

raises relevant questions about the nature of markets and how society evaluates their moral significance. For example, Foley asks, “Are markets a morally acceptable method of deciding what is produced and who gets access to it?” (214), a question neoclassical economics avoids. He highlights the complex moral issues raised by relying on market institutions (while largely avoiding discussion of the difficulties associated with relying on governmental allocation of resources).

Nonetheless, there are difficulties with Foley’s evaluation of modern economic thought. Beyond valuing a more equitable income distribution and cleaner environment, he makes no case for a specific moral/theological framework that should guide economists—a strange omission given the subtitle of the book. However, the author thinks of theology quite narrowly as speculative philosophy; matters of political economy ultimately involve “discussions above all of faith and belief, not of fact, and hence [are] theological” (xv). Foley rightly recognizes that each of the great economists employed a vision (215), but he makes no compelling argument for the source of his own ‘vision’ as to what should replace the naïve faith in the laws of the market, which he disavows.

Adam’s Fallacy is a provocative, well-written, and fairly comprehensive survey of major economists and key economic concepts expressed in a manner comprehensible to the noneconomist. Nonetheless, Foley’s imposition of the grid of AF combined with, at crucial points, his deliberate reliance on speculation rather than actual writings, tends to present a skewed reading of the development of modern economic thought. This book does suggest the need for a more careful analysis of the values underlying the contributions by the major figures in political economy. Such a work of scholarship, by employing, for example, the framework of historic Christian orthodoxy, would no doubt provide us with greater insight into the value-laden economic way of thinking.

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Adam Smith’s Moral Philosophy: A Historical and Contemporary Perspective on Markets, Law, Ethics, and Culture

Jerry Evensky

Cambridge, United Kingdom: Cambridge University Press, 2005 (331 pages)

Evensky’s book is a milestone in the contemporary recovery of the bases of our economic paradigm.

Most economists trace their scientific corpus back to Adam Smith. However, since the rise of neoclassicism in the late nineteenth century, they have increasingly and almost unconsciously lost contact with Adam Smith’s “vision.” This process has reached an apex during the last forty years, during which economics has been turned into a set of very specialized fields. Furthermore, the partly ideological fight against Soviet Communism

and Western state bureaucracies has been conducted under the banner of Adam Smith, the advocate of individualism and free markets.

Yet, parallel to these developments, and unnoticed by the economic profession, a new field of intellectual history and philosophical research has rediscovered a historical Adam Smith who created economics as an integral part of moral philosophy. This intellectual movement culminated in 2005–2006 in the publication of the *Cambridge Companion to Adam Smith* (Haakonssen) and of *Adam Smith's Moral Philosophy* by Jerry Evensky. The latter author is a professor of economics who felt the need to link contemporary discussions among economists to the recovery of Adam Smith. Evensky's central thesis—emphasized in the title and subtitle he gives to his latest book—is that for Adam Smith economics is an integral part of ethics and culture that together fashion markets and laws that sustain the search for opulence through the division of labor. “Moral philosophy” is Adam Smith's approach to this integrated and coevolving human-societal reality. Evensky underlines the unity of the paradigm he examines, in the spirit of Adam Smith, by distinguishing between historical and contemporary perspectives on this paradigm.

It is important to recall that Adam Smith developed his project primarily in three works: Two books, which he revised several times as a result of changes in his views, *Theory of Moral Sentiments* (TMS) and *The Wealth of Nations* (WN); and a series of (unpublished) lectures, retrieved in the 1960s from student notes, and published as *Lectures on Jurisprudence* (LJ). The complexity of this legacy makes it very difficult to present a clear picture of Smith's views.

Part 1 of Evensky's book discusses the core of Adam Smith's vision (described in TMS); that is, his paradigm or integrated view of human nature and society and the role played in this vision by religion and the legal and political organization of society (LJ). In part 2, Evensky turns to the economic dimensions of this vision (WN), thus completing his historical perspective on the basic paradigm of economics as seen by Adam Smith.

In part 3, Evensky gives his own contemporary perspective on these issues. He concludes that contemporary economics is overcoming the “Chicago Smithian” world. Because humans are complex beings and not the mechanical solipsists of the Chicago world, these social-moral beings are able to engage in the continuous building of the societal systems required for the development of their exchanges. The Chicago neoclassical solipsists, to the contrary, are unable to overcome their game theoretic rivalries, which prevent them from pursuing any common interest. Evensky refers to this central crux of contemporary neoclassics as the “impossibility issue.” He thus synthesizes the recovery of Adam Smith and the refoundation of contemporary economic theory.

