

Years a Keynesian, chapter 4, he clearly thinks Rod O'Donnell's criticism of Robert Skidelsky is wrong, but look at the way he says it:

As for Rod O'Donnell's masterly account of Keynes's philosophy and economics, if it has one limitation . . . it is *too* systematic, explicit and formally logical . . . Rod O'Donnell is so systematic a thinker himself—to the benefit of us all—that he may not have fully perceived or appreciated how Keynes could have done what he did without following the same systematic path (*Fifty Years a Keynesian*, p. 63).

Who wouldn't like to be chastised in that way?

In other places, asides are made about how “both Austin and Joan came from not dissimilar niches in the intricate strata which constituted then (and now) the British class system” (*Fifty Years a Keynesian*, p. 307). Harcourt reprints a quote from Hahn about Austin Robinson who was “apt to favour those he knew—especially in Cambridge—when it came to jobs and honours. This was not really a sign of the ‘old school tie’ syndrome. He simply took it for granted that the best minds, and indeed the morally most reliable minds, were to be found in Cambridge. After that he would allow some merit to Oxford and London, but not much beyond that” (*Fifty Years a Keynesian*, p. 150). There are hints of racism (*Fifty Years a Keynesian*, p. 311). Joan Robinson is also said to have been too harsh on the Americans and too starry-eyed about China and North Korea (*Fifty Years a Keynesian*, pp. 318, 320–21 n.3).

In both volumes Harcourt develops post-Keynesian themes. Post-Keynesianism, he says, “is an extremely broad church. The overlaps at each end of a long spectrum of views are marginal, reflecting little more than a shared hostility towards mainstream neoclassical economics and methodology” (*Fifty Years a Keynesian*, p. 263). While he sees this “church” carrying the true Keynesian torch, he is willing to form strategic alliances with all types of Keynesians to create a united front to fight the external threat from Monetarists and new classical macroeconomists.

Readers of this journal will enjoy the biographical sketches and tributes in these volumes, although they will be put off by the annoying repetition and the republication of at least one paper that the author admits “is a complete muddle” and “silly” (*The Selected Essays*, p. xi, 112). The intellectual biographies tell us at least as much about Geoffrey Harcourt as they do their subjects and, given the affection in which he is held in Australia and Cambridge, they are a fitting tribute to his beliefs and lifetime achievements.

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Emma Rothschild, *Economic Sentiments: Adam Smith, Condorcet and the Enlightenment* (Cambridge, MA: Harvard University Press, 2001) pp. ix, 353, \$45. ISBN 0 674 00489 2

Emma Rothschild does not beat about the bush. Her opening sentence in the introduction is short and to the point: “This book is about *laissez-faire* when it

was new” (p. 1). While “natural liberty” might have been a better term to use than *laissez-faire*, the idea of the “new” is the key motivating force of the book. What is on offer in the rest of the work is an innovative reading of Adam Smith and Condorcet, one that reclaims Smith’s *The Wealth of Nations* as a full-fledged Enlightenment text. Rothschild is as good as her opening sentence promises. Her writing is infused with a sense of the new. Her research is thorough and the insights keen. The reclamation of Smith as an economics writer of the Enlightenment—a topic of growing significance in other writings on Smith—is now in full swing. *Economic Sentiments* presents the work of two significant economic and political theorists in the context of late eighteenth-century concerns about trade and justice, peace and agitation, and of what Napoleon called, in his mythmaking on St. Helena, the “furious oscillations of modern times” (p. 1). The wide vision and the emphasis on the period after 1776, i.e., on the context and reception of the ideas as new ideas, have as their outcomes new perspectives and new revelations. The “Adam Smith problem” is not mentioned but the work implicitly adds to the skeptical voices that hold this to be a non-problem. It also raises, both directly and indirectly, questions concerning economics and rhetoric, both then and now.

The book is a realization of Smith’s own project for historical studies: “This is a book about history, about how people once thought” (p. 39). Sentiments and emotions are never far from center stage. It was Smith’s view of history that it should deal with the “knowledge and motives by which men act.” Rothschild applies this to the study of the ideas of Smith and Condorcet and to the reception and reaction to their ideas in historical context. She also applies this insight to the text of both *Moral Sentiments* and *The Wealth of Nations* and provides, as a result, a way of integrating Smith’s notions of economic agency. Using the text of *The Wealth of Nations*, Rothschild establishes Smith as a friend of the poor. This is not a wholly new theme in the Smithian literature. However, it is interestingly and economically done and, at the same time, illustrates how “sentiments” broadly defined underpin the economics and inform the behaviours of all agents from, as I see it, “every man” and the “laboring poor” through to landlords and the executive.

