David M. Levy. *How the Dismal Science Got Its Name: Classical Economics and the Ur-Text of Racial Politics*. Ann Arbor: University of Michigan Press. Pp. xv + 320. 2001. ISBN 0472112198.

William Coleman*

Do you, by any chance, find slavery 'gay'? Would you consider the prospect of freeing a slave to be a 'dismal' one? These strange questions are prompted by the strange episode of 1849 when Thomas Carlyle branded political economy, in perpetuity, as 'the dismal science' on account of its support of the philanthropic campaign against slavery. Carlyle was not long after joined by Ruskin and Dickens to form something of a Triple Alliance against economics and philanthropic evangelism, and in favour (with some ambiguity) of slavery.

In *How the Dismal Science Got Its Name*, David M. Levy provides the first book-length appreciation of this weird christening.

Three questions are prominent in Levy's treatment:

'Why did they do it?'

'How did they get away with it?'

'How did political economy and evangelical philanthropy come to be in coalition?'

'Why did they do it?' Why did this Triple Alliance decide to cast their name in favour of apologetics for a barbaric institution on the verge of extirpation? Certain earlier students had sought the answer in a kind of 'mid-Victorian moment' that supposedly coloured British consciousness; a moment where, in the face of the Indian Mutiny/Revolt, the Maori Wars and the Eyre affair, the subject races of the British Empire were now perceived as dangerous races; too dangerous to indulge with the liberty that was the due of the common Englishman 'in a clean shirt in Camberwell'. This thesis, however, is not completely satisfactory: in 1849 none of these three events had yet taken place.

Levy instead finds the American Civil War, and the tensions that preceded it, as the critical occasion for the attack on political economy. Yet this significance of the American Civil War is left by Levy more as hypothesis than argument. And a critic might assert, by way of riposte, that the roots of the triple alliance lay, not in passing events, but in a prior, radically hostile philosophy - the philosophy of command - that merely seized upon events to armour its case.

'How did they get away with it?' Most readers of this journal will be aware that economics was deemed 'dismal' by Carlyle because it was 'abolitionist'. Yet, one may venture, not one in 10,000 persons who understand the reference 'dismal science' is aware of this. Carlyle's resentment of economics on account of its abolitionism has gone untold. And the apologies of Ruskin and Dickens for slavery are forgotten. Levy is puzzled by this, and wants it explained. His explanation turns on the sensitivity of all 'memory' to the distorted presentation of secondary sources. We know (following Samuelson's dictum) that if it gets into the textbook it is there forever. Perhaps we might also say that if it doesn't get into the textbooks it is nowhere forever. This position, however, begs the question of the bias that accounted for the original misrepresentation in the secondary literature. And questions of bias must confront the fact that by the mid-twentieth century Carlyle had lost much appeal, and was a figure of significant notoriety. He was not only an eminent

Victorian, but a nasty, proto-fascist one, much read by nasty real fascists. A century after the *Nigger Question* there was no mood of apology in England for its author.

'How did political economy and evangelical philanthropy come to be in coalition?' The original irritant that produced Carlyle's black pearl was the wedding of Political Economy and 'Exeter Hall Philanthropy'. What was behind this unlikely union?

Levy contends that the base of the union lies in a supposed congruity of the moral codes of the two: the Utilitarianism of Political Economy and the Golden Rule of Christianity (= 'Do as you would be done by'). He points out that such a congruity was explicitly claimed by John Stuart Mill. Levy then uses this congruity to convict Dickens of absurdity in presenting Utilitarianism (in *Hard Times*) as the enemy of the ethics of the Good Samaritan.

But this congruity of Utilitarianism and the Golden Rule is doubtful. Firstly, Utilitarianism will treat persons who are 'inefficient happiness machines' differently from those who are 'efficient happiness machines'. (All persons will have the same marginal utility, but not the same wealth or the same total utility.) If I am a more efficient happiness machine, then Utilitarianism implies that I *should* treat any less efficient neighbours differently from myself. Secondly, Utilitarianism accommodates other 'sentient creatures' (= animals), which the Golden Rule does not, and would find it hard even to assimilate. Further, any congruence can only be a weak explanation of the coalition between economics and philanthropy over slavery because utilitarian arguments were often used by slavers: slavery is good for the slave. And even after putting aside obviously false propaganda about slavery, Utilitarianism is not in the abstract antithetical to some or all persons living in servitude.

One might also finally note that, even if there was a congruence between philanthropy and Utilitarianism, we should concede to Dickens that in *Hard Times* he did not convict the utility-maximising principle of being inimical to philanthropy. It was the rationalistic calculating mind-set that was inimical: recall Gradgrind 'proving' by the 'deadly statistical clock' that the Good Samaritan was a bad economist.

Levy is a highly individual author; his style is his signature. He also combines technical analysis with a learned detail of cultural issues (Bellman mixed in with the Lambeth Conference on contraception). He is distinctive, too, on account of the sheer sincerity of his concern to answer the problems he sets himself. Most importantly, Levy combines in unusual proportions a capacity for the affirmation with a relish for the question.

