is heightened by the increasingly popular presence of science and philosophy at the time. Smith's use of satirical humour reflects criticism of beliefs and choices. All three uses of the "invisible hand" reflect a subtle form of critiquing beliefs of who levies control in society, and this rests as the first occurrence.

Smith's subsequent delivery of the "invisible hand" appears in his text *The Theory of Moral Sentiments*, published in 1759. While the context of the term's usage is different from the first, the underlying tone of satirical displeasure remains. In this instance, the targets of Smith's scorn are the well-off sectors of society, who are entirely comfortable with paying their employees very little for their services. Smith views their actions as completely lacking any consideration for human dignity and justice, disparaging their "natural selfishness and rapacity" for creating such inequality in society (Smith 1759, 212). Furthermore, Smith observes that whether a man is rich or poor, regarding consumption, "all ranks of life are nearly upon a level" meaning that their consumption is the same (1759, 212). This is caused by the man's "stomach of limited capacity to consume," thus a rich man does not have the time nor the ability to consume more than a poor man (Oslington 2012, 434). It is within this irony of consumption that Smith once again invokes the "invisible hand" to provide a satirical analysis of the situation. Smith states that whether a man is rich or poor is largely irrelevant, as they are "led by an invisible hand" towards the "same distribution of the necessaries of life" (Smith, 1759, 212).

While a degree more subtle than the first occurrence, Smith again uses the "invisible hand" to satirically mock a particular group in society, which is the wealthy

management class. Smith is writing while observing an early incarnation of the market economy, and the divisions of wealth that accompany it. Just as Smith joked that Jupiter's effect on society was mythical, he applies the same humour in this instance. There is by no means a literally invisible hand that seeks to fairly compensate and balance the consumption of individuals, however that may be a belief of some. Similar to the Jupiter metaphor, Smith uses the invisible hand as a means to differentiate what is happening, and what is not happening, and critiques those who do not conform to his opinion. In Smith's view, the working class is poor and thus is being treated unfairly. The limited capacity to consume is what leads to the stabilization of consumption between the rich and the poor, which is ultimately not the result of an "invisible hand."

Smith's third and final "invisible hand" reference is found in *The Wealth of Nations*, released in 1776. In this context, Smith is disparaging merchants who choose to solely support domestic markets to guarantee their own economic security, instead of investing in foreign trade. Smith aligned supporting domestic industry with merchants consistently "pursuing his own interest," intentionally protecting "his own security," providing no benefit to society (1776, 483). Smith viewed the merchants' self-interested behaviour as harmful to the economy. He associates the "invisible hand" metaphor with greed on this occasion. Satirically, Smith states that selfish merchants are driven by "an invisible hand" to pursue domestic business, which was "no part of [their] intention" (1776, 483). The last section of Smith's quote is clearly said in an ironic tone. Smith is suggesting with humour that wealthy merchants are unaware of their own desire to pursue vast wealth, which comes at the expense of promoting the public interest. Smith is an advocate for a free-market economy, however, is not a proponent of a free economy with no consequences. Similar to the second example, Smith demonstrates his opinion on a particular subset of the economy by utilizing the "invisible hand" satirically.

Smith's voice echoes through his works as ripe and candid, a clear picture of his opinions on economic matters. Smith is unafraid of voicing his displeasure when he deems it necessary and does so rather creatively with the satirical usage of the "invisible hand." Smith uses the "invisible hand" metaphor to offer commentary on religious beliefs, the division of wealth, and economic greed. Ultimately, while there will continue to be a great debate on the usage of the "invisible hand" analogy, it can be determined that at least one interpretation of it can be seen as satirical.



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