Rothschild’s work deals even-handedly with both Condorcet and Smith. Her writing switches, seemingly effortlessly, from discussing the one to discussing the other. This review concentrates mainly on her insights into Smith, as a matter of rhetorical convenience and personal interest. It is important, therefore, to register that this is not a parochial work; it deals with Britain (i.e., both Scotland and England), France and the wider European and international scene, and in the contexts of Enlightenment, revolution, and reaction. This is a work of considerable historical range and scholarly knowledge. The insights on and into Condorcet, and the parallels with Smith, are carefully drawn. Indeed, such parallels are essential to her central thesis about the nature of economic sentiments (more later). Students of Condorcet will have as much to learn as students of Smith from their reading of *Economic Sentiments*. Indeed one of the main contributions of this book is in the setting out of Condorcet’s economic thinking in a way that allows for comparisons, including the “profound dissimilarities” with Smith’s own thinking (p. 221).

The notion that human nature has a propensity to “truck, barter, and exchange” underpins *The Wealth of Nations*. Rothschild uses this to reflect upon the text and to integrate many disparate aspects of the work. “Sentiment” she holds, is central. Mercantile society, as constructed by Smith, discussed, debated, speculated, listened to rumors, hoped, and feared. Smith’s economic agents are connected by speech with the rest of the society through an ongoing political and economic discourse. Trade and talk are conjoined. Trade and commerce had the capacity to free this discourse from feudal repression and superstition. For both Condorcet and Smith, economic development banishes superstition, prejudice and fear—including fear of catastrophic market failure, especially in the market for wheat. But commerce for Smith, according to his critic Alexander Carlyle, “propagates opinions as well as commodities” (p. 17). This link between trade, self-expression (or independence of mind), and rhetoric is a strong one, even if Adam Smith first directly mentions it in an almost throwaway line. In talking about the propensity to trade, Smith writes and leaves open: “whether . . . it be the necessary consequence of the faculties of reason and speech.” Rothschild makes the most of this insight and holds that it is this capacity to think independent thoughts that was the most disturbing to those opposed to social and economic change. It is partly in this that Smith, like Condorcet, was seen as a radical critic of then-current concepts of the State. It is also partly in his understanding of the inter-penetration of economics and politics (even more important for Condorcet who grappled with the shifting nature of the relationships) and his criticism of self-regarding self-interest and the misuse of political power that his radicalism is to be found. The concepts of the State (they differed in many ways between France and England and between Scotland and England) are not our concepts. Rothschild usefully reminds us, time and again, that the past is a different country.

Smith came to be seen in Revolutionary France as a radical critic of feudalism (and hence of the *Ancien Régime*), and therefore as an intellectual supporter of the Revolution even although his comments on feudalism and mercantilism are not specifically directed to French conditions. This reputation was inconvenient for his supporters in Britain during the years of conservative reaction. Smith’s work came to be seen in Scotland as potentially “seditious”: “To be praised by Payne and translated by Condorcet was fearsome in the Scotland of 1793” (p. 56). Dugald Stewart rescued Smith’s reputation (and, his own, one supposes) by stressing the technical aspects of Smith (free trade and the division of labor) rather than the liberal political aspects. By 1798, the word “liberty” itself was seriously suspect. The revisionary process that was intended to rescue Smith’s reputation fairly swiftly subdued the radical Smith and promoted Smith the conservative. Rothschild’s accounts of the motives and consequences involved make interesting reading. The radical Smith was not wholly eclipsed. He pops up in economic and historical writing from time to time during the nineteenth and early twentieth centuries. The social reformer, Beatrice Webb, wondered aloud how Smith’s eighteenth-century “crusade against oppression transformed . . . into the Employer’s Gospel of the nineteenth century” (p. 113).

The “invisible hand” is also the subject of Rothschild’s process of reflection of the ways in which Smithian ideas have been interpreted, this time in twentieth-

century economic rhetoric. In looking at its presence in “History of Astronomy,” in *Moral Sentiments*, and in *The Wealth of Nations*, Rothschild reaches the (reasonable) conclusion that it is used ironically. An interesting detour is made about the existence of the “invisible hand” in literature that Smith would have known, e.g., Shakespeare’s *Macbeth*, in which the “invisible hand” is malevolent. She also, rightly, specifies a set of language rather than the single use of the metaphor to identify its role in *The Wealth of Nations*. This provides three sets of examples: the language of unintended consequences, and the notion of coherence in a chain of events, the notion that unintended consequences can be beneficial. The tenor of Rothschild’s analysis is that Smith’s use of the “invisible hand” is essentially ironic when it refers to an “all-ordering providence” and “unironic” when it suggests that there can be order without “design” (p. 135).