In truth, there are probably too many questions and too many ideas in *How the Dismal Science Got Its Name.* In truth, a more self-satisfied mind may have written a better-structured book. *Dismal Science* is something of a medley of intellectual happenings, and this sometimes frustrates the reader. But it is also a great, intrepid intellectual adventure, that warrants attention and praise.

---

* Department of Economics, University of Tasmania, GPO Box 252-85, Hobart, Tasmania 7001, Australia. Email: william.coleman@utas.edu.au.

Landmark Papers in Economic Growth. (The Foundations of 20th Century Economics 1). **Selected by Robert M. Solow; Preface by Mark Blaug. Cheltenham, Glos., UK; Northampton, Mass., USA, Edward Elgar Publishing Ltd. 2001. Pp. x + 280. ISBN 1 84064 471 0. £70 / $US100.**

G.C. Harcourt*

Landmark Papers in Economic Growth is Volume 1 of a new Edward Elgar series, *The Foundations of 20th Century Economics*, edited as ever by Mark Blaug (whose energy and depth and breadth of scholarship are without parallel). Bob Solow made the selections, Blaug wrote the Preface. I take issue with Blaug on two matters in it. He ignores Solow's remarkable year at Cambridge in 1963-64 when he was the Alfred Marshall Lecturer. (Blaug has Solow only ever leave MIT for a year (1968-69) at Oxford.) In the Marshall Lectures, Solow spoke on the contributions to distribution and growth theory of two mythical creatures, 'Joan' and 'Nicky'. Only the real Joan was in Cambridge to hear Solow – the real Nicky was visiting Australia (where he failed, as was his usual wont, to precipitate a revolution after he left because we – Australians – had enough sense not to implement the policy proposals he suggested). Solow's Marshall Lectures were the best I have ever heard, indeed, the best lectures I have ever heard, even from Solow himself. (Their themes were published in Solow's chapter 'Distribution in the long and short run' in Jean Marchal and Bernard Ducros (eds), *The Distribution of the National Income,* London: Macmillan, 1968, pp. 449-66.) Ken Arrow and Harvey Leibenstein also visited the Cambridge Faculty at this time, making it a memorable year indeed.

My other reservation is Blaug's judgment that Solow's work since the 1960s on, for example, macroeconomic analysis, has not been as influential – 'perhaps less [definitive]' (p. ix). If this *is* so, it is not due to any decline in Solow's powerful insights and superb exposition, but to a change for the worse in his readers.

Blaug mentions the two Solow papers, 'A contribution to the theory of economic growth', *Q.J.E.* (1956) and 'Technical change and the aggregate production function', *R. Econ. Stats*. (1957), which are his most influential (and for which he received the Nobel Prize in 1987). With becoming modesty, Solow does not select either for the volume. He *does* include Trevor Swan's independently written 1956 *Economic Record* paper, 'Economic growth and capital accumulation'. I have always preferred Swan's paper to Solow's 1956 paper, and I insist in lectures and writings on referring to the Solow/Swan model (alphabetical order only). Solow wrote a charming essay on Swan in Tom Cate's *Encyclopedia of Keynesian Economics* (1997, pp. 594-7), so making amends for his failure to mention either Swan or Wilfred Salter in his Nobel Prize lecture, 'Growth Theory and After' (*AER,* 1988, pp. 307-17). Both Swan and Salter had done independently what Solow received the prize for. Salter, of course, had long been dead but Swan was still alive and the Nobel electors should have made a joint award.

So much for Oz paranoia. Let us now see what Solow selected besides Swan (1956). There are only 11 articles. The first is Frank Ramsey's famous 1928 *Econ. J.* paper, 'A mathematical theory of saving'. It is devoutly to be hoped that those who think macroeconomics may be done by using Ramsey's model, that is to say, most modern mainstream economists, will ponder on what *Ramsey* thought he

was doing with it and on his opinion of it – not much, 'a waste of time', as he wrote to Keynes (26 June 1928, *C.W.*, vol. XII, 1983, p. 784).

Selections 2 and 3 are Evsey Domar's 1946 *Econometrica* paper, 'Capital expansion, rate of growth and employment' and Roy Harrod's 'Fundamental dynamic theorems', a chapter from the 1948 book, *Towards a Dynamic Economics*, of his postwar lectures at LSE. (I do hope it is remembered that the lectures arose from Harrod's prewar *Econ. J.* paper, 'An essay in dynamic theory', (1939) so that Harrod was first.) Moreover, the so-called Harrod-Domar model is a misnomer. Domar and Harrod wrote about different issues even though they shared a common equation.

