

Book Reviews

America's Economic Moralists: A History of Rival Ethics and Economics. By Donald E. Frey. Albany: State University of New York Press, 2009. 249 pp. \$75.00.

Histories of American thought have often been constructed around the tension between individual autonomy and communal relations. Whether the focus is technology, progress, politics, or social thought, a long tradition of interpretation casts the American problem in the context of this tension. Donald Frey turns this traditional mode of interpretation on the history of American thought on economics. I say “thought on economics” rather than “economic thought” because the latter term is usually assumed to mean the thinking of economists, whereas Frey’s concerns lead him to many thinkers outside the economics fold. Economists are his central focus, but he also considers socialist, communitarian, and religious writers and groups.

The starting point of Frey’s investigation is Perry Miller’s famous interpretation of Puritan America’s struggle with the dilemma between the belief in individual autonomy and the requirement of common commitments (unfortunately, Miller does not appear in the index, despite his importance for Frey’s project). Frey pulls the two sides of Miller’s account of Puritan theology apart and uses them as the framework for the “rivalry” he examines. In short, American thought on economics can be considered as a debate between those emphasizing an ethic of autonomy (usually economists) and those associated with a relational ethics (usually, but not always, noneconomists). Of course, this is not exactly Miller’s approach; Miller saw the Puritan experience as a creative attempt to resolve the tension between the conflicting ethical commitments that stem from their theological beliefs, and sought to explain the history of America as the development of that creative effort. Frey occasionally discusses the work or practices of those he examines in terms similar to Miller; the best example is his chapter on Moravian communities in America—surely an unusual choice for a book that often looks like a history of American economic thought on moral issues, but an inspired one. More frequently, however, Frey simply categorizes thinkers (as individuals or as groups) as representing one side or the other of the dilemma. Thus, his account tends not to be the story of how the tension is resolved in particular settings, but rather how the two sides simply went in different directions.

Frey's story of those emphasizing an ethic of autonomy somehow ends up overlooking the Midway at the University of Chicago (is that terminus inevitable or just obvious? Where do MIT and Harvard fit?), and his story of those emphasizing relational ethics usually leads him to intentional communities. Perhaps these termini are the appropriate ones, but they feel too convenient. Frey does recognize that Chicago includes Frank Knight, whose work is hard to capture as falling on one side of Frey's categories or the other. And when he talks about intentional communities, he recognizes that they struggle with the autonomy/relation dilemma constantly. But in most of the book, he focuses more on placing thinkers on one side or the other, rather than examining their work in terms of how the tension between them is constructed and resolved. It is as if "America" becomes the entity that is responsible for resolving the tension.

If "America" is the focus of Frey's book, then his work follows in a long, and quite problematic, heritage of American historiography. Metaphors of this story abound: America is an "errand into the wilderness" (Miller 1956), a grand "experiment," a "city set on a hill," etc. A recent alternative to Frey's argument interprets America as a long debate between John Locke and Adam Smith (Prindle 2006). The problems with this tradition of historiography are many, but let me mention two that are particularly significant for Frey's project. First, they all suffer the problems of selection bias. Aside from the chapter on Moravians, Frey's list of individuals/groups is actually quite traditional: you'll find most of them in any text on the history of American economic thought. An example of people he doesn't include is provided by another recent book (Davenport 2008). The people are northern Christians in the antebellum period, especially Stephen Colwell and Orestes Brownson. Stewart Davenport's account is quite compatible with Frey's, but none of Davenport's subjects are even hinted at by Frey. Another potential subject for consideration would be American evangelicalism in the postwar period. I am not making the argument that Frey should have added these individuals and groups; I am merely pointing out that the approach Frey uses opens itself to the criticism that a different set of selections could support a different argument.

