

## Book Reviews

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**Christopher J. Berry, *Adam Smith: A Very Short Introduction*. Oxford: Oxford University Press, 2018, xx + 128 pp, ₹250. ISBN 978-0-198-78445-6 (paperback).**

Oxford University Press began its “very short introductions” in 1995 “for anyone wanting a stimulating and accessible way into a new subject”. Since then, it has published four books on key economic thinkers: Peter Singer on Karl Marx (2001; second edition in 2018), Robert Skidelsky on Maynard Keynes (2010), Donald Winch on Robert Malthus (2013; originally published as an OUP Past Master in 1987) and Christopher Berry on Adam Smith (2018) which is the book under review. Berry’s *Adam Smith* devotes Chapter 1 to Smith’s “life and times”, Chapter 2 to his relatively less known work on the history of astronomy, rhetoric and scientific explanation, Chapters 3 and 4 to the *Theory of Moral Sentiments* (TMS hereafter), Chapters 5 and 6 to the *Wealth of Nations* (WN hereafter) and Chapter 7, the final one, to Smith’s “legacy and reputation”.

TMS went through six editions in Smith’s lifetime and was first published in 1759 (p. 3). Smith “was an author who cared about literary style and how to communicate both orally and in print” (p. 1). He was a product of the Scottish Enlightenment (pp. 7–8, 11–2) and most of the members were, like Smith, university professors (p. 10). The Enlightenment saw both “direct engagement” among participants as well as the “widespread dissemination of works and translations” (p. 12). Some of Smith’s notable engagements documented in Chapter 1 are with Francis Hutcheson (his teacher of moral philosophy), David Hume (his close friend), Voltaire, A. R. J. Turgot and François Quesnay (a key member of the Physiocrats), and Jean-Jacques Rousseau. Berry observes that while the “Scots believed in progress”, they were cautious about it mainly because of the weight they attached to “the role of social habits or customs which are resistant to obvious or quick solutions” (p. 14).

Berry provides an accessible account of the intellectual debate surrounding the motives of human action—involving Thomas Hobbes, Anthony Ashley Cooper (the third Earl of Shaftesbury), Bernard Mandeville and Hutcheson—which is necessary to understand the context of Smith’s TMS (pp. 30–1). While Hutcheson thinks that “moral sense” is intrinsic and “not something that humans have to learn”, Smith disagrees. Berry reinforces Smith’s inseparability of morality and sociality by noting the etymological origin of ‘moral’: *mos/morem* which carries the meaning of custom or customary (p. 36). In the subsequent pages (pp. 32–45), Berry provides concise accounts of the key themes in TMS: “Sympathy”, “sociality”, the role of the “impartial spectator”, “self-interest” and finally “moral judgment”. Sympathy, for Smith, is learnt “from the experience of everyday life in society” (p. 34). Furthermore, such “communicative interaction is educative; it is the way we all learn how to act as members of a society” (p. 36). Smith’s “spectator is an internalized standard or benchmark of what is right or wrong” and we “seek to act in such a way that this fictional or imagined figure would approve of our conduct” (p. 40). And although the “spectator is a product of the imagination...[i]t reflects human powers and judgment” which are based upon social experience (p. 41). Therefore, “[t]he benchmark against which policies are judged appears to apply only within each society, each with its own standards. The impartial spectator is effectively an internalization of particular or local social experience” (p. 43).

In Chapter 4, Berry discusses Smith's notions of "justice", "benevolence", "prudence", "invisible hand" and "ranks". For Smith, justice is important because it "performs the necessary job of underpinning social order" (p. 47). Reason, according to Smith, "formulates 'general maxims' ... based on experience ... which are derived from the evidence that human behaviour is not haphazard" (p. 47). Furthermore, the rules of justice are "the product of 'discipline, education, and example'" and "not set in tablets of stone" (p. 48). Since a "commercial society rests upon reliability ... [w]ithout certainty and mutual confidence in the behaviour of others the division of labour, trade, and markets would not be viable" (p. 49). Smith employs the metaphor of the "invisible hand" once each in TMS and WN. In TMS, "the rich 'are led by an invisible hand' to distribute 'necessaries of life'" (p. 54). However, given existing socio-economic inequalities which are captured in "rank and order", Smith's account is not forthcoming on how and at what rate opulence diffuses amidst the lower ranks. It is odd that while discussing ranks in Smith, Berry writes that the "language of 'social class' had not yet been established" (p. 55) when it is clearly visible in Richard Cantillon and Quesnay. Berry is right in concluding that WN's central argument is that "(i)n a properly organized commercial society the joy of prosperity is not confined to the wealthy, the poor too can have their share of enjoyment" (p. 58). However, as noted previously, there are no mechanisms in Smith's political economy which *ensure* that economic prosperity will trickle down.