Next is Swan (1956). I am glad that Solow included the appendix, which is in effect a review of aspects of Joan Robinson's *The Accumulation of Capital* (1956). It is one of the most cerebral and deep papers in the modern literature on capital theory. Ken Arrow's 1962 *R.E. Studs*. paper, 'The economic implications of learning by doing' is essay 5. Arrow's is an extraordinary paper, not least because both sides of the Cambridge capital theory debates claimed it for their own, and because it contains the essence of endogenous growth theory, including the *AK* model, but points out the inherent limitations. Then follow two 1965 papers, both published in brownie point journals, Peter Diamond's 'National debt in a neoclassical growth model' from *AER* and David Cass's 'Optimum growth in an aggregative model of capital accumulation', from *R.E. Studs*.

Though we know that Solow is sceptical – very – about recent developments, there is nevertheless a generous selection of papers on endogenous growth theory. The first is Robert Lucas's seminal 1988 paper, 'On the mechanics of economic development', published in the *Journal of Monetary Economics* (there is not much money in Lucas's paper). It also began life as a Marshall Lecture (1985). His hearers expected that Lucas, in what was still, relatively, a Keynesian stronghold, would talk about rational expectation and new classical macroeconomics. So there was a loud collective gasp from the audience in the crowded Lady Mitchell Hall when Lucas started the lecture (intended primarily for undergraduates) by saying 'I assume you are all familiar with Pontryagin's principle …'. The Faculty insisted that Lucas give a seminar on what it had expected him to talk about. James Meade, courteous and incisive as ever, pulled him to pieces. Solow has included Paul Romer's 1990 *JPE* article, 'Endogenous technical change' rather than his seminal 1986 *JPE* paper on increasing returns and long-run growth. Essay 10 is by Philippe Aghion and Peter Howitt, their 1992 *Econometrica* paper, 'A model of growth through creative destruction'. Joseph Schumpeter therefore gets his due, albeit in a very modern guise. (Joan Robinson always said he was Marx with the adjectives changed, so probably this way of formulating JAS's ideas allows justice to be done.) The last paper is by Alwyn Young, his 1993 *JPE* paper on 'Invention and bounded learning by doing'. I have to express a preference for the first (Allyn) Young's 1928 *Econ. J.* paper, 'Increasing returns and economic progress', but then I would, wouldn't I?

The selection is judicious and valuable, if unadventurous; no one could quibble about what has been included. What is left out is another matter entirely. I suppose it was too much to expect Solow to have included say, Kaldor-Mirrlees (*R.E. Studs.,* 1962) or Essay 2 of Joan Robinson's 1962 *Essays in the Theory of Economic Growth* (which contains her famous banana diagram). But how could Solow, who was taught by Richard Goodwin at Harvard, leave out Goodwin's 1967 classic, 'A growth cycle' (in the Dobb *Festschrift*), which has spawned a huge literature and which, moreover, makes far more sense of the development of

capitalist economies than do most of the selected items. And, for good measure and knowing of Solow's explicit admiration for his writings, where is Michal Kalecki's 1968 *Economic Journal* paper on trend and cycles? It is not only illuminating but is also, of course, highly complementary with Goodwin's work. Finally, could Solow not have opened his mind enough to have included something from either early or late Hyman Minsky, so that the effects of interrelationships between the money and the real on development over time in advanced capitalist economies could have been covered?

* Jesus College, Cambridge CB5 8BL, UK. Email: fellows-secretary@jesus.cam.ac.uk.

G.C. Harcourt. *Fifty Years a Keynesian and Other Essays*. Basingstoke and New York: Palgrave. 2001. Pp. xii + 364. ISBN 0 333 94633 2. £50.00.

J.E. King*

The indefatigable Geoff Harcourt has done it again! This latest volume has 24 essays, all but one previously published (all between 1991 and 2000, and all (I think) reprinted here for the first time). All are on the history of economic thought, broadly defined; there is a companion volume of essays on economic policy. The unpublished paper, 'Fifty Years a Keynesian', written in 1999, was the basis for many seminar presentations during Harcourt's 2001 Australian tour. Some of the others are drawn from readily accessible sources and will already be familiar to many readers. Into this category come the *Economic Journal* obituaries of Joan Robinson and Lorie Tarshis; the *Cambridge Journal of Economics* articles on 'Mr. Meade's relation' (co-authored with Paul Dalziel) and on Austin Robinson and Joan Robinson as development economists; his *HOPE* review of three books on Joan; tributes to George Shackle and Josef Steindl from *Review of Political Economy*; papers from the *Journal of International and Comparative Economics* (on the legacy of Nicholas Kaldor), the *Journal of Post Keynesian Economics* (on the relations between Post and other Keynesians) and *Review of Income and Wealth* (on applied economics at Cambridge and elsewhere); and several chapters from books published by Edward Elgar. Other essays are more obscure, like the Austin Robinson obituary from *Proceedings of the British Academy*; an appraisal of Marx (with Prue Kerr) from *International Encyclopedia of Business and Management*; a 1999 survey of Post Keynesian economics from an Indian encyclopedia; a summary of the Harcourt-Riach 'second edition' of the *General Theory*, first published in *Cambridge Review*; and a light-hearted but informative account of 'The Cambridge contribution to economics' from a 1998 book on *Cambridge Contributions*. In an era of soaring journal and monograph prices and savagely reduced library budgets many of these will not be easy to track down, and this collection is thus extremely valuable. Needless to say, every university library should buy it.

