

“saving” Adam Smith from apologists of the market system who applaud *The Wealth of Nations* but ignore *The Theory of Moral Sentiments*. *Saving Adam Smith*, at its taproot, is meant to save Adam Smith from those who think he sanctioned selfishness (and not self-love); that he supported laissez-faire and saw no role for the state; that he commended businesses in all that they do; and that he was a fan of individualism and impersonal markets.

The primary Smithian themes developed through this novel are free trade (globalization) and the conduct of the multinational firm. Wight, through his fictional device, explains how fundamental Smith’s concerns with promoting justice and instilling virtue are to the viability and prosperity of the world’s economy. Smith understood, long before the contemporary work of Gary Becker, Kevin Murphy, and others, the importance of social capital. Just as George Stigler used to say “it’s all in Marshall,” *Saving Adam Smith* reminds us that at another level “it’s all in Smith”—or at least more than we might have thought.

The theme of Wight’s novel, to use Smith’s words, is to combine “the best head to the best heart.” Wight can restrain his enthusiasm for economists who adopt a clinical and dispassionate application of the neoclassical model shorn of Smith’s melding of head and heart.<sup>1</sup>

To be sure, historians of economic thought always have understood that Adam Smith’s writings are not always on point for free market proponents. But with the shrinking of the history of economic thought as a distinct field in economics, it is as if Wight offers this novel to acquaint readers with the real Adam Smith. To Smith, business leaders are not the heroes they are in the writings of Ayn Rand. To Smith (of both *The Theory of Moral Sentiments* and *The Wealth of Nations*) there is a world of difference between selfish behavior and conduct guided by self-love. To Smith, men in Washington, D.C., who wear Adam Smith neckties to signal their affection for unfettered free trade might have the wrong guy on their cravat. They might be better advised to wear a tie bearing the likeness of Ludwig von Mises or Milton Friedman.

For prospective readers’ information: Wight’s fiction is not hard-core or potboiler stuff. He does not mimic Elmore Leonard. On the other hand, this is not a Hardy Boy adventure story either. For prospective economics teachers: Wight’s text is readily approachable for an undergraduate (or high school) student. One could assign it as a supplement to a principles course where the professor wants to acquaint students with the origins of the discipline of economics. One potential problem: the book’s length (262 pages, without the Smith references) is a bit on the long side for a “quick read.” One could also imagine it as a “fun read” in an undergraduate history of economic thought course.

Perhaps the audience most in need of this novel book are academic economists who have never read Adam Smith, neither *The Theory of Moral Sentiments* nor *The Wealth of Nations*, and are in need of “saving” from a caricature of the Master. Another audience in need of this book are professors in other fields whose view of economics is a caricature of something economics is not (or at least once was not).

Wight endeavors to save *The Wealth of Nations* from those who selectively quote from it but do not seek “the whole counsel” of Smithian scripture. My hunch is that the main contribution of *Saving Adam Smith* will not be to correct those who exegete Smith incorrectly, nor to reprimand those who quote him strategically, but simply to inform economist readers (most of whom have never read Adam Smith’s great works) of the range and depth of Smith’s contributions to moral philosophy as well as to economic analysis.

### **Endnote**

- 1 The best head and best heart portfolio is not distinctly or overtly Christian. When “Smith” is asked what is the goal of life, he responds “It’s peace of mind” and “Tranquility of being. That’s the basis for happiness.” “To know God and to enjoy Him forever” apparently is not to be found in *The Wealth of Nations* or *The Theory of Moral Sentiments*. ■

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### **The Mind and the Market: Capitalism in Modern European Thought**

Jerry Z. Muller. 2002. New York: Alfred A. Knopf. ISBN: 0-375-41411-8. \$30.00.

*Reviewed by William F. Campbell, Secretary, The Philadelphia Society and Louisiana State University (ret.).*

Jerry Muller’s work, like that of most scholars, is a coral reef; it keeps adding and building on earlier growth. Drawing on his previous work on Adam Smith, Hans Freyer, and an anthology of conservative thought, Muller manages to provide the perfect complement to Mark Blaug. This is not a history of the market as an analytical concept in economics, but as a thoughtful consideration of the cultural status of the market and capitalism.

Who should read it and why? The answer is most everyone. Economists especially will benefit from having to wrestle with the anti-capitalistic ideas of many thinkers who already grant capitalism’s productivity. It’s not the productivity, stupid.

Starting with the perfectly chosen cover, the famous and familiar painting of “The Money-Changer and His Wife” by Reymerswaele, the book tells the tale of the dominance of the means over the ends. Although he doesn’t quote Ralph Waldo Emerson—“Things are in the saddle, and ride mankind”—he should.

The loss of a search for the ultimate good, the worship of efficiency, and the lack of community, freedom and productivity are the main themes of the various chapters. He is trying to explore the tensions between them rather than the contradictions.