The second issue is one I've already mentioned: Frey's treatment of various thinkers or their traditions tends to be summative (in toto, here is where I place you in my taxonomy), and not an exploration of how the individual/communal dilemma exists and is resolved in their work. Put differently, the book is a list of people who seem to the author to be writing about the same problem, rather than a historical reconstruction of how particular people handled this tension. One inevitable consequence of Frey's emphasis on "America" as the resolution of the dilemma is the tendency to see the state as the locus of that resolution, rather than the market or other forms of private relations. Again, the chapter on Moravian communities is the exception; and it stands out so much because it points to a resolution that happens in a particular community in America, and not an "American" solution. More of the former, and less of the latter, would improve the book.

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Marshall and Schumpeter on Evolution: Economic Sociology of Capitalist Development. Edited by Yuichi Shionoya and Tamotsu Nishizawa. Cheltenham: Edward Elgar, 2008. ix; 285 pp. \$140.00.

The textbooks and even the teachers often describe Alfred Marshall as the quintessential high theorist of neoclassical, ahistorical, mathematical, equilibrium-seeking comparative statics. He is often seen as a world away from Joseph Schumpeter, who made uncertainty, evolution, innovation, entrepreneurship, the cumulative process, and creative destruction the centerpiece of a restless economics that ineluctably and unpredictably moves on. Marshall has been seriously misrepresented by scholars who have seen their own first-year lectures on supply and demand reflected in his work but have not been curious enough to explore the whole of his worldview. *Natura non facit saltum, the one in the many*, “time . . . is the centre of the chief difficulty of almost every economic problem,” “the Mecca of the economist lies in economic biology”—Marshall is more than the surplus triangle and the elasticity of demand. This book is a collection of thirteen essays that argues strongly that Marshall has been misunderstood. In his openness to economic sociology and historical change, the authors find in his work insight after insight that links him to the historical school, the American institutionalists, and, crucially, to Schumpeter, who, like Marshall, looked not so much at the statics of the atomistic pieces but at the dynamics of the organic whole.

The title of the book is misleading. A book about Marshall, *and* Schumpeter, *and* evolution, *and* economic sociology, *and* capitalist development would be more than 285 pages in length. The editors would have done better to define their terms, contrast their giants, and focus on specific, core issues. As it is, the thirteen essays, although all of a good standard, do not provide a clear picture of the differences and similarities between the two authors. Nor does the collection really demonstrate the need for a historico-ethical approach to social science that would complement Walrasian general equilibrium and make economics a more useful tool. The whole is less than the sum of the parts.

Kiichiro Yagi reports on Schumpeter’s debt to Harvard theorists (Abbott Payson Usher, Seabury Colum Gilfillan, and Robert K. Merton) of invention and innovation. He is fleshing out a short footnote on page 85 of *Business Cycles*. Richard Swedberg continues the theme of entrepreneurial energy versus the passivity and acceptance of the unquestioning follower. He builds on the “lost” chapter 7 of the 1911 edition of

Schumpeter's *Economic Development* (the section omitted from the 1934 translation) to argue that Schumpeter should have assigned a greater importance to social norms and sanctions. Mauro Boianovsky and Hans-Michael Trautwein write about the one article in Gustav Stolper's *Der deutsche Volkswirt* in 1927 and the one section in *Business Cycles* (pages 511–17) where Schumpeter explains in detail the nature and causes of unemployment. It was Marxian/Ricardian frictional-search unemployment brought about by technological progress rather than Keynesian demand-side failures that he had in mind. The authors reconstruct the parallels with his contemporaries Emil Lederer and Hans Philipp Neisser, as well as William Beveridge and John R. Hicks, although no attempt is made to determine the reasons for the resemblance. Harald Hagemann discusses the influence of the German historical school on Schumpeter's evolutionary perspective. He relates this to innovations, cycles, investment, and credit. He establishes a link with the contribution to the analyses of the third world conducted by Schumpeter's students Wolfgang Stolper and Hans Singer. Yuichi Shionoya tries to reconstruct Schumpeter's overall weltanschauung. Schumpeter's emphasis on creativity, vision, relativity, and change lead Shionoya to postulate a link with philosophical hermeneutics in the sense of Hans-Georg Gadamer but also with Romantic metaphysics as the counter-Enlightenment that looks to feeling and not to rationality for an understanding of the unified social order.

