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978-1-107-04337-4 - Adam Smith's *Wealth of Nations*: A Reader's Guide

Jerry Evensky

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## Adam Smith's *Wealth of Nations*

Adam Smith's *Wealth of Nations* is regarded by many as the most important text in the history of economics. Jerry Evensky's analysis of this landmark book walks the reader through the five "Books" of *The Wealth of Nations*, analyzing Smith's terms and assumptions and how they are developed into statements about economic processes in Book I, his representation of the dynamics of economics systems in Book II, and his empirical case for his model in Book III. With that framework in place, Evensky examines Smith's critique of two alternative models, Mercantilism and Physiocracy, in Book IV, and Smith's presentation of the policy implications of his analysis in Book V. This guide highlights the nexus of Smith's economics and his work on ethics and jurisprudence. In doing so Evensky sets his examination of *The Wealth of Nations* into a larger, holistic analysis of Smith's moral philosophy.

Jerry Evensky is a professor of economics and a Meredith Professor for Teaching Excellence at Syracuse University. He has published widely on Adam Smith's work including in *History of Political Economy*, *Journal of the History of Economic Thought*, *Scottish Journal of Political Economy*, *Journal of Economic Perspectives*, *Southern Economic Journal*, *American Journal of Economics and Sociology*, and the *Review of Social Economy*. He coedited, with Robin Malloy, *Adam Smith and the Philosophy of Law and Economics* (1994). In 2005 his book *Adam Smith's Moral Philosophy: A Historical and Contemporary Perspective on Markets, Law, Ethics, and Culture* was published by Cambridge University Press. Professor Evensky is past president of the History of Economics Society.

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*This work is dedicated to the memory of those*

*I loved and lost too young*

*Judi Kops*

*Herbert Behrend*

*Mazen Elhassan*

*Tom Franey*

*Paul O'Connor*

*“‘Tis better to have loved and lost*

*Than never to have loved at all.”*

*Alfred, Lord Tennyson, In Memoriam*

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JERRY EVENSKY

*Syracuse University, Syracuse, NY*



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## Acknowledgments

I have been richly blessed to have very dear friends who go back a very long way: Martin Gilman – since two months old. Rupert Barkoff, Charlie Carrera, John Kops, and Richard Zander – since fourth grade. (We refer to ourselves as the “Allgood’s Five” in honor of a diner we used to frequent when we were in high school.) Bill Fricke – since sophomore year of college. Jean LeLoup and Agnes Gregg – from the first days of my teaching career, which began with six years as a junior high social studies teacher in Webster Groves, Missouri. Tod Porter, Teri Riley, and Hussein Mirghani – since graduate school. Jay Meacham, Kisha Montgomery, and John Collins – for many years. There is nothing sweeter, more to be cherished, than old friends.

I begin my acknowledgments here because this work would not exist but for the persistent insistence, since my earlier publication at Cambridge (*Adam Smith's Moral Philosophy*, 2005), of one of those old and dear friends. When I talked with John, he never failed to ask me, “How’s Adam Smith II coming along?” Well, John, here it is. Thank you very much for the push.

This work started as an aborted mission in *Research in the History of Economic Thought and Methodology* to explore the entire *Wealth of Nations*. That project only got through “Book I: Its relationship to Adam Smith’s full moral philosophical vision: An inquiry into the nature and causes of the wealth of nations” (Warren J. Samuels, Jeff E. Biddle (ed.), Volume 21 Part 1, Emerald Group Publishing Limited, pp. 1–47 v. 21 Part 1, 2003), wherein I presented a much less developed version of what is Chapter 2 in this work. (My sincere thanks to Emerald Publishing for

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permission to build on that earlier work.) As with much of my work it was Warren Samuel's support that planted the seed of this project.

When I considered returning to this project, the encouragement of my good friend Scott Parris, then at Cambridge University Press, gave me the confidence to pursue it. Since Scott left Cambridge I have had the good fortune to work with Karen Maloney as the project has come to fruition.

As was the case with my first Smith book, I could not have realized the finished product without the support of Syracuse University, the Maxwell School, and the SU Department of Economics.

SU provided me with a sabbatical and a library carrel. That gave me the time and space to concentrate on this project.

On those mornings that I head to my carrel to work I generally stop for a coffee and a coffee roll at the Schine Student Center to gather my thoughts for the day. For many years I've been greeted there not only with hot coffee, but also with the warm smiles and greetings of the three delightful women who work at Dunkin' Donuts: Mary Beth Stiles, Kathleen Stenner, and Deborah LeClair. Mary Beth retired after she saw me through my first Smith book, Deb retired once she had seen me through this work, and Kathy is still there (missing her buddies) with her lovely smile and that good cup of coffee.

On those days when I can't trundle off to the library because I'm teaching, my day usually starts with coffee in the Economics Department office with my Department "family" – the staff that has included Dee Ficcaro, Laura Sauta, Sue Lewis, Patty Stach, Maureen Eastham, and Faye Shephard. I can't say enough about how wonderful they are. It's good to have a haven for sharing ... they are my haven.

