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Economics and Social Interaction: Accounting for Interpersonal Relations, Benedetto Gui and Robert Sugden (eds). Cambridge University Press, 2005, xv + 299 pages.

The field of "socioeconomics", or "social economics", has been traditionally divided into two camps. One camp includes authors who try to apply economic methodology, mainly rational choice theory, to other social sciences. Another group of researchers, in contrast, try to approach economic phenomena using theoretical and methodological tools provided by other disciplines, mainly sociology. The first of these approaches has been called "economic imperialism", since it extends economics to topics that are beyond the classical scope of this field. The second meaning of "socioeconomics" is closer to the sociological subfield of "economic sociology", although artificial academic divisions often prevent a fruitful communication between practitioners in these subfields. Does *Economics and Social Interaction* belong to the former or to the latter kind of "socioeconomics"?

The title chosen for this collection of papers, *Economics and Social Interaction*, is not trivial and clearly anticipates the content of the book. As the editors point out in the introduction, this work is not an exercise in scientific (economic) imperialism (p. 3), but an attempt to explore the role played by interpersonal relations in economics. As the reader will discover in the various chapters of the book, *personalized* interactions have often been neglected by economic theory, following Vilfredo Pareto's well-known claim that studying the affective and communicative (non-logical) aspects of social interactions is rather the aim of other social sciences, like sociology. To contest this traditional economic assumption is one of the goals of this collective work.

To achieve this end, the book is structured in eleven chapters and two final general comments. The first three chapters, written by the editors (Benedetto Gui and Robert Sugden), try to answer the question of why social interactions are important for economic research. In the introductory chapter, Gui and Sugden provide a definition of "interpersonal relations", endorsed by most of the authors in this volume. They define them as "forms of human interaction in which the identity of the participants as particular human beings has affective or cognitive significance" (p. 2). Given this definition, they describe the different ways in which interpersonal relations may intertwine with the economic sphere. Due to the topic's significance for the current debate in behavioural economics, it is of particular importance how Gui and Sugden connect "personalized interactions" to issues such as non-selfish motivations, reciprocity, collective agency (or team reasoning) and normative expectations. When considering the myriad of explanations currently provided by behavioural and experimental economics, one usually gets the impression that they lack a nested set of concepts to study social interactions in a more systematic way. Gui and Sugden present what can be considered as an account, however brief, of this more systematic approach. However, the study of personalized interactions in economics is still in too preliminary a state to make it possible to judge whether the approaches presented in this book will succeed.

In the second chapter, Benedetto Gui presents the most refined conceptualization of "interpersonal relations" found in this book. After discussing their importance, Gui presents a theoretical framework, based on his previous works, to study the communicative and affective components of economic interactions. Specifically, he concentrates on "a set of peculiar outputs – 'relational goods' – generated by a 'productive' process called an 'encounter'" (p. 31). Gui's main contribution in this chapter is his notion of encounter, which the author uses to enlarge the rather narrow notion of "economic interaction", by introducing social aspects often neglected by standard economic theory. A second noteworthy idea derived from his framework is the notion of "relational capital". One accumulates relational capital when taking part in personalized interactions. Although this concept might seem similar to the notion of "social capital", the author prefers to use the former to emphasize the peculiarity of face-to-face encounters. To understand how relational capital is derived from encounters, the author provides a graph representing encounters as productive processes (p. 45). Not only is relational capital increasingly used in economics, but it is also very common in other social sciences, for instance sociology. In contrast to the rather ambiguous concept of social capital, relational capital refers to positive externalities derived from face-to-face encounters, thus capturing the micro-level aspect of social interactions.

In the last of the three introductory chapters, Robert Sugden examines the process underlying how the affections of different individuals interact with one another. To this end, he recovers the concept of "fellow-feeling" proposed by Adam Smith in his *Theory of Moral Sentiments*. According to Sugden, "one person B's fellow-feeling for another person A is to be understood as B's lively consciousness of some affective state of A's, such that B's consciousness has similar affective qualities to A's state" (p. 56). Sugden's approach is in line with some recent empirical results from neuropsychology that consider empathy and sympathy to be at the roots of much social behaviour. In fact, empathy as a psychological mechanism might be involved in various kinds of interpersonal behaviour that are treated as "deviations" by standard rational choice theory. Trying to propose a unifying mechanism, or set of mechanisms, that explain deviations from the standard theory is a recurrent topic in the book. Thus, although none of the chapters fully succeeds in providing this unifying mechanism, Sugden's proposal is among the most suggestive ones made in the book.

Robert Sugden is not the only author of the present book turning to Adam Smith's *Theory of Moral Sentiments*. Shaun Hargreaves-Heap (chapter 9) also moves from Smith's analysis, arguing that interpersonal relations are constitutive of the individual. Following Smith, he considers that people derive a sense of pleasure when their actions are approved by others. He calls this process "mutual validation of ends". However, as Julie Nelson (chapter 12) points out in the first of the two general comments, Hargreaves-Heap's proposal does not abandon the neoclassical individualistic approach of economics. Nelson considers it too "timid" an attempt to go beyond the received theory of economic behaviour. Of course, one could apply this critique to most chapters of the book, but at least some of them, like the previous one by Sugden, try to deal with the issue explicitly.

