Glory M. Liu. Adam Smith's America: How A Scottish Philosopher Became An Icon Of American Capitalism. Princeton, NJ & Oxford, UK: Princeton University Press, 2022. ix-346 pages. Hardcover, $35.00.

Adam Smith's *An Inquiry into the Nature and Causes of the Wealth of Nations* (1776) can be likened to the different parts of the proverbial elephant's body touched by the blind and came away with varying impressions. Similarly, the *Wealth of Nations* by the Scottish moral philosopher and political economist became a touchstone for ideological interpretations. Glory Liu's *Adam Smith's America* explores the contest over Adam Smith and his enduring impact on America's economic policy discourse. The subtext to Liu's book title is "The Unlikely Story of How Americans Canonized Adam Smith As The Patron Saint of Free Markets." For nearly 250 years, America's economic policy discourse draws mainly from Smith's discussion of a pin factory able to profit from the division of labor, courtesy of expanded markets and the freedom to pursue one's own self-interest. In the United States, both apostles of laissez-faire capitalism on the right and social-democratic liberals on the left, claim Smith as their patron saint. Are both sides right? How did Adam Smith acquire such a status? Did Smith's disciples really understand his message correctly? These are the questions Liu's book explores.

According to Liu, it is significant to note that Smith mentioned the terms "self-interest" and "invisible hand" only once in the *Wealth of Nations* and *Theory of Moral Sentiments* (1759), but these terms have taken a life of their own, suggesting a selective cherry-picking by the apostles of free markets. The far-right narrative suggests that restraints to competition hinder economic growth and progress. But Smith's views were more subtle than this narrow interpretation would suggest. For example, in *Moral Sentiments*, Smith emphasizes "sympathy" rather than "self-interest," and in the *Wealth of Nations*, he argues that when the regulation is in favor of the workmen, it is always just and equitable. Scholarly debates have raged regarding the apparent inherent contradiction between what Smith intended in the two books. But a careful reading of Smith invalidates this manufactured contradiction. In *Moral Sentiments*, Smith argues that mutual sympathy will lead to moral behavior and a just society. And in the *Wealth of Nations*, Smith favored free-market capitalism precisely because of his belief that in the long run it will greatly reduce poverty and inequality. Liu's book details American responses to Smith's publication, from the nation's founding thinkers to the Chicago School of Economics. She argues that American political and academic elites have developed their own recognizable interpretations of Smith's work, which have directly impacted U.S. economic policy.

Liu discussed nineteenth-century debates over free trade and protectionism that dominated the economic policy preferences during America's Founding Era. For example, Alexander Hamilton, using Smith's *Wealth of Nations*, promoted his vision of an economy based on manufacturing although he objected to Smith's prescription of free, unrestrained trade. Instead, Hamilton favored protectionist policies with tariffs and subsidies. In contrast, Thomas Jefferson's vision was an economy based on agricultural productivity. In his reading of Smith's *Moral Sentiments*, John Adams, grappled with what he viewed as the troubling socio-psychological influence of wealth in society. And James Madison's writings in the *Federalist Papers* reveal his depth of engagement with Smith's ideas. But the focus of the twentieth-century economic policy debates centered on the domestic economy. In fact, economists of the early twentieth century favored, courtesy of the economic theories of John Maynard Keynes, greater state intervention in the economy. Inasmuch as they respected Smith's ideas, they insisted they would not cease advocating for an expanded state and more government economic intervention. What's more, three events: the First World War, Great Depression, and the Second World War produced demand for more government intervention in market regulation. It was the opponents of expanded welfare state who stridently argued against government meddling in the economy. They rediscovered Smith and lionized him as a saint.

The University of Chicago Economics Department (a.k.a. The Chicago School) resurrected, to a large extent, the debate about Adam Smith; hence, what came to be referred to as “Chicago Smith.” The Smith debates featured academic economists who are moderate advocates (Jacob Viner and Frank Knight in the 1930s) of free-market and laissez-faire economics, as well as extreme advocates (Friedrich Hayek, George Stigler, and Milton Friedman, in the 1970s and 1980s), who vehemently opposed any government intervention in the free market. Friedman, the 1976 Nobel Prize laureate in Economic Sciences, became the most recognizable face in resurrecting Adam Smith as the high priest of free-market liberalism. Friedman’s 1980 Public Broadcasting Service (PBS) television series, *Free to Choose* catapulted his popularity to many living rooms. Friedman’s emphasis on Smith’s metaphor of the “invisible hand,” which was interpreted to suggest that private individuals who act in their own self-interest inadvertently serve the common good. In his quasi-political role, Friedman served as an unofficial adviser to Ronald Reagan during the 1980 presidential campaign, and later served on the President’s Economic Policy Advisory Board for the rest of the Reagan Administration.

Under Reagan, talk of free markets reached fever pitch. With government hand-off-the-economy refrain in the air, Reagan was credited to have quipped that government was not the solution but, rather, the problem. To spice up the political era, the wearing of Adam Smith neckties, initiated by Friedman, became the prevailing fashion vogue among conservative intellectuals, policy experts and White House staff in the 1980s. The Adam Smith tie was a statement of devotion to the idea of free markets and limited government. Thus, Friedman and his colleagues, according to Liu, elevated Smith as a cultural hero. Nonetheless, Liu notes that

Friedman's portrayal of Smith was designed to serve his political agenda more than anything else. George Stigler, a 1982 Nobel Prize laureate in Economics, declared emphatically that the *Wealth of Nations* is "a stupendous palace built upon the granite of self-interest." As if to trump Friedman's Adam Smith necktie, he was photographed wearing a T-shirt with the inscription, "Adam Smith's Best Friend" (p. 228). He even declared that Smith was alive and well and living in Chicago.

Liu discussed two late twentieth-century neoconservatives, Irving Kristol and his spouse Gertrude Himmelfarb who agreed with the Chicago School's opposition to economic regulation but differed with Chicago School's rejection of moral reform. In a bid to integrate free-market economics and moral regulation, Kristol and Himmelfarb contended that laissez-faire capitalism relied on each individual's self-regulation. Altogether, it is ironic that despite being portrayed as the advocate of laissez-faire capitalism, Smith supported modest economic interventions, such as modest progressive taxation and universal, compulsory free public education that would provide opportunity for working class children to get ahead in a free-market economy. In her conclusion, Liu observes that "Scholarship on Smith is more diverse, than ever, and our understanding of Smith's significance is thicker, more multidimensional, and more complicated…. As scholars before me have argued, the history of reading Smith is a history of unhistorical readings, selective interpretations, even political appropriations" (pp. 289, 302). Glory Liu's treatise shed bright light on the conservative interpretations, as well as nuance of Adam Smith's thoughts.

Okori Uneke, PhD
Associate Professor of Behavioral Science
Winston-Salem State University
Winston-Salem, North Carolina