Eyebrows may be raised at the title. Why 'Keynesian' rather than 'Post Keynesian', an epithet from which Harcourt has never recoiled? As he explains, he has 'been comforted by reading Frank Hahn and Bob Solow's *Critical Essay* (1995). These two neoclassical Keynesians….now provide counterarguments that produce Keynes-like results and support Keynes-type remedies. Three cheers for the dynamic duo, say I. Thus, I now see signs of convergence not only on theory but also, indeed especially, on policy among those who could be called Keynesians of any persuasion and any favourite chapter of *The General* Theory' (p. 298). Elsewhere he gently rebukes Andreu Mas-Collel for describing him as 'a *militant* Robinsonian'. On the contrary: 'My role in the capital controversies was always that of a moderate, something Robinson upbraided me for' (p. 211). She would do the same today, and I fear she would be right to do so. Throughout these essays the New Keynesians get off much too lightly. The Bob Solow whom Harcourt regards as a valued ally is also the Robert M. Solow who writes: 'If fluctuations in aggregate demand dominate short-run variations in real output, that *must* be because some wages and prices are not flexible enough to clear their markets more or less continuously' (Solow 1997, p. 231; stress added). In other words: complete price and wage flexibility means Say's Law means no business cycle. Solow is an unrepentant worshipper at the shrine to this 'bedlam of noise and confusion', as Paul Davidson (1999, p. 587) has put it. Harcourt's Christian faith tells him to love the sinner, but he should also be prepared to hate the (theoretical) sin.

This is related to a second problem. Harcourt writes as if the 'Cambridge contribution' that he celebrates is still being made, to much the same degree and in much the same way, as it was in the intellectual golden age of the 1950s and 1960s. Sadly this is not the case, as he himself readily admits in conversation. The demise of the Cambridge tradition in economics needs to be documented and explained. Who better to do so than Geoff Harcourt? Perhaps he finds it too painful a task to contemplate. But there is some hope. He is still working on 'the intellectual history of Joan Robinson and her circle' that he began in the early 1980s and that will eventually become a most important book. 'Now that I am retired', he writes, 'I hope to get into King's Archives more often' (p. 20). This reviewer hopes so, too. In fact it is probably time for Harcourt to go easy on the essays and *get on with the book*.

---

* Department of Economics and Finance, La Trobe University, Victoria, Australia 3086. Email: j.king@latrobe.edu.au.

References

Davidson, P. (1999) 'Keynes' principle of effective demand versus the bedlam of the new Keynesians', *Journal of Post Keynesian Economics* 21(4), Summer, pp. 571-88.

Hahn, F. and Solow, R. (1995) *A Critical Essay on Modern Macroeconomic Theory.* Oxford: Blackwell.

Solow, R.M. (1997) 'Is there a core of usable macroeconomics we should all believe in?' *American Economic Review* 87(2), Paper and Proceedings, May, pp. 230-2.

Donald A. Walker (ed.). *The Legacy of Leon Walras.* Two volumes. Cheltenham, UK, and Northampton, Mass., Edward Elgar. 2001. Pp. xlvii + 592 and xi + 670. ISBN 1 84064 307 2. £290.00.

J.E. King*

In these two massive volumes Donald Walker has collected 65 previously-published pieces on Walrasian economics (13 of them his own work), and has also written a new 30-page introduction. The first volume includes 16 papers under the general heading, 'Introductory Readings', and another 13 on 'General Equilibration and Equilibrium'. Volume II contains 13 contributions on 'Special Models' (demand, capital, money), five on 'Social and Applied Economics' and 18 on 'Recent Uses of Walras's Ideas', covering equilibration and equilibrium (again), Walras's Law, Cournot-Walras, Walras allocations and Walras correspondence – this is a theorem in topology, not a bundle of letters. The second volume ends with a description of a computable general equilibrium model rather whimsically entitled World Agricultural Liberalisation Study. With the exception of William Jaffé's 1933 article on the (other) Walras correspondence, everything reprinted here dates from 1961 or later, with 13 pieces from the 1980s and no fewer than 42 from the 1990s. There is even an Australian interest, with John Creedy (II, 1) on Walras's supply and demand curves and a short paper on Walras's treatment of money and banking by H.C. Hilton, from *History of Economics Review* 24, 1995 (II, 10).

There is something here for everyone. I particularly enjoyed Peter de Gijsel's analysis of Walras's socialism, especially in the light of Walker's energetic denial that there was ever any such thing (I, Introduction, pp. xxxix-xl). And I was intrigued by Ian Steedman's defence of Walras's treatment of time (in an article co-authored with Martin Currie, I, 25). Formalists will be delighted with the many mathematical papers, most obviously in the volume I section on equilibration and the 'Recent Uses' sections of volume II. Devotees of Edgeworth (I, 12), Schumpeter (I, 13 and I, 14), Ricardo (I, 15) and Menger and Jevons (I, 16) will find Walras's work compared with that of their own heroes. Even Marxists and Keynesians are catered for, to a certain extent (Rotheim on Marx, II, 3; Drèze and Palley on Keynes, II, 24 and II, 28).

