

The Moral Economy: Why Good Incentives Are No Substitute for Good Citizens. Samuel Bowles. 2016. 288 pages. Yale University Press, 2016. 9780300221084

The book under review, *The Moral Economy* by Samuel Bowles raises several questions in this regard and tries to show that our basic human goodness is more effective in decision making than the financial incentives. The strength of this book lies in its using different case studies and behavioral experiments with evidence-based arguments on the workable economic and financial world of the 21st century. Islamic economics is based on morality and ethics. Thus, the purpose behind the review of this path breaking work is to understand its relevance to Islamic economics that has emerged as a new paradigm. Why businesses and markets need to make room for selfless instincts in order to succeed. In his tightly argued and illuminating book, *The Moral Economy: Why Good Incentives are No Substitute for Good Citizens*, Bowles makes the case that appeals made to our self-interest can undercut instinctive moral impulses; and that when these impulses are weakened, crucial institutions work sub-optimally, if at all. This is the case even for markets, institutions which the dogma holds up as exemplars of the unique organising power of greed. Here is a good example. Fifteen years ago, the Boston Fire Department ended its policy of unlimited sick days, hoping to curb the flu outbreaks that seemed to be spreading. *The Moral Economy* is a good, but ultimately impractical, book. It's great in questioning the mechanistic view of incentives that most economists bring to policy-making. It provides a sound mix of theory, evidence, anecdote and philosophy to make its case. Albeit its shortcomings it's well worth the read. Bowles introduces an important perspective into policy-making, with a message targeted at economists: social norms can amplify, cancel or overturn economic incentives designed with a specific outcome in mind. Norms work more or less like a megaphone: they can increase the reach of individual