Some of the material will be familiar to Christian economists who do history of economic thought: the first chapter on the historical backdrop covers the world of the polis and Christian economic thought through the Middle Ages. Chapters on Smith, Marx, Schumpeter, Keynes, and Hayek hit familiar names. But drawing on recent scholarship

of biographies and histories of the times and places, he puts new light on many of these thinkers that is probably unfamiliar to those who restrict themselves to more analytical treatments of them.

He draws attention to Schumpeter's *Capitalism, Socialism, and Democracy* by quoting Fritz Machlup's characterization of it as "humorous, ironic rococo." In other words, this was Schumpeter's strategy to get disaffected leftist graduate students and faculty to read defenses of capitalism. Although he doesn't make the comparison, Schumpeter was the Veblen of the right! I remember it took me a long time to appreciate Veblen's prose style as funny. Muller does not say whether Schumpeter was in his ironic mode when he stressed the "contribution made by parenthood to physical and moral strength... particularly in the case of women."

Muller mentions but does not dwell on the methodological chastity belts by which economists promote relativism. Hayek's work is described in a footnote as the "veritable theorization of indifference toward human happiness." His criticism of Hayek is basically that he does not allow anyone to explore substantive ends for human beings.

The great strength of the book is to introduce new names for economists to ponder who could not make it into a Blaug because they failed to produce new analytical tools in economic theory. Some, like Voltaire, Burke, Hegel, Arnold, and Weber are vaguely familiar to most economists as prominent European intellectuals, but most economists are really unfamiliar with their work. Muller sparkingly describes Burke, for example, as a "one-man think-tank." One can imagine that the battles in the mind and soul of this founder of conservative thought may have been similar to what must go on in the Heritage Foundation between the classical liberal and social conservative policy advisors.

An exception must be made for Weber's *Protestant Ethic and the Spirit of Capitalism*. But even those who have read, or think they have read, Weber would not come away with his liberal nationalism and the emphasis on power coming out of an imperialistic social Darwinism.

One would like to see Muller explore the implications of the Weberian fact-value distinction for the relativism of modern economic methodology. If there is no moral truth, then power is the best game in town.

But the differentiated products in this history of ideas are the Germans and Eastern Europeans like Justus Möser, Georg Simmel, Werner Sombart, Georg Lukács, Hans Freyer, and Herbert Marcuse. As an added bonus, Muller paints the historical and political background of Germany and Eastern Europe necessary for putting their ideas into context. These are all men who thought about the market in a cultural context. They exemplify the types of European scholars who are less specialized than modern-day Ph.D.s.

Most of the above thinkers share Tönnies' contrast between *gemeinschaft*, the family, small community orientation with the solidarity of shared ends, and *gesellschaft*, the calculating society without shared ends of most market oriented economists. George Simmel, however, comes across as remarkably optimistic about the ability of the market and competition to tie society together, even though he has his

doubts about the life of joyless acquisition.

Herbert Marcuse was less optimistic. Maybe it is because, as Muller says, he was "fundamentally uninterested in economics." He follows Marcuse from the Institute for Social Research in Frankfurt to Columbia University in the United States. Marcuse did not stop in England and the L.S.E. because of Hayek's opposition in the 1930s. The remarkable fact that he worked for the OSS and the State Department during World War II is duly noted.

Muller refuses to reduce Herbert Marcuse's thought to "better and more varied orgasms" and emphasizes the way in which both the Nazis and the United States have managed to unleash rather than repress basic drives (sexuality) as a method of social control. His romantic adherence to the original Marxist ideal of the multifaceted creative personality has continued to have an impact on American universities, modern educational theories, and even business/management seminars and books.

Perhaps the most interesting chapters for me were the treatments of Arnold and Hegel. Both are pro-spiritual (in a vague sense that would not please most members of ACE) and anti-mechanical (in a sense which would please many members of ACE). The pro-market side of Hegel was a big surprise to me and overcame many of my previous prejudices against Hegel.

For both, the market had to be supplemented and guided by intellectual elites. In the case of Arnold, the elites were a secularized and bureaucratized version of Coleridge's clerisy class. Although classical learning was stressed, education was to become compulsory and regulated. But Arnold still had respect for bourgeois society and the virtues of the middle-class. He was not one of the earlier Romantics or the later Aesthetes who were totally dismissive of the bourgeoisie.

Although Arnold talked about intellectuals as aliens, they were aliens of the type that most of us educated in the fifties and sixties were familiar with: liberal university professors before they dropped America and western civilization.

An interesting leit-motif of the book is the importance of anti-semitism in anti-capitalistic thought. The identification of the Jews with capitalism (both for those who are against the market and for those who support it; both for those who themselves were Jewish and those who were not) is a long and usually sorry thread.

This theme is of importance to Christians because the qualities the Jews were supposed to exemplify are the same as those that characterize most orthodox Christians today: a teleological orientation to future goals (salvation and the second coming), discipline over the hedonistic passions to ensure meeting those future goals, and a belief in sin, and guilt for that sin. Similar thoughts are found in Veblen and Keynes. Incidentally, the only error I found in the book was that Keynes' essay was "Economic Possibilities for our Grandchildren" rather than "Economic Prospects . . ."

