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V.L. Smith, B.J. Wilson, *Humanomics. Moral Sentiments and the Wealth of Nations in the Twenty-First Century [Humanomics. Nastroje moralne a bogactwo narodów w XXI wieku]*, Cambridge University Press, 2019, 234 pp.

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Social sentiments and pro-social behaviour are the undeniable features of human nature. We seek justice, we need to interact with others, and in most cases, we are eager to cooperate, give, and share. Therefore, economics' inability is to account for the fact that human sociability sounds like a paradox – all in all, economics originated as the science of social exchange, attempting to address the problem of rational human behaviour in the social context. And eliminating a social context from the equation only leads to misconceptions and misinterpretations.

One can view *Humanomics* (2019) as a successful attempt to erase the artificial borderline between economics and the world of social sentiments, returning to the origins of economic science. *The Wealth of Nations* by Adam Smith (1776) is commonly referred to as the first formal attempt to formalise and incorporate the separated pieces of knowledge and evidence into the solid principles of exchange, production, and rational behaviour. And if the reader wonders whether it makes sense to address the work written more than two years ago, it definitely does. Anyone unfamiliar with *The Wealth of Nations* makes judgments on Adam Smith's contribution through the prism of the mainstream economic science. In turn, the mainstream economics tends to view Adam Smith's contribution through the lens of the modern orthodox framework, neglecting his ideas about moral sentiments and the role of social norms as (presumably) irrelevant. Nevertheless, as Vernon L. Smith

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and Bart J. Wilson demonstrate, the core of Smith's ideas about properly organised society and markets lies in social sentiments. And as they prove, social sentiments might serve as the final element of the economics puzzle, bringing explanatory power to the world of abstract theoretical models.

The first chapter, titled *Humanomics Spans the Two Worlds of Adam Smith: Sociality and Economy*, formulates the general idea about Adam Smith's views on society and markets, uncovering the most crucial relevant misconceptions. *The Wealth of Nations* does not contain any single explicit statement that self-interest is the main governor of human action; consequentialism is not the best basis for value judgements, since intentions and context also matter; no commerce is possible without a well-designed social order with explicit and implicit functional rules of conduct. Perhaps, what is mentioned above is sufficient to realise how far modern orthodox economics is from *The Wealth of Nations.* Bringing the facts, quotes, and historical context in a well-structured and unbiased manner, Vernon Smith and Bart Wilson manage to re-create a comprehensive picture of economics' social foundations. Similarly, the second chapter provides an insight into Adam Smith's vocabulary (which might be pretty obsolete for a modern reader). Although such analysis might seem secondary, it tells a lot about Adam Smith's perception of human action motives: we commonly design interaction intuitively and constrained to the social context, without any explicit cognitive process. Interestingly, this idea was later reflected in Vernon Smith's (2003; 2010) and Gerd Gigerenzer's (2000; 2007; 2008; 2015) works on ecological rationality, and the aforementioned approach is still relatively novel.

In the third chapter (*Conduct in the Social Universe*), Smith and Wilson juxtapose the conventional view on a human behaviour mechanism to Adam Smith's views on rational behaviour, criticizing the very notion of social preferences (and preferences in general). Altruism is possible even under the orthodox Max-U framework, but only as long as some utility is derived from altruistic behaviour. Not to mention that economists never wonder how social preferences are formed (Amartya Sen expressed his concern about i this problem); the very idea that human beings have stable preferences independent of the social context does not seem realistic. The fourth and fifth chapters follow the same path, pointing out the limitations of the behaviourist approach in economics. It is not enough to observe the choices made: one should also understand the mechanisms leading individuals to their decisions. Therefore, Adam Smith's scientific method based on understanding human motivation (Fleischacker 2005) might serve as a valid alternative to the orthodox positivist methods.

The rest of the book is devoted to the formal analysis of the social norms in the game-theoretical setting. Perhaps, this part constitutes the main added value of the entire study, utilizing novel analytical instruments to test, illustrate, and prove assertions originally made by Adam Smith. It should be noted that applying different forms of cooperative and non-cooperative games in economic experiments is a well-known and frequently exploited approach in behavioural economics. Nevertheless, one can easily notice what Nathan Berg and Gerd Gigerenzer call the consistency approach. Usually, the actual behaviour of the agents is juxtaposed to the behaviour of rational economic human beings; in other words, it is all about figuring out whether human choices are consistent with the predictions of the orthodox substantive rationality models. Although some inter-disciplinary studies attempt to draw some common patterns of the presumably irrational behaviour (for instance, analysing the role of cultural factors on the probability of unfair offer rejection in the ultimatum game), mainstream economics does not offer any formalised framework of experimental analysis and interpretation except the aforementioned consistency approach. We are used to treating social sentiments in line with the bounded rationality approach, i.e., as a result of human mind imperfections preventing us from acting rationally. In contrast, Vernon Smith and Bart Wilson demonstrate that seemingly irrational choices might facilitate the occurrence of the stable and superior equilibrium in the long run. In other words, they provide conclusive proof that social norms serve as a mechanism allowing for more efficient exchange mechanisms, thus benefiting all the participants of the exchange. Moreover, the authors discuss the evolutionary nature of social norms, providing an explicit framework for analysing how «spontaneous social structures» are designed and reinforced.

To summarize the above discussion, *Humanomics* will provide numerous valuable insights for anyone interested in the history of economic thought, behavioural economics, game theory, or economics in general.

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