Five of the chapters are about Schumpeter. Four are about Marshall. Tiziano Raffaelli, incorporating insights from his *Marshall's Evolutionary Economics*, assesses Marshall's position on Darwinian, Lamarckian, and Spencerian genetics. He relates this to Marshall on innovation and disequilibrium economics. Kenji Fujii defends Marshall's often neglected concept of economic chivalry. Marshall, he says, was an early theorist of corporate social responsibility who expected an entrepreneur to have strengths not only in mold-breaking but in trust, fairness, and generosity. Katia Caldari and Fabio Masini, turning from growth to stagnation, revisit the dismal prognoses of John Stuart Mill's stationary state and William Stanley Jevons's *Coal Question* to situate Marshall's socialization as an economist in the context of the post-Malthusian debate on sustainability, exhaustibility, and the limits to growth. Tamotsu Nishizawa reintroduces the policy-oriented economics of Gustav Schmoller in Germany and William Ashley and William Hewins in the United Kingdom to show that Marshall and his followers made use of facts and ethical judgments even as they used pure theory to illuminate their industrial economics.

The nine essays that deal with single topics and single authors could usefully have been submitted to the history of thought journals. What would make a book of this kind stand out would be a sustained dialogue between the two giant thinkers. In the event only four chapters actually undertake the comparisons that are required. Roger Backhouse works his way through Schumpeter's writings on Marshall from *Das Wesen* in 1908 to the *History of Economic Analysis* at the end. He establishes that, while Schumpeter considered Marshall one of the four greatest tool makers ever, he had mixed feelings about Marshall's pure theory and failed to appreciate the nonaxiomatic or cultural dimension. Richard Arena, in a major essay, shows that the authors were surprisingly close in their sociohistorical interpretation of organizations and institutions. Studying people in the *ordinary* business of life requires an anthropolo-

gist's sensitivity to habits, customs, routines, rules, and systems. Both authors, pluralistic and people-centered, saw market interaction at once as supply and demand and as collective patterns made possible by social capital. Geoff Hodgson, agreeing with Terence Hutchison that Marshall's neoclassicism is embedded in a historical-institutional perspective, asserts in his very scholarly contribution that Schumpeter made more use of economic sociology in his pure economics than he himself would have wanted to admit at a time when Lionel Robbins was recasting economics as a science of allocative efficiency and rational choice. In that way Schumpeter anticipates the reexamination of the disciplinary boundaries that is occurring at the present time. Stan Metcalfe, analyzing the nature of knowledge-based, novelty-driven adaptation, juxtaposes Marshall to Schumpeter and to Hayek. Knowledge itself, Metcalfe argues, is being transformed. Human beings are not passive calculators. Imagination and intuition make history self-transforming and self-transcending.

The four chapters that undertake a direct comparison of Schumpeter and Marshall show what can be done. Credit, cycles, politics, class, unemployment, individualism, memory, uncertainty, heuristics, and universal social science are all areas to which both giants contributed. The next book, it is to be hoped, will compare these two insightful economists topic by topic in order to establish precisely what they had in common and what made each of them unique.

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Gli archivi e la storia del pensiero economico. Edited by Piero Barucci, Lilia Costabile, and Massimo Di Matteo. Bologna: Il Mulino, 2008. 344 pp. €25.50.

The declared intention behind this collection of essays is to demonstrate the contribution that archival sources can make to the history of economic thought. Thanks to the analyses contained in the essays, which are based on the papers of economists conserved mostly in Italian archives, the volume succeeds as a whole in casting light on, as the editors say, the "power of archives." What emerges in particular is the ability of archival documents to yield significant biographical details and to help scholars reconstruct the cultural contexts in which the economists worked; archival materials can also help historians understand the impact that the ideas of an economist had on economic policy and on society more generally.