Published first in 1776, Smith's *Wealth of Nations*, with over 900 pages, is the "first systematic analysis of ... [a] 'commercial society'" (p. 61), a society where there is free mobility of labour and capital. After presenting a summary of the different 'books' in WN, Berry discusses Smith's stages-based theory of history (pp. 64–6). The rest of the chapter is devoted to the core economic concepts found in WN: "division of labour", "value", "wages", "profits", "rent" and "social orders". "Division of labour" in Smith presupposes and reinforces structural interdependence, a key feature of a "commercial society". In the discussion of "value", although Berry distinguishes between "market prices" and "natural prices" (pp. 72–3), he omits tethering the latter to the concept of "effectual demand". This is crucial because "effectual demand" is a given in his value theory and it is supply which adapts to demand; this points towards an asymmetry between supply and demand—in stark contrast to the symmetry found in marginalist economics. Smith recognises that in the bargaining between workers and "masters", the latter have an upper hand especially because "the law prohibits the combination of workers, while permitting that of the masters" (p. 74). Although Berry notes that the "wages paid must at least enable the labourer to subsist and bring up a family" (p. 74), it would have been valuable to underscore the customary nature of "natural wages" unmooring it from notions of physiological subsistence (this customary nature is discussed on p. 94). For Smith, the accumulation of capital is the key to economic growth (p. 76).

In Chapter 6, Berry outlines Smith's engagement with Physiocracy and the "mercantile system" (a term coined by Smith). The rest of the chapter is organised around the following topics: "free trade", "natural liberty", "role of government", "education", "tax" and public debt. Smith is critical of laws which penalised the free mobility of labour and capital—he opposed the "English poor laws whereby each parish had the responsibility to support their own poor, with an additional authority to eject immigrant paupers"; he was also against "the statute of apprenticeships and the exclusive privileges of corporations and guilds" because of the restrictions on workers and he questioned British government's monopoly over shipping (p. 88). Berry underscores Smith's "promotion of education as a proper duty of government" (p. 89). This is partly to mitigate the negative consequences of division of labour on the cognitive capacity of the workers (p. 90). Although Smith suggests that the fees should be affordable for all workers, he "is opposed to wholly public funding" (p. 90; for a detailed account of Smith's views on education, see Thomas, 2018). In Smith's quest to explain the "nature and causes" of economic development, he provides us with a theory of value and distribution and a theory of growth. And they

continue to provide an alternative framework (concepts and causal mechanisms) in understanding economic progress.

Berry is correct in pointing out that Smith “was co-opted to provide intellectual credentials or pedigree” by those who support free markets (p. 100). In the last chapter titled “Legacy and Reputation”, Berry traces such co-optation by Milton Friedman, James Buchanan and Friedrich Hayek, three distinct pioneers of the “New Right” (p. 102). While there is dissonance between Smith’s economics and the above three economists, Berry sees harmony between Smith’s economics and the research programmes initiated by Vernon Smith (experimental economics) and Amartya Sen (the capabilities approach to understanding deprivation). However, there is insufficient evidence and argumentation to support the latter claim in the book.

Berry laments the change in the teaching of economics: “the subject has changed dramatically. One marker of that change is its lack of interest in its own history” (p. 101). And treating Smith as a forerunner of marginalist microeconomics is incorrect. Indeed, as Berry remarks, Smith’s economics is closer to that of Karl Marx (p. 105) than it is to Friedman or Hayek. The tradition of doing economics in the manner of Smith and Ricardo was revived in the twentieth century by Piero Sraffa, Pierangelo Garegnani and Krishna Bharadwaj, among others. TMS and WN together generate meaningful questions and provide crucial insights into the principles and practice of economic development. It is indeed rather unfortunate that substantial parts of these classics are not compulsory reading for economics students; the natural home for such an exercise would be in an ‘history of economic thought’ course.

As an introduction, Berry’s *Adam Smith* covers reasonable breadth and depth, a difficult feat to achieve in a little over 100 pages. For the general reader, it serves as a good introduction. However, for the student of economics, I would complement the reading of Berry’s *Adam Smith* with Tony Aspromourgos’s *The Science of Wealth: Adam Smith and the Framing of Political Economy* (2009). In Berry, there is just the appropriate volume of excerpts from Smith and the citation style is friendly to the eye. The book certainly delivers on being a “stimulating and accessible account” of Smith’s context and work and therefore every library must acquire a copy.

## References

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## Commodification and Content Development in Economics

**Ajith Sinha and Alex M. Thomas (Eds.), *Pluralistic Economics and Its History*. United Kingdom: Henry King Limited, 2019, 298 pp. ISBN: 978-0-367-23235-1.**

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This volume is a collection of 16 chapters written by well-known experts in the field of economic thought. At the very outset, as a teacher in the subject of economics for both undergraduates and post graduates, I would say that this book fills a major vacuum in the teaching of the discipline. We are living