interested Christian economists. In summary, Rodrik’s book captures one’s moral imagination, and even its weaknesses are useful in motivating further research, better teaching, and thus better service to the community.

REFERENCES


Economics as a Moral Science: The Political Economy of Adam Smith

Jeffrey T. Young


Adam Smith’s attempt to understand the way the world works was deeply embedded in the Protestant Natural Law tradition which had many ties to the Greek and Scholastic writings. For Smith, morals and economics interpenetrate each other and combine to form a general science of human nature. Unfortunately many who read only the Wealth of Nations (WN) never grasp the connections between morals and economics that Smith spent his life exploring.

Jeffrey Young, A. Barton Hepburn Professor of Economics at St. Lawrence University and member of the ACE, has as his goal to correct that problem by looking at all of Smith’s writings as an integrated project. Beginning with material from Smith’s writings on astronomy Young illustrates how scientific analysis begins with wonder and surprise that begs for connecting principles. Philosophy is the search for these principles that are ultimately drawn from the imagination and experience. Following Hume, Smith weighed experience and the human passions more heavily.
than reason as the most productive route to meaningful understanding. Smith’s writings are full of stories and observations of behavior that led him to develop a science of moral behavior that he considered natural and of which economics is only a subset. For Smith, if something is truly natural, it is right because it conforms to the will of the Deity. Thus the scientific search was also a moral search which involved the full range of human passions and motives and the context in which they are expressed.

Young believes that viewing Smith’s work as a whole makes the old “Adam Smith problem” disappear. The notion that Smith evolved toward a more narrow rational choice self-interest understanding of human behavior in WN is now generally discredited. However, what has not been fully developed are the connections between the broad science of human behavior articulated by Smith in The Theory of Moral Sentiments (TMS), and the economic subset of that theory which is the concern of WN. Young attempts to bridge that gap.

He begins that task with a description of Smith’s model of behavior. With the basic passions in all people as a given, Smith relies on an innate ability of people to develop a fellow-feeling for each other and feel connected to their plight. This ability is called sympathy and it includes a desire to be approved of by others. To sympathy is added the impartial spectator which is an outside influence that calls people to the way things should be if viewed without personal biases. Through the interaction of sympathy and the impartial spectator the social passions are channeled into the virtues of benevolence and self control, the unsocial passions are discouraged, and the selfish passions are turned into the virtues of prudence and justice. The latter process constitutes the economics part of Smith’s work.

Having set out Smith’s basic human behavior theory of moral sentiments, Young then proceeds with his thesis:

I will argue that the central concepts of TMS, sympathy and the impartial spectator along with the theory of human nature with which they are associated, lie in the background of certain key elements of the analysis of the division of labour, markets, prices, and distribution found in WN (p. 55).

Whether Young succeeds in this goal may vary with the reader, but the impact of the entire effort is persuasive.

From the chapter on natural price and markets Young concludes that sympathy and the impartial spectator are operative in complex impersonal markets. He suggests that the wealth of civilized nations depends upon an ability to apply Smith’s “benevolent model” rather than the “malevolent model” where sympathy and an impartial spectator are not thought to be necessary. The benevolent model will prevail when the property and contract laws of society are rooted in natural justice. These laws can be rooted in spectator principles so they are moral at their core, but history shows a tendency to slip into the malevolent model with slavery, colonialism, monopoly and mercantilism.

Young argues in the chapter on Natural Jurisprudence and the Theory of Price that Smith did not employ a pure labor theory of value. Instead he referred to the time and pain of production, a concept which more easily relates to later utility concepts of value than does a pure labor theory. In Smith’s work there is less of the objective-subjective dichotomy in value analysis than is commonly thought. The time and pain notions also open the door to the moral issues associated with sympathy and the spectator principles.

Perhaps the most interesting and innovative chapter in the book traces the just price tradition from the Scholastic schoolmen to the Protestant Natural law theorists and on to Adam Smith.
Young clearly has a great command of the literature on Adam Smith.