The volume opens with an ample introductory chapter of a methodological nature (Barucci), discussing the use of sources and offering some thought-provoking observations on the reasons why archival research and, in general, the methods characteristic of historical studies find scant application in the history of economic analysis. The remaining essays are grouped into three main sections. The first is dedicated to a reappraisal, on the basis of unpublished documents, of the connection between economic policy and theory in the contributions of three Italian economists, Luigi Valeriani (Scazzieri), Costantino Bresciani-Turroni (Costabile), and Franco Modigliani (Asso), the last being of Italian origin, of course, but an American citizen. To these is added a

more specifically historical essay that analyzes the economic policy implemented by Giovanni Giolitti in Italy in the early twentieth century (Ciocca). The second section presents an examination—performed on the basis of papers archived at the University of Siena—of two particular stages in the evolution of the thought of Richard Goodwin, the first coinciding with his years of philosophical education at Harvard (Caminati), the second being the development of his ideas on economic dynamics in the period 1949–52 (Di Matteo and Sordi). Finally, the third section presents some of the least known Italian archival oddments—the SVIMEZ archive, the IRI economic archive (Cristiano and Faucci), the Archives of the Constituent Ministry (Da Empoli), the unpublished correspondence of Salvatore Maiorana Catalabiano (La Bruna), the Laterza publishing house archive (Mosca and Caffio), the Griziotti archive and Fondo Vito (Parisi), and, finally, the Fondo Pietro Verri held by the Raffaele Mattioli Foundation (Porta)—of more specific interest for the reconstruction of events in Italian history. Alongside publication of this text another praiseworthy initiative has been launched for the exploitation of archival material. Backed by the SIE (Italian Society of Economists), it sees the creation of a “virtual archive” bringing together the papers of Italian economists and economists who have worked in Italy, available online at the ASE (Archivio storico degli economisti) site at <http://ase.signum.sns.it/>.

Anyone who has gone through this type of research will know how difficult, time-consuming, and, from the point of view of results, unrewarding it can be. Of the essays that succeed in making the most of the material at their disposal we may mention, respectively, the contributions by Scazzieri, Costabile, and Asso, equally characterized by rigor in their investigation of the archival sources and impressive proficiency in integrating an analysis of these sources with an analysis of the works published.

The essay by Scazzieri is a reconstruction of the thought of Luigi Valeriani, an Italian economist who lived between the late eighteenth and early nineteenth centuries and a professor of economics at the University of Bologna. Scazzieri analyzes the lecture notes of four of his pupils (spanning the period 1807–24), conserved in a number of archives in various Italian cities. The analytic reconstruction Scazzieri offers of Valeriani’s theory of value in terms rather more comprehensible to us than the original wording, which can be somewhat thorny (as the quotations show), is coherent and well structured. Various surprisingly modern aspects of Valeriani’s thought are appropriately highlighted, such as the relational motivations of consumption and needs, the relevance of institutional aspects, and the stress on property rights in determining the value of goods. The one shortcoming here, if indeed shortcoming is the word, is the lack of an appropriately developed comparison with Smith’s analysis of value, although reference is made to it here and there in the text.

The essay by Costabile on Bresciani-Turroni, outstanding in its lucidity of exposition and accurate analytic reconstruction, marks a distinct advance in our knowledge of this economist. In fact, Costabile’s interpretation, made through a reappraisal of Bresciani-Turroni’s economic policy model, to some extent revises the view taken of this economist as an advocate of pure *laissez-faire* while also highlighting certain points of departure from the theoretical position of Luigi Einaudi. The fundamental

economic problem of postwar Italy lay in the scarcity of raw materials and foodstuffs, of the circulating capital necessary for the productive process to function, together with a surplus of manpower. Where other economists proposed the deflationary line as an “automatic” solution to the problem, Bresciani-Turroni saw in the inflow of aid and credit from abroad the royal road to leave the country’s structural deficit behind. Thus his confidence in spontaneous market forces appears to have been tempered by the awareness that such forces could not “alone” suffice—at any rate in the particular world of postwar Italy—and of the need for a gradual transition, “governed” by the state, to the free market.