And yet a great deal is missing from these volumes. There is no discussion of the Sraffian critique of Walrasian capital theory, even though Walker explicitly notes that 'the marginal productivity theory of distribution sprang from Walras's work on the economics of the firm' (I, Introduction, p. xxiv). The work of Pierangelo Garegnani, John Eatwell and Murray Milgate is simply ignored. Post Keynesians have reason to complain about the neglect of their attack on Walras's theory of money and uncertainty, which is touched on by several writers (I, 19; I, 20; I, 24; II, 2; II, 3) but never directly addressed. Why is there, for example, no extract from chapter 3 of Colin Rogers's *Money, Interest and Capital* (Rogers 1989)? The very damaging Debreu-Sonnenschein results on the uniqueness and stability of general equilibrium are often taken to mean that 'the emperor has no clothes' (Kirman 1989), but although they are occasionally alluded to (I, 7; I, 29) they are not adequately examined here. One needs to turn to the companion Elgar volumes on Equilibrium (Walker 2000) for any serious treatment of the relevant

issues. David Colander will probably feel aggrieved that his attempt to construct a 'post-Walrasian economics' has been overlooked entirely (Colander 1996). Philip Mirowski's provocative interpretation of Walras's method is heavily criticised by Albert Jolink and Jan van Daal (I, 6; I, 10), without Mirowski's side of the argument being aired. And the fundamental Austrian objections to Walras's entire approach to economics deserve more attention than they receive in brief remarks in two articles by Roger Koppl (I, 9; II, 16).

This brings into question the selection criteria that Walker has employed. As a former practitioner of this dark art (King 1990) I am conscious of the need to avoid hurling stones from the comfort of my own glasshouse. But it was surely unwise of Walker to claim that his two volumes 'include all the various perspectives on Walras's thought' that have appeared since the earlier Elgar collection edited by Mark Blaug (1992). 'Indeed', he continues, 'virtually all relevant English language articles are included' (I, Introduction, p. xxxiv). That this is not so can readily be seen by comparing Walker's volumes with the three-volume set collated by John Wood (1993), whose 68 articles – unlike Walker's, taken exclusively from journals – include 34 published in or after 1976. Five of Wood's selections are in Blaug and nine in Walker, leaving a considerable literature that Walker has deemed irrelevant to his project. Matters are not improved by the fact that he makes no reference to Wood's volumes, which is surely taking 'commercial in confidence' a little too far.

There are clear dangers of gigantism in projects of this type. (From memory, Elgar wrote to me asking for a collection of 'all the articles on Marxian economics'; I replied that in that case 30 or 40 volumes would probably suffice; his response was to ask instead for as many crucial articles as would fit into three volumes). Walker, of course, recognises the problem: 'A collection of readings which tried to be selective or specific [comprehensive or complete?] in showing Walras's legacy to general equilibrium modellers and to other aspects of microeconomics would therefore be impossible, as it would encompass much of modern microeconomic theory and some macroeconomics' (I, Introduction, p. xxxiii). But his collection seems to have been generated by a (computer?) search for material with 'Walras' or 'Walrasian' in the title, with the ample crop then thinned out to exclude what Walker rather infelicitously describes as 'marginal items' (p. xxxiv). This has resulted in a number of Type I errors, as previously noted, and also in some probable Type II errors: the article on the so-called WALRAS model of the world market for agricultural products has about as much, or as little, to do with the work of the great Lausanne economist as any one of the other thousand(s) of papers on computable general equilibrium modelling. It could profitably have given way to one or more of Wood's selections, not reprinted here (Hotson on Walras and Keynes, for example, or Cirillo on Walras and socialism, or Feiwel on Schumpeter, Walras, Marshall and beyond).

For all that, these two volumes will be an invaluable resource for the libraries of new universities with unlimited budgets (an empty set these days?). And they offer fascinating browsing for the rest of us.

---

* Department of Economics and Finance, La Trobe University, Victoria 3086, Australia. Email: j.king@latrobe.edu.au.

References

Blaug, M. (ed.) (1992) *Leon Walras (1834-1910)* Aldershot: Elgar.
Colander, D. (ed.) (1996) *Beyond Microfoundations: Post Walrasian Economics*, Cambridge: Cambridge University Press.
King, J.E. (ed.) (1990) *Marxian Economics*, three volumes, Aldershot: Elgar.
Kirman, A. (1989) 'The intrinsic limits of modern economic theory: "the emperor has no clothes"', *Economic Journal* 99, Supplement, pp. 126-39.
Rogers, C. (1989) *Money, Interest and Capital: A Study in the Foundations of Monetary Theory*, Cambridge: Cambridge University Press.
Walker, D.A. (ed.) (2000) *Equilibrium*, Cheltenham, UK and Northampton, Mass.: Elgar.
Wood, J.C. (ed.) (1993) *Leon Walras: Critical Assessments*, three volumes, London: Routledge.

