Second, while the author does have some favorites among economists, among them Knight, Spence, Akerlof, and Nelson, he holds current microtheory in very low esteem, and is evidently passionate on the subject. He is particularly upset by analyses based on the concept of perfect competition and its normal profits equilibria (see, e.g., p. 12 and especially pp. 221–224; thus, “Perfect competition should be renamed ‘flawed competition’.”) In this he fails to recognize at least three things. First, all theory must depend on simplification in order to be operational, and therefore good theorists must deliberately distort reality in ways that constitute effective analytic strategy. Second, there is no methodological approach that is devoid of imperfections. Surely we who use different approaches achieve more by taking from one another what our own approach does not do well and another does do better. Here is evidently an arena in which a thousand flowers should be left to bloom. Deliberately assumed homogeneity of products, for example, is no more reprehensible than an assumption of absence of friction in physical mechanics. More than that; such unrealistic premises are essential for one of the main goals of economic theory (and theory in a number of other disciplines). A successful model in economics is one that yields illuminating theorems. Insights like the observation that subsidies as an incentive to cut pollution do tend to reduce emissions by the firm but increase those of the industry can be proved rigorously for a perfectly competitive model. But there is good reason to believe that its conclusion is valid far beyond that hypothetical case and contributes both to understanding and rational policy.

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Taking Adam Smith and Condorcet as its primary subjects, this book examines European economic thought of the late eighteenth and early nineteenth century in the setting of political, legal, and philosophical disputes of that turbulent time. With a firm command of their writings, Rothschild places Smith and Condorcet accurately and sympathetically in the context of the world in which they lived, read, and wrote. Economic Sentiments is a rigorous intellectual history, dedicated to recovering the purposes of Smith and Condorcet, restoring the intended meanings of their words, and recapturing their significance for readers in their own times and ours. This worthy
study deserves a wide audience, especially among economists interested in understanding the complicated pre-history of their discipline.

At the heart of Economic Sentiments is a straightforward claim: when Adam Smith and Condorcet wrote about economic affairs, both were exceptionally preoccupied with “the personal details of freedom of commerce” (223). Appalled by Europe’s well-entrenched regime of economic regulation, yet unwilling to abandon the prospect of its reform, they condemned interference to buy and to sell and to work as a form of political and personal oppression. Or put another way, both Smith and Condorcet viewed freedom of commerce as an end itself. Its spread of course could also serve the end of increasing general economic welfare. In their view, however, freedom of commerce was first and foremost, a new regime of what Smith called “natural liberty” that promised to bring gradual emancipation from the various forms of despotism – some legal and political, others petty and personal – made possible by the extensive regulation of commerce.

This expansive conception of economic freedom, the argument continues, explains the two thinkers’ interest in what Rothschild calls “economic sentiments.” For if Smith and Condorcet viewed freedom of commerce in broad terms as emancipation from various kinds of oppression, they could not fail to see that economic life itself was full of “vexations” and “emotions.” In economic transactions, individual judgments are often judgments about one’s own and other people’s sentiments. To understand economic life, then, is to probe “economic sentiments,” to explore the various ways in which people feel shame, seek respect, and think about esteem.

Finally, Rothschild argues, because Adam Smith and Condorcet considered economic life a complex realm of speech, opinion, and feeling, they also were forceful advocates of public instruction and public enlightenment. Smith’s sharp criticism of commercial society, in the chapter on public instruction in Book V of the Wealth of Nations, for example, describes a process by which the division of labor tends, unless checked by a system of public instruction, to bring about widespread ignorance and stupidity. Yet Rothschild shows that neither Smith nor Condorcet viewed government-supported education as something needed in the interest of commercial prosperity. It was instead a consequence that prosperity, not a requirement of its further advance. It is true that universal education was identified, for much of the eighteenth century, as a source of economic prosperity. But Smith and Condorcet shared a strikingly different view. For them, public instruction, like the freedom of commerce “is an end in itself, as much or more than it is a means to the end of national (or individual) prosperity” (225).