The essay by Asso, based on the papers of Modigliani archived at Duke University, not only offers an examination of various unpublished writings analyzing Italian society, but also makes a noteworthy contribution in demonstrating, through analysis of the correspondence, just how intensive the intellectual exchanges were between Modigliani and the Italian economists in the period 1944–55, including Bresciani-Turroni, Del Vecchio, Salvemini, and Sylos Labini.

Of particular interest in the section of the volume dedicated to Richard Goodwin is the essay by Di Matteo and Sordi, which shows how fundamental the papers in the Goodwin archive are for reconstructing this extraordinary economist’s human and intellectual biography, departing in certain respects from the reconstructions hitherto made on the basis of the published material alone. The essay offers stimulating and convincing explanations—based largely on an analysis of the correspondence—as to why Goodwin failed to gain tenure at Harvard, why he opted for Cambridge (U.K.), and the background to the drafting of the famous—yet never published—work of economic dynamics on nonlinear cycle theory.

The last part of the volume is intended for specialists in the field, for rather than presenting the findings of research already performed, it identifies and describes archival collections in Italy that have largely escaped attention. While this section is particularly valid for the support it offers to archival research, the collections that seem to hold the most exceptional promise for further investigation are the Pietro Verri papers conserved at the Mattioli Foundation and those of the Economic Committee for the *Assemblea Costituente*—formed immediately at the end of the war—which could yield useful evidence as to the extent to which the committee’s conclusions actually found their way into the articles of the Italian constitution.

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Lives of the Laureates: Twenty-Three Nobel Economists. 5th ed. Edited by William Breit and Barry T. Hirsch. Cambridge: MIT Press, 2009. xiv; 259 pp. \$29.95.

About the time that the first edition of *Lives of the Laureates: Seven Nobel Economists* (edited by William Breit and Roger W. Spencer) appeared in 1986, Breit (1987) gave his presidential address to the Southern Economic Association on the subject of

“biography and the making of economic worlds.” In that speech, and paper, sadly uncited in too many literatures and articles, Breit presented a graceful argument suggesting that biography “is a crucial element in studying the history of economic science” (823). His discussion there concluded by noting that

my emphasis on the essentially artistic nature of economics, especially in the creation of valid but incompatible worlds, has something in common with recent developments in philosophy. The names of Richard Rorty, Robert Nozick and Nelson Goodman come to mind. . . . The mind is not a mirror that reflects reality. . . . Truth does not provide the straightforward constraint that one might have supposed in the making of theories. . . . [I] note that this way of thinking has become the idiom in terms of which many significant scholars now think. Their works are manifestations of major currents which, I believe, will gradually come to permeate and dominate the methodology of historians of thought in the calculable future. (832–33)

Breit argued that, if economics is fundamentally a human activity, as those who were responsible for reconceptualizing science studies argued that science is a human activity, the history of economics can no more ignore the individuals who create the economics than it can subordinate those individuals to disembodied theories of knowledge creation.

Breit’s hope that this way of thinking would permeate future work in the history of economics has not come to pass. Few have taken up his suggestion, and those of us who have (in my case unaware of his early paper) have often been met with respectful incomprehension by traditional historians of economics. Even in Europe, where presumably new currents of intellectual thought would take root quickly, the lack of understanding of science studies approaches to the history of economics is the norm.

As Nobel laureates are named each year, the first edition of *Lives*, with seven chapters, has grown and grown to now the fifth edition, with twenty-three Nobel laureates. Certainly MIT Press found a “good thing,” as it has a publication series that requires only minimal type-resetting from edition to edition, and a nice brand name that holds up over the years. William Breit, too, has turned this project into a continuing one (leaving his fictitious crime writer, Marshall Jevons, aside), while the essays by the laureates that comprise the volumes are read by many for various reasons. The strong claim that Breit made about the value of biography back in 1987 has produced, however, not a series of biographies, but a series of autobiographical essays, which is not exactly the kind of work that historians of economics can use uncritically (Weintraub 2005).

