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Review of Jesse Norman, *Adam Smith, The Father of Economics: What He Thought, and Why It Matters*. London: Allen Lane, 2018

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The British politician and philosopher Jesse Norman has written that rarest of things, a wise book accessible to the general reader. Clever and well-written books abound. But most are unwise. And most wise books are difficult to get beyond page three. Not this one.

If you want to understand Adam Smith's "obvious and simple system of natural liberty" (as Smith himself put it), his "liberal plan of [social] equality, [economic] liberty and [legal] justice," you'll want to devour Mr. Norman's "Adam Smith: Father of Economics," then go on to read Smith's "Wealth of Nations" (1776) and especially his "Theory of Moral Sentiments" (1759). In fact, you'll want to read Mr. Norman and then Smith if you have any thought at all of getting beyond the clichés of left and right to understand why we need a middle—or maybe something different. Then you can decide whether Mr. Norman is right to recruit Smith for an interventionist conservatism, as he does.

The author, a Conservative member of Parliament for an English constituency on the Welsh border, is to the manner, not the manor, born, educated at Eton, Oxford and University College London in classics and philosophy. In the 1990s he headed up charities aiming to liberalize Eastern Europe and in the 2000s worked in finance until, in 2010, he won his seat in the mother of parliaments. Mr. Norman's canny judgments about the political history of the realm nowadays and in the 18th century might be expected in a politician and a man of varied practical experience. But he combines canniness with strict historical accuracy, philosophical depth and, episodically, economic sense.

Mr. Norman observes, for instance, that "part of Smith's genius is to take his personal experience and to draw out both telling anecdotes and general lessons." Yes: Smith was an empiricist, never too theoretical. Mr. Norman's book is as rich in anecdotes and general lessons as those by his hero. He tells one concerning Samuel Johnson, who declared Smith to be "as dull as a dog." Our author takes it up: "When

Smith was rash enough to commend the architecture of Glasgow, . . . Johnson replied sarcastically, 'Pray, sir, have you ever been to Brentford?'" An American waxing similarly sarcastic would say, "Sure. But have you ever been to Gary?"

Mr. Norman stays close to Smith's texts, and among the pleasures of the book is the collection of pithy turns of phrase. We have all heard repeated, even if we have not grasped its import as firmly as Mr. Norman has, the passage on "the invisible hand." Mr. Norman plays saxophone in the jazz band of Parliament and has noted how improvisation in jazz parallels that of a free market. An invisible hand.

Yet few of us, and fewer in the White House nowadays, have heard, or grasped, Smith's sneer that "nothing . . . can be more absurd than the whole doctrine of the balance of trade." The author wisely annotates Smith: "Trade is not a zero-sum game. . . . Such a view was . . . collectively incoherent. There could never be a trading system of any kind in which every country ran a positive balance."

In the first third of his book ("Life"), Mr. Norman briskly educates us in the best thinking about The Blessed Smith (1721–90), the founder of economics and social psychology. Unlike Mr. Norman, he led a boring life, mostly teaching and lecturing in Glasgow and Edinburgh. He left scant sources for even his intellectual life, ordering that all his papers be burned.

The scarcity of evidence requires the author to interpret Smith's thought by what we know of his times, the political history of Britain and especially the intellectual history of the Scottish Enlightenment, so different from the French one.

In Scotland, Smith and his friend David Hume invented as a political idea spontaneous liberty of opportunity and thus what the non-American world calls "liberalism." In France, meanwhile, Rousseau and Helvétius invented as a political idea forced equality of outcome and thus what the whole world calls "socialism." We're still dealing with these quarreling siblings born of the Enlightenment: liberty and reason, markets and regulation.

The second part of the book ("Thought") broadens out to the entire history of economics since 1776. It's very good stuff, lucid and literate. But the third part of the book ("Impact"), on the influence of Smith as well as the present manner in which appeals to Smith's authority are made in contemporary debates, is less persuasive. Mr. Norman, a Burkean conservative, wants us to attend more to liberty. But not too much. He makes the case for a version of a Smithian politics and economics, a "compassionate conservatism," to use the title of a co-authored book he wrote when he served as part of the brain trust for David Cameron's prime ministership.

Like many statists of left and right nowadays, the author believes that markets possess numerous "imperfections." As a former City man, he spends a good many pages, for example, attacking the efficient-markets hypothesis in common stocks, which says that you can't do better than the market. Mr. Norman raises theoretical objections to it. But he doesn't inquire into whether it is roughly correct—"roughly correct," after all, is enough to explain why even the brilliant Isaac Newton lost a fortune in the South Sea Bubble.

Again, Mr. Norman speaks appreciatively of the late, great economist Kenneth Arrow and his reasoning on informational asymmetries in the health-care market—the doctor knowing (but not saying) that a generic would be just as good and the patient knowing (but not saying) that he's not going to take the pill anyway. Arrow assumed that a government organization like the Food and Drug Administration is just the ticket to offset such imperfections. But Arrow had no factual evidence that the government can do better than a private prescriber. Adam Smith, ever the British empiricist, would not have approved of reliance on blackboard theorems. We need quantitative demonstrations, he would say, not objections to a free society based on speculations.

The author claims, in an argument heard everywhere along the usual political spectrum, that Smith was no exponent of laissez-faire—this, despite the scores of hostile remarks in Smith's two books about the arrogance of the "man of system" advising governments to shift economic chess pieces.

The worst passages in Mr. Norman's very good book, that is, come from accepting the axiom that markets are highly imperfect yet easily corrected—and that government, implicitly assumed to be capable of such delicate corrections, should step in. Such a plan runs against Mr. Norman's own conservatism and Smith's evolutionary thinking, which would favor spontaneous developments, not "policies" laid on in all directions by alleged experts.

"Far from always being choked back by rules and law, markets vividly illustrate how personal freedom and prosperity can be enlarged by them," Mr. Norman claims. "Far from being intrinsically opposed, states and markets rely on and benefit from each other." Tell that to the farmer in Iowa facing retaliation from China and other countries for American tariffs. Tell it to the west-sider in Chicago excluded from employment in a new factory or a new grocery store by governmental restrictions that would have made Smith's blood boil.

From Malthus in 1798 through Marx in 1867 and Keynes in 1936 to Thomas Piketty in 2013, we have been told over and over again how very imperfect, and anyway doomed, our market economies are. But something is radically wrong with the argument, because since 1800 the wretchedly imperfect market economy has enriched the poor of, say, Japan or Finland by fully 3,000%, a Great Enrichment born out of Smithian liberalism. Railways. Universities. Penicillin. Containerization. The internet. In Yiddish idiom: Some imperfections! Some doom!

George Romney, the auto maker and conventional Republican, opposing Barry Goldwater in 1964, declared: "Markets don't just happen. There must be some role for government." Well, yes, of course, government has "some role." But contrary to Romney's assertion, most markets do in fact "just happen," because people find them mutually beneficial. Markets "just happen," to take the extreme case, inside jails and prisoner-of-war camps. Markets just happened among Australian aborigines buying boomerangs from better-skilled bands hundreds of miles distant.

If you are a compassionate conservative of Romney's sort, father and son, you will delight in "Adam Smith: Father of Economics." If you are what Americans call a "liberal," you can get along with it, too, unless you go to full socialism. But if you are a liberal in the classical, non-American sense of being one of the tribe of Smith, Locke, Hume, Paine, Wollstonecraft, Say, Thoreau, Bastiat, Mill, Spencer, Hayek and Friedman—you will find the book engaging, intelligent, educational, often wise. Yet in its main theme, I'm afraid, wrong.