Young clearly has a great command of the literature on Adam Smith. However, Smith saw price as the result (final cause) of just institutional structures and laws (efficient cause) whereas the Scholastics viewed just behavior as the cause of the just price. Smithian justice involves finding the right rules of the game coupled with the behavioral model of moral sympathy. Neither one alone will lead to a natural just order. Accordingly, commutative justice involves getting the process right so the outcome can be natural and therefore good. But commutative justice deals mainly with an individual's obligation to another individual. It does not deal with the community's obligation to the individual. That concern with distributive justice is the next topic entertained.

Young sees distributive justice concerns frequently in Smith's writings. However, they surface more because of his compassion for the poor than because he is fitting distributive solutions into his natural system of justice. Unlike some of his followers in the classical tradition, Smith was optimistic and believed that the universal opulence he foresaw would ultimately elevate the lot of the poor. In addition, he did believe that some gradation of classes was necessary for the economy to work well. However, he believed the society of his time was more socially stratified than it should be. Given all of this it becomes a real hermeneutical problem to sort out Smith's views on distributive justice. Citing Smith's view of the high importance of education, Young argues that Smith would have supported a more socially and economically level playing field as more just than the status quo. A reader may feel that this chapter is forcing the issue a bit in order to make distributional concerns fit the overall thesis.

The final two chapters of the book deal with a third aspect of justice, that of the community's responsibility to the individual. What role should the government play in a just economy? While the system of natural liberty developed by Smith relieves the government of many of the tasks it was attempting to do in Smith's time, there are still important functions for the government to perform. Providing public goods and fostering public virtue and morality are necessary roles for government. According to Young, Smith depends on a virtuous group of public officials. This is because he sees the spectator and sympathy principles especially operative where public behavior is involved. Legislators will get their greatest rewards by doing what is generally approved. At the same time they will find it useful to promote the values that build the system of natural justice over which they govern. Nevertheless, Smith was very much aware of officials who follow the 'corrupt sequence' pursuing their own agenda rather than the public interest.

I suggest that this is a significant work that economists, particularly Christian economists, should take seriously. It is not a book that reads quickly. There are ten pages of primary and secondary sources listed in the back of the book and the sources are not just there as a reading list. Most of them are used directly in the chapters and Smith is quoted heavily throughout providing a breadth of input that must be digested slowly if the arguments are to be followed. The footnotes must be read along with the text to gain full insight into the flow of ideas. Young clearly has a great command of the literature on Adam Smith.

In many ways, reading Smith is like interpreting scripture. Some parts are not easily connected, hermeneutical principles are required to bridge the gap of time and place, commentators disagree on various passages, the meaning of various words change over time, and the authors are no longer around. Exegeting Smith is hard work but he is becoming more relevant as economics recognizes its positivistic shortcomings and seeks a richer view of human behavior. This book should stimulate Christians to ask: How does Smith's view of a moral and just economy
Beyond Growth
Herman E. Daly

There is a growing interest among Christian economists around the themes of environmental economics, ethics, and ecology. A recent article in this Bulletin (Barrett and Bergstrom, 1998) surveys the broad questions and tools available to analyze the natural economy as God’s creation. A return to one of the classic works in this area, Herman Daly’s Beyond Growth is useful for those interested in one of the original frameworks for analyzing the intersection of ecology and economy. Daly asks important fundamental questions not only about the scale of economic growth but about several central tenets of the mainstream neoclassical economic paradigm. Yet his new “preanalytic vision” offers a hopeful principle to Christians trying to reconcile economic concepts with the religious insight that the world is God’s Creation.

Daly admits his book was inspired by a rocky tenure as a senior economist at the World Bank. Daly sought to change the central growth paradigm of the Bank as well as impact modes of project evaluation and policy making. Although he encountered mixed success there, the influence of this book and his earlier For the Common Good have been felt across a range of governmental and nongovernmental institutions and spurred new lines of Christian academic scholarship.

Beyond Growth is fairly easy but worthwhile reading. Although it suffers as a collection of essays on a variety of topics, the strong stand-alone introductory and final inspirational chapter linking religion and sustainable development draw the work together. Daly’s objective is to convince readers of the need for an environmental macroeconomics approach which adds scale to the traditional questions of allocation and distribution. Chapter Two lays out Daly’s alternative approach, his “preanalytic vision,” in which the economy is a subsystem of the ecological

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