I also benefit from the good company, good sharing, and good advice of three other dear SU community friends: Don Dutkowsky, Robert Rubinstein, and Jerry Edmonds. Don is "Mr. A to B" ... If it needs to be done, let's do it. And he does it, whatever "it" is, with a wonderful smile, a laser-like focus, and total integrity. Robert is my teaching savior. My Parkinson's has impeded me a bit and he's shown me a number of technological workarounds that have made the challenge much more manageable. He's also a very sweet heart and a joy to share time with. Jerry is my poster person for excellence in administration. He moves a team along to great achievements with care and caring, and with a very sharp wit that's a joy. Each is a very special person who brings great insight, great laughs, and great support to my world.

For many years I've had the pleasure of being the faculty liaison to the first-year program at SU. I've worked with a number of program



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directors but two are extra special: Mariana Lebron and Carrie Abbott. Mariana was the first director I worked with, and she set an amazingly high standard. I was really in awe of her ability to choreograph such a huge operation with a tiny staff. Carrie is the director with whom I work now. She is an extraordinarily accomplished professional. That and her infectious sparkle make it a joy to work with her.

My one colleague and very dear friend who actually does work on Adam Smith and with whom I can therefore share thoughts on my research is Robin Malloy. Indeed, it was in the process of developing a coedited work with Robin, *Adam Smith and the Philosophy of Law and Economics* (Kluwer Academic Publishers, 1994), that I came to appreciate the importance of institutional evolution in Smith's moral philosophy, a central theme that informs this book. Robin has not only given me insights into Smith, he has given me something much more precious – an extended family, for his family and mine are now tightly woven into one another's lives – and it is a blessing.

To help me cope with my Parkinson's I've turned to my former very good student and now very good friend, Master Trainer Karl Sterling. Karl is a tough, sweet human being who has really helped me maintain my balance – literally and figuratively. I also look to my longtime primary care physician, David Small, for support on this front. My office conversations with David cover the necessary and sufficient issues related to my health, and then turn to engaging talk about the state of the world, or our worlds.

When I need an evening of grounding and sharing I turn to Barry Berg. Barry is a mensch. It's a joy to laugh and kvetch with him, to talk with him of life – its joys and challenges – over dinner and his choice of wines. And speaking of mensch, I must also cite Bill Bogatz – my poster person for what it means to be a dedicated teacher – and Bob Waters – who represents the essence of the term “good neighbor.” Barry, Bill, and Bob all fully deserve the appellation “mensch.”

During the past year, as I worked on this book, I lost two women who were very dear to me.

My mom, Sylvia Kapelow Evensky, died at ninety-five. My momma was at one and the same time a classic Jewish mother and a brilliant, frustrated entrepreneur. She always had an agenda. If it was an agenda for you ... it was always a good-hearted agenda, even if it wasn't always a welcomed agenda. If it was her own agenda, she was on it ... always moving, always imagining the possibilities. She started several businesses when I was growing up, each one more successful than the last. I'm quite

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certain that in a different time and place she would have been a real business mover and shaker (or with her wonderfully imaginative eye, a great architect, as she dreamed of being). But in her time (1950s and 1960s) and her place (New Orleans) just getting a loan from the bank to start a small business involved having her brother cosign as the “responsible party,” after all ... what woman could be responsible with money for a business? My momma could, if they’d given her a chance.

My aunt Elsie Friedlander Evensky also passed away this past year at ninety-five. Aunt Elsie was the quintessential steel magnolia. Born and bred in Alabama, she was sugar and spice on the outside and rock solid on the inside. She faced heart-stopping pain, the loss of her daughter, Emily – her only child – in a car accident when Emmy was twenty-one. Yet she refused to let that pain diminish her life even as she carried it with her every hour of every day. She was a beautiful person and a truly unique character.

These two strong women along with my “Mom” (Ennis) Kops (who endured the same unthinkable pain as Aunt Elsie when she lost her daughter Judi when Judi was twenty-one ... a pain she endured with the same amazing strength), my aunt Rosalind Gilman, Martha Barkoff, Helen Cohen, my “Pop” (Murray) Kops, my uncle Seymour Gilman, my uncle Nathan Evensky, Abe Cohen, and my dad – Herbert Evensky, who was the sweetest person I have ever known – these folks shaped my world as I grew up. I was a very, very fortunate kid to have such wonderful people to put up with me and to nurture me.

This parade of special people in my life may seem irrelevant to my subject here – Adam Smith – but it isn’t. In the many pages of Smith’s work that I’ve poured over so many times for so many years, I have long since identified one quotation that I think is a clear insight into who Smith was, and that I find a wonderful expression of the beauty we each have to offer one another as human beings:

“Kindness is the parent of kindness.” (*Theory of Moral Sentiments*)

All the folks I’ve mentioned in this acknowledgment are exemplars of Smith’s words. They have each enriched the world with their kindnesses and in so doing have given birth to so much more.