Another theme that could have been more systematically pursued is the importance of envy and resentment in the anti-market intellectuals. The flip side is that the thinkers who emphasize the role of entrepreneurs and creative individuals, perhaps stemming from Nietzschean impulses, are usually

defenders of the dynamics of capitalism.

Muller wishes to emphasize that not all intellectuals fit into the group “whose interest it is to work up and organize resentment, to nurse it, to voice it and to lead it.” Another of the Frankfurt school theorists, Max Horkheimer, finally realized after World War II that much of contemporary anti-Americanism had taken on the function of anti-semitism providing excuses for aggressive and mindless scapegoating. On this score things have not changed very much in recent years. Muller very briefly links up this kind of resentment to the attacks of 9/11 but does not develop it. Anti-semitism and anti-Americanism have once again joined full circle. ■

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### **A Declaration of Interdependence: Why America Should Join the World**

Will Hutton. 2003. New York: W. W. Norton. ISBN: 0-393-05725-9. \$27.95.

*Reviewed by Paul R. Koch, Olivet Nazarene University (IL).*

Will Hutton is chief executive of the United Kingdom’s Work Foundation and columnist for the *Observer* in London, where he was formerly editor in chief. I first became aware of his work in the mid-1990s, when an Olivet alumnus referred me to his book, *The State We’re In: Why Britain Is in Crisis and How to Overcome It*, a critique of British economic policy under the Conservative governments of Prime Ministers Margaret Thatcher and John Major. While I never ran across a copy of this volume, I recalled his name when Daniel Schorr, in a National Public Radio commentary in the spring of 2002, made reference to his more recent book, *The World We’re In: How America Violates Its Own Ideals*, which eventually reached “the top ten nonfiction best-seller list in Britain” (p. ix). *A Declaration of Interdependence* is the American edition of *The World We’re In*, with some chapters updated and rewritten and others deleted.

In the preface to the American edition, Hutton writes that while *The World We’re In*

attacks Euroskepticism and makes the case for European integration around a reassertion of common European values, *A Declaration of Interdependence* tries to do the parallel job in the United States—insisting that America’s interests are still best served by strengthening and modernizing the multilateralist approach that followed World War II (p. x).

At first glance, this might appear to be a book that would hold little professional interest for readers of this journal, especially if one does not share Hutton’s social-democratic perspective on the appropriate nature of economic institutions and policies in a free society. Having read this volume, however, and having used it in an upper-division undergraduate class as a supplemental text, my conclusion is that Hutton addresses several issues in a thought-provoking manner that are definitely of concern to Christian economists.

The first issue is the role of religious faith, specifically Christianity, in the formation of the American version of democratic capitalism, as opposed to its European variants. Hutton makes the following argument in the book’s first chapter, which opens his critique of American economic, social, and foreign policy:

Early settlers believed that America was a holy country with a special divine providence. The same belief is still alive today, giving American Protestantism its particular evangelical and highly personalized character. . . . As a result, America’s religious culture, or at least its dynamic element over the last twenty years, has stressed the morality of individual self-interest and self-help. Social and public initiatives of the type widely supported in Europe and by liberals in the United States are seen as inimical to morality because they minimize individual responsibility (p. 28).

One might be inclined to dismiss the previous statement as an overly simplistic interpretation of the role of Christianity in the shaping of American society, especially since it (1) only focuses on evangelical Protestants, and (2) does not acknowledge the diversity of social thought even within the evangelical community. Hutton’s perspective, however, does focus the reader’s attention on the enduring debate over the viability of the state as an instrument of justice and specific forms of public stewardship, as well as on the question of whether American Christians tend to view these issues in a manner that is fundamentally different than believers in other countries.

This discussion is intrinsically connected to a second argument, which is Hutton’s view as to what constitutes an appropriate “social contract” and “infrastructure of justice.” This argument is outlined in the book’s second chapter, in which Hutton presents his view of the contrast between European and American civilization. He relies heavily upon John Rawls’ *A Theory of Justice*. Hutton’s examination of these matters raises some interesting questions, as reflected in the following quotation from the second chapter:

If there is to be a social contract, then there has to be a collective agent that can organize it – and there has to be a public space within which the social contract’s character and structure can be debated. In short, there has to be a state, and the state has to be part of a wider public discourse in which its actions can be publicly discussed, evaluated, and held to account by the citizenship at large. For any European—or indeed any Rawlsian American—this is a pretty tame lowest common denominator of agreement (pp. 58–59).

Should the state occupy all of the public space to which Hutton makes reference in the previous statement, or is there a role for the voluntary associations of civil society in his vision of the social contract? Why can’t non-governmental organizations (NGOs) of all types constitute an important part of the infrastructure of justice? While Hutton does not make any critical references to the participation of NGOs