

A decade ago or so ago, one of the jokes making the rounds in Hollywood was that the hottest screenwriter in town was Jane Austen. Now one of her contemporaries—albeit a generation earlier—is crushing it in finance. Adam Smith passed away in 1790, but he is making a big-time come back. And it is not for his undergraduate standard, *The Wealth of Nations* (published in 1776 and expanded in 1784), but for his earlier and broader *The Theory of Moral Sentiments* (published in 1759 and revised nearly continuously until he died). Smith considered this his magnum opus, with *Wealth of Nations* serving as a specific application of what he was working out in *Moral Sentiments*. Until recently, the wide variety of human intentions and judgments in *Moral Sentiments* has been overshadowed by a cartoonish version of *Wealth of Nations* that has perfect markets populated by exclusively self-interested rational actors. That's not Smith, but the University of Chicago. While Smith identified what he called "self-love" in regard to transactions in the marketplace, he left plenty of room for "sympathy" in other human endeavors, including business activity.

The heretofore largely one-sided view of Smith intellectual legacy may be coming to an end. Most investment practitioners don't buy into the narrow Chicago model and acknowledge a variety of human intentions and actions. But now even the academics themselves are beginning to challenge the dominant paradigm. And this isn't just the behavioral finance crew, who have been working on actual human activity for some time (and could easily reference many a page in *Moral Sentiments*). It now includes mainstream economists. I stumbled across (shame on me for not knowing earlier) the "other" Smith initially through a @NewBooksNetwork interview with Morton Schapiro, author of *Cents and Sensibility: What Economics Can Learn from the Humanities* (2017) (<https://tinyurl.com/y7wdvs93>) and then again in an interview with David Colander, author of *Where Economics Went Wrong: Chicago's Abandonment of Classical Liberalism* (2019) (<https://tinyurl.com/yxzbghjx>). If you look, it's not hard to find lots of support for the "other" Smith on-line.

*The Theory of Moral Sentiments* can be a slog for the modern reader—I just finished it—but needs to be placed in proper context. It is an early if not the first extensive analysis of secular social behavior. In that regard, it is simply a masterpiece.

The debate about Smith is likely to continue. The cover of my Penguin Classics edition is a dollar bill folded into the shape of a heart. Is that to suggest that our moral sentiments are pecuniary and self-interested, or to suggest the opposite, that our economic activity can have something other than selfish motives? Time will tell.