The notion becomes ironic again when Smith hints that “society will in fact turn out to be prosperous, or orderly, in the absence of government direction” (p. 135). Rothschild’s argument is subtle and it is its subtlety that makes me begin to wonder where the irony is located. Who is creating the ironies and in which contexts? Remember that by Rothschild’s own account there are several contexts in which the metaphor can be said to operate. Is it Smith in the text, in which case the ironies are either situational or verbal but constructed and manipulated by Smith? Or are they being created by Rothschild’s own reading? If they are Smith’s then Smith is certainly as great an ironist as Hume. These questions need to be reflected upon for they will influence the reception of the overall conclusion. This seems to be (seems because there are a series of hedges) that “the invisible hand” is “un-Smithian, and unimportant to his theory” (p. 136). In short, it is an ironic joke. Is this about the specific use of the metaphor or its indirect use in language that implies unintended consequences? This new slant on an old problem will set, to use an anachronism, pens spattering.

Smith and Condorcet, despite differences, share ideas built around “the freedom of commerce” and both concentrated upon the “personal details” of this freedom, i.e., in the lives of economic agents (p. 223). In the works of both there is evidence of economic life as being full of “vexations, visitations and the concrete details of oppression” (p. 224). Both “sympathy” and “justice” animate their understanding of economic agents’ experience of the ordinary business of making a living (p. 225). Both were concerned about the need for, and nature of, public education. Morality, for Smith in particular, is constructed, so Rothschild argues, by social interaction and conversation and founded upon a commitment “to being mild and moderate, and to feel an increase in humanity, from the very habit of conversing together” (p. 232). This system does not carry with it the certainty of God’s design. Investigate general laws, by all means, but recognize the limitations! Humanity is essential otherwise there can be no system, seems to be the tenor of Rothschild’s conclusion on Smith’s sense of system. Think of the ironic reversal to be found in the early nineteenth century concept and interpretations of “natural law.” Sentiments are essential to the whole and the whole is uncertain in that it is not backed by the equivalent of natural law. The economic world was itself risky, a world of “good” and “bad” conversations.

The judgements made by Condorcet and Smith concerning stability are, in effect, according to Rothschild, judgements about “other people’s judgement”

(p. 246). The liberal economic order is founded upon individual equality and is in the same breath “subversive of equality” (p. 251). In these uneasy relationships, Smith and Condorcet hoped, in Rothschild’s account, for a stability that would grow out of a capacity to sustain virtuous conversations. It would also be sustained by embracing the notion, essential to much Enlightenment thinking, of a “fatherless world.”

Despite the fact, or even because of it, that Rothschild sometimes pushes her interpretation of Smith’s writing to the very limits, *Economic Sentiments* is an exciting read. The modern world is a product of Enlightenment thought in more ways than we can readily recognize. At the same time, the ideas of the world that Smith and Condorcet engaged with are substantially different from ours. This interpretation of the Smithian project and of the generation and reception of economic ideas is original and persuasive. This is a book that will prompt further critical comments and investigations. It will be of interest to historians of economic thought, economic historians, experts on the eighteenth century—both historical and literary, those economists engaged in the critical turn in economics, and many others besides. This is a book to be read, enjoyed, and studied again in detail. It is quite simply a terrific read.

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Yuichi Shionoya, ed., *The German Historical School: The Historical and Ethical Approach to Economics* (London and New York: Routledge, 2001) pp. xi, 224, \$90. ISBN 0 415 20800 9.

This volume casts a very broad net. The essays collected herein assess the work not only of economists conventionally reckoned to the German Historical School (most saliently Wilhelm Roscher, Karl Knies, Lujo Brentano, Gustav Schmoller, and Werner Sombart), but also of a putative progenitor (Adam Müller), several contemporaries who may or may not have shared their concerns (Carl and Anton Menger, Friedrich von Wieser, Max Weber), foreign economists influenced by study of their texts (Tokuzo Fukuda, Alfred Marshall), and later twentieth-century economists whose thought resonated with their own (Joseph Schumpeter, Walter Eucken, Wilhelm Röpke, Alfred Müller-Armack). The texts analyzed span more than 150 years of very eventful history, from Müller’s “Agronomische Briefe” (1812) to Müller-Armack’s *Wirtschaftsordnung und Wirtschaftspolitik* (1966). Given such length and breadth of coverage, the primary challenge of any review must be to identify in the essays a unifying theme that lends coherence to the project conventionally known as historical economics.

The obvious candidate for *leitmotif* would, of course, be history itself. And yet the single most striking result of this exercise is how little historical content has found its way into these pages. We encounter Schmoller’s research into the history of artisanal industry, Weber’s work in world religions, and Müller-Armack’s concern for the historical genealogy of “economic styles,” but these