Mark Skousen. *The Making of Modern Economics: The Lives and Ideas of the Great Thinkers*. New York: M.E. Sharpe. 2001. Pp. xv + 487. ISBN 0 7656 0480 9 (pbk). $US29.95.

John Lodewijks*

This is a highly entertaining introductory history of economic thought text written by an unusual author. Mark Skousen, whose eighth great-grandfather was Benjamin Franklin, and father and uncle were FBI agents, went to college at Brigham Young University and then worked for the CIA. In 1977 he received his Ph.D. from George Washington University. Success in the finance sector allowed him to retire at age 32 and pursue his many interests. Skousen has written twenty books on economics and finance, produces one of the most popular financial newsletters in the US, and is actively associated with the Cato Institute, the Libertarian Party and the Mt. Pelerin Society. Indeed, if you order this book from Laissez Faire Books they will give you a 20 per cent discount.

The Making of Modern Economics is the Austrian antidote to Robert Heilbroner's *The Worldly Philosophers*. Skousen believes that Heilbroner's text is biased, focussing too heavily on the economics of socialists and Marxists, and ignoring the free-market advocates. In 1980 he commissioned Murray Rothbard to write an anti-Heilbroner text with an advance of $US20,000. When Rothbard was not up to the task, Skousen decided to write the book himself.

This text, like Heilbroner's, is also provocative and entertaining, with sexual and financial scandals of various sorts embellishing the lives of the great thinkers. Yet it would be difficult to call this a balanced history either. It is an Austrian history of economics where Adam Smith's self-regulating system of natural liberty and competition triumphs against the forces of socialist interventionism. Each episode in the history of economics is evaluated in terms of what was added or subtracted from Smith's system and in so doing the 'power of neoclassical analysis' is revealed. The title of chapter six is 'Marx Madness Plunges Economics into a New Dark Age' and there Marx is chastised as a 'demonic genius', an 'anti-semitic Jew' who wrote 'satanic verses', and ultimately a 'dismal failure'. In

chapter seven 'Menger and the Austrians Reverse the Tide' and resurrect Smith's system of natural liberty. In chapter thirteen 'The Keynes Mutiny: Capitalism Faces its Greatest Challenge' one might be excused for presuming that capitalism's greatest challenge was the Great Depression. Not so. It is Keynes. Skousen begins the chapter with a quote claiming that 'Keynesian economics is … the most serious blow that the authority of orthodox economics has yet suffered'. It was then left to Milton Friedman 'to reverse the Keynesian tide and reestablish the virtues of neoclassical economics' (p. 397).

Should we be concerned about the way these histories of thought are written? For example, there is not even a mention of the seminal research of either Samuel Hollander or Philip Mirowski in the Skousen book. Nor is the intellectual history of Adam Smith, written among others by Jacob Viner and Donald Winch, acknowledged. Winch's work is explicitly against attempts to recruit Smith retroactively into some ideological category and association with extreme *laissez-faire* and libertarianism. One response is to note that Heilbroner and Skousen provide introductions to the subject, written in provocative ways, to entice students towards further study where they then go on to do 'real' history of economics. Skousen (p. 5) freely admits that his 'book is not a normal history. It is candidly, an irreverent, passionate, sometimes humorous, and often highly opinionated account of the lives and theories of famous economists'. Perhaps the concern about balance and objectivity is a storm in a teacup. Will not students easily discern the biases of these texts and take them with a grain of salt? I have my doubts.

Moving away from these broader concerns, we now narrow our focus to specific quibbles and corrections. The text has a single heroic figure – Adam Smith – and each episode in the history of economics is judged in terms of what it added or subtracted from Smith's self-regulating system of natural liberty and competition. For Skousen '*laissez-faire*' and 'neoclassical economics' are synonymous, yet he does realise that the impartial spectator plays an important role in generating a fairer and more 'moral' capitalism (p. 23). Chapter 2 celebrates the work of French economists in advancing our understanding of *laissez-faire*. There is no acknowledgment here of A.M.C. Waterman's conjectures about why classical political economy was not born in France in terms of religious and theological elements. There is a glowing account of Steven Kates 'remarkable' book on *Say's Law and the Keynesian Revolution* (p. 343).

In chapter 3 there is no mention of Malthus's 'change of mind' on the Corn Laws but some excellent discussion of John Pullen's research. In chapter 4 Ricardo, and modern day neo-Ricardians, are given a bucketing: 'Sraffian economics' leads to 'wholesale government interventionism and totalitarian central planning' (p. 108). Surprisingly though, the author accepts a Sraffian corn model approach to Ricardo (p. 99). Perhaps he should have read Hollander. Chapter 5 on J.S. Mill highlights the 'inconsistencies and contradictions' (again Hollander would differ) but takes most umbrage at Mill's flirtation with socialism. Chapter 6 identifies Marx with Lenin, Stalin, Mao and Pol Pot, notes that he fathered an illegitimate child, and claims that his poverty was self-inflicted as his 'pension placed him in the upper two per cent of the British population in terms of income' (p. 144). Futhermore 'he delighted in violence' and wanted to abolish not only capitalism but the traditional family and religion (pp. 152-3). 'To sum up Marxian economics', Skousen concludes, 'almost nothing in the economics of classical Marxism survives analysis' (p. 158).

