

DAVID WILSON and WILLIAM DIXON, *A History of Homo Economicus. The nature of the moral in economic theory*, London and New York, Routledge, pp. xviii+123 ISBN 978-0-415-59568-1

There is one idea in this book on which the present reviewer unconditionally agrees: economic discourse is *performative*, or economic theory is not pure *theoria*. For readers less versed in philosophy of language, the performative is, after John Austin's definition, the aspect of language by which we *do things with words*, that is, the uttering of *illocutionary* sentences (as opposed to *elocutionary* ones), like giving instructions or commands, making promises, declaring something to be something (e.g., "the session is open", which conveys a quite different meaning from "the box is open").

In more detail, the authors' claims are:

- (i) the current conception of the economic actor does not depart in a significant way from Hobbes's view of human nature, a widely discredited view among philosophers and yet one that has been subtly haunting the history of economic theorizing;
- (ii) this view has done enormous damage;
- (iii) the damage has been done because economic discourse is performative, that is, "modern economic theory has provided a blueprint via which organizations today are constructed, and via us going through our motions within these settings, has given our economic agency the shape that it has" (110)

The first two above claims are not new, but also far from being the received view among economists; the third still sounds as a weird idea but has been argued persuasively in Ghosal (2005), Blond (2009), and Seddon (2008). What Wilson and Dixon have to add is:

- (iv) ironically, it is precisely our nature as moral beings that makes so that the damage may be made.

The reason is that a co-ordination based on calculation is the road to mutual ruin and happily enough, we are instead "naturally and pre-reflectively attuned to the behaviour of others, without having to think about how the other will respond" (111), or that apart from the substantively moral character of the human act, "the form of economic behaviour is moral" (4) and it "must bring into play distinctively moral competences in order to be made effective" (4).

The important point the authors make is that much discussion about the economy and morality has been misplaced by the fact of concentrating on motivations, leaving action and behaviour understood in terms of instrumental rationality. And this was done, as it frequently happens, by both alignments, the neo-classical theorists for whom the question whether instrumental rationality may be moral or immoral is ill-framed and the moralizing critics of economic theory for whom preferences should be better understood as constantly re-interpreted by meta-preferences. The mistake has been not just privileging individual capacities over social capacities "but rather that so much of the time capacities are not discussed at all" (6).

In more detail, it may look as though the performativity of modern economics has turned us into Hobbesian agents, has emptied us of our morality, has made us into the kind of creature that only cares about pay-offs and constraints, but “how things appear is almost exactly how they are not. We can only seem and act like amoral beings because in fact we are deeply moral beings: moral to the core” (110). There is no evidence to support the view that we need control from outside in order to be able to act for the sake of order and the wider good, and therefore need Plato’s guardian or Hobbes Leviathan, or the manager of recent organization theory and, last of all, the deadly match of authoritarian State acting as an ‘ethical proxy’ and a sum of atomized individuals that was taken for granted by – sad as this may sound – both Thatcher and Blair (105). The authors argue that the evidence runs the other way, namely that “less Leviathanistic societies seem to outperform more Leviathanistic ones” (110), that a more accurate picture of the economic agent is that of “a creature who naturally takes the wider view, who naturally acts on a wider and shared conception of the good. But this skill, which she cannot help but use, is a mixed blessing, for that wider, cooperatively generated conception of the good may be mistaken. This is surely the case when the modern *homo economicus* begins to chase his tail, when we start to believe and act on the age-old misconception about our formal amorality now being peddled down by modern economics. Ideas do matter, as so does their history, because it is only by seeing how and where we have gone wrong that we can begin to set things right” (110).