In chapter 1, Evensky presents a summary of his understanding of Adam Smith's complete vision or paradigm. At the heart of Smith's vision is the notion that we can intuit human-social reality but not know it as we know natural (Newtonian) reality; we thus realize that individual human nature evolves as human society evolves and that this coevolution is moved forward by the endeavors of “human frailty” to build social systems better capable of reaching opulence. Humans succeed in spite of their frailty because their effort is supported by the very society, culture, and ethos they generate during the

evolutionary process. Religion, societal organization (law and government) and the search for opulence (ultimately tranquility) are the three somewhat analyzable dimensions of the underlying evolutionary process. To grasp this complex history, it is imperative that we realize that it is ultimately sustained by an invisible hand that moves it fundamentally, but in a way we can never know. The issue remains open whether this hand is a deity or our own faith in progress. As a result, the core of Adam Smith's vision is that human frailty is overcome by the progress ultimately generated by faith in this human nature, in progress, or in the deity.

This summary of Smith's paradigm illustrates the revolution effected by contemporary research in economists' understanding of Smith and in the relative importance of TMS and WN in his work. In the conventional economists' view (of the last 150 years or so), WN was seen as Smith's major opus; this was instrumental in isolating economic theory from history and social theory. Today WN has become merely an important extension of TMS. This revolution enables us to correct our own vision of social and human sciences at work in economics.

Now that we have an idea of Adam Smith's vision, let us very quickly turn to the roles played by religion in TMS and of opulence in WN.

At the beginning of the twenty-first century, economists can sketch quickly the role of religion in Smith's paradigm: It transmits convictions and feelings very much along the lines analyzed by the "economics of religion." Religious organizations compete for influence in spreading social cohesion, and in so doing grow, acquire, and later lose, dominant positions, just as it happens in other markets, but in this market the products are social ethics and cohesion. The relationship between religion and underlying beliefs (or possibly faith) is not mentioned by Evensky nor is the Weberian notion that "a basic belief system" could be the instrument of societal innovation.

As is well known, WN shows that the rise of opulence is based on the division of labor, which is the motor of the rise in production (and productivity). With increases in the capital used in production, human beings can further increase the division of labor and production. For this process to go on, humans must also increase their agreement on, and the security of, the division of labor and the distribution of the opulence it generates. These societal agreements must be sustained by religion, the state, and the laws.

Smith spoke of the division of labor rather than more generally of market exchanges because he focused on production of sustenance in an underdeveloped society. This focus led him to view progress as the development of agriculture and confronted him with the historical fact that progress resulted from the emergence of towns and from commerce, something that contradicted his basic economic theory of history, which implied that agriculture should have been developed first. From this observation, he drew the very important conclusion that the invisible hand could achieve progress against apparently basic (theoretic) requirements. As a result of his analyses, Smith concluded WN with a strong critique of the then-dominant mercantilist tendencies and in general of state interventions. It is this aspect of WN that has been remembered best by economists.

With chapter 10, Evensky begins the presentation of the ultimate objective of his book: The defense of the contributions of the real “Kirkaldy Smith” (Kirkaldy is Smith’s birth place) against the reductionism of neoclassical economists (the “Chicago Smith”) as a means to enable economics to confront the issues of the future, in particular by overcoming the “impossibility issue.”

It is impossible to summarize here Evensky’s difficult analysis of how the dialogue between Amartya Sen and James Buchanan attempts to overcome the “impossibility issue” by retrieving partly Smith’s original vision. We must content ourselves with emphasizing that Evensky concludes that this can only be done by producing a dynamic analysis of Smith’s three dimensions. In particular, it is “institutional information” (such as the one produced in economic and other scientific journals) that has to be used to develop new ideas. Evensky thus returns, without saying so explicitly, to the role of (secularized) religion, but he does not show how contemporary society can generate the (necessary) faith-ethos Smith put at the center of his vision as the instrument of the invisible hand.

Evensky’s account is deficient in at least two ways. For one, the invisible hand is presented as working purely through the internal current (and past) evolution of a given society. No explicit account is taken of exogenous injections of ideas and messages, à la Max Weber. The role of the human person—personal initiative and responsibility—is also nowhere explicitly mentioned. The entrepreneur has no place in the vision.

As a result of these implicit assumptions, Evensky is bound to turn exclusively to the abstract process of information as the ultimate factor of the invisible hand, that is, the global change of society and information. As a result, the faith that underlies the vision is thus never challenged, and the system can go on forever in its closed coevolution.

The ultimate cause for this paradigmatic option may well be the fact that Evensky has been blinded, as Smith was, by the anti-Christian zeitgeist of his epoch. The very notion of a prophetic intrusion into a paradigm is an epistemological taboo. Yet, the Christian message ultimately is to be analyzed as, and is, a continuous exogenous shock that affects the self-loving and partly solipsistic autonomous human person (and consequently the Smithian faith and its tridimensional vision). The progressive inculturation of this message, too, in accordance with its own Christian logic, is absorbed in the workings of the invisible hand, a process that cannot be scientifically quantified in keeping with the very scientific working of the vision that Smith and Evensky have uncovered.

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