In chapter 7 the Austrians reverse the tide. Carl Menger has pride of place in ushering in the new epoch in economics (pp. 172-4). I was waiting to see if the

author was willing to spill the beans on his heroes in the same way as he had on the proponents of socialism. I was pleasantly surprised. Menger's and Hayek's sexual scandals are highlighted as are Mises's peculiarities. At least the mud is thrown around fairly generally (albeit never with the intensity reserved for Marx). Chapter 8 deals with the other 'bit players' of the marginal revolution and has a confused treatment of elasticity (p. 208). Chapter 9 deals with the Americans, and I was surprised that more was not said about Henry George, given the recent work associating him with the Austrians. However, we are told that J.B. Clark 'solves the distribution problem' (p. 231). Chapter 10 deals with Veblen and Weber, with the standard anecdotes about Veblen's peculiarites (at least some of which are now regarded as fallacious or embellishments, for example the story that he gave his students identical grades). The treatment of Irving Fisher ignores the latter part of his career developing the debt-deflation model. Chapter 12 reveals that, while Fisher failed, the Austrians Mises and Hayek were making the real breakthroughs (p. 285) until shunted aside by the 'Keynes Mutiny' reported in chapter 13.

Keynes, says Skousen, was not the saviour of capitalism. His model and policies 'were in fact a direct repudiation and assault on Adam Smith's laissez-faire system' (p. 333). Paul Samuelson, in chapter 14, is regarded as an 'apologist for the national debt' and his pro-government 'bias is overwhelmingly evident' (p. 364). Chapter 15 leads us to paradise in the form of Milton Friedman. Chapter 16 deals with the 'dark vision of Joseph Schumpeter' and the last chapter of the book deals with Chicago economics, the collapse of communism and Keynesianism, and the triumph of Smith's market economics.

One certainly has a clear idea about where this author is coming from. There are no hidden agendas, it is transparent. Nevertheless, at the risk of being politically incorrect, I really enjoyed reading this text. It is opinionated, mischievous, scandalous in parts, catty and filled with fascinating anecdotes. The numerous references to Australian historians of thought are encouraging. If you want to liven up a history of thought class, use both Heilbroner and Skousen, and leave it to the students to decide their preferences. Yet, once hooked, get them to do some serious history of economics.

---

* School of Economics, University of New South Wales, Sydney NSW 2052. Email: J.Lodewijks@unsw.edu.au.

Bo Sandelin, Hans-Michael Trautwein and Richard Wundrak. *A Short History of Economic Thought.* Stockholm: SNS Forlag. 2002.
ISBN: 91 7150 874 0. Pp. 122.

John Lodewijks*

This slim volume is a useful introduction to the history of economics to accompany standard courses in economics. Given the reality that few students now study the history in any depth, perhaps all we can ask an instructor to do these

days is to set a book like this as an auxiliary text. Students could easily read this book in a couple of hours and thereby gain some appreciation of the history of our subject from the Greeks onwards. As a bonus there is a chapter introducing heterodox traditions (Institutionalists, Neo-Austrians, Post Keynesians and Neo-Ricardians) and some of the philosophy of science literature. The authors usefully point out that in economics the growth of knowledge has not always been a cumulative process and scholarly traditions no longer popular may nonetheless have useful things to say.

Sandelin wrote six chapters, Wundrak two and Trautwein one. Trautwein's chapter on monetary macroeconomics is most dissimilar from the other chapters of the book. The other chapters are straightforward and clear synopses of the various schools of thought as befitting a primer to the subject. Trautwein's chapter is more difficult and more challenging as he interprets the history of macroeconomics in terms of reactions to the (long-run) neutrality of money concept. He also regards Wicksell as a pivotal figure in that history and presents an (overly) generous interpretation of the contribution of the Stockholm School. This chapter stands out from the rest in terms of style and detail.

Given the brevity of the treatment there are always omissions that a reviewer can point to – for example, *The Theory of the Moral Sentiments* might have been mentioned on p. 29, and the treatment of institutionalism on pp. 102-3 missed essential features of their contribution - but overall the book provides a balanced treatment. The chapter on the Historical School is interesting as it utilises the European history of thought literature rather than North American sources. Indeed, the book is to be praised for pointing out different national approaches to economics. The contrast (on pp. 110-11) between the more philosophical southern European tradition and the North American engineering approach is insightful.

Covering so much ground in so few pages, much is left unsaid, for example their summary statement on the capital controversies: 'The representatives of neoclassicism have not denied the logic of the criticism of traditional neoclassical capital theory, but have considered that the question is which approximations are permissible in order to make a problem manageable' (p. 76). Perhaps a major omission in this book is an extra chapter on the history of modern microeconomics to parallel the excellent survey of modern macroeconomics provided by Trautwein. Except for two paragraphs on game theory, the book's treatment of microeconomics stops in the 1930s. They really ought to remedy this in a second edition.