That ideas do matter, and their history matters as well is the second claim in the book with which the present reviewer warmly agrees. It is by now, even among economists, a less strange idea than it used to be up to the 1960s. Chapters 2 to 4 are dedicated to showing how this simple idea may be enlightening for our present purpose. The start is Xenophon’s *economicus*, understood as the one who brings order to his own estate and the polis as well and besides knows that order is both useful and good itself. The story goes on with the Roman Empire and then with feudal institutions where the idea of an intrinsic goodness of public institutions gradually goes lost and only their instrumental value in preserving the security and property of individuals. Hobbes’s view of the calculating individual expresses well this vision. But there is in modern economic thinking an alternative view of the economic agent, the view of operators and co-operators capable of making their own rules as they go along, both effective strategists and endowed with basic moral competences enabling each of them to take within the kind of expectations that others frame about their behaviour. This alternative view is expressed, needless to say, at its best in Adam Smith’s work, and more precisely in the whole of his work, with no opposition between sympathy and self-interest (pp. 51-57). The present reviewer would like to add that he agrees completely with this view of the Smithian self, and indeed he would add that such self, when acting the landlord, the peasant, the labouring poor, and the man in middling stations of life, far from being led mainly by self-interest, is led instead by a number of other, mainly nobler, passions and sentiments, and even Smith’s worst characters, merchants,

master-manufacturers and clergymen, are governed sometimes by self-interest and most of the time by even worse passions, such as envy or a spirit of monopoly (Cremaschi 2007; 2010).

Two remarks follow on matters of contents, followed in turn by amendment of a misprint.

On Ricardo and Chalmers. They are discussed as the two authors who were able to react positively to the French Revolution by incorporating into mainstream liberalism the kind of concerns advanced by Thomas Paine, making room for growth of knowledge and morality among the lower strata as a part of a process through which these would be able to become able to look after themselves and to care for each other and the common good. This means precisely, the authors argue, making room for moral competence instead of pure instrumental behaviour. This would be not too bad, if the author did not oppose Chalmers and Ricardo to Malthus as the proponent of the individualist/instrumentalist dismal view of man. Here the remark is that such a picture arises from lack of knowledge of both primary texts and secondary literature. It is not a chance indeed that Malthus's *Essay* fails to show up in the bibliography and, as to the secondary literature it is hardly conceivable that one could discuss Chalmers without being aware of the existence of Waterman (1991), where precisely his dependence on Malthus is illustrated at some length. As to Ricardo, he had indeed his own sources of political and moral ideas different from Malthus's, but most of his views on the Poor Laws, the widening of the franchise, generalized education were worked out in the last six years of his life following to a wide extent the evolution of Malthus's own views through the various editions of his second *Essay* (Cremaschi 2004; forthcoming).

On the very notion of *homo economicus*. It is used throughout the book as equivalent of economic agent, and the main thesis is framed as the claim that there is, and indeed there has been since the eighteenth century a view of *homo economicus* alternative to the Hobbesian view. This seems to me making simple things unnecessarily complicated. The fact is that the wording *homo economicus* has been coined by Vilfredo Pareto and never appeared before (Cremaschi 2006). One may legitimately argue, and indeed also the present reviewer has done so (Cremaschi 1998) that the substance of Pareto's definition was already there in John Stuart Mill. Besides, one could argue that there are basic Hobbesian traits in such a definition, and this raises no special problem if the distinction is kept in mind that Hobbes never thought of his description of human nature as an abstraction, as a description of man as far as he is engaged in some particular kind of pursuits. But then why not talk of *economic agent*? Going more in depth, the point the authors perhaps want to make (and the one the present reviewer has made in Cremaschi 1998, 2006, 2010) is that *homo economicus* is a quite legitimate model or abstraction, but one whose usefulness in modelling the real-world economies is questionable, or at least a matter for discussion, as far as the kinds of situations where it may yield a fruitful picture of phenomena are rather marginal or extreme cases; besides – and this is the most original point – the authors surely argue that this model does interact with real-world economies and the results are destructive. The argument could result more comprehensible if presented in the following terms: the economic agent in real-world economies has been (in 97% of cases) not *homo*

economicus but instead *homo socius*, the human being as described by Montesquieu, Durkheim, Max Weber; Adam Smith had it clear in mind that the economic agent was typically *homo socius*.

Last of all the misprint: “*gedunken* social theory” (103) as synonymous for “thought experiment” is both unnecessary, since “thought experiment” is a well-known term, and an occasion for a misprint that makes the sentence unintelligible. The right word is presumably *Gedanken* that, for the readers less versed in Germanic languages, means ‘thought’.

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