Ultimately, the focus on inequality is wrongheaded because it "does little to alleviate the disabilities of the chronically poor. It does not develop opportunity, strengthen family life, educate children, create satisfying work, or encourage civic virtues.… It reinforces the unbridled materialism that Galbraith saw as irrelevant, if not detrimental" (39).

Progressives claim that there are five areas where inequality causes harm: it "spawns social ills, hinders economic growth, warps democracy, defies individual preferences, and impedes social mobility" (66). Gilbert deals with each in successive chapters, deflating or dismissing the supposed evidence. For example, on "social ills" (67–76), he critiques the "flimsy speculation," lack of robust data, and careless claims of causation in Wilkinson and Pickett's *The Spirit Level* (see my review essay of this book in vol. 18, no. 1 of this journal). And on social mobility, Gilbert notes the "persuasive evidence that the rate … has not changed since at least 1971" in the United States (93).

More generally, and especially in this section of the book, it is obvious that Gilbert is well-read on the literature, for example, on Head Start's limited effectiveness (100–103), Charles Murray's discussion of "assortative mating" in *Coming Apart* (103, 107), intergenerational income mobility (109–15), and Social Security's low rate of return and its funding problems (131, 139–41).

It would have been useful to see a critique of onerous FICA taxes on income and a discussion of educational choice programs in light of our government's deficient, inequitable, and expensive approach to K–12 education. But these are minor quibbles about a strong book with an unfortunately rare combination—an author who "believes in" government, but understands much about the limits of statistics and government activism.

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The Moral Economy: Why Good Incentives Are No Substitute for Good Citizens

Samuel Bowles

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Samuel Bowles defines his goal in *The Moral Economy* as follows: "to convince you that when it comes to designing laws, policies, and business organizations, it is anything but prudent to let *Homo economicus* be the behavioral model of the citizen, the employee, the student, or the borrower" (2). To be clear, what Bowles means by *homo economicus* is the methodological assumption "that people … are entirely self-interested and amoral" (1).

Bowles, however, makes two additional assumptions about what this means: First, self-interest is synonymous with "amoral selfishness" (2), which rather than being morally neutral (as "amoral" might imply) is instead morally dubious (as "selfishness" does imply). Self-interest, to Bowles, is amoral in the sense that it acts apart from any concern for morality, not in the sense of being able to be either good or evil depending on its content and context. Second, the "self" in self-interest is the individual human person.

This is clear throughout the book as Bowles discusses experimental games, such as the Prisoner's Dilemma, where defecting is assumed to be the self-interested option and cooperating the altruistic. Unfortunately, both of these assumptions have theoretical and historical problems that greatly injure the book's ability to accomplish its stated goal.

As I have written in this journal previously (see my editorial in vol. 19, no. 1), the moral worth of choices in Prisoner's Dilemmas and other such games cannot be determined by whether or not one's choice is self-regarding or other-regarding. The original inspirations for the Prisoner's Dilemma are Bonnie and Clyde, two *actual criminals* (Clyde a murderer!). The moral thing to do for Bonnie or Clyde also happens to be the supposedly self-interested and morally dubious thing: to defect on one's partner. When one has done evil, the right thing to do is repent and face the just consequences. Relatedly, consider as well that the virtue of humility is distinctly self-regarding whereas the vice of envy is distinctly other-regarding. Examples that break Bowles's mold can be multiplied *ad nauseam*.

Historically, economists from Adam Smith to Frédéric Bastiat to Friedrich Hayek to Vernon Smith—and many others—have understood this nuance while at the same time others, such as David Hume, John Maynard Keynes, Ludwig von Mises, and Gary S. Becker, have not. On this account, Bowles simply assumes that all economists are in the Hume-Keynes-Mises-Becker camp. In reality there are many, including the founder of modern political economy and at least two Nobel laureates, who are not.

As for the assumption of individualism, we need look no further than Hume's essay "Of the Independency of Parliament," from which Bowles derives his epigraph about a "constitution for knaves." In this essay, Hume was specifically concerned with the tendency of individuals to confuse the self-interest of parties and factions—that is, *groups* to which they belong—with the national interest. When attending to themselves alone, he believed, people are more honest and reliable. But when they are part of a group, they seek the group's approval and are carried away by it to ignore their critics.

Thus, Hume might not have been surprised at all that experiments have shown people to act more other-regarding than Bowles's and others' individualistic understanding of *homo economicus* would imply. But, precisely because Hume did not share that understanding, this would not have led him to conclude that their behavior was not self-interested. Rather, he might point out that they could merely be serving *their community's self-interest* to the detriment of the nation. Thus, despite agreeing with Bowles on the conflation of self-interest and selfishness, Hume disagreed on the conflation of the self with the individual, and this would have significantly affected his analysis.

Taken together, there are, both theoretically possible and historically extant, at least four distinct schools of thought on self-interest in modern economics: (1) selfish and individualist; (2) neutral and individualist; (3) selfish and nonindividualist; and (4) neutral and nonindividualist. All of these yield significantly different moral assessments of social behavior, but *The Moral Economy* assumes that the first is the only one. Furthermore, despite attempting some historical nuance in chapter 2, even while disagreeing with those like Becker who assume that self-interest understood in this way can be harnessed for the common good, Bowles never disputes the definition of the term. The end result is that, while presenting truly fascinating and valuable research on the importance for his Aristotelian Legislator to frame social incentives in moral rhetoric in order to prevent the crowding out and promote the crowding in of positive social behavior, Bowles's analysis suffers from a fundamental inability to clearly judge whether any behavior would be truly moral and thus socially desirable in the first place. Because he never distinguishes between the merely self-interested and the truly selfish and assumes that other-regarding behavior is always morally superior to self-regarding, Bowles does not achieve the grand critique of this narrowly defined conception of *homo economicus* that he intends. Indeed, he is yet to leave that conception behind.

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