Smith is a realist who views the moral process as an ongoing dialogue rather than a movement toward perfection.

The final two chapters deal with the relationship of Smith's work to the evolving scientific work of the eighteenth century. David Thorpe reviews Smith's knowledge of engineering and his appreciation of systemic beauty. John Laurent and Geoff Cockfield explore Darwinian evolutionary concepts and whether altruistic and cooperator models of behavior can fit Smith's invisible hand or Darwin's survival of the fittest ideas. They conclude that there is a significant difference between Smith and Darwin. Smith saw the evolutionary process as physical and social and working toward the design of the Creator who had the happiness of people as the goal. For Darwin, there was physical and social evolution, but it was a process that proceeded without an end in place and, consequently, there was no ultimate designer.

It is hard to generalize about a book with nine different authors, but the careful reader will likely come away with a sense that this "new" reading of TMS supports the view that Smith had not abandoned his religious roots and become a modern secularist. Moral behavior is determined by the complex interaction of human passion, one's need for social approval, and the impartial spectator. All of these conform to the design of God in nature and, when coupled with the proper social institutions, such as orderly markets, they lead to a coherent and prosperous society. While this view may be new to those still seeing Smith's system as dominated by narrow self-interest moving toward universal opulence, it is now the generally accepted view of those who see sympathy, the impartial spectator, nature, and the design of the Deity in the eighteenth century context of the TMS. This book not only enlightens us on these topics, but it stands as an exemplar of good exegetical work in the history of economic thought.

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Entrepreneurship and Economic Progress
Randall G. Holcombe
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Entrepreneurship and Economic Progress is divided into three parts. The first relies heavily on two articles published by the author in 1998 and 2001 on the economics of entrepreneurship (chapters 1 to 7). The second develops the implications for policy making (chapters 8 and 9), while the final part explores analogies and differences between entrepreneurship in the market place and in the political environment (chapter 10).

Overall, this is an excellent treatment of the Austrian approach to growth and development. Quite appropriately, the author explains at great length that while the mainstream view insists on the extensive notion of growth (more input leads to more output), the Austrians introduce entrepreneurship and are therefore able to maintain that growth is also—if not mainly—a matter of progress: new products and new technologies. Thus, in order to understand the extraordinary improvements in living standards that the West has been experiencing over the past two centuries, economists and economic historians should focus on the economics of entrepreneurship: what it is, how it works, how it can be encouraged and, following Baumol, why it can go the wrong way (toward unproductive, rent-seeking activities).

Although repetitions are too frequent, Holcombe offers a clear and comprehensive picture. He describes the Schumpeterian view, whereby entrepreneurship means creating new ways to meet the buyers' needs (lower production costs, new goods and services, new varieties of existing goods and services). He illustrates an extended view of the Kirznerian approach, which refers to entrepreneurship as the ability to recognize existing opportunities (alertness), but also by backing up watchfulness with knowledge, skills, and the willingness to apply itself to wealth-creating purposes. Quite rightly, the author concludes that the two approaches are not in opposition. Rather, they complement each other, in that the former focuses on the benefits from breaking the equilibrium, while the latter insists on the returns to the exploitation of disequilibria.

There are many valuable elements in this volume. One of them is the Schumpeter-Kirzner synthesis, which offers a unified and self-contained theory of growth (or process) with clear implications with regard to the damages provoked by industrial policy (antitrust legislation), the fragile foundations of equilibrium theory, and the threatening myth of optimization. Other important contributions concern the engine of entrepreneurship, which is often profit, but not necessarily so. Fame and prestige may also be adequate incentives, or the very pleasure of having made new insights and created new knowledge. Similarly, readers will appreciate the author's emphasis on the self-propelling phenomenon of entrepreneurship whereby innovations create new opportunities: They change the relative-price structures, reshape people's preferences, and originate new needs to be met.

Other passages will probably provide food for thought to further debate and scholarly investigation. For instance, Holcombe repeatedly emphasizes that Adam Smith was the father of the entrepreneurial theory of growth. Some might argue that Smith's theory of the wealth of nations was based on the notion of exchange driven by instinct, rather than by disequilibrium or the desire to disrupt the existing context and benefit from innovation. Smith's specialization, therefore, would be less a question of adopting new technologies than of engaging in a learning-by-doing process in known techniques. Similarly, one might question Holcombe's faith in the link between entrepreneurship and Smith's invisible hand, another rather controversial topic for the historian of economic thought.

On another front, Western growth probably deserves more than a list of the variables that inhibited growth until 1700, grouped together as "bad economic organizations," with relatively little attention devoted to explaining what happened in the eighteenth century and why. For instance, the focus on the British miracle should not obscure the Italian and the Dutch experiences in previous centuries, or the German success throughout the second half of the nineteenth.

The last three chapters will also be the object of future research in a number of areas. For instance, Holcombe rightly reminds the reader about the crucial role of institutions as determinants of economic progress (chapter 8). Economic freedom and property rights are of course the name of the game. Nonetheless, is the author advocating an ideal state in terms of size and power? Is he postponing the answer until proper exercises in constitutional design have been carried out? Is he suggesting that the state becomes criminal whenever it fails to protect property rights and violates individual freedom (which is always the case, even in modern democracies)? It is not clear what the author's point of view is here. His survey of the well-known critical assessments of standard national accounting is also persuasive (chapter 9), and clearly shows its built-in deceptive bias in favor of an increase of government expenditure (and taxation). The reader might wonder, however, how the world would look if the proper numbers were used—or whether national accounts should be abolished altogether.

Chapter 10 is more ambitious: It aims to shape a theory of political entrepreneurship within a democratic environment. Some of the claims are well known. For instance, the political context is not the same as the economic market, and Holcombe is right in referring to the logic of collective action in order to explain that political exchange leads to inefficient outcomes, regardless of the ideas prevailing in Chicago. However, are we really sure that there is a theory of political entrepreneurship whereby incumbents fight against potential entrants from all quarters while their political allegiance is irrelevant? On the one hand, the party distinction might seem irrelevant, for politicians in power are usually members of a party. The case whereby a politician is in government and his party belongs to the opposition does not seem realistic in Parliamentary democracies. On the other hand, one can surely conceive of situations where an individual is appointed to a position because of his political loyalty and does not want to leave, irrespective of the political color of the new appointee. Nonetheless, this can happen as a result either of a fight for power within the incumbent's own party, or of a change in the ruling coalition or party. Put differently, the idea of political entrepreneurship might be attractive, but one would like to know more.

To summarize, this is an excellent book that both students and scholars will enjoy reading. It is well written, it contains frequent reminders of the essential notions, and it stimulates reflection for those interested in the history of economic thought, in public choice and political science, and in economic history. Perhaps the first part could have been shortened by merging a few chapters, so as to avoid repetitions and sharpen the focus, and the second part could have been expanded, so as to include the main lessons from Shane's *General Theory of Entrepreneurship* (2003). Perhaps, though, we should just be patient and wait for Holcombe's next book.

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