Since the departing points of the chapters are quite heterogeneous, the reader will find the historical account presented by Luigino Bruni (chapter 10) very useful. In his chapter he aims to investigate the role played by interpersonal relations in economics at various moments in the history of the discipline. Investigating the methodological claims made by authors like Adam Smith, Thomas Malthus, Vilfredo Pareto or Alfred Marshall, Bruni presents an account of how economic interactions have been successively neglected by economic theorists. In fact, he claims that in contemporary economics "nobody has thought that interpersonal relations may have an economic value in themselves" (p. 207). This can in itself be considered an invitation to regard this book as a pioneer in its field.

The book also contains three chapters devoted to explore empirical questions pertaining to interpersonal relations in economics. On the one hand, Nicholas Bardsley (chapter 4) and Vittorio Pelligra (chapter 5) review some experimental results concerning public goods and trust games, respectively. Experimental economists have doubtless contributed to questioning the standard economic theory and, in so doing, have been concerned with incorporating "interpersonal relations" into the economic domain. However, as the reader will notice in the aforementioned chapters, the typical explanations of the main experimental findings are still unable to give a full account of how personalized interactions may affect economic outcomes. Carlo Borzaga and Sara Depredi (chapter 6) provide the only original empirical investigation contained in this book. They start by asserting that the economic analysis of labour relations has largely overlooked the interpersonal side, so their declared purpose is to analyse the role of relational goods from the worker's point of view, enquiring if and how these goods may provide some sort of remuneration. Using a survey methodology, they arrive at three main results: (1) the opportunity to create new relations appears to be an important motivation to take or keep a job; (2) within a certain range, wage and relational goods seem to be substitutes; and (3) different organizations offer different mixtures of intrinsic (relational) or extrinsic (monetary and non-monetary) incentives. These results may inspire future research on how to address empirically several of the topics discussed in this volume.

Angelo Antoci, Pier Luigi Sacco and Paolo Vanin (chapter 7) also consider the possible trade-off between economic (material) growth and social and cultural development. Through their theoretical analysis they explore how, in the long run, individual and aggregate well-being depend on both material growth and social and cultural development. They conclude that private and social capital may be either positively or negatively correlated, depending on the parameters of the model. More interestingly, they uncover a possible negative externality of material growth, the so-called "social poverty traps, defined as situations in which, although material wealth is high, social poverty forces down overall well-being" (p. 154).

The book is completed by two papers that expand the topic of interpersonal relations well beyond the domain of neoclassical economics. Serge-Christophe Kolm (chapter 8) considers, from a normative point of view, the logic of good social relations. He argues how reciprocity, understood as an instance of "give giving", is a third kind of social relation that deserves being considered independently of social relations which are based on either coercion (authority relations) or exchange (market relations). He defends the efficiency of unconditional and conditional altruism. Finally, Bernard Gazier and Isabelle This Saint-Jean (chapter 11) deal with the question of understanding, conceptualizing and modelling authority and power in personalized economic relations. To this end, they explore economic concepts like Akerlof's "partial gift exchange" and Bowles and Gintis's "contested exchange", as well as sociological ones like Granoveter's "embeddedness" and Bourdieu's "habitus".

Although the last chapter presents some sociological approaches to economic interactions, the volume displays in general a neglect of both classical and contemporary economic sociology proposals. It is quite surprising, for instance, that in a book devoted to explore the relation between economics and social interaction, one can only find two anecdotal references to Max Weber. Thus, the editor's stated intention to provide a broader approach to economic phenomena (rather than economic imperialism) is not completely fulfilled.

After reading the eleven chapters and the two general comments by Julie Nelson (chapter 12) and Louis Putterman (chapter 13), one is left with the impression that the study of social (personalized) interactions is still an emerging field of economic enquiry. In spite of the efforts made by the authors, the conceptual definitions remain provisional, and the empirical evidence is not yet sufficient to inform theory building. But this is exactly why this book is important. In all chapters one finds an overwhelming number of reasons why economists and social scientists in general should not neglect social personalized interactions in their attempts to explain social reality. In this sense, the book is an instructive introduction to one of the most relevant topics of economic theory in the coming years. On the negative side, the informed reader will find that some of the chapters are hardly up-to-date, especially the references to experimental works. But this is also proof that this is a field continuously developing new ideas and producing new results. In light of all this, it is clear that economics cannot afford to continue neglecting the human side of social relations.

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Natural Justice, Ken Binmore. Oxford University Press, 2005, xiii + 207 pages.

Ken Binmore's *Natural Justice* is a condensed, algebra-free version of his magnum opus *Game Theory and the Social Contract* (Binmore 1994, 1998). Five times shorter than its 1,000 page predecessor, *Natural Justice* preserves both the argument and the style of the main book, except that the author seems now determined to avoid digressions and to develop the main argument as linearly as possible. Brevity comes at a price, and the author admits that in the new book he doesn't "hedge speculations about with reservations and qualifications" and that his "claims aren't proved but illustrated with examples" (p. ix). Some arguments have even been left out entirely, but Binmore usefully provides us with marginal notes referencing the relevant sections of the larger work. Thus, the new book is a compact and efficient presentation of the intricacies of Binmore's previous work. *Natural Justice* is extremely readable, making it ideal for a first-year graduate or upper-level undergraduate course, yet it still provides its readers with a wealth of tools to explore an evolutionary and naturalistic approach to justice, morality and ethics.

"We need to treat morality as a science", says Binmore, recognizing that the moral rules characterizing human societies are "shaped largely by evolutionary forces" (p. 1). To study morality, one must provide scientific explanations for the questions of the origin and evolution of moral rules. *Natural Justice* consists of the application of such a scientific approach to the issues of justice and fairness. The science best suited to the task is the branch of economics that studies social, strategic interactions: game theory. Evolutionary game theory, as well as the theory of repeated games, is a