This book gives the reader no sense of the debates and alternative interpretations of the history of economics. There is no mention of Hutchison or Hollander or Mirowski or even Blaug. Yet it is a useful 'short history' that we might try to convince our colleagues to set for their students so they (and their students) gain at least some introduction to the history of our subject.

---

* School of Economics, University of New South Wales, Sydney NSW 2052, Australia. Email. J.Lodewijks@unsw.edu.au.

Paul Strathern. *Dr Strangelove's Game: A Brief History of Economic Genius*. Hamish Hamilton: London. 2001. Pp. ix + 342. ISBN 0 241 14134 6. $35.00 (hardcover).

Michael Schneider*

Exactly four decades after the publication of the first edition of Robert Heilbroner's superb introduction to the history of economic thought, *The Worldly Philosophers*, a rival has appeared. Paul Strathern's *Dr Strangelove's Game: A Brief History of Economic Genius* is as engrossing a read, partly because of its greater emphasis on the biographical. However, the story of the development of economic thought is sufficiently told, supplemented not only with historical background but also with an account of relevant contemporary developments in mathematics and statistics.

The usual suspects, Quesnay, Adam Smith, Malthus, Ricardo, Bentham, John Stuart Mill, Marx, Jevons, Walras, Pareto, Marshall, Wicksell, Schumpeter, Keynes and Friedman are covered. Given more space than many of these, one suspects because of their spectacular lives, are John Law, Condorcet, Saint-Simon and Robert Owen; given that his life was at least as spectacular and his contribution to economics more substantial it is a little surprising that, far from receiving similar treatment, Cantillon does not get even a mention. Numerous other originators of economic ideas, however, are awarded a guernsey.

The work is bookended (Prologue and Chapter 12) with chapters covering von Neumann, Morgenstern and game theory. The first of these two chapters tantalisingly raises the possibility that game theory will render economics superfluous, but a reader looking to the second for a follow-up will be disappointed. However, these chapters do provide the book with its title, Strathern arguing that in his later years von Neumann's behaviour paralleled that of Stanley Kubrick's Dr Strangelove. But he stretches things in suggesting that a hint of game theory's minimax approach is to be found in Ricardo's theory of comparative advantage.

Another of Strathern's themes is the interaction between economics and morality, which he asserts to have been 'inextricably linked' since Mandeville – a surprising claim given the dominance of neoclassical economics for over a century now. Given Strathern's interest in this theme, it is also surprising that no reference is made to the extensive treatment of it before Mandeville by Aristotle and the Scholastic philosophers. Still on morality, Strathern is unfair to Adam Smith when he accuses him of contradicting his underlying idea of 'private vices, public virtues' in advocating the maximising behaviour entailed by specialisation, on the ground that '[h]ere the private virtue of thrift becomes a public one'; it is not this kind of thrift that is normally thought of as a virtue.

At first glance the title of Chapter 1, 'Something out of Nothing Comes', appears to question the whole basis of economics, but it turns out to refer to the intellectual advances made possible by the discovery of the concept of zero, including the fact that with it '[a]ccountancy as we know it had been born'. However, churlish though it may seem to be critical of so entertaining and informative a book, it has to be said that scientist-philosopher Strathern should have had it 'proof-read' by an economist before sending it to press. While the presentation of economic ideas is in general well done, several illustrative examples betray an imperfect understanding of the discipline. In particular, the author

attempts the impossible task of illustrating Ricardo's theory of comparative advantage with an example in which one individual enjoys *the same* absolute advantage as another in the production of each of two commodities, and in which value is determined by numbers of barrels rather than cost of production - it consequently hardly comes as a surprise to find that the example also contains numerical errors. Further, an attempt is made to illustrate Edgeworth's contract curve by an example in which endowments are changed and the contract curve said to describe alternative endowments of which it is true that both parties 'could gain similar utility' – an account which must have Edgeworth turning in his grave. And the concept of 'marginal utility' is confusingly presented, being described as 'the margin of utility' and illustrated by an example in which consumption of two ice creams by a consumer is said to produce 'proportionately less' utility than consumption of one.

Strathern also errs in stating that Marshall's student days at Cambridge were financed by an uncle who 'had made some money out of the Australian gold rush' – Uncle Charles made his money in Australia as a pastoralist. And it is a pity that he perpetuates the furphy that it was Malthus's population theory that 'prompted the Scottish thinker Thomas Carlyle to dub economics "the dismal science"' – in fact it was the romantic Carlyle's aversion to rational calculation.

But do not let these shortcomings put you off. Strathern has written a book that will serve well the purpose of encouraging students to study the history of economic thought, and entertain everyone.

---

* Department of Economics and Finance, La Trobe University, Victoria 3086, Australia. Email: m.schneider@latrobe.edu.au.