The new memoirs in this edition by Vernon Smith, Clive Granger, Ed Prescott, Thomas Schelling, and Edmund Phelps are interesting by themselves. All of these essays grew from the series of autobiographical lectures (at Trinity University in San Antonio, Texas) on the general theme of “my evolution as an economist.” Given the openness of the invitation, the essays have different forms and shapes while the authors have different degrees of comfort in writing personal memoirs. At their best, the essay-lecture results in something that transcends the form. The best example is Vernon

Smith's memoir, which is a deeply introspective personal history, one of the few such personal memoirs that rise to an artfulness that belies the canard that "economists can't write well." Yet these autobiographical accounts are not to be understood in the way perhaps that the Trinity University audience expected or the authors intended. The essays work at various cross-purposes, varying between avuncular advice to young striving economists, stories of a quest, or narratives of overcoming adversity or triumph over obstacles both personal and institutional. There is no general response by any laureate along the lines of "I don't think my work rises to Nobel quality." There is, however, a subtext in some of the essays of "Why did it take them so long to recognize what I had done?" not as a complaint but as a puzzlement.

In recent years there has been a renewed interest in life writing in economics, almost certainly beginning with Don Moggridge's (2003) survey and continuing through not only the numerous collections of autobiographical essays that have appeared over the last decade or so, but the *HOPE* conference on life writing in economics held in 2006 (Weintraub and Forget 2007).

The issue of what can be learned from first-person accounts has been treated on several occasions. While the value of interviews of famous economists has been interrogated (Weintraub 2007), there is little systematic understanding of the role of memoir in constructing historical narratives. In the present case, we can grant certainly that these essays can be entertaining. We can grant certainly that some of the essays are extremely well written and reflect well on the good humor, wide-ranging intelligence, and emotional self-awareness of some Nobel laureates, qualities that are not generally on display in technical journal articles. It must be granted as well that reading these essays, as a student, might add a dimension, which in his presidential essay Breit identified as heuristic value, to the student's own education and interest in economics. Robert Heilbroner's *The Worldly Philosophers* (1999) is such a model.

In their concluding afterword, "Lessons from the Laureates," Breit and Hirsch argue that the volume provides source material for understanding the link between autobiography and the development of economic thought. The editors begin by identifying common themes across the collected essays "as well as some disparate views" about their authors' development as economists. It is hard to quarrel with a discussion that points out that among a group of twenty-three individuals we find some similarities and some differences. Of course, if one had the maintained hypothesis that every Nobel laureate received the prize for precisely the same reason, these accounts falsify that hypothesis. But whoever thought it true?

In the second section, Breit and Hirsch ask "whether or not biography is important for understanding the development of modern economic thought" (437). The editors take the only honorable way out of this intellectual cul-de-sac, noting that "the inability to answer this question in a definitive way, though, does not imply that it should be ignored. These twenty-three essays provide ample source material for reasoned speculation on the significance of biography in the evolution of economic thought" (437–38). How could it be otherwise? These issues, which the authors recognize as historiographically interesting, are also very complex, and neither of the authors appears to have engaged the history of economics literature as research scholars.

Those historians who have addressed these matters have generally shied away from large claims, concerning themselves with circumscribing the possible answers to Breit and Hirsch's question, suggesting why certain ideas may be unhelpful in unpacking a history, and why other ideas and approaches to research need to work in complex ways with autobiographical material. Thus I believe that the editors' claim about the value of autobiographies to historians of economics is inflated. Historians have, I hope, moved past a time when first-person accounts written by the subject of biographical interest are given privileged status. Autobiographical memory is a systematically weak foundation for biographical appraisal, serving rather as one component of a richer and more deeply layered and contextualized account of the individual's life and work.

However, this is not to say that Breit and Hirsch have failed in their main task, bringing together, in a now established book series, sets of essays that will be read and enjoyed by many communities associated with the economics profession. Historians of economics indeed will enjoy reading these accounts. How can they not?

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